



CHATHAM HOUSE

Chatham House, 10 St James's Square, London SW1Y 4LE  
T: +44 (0)20 7957 5700 E: [contact@chathamhouse.org.uk](mailto:contact@chathamhouse.org.uk)  
F: +44 (0)20 7957 5710 [www.chathamhouse.org.uk](http://www.chathamhouse.org.uk)  
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# Asia and Europe: Engaging for a Post- Crisis World

Gareth Price

Head, Asia Programme, Chatham House

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## Summary

- The success of past Asia-Europe initiatives highlights the benefits of cooperation between Asia and the European Union, particularly as future challenges are as likely to be global as they are regional.
- While many Europeans currently consider there to be a crisis of global leadership, many Asians perceive current trends as marking the end of Western domination and the emergence of a more representative global leadership structure.
- Asia is enjoying sustained economic growth. However, this has not yet converted into a pan-Asian identity. The Asian approach to regionalism differs greatly from that espoused by the European Union.
- Existing systems of global governance do not reflect emerging economic realities. This is problematic both for over-represented Europe and for under-represented Asia.

## Introduction

This paper draws on the 5th Asia-Europe Editors' Roundtable, a flagship curtain-raiser event organized by the Asia-Europe Foundation (ASEF) and held in Brussels on the eve of the 8th Summit of Leaders of the Asia-Europe Meeting (ASEM).<sup>1</sup>

The roundtable, which comprised a number of senior newspaper editors and journalists from Asia and Europe, was held at a critical moment in global governance when there was much discussion of the need for deeper reform of the institutes of global governance. It is clear that both Asia and the European Union (EU) need to continue to work together and learn from each other. But despite a long-established engagement between them, there is a widespread sense that the overarching relationship has started to lose momentum. Following the financial crisis in 2008, economic growth rates in Asia contrast vividly with those in the EU, creating a sense that the global centre of power is rapidly shifting and that the Union is in decline.

The arguments for better engagement between the EU and Asia are clear-cut. Shared global challenges require cooperation and coordination. In response to the global financial crisis, the president of the European Commission, José Manuel Barroso, noted that 'we have to face serious challenges which don't respect any borders because they are global... no one in Europe or Asia can seriously pretend to be immune'.<sup>2</sup> The EU and Asia need to 'swim together', with 'unprecedented problems' requiring 'unprecedented cooperation'. Along with economic crises, issues such as climate change, disease, demographic changes and migration require a collective global response.

The relatively recent arrival of these challenges, however, means the existing global architecture is often insufficiently geared to deal with them. Consequently, Asia and the EU must not only work together, but must implement new ways of doing so. The relative failure of the 2009 Copenhagen climate change summit to deliver a deal reflected some of these infrastructural failings and a lack of trust between countries with divergent interests. But many countries in Asia are already suffering from volatile climatic conditions, and for the rapidly-industrializing nations within Asia, the limits of the International Panel on Climate

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<sup>1</sup> The Roundtable was held on 3 October 2010 under the 4th Connecting Civil Societies of Asia and Europe conference organized by ASEF, with the support of the Federal Public Service, Foreign Affairs, Foreign Trade and Development Cooperation, Belgium.

<sup>2</sup> <http://www.guardian.co.uk/business/2008/oct/23/globaleconomy-creditcrunch>.

Change (IPCC) represent a huge challenge that cannot be overcome without international support. At the same time, it is in the interest of industrialized nations to help these countries to decarbonize, if only to ensure climate security for their own citizens. The level of coordinated efforts currently being made by industrializing nations in Asia and the EU are too small and dispersed to make sufficient political and environmental impact.

Past global financial crises have highlighted the need for greater international integration. The Asian financial crisis broke out in 1997, the year after ASEM was launched. This crisis proved a trigger for enhancing regional cooperation and highlighted the failed response of several key multilateral institutions, in particular the way in which the IMF dealt with the crisis and the delay of the WTO's Doha Round.<sup>3</sup> In contrast to the reactions of these institutions, the crisis demonstrated how Asia and the EU could successfully work together, for instance through the creation of an ASEM Trust Fund to serve as a safety net for affected Asian countries.

