

Working Document of the Commission

Perspectives and Priorities for the ASEM Process (Asia-Europe Meeting) into the New Decade

Executive Summary

Developments since the first Asia-Europe Meeting in Bangkok in 1996 have emphasised the mutual inter-dependence of our two regions, and the value of the ASEM process in enhancing Asia-Europe dialogue and co-operation. The third ASEM Summit in Seoul in October 2000 will have a critical role to play in moving this process forward, ensuring that it remains relevant to the interest of our citizens, and setting its broad direction for the coming decade. The present document is intended to offer suggestions for the key perspectives and priorities which the ASEM process might address at Seoul and beyond.

Building on the decisions taken at the Bangkok and London Summits, the ASEM process has already achieved considerable success, with an active and constructive dialogue in the three pillars of political, economic and financial, and cultural and intellectual issues. Partners should continue to build on its informality, multi-dimensionality and high level participation. Important challenges remain – to ensure that the process continues to make progress in each of its three pillars, while strengthening public engagement in Asia-Europe relations, and to address the expectations of partners who do not yet take part in this process. Looking forward, the key perspectives of the ASEM process should fundamentally remain as established at the first two Summits.

In identifying future priorities, a distinction is made between general priorities and specific priorities for action in the short-term. General priorities are set out in each of the three pillars. These are largely based on on-going work in the ASEM process. They seek to build on achievements to date and propose a deepening of relations between our two regions. Emphasis will continue to be given to ASEM's potential as a forum for an informal exchange of views, helping strengthen the mutual awareness and co-operation between our two regions in relation to political and security issues, to economic, financial and social issues, and in a broader intellectual and cultural context. These priorities should be incorporated into the updated Asia-Europe Co-operation Framework which will be adopted in Seoul, and which will set the general parameters of the ASEM process into the next decade.

In addition, five specific priorities are suggested for adoption at ASEM III. These are: an enhanced exchange of views on regional and global security issues; an enhanced result-oriented co-operation on trade and economic issues, including dialogue on social policy issues; intensified educational exchanges between our two regions; networking and co-operation in the field of consumer protection, and a possible enlargement of participation in the ASEM process

1) Introduction

The Asia-Europe Meeting (ASEM) began with the Bangkok Summit in March 1996. Asian and European heads of state and government and the president of the European Commission engaged in a new process of dialogue and co-operation to establish a new relationship between the two regions. The objective of the ASEM process is to build a comprehensive partnership among equal partners, based on the promotion of the three pillars of political dialogue, the deepening of economic relations and the reinforcement of cultural links between peoples. Ten Asian Countries¹, the fifteen EU Member States and the European Commission participate in the process.

While overshadowed by the economic and financial crisis in Asia, the second ASEM Summit in London in April 1998 confirmed Europe's commitment to Asia and its recovery. The Summit recognised the importance of co-operation between our two regions in addressing these challenges, and pledged to maintain trade and investment flows in response to the crisis. Heads of Government also looked forward to the further deepening of our partnership, and expressed their faith in the recovery which is now so clearly visible.

The third Summit in Seoul will have the task of confirming and enhancing the importance of this partnership between our two regions, and indeed of maintaining its momentum and relevance, to counter any sentiments of "fatigue" in the ASEM process. ASEM III will set out the key perspectives and priorities which Asia and Europe, acting together as equal partners, might address in the first decade of the new century. The present juncture thus offers a suitable opportunity to take stock of past achievements and consider future issues.

Developments since the Bangkok Summit have emphasised the mutual interdependence of our two regions. Politically, Asia and Europe can find common cause in promoting peace and stability in those parts of our respective regions where conflicts remain a serious concern. Economically the resumption of sustained growth in Asia, which is now well underway, will have a very positive impact on the growth of the world economy in general and Europe in particular. Asian ASEM partners represent 31.5% of the world population, produce 18.9% of world GDP, account for 24.7% of world-wide exports of goods (15.9% of services) and for 17.5% of world imports of goods (22.5% of services), and generate 7.5% of FDI outflows while absorbing 14.5% of inflows.² Culturally, an enhanced mutual awareness and direct contact between our two regions will contribute greatly to our mutual understanding while facilitating our political and economic exchanges.

In June 1997, looking towards preparation of the second ASEM Summit in London, the European Commission presented a working document on the ASEM process, with the

¹ Brunei, China, Indonesia, Japan, South Korea, Malaysia, Philippines, Singapore, Thailand and Vietnam

² Figures for 1998 (Source DG Trade, Dec. 1999).

Union's specific perspectives and priorities³. The present paper is intended to review and update that analysis, and to offer suggestions for the key perspectives and priorities which the ASEM process might address at Seoul and beyond. The Summit offers an excellent possibility to re-position and reinforce the Asia-Europe relationship in the post-crisis situation and the age of globalisation of international relations.

2) Achievements and Challenges

When compared with the objectives set out at the Summits, the ASEM process has already proved useful. An active and constructive high-level dialogue between our two regions has been established, centred on the biennial meetings of Heads of State and Government, and supported by meetings of Foreign, Finance and Economic Ministers⁴ in intervening years. Senior Officials of Foreign, Finance and Economic Ministries meet regularly, while the business sector has met each year in the Asia-Europe Business Forum.

The dialogue on political matters of common concern has been carried forward at Summit, Ministerial and Senior Officials' levels. In addition, informal seminars, workshops and symposia, organised by individual ASEM partners or by the Asia-Europe Foundation, have touched on matters such as human rights, globalisation, and other aspects of international relations.

