

Asia–Europe Connectivity Vision 2025

A CALL FOR COLLECTIVE ACTION IN ASEM 2016, AND BEYOND

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The Asia–Europe Meeting (ASEM) has completed 20 years of existence. In Ulaanbaatar in July 2016, ASEM is poised to enter into its third decade, with commitments for a renewed and deepened engagement between Asia and Europe. The past 20 years have witnessed tremendous change in regional and global relations. New needs and avenues of engagement have emerged during this period. ASEM can, and must, use this juncture to evaluate its role in, and impact on, deepening integration between the two continents. A collective effort towards addressing the demands of greater connectivity between geography, economy, and people of the two regions will be the foundation of a responsive ASEM in its journey into the third decade.

It is commonly understood that improved connectivity and increased cooperation between Europe and Asia require plans that are both sustainable and that can be upscaled. A sustainable vision of ASEM connectivity is embedded in freer movement of people, trade, investment, energy, information, knowledge and ideas, and greater institutional linkages. The preceding chapters on various aspects of connectivity between Asia and Europe draw out workable and, in most instances, proven ideas and actions that can help deepen the Asia–Europe relations.

The important and remaining question is: how to draw a connectivity road map for the next decade which can give ASEM a unity of purpose, which is comparable to, if not more advanced than, the integration and cooperation efforts in other regional groups.

A Vision Document for Asia–Europe Connectivity

The ASEM Summit in Milan in 2014 underlined the need for connectivity between Asia and Europe where increased and improved ties will bring about economic prosperity and encourage sustainable development through free and seamless movement of people, trade, investment, energy, and institutional connectivity.

The Milan Summit set out an agenda for establishing air, land, and sea connectivity between the two continents, including digital connectivity. The Leaders further encouraged to plan for exchange of best practices of governance and connectivity from the European Union (EU)

and the Association of Southeast Asian Nations (ASEAN), as well as other subregional groups in the region. Finally, the agenda included involving and linking the stakeholders, including businesses, think tanks, and academia.

In Ulaanbaatar in 2016, Asia and Europe have an opportunity, indeed an obligation, to address the global challenges together. This vision document for Asia–Europe connectivity draws from some of the best research and ideas, and best practices, to give the ASEM a broad road map to steer the connectivity agenda beyond 2016, and to set a collective and consensus-based direction for deeper connectivity between the two continents, and their people.

Understanding the Linkages between Various Aspects of Connectivity

The presentation of ideas of and actions for connectivity in three parts—physical, institutional, and people to people—presupposes collective and convergent decisions for furthering a holistic programme of connectivity. ERIA’s wide research and expertise on issues of integration and connectivity in ASEAN and East Asia allows conceptualising the three aspects seamlessly into each other, to be seen feeding into a more prosperous, inclusive, and connected Asia–Europe. A convergent road map for connectivity allows for infrastructure to blend in with e-commerce, ICT with peoples’ connectivity, movement of goods and services with human resource capacity, domestic policymaking with international norms and values, and many similar distincts finding a natural fit into one another. What appear at first glance to be selective fields of action are actually linked to feed into every aspect of closer relations between Asia and Europe.

Such interdependence of distinct actions permits the core issue of connectivity to be recaptured for ASEM 2016. ERIA is predisposed to present the Asian understanding of connectivity through community building and cooperation, together with the learning from Europe’s success in connecting its people and institutions seamlessly. As Chapter 1 explains, the East Asia notion of connectedness and community-building can be subdivided in various ways, but the core ideas have all been absorbed in thinking about economic integration in East Asia. Despite some differences in emphasis, they are also compatible with European thinking and, therefore, can be effectively utilised by the ASEM. The challenge for ASEM is to recognise the diversities that exist between Asia and Europe, and among the individual countries in Asia and Europe, and yet be able to give to itself and to its constituency a common plan of action for closer relations. It is from this point that the ASEM Connectivity Vision Document has proposed and reconciled the three pillars of connectivity—namely, physical, institutional, and people to people—around which ASEM can develop its Connectivity Work Plan for the coming decade.

Convergence of Plans for Physical Connectivity

The plan for greater physical connectivity underpins the idea of greater economic integration and peoples' movement across Asia and Europe. Infrastructure that ensure physical connectivity between Asia and Europe will help reduce the cost of investment and trade in goods and services, including service link cost and network set-up cost. Physical connectivity, encompassing both hard infrastructure in transport, information and communication technology (ICT) and energy infrastructure, accompanied with soft infrastructure of regulatory and institutional connectivity will play a crucial role in the process towards a more economically and socioculturally integrated ASEM region.

