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In preparation for ASEM IV

Challenges and perspectives for making the Asia-Europe-Meeting more meaningful

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Executive Summary

The meetings of Asian and European leaders as part of a regular, institutionalised, yet informal mechanism for dialogue started well. ASEM has filled an important gap. While ASEM does not make binding decisions, it has been a useful forum for dialogue and reflection on common challenges.

So far three summits have taken place, i.e. in Bangkok (1996), London (1998) and Seoul (2000). This year's meeting in September will be held in Copenhagen/Denmark.

While ASEM was envisaged to go beyond economic and financial matters, it was dominated in the past by issues pertaining to economic liberalization and investment promotion. The social dimension of trade, investment and economic relations has been neglected. Trade unions and non-governmental organizations demand the inclusion of such issues in further deliberations.

Trade unions and civil society from Asia and Europe, who met recently in Berlin for preparing for ASEM IV request specific institutional innovations for deliberating on social issues and request the inclusion of civil society and trade unions into the dialogue.

Filling a gap in the international arena: facilitating regular exchange

The growing economic interdependence between Asia and Europe gave rise to the call and receptiveness on both the Asian and European side for a permanent institutionalised dialogue between Asian and European countries.

The Asia-Europe-Meeting has been conceptualised as a regular yet informal meeting of the 15 members of the European Union, the European Commission and 10 Asian countries (Brunei, China, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Thailand, Vietnam). The heads of states and governments meet every two years. The first meeting in 1996 took place in Bangkok. It was followed by meetings in London 1998 and in Seoul 2000. This year's meeting (ASEM IV) will be held in Copenhagen. This kind of regular exchange of ideas and perspectives has been

useful in order to broaden and deepen the understanding of the political, economic and social challenges of the respective regions.

The process so far has been structured around three broad issues, which have been called pillars: There is a dialogue addressing political challenges facing the countries and regions (“political pillar”), there is an economic dialogue mainly focussing on trade and investment (“economic and financial pillar”), and there is a cultural pillar which encompasses exchanges and meetings in the cultural and academic arena. The developments in the years since 1996 have shown that a more narrow scope of ASEM (as other meetings such as APEC have opted for) would have been less appropriate. The list of issues of importance is definitely much broader than economic matters.

While the growing economic interdependence between Asia and Europe was one of the driving forces for the launching of ASEM, the policies of the United States in Asia and Europe have given additional impetus to the perceived need for a mechanism of exchange between the two regions. The more unilateral posture of the U. S. in the last two years since the inauguration of George W. Bush has proved the appropriateness and usefulness of this approach.

ASEM started as a governmental structure. Heads of state and governments meet every two years, foreign ministers who are in charge of preparing the main meeting and finance ministers meet on a regular basis, senior officials of these ministries come together on a regular basis. This has been important in filling a gap in the international dialogue process. However, it is increasingly recognized that ASEM should not remain a pure government-dominated process. Other institutions, especially civil society should be integrated.

Need for a broader understanding of beneficial economic relations

Right from the start of the process, economic and financial matters dominated the agenda of ASEM. It was the deliberate decision of the leaders of the Asian and European countries to put these issues into the centre. The “Asian crisis” even strengthened this emphasis when ASEM II took place right in the middle of the deep crisis. And the struggle around starting a new WTO-round further added to this bias when ASEM III was held in Seoul. Two kinds of criticisms are directed at the focus on economic matters.

It is argued that the emphasis on trade and investment is inappropriate, because it withdraws attention and resources from issues which are more relevant for a true and lasting dialogue between Asia and Europe. From this perspective, political, social and cultural matters should receive more attention.

A second strand of arguments brought forward from trade unions and NGOs aims at the bias of the official process towards the kind of economic dialogue. Instead of just emphasizing liberalization of trade ASEM should be used as a forum to reflect on the kind of economic liberalization and to look for example at social and environmental aspects of trade. ASEM could be a forum where countries agree to bring social considerations into the WTO. And ASEM could provide an ideal forum for dialoguing on the social responsibility of investment, on instruments like the OECD guidelines on Multinational Enterprises or the ILO Declaration on Fundamental Principles and Rights at Work. This even more so because seventeen out of 25 countries belonging to ASEM have ratified the OECD guidelines, and all the ASEM members are members of the ILO.

Related to this trade unions and civil society alike request the inclusion of a high-level dialogue on matters pertaining to industrial relations into the realm of ASEM. Meetings of leaders, ministers and

senior officials should be used to reflect on adequate models for finding consensus between employers and employees, for ensuring recognition of labor rights and human rights in general.

Both NGOs and trade unions demand that ministers in charge of social and labour affairs should meet regularly.