In the economic and financial spheres, there has been an active dialogue among Ministers and Senior Officials on such topics as trade, investment and the WTO, and on issues relating to macro-economic policy and financial sector supervision. This has been complemented by the active implementation of two major Action Plans (on Trade Facilitation and on Investment Promotion), by meetings and symposia on such topics as infrastructure and SMEs, by the establishment of publicly accessible websites⁵, and by intensified co-operation among customs officials.

Responding to the economic and financial crisis in Asia, the London Summit held a substantive and frank discussion on the crisis and its implications for Asia-Europe relations. Heads of Government pledged to keep markets open in the face of any protectionist pressures which might arise from the crisis (the ASEM Trade and Investment Pledge), and agreed to launch an ASEM Trust Fund to provide technical expertise to assist in addressing the financial and social issues arising from the crisis. They also agreed to establish a European Financial Expertise Network (EFEX) which can

³ SEC (97) 1239, 26 June 1997. One might also refer to the Commission Communication "Towards a New Asia Strategy" (COM (94) 314, 13 July 1994), which, while pre-dating the ASEM initiative, nevertheless foreshadowed a number of its important elements.

⁴ ASEM Foreign Ministers met in February 1997 in Singapore and March 1999 in Berlin, Finance Ministers in September 1997 in Bangkok and January 1999 in Frankfurt, and Economic Ministers in October 1997 in Japan and October 1999 in Berlin. In addition, a Ministerial Conference on Science and Technology was held in Beijing in October 1999. Annex 1 gives a more detailed summary of the process, as it has developed to date, while Annex 2 illustrates how the ASEM process relates to other ongoing dialogues.

⁵ For information on investment regulations, the Virtual Information Exchange website can be consulted at <http://www.asem.vie.net> while information on investment opportunities can be found at <http://www.asemconnect.sg>.

help identify high-level expertise in both the public and private sectors for use by Asian partners.

In the field of science and technology, an ASEM Ministerial Conference on Science and Technology held in Beijing laid the groundwork for the launch of a range of new cooperative activities to enhance scientific contact between the two regions, to increase information exchange, to foster the free flow of ideas between scientific communities and networking among researchers, and to promote university / industry partnerships ⁶.

In the environmental sector, an Asia-Europe Environmental Technology Centre (AEETC) has been established in Bangkok to promote co-operation in environmental R&D activities.

In the cultural and intellectual field, the Asia-Europe Foundation in Singapore has supported an expanding programme of conferences and networking activities aimed at enhancing mutual understanding and people-to-people contact between the two regions. In addition, a series of networking initiatives and dialogues have been launched by individual ASEM partners in fields as diverse as child welfare, cultural heritage, and socio-economic policy.

In seeking to establish the overall parameters of the ASEM process, the London Summit adopted an Asia-Europe Co-operation Framework setting out key objectives and priorities for the ASEM process, as well as launching an Asia-Europe Vision Group intended to address the medium to long-term perspectives for Asia-Europe relations over the next decade. The report of the Vision Group⁷ was presented to Foreign Ministers in March 1999, and will be discussed at the Summit in Seoul.

In addition, it seems that the ASEM process has coincided with and contributed to an increasing sense of regional dialogue and co-operation within Asia. The third "ASEAN plus Three" informal summit in Manila in November 1999 established a stronger basis for dialogue between ASEAN and its North-East Asian partners (China, Japan and Korea), while providing also an occasion for the first ever Summit-level meeting between China, Japan and Korea.

Outside the official ASEM process, civil society groups have also organised a series of events and networks drawing inspiration from the spirit of the new partnership established by our Heads of Government. This has for example led to contacts between NGOs from Europe and Asia, on the margins of both the Bangkok and London Summits. It will be important that the output from these encounters can be heard in the "official" ASEM process, and indeed that the scope and intensity of civil society dialogue between our two regions can be strengthened in a wide range of areas.

Overall, therefore, the ASEM process has been able to address effectively the high level of expectations set by Heads of State and Government. But many challenges remain. In

⁶ A website relating to ASEM science and technology cooperation has been established at <http://www.cordis.lu/asem/home.html>

⁷ The full text of the report is available on <http://www.mofat.go.kr/aevg>

particular, there is already a risk that the process may lose momentum, if it can not confirm and maintain its clear relevance to public and business interests. The ASEM Summit in Seoul will therefore be particularly important to ensure that the ASEM process can continue to make healthy progress in each of the three pillars foreseen in 1996. Our political dialogue, building on its informal character, should continue to contribute to building understanding among partners, in a broad range of political, security and policy themes, and even in areas where our views might differ. Economic dialogue and co-operation should be able to make a genuine impact on the trade and investment conditions facing our economic operators. Cultural and intellectual networking should help to build up a broader and deeper awareness of the importance of Asia-Europe relations among a wide public. Meeting these challenges will be essential in order to secure public interest in and support for the ASEM process, in particular from the business community which expects concrete results from the reinforced action plans on trade and investment.

These initiatives have led to an impressive number of activities, organised jointly by ASEM partners at their initiative and cost⁸. Therefore, the management of the ASEM process becomes more and more important, not least to avoid “forum fatigue” (a problem which is not unique to ASEM). We must emphasise added value and minimise overlap with respect to our bilateral and multilateral dialogues, and ensure that the interest and commitment of all participants is fully sustained by the focus, relevance and concrete output of our activities. And we must, in particular, work to ensure that public opinion in a broad sense is fully engaged by our work.

3) Future perspectives and priorities

The Commission Working Document of July 1997 had already identified a number of key perspectives for the ASEM process. It was suggested that ASEM’s true advantage lies in its informality (dialogue rather than negotiation), in its multi-dimensionality (touching equally on political, economic and cultural aspects), and in its high level (the only heads of government forum linking our two regions).