The modern production networks which enable countries to join the global value chain require service links for just-in-time movement of goods and services. This includes energy connectivity, as it ensures uninterrupted supply of power to commercial and domestic users. It is evident that larger subregional groups in Asia and Europe are pursuing connectivity initiatives on their own or with other countries in the regions, which can potentially be integrated into common connectivity initiatives of ASEM to benefit both regions as a whole.

ASEM can identify the ambitious infrastructure plans of connectivity across Asia and Europe, including the Mongolian plan to connect Asia and Europe through Northeast Asia, China's One Belt One Road Initiative, and the transport corridors which require ASEM's backing, or influence, to achieve the collective decision-making on regulatory, financial, and operational aspects of the projects. ASEM is fortuitously placed, through its membership and reach, to address the challenge of creating infrastructure through different regulatory and institutional regimes. It should offer its platform for resolving these challenges through a collective mandate and mechanism for fostering physical connectivity.

Establishing a working mechanism within ASEM, which is also mandated, and empowered to draw inputs from other organisations and groups working towards regional cooperation—whether in the economic, strategic, or social realm—would be the way forward for ASEM to put a connectivity process for Asia and Europe in place. The expertise and experience of the Organisation for Economic Cooperation and Development, Organisation for Security and Cooperation in Europe, European Union, East European Union, Association for Southeast Asian Nations, South Asian Association for Regional Cooperation, Asia–Pacific Economic Cooperation, Australia–New Zealand Closer Economic Relations are valuable sources for building connectivities, and putting in place cooperation programmes. In order to reach these sources, ASEM must create its own working group that can put forth an optimal and sustainable mechanism of ASEM-led Asia–Europe connectivity.

As ASEM is a group of diverse economies, it can stimulate a reconciliation and convergence of processes—with accompanying mechanisms to support them—that will help achieve optimisation of physical plans and their costs and benefits. A study on such reconciliation and convergence is a good initiative to set the task in motion.

Deepening Integration through Institutional Connectivity

The potential for Asia–Europe connectivity goes beyond just transport and infrastructure. It requires stronger and, where possible, irreversible linkages between institutions. Deepening integration between Asia and Europe is built on the premise that to facilitate trade and investment, and to bring the people closer than ever, initiatives such as streamlining of regulatory regimes and procedures, reducing behind-the-border barriers, and sharing of knowledge and ideas need to be undertaken under a focused and a planned manner.

Managing maintenance of national identities while benefiting from international economic integration remains a dilemma for all countries in all models of integration seen in Asia and Europe, and elsewhere in world. International supply chains have changed the nature of economic interdependence. Conventional thinking on institutional connectivity cannot optimally reconcile national policies with international interdependence. Deepening of integration allows institutions and regulations to converge towards a conformity or coherence, which is mutually agreed to.

ASEM can recognise the value of institutional connectivity between Asia and Europe by initiating a working mechanism for review of current processes and mechanisms under various subregional agreements, both agreed and under negotiation. This mapping of institutional connectivity will allow ASEM to move forward towards its own collective need, and desirability for greater institutional connectivity. An assessment of the likely impacts of EU–ASEAN FTA, the Eurasian Economic Union, the Asian Infrastructure Investment Bank, and the Trade Facilitation Agreement on greater economic and social connectivity under ASEM can be undertaken as a first step.

In many respects, the EU and Asia stand out as models of how to facilitate trade. The EU is the world's leading trade bloc with respect to eliminating barriers to trade within its common market. Asia has shown that reducing trade costs can lead directly to integration into value chains which ultimately produce a significant development dividend. In order to improve connectivity within and between Asia and Europe, ASEM could support a number of deep integration initiatives in the area of trade facilitation. Logistics services and agricultural trade in perishable goods can be a priority area to begin. ASEM has the opportunity to use the Trade Facilitation Agreement (TFA) to pursue a more ambitious agenda of connectivity.

Greater regulatory connectivity is the key to successful implementation of infrastructure, economic and human resource connectivity plans, and a wider geopolitical integration. The best approach will depend on the goals, the contexts in the respective countries, and the balance of risks with each approach. Managing the expectations gap among member countries is also a key challenge. ASEM can work on creating a mechanism to study and monitor policy convergence on regulatory connectivity.

Deeper integration is both hard to achieve and sustain, and requires hard work and long-term commitments. ASEM can, however, begin with a soft and more informal cooperation between countries for regulatory connectivity, choosing selective sectors to begin with. This can include a scoping study on the capability requirements for Asia–Europe regulatory cooperation. ASEM should impress upon the individual countries the importance of regulatory convergence. Towards this, ASEM should develop and adopt principles of good regulatory practices, with necessary mechanisms in place to encourage member countries to implement these practices. Bridging the gap between theory and practice of institutional connectivity under the ASEM process will deepen the integration of Asia and Europe.