With the most recent financial crisis, Asia and the EU have once again proved the value of cooperation. The shared response by leaders at the 2008 ASEM summit in Beijing provided an opportunity to build up a common position on tackling the financial crisis,<sup>4</sup> and the impetus to convene the G20 Summit in the UK in 2009. The success of past Asia-EU initiatives serves only to highlight the benefits of cooperation between Asia and the EU, particularly as future challenges are as likely to be global as regional.

This paper explores current trends in the relationship(s) between the EU and Asia. First, it examines the challenges facing the European Union. While many Europeans see a crisis of global leadership, many Asians regard current trends as the ending of Western domination and the emergence of a more representative global leadership structure. How can and should the European Union respond to the increasingly frequent questions regarding, for instance, perceived European over-representation in multilateral fora?

Second, the paper turns to Asia. European aspirations for Asia to replicate the EU model of increasing economic *and* political interaction are falling on deaf ears; the notion of pooled sovereignty is anathema to most states within Asia, where the 'national interest' is much more narrowly defined than it is within

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<sup>3</sup> Capannelli, G. (2009). 'Asia and Europe: Comparing Approaches to Regionalism', *Development Asia*, <http://development.asia/issue03/cover-04.asp>.

<sup>4</sup> ASEM7 (2008), 'Sarkozy: Asia-Europe summit "helpful" to tackle financial crisis', [http://www.asem7.cn/misc/2008-10/25/content\\_57468.htm](http://www.asem7.cn/misc/2008-10/25/content_57468.htm).

contemporary Europe. While Asia as a whole is enjoying sustained economic growth, this has not yet converted into a pan-Asian identity. Increased economic interaction does not yet mean greater political convergence.

Third, the paper explores the means by which the international community, such as it is, responds to global challenges. Is a reformed UN likely to become the dominant actor in global decision-making? Or is the G20, initially constituted to respond to the global financial crisis, a precursor to a series of ad hoc international groupings formed to respond to challenges as they arise? Or will the G20 itself take such a role, superseding the UN Security Council? How well placed are the countries of Asia and the EU placed to make their voices heard?

### **The challenge for the European Union**

The notion of Europe and, in particular, the EU, continues to baffle Asian policy-makers; for many Asians, the EU is regarded as little more than a free trade zone.<sup>5</sup> Those who recognize the political aspects of EU often view it as a 'stagnant' entity, increasingly marginalized by its persistent failure to create common positions on behalf of its member states,<sup>6</sup> an inability to coordinate the most crucial policies and subsequent policy-making of the lowest common denominator. Even agreements with a clear economic benefit, such as the EU-South Korea free trade agreement, can be hindered by one vested interest. Consequently, unlike the US, the EU is not seen as having the capacity to play a game-changing role.

Many Asians believe that EU's lack of vision and a perception of short-term policy-making hinder its engagement with Asia. Yet when the EU does have a vision, its rhetoric regarding democracy, human rights and social equality fails to strike a chord with many individual Asian states, and this is further undermined by specific actions within the Union, such as treatment of Roma. And even when its rhetoric finds a more receptive audience, there is a prevalent sense that the EU could offer more constructive assistance (in providing police or judicial training for instance) rather than offering lectures.

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<sup>5</sup> Lisbonne-de Vergeron, K. (2006), *Contemporary Indian Views of Europe* (London: Royal Institute of International Affairs).

<sup>6</sup> Brown, K. (2009), *The EU and China: Time for a Change?*, Chatham House Asia Programme Paper ASP PP 2009/03.

While Asia may wish to mimic the political stability and prosperity of the EU, at present its approach to regionalism is very different. Although the European 'project' has provided inspiration to a number of Asian governments advocating greater regional cooperation (the former Japanese prime minister, Yukio Hatoyama, for instance, has spoken of his vision for an East Asian Community while China, too, has called for greater regional cooperation) there is little sense that the EU offers some kind of template for Asia to replicate on issues such as subsidiarity, or indeed any issue that implies a loss of sovereignty or the opportunity to legally bind internal affairs. Where the EU does have leverage is in providing more practical assistance relating to its experience in, for instance, creating a free trade area. From an Asian perspective, the Union can teach methods and procedures, but there is little interest in the full model. Consequently, the Asian preference would be for the EU to focus on government and governance rather than human rights and values.

