

8th Asia-Europe Young Leaders Symposium
The Hague, 29 November to 3 December 2004

Working Group 2:
Europe and Asia: Economic Co-operation and Confrontation
Report and Recommendations

I. Introduction

Getting eighteen young leaders from Asia and Europe for several days of brainstorming on the issue of **Economic Co-operation and Confrontation** was an enriching experience. The fact that we all come from very diverse countries in Europe and Asia but also that we come from different professional backgrounds helped to contribute to very interesting and constructive exchanges.

The subject of our Working Group (WG) is very relevant to us today: Asia is one of the fastest growing economic regions in the world; the European Union is one of the world's most important economic blocs and has recently successfully welcomed in ten new member states; and ASEM has been growing not only in substance but also in numbers with the recent joining of countries from both regions.

Asia and Europe are already very important economic partners and the WG quickly came to the conclusion that in the future, economic ties between Asia and Europe will strengthen and grow. In the same light, the WG leaders agreed that co-operation and confrontation are not mutually exclusive; on the contrary, confrontation is often a necessary catalyst leading to co-operation.

Of course, within the group, perceptions about economic cooperation varied. Some argued that the EU was not paying enough attention to Asia, or was concentrating its efforts on the rise of China, whilst ignoring smaller but also dynamic and growing Asian economies. Others believed that Asian countries were too busy building economic ties between themselves or with other third-parties such as the United States and forgetting the economic potential of the European Union. We decided to concentrate our analysis of Asia-Europe Economic Cooperation on the strengths which already existed in this relationship. From the analysis of these strengths we were able to formulate a number of recommendations which we believe will serve to further develop Asia-Europe Economic Cooperation.

II. Different Levels of Economic Co-operation

Economic co-operation can be analyzed at a number of different levels: at a regional level (Asia and the European Union), at a national level (country to country exchanges), but also at a business to business level. A non-exhaustive number of issues were identified as existing "strengths" at each level of society by the young Asian and European leaders.

A. Strengths of Asia-Europe Economic Co-operation at the Regional Level

→ Advantages/Strengths of the European Union (EU) for Asia

The EU offers its economic partner's a stability that is rare in other parts of the world. Indeed, after more than 50 years of existence the EU, made up twenty-five very distinct and different countries (in size, GDP per capita, identity, culture etc.) can boast of political, economic, financial and legislative stability. The adoption of the Euro, as a national currency or as a "monnaie courante" facilitates investments and trade in the region.

- Political stability
- Financial stability (Euro)
- Legislative umbrella: rules and regulations implemented at European level

→ Advantages/Strengths of Asia for Europe

Asia, with its booming market, its growing population of potential consumer's, its knowledgeable highly skilled and also "low-cost labor", its abundant resources and diversity, has a lot to offer to its European partners. Although an important lack of political will has so far slowed the momentum of regional economic groups such as ASEAN or SAARC, integration is in the making and Free Trade Agreement's (FTA' s) are being created in all parts of Asia.

- Size of the market: booming consumer potential and abundance of highly skilled and low-cost labor
- Nascent markets
- Regional integration developing: ASEAN FTA's, SAARC, etc

→ More importantly, the political will which exists from both European and Asian partners is the overarching strength of this regional partnership. The creation and growth of ASEM, EU ASEAN dialogues on multilateral and bilateral basis's, and the un-foreseeable possibility of an imminent EU-Asian conflict, are but a few examples. More importantly, in this day and age when we live in a world where security matters are often the main focus on political agendas, the WG found that a considerable amount of privileged trust existed between European and Asian partners. This trust leads to political and economic cooperation. In the same light, economic cooperation and political cooperation are inherent; both feeding one another.

- Growing education integration (ex. Erasmus Mundu)
- Science and Technology & Research and Development: developed in EU/growing in Asia.

B. Strengths of Asia-Europe Economic Co-operation at the National Level

- ⊃ Established historical links/relationships (ex: Indonesia and the Netherlands, UK and India, etc)
- ⊃ Presence of “big” dynamic countries “pushing up” development in the region (ex: Germany, France in the EU or China, Japan in Asia)
- ⊃ Growing number of bilateral agreements
- ⊃ Growth of service and business “niche markets” in nascent Asian markets (ex. Brunei diversifying its oil-based economy, bio-technology sector in Singapore, etc.)
- ⊃ Particular sector of importance: the tourism industry - diversity of countries in both Europe and Asia, consumer knowledge and attraction high, etc.

