



## Faculty Research Working Papers Series

### Cooperation in Global Governance Among East Asia, North America, and Europe: A European Perspective

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**January 2008**

**RWP08-001**

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# **Cooperation in Global Governance among East Asia, North America, and Europe: A European Perspective**

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A functioning and encompassing system of global governance has remained humanity's unfulfilled goal, although such governance already works to a degree in certain sectors. At the same time, a multitude of forces oriented toward that goal are caught in a never-ending process of progress and setbacks. Regionalism is one of the developments that have contributed to better governance in restricted geographical areas, and in doing so—for example, by advancing peace in a region—it has improved the chances for better global governance. Similarly, cooperation among regions can potentially contribute to global governance. The cooperation between North America and Europe was a decisive factor in the international politics of the second half of the last century and significantly affected global governance. Given the rise of Asia in recent decades, its increasing weight in world politics, as well as its growing regionalism and successful cooperation with North America and Europe, the question arises as to how these developments have affected the prospects for and evolution of global governance.

## **The Contemporary International Context**

Compared with the world of the 1970s, a time when the bipolar structure of the Cold War created relative stability and when the first efforts were being made to systematically analyze the relations and possibilities for improved cooperation between Asia, Europe, and North America,<sup>1</sup> today's world is infinitely more volatile. The notion of “governance” is itself the product of this new era in which established institutions no longer adequately function, requiring that politicians and scholars seek new ways of regulating politics that take into account the emerging forces and structures of the contemporary world.

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<sup>1</sup> The Trilateral Commission, a nongovernmental discussion group of intellectuals, politicians, business leaders, and journalists, was launched in 1973 as the first forum to analyze and promote cooperation among the three regions through meetings and publications. (For further information, see <http://www.trilateral.org>.)

Though it can never be totally ruled out, the danger of large-scale war has practically disappeared, and the focus of security has shifted to internal war, ethnic cleansing, terrorism, and asymmetric war. Many of these problems are now arising inside, or are emanating from, the growing number of failed states. All three regions are deeply affected by these new security threats, which pose new challenges to their cooperation. The moves by NATO both to redefine its purpose and to increase its involvement in Afghanistan represent reactions to these changes and significantly expand the geographic focus of an originally Euro-Atlantic grouping into Western Asia.

The possibility of terrorists with access to weapons of mass destruction creates a nightmare scenario that must be taken seriously by every single state in the three regions. The threat of proliferation also poses grave problems, as the international regime designed to prevent the spread of nuclear weapons is in serious crisis—a crisis that may even usher in the demise of the Nonproliferation Treaty (NPT). Moreover, a nuclear-armed Iran or North Korea would have profoundly destabilizing effects on their regions, potentially unleashing regional arms races. It will not be possible to uphold the international nonproliferation regime and put an end to the nuclear weapons programs of North Korea and Iran unless the major powers in all three regions are willing to contribute to this goal.

Meanwhile, the situation in the Middle East appears to have become more volatile than ever: the war in Iraq has turned into a conflict that could inflame the entire region; Iran threatens to go nuclear; and the radical forces of Hamas and of Hezbollah, which it supports, are gaining ground. Needless to say, the Israeli-Palestinian conflict remains unresolved. Any escalation of these conflicts could disrupt oil exports, which would hit particularly hard at those countries in Asia, like China and India, that are desperately in need of rising imports for their development strategies. Though the main responsibility and potential for contribution to a solution lies with the United States and—to a lesser degree—with Europe rather than with Asia, all regions would suffer from a disruption of oil supplies.

All three regions have been profoundly affected by the rise of transnational relations and globalization, which have dramatically increased not only openness, interconnectivity, and interdependence but also vulnerability to forces from outside, be they terrorists, criminals, or

financial speculation. The ensuing mutual dependency in solving problems stands in stark contrast to the prevailing concepts of classical state sovereignty (the Westphalian model) and territoriality. All three regions—but Asia in particular—will have to adapt their thinking, policies, and instruments to the new realities existing both within and between the regions.

