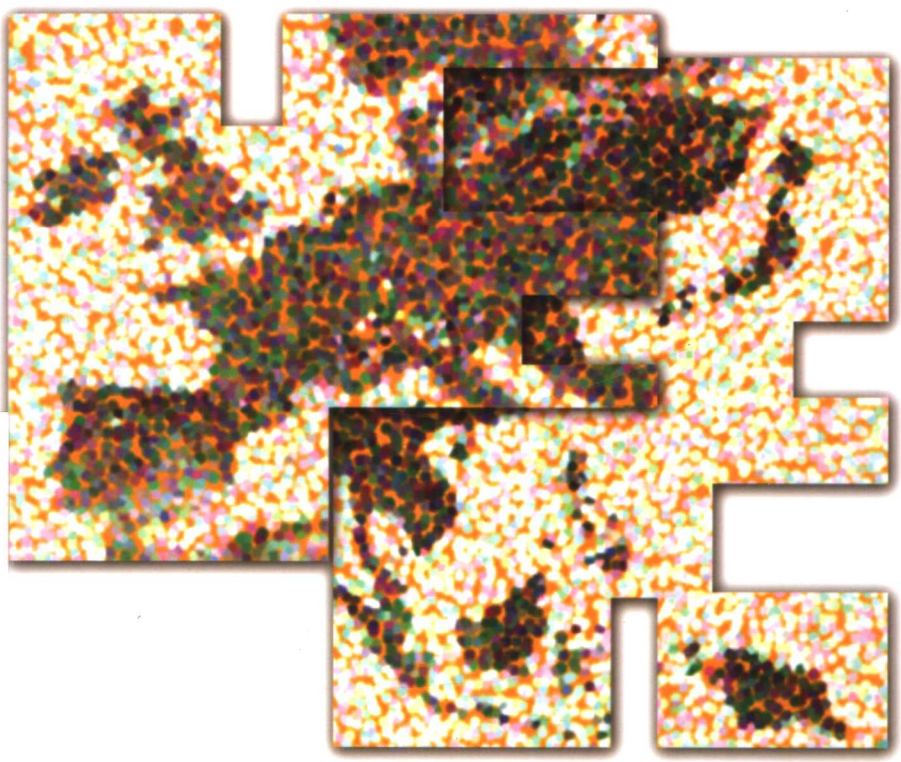
COUNCIL FOR ASIA-EUROPE COOPERATION

ASIA and EUROPE

Global Governance as a Challenge to Co-operation

Co-Editors
William Wallace
Young Soogil



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Foreword

The Council for Asia-Europe Cooperation (CAEC) is pleased to publish the findings of three task force reports of 2003–2004 to assess the present state of international politics, to identify problems of particular importance to Asia and Europe, and to develop suggestions for Asia–Europe co-operation that could help to alleviate or resolve these problems and be useful for consideration by the forthcoming Asia-Europe Meeting (ASEM) summit to be held in Hanoi, Vietnam, in October 2004.

The establishment of CAEC in 1996 was initiated by 12 leading research institutes from both Asia and Europe in response to the challenge of establishing greater intellectual exchanges between the countries of both continents in the wake of the first ASEM summit in 1996. Since then, CAEC has become a positive force in bridging the gap between Asia and Europe by way of the intellectual contribution of its network of public intellectuals and scholars to policy issues in Asia–Europe co-operation. It has been eight years since CAEC was launched, and during this time Europe has seen an expansion of the European Union, Asia has experienced a serious blow from the financial and economic crisis, and Japan, which had been the driving force of the Asia Pacific region, has been suffering from a long recession. Asia had lost some of its steam, and as a result, Europe began to loose interest towards Asia. But in rebuilding the international order since the Iraq War, Asia–Europe co-operation has taken on a new meaning, and it is imperative that interest in Asia–Europe co-operation is renewed in both Asia and Europe.