This led to the suggestion that ASEM’s key comparative advantage would lie in its ability to stimulate and facilitate work in bilateral and multilateral fora, to promote dialogue and understanding in areas where our views might differ, and to foresee more active co-operation in areas where a commonality of views can be identified. It was emphasised also that ASEM, as a partnership among equals, should avoid any major emphasis on aid-related activities.

These perspectives remain no less valid today. But the new challenges facing Asia-Europe relations (for example in the context of globalisation), suggest that a particular emphasis should be placed on ASEM’s potential to offer a forum for informal dialogue,

⁸ The “Matrix of ASEM activities”, an informal paper regularly updated by the Commission, describes over 39 pages the many ASEM activities being carried out.

and to use this forum for enhancing awareness and understanding between the two regions. Now more than ever it will be important to strengthen this mutual awareness in relation to political and security issues, to economic, financial and social issues, and in a broader cultural and intellectual context involving directly the citizens of our two regions.

It will also be important to consider how and when participation in the ASEM process might be enlarged. A dialogue with Asia in which a major constituent of that region is not represented cannot live up to its full potential, and it is timely for our Asian partners to consider the possibilities for broadening the Asian presence in ASEM, and to address the expectations of South Asia and Australasia. On the European side, we must confirm that the European Union, as a Union, remains at the core of the process, given that the underlying objectives of the ASEM process are and will remain fundamental concerns of the Union. As the EU expands in future years, the incoming Member States will of course play a full role as ASEM partners, as in other aspects of the Union's external relations.

In addition, the importance of engaging public opinion in support of an enhanced relationship between our two regions suggests that particular attention should be given to activities of direct relevance to a broader public (including for example activities in the field of education, culture, and the public awareness and understanding of science). Dialogue between our parliaments should likewise be enhanced (including the European Parliament as well as national parliaments)⁹. And the active involvement of civil society in the dialogue between our two regions should be further encouraged.

These general perspectives, emphasising in particular the comparative advantage of the ASEM process based on its informality, multi-dimensionality and high-level leadership role, should guide our consideration of the specific priorities which ASEM should address into the next decade.

In many respects, the major priority issues which the ASEM process should address have already been spelt out by the decisions taken at the Bangkok and London Summits. The Asia-Europe Co-operation Framework adopted at the London Summit went into more detail on certain specific priorities, and the report of the Asia-Europe Vision Group also gives a number of interesting suggestions for longer-term perspectives. It was already noted in London that the Co-operation Framework should indeed be updated at the Seoul Summit in order to take account of Ministers' views on the recommendations of the Vision Group.

Taking account both of the priorities already established and of the main themes arising from the work of the Vision Group and our initial discussions of this, one can already suggest a range of **general priorities** which the ASEM process might address in the coming years. In addition, it will be important from the point of view of the Seoul Summit to highlight a small number of **specific priority themes** which might be given a

⁹ A promising initiative in this respect is the Young Parliamentarians' meeting organised by ASEF, including a first meeting in Cebu/Philippines in November 1998, and a second meeting to be held in Lisbon in April 2000

special focus at the Summit and which could have a particular weight in engaging our broader public.

3.1) General priorities

In the political field, ASEM efforts should focus on issues of common interest, proceeding step-by-step in a process of consensus-building, with no issue excluded a priori, and with a view to enhancing mutual awareness and understanding between partners, particularly in areas where our views may differ. In this context, general priorities should include:

- intensifying our high-level dialogue on regional and international issues of common interest, and on thematic policy issues affecting our common future, at Ministerial and Senior-Official level;
- providing for an exchange of views among ASEM partners in the context of appropriate international institutions;
- enhancing our informal political dialogue, drawing together academics and officials from both regions, through ASEM seminars and workshops in fields such as international relations, politics and economics;
- strengthening networking and dialogue between the two regions, for example by enhancing academic networks & exchanges, promoting bilateral exchanges of junior officials, and encouraging public dialogue on themes relevant to our common future;
- supporting human rights, democracy and the rule of law;
- addressing global issues where Asia and Europe can contribute together within the relevant international fora, and where appropriate may consider possible joint efforts in addressing key issues. Emphasis should be placed on areas where the ASEM process will be able to contribute a genuine added-value, including for example dialogue and co-operation in such fields as the environment (including for example elements such as the sustainable use of forests and water use), combating international crime, money-laundering, crime against women and children, and racism and xenophobia, exchanging experience in fields relating to conflict-prevention and peace-keeping as well as strengthening efforts to control the arms trade.

It might be noted that the Vision Group had also suggested that the Seoul Summit might “affirm the principles of good governance”. The Summit might indeed be an appropriate occasion for a political statement affirming the commitment of all partners to the principles of good governance and the rule of law, on condition, of course, that such a statement in no way detracts from existing international obligations.