At the same time, all three regions will have to face the severe, if not catastrophic, consequences of global warming. The divisive question of how to allocate the considerable costs of countermeasures will pose a major challenge to their ability to cooperate. Their capacity will be strained even further by the internal economic problems that a number of countries will encounter as a result of their aging populations.

It is also apparent that the future of relations among the three regions has to be considered in the context of a general weakening of multilateral rules and institutions that have been unable to deal effectively with many of the world's contemporary problems, such as ethnic cleansing, terrorism, or nonproliferation. Although the unilateralism practiced by the George W. Bush administration has contributed to this state of affairs, it is by no means solely responsible; the behavior of other powers and the inadequacy of institutional structures have played at least an equal role.

### **East Asian Regionalism as Seen from Europe**

As the global system has evolved in this new era, the landscape of East Asia has shifted in fundamental ways. One major development in recent years is the increasing integration within East Asia as a region, which has accompanied the growth of prosperity throughout the area. However, a number of internal challenges exist that must be overcome if deeper and more substantive integration is to proceed with success.

#### *Nationalism*

While Europeans are always impressed by the extraordinary economic progress and the market integration in East Asia, they are also struck by the growing chauvinism and national stereotyping and the continuous and substantial arms buildup, which are reminiscent of experiences in Europe in the 20th century that proved to be precursors to war. Another parallel to Europe is the return of history as an issue in public discourse, particularly between China, Japan,

and South Korea. But, whereas in Europe shared history became a driving force for reconciliation and integration, it remains a source of tension and antagonism in Asia.

Nowhere can this be seen as clearly as in the relations between the two biggest powers in the region, China and Japan. Their economic relations—trade, investment, outsourcing, exchange of know-how, and travel between the countries—have never been as advanced as they are today, and yet their political relations are at a very low point. Both countries see each other as rivals and view the other side’s military buildup with great suspicion. Nationalist incidents directed at the other country have contributed to a further deterioration of relations.

One problem is that nationalism has been instrumentalized by the political class in both countries, though more intensely in China, where it follows a longer history of state-sponsored “patriotism” that has focused on Japan as its target. This “top-down” process is quite different from experiences in Europe after World War II. There, the “bottom-up” process was driven by a widespread desire for reconciliation in order to overcome the heritage of war and it converged with a “top-down” process by the political elites, who cooperated across frontiers to ensure that nationalism would not get out of hand and endanger their new venture into integration. If China and Japan could play the role that France and Germany once played in Europe, leading the process of reconciliation and constructing a new Europe, they could turn around a development that has threatened the extraordinary achievements made by East Asia during the last decades.<sup>2</sup> But this presupposes a deliberate decision by the leadership to pursue such a path. Prime Minister Shinzo Abe’s visit to Beijing in 2006 successfully arrested a negative trend but has not yet produced the kind of breakthrough that the two countries and the region need.

### *The Demographic Challenge*

As the populations in China and Japan—two of the most populous countries of East Asia—continue to age, the workforce-to-pensioner ratio will worsen dramatically. By 2020, China will have more than 400 million pensioners over the age of 65. The welfare state systems of both countries will have to absorb the enormous costs of this shift, though Japan occupies a much

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<sup>2</sup> One example could be the Franco-German Youth Office that Konrad Adenauer and Charles de Gaulle created in 1963, which conducts exchange programs that to date have brought together 7 million young people to meet within structured environments.

better position as a wealthier country and a developed welfare state. Energy and resources will have to be redirected toward domestic politics. In China, this could assume crisis proportions with unforeseeable consequences for social stability. In both countries, pressure is likely to grow to reallocate resources away from foreign policy, for example from development aid or the military.