The three task forces were co-ordinated on the Asian side by Jusuf Wanandi, Centre for Strategic and International Studies, Jakarta, and on the European side by Karl Kaiser, German Council on Foreign Relations/ Harvard University. The first task force, 'Asia and Europe: Necessity for Co-operation', was directed by Karl Kaiser and Jusuf Wanandi and attempted to produce an overview of the roles of Asia and Europe in the present state of international politics. The second task force, 'Global Governance as a Challenge to Co-operation: Our Shared Agenda', co-chaired by William Wallace, Member of the House of Lords/London School of Economics, and

Young Soogil, Korea National Strategy Institute, analysed the central problems of global governance for Asia–Europe co-operation. The third task force, 'Co-operating on Energy Security', co-chaired by François Godement, Centre Asie of the institut français des relations internationales (ifri), and Yakushiji Taizo, Institute for International Policy Studies, examined the challenges and options for energy security in Asia–Europe co-operation.

This volume reports on the findings of the second task force, 'Global Governance as a Challenge to Co-operation: Our Shared Agenda'. The end of the cold war and the terrorist attacks of 9-11 have brought about profound changes in international politics. A new system of global governance, one that is better suited for the new political realities, is desperately needed. This report attempts to redefine the roles of Asia and Europe in a changed world. The authors analyse the ways co-operation could enhance global governance—through future multilateralism and international institutions, trade and development, and new security challenges.

The CAEC Steering Committee wishes to extend its deepest gratitude to all those who contributed to the completion of this volume, especially to William Wallace and Young Soogil for their tireless work and efforts in organizing the task force, and, needless to say, to each of the paper writers. This volume would also not be possible without the continued co-operation of CAEC's network of institutions. The Council is also grateful for the financial assistance provided by a number of sources but most notably the Japanese government in supporting the research and in ensuring that the meetings are held, as well as in making this publication possible.

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June 2004

Overview

William Wallace and Young Soogil

Asian and European governments share a strong interest in the maintenance and strengthening of global institutions. The intensification of economic interdependence over the past 20 years through investment and trade, sharp increases in short-term cross-border movements of people and long-term migration, and the emergence of new security threats have all made co-operation among governments more central. It must be recognised that there is an underlying incompatibility between, on the one hand, the established structures of international order based on state sovereignty, sovereign equality, and non-interference in the domestic affairs of sovereign states and, on the other hand, the evolution of an open world economy. Developments in global communications, and increasing cross-border social ties, make for further penetration of outside influences into what were two generations ago matters of domestic politics.

European and East Asian states have in many ways very high stakes in strengthening multilateral institutions and the rule of international law. They lack the military power of the United States and so do not have the option of acting unilaterally when their security is threatened. Their prosperity depends on global economic integration. European states now contain large diasporas—communities, from poorer and less stable states, within their borders that retain links with their countries of origin—and the richer East Asian states are now witnessing the growth of similar communities. Both regions are benefiting immensely from global economic and social integration, but are vulnerable to the insecurities that global integration has brought: international financial crises, imbalances in the global economy, surges of asylum seekers from conflict-ridden areas, epidemics transported across the world, transnational criminal networks, and international terrorism.

We operate within a structure of global institutions that was designed 60 years ago, under very different circumstances. This structure has not kept up with new realities of the increasingly globalising world. And especially since the end of the Cold War, the United States, the main architect and sponsor of the network of international organisations created after World War II, has grown increasingly less willing to act as such. The conventional wisdom among members of the US foreign policy elites, across both parties and much of the think tank community, is that multilateral institutions inhibit US freedom of action in foreign policy to a greater degree than they provide countervailing benefits—in terms of legitimising US actions, ensuring compliance by other governments, and sharing the burden of maintaining and financing international order. Thus, especially in recent years, the United States has been increasingly unilateral in responding to international problems brought on by globalisation. The challenges, for European and East Asian governments alike, are to promote more effective multilateralism; strengthen regional integration so as to support reform of international institutions and their programmes; and persuade the United States that the benefits of global multilateral co-operation outweigh the costs.