The European experience of integration is not seen as a relevant comparison or road-map for Asia. Recent European and Asian histories differ fundamentally. Many post-colonial Asian countries are still in the process of building their national identities and there is practically no current willingness to subsume sovereignty along EU lines. Current Asian economic integration differs from the origins of the European Union, the European Coal and Steel Community (ECSC), in that the ECSC had an avowedly political purpose in the aftermath of the Second World War in a region with one enemy, the USSR, and one patron, the United States. Asian free trade areas and economic agreements are purely economic.

This Asian emphasis on state rather than supra-state sovereignty reinforces a focus on hard power, rather than the soft power that reflects the Union's outreach. The lack of a European common defence policy consequently both undermines its influence and adds to the lack of comprehension about its role within Asia. Despite some recent advances, European security and defence policy remains predominantly characterized by conflicting national policies and persistent allusions to national sovereignty. Without a clearer sense of the EU's security priorities, it will struggle to 'represent its interests on the global stage'.<sup>7</sup> And for now it even struggles to articulate what its interests are.

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<sup>7</sup> Weidenfeld, W. (2007), 'Asia's rise means we must re-think EU-US relations', <http://www.iss.europa.eu/uploads/media/analy163.pdf>.

While Western observers frequently witness a crisis of global governance, from Asia the prevailing view is not of a crisis, but of the ending of Western leadership. In absolute terms, the 495m people within the EU produce around one-quarter of world GDP; the 1.2bn people in China produce less than one-tenth. But the shift in global economic growth towards Asia is unquestioned, and has been reinforced by the severity of the crisis in several EU countries. This in turn has led to questions over the supremacy of the 'Western' economic models, and increased an Asian sense of an 'Asian century'.

Since 1995, Asia's GDP has grown twice as fast as that of Western Europe and the United States. In terms of purchasing power parity, Asia's share of global GDP grew from 18% in 1980 to 34% in 2009.<sup>8</sup> Asia's financial weight has also grown steadily and the region's stock markets now account for 34% of market capitalization – compared with 33% for the US and 27% for Europe. Asian banks now hold two-thirds of foreign exchange reserves and, in 2009, China overtook Germany to become the world's largest exporter.

Within Asia, this trend is frequently perceived as a return to the natural order, and the end of a two-century blip during which the West dominated the international system both politically and economically. Asian commentators do not see a crisis of global governance, but rather an outpouring of 'existential angst' among Europeans, and particularly within France and the UK, the two countries with most to lose.

The growing economic importance of Asia is reflected in intra-Asian trade: Asia's proportion of world trade grew from 21% in 1990 to 34% in 2006,<sup>9</sup> largely because of increased intra-regional trade, which grew almost nine-fold over the same period. The lesson that many Asian countries have taken from the global financial crisis is that they should not be over-reliant on external demand from Europe and the US for their domestic economic growth. The unprecedented 12% drop in the volume of global trade in goods in 2009 had a severe impact on the export-oriented economies of Japan, Malaysia and Thailand, all of which suffered recession. China, India and South Korea also experienced major, if temporary, slowdowns.

Over the past decade, Asian economies have also become more reliant on exporting to China, which has recently displaced the US as the region's largest

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<sup>8</sup> IMF figures taken from 'The balance of economic power – East or famine', *The Economist* (25 February 2010).