In the economic field, ASEM efforts should focus on strengthening the economic partnership between the two regions, with a view to enhancing our economic and business relations, promoting sustainable and equitable development, and contributing together to the global economic dialogue. In this context, key priorities should include:

- intensifying dialogue among Economic Ministers and their Senior Officials, with particular regard to:
 - complementing and reinforcing efforts to strengthen together the open and rules-based multilateral trading system embodied in the WTO, especially in the wake of Seattle, to pursue the launching of comprehensive WTO trade negotiations, and to use the informal character of ASEM to facilitate this.;
 - strengthening two-way trade and investment flows between Asia and Europe, notably through the active implementation of the Trade Facilitation and Investment Promotion Action Plans (TFAP and IPAP) to reduce or eliminate obstacles in these fields; a special attention will be paid to key technical barriers to trade (in fields such as customs, standards, and SPS), to obstacles identified under both action plans (such as IPR and public procurement), and to an active dialogue on the most onerous barriers to trade and the most effective investment promotion and policy measures;
 - establishing an enhanced climate for business-to-business co-operation between the two regions, responding to the concrete issues facing our business community, and paying particular attention to the problems faced by SMEs;
 - enhancing dialogue and co-operation in key sectors which will shape our economies in the coming decade, including for example core sectors such as services, infrastructure and transport systems, and high-technology sectors such as information and telecommunications (including e-commerce), aviation and aerospace, energy and the environment;
- consolidating business-to-business dialogue between our two regions, emphasising the central role of the Asia Europe Business Forum (AEBF), encouraging continuity therein, and facilitating two-way dialogue between government and the business community;
- enhancing dialogue and cooperation among relevant public and private actors in science and technology, to increase the efficient use of existing and new science & technology coordination instruments, and to promote scientific cooperation and knowledge generation targeted at solutions to common economic and social problems;
- engaging in a dialogue on the broader socio-economic issues which will determine our common future. Topics for such an informal dialogue, which should also include academic and civil-society participation, include sustainable development and the protection and preservation of the environment, employment and social security¹⁰, public and corporate governance, consumer protection and competition policy, issues relating to the information society and the networked economy, and issues relating to urban growth and management;
- and intensifying dialogue among Finance Ministers and their Deputies, with particular regard to enhancing our dialogue on global financial issues, enhancing macro-economic policy consultation, strengthening co-operation in financial supervision and regulation, combating money-laundering, and strengthening customs co-operation. Given the over-lapping nature of financial and economic affairs, occasional joint meetings of these ministers could be worthwhile.

¹⁰ Europe's own experience in establishing and modernising social security systems could, for example, be of particular interest to Asian partners in the wake of the Asian crisis.

In the cultural and intellectual field, ASEM efforts should focus on promoting enhanced contact and strengthened mutual awareness between the people of our two regions, with a view to helping civil society in Europe and Asia better appreciate and discuss the issues affecting our common future, and thus to help generate the desired shift in perceptions which underlay the establishment of this process. In this context, key priorities should include:

- enhancing dialogue and co-operation in the fields of science and technology, the environment (taking account of the work of AEETC), the social sciences, arts and humanities, promoting networking and exchanges among researchers and policy makers, and fostering the protection of cultural heritage;
- encouraging enhanced dialogue and networking among our parliamentary representatives and among civil society groups generally (including local government, social partners and NGOs).
- continuing our support and encouragement for ASEF as a catalyst for cultural and intellectual dialogue between our two regions, while encouraging also a broad range of civil society dialogue in the cultural and intellectual fields.

Finally, as regards **education**, the key priority should be to enhance our contacts and exchanges in the field of education, including student and academic exchanges, inter-university co-operation, and the facilitation of electronic networking between schools in our two regions¹¹. This will be additional and complementary to our ongoing efforts, emphasising structural education cooperation, in bilateral and horizontal cooperation programmes with Asian countries. An ambitious target for multiplying student exchanges between our two regions should be set, reflecting the efforts which individual partners will take in intensifying their activities in this field. The Vision Group has already suggested that attention be given to a high-profile scholarship programme. Attention should also be given to exchanges of young professionals and internship programmes for students, to strengthening structural co-operation among educational institutions, and to promoting electronic networking. Furthermore, issues relevant to vocational training and life-long learning should not be overlooked.

3.2) Specific priorities for ASEM III

While the general priorities suggested above can provide the main elements for a substantive and active work-programme for the ASEM process into the coming decade, it will be important also to select a small number of specific priorities which could be given particular emphasis at the upcoming Seoul Summit. Highlighting these particular issues could serve both to focus the possible concrete output from the Summit itself, and to strengthen the impact of the Summit on public opinion.

¹¹ Drawing for example on the models provided by the Europe-Asia Business Internship Programme, by the new Asia Link programme, or by the Netd@ys programme promoting electronic networking among schools.

Within the broad range of priorities suggested above, and taking account of the work of the Vision Group, as well as of the underlying interests of the EU, the Commission would suggest that five key priorities might be identified for special focus at the Seoul Summit.

First, one might single out within the political pillar the special potential of the ASEM process for promoting and facilitating an exchange of views and enhanced mutual understanding on matters relating to **regional and global security**. The increasing importance of the security dimension, its relevance for ordinary citizens and the recognition of this fact at Summit level, by Foreign Ministers and by the Vision Group justifies such an initiative.

In pursuing the goal of global security the European Union is interested in engaging with Asian ASEM partners in a security dialogue, which should complement this ongoing work by drawing in particular on the informality of the ASEM process, and in sharing our respective regional experiences in fields such as analysis, planning and training in relation to conflict prevention and peace-keeping, reconciliation process, humanitarian assistance and other aspects of “soft” security co-operation. Exchanges on “new security issues” including international crime and terrorism, information and other piracy and cyber warfare will also be important. Fostering support, in relevant fora, for determined action to stem proliferation of weapons of mass destruction and their means of delivery, encouraging universal compliance with the Nuclear Non-Proliferation Treaty, the Comprehensive Test Ban Treaty, the Chemical Weapons Convention and the Biological Weapons Convention could supplement the agenda.

