Chapter 1

Asia and Europe in a Changing World: Ensuring a Resilient, Sustainable, and Rules-Based Future

Anita Prakash

November 2021

In 2021, the Asia–Europe Meeting (ASEM) completes 25 years, during which time Asia–Europe relations have witnessed rapid global changes. ASEM’s core principles – dialogue, informality, flexibility, equality and mutual respect, a spirit of consensus, and mutual benefit – have helped Asia and Europe continue to grow in times of prosperity and adversity alike. ASEM represents a sizeable part of the global community. Since its inception in 1996, ASEM has played a key role as a forum for dialogue and cooperation in connecting Asia and Europe. ASEM is uniquely placed in fostering interregional relations. In the past 24 years, the ASEM process has proved its vitality and relevance through a steady increase in membership; and has enhanced cooperation between the two regions for the benefit of the peoples of Asia and Europe. It currently comprises 51 partner countries (30 European and 21 Asian countries) and two institutional partners: the European Union (EU) and the Association of Southeast Asian Nations (ASEAN) Secretariat. Together, they represent around 62% of the global population, 55% of global trade, 65% of the global economy, and 75% of global tourism. As the main multilateral platform linking Asia and Europe, ASEM represents a significant global weight. It brings forth the combined strength of Asia and Europe to exert a benign influence over the regional and global development process, and is a major voice in global governance.

Asia and Europe present models of development which are unique to each region, yet share the common philosophy of economic integration. Europe has been a driver of internal connectivity over the last decades. Through the creation of the internal market, the EU enabled the free flow of people, goods, services, and capital. EU-wide rules – such as EU State aid control and procurement rules – ensure fair and transparent competition, while EU policies ensure environmental protection, safety, security, as well as social and individual rights (European Commission, 2018). The EU’s connectivity policies aim at promoting efficiency in the EU single market and enhancing connectivity on a global scale, with emphasis on people’s benefits and rights. Asia, on the other hand, has experienced different levels of development in its subregions. East and Southeast Asia have led an economic integration process that was initially based on investments and the location of operations. These economic linkages have created a manufacturing hub, giving rise to the term ‘factory of the world’. Institutional linkages between businesses, governments, and markets have helped the economic integration in this region.
With improved connectivity and dispersion of investments, this growth model is now also visible in South and West Asia, bringing increased incomes and improved development indicators in these subregions.

Asia and Europe have had remarkable economic and social progress during the past quarter century. A number of member states have seen marked economic structural transformation during the period. The new member states have enlarged the economic and political sway of the EU. Asia is home to several developing and least developed countries which have seen a significant rise in their incomes and an increase in productivity during the same period. Asia, and more so Europe, have been drivers of both internal connectivity and interregional connectivity, which have resulted in freer flow of people, goods, services, and capital. The EU in particular has promoted an approach to connectivity which is sustainable, comprehensive, and rules-based; and aimed at promoting efficiency in the EU single market and enhancing connectivity on a global scale, with emphasis on people’s benefits and rights. Asia, on the other hand, has promoted interregional connectivity through notable infrastructure plans such as the Master Plan on ASEAN Connectivity, the Belt and Road Initiative, the Asian Highway Network, the India–Myanmar–Thailand Trilateral Highway, and the East–West Economic Corridor. Asia has used trade agreements liberally for economic and institutional connectivity through the ASEAN+1 Free Trade Agreements, the South Asian Free Trade Agreement, and the soon to be concluded Regional Comprehensive Economic Partnership.

The European members of ASEM comprise all EU countries, Norway, and Switzerland. The EU members have varying levels of economic development, progress in social indicators, and domestic institutions, but are bound by common rules and values, the single market, and shared institutions. Asia is represented by members which vary in terms of economy, governance, and institutional mechanisms. Several Asian members have formed regional groups and associations with varying levels of formality and accountability. ASEAN is the most prominent community in Asia, although other regional groups such as the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) have attempted subregional connectivity through trade and investment agreements, and economic and technical cooperation, amongst member countries.

