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The Future of Asia – Europe Cooperation Amidst Pressing Crises and Challenges in the Fragmenting World

In 1996, The two regions, namely Europe and Asia, initiated an Asia-Europe Meeting (ASEM) with the aim to help tackle global challenges together through dialogue and cooperation. The ASEM process comprises three pillars encompassing political, economic, and socio-cultural cooperation (Reiterer, 2019). It also serves as a track II diplomacy which allows leaders from the two regions to discuss matters in a more open manner; thus, it helps connect the two regions to become closer. Since the establishment of the ASEM process over the two decades, a series of cooperation on economic, trade, investment, human rights, environment and human development were carried out. Unsurprisingly, membership of ASEM also enlarged from over 20 member states to over 50 partners (Ministry of Foreign Affairs Kingdom of Thailand, 2022).

In the current fragmenting world where countries in both regions are challenged by COVID-19 pandemic, climate change issue, and energy security, cooperation between Asia and Europe would remain radical to address those global challenges. The two regions are likely to build stronger relationships and would continue to strengthen cooperation for mutual gain in the next 25 years. Nevertheless, there would also be some obstacles for the two regions to carry out smooth cooperation due to differences in cultures and political values, and political instability in Europe.

There are a couple of driving factors that would engender the two regions to build stronger ties. The most important driving factor is economics. More than half of the global population is concentrated in Asia (Worldometer, n.d.). Additionally, developing countries in Asia have affluent natural resources such as oil and gas. However, most developing countries in Asia lack both financial resources and technological capacities to pursue economic growth. Europe, on the other hand, has financial and technological capacities but has few populations. Thus, the two regions can well complement each other's gap. According to UNCTAD's World Investment Report 2022, Asia remains the top recipient of FDI despite COVID 19 pandemic,

holding 35 percent of global FDI inflow in 2020 (UNCTAD, 2022b). Europe holds the highest share of outward FDI flows in the world which account for 32 percent of global FDI (UNCTAD, 2022a). By looking at the FDI inflow and outflow activities of the two regions, it can be concluded that the two regions have a high level of economic interdependence. Economic interdependence would bring the two regions closer.

Next, connectivity principles upheld by Asia and Europe would also strengthen cooperation between the two regions. Connectivity is on the top policy agenda in both regions as it helps reduce the transportation cost, facilitate trade, and foster economic growth (World Bank Group, 2019). The Council of Europe has announced the initiation of the global infrastructure investment initiative in 2022, called “Globally Connected Europe” (European Council, 2021). In Asia, China’s Belt and Road Initiatives plan has been launched to connect with all countries around the world. An improvement of infrastructure is a significant need of developing countries in Asia. A good infrastructure is a foundation for economic growth, but most developing countries lack this key component. Thus, the agenda of infrastructure connectivity of Europe and China would render the two regions to be more integrated.

Nevertheless, different political values can pose some barriers for the two groups to cooperate smoothly. From the ASEAN community standpoint, upholding the principles of non-interference and respect for sovereignty are important political values to achieve peace and stability in the region. However, from the EU community's perspective, endorsement of human rights, democracy, rule of law and freedom are some main political values to uphold to achieve peace and stability. Accordingly, in the current war between Russia and Ukraine, the EU community stands together with Ukraine and expresses its support to Ukraine leaders who are fighting for democracy and freedom. Nevertheless, the ASEAN community would rather stay neutral in the aforementioned conflict. Furthermore, violations of human rights and limitation of freedom are also tolerated to some extent in many countries in Asia. For instance, while most of the European countries rank at the very top in the 2022 World Press Freedom Index (Buchholz, 2022), all the ASEAN countries were ranked under 100 out of 180 countries (Reporters Without Borders [RWB], 2022; Asia Center, 2022). The contradictory political values between the two regions could lead to mistrust and unsmooth cooperation.

Moreover, political instabilities in the two regions would create some barriers for the two countries to strengthen economic and financial cooperation. Political unrest could slow down inflow and outflow of FDI in the two regions because investors may not want to risk investing in the countries with political instabilities. For example, after the unlawful military coup in Myanmar, GDP of the country significantly dropped from almost 80 billion US dollars in 2020 to around 66 billion US dollars in 2021 (The World Bank, n.d.) Similarly, the war between Russia and Ukraine has led to high energy prices in the EU and worldwide and has put the world economy at a vulnerable state. Current Political instability in Europe could cause some countries in Asia to be hesitant to financially integrate with Europe and they may turn their focus on the internal financial system of the regime. Asia has a good lesson learned from the Asian financial crisis in the late 1990s and the region has successfully established several regional financial cooperation initiatives such as Asian Bond Fund or Asian Bond Market Initiative in order to less rely on external financial systems (Withitwinyuchon, 2020).

In summary, ASEM would continue to be an important forum in the next two decades because it is the only forum where the track one leaders can informally discuss about the challenges and opportunities of the two regions. Asia and Europe would continue to stand together to complement each other's needs through the ASEM process. In order for Asia and Europe to be more integrated, the two regions should work more on diffusion of technology. Developing countries in Asia need to make use of technology from Europe to close the technological divide between global north and south. The two regions also need to pay attention to regional political stabilities to maintain economic stability, and enhance financial integration. Lastly, the ASEM process needs to incorporate non-official actors such as multinational corporations to effectively resolve global challenges.

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