The consequences of these changes for regionalism are hard to predict. Not unlike the case in Europe, as a country like Japan “ages,” the ensuing problems enhance the rationale for a more liberal regime for the free movement of labor and immigration. In order to be managed properly, both would require a minimum of regulatory arrangements at the regional level to deal, for example, with the movement of Southeast Asian caregivers into Japan. At the same time, immigration and foreign workers raise difficult issues of social and political integration and face considerable difficulties due to the growing public aversion to the influx of foreigners in many countries.<sup>3</sup>

#### *The Wasted Unrealized Potential of Economic Interdependence*

Integration in East Asia has made enormous progress. Originally driven in large part by Japanese investment and aid, integration soon developed its own dynamism, reinforced by globalization and the growth of China and the “Little Tigers.” Intraregional trade amounts to 54 percent of the members’ trade, thus approaching the rate of the European Union (EU; 60 percent). Though China attracts about 60 percent of foreign direct investment (FDI) in East Asia (much of it from Japan), there is a regionwide system of cross-investment that reinforces what the high rate of intraregional trade reflects: complex networks of outsourcing and a system of internationally managed production that extend throughout the region.

Though economic integration increasingly ties the countries of East Asia together and amplifies their mutual dependency—as the 1997 crisis demonstrated—institutions with binding arrangements that manage this interdependence have failed to follow. As a former secretary-general of ASEAN observed, “Because ASEAN has few binding agreements and lacks a regional authority to enforce compliance with them, regional economic integration and closer ASEAN

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<sup>3</sup> See, for example, Pew Research Center, *World Publics Welcome Global Trade—But Not Immigration* (47-Nation Pew Global Attitudes Survey, 4 October 2007) (Washington DC: Pew Research Center, 2007).

cooperation are almost totally dependent on national policy decisions and on the commitment of leaders to the region.”<sup>4</sup> Although ASEAN has taken steps to promote integration and cooperation in many areas, it has still not been able to develop its full potential because of its structure of governance.

This situation could change following the implementation of the ASEAN Charter, which was based on the December 2006 recommendations of the Eminent Persons Group on the ASEAN Charter<sup>5</sup> and was adopted in November 2007. In the past, it was often asserted that ASEAN could not become an institution like the EU, but the structure of the charter moves it in that direction and even shows some similarities to the EU. Besides giving it a legal personality, ASEAN is to have an “ASEAN Council” at the top (like the European Council of the EU); three ministerial-level councils to oversee the ASEAN Security Community, the ASEAN Economic Community, and the ASEAN Socio-Cultural Community; as well as a single market with free movement of goods, ideas, and skilled labor (although not all labor). A strong secretariat is to give advice and monitor compliance.

Not all of the more ambitious new ideas proposed for the ASEAN Charter by the Eminent Persons Group were adopted, nor is it likely that a community similar to the EU, with its institutions, sovereignty transfer, and common currency, will emerge in the foreseeable future. Nevertheless, the general undertaking is likely to shift the geopolitical landscape in Asia by creating an institutionalized group of smaller and medium-sized states with an identity and organizational capacity of its own that would extend its activities to security and foreign policy and would strengthen the negotiating weight of this group vis-à-vis Japan, China, India, and others. The implementation of the ASEAN Charter is likely to improve the chances for better management of regional interdependence and would also create a more effective player within the Asia-Europe Meeting (ASEM) and other Asian-European activities.

### *Comparing Regionalism in East Asia and Europe*

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<sup>4</sup> Rodolfo C. Severino, *South East Asia in Search of an ASEAN Community* (Singapore: ISEAS, 2006), 377.

<sup>5</sup> See ASEAN, *Report of the Eminent Persons Group on the ASEAN Charter* (Jakarta: ASEAN, 2006), 49.

Though regionalism in East Asia has made considerable progress, it has not reached the level of Western Europe's integration—if indeed it ever will—because a number of supporting forces have been absent or different in East Asia. Foremost is the shared history of wars, which in Europe created a powerful movement that declared “never again,” resulting in a convergence of elite and popular opinion to establish a radically different basis for relations among the nations of Europe. This desire for reconciliation became the driving force in overcoming the patterns of the past, resulting in a shared conviction that each nation had to honestly face the failures and wrongdoings in its history.