Mongolia, as the chair of the ASEM11 in 2016, promoted the Asia–Europe connectivity vision for the next decade to formalise and expand the cooperation activities and institutional linkages between Asia and Europe. This culminated in the development and adoption of the ASEM Principles on Connectivity at the 12th ASEM Summit in Brussels in 2018. At the same summit, the EU presented the building blocks towards EU–Asia Connectivity (European Commission, 2018), based on the EU’s experience with connectivity and cooperation. The EU strategy can enable ASEM to promote an approach to Europe’s connectivity with Asia which is sustainable, comprehensive, and rules-based. Similarly, the Asian experience of development through
physical, economic, and institutional connectivity, and economic and technical cooperation, is a good template for ASEM in reducing the development gaps amongst subregions and ASEM Partners. Taken together, the two pathways will lead Asia–Europe partnership for an inclusive and future-ready ASEM region, supported by policies on connectivity, trade and investment, sustainable development, digitalisation, human resources and skills, and safeguarding of multilateralism.

The multidimensional nature of Asia–Europe connectivity means that it cannot be captured by a single indicator (Becker et al., 2018). ASEM conjoins the achievements and potential of the two regions, and provides a framework for cooperation and connectivity in important economic and social sectors. A framework of relevant indicators and data can provide the big picture of current cooperation and the approach to future growth. This is based on a common understanding that economic progress is translated into social progress, where the latter is best represented by a marked improvement in incomes, a reduction in the extent of the poverty gap, and other social outcomes such as health and literacy. Importantly, the two regions can work together with a common plan for the digital economy, climate change, and the attainment of the Sustainable Development Goals (SDGs).

Cooperation within ASEM countries in different areas – such as education, research, innovation, migration, the economy, and finance – represent more than half of the ASEM countries’ international connections (Figure 1). Around 70% of the trade in goods of ASEM countries takes place with other ASEM countries more than 60% of ASEM investors choose to invest in another ASEM country, over 60% of internationally mobile students in tertiary education move to another ASEM country, and 80% of international co-patents in ASEM result from collaborations between ASEM countries.

**Figure 1: Ties within ASEM are Stronger than with the Rest of the World**

<table>
<thead>
<tr>
<th>Intra-continental</th>
<th>Asia–Europe</th>
<th>Intra-ASEM</th>
<th>ASEM–World</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td></td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>28%</td>
<td></td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>26%</td>
<td></td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>25%</td>
<td></td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>24%</td>
<td></td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>21%</td>
<td></td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>20%</td>
<td></td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>20%</td>
<td></td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>7%</td>
<td></td>
<td>33%</td>
<td></td>
</tr>
</tbody>
</table>

ASEM = Asia–Europe Meeting.
These values point to the genuinely positive outcome of Asia–Europe connectivity. They also give an idea of the extent of the untapped potential for boosting tangible cooperation between the two regions. Other important indicators discussed below will enable policymakers and other stakeholders to assess ASEM’s achievements and potential, and allow the cooperation framework to evolve and improve based on the needs of ASEM.

**Trade, Market, and the Economy**

Trade and investment are the backbone of the ASEM region’s prosperity and future growth. Asia and Europe must come forward with plans and policies to utilise the potential of a market of nearly 5 billion people, particularly in trade and technological cooperation. Interregional trade has witnessed steady growth in the past decade (Figure 2). However, Asia and Europe had to address the negative effects of global trade tensions, which have been exacerbated by the pandemic-induced shocks to supply chains, disruptions in production, and the prospect of a global recession.

**Figure 2: GDP and Trade Volume of ASEM Partner Countries Relative to the Rest of the World, 2018 ($ billion)**

<table>
<thead>
<tr>
<th>GDP</th>
<th>Total Trade</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>Asia 21</td>
<td>Rest of the World</td>
<td></td>
</tr>
<tr>
<td>19,907</td>
<td>17,910</td>
<td>9,317</td>
<td>8,593</td>
</tr>
<tr>
<td>29,968</td>
<td>15,038</td>
<td>7,695</td>
<td>7,343</td>
</tr>
<tr>
<td>36,035</td>
<td>16,821</td>
<td>8,117</td>
<td>8,704</td>
</tr>
</tbody>
</table>