The Problems We Face

During most of the past two generations, governments, international institutions, and expert studies have conventionally divided international problems into separate categories. Defence ministries and intelligence agencies dealt with problems of security, finance and trade ministries with international economic relations, and development ministries with assistance to poorer states. A message in all the chapters in this volume is that these conventional categories are no longer sustainable. Weak states with fragile economies export insecurity. Financial crises destabilise and disrupt social and political systems—as was seen in Southeast Asia in 1997. Epidemic diseases threaten trade relations. The security of developed states is threatened just as much by informal terrorist networks as by the accumulation of destructive weapons systems by authoritarian regimes. Discrimination against women within traditional societies now experiencing the shocks of modernisation and global integration fuels rapid population growth, high unemployment, and outward migration. The concept of human security, a common thread running through all the chapters, implies that the problems of poverty, failed economic development, weak or corrupt government,

forced migration, social disorder, and social alienation cannot be tackled separately; developed states must adopt a strategic approach.

The foreign policies of European and East Asian governments over the past two decades have primarily focused on the security and development of their own regions. Thus, multilateral patterns of co-operation have been established, economic and social interactions have grown exponentially, and regional conflicts have been contained. Yet the insecurity and instability of the regions between Europe and Asia pose a rising threat to the ordered societies and economies of the developed world. It is no longer safe to leave strategic issues of global order in the hands of the United States, or to take the approach that developments in Central Asia—or Central Africa—are significant primarily for those regions themselves; the level of global integration we now face means that conflicts in insecure regions threaten to spill over into secure regions. Transborder crime, including drug- and people-smuggling and international financial fraud, terrorism, and forced migration are among the means through which insecurity spills over.

We thus face the need to redefine the developed world's response to these challenges. The authors of the following chapters agree that conventional multilateral strategies have failed to promote economic and social development around the world with efficiency and effectiveness, and that the international institutions dedicated to their promotion are weak. Confident assumptions about the stages of economic growth have given way to uncomfortable acceptance that the standard of domestic governance, the quality of education, the workings of the financial system, the structure of society, and the development of the economy all interact. The Washington Consensus, according to which the international financial institutions previously operated, has now been widely challenged—but without any alternative consensus emerging as to the principles that should guide them. Global trade negotiations have become ensnared in disagreements over how wide or how far-reaching an agenda they should cover.

European and Asian contributors also agree that the United States—the most important political and economic partner for both regions—has itself become part of the problems that we face. Disillusionment within the United States with global institutions and impatience with slow-moving multilateral negotiations has not been a characteristic of any single administration or party; it has grown among US policymakers, commentators, and members of the public over the past 20 years or more. Concern has been raised across East Asia and Europe regarding the tendency in the United States to bend, if not undermine, the rules of global governance that past

US policymakers did so much to create, such as the use of international financial institutions to support political objectives, the shift from multilateral to regional and bilateral trade agreements, and the pressure on allies to support security policies defined unilaterally in Washington.

Recognising Our Own Contributions to Current Problems

As the authors of the succeeding chapters note, Washington's Asian and European partners must accept a share of the responsibility for the disillusionment of successive US administrations with multilateral co-operation. Within the United Nations and other international organisations, European and Asian representatives often have yielded to the temptation to pursue their narrowly defined national interests even at the expense of the international public good that the United States was seeking or proposing to provide. They often would be more concerned with minimising their individual contributions to a necessary collective action, rather than working together with the United States to ensure one. They often have been more concerned with procedures than with substance, and with declaration than with action and implementation. The record of support from these states for measures agreed on to contain the spread of weapons of mass destruction (WMD) has been mixed.

It was left to the United States to take the lead in—and to pay most of the costs of—recovering surplus nuclear materials from the former USSR, and in providing alternative employment for former Soviet nuclear researchers. European governments failed to manage the consequences of the breakup of Yugoslavia without US intervention, despite the brave promises made in 1991. East Asian states similarly failed to develop a common agenda towards North Korea. Worse still, they have tended to remain as disinterested by-standers over North Korean issues. Military, civilian, and financial support for the reconstruction of Afghanistan after the defeat of the Taliban regime has fallen a long way short of evident requirements. From Washington's perspective, impatience with multilateral co-operation appears well justified. It takes a lot of time for agreement to be reached on decisions, even under crisis conditions; other governments criticise US initiatives, but rarely provide convincing alternatives; the output achieved is modest in comparison with the effort required to build multilateral agreement.