Trade unions and non-governmental organisations both request ASEM leaders to address the issue of reforming the international financial architecture. The dramatic increase of unregulated financial flows, the proliferation of new financial instruments have not only brought additional resources for newly industrializing countries, but as well additional instability and risks for Asian economies. Indeed there can be little doubt that mistakes in timing and sequencing of financial liberalization, a process heavily influenced by advisors from the Bretton Woods institutions in Washington and the OECD in Paris, are extremely important for understanding the vulnerability of Asian economies in 1997 when the Asian crisis hit them. The subtle use of WTO-mechanisms to further liberalize fragile financial markets in developing economies and bring small economies into the world market is considered as inappropriate.

Need for dialoguing over social development

Social matters did not play any significant role in the ASEM process so far. As if there was a need to prove how little attention the issue of social development had received, and how helpless leaders acted in this field, the ASEM-leaders' reaction to the "Asian crisis" and the tremendous social problems arising from it was to set up a fund, the "ASEM Trust Fund". This fund was to be used for financing research into social matters arising from the crisis. Neither European nor Asian institutions have been selected to implement this fund, nor has there been a joint implementation. Instead, the World Bank was selected as implementing

agency, an organization which is not known for its closeness to European or Asian ways of thinking and the social traditions of these regions.

The lack of attention towards the social dimension of development and the potential of this issue for a fruitful dialogue is to some extent quite surprising. Because this is an area where there is truly an advantage in facilitating meetings between Asian and European leaders: The European social model is unique, the social stability quite compelling for many observers. Furthermore, the ongoing reshaping of the social model in Europe might be an interesting object for study. And the dialogue between leaders and ministers in charge might provide information and insights which otherwise is not available. And the Asian side is reflecting on how to develop a social model appropriate to the respective conditions. And both sides feel to some extent dissatisfied with the perspective on social matters coming from key governmental and academic institutions in the United States and the two Bretton Woods institutions situated in Washington.

Trade unions and non-governmental organisations ask for the inclusion of social matters into the agenda of ASEM. Social implications of trade and social aspects of investment should be part of the reflection of trade facilitation and investment promotion. In addition there should be dialogue on developing social security systems, including the question of health care, pension schemes, schemes to deal with unemployment. There should be a dialogue on reform processes and perspectives, since all countries experience the difficulties and intricacies of identifying suitable reform programs, securing "ownership" of these programs through appropriate mechanisms of participation in the process of identification and design of reforms, and implementation of the programs.

Trade unions and NGOs – acting jointly as strategic consideration

The call for a social pillar comes from both unions and NGOs. And they decided to jointly work towards changing ASEM and including social matters. This alliance of these two important groups in society is strategically important. And not always easy. Trade unions represent different groups as compared to non-governmental organisations. The mandate of trade unions originates from the core task of improving working conditions for workers. NGOs as collective have a much broader and heterogeneous mandate. And trade unions have a much longer history as compared to NGOs. Trade unions and NGOs differ substantially in terms of hierarchical structure and organisational culture. The decision of international trade union bodies and international NGOs from both Europe and Asia to work together represents an important step towards recognizing the potential of joining forces, and finding consensus in areas of common interest. However, joining forces in some areas will not mean that separate activities of trade unions and NGOs are not required any more. In this respect it is noteworthy that the cooperation of NGOs and trade unions with respect to ASEM represent a new approach towards cooperation of unions and NGOs, of joining forces in some areas where this is considered helpful and positive

Finding a new institutional form for opening ASEM to new issues

Trade unions and NGOs request the setting up of a specific forum which is meant to facilitate this dialogue on social dimensions. Trade unions like to see this forum as a forth pillar which would open up the ASEM dialogue for inputs from trade unions and non-governmental organizations.

Trade unions which organized numerous meetings around ASEM I, II and III and will meet again in Copenhagen inputted into the process through resolutions and

lobbying governments. Similarly, NGO have made significant contributions to the public debate on the relevance of ASEM. A forth pillar with trade unions and civil society and other important groups would raise the attention for the issues discussed.

At the same time trade unions and NGOs request that ASEM takes a comprehensive approach, which implies integration and interaction between the then four pillars. It would be clearly not acceptable to see ASEM adopting a forth pillar while not ensuring that deliberations are indeed influencing the deliberations and decisions in the political and economic pillar.

In March 2002 preparatory meetings of European and Asian NGOs and trade unions took place: European and Asian NGOs met in Berlin to develop a common platform, and Asian and European trade union organizations met in Bonn to prepare for ASEM IV and beyond. Despite differences in structure and perspectives, both trade unions and civil society strategically opt for cooperation and joining forces in lobbying for some of their request. Joint actions are planned for ASEM IV in Copenhagen. With a view to the differences between unions and NGOs, their respective structures and perspectives, they will continue to follow their own agendas.

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