Despite all the suffering that Japan's war with China and its occupation of Korea caused, those events still do not compare with the endless cycle of wars in Europe, nor are they comparable to the millions of deaths and widespread destruction that the European wars engendered. And despite the political forces in Japan, China, and Korea that have sought a new beginning in their relations, and the numerous apologies offered by Japanese spokesmen, a “never again” movement with the power of the European effort has never arisen. The failure of Japan as a body politic to thoroughly break with its past as Germany did after World War II has contributed to this state of affairs.<sup>6</sup>

A second factor that played a great role in advancing European integration—and that has been practically absent in East Asia—was the consistent support of the United States. It started with the Marshall Plan, which was granted on the condition that the Europeans themselves administer its implementation, thus giving impetus to European bureaucracies to cooperate for the first time and to foster regional economic interaction. Japan's early official development assistance in Asia in a way created a common economic space in East Asia, but it was a system organized around Japan as the hub and it lacked the political and institutional framework that the Marshall Plan provided. Throughout the postwar period, the United States relentlessly supported the European integration effort, intervening diplomatically when necessary and supporting those political forces in European politics that favored European unity. Only under the administration of George

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<sup>6</sup> See, for example, Karl Kaiser, “European History 101 for Japan and China,” *INTERNATIONALE POLITIK* (global edition) Summer 2006: 90–97. To be sure, the “never again” concept has a somewhat different meaning for the Central European countries that joined the EU in 2004. For them, the experience of and protection against a revival of communism has been a defining motive for their membership, which partly explains why they are more reluctant to transfer sovereignty than the “older” members.



W. Bush were doubts raised (on the neoconservative side) as to whether it was wise to support the emergence of a “rival” to the United States who could sometimes thwart Washington’s policies.<sup>7</sup> But in its second term, the administration reconfirmed the continuity of American support for European integration, and George W. Bush demonstratively was the first US president to visit the EU institutions in Brussels.

The Soviet threat, both as an ideological and a security challenge, provided a powerful additional reason for the Europeans to integrate. To be sure, NATO was the main instrument organizing European participation in an anti-Soviet alliance, but the political atmosphere of the founding years of European unification was dominated by an all-pervasive perception of a Soviet threat that extended into the heart of Europe with a vast Soviet military force being deployed in East Germany and around Berlin. This threat provided an additional reason to pool European resources and acted as the glue to help mend divisions among the members.

The Soviet threat existed in East Asia as well but was significantly weaker for military and geographical reasons. It helped to create a system of bilateral security relations with the United States as a hub. An attempt to create a kind of counterpart to NATO with the establishment of the Southeast Asia Treaty Organization in 1954 never got off the ground and was finally abandoned in 1977.<sup>8</sup> The ASEAN Regional Forum always remained modest in its scope, but hopefully the ASEAN Security Community within the new ASEAN Charter will give more content to East Asian regionalism in the security field.

Finally, despite all the cultural differences, for example between Protestant Scandinavia and Catholic Southern Europe, the internal diversity within Europe was much less distinct than that of East Asia. Very soon after 1945, the Western European countries were democracies, followed the rule of law, and shared the tradition of basic human rights. (Portugal and Spain joined this group only later.) In East Asia, several countries have only recently adopted the rule of law and democracy, and to this day the region is characterized by a considerable diversity of regimes and political traditions. The shared basis in values and institutional traditions in Europe greatly

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<sup>7</sup> See, for example, Jeffrey Cimbal, “Saving NATO from Europe,” *Foreign Affairs* November/December 2004: 111–120.

<sup>8</sup> Amitav Acharya, “Why is There No NATO in Asia? The Normative Origins of Asian Multilateralism,” Working Paper Series No. 05-05 (Cambridge, MA: Weatherhead Center for International Affairs, Harvard University, 2005).

facilitated, and was indeed the prerequisite for, an agreement on the institutional structure of the European Community, a partial transfer of sovereignty, as well as the formation of Europe-wide political parties in the European Parliament.