Such discussions, to be most effective, should be started in the most informal manner, for example through seminars for officials back to back with Senior Officials’ meetings, and including perhaps special “retreat” sessions at Foreign Minister level. Staff exchanges of analysts and planners as well as informal discussions bringing together academics and officials could be helpful tools. The European experience in crisis management and the building of (soft) institutions could be shared and discussed with Asian partners. Such exchanges should not of course seek to duplicate work being done in other multilateral or regional fora, such as the United Nations, the Organisation for Security and Co-operation in Europe (OSCE) or the ASEAN Regional Forum (ARF).

Second, in relation to the economic and financial pillar, it will be useful to give a special emphasis to dialogue on **trade and investment issues, socio-economic policy issues and regional macro-economic co-operation**.

- In relation to trade and investment, it will be important to pursue by all means at our disposal the launching of comprehensive WTO trade negotiations aiming at both further trade liberalisation and the strengthening of the WTO’s rules-based system, and to use the informal character of ASEM to facilitate this. The recent WTO Ministerial Conference in Seattle has clearly demonstrated the need for deepening our mutual understanding and building alliances in the light of this aim. Based on the recent encouragement of ASEM Economic Ministers who upgraded TFAP and

endorsed benchmarks under IPAP, we must also pursue and dynamise our work on facilitating and promoting trade and investment flows between our two regions and overcoming obstacles through the TFAP and IPAP initiatives. In relation to socio-economic policy issues, recent experience with the economic and financial crisis in Asia has demonstrated the commonality of socio-economic issues facing both industrialised and industrialising countries. The public debate surrounding the WTO Ministerial Conference has also underlined the importance of promoting a wide-ranging public debate on the implications of globalisation. Whether at the official level or through civil-society dialogue, ASEM offers an excellent forum to exchange experience on the relevant socio-economic issues, including for example policy issues relating to social imbalances and exclusion, poverty and equitable development.

- Concerning regional macro-economic co-operation, it will be of particular importance in the wake of the Asian crisis to pursue and intensify the dialogue already underway among Finance Ministers, and to promote an active exchange of views and sharing of experience in relation to our efforts at regional co-operation in information-exchange, surveillance and monitoring, and financial supervision.

Third, in a world where consumers' concerns are becoming increasingly global, a **consumers' dialogue** between the two regions could be initiated. Food safety, for example, is a pressing public concern in both Europe and Asia, and there are other issues relating to the quality and safety of consumer goods and services which are of direct interest to the citizens of both regions (and including for example such issues as labeling of consumer products, including eco-labeling). Dialogue and networking among consumer groups, supervisory bodies and legislators in the two regions, while not requiring significant official resources, could nevertheless be of considerable interest in sharing our experience and promoting cross-border co-operation, in an area which is also of considerable importance for international trade. Such a dialogue might also contribute to the formation of relevant associations in those Asian countries where a tradition of consumer organisations does not yet exist.

Fourth, we should give a particular emphasis to **educational exchanges**. The Vision Group has already singled out this field as deserving special attention, and there are already a number of initiatives under preparation, as well as a wide range of co-operation programmes under implementation at the bilateral or sub-regional level. To permit a proper focus on this theme at the Seoul Summit, the Commission would propose a three-part initiative for consideration by the Summit:

- a political commitment by all ASEM partners to augment educational exchanges between Asia and Europe, drawing on both bilateral and inter-regional programmes as well as on ASEM's own activities, and with the target for additional scholarships of producing a five-fold increase in student exchanges between our two regions within ten years;
- the launching of a high-level ASEM Scholarship programme. One might draw here on examples such as the Jean Monnet fellowship, and the Rhodes and Fulbright programmes, and aim at building a reservoir of awareness, among those who will lead

our societies in future years, of the cultural, social and scientific traditions of our two regions.

- the encouragement of exchanges among young professionals, drawing on and enhancing existing models.

In this connection, partners should be encouraged to announce at the Summit concrete targets (subject of course to the availability of resources) permitting an annual review of achievements. Business involvement in the funding of such programmes should also be encouraged (and possibly linked with internships).

Fifth, in relation to **ASEM enlargement**, the Seoul Summit offers the opportunity to take up the challenge expressed in Bangkok and London, and to provide for a comprehensive Asia-Europe partnership bringing together the European Union with representatives of Asia as a whole. In line with the decisions taken at the London Summit, this matter is under consideration by Foreign Ministers, and certain basic parameters for enlargement are already under discussion. It will be important however, both for the long-term relevance of the ASEM process, and for its significance in the public eye, to reach practical conclusions on this issue at Seoul. While the current “numerical imbalance” suggests that the priority for ASEM enlargement should rest with major candidates on the Asian side, the role of the European Union as Union must of course continue to be emphasised.

4) Co-ordinating the ASEM process

The Vision Group Report touched briefly on the means of enhancing co-ordination within the ASEM process, including the possibility of establishing a “lean but effective” ASEM secretariat. Bearing in mind however the informal character of the ASEM process, as established in Bangkok and confirmed in London, and the key value of this informal approach in fostering dialogue between our two regions, such an institutional approach would seem to be both inappropriate and indeed counter-productive. In addition, it will be important to ensure that ASEM partners retain a full sense of ownership of and responsibility for initiatives which they might propose.

The very success of the ASEM process, and the expanding range of themes and activities currently addressed, certainly makes it necessary to consider how best to provide for enhanced co-ordination, focusing and management of ASEM activities. Every effort should be made to draw on existing channels (strengthening the role of Co-ordinators and of contact officers and drawing to the full on the possibilities offered by electronic communications) and to avoid any proliferation of meetings. The key role of Foreign Ministers in the overall co-ordination and management of the ASEM process should be confirmed. These institutional matters will necessarily be elaborated further within the updated Asia-Europe Co-operation Framework to be adopted at the Seoul Summit, and need not be further elaborated here.