Cooperation activities for the promotion of investments and the removal of non-tariff barriers are the two most important measures before ASEM. The rapid spread of the coronavirus disease (COVID-19) since the end of 2019 has put immense pressure on economies in Asia and Europe. With tightened border controls, disruption of production, and shocks to the global value chains (GVCs), trade between Asia and Europe will diminish in the short term. Micro, small, and medium-sized enterprises (MSMEs), services trade, and tourism will be the most affected. The sizeable infusion of liquidity in the advanced economies will result in reverse trends in financial capital flows into the developing countries (OECD, 2020). The services sector is highly impacted by the ongoing pandemic. Goods trade, which was diminished by the trade tensions in 2019, requires substantial service inputs. ASEM must cooperate in a whole new way, in which mutual trust and mutual benefit will return the goods and services trade to a stable level.

In Asia and Europe, intraregional trade is the key factor driving economic growth – showing how GVCs in both regions are mostly regional by nature. Manufactured goods represent the largest share of trade between Asia and Europe. At present, China is the EU's biggest source of imports and its second biggest export market. The EU is ASEAN's second largest trading partner after China, accounting for around 13% of ASEAN trade. There are strong indications that a prolonged demand shock may weaken, or even decay, the supply chains between Asia and Europe. Gross domestic product (GDP) growth in 2021 is beset by uncertainties as the pandemic unfolds. Short-term difficulties will be natural and inevitable in all plans. These difficulties should not prevent ASEM from cooperating on a long-term strategy that is bold, all-encompassing, and forward-looking.

Digital Economy

In this decade, the digital transformation will accelerate further and have far-reaching effects on the economies of Asia and Europe. The digital economy will affect the patterns and geographical locations of industries, employment, trade, and economic growth (Prakash, 2019). The ASEM region must reap the benefits of this progress, but also ensure that digitalisation promotes inclusiveness, especially for the youth and women. Asia and Europe have different levels of digital infrastructure capacity and connectivity. The development of services, regulations for data protection, and taxation require greater cooperation and are explained in greater detail in the next chapters.

Structural transformation and employment generation in Asia and Europe must prepare for and respond to the new digital economy, as the latter will affect the patterns and geographical locations of industries, employment, trade, and economic growth. The new digital economy has arrived more abruptly in developing Asia, especially for parts which are not deeply integrated in the regional production networks.
Participation in GVCs is important for growth and employment generation. These regions need greater integration into the digital economy, as global demands for industries are driven by new technologies, new skills, and an entirely new set of business ecology (Prakash, 2019). Asia and Europe have huge opportunities for mutual growth through cooperation and investment in digital infrastructure, education, and skilling; and investments in physical and institutional connectivity. Pilot projects for technology leapfrogging in less developed countries, setting up innovation hubs, and regulatory cooperation on trade and investment liberalisation and facilitation, especially in services and e-commerce, should define a future-ready ASEM. Further, ASEM must revive policy measures for trade facilitation and the movement of skilled workers for the digital economy. Policies for consumer protection and privacy, competition policy, taxation, and cybersecurity also require greater attention and global calibration.

ASEM members have their respective national strategies and have achieved varying levels of success in creating their digital economies (Prakash, 2016). ASEM partners also participate in regional digital economy initiatives. An ‘accessible, inclusive and affordable digital economy’ is a key outcome of the ASEAN ICT Masterplan 2020 (ASEAN, 2015: 12). Europe’s Digital Single Market strategy aims to open up digital opportunities for people and business and to enhance its position as a world leader in the digital economy. The EU is keen for its policies to embody societal values and promote inclusiveness. The ASEM Pathfinder Group on Connectivity adopted a connectivity plan in 2018 which lists focus areas of connectivity. Cross-border e-commerce, including the involvement of MSMEs, is listed as a focus area for ASEM Partners to encourage MSME participation in cross-border e-commerce business opportunities and integration into global supply chains. The E-commerce Index developed by the United Nations Conference on Trade and Development (UNCTAD) shows the gaps between Asia and Europe in some of the sectors relevant for successful participation in the digital economy. The E-commerce Index is the average of four indicators: (i) the share of internet users, (ii) the share of individuals with accounts, (iii) secure internet servers, and (iv) the postal reliability score (Figure 3). The policy challenge facing Asia and Europe is to ensure that the digital economy does not promote uneven development and that it provides the impetus for greater investment in less developed firms, regions, and countries.