<sup>9</sup> IMF Survey Magazine (2008), 'Intra-regional Trade Key to Asia's Export Boom', <http://www.imf.org/external/pubs/ft/survey/so/2008/CAR02608A.htm>.

export market. These Asian economies are consequently relying more and more on China for sustained growth and prosperity<sup>10</sup> and, although European markets remain important to Asia, their significance is weakening. In contrast, the fastest-growing global markets of Asia are increasingly important to European firms. Claims that EU has more to learn from Asia (in particular its pragmatic and flexible pattern of industrial development) than vice versa are growing. The role of research and development within Asia has brought with it greater productivity and competitiveness, as well as the idea of 'open regionalism' – a type of regionalism that promotes the least discriminatory impact for non-members.<sup>11</sup>

As Asia continues to come together as an interconnected economic bloc, these trends will continue. Asia is shifting from a belief that 'the region has no single, strong and enduring history of unity and accepted commonality, whether in polity, culture, language or religion'.<sup>12</sup> Whereas the United States has dominated a disunited Asia since the Second World War, there is a growing regional connectivity predicated on the economic centrality of China. While many of China's neighbours feel wary of its increasing prominence, there is a widespread belief in the region that it is the only possible rival to the US for global leadership.

For many in Asia, the EU's power is declining. The rise of Asia in recent years means that the West faces genuine competition for global economic and political supremacy. If the EU wishes to remain a significant player, it needs to adapt. It must speak with a more united voice to increase its legitimacy within Asia and provide a counter-perspective to emerging Asian power-houses. The ratification of the Lisbon Treaty may well leave the EU better equipped to do this, although this will not eliminate all of the weaknesses in its political and economic structure. Similarly, remodelling the European monetary union and creating a more coherent common defence policy would provide the EU with greater leverage on Asia. But progress is likely to be slow. Considering Asia's economic growth, it is likely to take more decisions regardless of the Union's input.

Along with international organizations, in recent years, the EU has started strategic dialogues with the largest Asian countries, Japan, China and India. These bilateral relationships seem to overshadow a more generic EU-Asia relationship.<sup>13</sup> However, as the president of the European Council, Herman van

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<sup>10</sup> Roach, Stephen. 2009 *The Next Asia* (New Jersey: John Wiley & Sons, Inc.)

<sup>11</sup> Capannelli (2009).

<sup>12</sup> Tay, Simon S.C. (2010), *Asia Alone: The Dangerous Post-Crisis Divide from America* (Singapore: John Wiley & Sons Asia), p. 19.

<sup>13</sup> Breslin, S. (2010), 'The EU and Asia Within an Evolving Global Order: What is Europe? Where is Asia?', *East Asia* 27: 1-13.



Rompuy, noted in September 2010, 'we have strategic partners, now we need a strategy'.<sup>14</sup>

The primacy of the EU-China relationship is particularly evident (and demonstrates that no single European country is strong enough to influence China). China's economic weight ensures that it is able to hold sway over the EU. Its readiness to disregard the EU was illustrated in 2008 when it cancelled the EU-China summit at the last minute, in response to French President Nicolas Sarkozy's plan to meet with the Dalai Lama.<sup>15</sup>

Where China has been influenced by the EU in the past – for example, regarding nuclear proliferation – it has been in reaction to coordinated efforts which have brought together both the EU as a whole and its most influential members.<sup>16</sup> If the EU's political weight is to match its economic standing, it will have to start showing a more coherent front. And the Union must recognize its own imperfections. Many Asian commentators are baffled by Europeans' criticism when the EU still has its own problems to address,<sup>17</sup> and they question the democratic rhetoric that guides EU foreign policy when many in the EU are concerned about the disconnect between political elites (particularly within the EU) and general publics. It is imperative for the EU to recognize both its own failings and the determination of other countries to resist European attempts at influence.<sup>18</sup>

### The challenge for Asia

The reluctance within Asia to pool sovereignty is not necessarily a strength. Like the EU, Asia is marked by contrasting languages and cultures. But while there is some ambiguity regarding the relationship between EU nations, this ambiguity is much more marked within Asia. There is little shared history, religion or culture between the countries of South Asia and those of Northeast Asia, for instance. While the Association of Southeast Asian Nations (ASEAN) is the intra-regional organization that most closely resembles the EU, it does not include any of the four largest economies in Asia – China, Japan, India or South Korea. Its largest

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<sup>14</sup> <http://vloghvr.consilium.europa.eu/?p=2377>.

