

# **ISPI – Italian Institute for International Political Studies**

## **Think Tanks International Workshop “The Europe-Asia Meeting: Making Plans for a Pacific Century”**

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*in cooperation with ASEF, the Italian Ministry of Foreign Affairs and International Cooperation, the Representation of the European Commission in Italy*

### **Brief Report**

Over 30 representatives of Asian and European Think Tanks and Institutions gathered at ISPI to discuss the prospects of the Euro-Asia cooperation within the framework of the Asia-Europe Meeting (ASEM). In today's increasingly multipolar world – hinging to a great extent on inter-regional relations – the possibility to secure peace and stability does no longer depend solely on traditional strategic factors, but also on issues such as food and energy security and the influence exerted through international cooperation and development aid. Within such international context, European and Asian countries may have a very strong interest in mutually complement their strategic priorities and strengths. Besides these security-related matters, the current global order also rests on the ability of major regional actors to guarantee a widespread prosperity by pursuing sustainable growth and advancing inter-regional economic cooperation. This may prove particularly useful in coping with issues like negotiations of trade agreements and management of global macroeconomic imbalances.

During the Workshop, participants emphasized the role that think tanks can play in deepening the dialogue and facilitate cooperation. Today, think tanks can give a valuable contribution, as the diplomatic setting engages more and more with a wide array of actors – including non-governmental organizations, representatives of the civil society, and the business community. In this regard, think tanks can provide both critical analyses and a first-stage informal and open dialogue between officials and experts.

Together, Europe and Asia make up approximately 60% of world population and world trade, and 50% of global GDP. Nevertheless, the dialogue among ASEM partners has frequently lacked in focus and scope. In order to harness the full potential of inter-regional cooperation, the Workshop has worked on four topics, with the precise aim to identify viable ways to strengthen ASEM's effectiveness.

The Workshop consisted of two main parts: the first focused on new security-related issues, while the second tackled economic aspects. Following is a brief report of the insights and policy recommendations that emerged from the discussion.

## **Part A - A New Europe-Asia Agenda: Tackling Non-Traditional Security Issues**

### **Session I – Security in a Finite World: Food, Water and Energy**

- Consensus emerged about the fact that water, energy, and food (WEF) demands are poised to increase over the following decades. Overall, by 2030 energy, water and food demands could increase respectively by 40%, 30%, and 35%. Since they are strongly interconnected, it is politically convenient to treat them as a “cluster” of non-traditional security issues. WEF issues often go beyond the nation-state reach, calling for cross-border policy responses that take into account interdependence and negative externalities.
- Scarcity of finite resources is complicated by the rapid economic development of emerging countries (which increases demand for WEF), rising living standards expectations, demographic trends (growing population and rapid urbanization), and the perception of the risks related to climate change. However, scarcity can also increase political actors’ awareness, thus generating further cooperation over WEF-related issues.
- Non-traditional security issues should be dealt with without overlooking traditional ones, which are still high on Asian countries’ agendas, and have recently resurfaced also at Europe’s borders. Moreover, the strong connection linking the two faces of security makes it difficult to keep the two aspects separated.
- Governments should embrace a flexible approach to maximize the effectiveness of their foreign policy action, deciding case by case whether to “securitize” WEF issues or not.
- Europe should think hard about its role on non-traditional security issues in Asia. Participants expressed their concerns about Europe’s relevance when it comes to WEF-related aspects in Asia.
- In order to make way for a sustainable future, European governments, agencies, and the EU as a whole need to enhance policy coherence and expand their capacity building in policymaking. To this aim, governments need to “think big, act small” and employ a multi-stakeholder approach.

### **Session II – EU Development Aid and Regional Influence**

- Participants acknowledged that Asia is the largest beneficiary of EU’s and Member States’ official development aid. However, greater attention should be paid to assessing the effectiveness of such aid, in particular to conditionality. Aid-related initiatives should also be better communicated to the public.
- Participants also identified a set of particularly urgent priorities: livelihood aid, education, prevention of diseases, and disaster-response measures.
- The EU should recognize the strengths and weaknesses of its aid policies. Among the former are the common values shared by EU countries, which were the political base of Europe’s commitment to assign 0.7% of its GDP to aid policies. However, the EU should focus more on policy coherence – e.g. ensuring that other policies of the EU and its Member State, such as trade and investment, do not conflict with the aims of international aid. Development targets could also be further expanded, and coordination between donors and recipient countries – as well as among donors – should be increased.
- Although democracy promotion is a priority for Europe, governments should also be careful to prevent their actions from being perceived as an unwarranted interference by recipient countries. In general, European development policies should employ a more holistic approach, also reflecting on whether the EU can be seen as an honest broker.