US policymakers with increasing frequency have, therefore, turned away from global co-operation and towards regional or bilateral solutions with individual governments, sometimes cutting across established patterns of co-operation within other regions, including Europe and East Asia. Washington's disillusioned understanding of the fragility of co-ordination and co-operation in those two regions has fed its preference for working with 'coalitions of the willing', rather than through established, multilateral frameworks. The reluctance of East Asian states to criticise each other's domestic failings and undertake binding commitments that impinge on sovereignty, the gap between Europe's rhetorical commitment to a common foreign and security policy, as well as its extremely limited capabilities, have reinforced US scepticism. A strengthening of regional co-operation including integration within both regions must, therefore, form an essential part of the response of the major US partners to Washington's temptation to prefer unilateralism.

The United States continues to set the agenda for the range of multilateral frameworks within which developed states interact. In April 2004, European and East Asian governments were reacting to draft US plans for a global initiative on the Greater Middle East, two months ahead of a long-planned Group of Seven/Group of Eight (G7/G8) summit at which the administration of US President George W. Bush intended to launch it. Similarly, the most active preparations for the North Atlantic Treaty Organisation (NATO) summit in Istanbul, scheduled for late June 2004, were under way in Washington rather than in European capitals. In the summer of 2004, it seemed likely that, in the third of Washington's multilateral summit consultations with the 25 member states of the European Union (EU), its major economic and political partner, the EU states would each attempt to convey to the United States their particular national concerns, rather than attempt to get across a concerted message commanding widespread support. The Asia–Pacific Economic Co-operation (APEC) forum has partly failed to maintain US engagement because US policymakers have encountered diverse and incoherent Asian points of view.

The annual G7/G8 summits should serve as a crucial focus for European–Asian co-operation. Too often in the past, however, they have served as occasions for US initiatives and badly co-ordinated European and Japanese responses. This restricted forum for consultation among major economic and political powers was designed to co-ordinate US foreign economic and security policies with Washington's key partners. Those partners have often failed to use the opportunity to influence US policy, or to represent their regional perspectives in a concerted fashion.

Priorities on the Policy Agenda

Strengthening Global Institutions and Multilateralism

European and East Asian governments should actively and publicly support efforts to reform global institutions. They should, in particular, take up the recommendations of the UN Secretary-General's High-Level Panel on UN Reform, as soon as they are published, and work to build a cross-regional coalition for their implementation. Despite disagreements within each region over issues of increased representation on the UN Security Council (UNSC), they should attempt, in the first instance, to focus on substantive rather than representational issues. They should demonstrate their willingness to accommodate the legitimate discontent of developing states with the structure and working assumptions of the International Monetary Fund (IMF) and the World Trade Organisation (WTO). European and Asian governments together provide over 60 per cent of the funding for global international organisations—a substantial contribution unknown in the United States and unnoticed in Washington. As from May 2004, the European Union's member states, together with the member states of the Association of Southeast Asian Nations (ASEAN), Japan, and South Korea, potentially constitute a significant caucus within global institutions. They would have substantial leverage within this institutional debate if only they could agree on a shared approach.

They should work together to improve and reform global financial governance to allow the interests of the emerging market economies to be better represented. Asians and Europeans should maintain multilateralism as the overriding philosophy of trade liberalisation. They should ascertain their shared commitment to multilateralism and not allow bilateralism to undermine multilateralism as it is represented by the WTO.

In order to improve and reform global governance on the whole, for one thing, it seems important for Europe and Asia to work together to extend the membership of the G7/G8 to include China. For another thing, they should work together to secure a far more important as well as central role for the G20 in global governance than now. The G20 is fairly universal in terms of membership. It includes countries from every region, accounting for nearly 70 per cent of the world's population, nearly 90 per cent of the global economy, and almost 60 per cent of the world's poor. The IMF and the World Bank also participate. The European G7 countries and the East Asian members of the G20 (China, Indonesia, Japan, and South Korea) should try to secure such a role for the G20.