5) Conclusions

The essential importance of Asia for Europe, and of Europe for Asia, is incontrovertible. Asian countries or groupings such as China, India, Japan, Korea and ASEAN are major players on the global and regional stage, while the region also includes some of the world's important potential flashpoints including the situation on the divided Korean Peninsula, Kashmir and the Spratlys. The recurring tensions between China and Taiwan warrant international attention. Indonesia, an important factor for regional stability had democratic elections but is still facing the challenge of transition and structural change. The European Union is a global power, certainly economically, and with increasing political will to participate actively in world politics. Following the Amsterdam Treaty and the Cologne European Council Declaration European leaders have decided at the recent Helsinki Summit to meet the challenge of reflecting economic accomplishments and the success of stable democracies in the foreign policy of the European Union. At the same time the EU recognises that the margins of the European continent have their own potential flashpoints which are of interest to Asia.

Accordingly ASEM partners have to follow closely what happens in each other's region. Politically, and from the security standpoint, the world is becoming a smaller place - crises in one region have potential repercussions far afield. Therefore, it is incumbent upon us to further develop political dialogue and co-operation on issues of mutual interest. The argument for such co-operation and dialogue is reinforced when global threats are considered (for example, terrorism, organised crime and proliferation). These concerns can be more effectively addressed by acting in concert. To this end a comprehensive approach, mobilising political, economic, social and humanitarian co-operation at various levels is required to ensure conflict prevention and peace. The exchange, at ASEM level, of regional experiences in dealing with security issues could contribute to stability in the respective regions.

The importance of Europe and Asia in the world economy, and the ongoing process of globalisation, means that the prosperity of our two regions is inseparably linked. Asia's long record of dynamic growth, and rapid recovery from the recent crisis (not ignoring the ongoing challenges of reform), makes it an essential partner for Europe. Europe's own weight in the international economy, as the largest single market, the largest source of FDI, and the largest global donor, in addition to its experiences in regional economic and monetary co-operation, makes it an essential partner for Asia.

The economic prosperity of Europe and of Asia may be jeopardised not only by financial crises, but also by political instability in a distant region. Europe's political commitment to Asia reflects not merely economic interests, but also in a shared interest in stability and many shared values. This has been illustrated by the concerted international response to the humanitarian needs in political crises such as East Timor and North Korea. The attention which Europe is paying to problems in Asia has been mirrored by Japan's considerable financial support for international relief, reconstruction and peace in the Balkans which has been complemented by contributions by other Asian countries like South Korea and Malaysia.

Any co-operation between the two regions to promote peace and prosperity would not be complete without the involvement of civil society. Therefore, ASEM needs to continue promoting engagement between Asian and European civil societies and forging mutual understanding through greater intellectual, cultural and people-to-people exchanges, for example, increased scholarships and student exchanges. The valuable work already undertaken in the fields of environment and education are but two examples of the contribution of the ASEM process. In addition, developing contacts between non-governmental organisations as well as the deepening of cultural exchanges will contribute to the mutual understanding between the two regions. In order to make the ASEM process more relevant and communicate this to the public, a jointly developed communication strategy to raise public awareness would be helpful. An important step would be an increased public awareness of ASEM III and the constructive role that it will play in deepening relations between our two regions.

Although the European Union has to face challenges such as Economic and Monetary Union, enlargement, the Mediterranean Basin and the Balkans, the EU will continue to engage with the dynamic and complex region which comprises half of the world's population. and much of which, despite the ferocity of the financial crisis, has impressive prospects for the future, both economically and politically. Both regions perspectives of growing integration could increasingly be a focus of the dialogue between Asian and European ASEM partners, especially if Asia is contemplating a greater emphasis on regional integration as hinted at by the recent "ASEAN plus Three" meeting in Manila.

The third Summit in Seoul will set out the key directions for the Asia-Europe partnership for the coming decade. This paper suggests five specific priorities for adoption at the Summit – enhanced exchange of views on security issues; enhanced dialogue and co-operation on trade, social policy and economic issues; intensified educational exchanges; co-operation in the field of consumer protection and possible enlargement of participation of the ASEM process. It is important that the Summit confirm and deepen the relationship between Asia and Europe and that we provide future direction to the process. In achieving this, a continuing emphasis should be placed on the informality of the ASEM process from which its comparative advantage is derived.

The Commission, together with the Member States and our Asian partners, will continue to play its full part in the process.

Annex 1:

The ASEM process

The meeting of Heads of State and Government and the President of the European Commission provides the overall impetus and guidance to the process. At the London summit, the Asia Europe Co-operation Framework was agreed, which set out the main parameters of the ASEM process.

A process has been established to ensure continuous dialogue and progress between summits. The general co-ordinating role, as well as responsibility for political dialogue, has been assigned to Foreign Ministers, who meet in the intervening year between summits and on the eve of summits. Ministers met in February 1997 (Singapore) and March 1999 (Berlin) and also at both summits. They will meet again on the eve of the Seoul summit.

Economic Ministers met in September 1997 (Makuhari) and October 1999 (Berlin). They will meet again in 2001 (in Asia - venue to be confirmed). They discussed *inter alia* economic relationships, effects of the crisis, trade, investment, WTO issues and economic growth. At their Berlin meeting they extended the mandate for the Investment Experts Group for a further two years and adopted a paper setting out future action on the Trade Facilitation Action Plan. The annual Asia-Europe Business Forum (AEBF) provides a platform for the exchange of views of private and public sector representatives, particularly concerning investment and trade matters; the fifth meeting will be in Vienna in September 2000.