<sup>15</sup> Fox, J. and Godement, F. (2009), *A Power Audit of EU-China Relations*, European Council on Foreign Relations Policy Report.

<sup>16</sup> *Ibid.*

<sup>17</sup> Lo, B. (2009), *China and the Global Financial Crisis* (London: Centre for European Reform).

<sup>18</sup> Fox and Godement (2009).

economy, Indonesia, is also smaller than those of two other countries at times described as part of Asia – Russia and Australia.

Through ASEAN, Asia has started to develop its own distinct security architecture to ensure peace within the region<sup>19</sup> and it now also has plans to implement a free trade area by 2015. Unlike the EU, ASEAN has strongly upheld the principle of state sovereignty and non-interference among its member states. While countries in the EU had taken the lead in condemning the military regime in Myanmar (Burma) and recent 'elections', ASEAN called for continued 'constructive engagement' with it. This demonstrates the stronger role that Asian institutions have started to play in the world and the increasingly independent track they are following.

The G20 is but the latest in a plethora of regional organizations and fora, each with different strengths and weaknesses both in themselves and in relation to dialogue with the EU. The most important pillar of Asian regional architecture is clearly ASEAN. It has an advanced security dialogue with several Asian and non-Asian partners; its mandate covers social and cultural pillars in addition to economic cooperation; and its smaller member states play a role in agenda-setting.<sup>20</sup>

In recent years, Asia has seen the creation of a number of regional institutions, all of which are gaining influence. The meetings of Asia-Pacific Economic Cooperation (APEC), the South Asian Association for Regional Cooperation (SAARC) and the East Asia Summit (EAS) are seen as important global events, although it is perhaps ASEAN and its affiliate groups that have come to dominate global interest in Asian affairs.

The lack of a single overarching regional institution is an impediment to engagement with the EU, and reflects the fact that despite the rhetoric, there is little conception of Asia beyond the geographical. In 2007, the EU and ASEAN established a partnership and joint plan of action to enhance the relationship between the two organizations. However, divergent attitudes towards Myanmar have undermined the relationship. The emergence of China and India as multipolar pillars has also diverted European attention. ASEAN in turn is

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<sup>19</sup> Dobb, P. (2008), 'The Future Balance of Power in East Asia: What are the Geopolitical Risks?', *Working Paper No. 406* (Canberra: Strategic and Defence Studies Centre, The Australian National University).

<sup>20</sup> 'From zero-sum to positive sum: Asean turning weakness into strength' speech by Prof. Kantathi Suphamongkhon, former foreign minister of Thailand (29 October 2009) [http://www.nationmultimedia.com/2009/11/10/opinion/opinion\\_30116246.php](http://www.nationmultimedia.com/2009/11/10/opinion/opinion_30116246.php)

increasingly concerned with maintaining the region's distinct identity rather than being submerged in the story of China's economic growth.

Nonetheless, ASEAN clearly has greater impetus than some of the other regional groupings. APEC has been criticized for lacking mid- to long- term growth strategies; its decisions are not legally binding and it has faced criticism for being overly dominated by the US.<sup>21</sup> The ASEAN Regional Forum (ARF) brings together the EU and a number of Asian countries but, 15 years after its creation, lacks a vision statement.<sup>22</sup> Some observers argue that the EAS, which includes all major regional players, has the potential to provide a strong integration impetus beyond economic issues.<sup>23</sup> Its top-down approach (heads of state meet with no prior preparatory meetings) makes it distinct from other regional meetings.<sup>24</sup>

The Shanghai Cooperation Organization (SCO) plays an increasingly important role, but is a difficult partner for the EU. It rejects the EU's norms of human rights, political liberties, good governance, and the right of international intervention when a state engages in internal abuses,<sup>25</sup> and is geared toward the interplay of its own members' interests rather than guiding or strengthening external relationships.<sup>26</sup>

If there is a single representative of 'Asia', it is probably ASEAN, China, Japan and South Korea, or ASEAN+3. This forum has discussed a range of issues, including South China Sea disputes (though in that case without success). ASEAN+3 stems from the vision of an East Asian community, and while thus far the grouping represents a talking shop, this talk of itself is working, gradually, towards the promotion of a new consciousness of (East) Asia.