Peace Enforcement, Peace-keeping, and Nation-building

The United Nations' commitment under Chapter VII to counter immediate threats to global order is weakened by the lack of troops from countries other than the United States capable of rapid deployment to potential or actual crisis areas. The successful deployment, within seven to 14 days, of a small EU force to eastern Congo in the summer of 2003 (Operation Artemis), in response to an urgent request from the UN Secretary-General, was a welcome contrast to the failure of developed states to prevent the collapse of order in Rwanda in 1994. It was to provide just such a rapid response, with future peace-enforcement and peace-keeping operations in mind, that the Franco–British initiative of January 2004 created a number of self-contained and rapidly deployable 'battle groups' within the European Union.

There is a strong case for European–Asian consultation on this model, and on the potential for the development of parallel forces from within East Asia for deployment in future crises. The quality of equipment, transport, logistical support, and training needed for such rapidly deployable forces means that, for the foreseeable future, only high-income states are likely to be able to afford them. Since, for historical reasons, it is undesirable for forces available for such operations to be drawn overwhelmingly from 'white' states, Asian participation is an important factor. Proposals for regular meetings of ASEAN defence ministers, and for the development of an ASEAN peace-keeping force, would be welcome moves in this direction.

Creating a Strategic Culture with a Global Orientation

Foreign policy debates, both in Europe and East Asia, continue more often to follow US initiatives rather than lead them. US national security strategies and the publications of US think tanks and universities set the context to which our governments respond. The European Union in December 2003 agreed for the first time to a European security strategy—entitled *A Secure Europe in a Better World*—which declares that '[w]e need to develop a strategic culture that fosters early, rapid and when necessary robust intervention'. There are now proposals to develop and publish an annual ASEAN security outlook. These instruments ought to be used to encourage a regular exchange of ideas, among analysts and experts, on global threats and how best to respond to them in order to build a shared

intellectual framework for strengthening the global order, and to consult the United States concerning constructive responses to global threats. This is particularly important in developing strategies for nation-building and state reconstruction, in which areas US policymakers have been reluctant to provide the long-term commitment needed, and where European and East Asian governments may have specific skills and insights to contribute.

For this purpose, the ASEAN countries should be joined by other Asian countries, especially Japan, China, and South Korea, in order to form a critical mass of Asians for the purpose of developing strategic outlooks of a truly Asian scope. The current ASEAN + 3 framework seems to be a venue that is very apt for this purpose.

The UN and NATO as Structures for Maintaining Global Order

Even if the process of UN reform moves forward after the report of the UN High-Level Panel, with the organisation's capabilities for peace-keeping and peace enforcement strengthened and national forces more readily available, there will remain limits to the ability of this global organisation to act. There is, therefore, room for European–Asian consultation on the future of NATO, which is in the process of transforming into a framework for political and military co-operation among developed states, with worldwide reach. NATO now includes 26 full-member states, with a further 24 associated states stretching across to the borders of China. Russia has a privileged association, through the NATO–Russia Council. There have been suggestions in Washington that China should, in time, be offered a similar privileged relationship, and that the NATO Mediterranean Dialogue should be expanded into a network of association arrangements with Arab states. NATO in early 2004 was playing a formal role in Afghanistan, where the International Security Assistance Force (ISAF) in Kabul was under NATO command; and an informal role in Iraq, providing support functions for the Polish-led international division. US policymakers now see NATO as a multilateral vehicle for global operations and global diplomacy. Washington's partners should consider their own responses to this development.