Despite the current non-institutionalised nature of ASEM, it can put a mechanism or a platform in place bringing its members together to identify common issues, design solutions, and share knowledge and ideas. The role of the private sector and businesses is especially important and they must be consulted at all levels in ASEM. A business council, housed under ASEM, may be set to bring together businesses from both regions to form common positions and engage with leaders in public–private dialogue.

Putting People at the Centre of Connectivity

How do people perceive connectivity? How do they benefit from an increased and improved connectivity between Asia and Europe? How can people be the drivers of Asia–Europe connectivity?

The increasing complexity of global governance renders a difficult dilemma before ASEM, indeed before any intergovernmental platform, about the choice of plans to connect people in a seamless manner. When boundaries of nationality, development, and economic interdependence are stark, creating a purpose-built road map for people-to-people connectivity is an onerous task for policymakers. For ASEM, people-to-people connectivity has always been termed as the ‘go to’ tool for establishing and measuring its relevance. However, this document wants to guide ASEM to follow a holistic concept of people-to-people connectivity which is embedded in wider institutional reforms and cooperation mechanisms.

Movement of people—just as movement of goods and services, investments, and capital—requires good regulatory practices and creating coherent regulatory regimes. Regulatory coherence envisages a review of existing procedures, regulations, discarding those which have outlived usefulness, assessing the value of returns out of regulations, and putting in place a coherent regulatory regime. ASEM can create a working mechanism to assess the extent and scope for regulatory coherence on the regulations that affect people's connectivity. Travel and tourism are the priority sector of people's connectivity as they involve interaction of large number of people and connects well with ASEM's agenda of economic growth and prosperity. ASEM can, and must, study the need for regulatory coherence in these priority sectors.

Public awareness for Asia–Europe cooperation is limited. The gains from economic interdependence are more secure when they are widely understood. Knowledge being the key to this understanding, a greater exchange of knowledge among the people of participating countries in ASEM is the right and desirable road map for ASEM in 2016 and beyond. Such exchanges are the best counterweight to natural and man-made boundaries between and within Asia and Europe. A review and mapping of all existing programmes of people's connectivity and cooperation under ASEM, including those under the aegis of Asia–Europe Foundation, is the first step towards the larger task of devising a holistic plan for connecting people under ASEM. Allocation of tasks and resources to the review apparatus set up by ASEM can be decided collectively or by a group of selected countries. The review mechanism's outputs, along with creative programmes for people's connectivity, can be put up to the leaders in the next summit.

Setting up new platforms and events for track two connectivity among think tanks and academic organisations, business councils, and other common cause groups will provide new impetus to both the people and the policymakers in ASEM. The track two connectivity can also perform a monitoring role for the ASEM in its area of work/expertise, which can then feed back into the connectivity design process of ASEM.

Designing a Rational Connectivity Plan for ASEM

As ASEM begins to work on the recommendations coming out of the 11th Summit in Ulaanbaatar, supported by this Asia–Europe Connectivity Vision Document, there is a note of caution against seeking extreme tidiness in the road map for ASEM connectivity. ASEM connectivity mechanisms that will be put in place can learn from other international processes, where more time and effort were wasted to eliminate duplication than the total cost of all the duplication that would have incurred in the absence of 'rationalisation' efforts. Rules of engagement and cooperation are always good, but the rationalisation between rigidity and flexibility requires human touch. Neat matrices of tasks and results often fail

where people-to-people connectivity is concerned. Outcome-oriented processes and plans, however, tend to work better. Appropriate allocation of funds and capacities will further add to deliver better and sustainable results.

Replicable results from connectivity plans depend on genuine commitment to agreed objectives and processes of reporting progress. Merely completing agreements on connectivity designs and plans on paper, even with provisions for combined examination of compliance, should not be a substitute for genuine commitment. A mechanism for monitoring implementation of the ASEM connectivity plans only revitalises and nourishes the commitment to connectivity.

More prosaically, the ASEM connectivity road map beyond 2016 is intended to foster and embed an understanding of common interest in a regional cooperation which is well balanced with national interests. The mechanisms proposed above are meant to match the expectations of ASEM leadership for maintaining this balance and achieving substantive outcomes around connectivity.

ASEM has substantial policy margin to create a connectivity blueprint for Asia and Europe. The ASEM Connectivity Vision Document provides the template for this blueprint.

REFERENCE

ERIA (2012), ‘What Kind of Economic Integration’, ERIA RIN Statement No. 1, Phuket.