Moreover, there are dramatic changes within Asia. Over the past decade, China and India have emerged as key global actors demanding bilateral engagement. Certain countries, such as Vietnam, have benefited from China's growth. But globalization has not benefited all of Asia equally. In a number of countries, a new generation has grown up knowing only high rates of economic growth. Whether subsequent triumphalism is expressed through 'Asian-ness' or through national

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<sup>21</sup> Arnaud, R. (2010), 'APEC Japan 2010. The APEC-ization of Europe', *Japan Spotlight* (1 September 2010).

<sup>22</sup> <http://www.eastasiaforum.org/2009/09/21/the-asean-regional-forum-is-a-dead-end-so-what/>.

<sup>23</sup> Capannelli (2009).

<sup>24</sup> Suphamongkhon, 'From zero-sum to positive sum'.

<sup>25</sup> Bailes, A.J.K. (2007). 'The Shanghai Cooperation Organization and Europe', *China and Eurasia Forum Quarterly* 5(3): 13-18,

[http://www.silkroadstudies.org/new/docs/CEF/Quarterly/August\\_2007/Bailes.pdf](http://www.silkroadstudies.org/new/docs/CEF/Quarterly/August_2007/Bailes.pdf).

<sup>26</sup> *Ibid.*

identity varies between countries. Asia is 'still being shaped by the push and pull of politics and economics and rivalries among Asians'.<sup>27</sup> But other countries, such as Myanmar and Timor Leste (East Timor), have been left far behind. Not unlike Europe in the 1950s and 1960s, Asia's economic disparities make it appear more like a patchwork of contrasting nations than a unified and coherent whole. So, for now, Asia remains far from homogeneous; the institutions that do exist are unable to manage external shocks, internalize regional spillovers or provide effective regional public goods in the way that the EU has been able to do.<sup>28</sup>

Another difference lies with the lack of rules that govern Asian institutional membership. While the EU requires its members to be democratic and to abide by EU law in relation, for instance, to market economies and movement of peoples, the standard approach to decision-making within Asia is rather more *ad hoc* and the process is often as important as the outcome.

The marked distinction between economic and political integration within Asia reflects a number of rivalries which are managed but rarely resolved. China and Japan's economic ties have not eradicated deep-seated tensions. Mutual mistrust, in both policy and practice, remains strong. This was seen in the fallout in October 2010 from the detention of a Chinese ship captain by Japanese coastguards in disputed sea territory in the East China Sea.<sup>29</sup> China blocked Japan's application for a permanent seat on the UN Security Council in 2005, and disputes persist in the South China Sea, affecting a number of countries. Now that China has replaced Japan as the world's second largest economy, efforts to balance mutual dependence and competition will remain difficult.

For China and India, recent economic success has brought with it a new sense of rivalry. Their need for resources affects other countries in Asia and beyond. The global ambitions of both nations have created a number of overlapping regional interests that have increased competition between them. Both face domestic social pressures. This, in turn, has encouraged rising nationalism making peaceful cooperation increasingly challenging. Several commentators believe that competition for markets, resources and influence will intensify these challenges.<sup>30</sup>

Political stability in Asia is not a given: relations between Pakistan and India are strained, and complicated by Indian concern over perceived Chinese 'ambitions'

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<sup>27</sup> Tay (2010), pp. 181-2.

<sup>28</sup> Capannelli (2009).

<sup>29</sup> Satoh, H. (2006). *Japan and China: Reaching Reconciliation or Stuck in the Past?*, Chatham House Asia Programme Briefing Paper AFP BP 06/02.