This is not to say that in the absence of the conditions that favored European integration East Asian regionalism will not be able to advance significantly. The extraordinary economic integration in the region creates dependencies, which in turn put growing pressure on both the elites and on mass opinion on two levels. First, institutional arrangements become necessary to give direction to the process, to avoid negative fallout, and to maximize the advantages of integration. Second, the success of integration creates a growing interest not to let political crises, be they caused by nationalism or differences in interests, get out of hand and threaten the achievements of decades. Moreover, many of the contemporary global problems, notably terrorism, proliferation, global warming, and economic security, should provide powerful incentives to cooperate in East Asia. In all of these cases, however, the “top-down” process among political elites must be complemented by a “bottom-up” process that involves the peoples of the region. In this respect as well, the European experience provides a good model for East Asia.

### **Global Challenges and Regional Responses**

While the efforts at regional cooperation in East Asia must overcome a number of internal problems, global challenges such as nonproliferation, shifts in the nature of international security, and global warming in turn have critical implications for regionalism. They also make both regional and interregional cooperation more imperative.

#### *The Nonproliferation Regime, Iran, and North Korea*

The future of the nonproliferation regime will be decided both by what happens to the general principles of the international regime and by the two cases of Iran and North Korea. Unless the major powers of the three regions cooperate, the regime is unlikely to survive.

At the general level of the international regime, it is imperative that the commitments made on the occasion of the renewal of the NPT in 1995 be implemented. In this regard, the United States

is called upon to abandon its opposition to the Comprehensive Test Ban Treaty and a cut-off agreement on fissile materials (also to help induce India and Pakistan to follow suit). Moreover, the regime must be strengthened by giving the International Atomic Energy Agency better means to enforce its controls and by developing new approaches to internationalize the nuclear fuel supply in order to avoid national enrichment and reprocessing of spent fuel. All major powers, and in particular the five permanent members of the UN Security Council, must contribute to this goal.

A peaceful approach to induce Iran to renounce nuclear weapons will fail if China and Russia—possibly concerned about their commercial links with Iran and, in the case of China, its oil supply—are unwilling to support meaningful sanctions should Iran fail to comply with the UN Security Council’s decision that Iran forgo national enrichment. Here, as on other issues of nonproliferation, China will hopefully act to an increasing extent as a stakeholder in international stability—as it did in the case of North Korea and as behooves such a great power—and not give precedence to its short-term economic interests.

In the case of North Korea, complete success in having the country renounce nuclear weapons is also only achievable if the five countries negotiating with it remain united in their purpose. This requires in particular a continuation of China’s constructive and helpful role, the continued willingness of the United States to deal with North Korea bilaterally, South Korea’s engagement in opening up the North economically, and Japan’s active support. Should more far-reaching agreements that reward the regime by economic means be concluded, then the EU should contribute in the interest of global stability, as it did once before on a modest level in the case of the Korean Peninsula Energy Development Organization (KEDO).

### *International Security*

In an interconnected world with relatively open borders, threats to security can spread globally and affect every region and country. Terrorist extremism is a global threat and has struck countries in all three regions. Its transnational character necessitates intergovernmental cooperation between intelligence services, police, customs authorities, and others. All three regions have made significant progress, though none of them can claim to have reached the desired level. Here the classical concept of sovereignty still acts as a brake. Similarly,

interregional cooperation is only in its initial phase, with European–North American cooperation being the most advanced.

Dealing with the roots of terrorist extremism is at once the most difficult and the most time-consuming part of fighting terrorism. All countries can contribute in their own way to combat this common threat by promoting a dialogue with moderate Islam at home and abroad. They can help to isolate the extremist minority by addressing the religious, social, and economic issues that drive young men to become terrorists. Within East Asia, Indonesia and Malaysia, as moderate Muslim countries and democracies, should play a leadership role in such an effort. Moreover, any support given by East Asian (in particular Muslim) countries to the efforts of the Middle East Quartet to overcome the Israeli-Palestinian conflict would be helpful, since that would take away one of the factors that has animated Muslim extremism.