Asia and Europe have benefitted from the growing digital economy, including lower barriers to entry, reduced transaction costs, and improved productivity. However, they are also facing challenges related to international taxation and domestic resource mobilisation. At the 12th ASEM Summit, leaders recognised the need to review two key aspects of the existing tax framework – profit allocation and nexus rules – with a view to aligning taxation with value creation (ASEM, 2018). ASEM’s solutions will contribute to global discussions within the United Nations (UN), the Group of Twenty (G20), and the Organisation for Economic Co-operation and Development (OECD); and provide consensus-based solutions to address the impacts of the digitalisation of the economy on the international tax system.
Cooperation in Human Capital

Human capital is central to the growth ecosystem, especially in the digital age. The world of work is changing due to advancements in technology, innovation, automation, robotics, digital platforms, and greater connectivity. The effect of the digital economy is most advanced in corporate applications and industrial systems; therefore, on hiring, skills training, and employment facilitation policies (Prakash, 2019).

Asia has a young population and a growing labour force – highly valuable assets in an ageing world. Developing Asia has the largest regional labour force in the world, with nearly 2 billion workers. The Asian labour force is projected to grow by 0.5% annually from 1.9 billion in 2015 to 2.1 billion in 2030 and 2.2 billion in 2050 (ADB, 2018). India is projected to account for 30% of the regional labour force by 2030, and countries with relatively young populations will experience larger increases in their labour force and need policies to ensure an adequate number of productive jobs.

ASEM activities that promote learning in schools, universities, and vocational training institutions will therefore be important to equip people with the skills needed to be more productive. ASEM cooperation programmes for the promotion of science, technology,
engineering, entrepreneurship, and mathematics in formal education are a must, as they will help develop the region's flexibility, productivity, and ability to innovate. This includes building capacities for entrepreneurship and self-employment through business training, skills upgrading, and vocational and on-the-job training. Investors value the skills and productive capacity of companies. The supply of skills is an important consideration for investment decisions, since a trained (or trainable) labour force helps increase productivity and streamline operations.

Stepping up investment in people's skills and education is the key to future growth that is both inclusive and resilient. ASEM's initiatives in human resources development and fostering joint innovation and research efforts is still cast in an old mould and is proving to be insufficient to meet the challenges and opportunities ahead. The existing ASEM−DUO education programmes, training of diplomats, and other Asia−Europe Foundation (ASEF) activities reflect this situation. For example, ASEM−DUO is an umbrella programme with six individual programmes from the Republic of Korea, Singapore, Thailand, Sweden, Belgium, and India, which are the contributing member countries. The details of the programmes are prescribed by the contributing members. In 2017, six professors and 205 students availed of the exchange programmes of the six countries (Secretariat for ASEM−DUO Fellowship, 2017). Similarly, the ASEF Classroom Network Conference under the Education for Sustainable Development programme covers experiential teaching, learning, and capacity building. These programmes reach a limited number of participants over a short period of 1 or 2 weeks (ASEF, 2019). Other education programmes reported in the ASEF annual report clearly show that Asia and Europe need more robust and multidimensional programmes of human resources development which make an impact at ground level in addressing employment, innovation, income, and increased productivity. However, the existing ASEM platforms for education and skills development can be redrafted and energised to address the real needs of skilling and education, including joint research amongst the youth of the ASEM region. The effect of the digital economy is most advanced in corporate applications and industrial systems – hence, on investments, hiring, skills training, and education. ASEM must give top priority to training and skills programmes, and joint education and research activities, amongst universities and training centres in Asia and Europe.