<sup>30</sup> Holslag, J. (2010), *China and India: Prospects for Peace* (New York: Columbia University Press).

in South Asia. Taiwan and Mainland China are currently enjoying a rapprochement, but this relationship continues to seesaw. And North Korea remains an increasing concern, with signs of escalating belligerence from April 2010 onwards. As the hostilities between Thailand and Cambodia in 2008 and 2009 demonstrated, long-standing border disputes have the potential to erupt.

### **Whither global governance?**

Existing systems of global governance do not reflect emerging economic realities. This is problematic both for the over-represented European Union and for under-represented Asia.

Half of the members of the G8 were European, and only one, Japan, was Asian. For the EU, maintaining two of the five permanent seats within the current composition of the UN Security Council entails a risk: that the UN will be sidelined as the pre-eminent global decision-making body and that the legitimacy of the Security Council will be undermined. But the likelihood of France or the UK relinquishing their seats is minimal. Thus, in some way the UN Security Council would need to be reconfigured were it to become more representative. The recent US offer of support to India's accession to the Security Council marks a strategic shift; India has consistently voted against the US in what the US describes as 'important' votes; many in the US believe that the Security Council is already marred by vetoes. But the US move also puts pressure on China which has proved unwilling to support India's candidature. Nevertheless, while the case for institutional reform within the UN may be incontrovertible, this is not to say that such reform is imminent.

Similarly, in the IMF the members of the EU hold a 32% share of the vote; China's vote, in contrast, stands at 3.7%. Since the IMF presidency has always been European (and the US holds a 17% share of the vote), it is understandable that from the perspective of many in Asia the IMF is an alien and unrepresentative body. After negotiations, the EU has agreed to cede two of its seats on the IMF to developing countries from 2011. But greater restructuring is needed, especially in view of the IMF's need now for Chinese financial support.

While some steps are being taken to change the representation in the IMF, in general, the reluctance of countries to relinquish status in existing institutions increases the likelihood of new institutions flowering. In essence the G20 reflects this shift. While European influence in the G20 is reduced relative to the G8, the

shift to the larger grouping enabled the existing G8 members to remain 'at the top table'.

With its recent emphasis on internal restructuring, Asian accusations of EU introspection are not unreasonable. Post-Lisbon, a priority for the Union is to consider its own position and to manage a process that both enables it to remain influential within the world and acknowledges emerging powers and a changing economic order.

Until that occurs, the G20 is likely to set a model for an ad hoc system of global governance. Six 'Asian' countries (including Australia) are represented in the G20, although Indonesia is the only member of ASEAN represented in the forum. Europe has four individual members, and the EU is itself the 20th member of the G20. While ASEAN has been invited to several meetings as a representative of a regional grouping, it has yet to gain a permanent presence. The G20 members represent 80% of global GDP, and if the grouping continues to grow in importance, it may start to challenge other global governance bodies, such as the UN.<sup>31</sup>

Whether the composition of the G20 would (or should) remain the same for future crises is more disputable. In general, the G20 comprises the largest economies of the world.<sup>32</sup> This makes sense in an attempt to resolve an economic crisis. But if a future crisis related to health or migration, for instance, the 20 key stakeholders might well differ.

Many see the G20 as a place in which the US and China can meet to discuss economic and financial issues; the other participants (with the possible exceptions of Japan and Germany) are seen as symbolic. But the multiple arrangements of global governance mean that, self-evidently most countries prioritize their engagement with the organizations of which they are members.

The creation of new G20-like organizations gives an advantage to individual countries because it does not necessarily imply any reduction in global prestige; in the event of the creation of ad hoc G20s, no EU member state would relinquish sovereignty. But whereas the UN implicitly embodies 'Western' values, the G20 is more amoral, not being guided by UN principles regarding, for instance, human rights.

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<sup>31</sup> 'Global Governance: the G20 and the UN' speech by Ambassador Vanu Gopala Manon, Permanent Representative of Singapore to the United Nations (25 March 2010).

<sup>32</sup> There are a few slight nuances for political or geographical reasons. Thus Iran and Taiwan are not included in the organization; some European countries are represented by the EU rather than individually, while South Africa is included for African representation.