C. Strengths of Asia-Europe Economic Co-operation at the Business Level

- ⊃ Existence of established networks
 - Business networks
 - Institutions (chambers of commerce)
 - People to people
- ⊃ Growing business perspectives: booming Asian markets/ established European companies
- ⊃ Traditional links between European and Asian businesses
- ⊃ Comparative advantages being used due to globalization (ex. Indian call centers)

III. Towards Further Strengthening of Asia-EU Economic Cooperation: Recommendations

After an analysis of the many strengths linking European and Asian partners at different economic levels the WG proceeded in identifying a number of ‘practical recommendations. These recommendations are, of course non exhaustive, but although the road towards further economic cooperation is long it is paved and leading the right way.

A. Recommendations: Further strengthening of Economic Co-operation at the Regional Level

- ⊃ Fix more concrete goals for regional cooperation (dismantle trade barriers, raise trade and investments, etc)
- ⊃ More political will from Asian countries to strengthen regional integration processes (ASEAN +, SAARC, etc).
- ⊃ Currency in Asia: less dollarization would contribute to more stable and balanced monetary system
- ⊃ Continue strengthening the European Union; however, there is a need for:
 - Less red-tape and bureaucracy, simpler rules
 - More flexible labor laws
 - Facilitating freedom of movement (ex. visas)
 - Achieving Lisbon Strategy Goals: more dynamic Europe
- ⊃ Strengthen ASEM institutions:
 - Establishing an ASEM secretariat in Asia

- Implementing Task Force for Closer Economic Partnership recommendations
 - Effective use of international mechanisms (ex. WTO:kick-start Singapore issues)
 - Improving channels of communication knowledge trust!

B. Recommendations: Further strengthening of Economic Co-operation at the National Level

- More bilateral economic dialogue
- Raising awareness and dissemination of information about national markets: needs, possibility for cooperation, opportunities, etc.
- Facilitating freedom of movement (ex. Visas, tourism industry, education exchanges)
- Security threats: Investors being sensitive to security issues there is a need for bettering security cooperation at a national and regional level
- Getting rid of corruption which hampers business relationships

C. Recommendations: Further strengthening of Economic Co-operation at the Business Level

- Making more use of established networks and creating more business networks
- More effective use of chambers of commerce: one-stop shop for potential foreign investors (ex. Singapore)
- Overcoming cultural differences by better understanding each other (ex. negotiating methods, role of gender, tradition, languages, etc)
- Getting rid of corruption: more/better corporate governance and transparency
- Creating more possibilities for internships for Asians in EU businesses and vice-versa

IV. Conclusions

Asia EU relations are strengthening as we speak. The Hanoi Declaration on Closer ASEM Economic Partnership (9 October 2004) declares that ASEM partners, “will renew efforts to foster a closer ASEM economic partnership in order to bring into full play the potential and synergy of the two regions, to accelerate the process of regional cooperation and integration, to reinforce sustainability and effectiveness of the partnership and to increase the role of ASEM in the process of economic globalization.” As young Asian and European leaders we support this declaration. Economic cooperation is of mutual interest and will benefit both partners throughout all sectors of society.

However, throughout the debates and discussions it became very clear that it is impossible to analyze economic integration in purely economic terms. It is crucial to address education, cultural, political, security and social dimensions when analyzing the possibility of further economic cooperation. Throughout the debate the need to preserve and better the social fabric (poverty, well-being, health, social well-fare, education, etc.) for all Europeans and Asians when striving for economic cooperation

was reiterated. Achieving the UN millennium goals is an objective that should be on every nation's main agenda.

The importance of bridging cultural gaps, of promoting dialogue, of learning and understanding each other as Asian and European individuals and societies must be underlined. Facilitating educational exchanges, promoting EU-Asia business internships, creating networks, promoting travel, are all ways and means that can help raise knowledge and therefore create trust and strengthened ties between these two important regional partners.

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