As part of the efforts to achieve Sustainable Development Goal 8 – to ‘promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all’ – the international community must substantially reduce the proportion of youth not in employment, education, or training (NEET); and develop and operationalise a global strategy for youth employment. The International Labour Organization (2020) showed that these targets will be missed (Table 1). Asia and Europe have to redouble efforts for inclusive growth which generates decent jobs for the next generation of workers. The youth labour markets around the world will be especially affected by the slowdown in economic activity induced by the COVID−19 pandemic. ASEM education and skilling programmes must address the future of youth in both regions. ASEM cooperation programmes for human resources development have to ensure equality between women and men, as well as rights and equal opportunities for all. This is both a societal imperative and an economic asset for all.
Table 1: Youth Labour Force Participation Rates (%) and Gender Gaps (percentage points): Asia and Europe, 1999 and 2019

<table>
<thead>
<tr>
<th>Region and Subregion</th>
<th>LFPR 1999</th>
<th>LFPR 2019</th>
<th>Gender gaps (male/female), percentage point</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Asia and the Pacific</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Asia</td>
<td>67.0</td>
<td>67.3</td>
<td>66.6</td>
</tr>
<tr>
<td>Southeast Asia and the Pacific</td>
<td>57.6</td>
<td>64.7</td>
<td>50.4</td>
</tr>
<tr>
<td>South Asia</td>
<td>44.9</td>
<td>65.0</td>
<td>23.1</td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern, Southern, and Western Europe</td>
<td>47.9</td>
<td>51.6</td>
<td>44.1</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>41.9</td>
<td>45.9</td>
<td>37.7</td>
</tr>
<tr>
<td>World</td>
<td>53.1</td>
<td>62.2</td>
<td>43.7</td>
</tr>
</tbody>
</table>

LFPR = labour force participation rate.

Sustainable Development and Inclusive Growth

Asia and Europe have to promote inclusiveness and sustainability when addressing the impacts of technological evolution and climate change. The effects of climate change are increasingly visible and pervasive, calling for greater international cooperation and multilateral action. While Europe is leading the way in the transformation of its own economy and society to achieve climate neutrality, countries in Asia are making progress in a way that takes account of national circumstances and social and economic costs. Asia and Europe can face climate transition in tandem with the Paris Agreement.

ASEM is suitably placed to set actions to improve the environment in cities and the countryside, enhance the quality of air and water, and promote sustainable agriculture, which is vital to guaranteeing food safety and fostering quality production. ASEM countries must lead efforts to fight the loss of biodiversity and preserve environmental systems, including oceans. ASEM recognised the global mandate for sustainable development in
its summit statements in 2016 and 2018, where ASEM leaders recommended greater engagement with the UN Global Compact on the 2030 Agenda. The progress of ASEM partners towards achieving the SDGs (Figures 4 and 5) underlines the advantages of the ASEM dialogue mechanism to support the pursuit of sustainable development in Asia and Europe, including through its connectivity agenda.

Figure 4: Overview of EU 27 Progress towards the SDGs over the Past 5 Years, 2020

EU = European Union, SDG = Sustainable Development Goal.
Note: Data mainly refer to 2013–2018 or 2014–2019.
Source: Eurostat 2020 (modified slightly by author for formatting purposes).
ASEM has shown a special commitment to gender equality and the empowerment of women and girls, who are crucial to sustainable development. ASEM’s efforts must be geared to mainstream gender equality in all three pillars of ASEM – political, economic and financial, and social-cultural. Women’s empowerment drives growth and productivity, and leads to an inclusive society. When ASEM champions female leadership, Asia and Europe can ensure full participation of women in political and economic processes, and formally recognise their contribution to society.
Multilateralism and the Rules-Based International Order

ASEM has always expressed its readiness to work together for peace and security, inclusive and sustainable development and growth, and the promotion and protection of human rights, on the basis of the UN Charter and in compliance with international law. At the 11th ASEM Summit in Mongolia in July 2016, ASEM leaders noted and forewarned against the global headwinds that are challenging policies aimed at promoting openness and growth in the global economy. The leaders recognised that risks to the global outlook persist in the context of economic and geopolitical uncertainty, continued financial volatility, global excess capacity in industrial sectors, the challenges faced by commodity exporters, and persistent low inflation. The challenges faced by multilateral agencies are slowing down the response mechanisms of partner countries. ASEM leaders have reaffirmed that they stand ready to use all policy tools – monetary, fiscal, and structural – individually and collectively, as necessary, to foster confidence and achieve strong, sustainable, and balanced economic growth. To achieve this, cooperation amongst the multilateral institutions of Asia and Europe is important.