Failed states are one of the most momentous problems in the modern world of global security; they cause widespread human suffering and can become havens for terrorists and criminals who threaten others. Afghanistan provides the most important case in point. In the context of a UN mandate, NATO—as a North American–European alliance—has chosen Afghanistan as the focal point for redefining its very purpose by innovatively combining military and civilian means to reconstruct the country, rebuild institutions, and defeat the insurgents. A return of the Taliban would be as much a threat to Asia as it would be to North America and Europe. Defeating the Taliban is therefore in the interest of global security, and Asian countries should contribute substantially, as Japan has done.

From a European perspective, East Asia has a special responsibility with regard to North Korea and Myanmar because the repressive character of these failing states, as well as the North Korean policy of exporting missiles and nuclear weapons technology, are matters of global concern.

### *Global Warming*

Among all of the new problems facing the world today, the warming of the earth's atmosphere is truly global. As it progresses, it will have catastrophic consequences in the countries of all three regions. Although the United States is the world's largest emitter of greenhouse gases, it has so

far refused to make even small changes in its wasteful policies. Lagging behind Europe and Japan, the United States could potentially make a tremendous contribution to a global issue—and one that also affects it enormously at home—if it were to revise its policy.

From a historical perspective, Europe and North America (and later Japan) have generated the overwhelming share of the globe's greenhouse gases during the last 150 years. But countries like China and India that therefore claim a right to first catch up with industrial development without undertaking costly countermeasures are not facing up to their global responsibility. Much can be done in this field through political intervention and without significant cost. Modern technologies are now available that are significantly more efficient at only marginal additional cost. It is in the self-interest of the industrialized and wealthy countries to transfer technologies and substantial fiscal means to help the developing world reduce their contribution to global warming.

The EU has chosen a regional path to commit the member countries to greenhouse gas reduction that even goes beyond the targets of the Kyoto Protocol. Though East Asia has not reached the same depth of regional integration that made the joint European approach possible, regional agreements on cooperating within ASEAN+3 should make sense as complementary action to global measures, given the high degree of economic integration and transnational investments.

### **Trilateral Relations and Global Governance**

The way the three regions—Europe, North America, and East Asia—interact will influence their impact on global governance. In this respect it must be noted that considerable differences in internal structure and strength exist among the respective relations between the trilateral areas. Of the three, the North American–European relationship is the strongest, while Asian-European relations are still the weakest.

#### *The European–North American Relationship*

North America and Europe today form a genuine security community, within which the use of force to resolve conflicts is reliably excluded. Its core is the North Atlantic Alliance that links North America and practically all of Western and Central Europe. The alliance is now redefining

its purpose and has chosen an Asian country of global importance, Afghanistan, as the central focus of its new activities. At the same time, NATO is trying to establish partnerships with countries in the Asia Pacific area, including Japan, Australia, and New Zealand. The governments of NATO argue vis-à-vis their democratic publics that the alliance is acting under a UN mandate and that, by fighting terrorism and rebuilding a previously failed state, NATO is making an indispensable contribution to world order.

The EU and its far-reaching integration give additional weight to the European–North American relationship. EU security policy addresses the new transnational security threat as well and has evolved within the context of a division of labor with NATO. The EU increasingly plays a stabilizing role in the Balkans, once ravaged by war. Since the EU provides more than half of the world’s development assistance and has created a system of special relationships, dialogue forums, and aid systems with neighboring regions and associated countries, it also plays a major global role in the nonmilitary field.

The EU–North America relationship is equally strong in the economic area. Trade provided the initial starting point for the growth of an Atlantic economy. Today, however, its main basis is not trade, although that is strong and rising, but rather a growing share of mutual investment. This practice has created “deep integration,” tying the economies together much more effectively than mere trade. Most of America’s FDI (some 56 percent) still goes to Europe. In comparison, total US investment in China was just 23 percent of its investment in Belgium.<sup>9</sup> The Atlantic economy of today is comprised of a vast network of border-crossing activities, reflected in the fact that more than half of transatlantic trade is comprised of the internal trade of multinational companies.

As a result, the two regions have become the driving forces of global governance in the economic area, particularly in trade liberalization, although as shown in the Doha Round, other countries have become important forces as well. Another area of global importance where they have been particularly active is the protection of intellectual property rights, supported by other developed countries in Asia such as Japan and South Korea.