Finance Ministers met in September 1997 (Bangkok) and January 1999 (Frankfurt) and will meet again in 2001 (Japan). Items discussed include the macroeconomic outlook, exchange rate developments, EMU, and the financial sector. They agreed to launch initiatives in customs co-operation, money laundering and financial supervision. Customs Director Generals meet every other year to discuss in particular issues relating to custom procedures and enforcement.

A Ministerial conference on Science and Technology which took place in October 1999 (Beijing) laid the groundwork for improved communication and networking among the scientific communities of the two regions.

The cultural/people to people dimension of ASEM attempts to promote enhanced contacts and strengthened mutual awareness between the people through a wide range of activities including targeting education exchanges, networking among civil society representatives and parliamentarians, preserving the cultural heritage and improving child welfare. The Singapore based Asia-Europe Foundation (ASEF) has as its objective to promote Asia-Europe exchanges in the intellectual, social and cultural fields. The Asia Europe Technology Centre (AEETC) in Bangkok aims at promoting co-operation on key environmental themes.

At the level below ministerial meetings, senior foreign affairs officials have met on five separate occasions to consider political issues. In addition, senior officials on trade and investment have also met five times. Finance Deputies have met on three occasions to discuss macro-economic issues and prepare meetings of Finance Ministers. Below the level of senior officials there are in excess of 10 working groups. While these groups cover a wide range of topics, they are mainly concerned with the implementation of the Trade Facilitation Action Plan. A particular strength of the ASEM process is the meeting of co-ordinators to prepare events. The two EU Co-ordinators are the Presidency and the Commission. The Asian co-ordinators rotate and at present, they are Korea and Thailand.

The key characteristics of the process

The key characteristics of the process include:

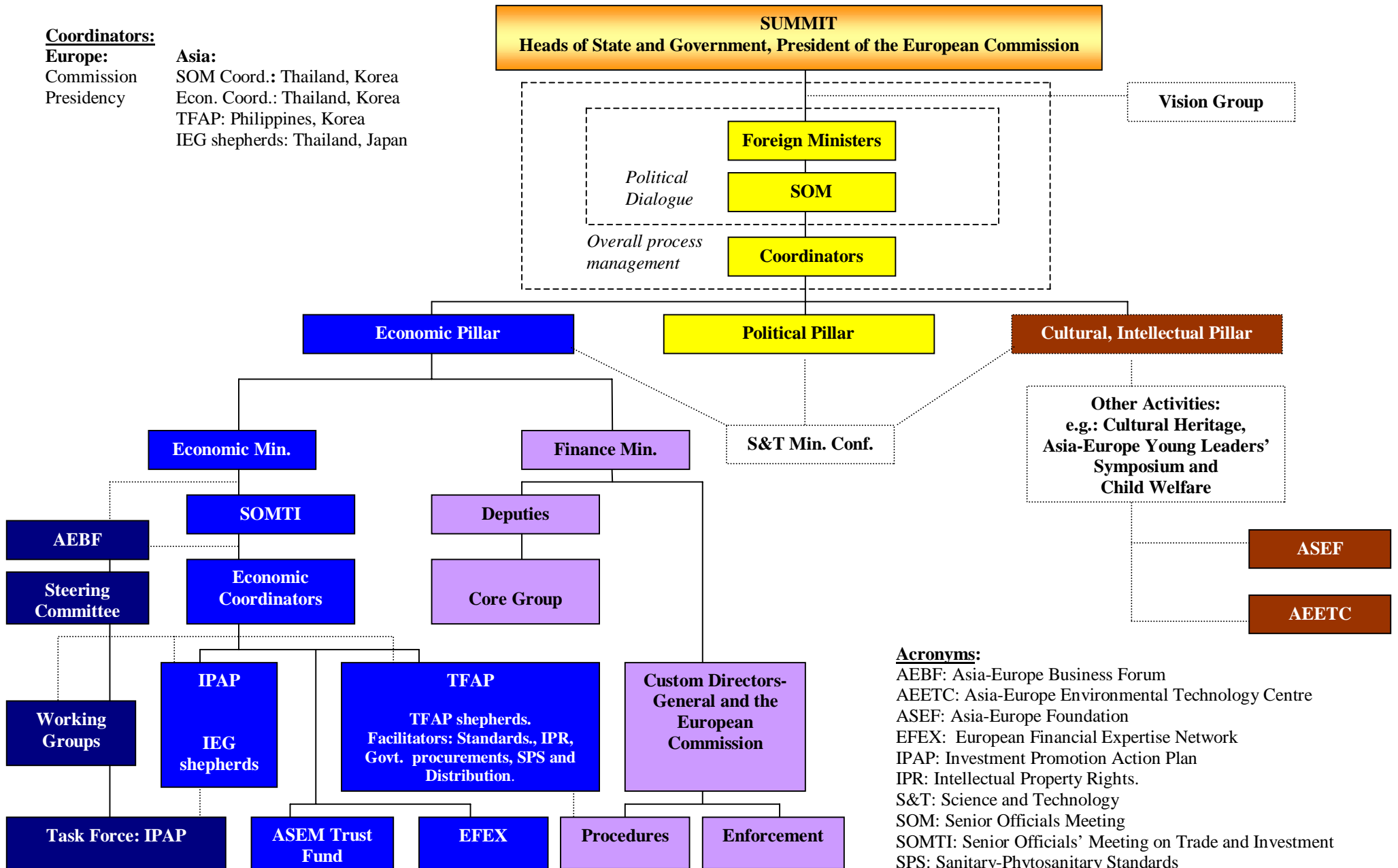
- its informality (complementing work in bilateral and multilateral fora);
- its multidimensionality (political, economic and cultural dimensions)
- its emphasis on equal partnership, eschewing any "aid-based" relationship (taken forward under our bilateral relations) in favour of a more general process of dialogue and co-operation
- and its high-level focus, stemming from the Summits themselves.