Recent years have also witnessed examples of ad hoc interaction between Europe and Asia. The Aceh peace process, for instance, was implemented by the EU, Norway, Switzerland and five countries from ASEAN. The EU and Indonesia have recently concluded their partnership and cooperation agreement. In May 2010, a number of European and Asian countries signed their first declaration focusing uniquely on climate change. Potential free trade deals between the EU and India, Singapore, Malaysia and Vietnam are in the pipeline.<sup>33</sup>

The rise of the G20 adds yet another alternative to a host of pre-existing institutions as a means of dialogue and policy response. The problem with this ad hoc arrangement represented by the G20 is that it reflects, with less legitimacy, the current structure of the UN. For instance, a few key countries play a paramount role; other countries and regional institutions are intermittently admitted to the grouping while new mechanisms, such as the informal 3G grouping<sup>34</sup> are being created to enable smaller countries' views to channel into issues addressed in the G20).

There is clear concern about the implications of the G20 in smaller countries. Speaking at APEC in 2009, the Prime Minister of New Zealand, John Key, suggested that the G20 might establish a regional outreach mechanism for those within the Asia-Pacific region not already represented.<sup>35</sup> The 28 members of the 3G grouping include Singapore, Malaysia, Brunei, the Philippines, New Zealand and Vietnam.

Whether Asian support for the 3G grouping would decline in the event that ASEAN secured regular participation in the G20 is unclear. Moreover, the G20 itself encompasses more than simply representatives of 19 countries and the EU. In 2010 Ethiopia (chair of NEPAD, the New Partnership for African Development); Malawi (Chair of the African Union); Vietnam (chair of ASEAN) and Spain (the world's tenth largest economy) all attended the G20 Summits, at the invitation of the hosts, Canada and South Korea. Canada also invited the Netherlands, while Korea invited Singapore.

The Union's domestic problems: treatment of Roma, attitudes towards immigration, Muslims, and Turkish accession are widely noted within Asia. And

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<sup>33</sup> New Europe (2010), 'Europe and Asia as Global Security Actors', *New Europe* (11 July 2010).

<sup>34</sup> The acronym stems from its alternative title, the Global Governance Group.

<sup>35</sup> APEC CEO Summit 2009. Summit dialogue on APEC: 'What can APEC do for business?', 13 November 2009, Speech by Prime Minister John Key of New Zealand, [http://www.apec.org/apec/news\\_\\_\\_media/speeches/141109\\_ceosummit\\_johnkey.html](http://www.apec.org/apec/news___media/speeches/141109_ceosummit_johnkey.html).

along with domestic problems, there is a sense of a fear of being side-lined by a 'rising' Asia. Add in the perceived disconnect between European companies, politicians and general publics, and many Asians believe that the EU should be more modest in its engagement with Asia.

## Conclusions

For the European Union, dispelling the widespread perception of introspection is paramount. With the establishment of the External Action Service, the challenge for the EU will be to articulate a coherent vision of engagement with global governance and to put in place concrete strategies for engagement with Asia. The EU, and its member states, need to assess how they should deal with emerging issues; if the Union cannot establish a coherent position in relation to UN reform, then the chances of it being taken seriously as a thought-leader on global governance are slight, to say the least.

On the positive side, the Union still offers hope for innovation and technology, and there is a widespread desire within Asia for better cooperation. Its soft power is frequently, though not universally, viewed as a strength. But it needs to demonstrate that it is tackling its own challenges, particularly economic, and ensure that its own rhetoric regarding human rights is not undermined by, for instance, its treatment of migrants into the EU.

While Asia may be in the economic ascendancy, it too faces challenges: questions over human rights and democracy are frequently unanswered; environmental degradation and climate change threaten to affect countries in Asia.

As for the EU, it needs to recognize the Asian preference for informal, non-legal platforms, and that regular meetings with Asian leaders and the enhancement of personal ties are positive of themselves. Both sides need to focus on practical mechanisms for cooperation and the EU needs a stronger footprint in East Asia. The level of attendance at the ASEM8 Summit demonstrated Asian support for engagement and for constructive cooperation on practical issues.