The uncertainties created by Brexit in Europe and the withdrawal of the United States from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership are still being assessed for their impact on regional investment and trade. These are further clouded by the tariff barriers being put in place by several countries around the world. The rising support for trade restrictiveness is compounded by rising controls at borders against the movement of people. In a scenario where globalisation and its benefits are being questioned, global governance and multilateral systems are also under strain. Currently, the multilateral system of trade governance and cooperation for economic growth is under stress, induced mostly by large economies. Individual positions on trade, tariffs, disputes, and cooperation are overshadowing the multilateral governance systems. Trade facilitation measures, long considered the pathway to improved prosperity, are at risk of being delayed or even overlooked. This would be detrimental for developing and developed countries alike in Asia and Europe. The smaller and more economically vulnerable countries are at greater risk of being left behind.

Multilateral bodies, such as the World Trade Organisation (WTO), and intergovernmental and less formal platforms, such as the G20, are leading their member countries and regions to participate in trade, investment, and economic integration. In December 2019, the ASEM Foreign Ministers Meeting statement stressed the need to address pressing common global challenges, on the basis of a strong commitment to multilateralism. At a time when the international order based on the rule of law and international law is being challenged, ASEM partners reiterated their resolve to uphold and strengthen cooperative, multilateral, and plurilateral approaches. Ministers prioritised enhanced ASEM cooperation for ambitious climate action and called for accelerated action to implement the 2030 Agenda.
ASEM has always affirmed its commitment to maintaining peace and stability and ensuring maritime security and safety. Opportunities and challenges facing Asia and Europe in a world of accelerating change are many. ASEM’s foremost cooperation is in freedom of navigation and unimpeded economic activities, which are in the interests of all Partner countries. ASEM’s commitment to peaceful settlement of disputes in accordance with international law and respect for diplomatic processes are the bases on which to promote confidence-building measures in the region.

ASEM has listed infectious disease control as an important focus area for ASEM Partners to exchange lessons learnt and best practices on how to counter the increasing risks of pandemics of infectious diseases and how to ensure better international cooperation. The current pandemic has brought home the significant need for ASEM’s cooperation in health–related services, investment in production, and trade in pharmaceuticals and medical equipment. This also includes cooperation in research for disease control. The COVID-19 pandemic, in particular, should prompt ASEM to initiate a time-bound action plan for the development and distribution of vaccines through fast bilateral and multilateral arrangements between Asia and Europe.

The COVID-19 pandemic has also highlighted the importance of food security. The ASEM partners must create mechanisms to ensure food security for future generations, including research and development in agricultural productivity, farm practices, conservation of agrobiodiversity, and the use of advanced technologies to mitigate the effects of climate change.

ASEM’s cooperation on information and communication technology (ICT) and digital connectivity for a global, peaceful, open, stable, and secure ICT environment has been deemed essential for protecting human rights and freedoms online and respecting applicable domestic and international legal frameworks. The need for stability and security in cyberspace on the basis of applicable international law, universal norms, and rules and principles for responsible state behaviour are essential for a future-ready ASEM.
At a time when digitalisation is transforming every aspect of our economies and societies, data are increasingly becoming an important source of economic growth and social well-being, and their effective use should contribute to Asia–Europe connectivity and mutual growth. ASEM is home to excellent examples of data protection and cybersecurity in the EU, the United Kingdom, India, Australia, and Japan. ASEM connectivity can and must be a useful regional forum to promote data security and data free flow with trust, respecting applicable domestic and international legal frameworks for privacy and data protection. This will minimise the risk of conflict stemming from the use of ICT.