- Myanmar was brought forward as an example of the effectiveness of the EU's development aid. In this case, conditionality has been directly negotiated with the recipient country and a step-by-step approach was agreed upon by all parties. The EU and its Members States were careful to not push too many topics too far early on in the process, leaving the country and the government time to adjust to a changing environment and to implement slow but steady reforms.

## **Part B – Achieving Sustainable Growth and Interregional Economic Integration**

### **Session I – The Path to Sustainable Growth: Reducing Global Imbalances**

- Participants acknowledged that global imbalances have been consistently reducing since the start of the global economic and financial crisis. However, doubts still remain about whether rebalancing is to become a permanent conditions or is just a temporary situation, and whether the G20 target to boost global growth by 2% over the next five years is compatible with that of ensuring financial markets stability. Participants also argued that in the following decades the right balance between policies sustaining economic growth and those fostering redistribution and social inclusion is going to be particularly hard to strike.
- Although global imbalances may have shrunk, intra-regional imbalances seem to have diminished much less. In the EU, Germany's capital account is maintained stubbornly positive, while periphery countries have reduced deficits but still need to return into positive territory (or improve their fragile positive results). The ongoing rebalancing should therefore be secured and further expanded.
- Participants deemed ASEM's Investment Promotion Action Plan a successful initiative. The plan put real money on the table and actually succeeded in enhancing two-way investment flows.
- ASEM was considered a potentially effective avenue to facilitate dialogue and cooperation between Asia and Europe also on economic and financial matters. Moreover, ASEM can facilitate bilateral dialogue, and help set the agenda of global governance summits. The G20 was ultimately identified as the right framework to advance negotiations over global economic issues and enhance coordination between national actors also on key financial issues – i.e. monetary policy, exchange rate policies, and financial regulation.
- The IMF and the G20 have made strides towards reinforcing financial supervision and extending financial aid to ailing countries. Thus far, the Eurozone crisis has induced the IMF to primarily assist struggling European economies. Increased attention should now be directed towards Asian countries, both emerging and developing. Emerging economies, in particular, need to be helped avoid the middle-income trap in order to remain an engine for global growth and avert a Great Stagnation.

### **Session II – EU-Asia FTAs: Synergies and Opportunities**

- Participants acknowledged that over the last few years trade has recovered, although still not to pre-crisis levels – in terms of world GDP. They emphasized that the prevention of a protectionist backlash was a success obtained through international cooperation bolstered by forums like the G20.
- The dire state of the WTO negotiations made it clear that fostering new multilateral agreements is getting more and more difficult. Even when negotiations are successful, the latter tend to find the least common denominator, thus adding very little to previous agreements.

- The proliferation of bilateral free trade agreements (FTAs) and regional trade agreements (RTAs) can be either a benefit or a drawback for multilateral negotiations. On the one hand, the increasing number of FTAs might induce countries to consolidate their mutual trade relations through single RTAs, thus paving the way for multilateral agreements. On the other, this increase might negatively impact on multilateral efforts on trade liberalisation on a global scale.
- At the same time, countries should be encouraged to unilaterally multilateralize agreements. Experts should provide policy-makers with further analysis on the political economy of this strategy, so as to assess its actual benefits and costs and to identify the conditions that tip the balance in favour of benefits.
- Some participants emphasized how an Asia-Europe inter-regional FTA is the only major one left out of the current negotiation round. The Transatlantic Trade and Investment Partnership (TTIP) and the Trans Pacific Partnership (TPP) should be complemented by efforts to develop this last, big inter-regional FTA. To this aim, the EU should negotiate with the ASEAN as a whole (and not with single countries), laying a cornerstone in the foundation of a genuine inter-regional economic and political order.