Regional Contributions to Global Governance

US policymakers see themselves as pursuing global strategies, while their partners focus primarily on regional concerns. Closer engagement by these partners with their wider regions can, however, provide a useful contribution to global stability and development. Part of a constructive response to US disillusionment with multilateral co-operation must be to demonstrate that states within stable regions can work together to manage problems around their borders: from Belarus to North Korea, from the Kyrgyz Republic to Georgia. The need for such capability is not limited to security problems. In the case of East Asia in particular, it also extends to the issues of financial and monetary co-operation, facilitation and liberalisation of trade and investment, capacity-building for development, as well as trans-border environmental problems. Europe's engagement with Russia, and East Asia's with China, both represent major contributions to global integration. The need for regional co-operation to address problems of the region is acute in East Asia, in particular, where such co-operation has just begun to take root.

Both developments are of mutual interest; the issue of China's future association with the multilateral institutions of the developed world—from the G8 to the OECD to NATO—is of common concern. Both regions also contain substantial Muslim populations: 15 million within the European Union, 70 million within potential EU member Turkey, and 100 million around the southern shores of the Mediterranean. Indonesia is the largest Muslim state, Malaysia has a Muslim majority, while Thailand and the Philippines have Muslim minorities. The danger that the war against terrorism might deteriorate into a perceived war against Islam provides a strong incentive for developing regional strategies for dialogue and for investment in education and exchange, as well as to support moderate Muslim leadership and build wider bridges between the developed and developing worlds.

Regional Responses as Building Blocks for Global Co-operation

Responses to international terrorism have been channelled more along multilateral than unilateral paths due to the need for the widest possible multilateral co-operation in combating terrorism. Here—as in responses

to such other transnational challenges as cross-border epidemics and climate change—European and East Asian governments need to develop useful regional approaches, including closer co-operation among national authorities, wider exchanges of information, and shared countermeasures. Such approaches are the building blocks of effective global tactics. The same can be said for trade and regional financial arrangements. In particular, the newly emergent trade regionalism, as well as the newly emergent financial regionalism, in East Asia should be considered and further nurtured from such perspective.

Redefining Development Strategies

There remains considerable confusion about the appropriate balance to be struck in promoting global development between trade and financial assistance, between respect for national sovereignty and humanitarian intervention, as well as between the alleviation of desperate poverty and the targeting of assistance to competent governments. European and East Asian governments are collectively the dominant donors to global development programmes and should be taking the lead in promoting a new consensus. The quality of domestic governments and the structure of domestic societies should constitute the core of development strategy.

The failure of economic and social development across much of the Arab world—as set out in successive issues of the Arab Human Development Report, put out by the UN Development Programme (UNDP)—has fuelled the alienation of Arab youth, and maintained a population explosion across the Arab world. Failed states in Africa present intractable challenges: exporting refugees, nurturing disease, providing havens for corrupt and even terrorist activities. European and East Asian governments have learned, from bitter experience, the difficulties of providing external assistance for economic and political development, and the need for basic security and competent government if development is to succeed. The need remains for closer co-operation in limiting the ability of corrupt regimes to exploit those with whom they trade. So is closer integration between the developmental aspects of trade policy, through a successful WTO Trade and Development Round, together with other instruments of financial assistance, education and training, and state building.

Claiming the Credit for the Contributions We Make

European and East Asian governments collectively contribute much more to the maintenance of global governance than most US citizens realise. The failure of Washington's partners to pursue active public diplomacy aimed at and within the United States—to explain to US audiences what its partners are doing—has contributed to US disillusionment with global institutions. European and East Asian governments need not only to co-operate more closely in strengthening international institutions, but to give much greater publicity to the contributions they already make. The Asia–Europe Meeting (ASEM) is a multilateral process little noticed within the United States; there is little awareness of the shared contributions of European and East Asian governments to the funding of global institutions. In the United States, Asian governments in particular are seen as playing a relatively passive role in international institutions; in the past two years, there are those in the United States who have come to consider some European governments as actively obstructive. Shared European–Asian initiatives, not only within the G8, but also in cataloguing and publicising the contributions they already make to global public good, is thus also a necessary priority in strengthening our shared commitment to effective and efficient global governance. Effective multilateralism is impossible without US co-operation, but it can only be regained by demonstrating to US policymakers and members of the public that their major partners are both capable and willing to pull their weight and pay their way, and that they are in fact doing so.

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