The ASEM Structure

Coordinators:

Europe:
Commission
Presidency

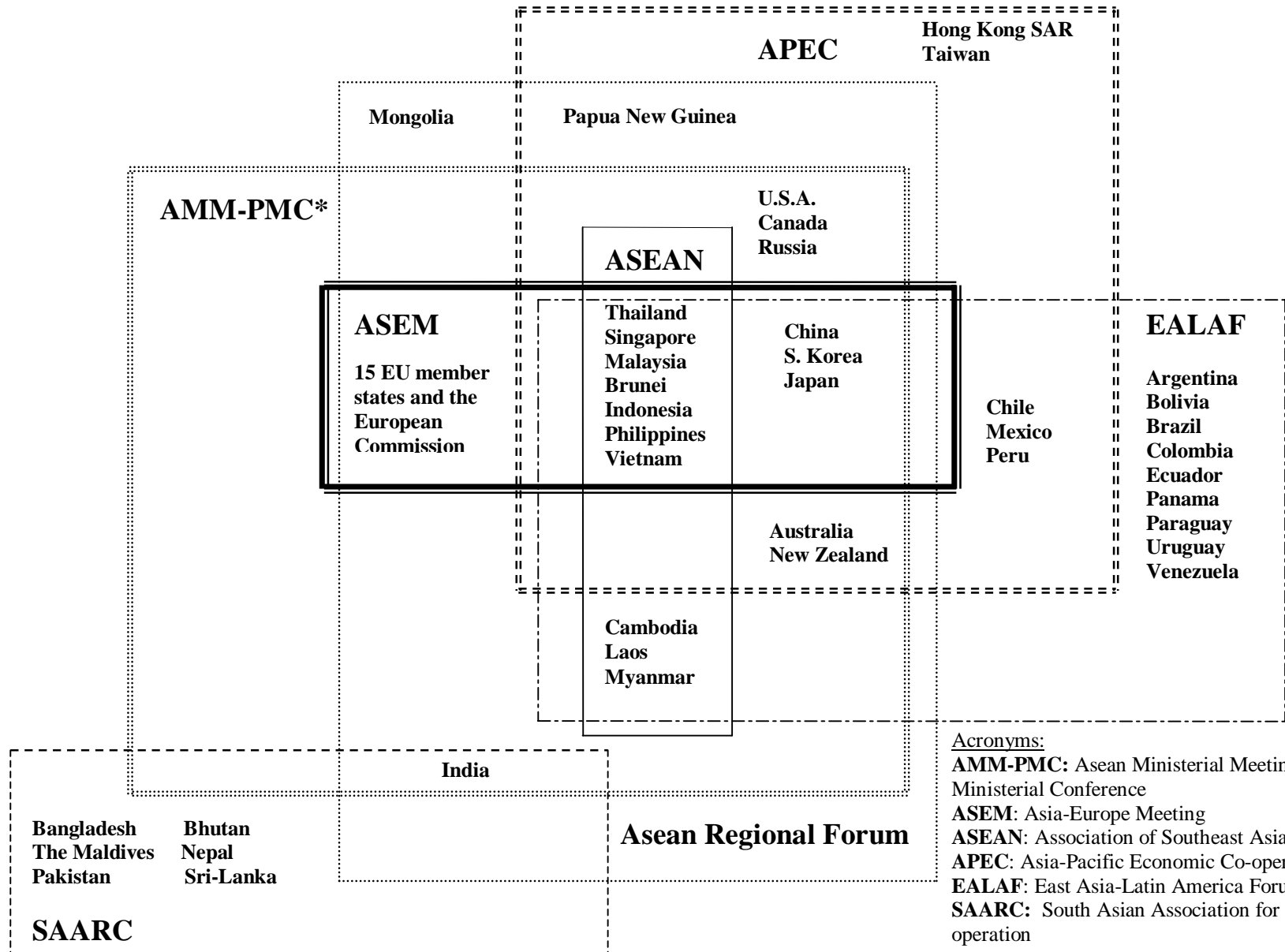
Asia:
SOM Coord.: Thailand, Korea
Econ. Coord.: Thailand, Korea
TFAP: Philippines, Korea
IEG shepherds: Thailand, Japan



Acronyms:

- AEBF: Asia-Europe Business Forum
- AEETC: Asia-Europe Environmental Technology Centre
- ASEF: Asia-Europe Foundation
- EFEX: European Financial Expertise Network
- IPAP: Investment Promotion Action Plan
- IPR: Intellectual Property Rights.
- S&T: Science and Technology
- SOM: Senior Officials Meeting
- SOMTI: Senior Officials' Meeting on Trade and Investment
- SPS: Sanitary-Phytosanitary Standards
- TFAP: Trade Promotion Action Plan

Annex II: ASEM in the regional context



Acronyms:
AMM-PMC: Asean Ministerial Meeting - Post Ministerial Conference
ASEM: Asia-Europe Meeting
ASEAN: Association of Southeast Asian Nations
APEC: Asia-Pacific Economic Co-operation
EALAF: East Asia-Latin America Forum
SAARC: South Asian Association for Regional Co-operation

* In AMM-PMC, EU is represented by EU Troika.