**Strategic Vision for the ASEM Community:**
**Comprehensive, Sustainable, and Rules-Based Connectivity**

When the 13th ASEM Summit is held in 2021, the COVID-19 pandemic will have ravaged a large number of people and impacted economic growth negatively in most parts of the world. Asia and Europe must therefore plan for a future in which technological, security, and sustainability challenges, and the shocks created by the COVID-19 pandemic, have been addressed through collective action. To renew the basis for long-term sustainable and inclusive growth and strengthen cohesion amongst partners, ASEM requires the convergence of its economies to address common challenges through comprehensive and rules-based connectivity. Rules and regulations are required for people, goods, services, and capital to move efficiently, fairly, and smoothly. Internationally agreed practices, rules, conventions, and technical standards – supported by international organisations and institutions – enable the interoperability of networks and trade across borders. Non-discrimination and a level playing field for enterprises, and an open and transparent investment environment, are part of the rules-based ecology. Europe and Asia must establish partnerships for connectivity which are based on commonly agreed rules and standards enabling better governance of flows of goods, people, capital, and services. This would include improved mobilisation of resources, and reinforced leveraging of and strengthened international partnerships (European Commission, 2018).

ASEM can foster common values underpinning democratic and societal models which are the foundation of the freedom, security, and prosperity of the people of Europe and Asia. The rule of law is a key guarantee for protecting and nurturing these values. European and Asian perspectives on integration are different, but both regions are committed to promoting and protecting human rights, democracy, and the rule of law. The EU, in particular, is committed to defending human rights through active partnership with partner countries, and international and regional organisations. ASEM has the opportunity to become a platform for the promotion of human rights – especially the rights of women, children,
minorities, and displaced persons – which are at the heart of EU relations with other countries and regions (EU, 2020). ASEM can also act as a platform for achieving the targets of goals 16 (peace, justice, and strong institutions) and 17 (partnerships for development) of the SDGs in Asia and Europe.

ASEM in 2021 and Beyond

Cooperation and partnership for strong and effective multilateralism and the rules-based international order are the guiding spirit of ASEM. The three pillars of ASEM connectivity – physical, economic and financial, and social-cultural – have helped ASEM achieve its objectives of peace and security, inclusive and sustainable development and growth, and the promotion and protection of human rights, in compliance with international law. As nations emerge from the COVID-19 pandemic, their economies and peoples will require an inclusive and distributive approach to future growth, health and safety, youth employment, and care for the elderly; and a renewed effort to strengthen and reform the rules-based multilateral trading system. A crucial partnership for research and development in public health, the production and distribution of vaccines and medical equipment, and building resilient supply chains between Asia and Europe will be at the core of ASEM activities in the next years. Emerging from the pandemic, Asia–Europe relations and ASEM activities must strengthen their resilience and reach, and bring in women, youth, and the unreached into their cooperation and partnership activities.

Prior to the COVID-19 pandemic, international trade and the cross-border movement of people were the edifice of global connectivity. Now, all regions of the world are facing disruptions in, and the breakdown of, supply chains, as well as restrictions on the cross-border movement of people. Economic activities are severely affected. In the latest World Economic Outlook, the International Monetary Fund (IMF) states that ‘this year the global economy will experience its worst recession since the Great Depression, surpassing that seen during the global financial crisis a decade ago’ (IMF, 2020: v). The future course of the pandemic is uncertain. However, it is important to remind ASEM Partner countries of the prosperity that connectivity has brought to the world. Moving forward into 2021, and beyond, it is imperative to reconsider the resilience and sustainability of ASEM connectivity. ASEM’s future lies in a rules-based, resilient, and inclusive partnership between Asia and Europe.

Acknowledgement: The author acknowledges the support of Mr Rudhian Chlissma Putra, Research Associate, Economic Research Institute for ASEAN and East Asia in developing the figures and tables for this chapter.
REFERENCES


ASEAN (2015), *The ASEAN ICT Masterplan 2020: Propelling ASEAN Towards a Digitally Enabled Economy that Is Secure, Sustainable, and Transformative; and Enabling an Innovative, Inclusive and Integrated ASEAN Community*. Jakarta: ASEAN Secretariat.