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<sup>9</sup> Daniel S. Hamilton and Joseph P. Quinlan, eds., *Deep Integration. How Transatlantic Markets are Leading Globalization* (Washington DC: Center for Transatlantic Relations, 2005), and Hamilton and Quinlan, *The Transatlantic Economy 2006* (Washington DC: Center for Transatlantic Relations, 2007).

### *The Asian–North American Relationship*

The Asian–North American relationship is by comparison somewhat weaker and even more diverse. It is based on a network of bilateral relations as well as linkages with regional forums in Asia that are relatively weak and nonbinding in character. These range from groupings like APEC, in which the United States takes part, to those like ASEAN, ASEAN+3, and the East Asia Summit, where the United States does not. The Six-Party Talks on North Korea are a special case and are of global importance since they are part of efforts to preserve the international nonproliferation regime.

Within the network of bilateral relations, the US-Japan alliance is central: flanked by other bilateral security arrangements, notably between the United States and South Korea, it has been the basis of stability in the region. With its naval presence and multitude of security agreements (including its support of Taiwan), the United States has provided a crucial and central element of Asia's stability and formed a protective roof under which economic relations could flourish.

On the economic side, the Asian–North American relationship is quite different from its European–North American counterpart. To be sure, there is an extraordinary and growing amount of economic interaction and mutual dependence, but compared with the transatlantic relationship, it is based more on trade and less on mutual investment. The extent of this relationship, of course, has deepened steadily with the rise of China and its commercial links with the United States.

Currency issues provide an additional dimension since China and Japan today hold huge foreign exchange reserves—notably US dollar reserves. China now holds the world's largest foreign exchange reserves, totaling US\$1.2 billion.<sup>10</sup> China and Japan are America's main creditors today, thus creating an additional element of economic mutual dependence besides the trade relationship. Within the global governance system of currency management, sooner or later China is likely to take a seat at the table of the traditional G-3—the United States, Japan, and Europe.

### *The Asian-European Relationship*

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<sup>10</sup> *Financial Times*, April 13, 2007, p.6.

The Asian-European relationship is somewhat weaker than the two others but is catching up. Political contacts began with the ministerial meetings in the early 1970s between ASEAN and the European Economic Community (EEC) after commercial relations had steadily increased in the preceding years. ASEAN sought these contacts with the EEC, which was a successful regional organization and was the first to extend a much-appreciated official recognition to the Southeast Asian grouping. The contacts evolved into regular meetings, first discussing trade issues but later extending their scope to a broad spectrum of issues. The relationship was deepened by the establishment in 1996 of a regular summit meeting, ASEM, comprised of the EU and ASEAN+3.<sup>11</sup>

ASEM has generated a multitude of meetings and consultations at various official levels and on many issues, and in the process it has forced the Asian side to develop common positions prior to the encounters, thus advancing their internal coordination. Yet, as noted in a recent report evaluating ASEM's first decade, it has also been criticized for not having fulfilled initial expectations and for not having "been successful in coordinating or harmonizing the interests of its partners efficiently vis-à-vis larger organizations and bodies."<sup>12</sup> Nevertheless, as the same report states, "The undertaking should be viewed in a long-term perspective." It is precisely the widespread sense of unexplored potential that generated the far-reaching proposals for an ASEAN Charter. The charter could significantly alter the Asian-European relationship by creating a well-organized and better-integrated Southeast Asian grouping that, together with China, Japan, and South Korea (and later possibly with India), could form a better-structured counterpart for the EU in their mutual dealings.

In the field of security, cooperation between Asia and Europe in combating terrorism has become increasingly necessary. Asian participation in NATO's activities in Afghanistan would be desirable in the future as a contribution to global stability. The creation of an ASEAN Security Community under the ASEAN Charter might even increase the capacity of the Southeast Asian nations to cooperate in such ventures.

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<sup>11</sup> Michael Reiterer, *Asia-Europe. Do They Meet? Reflections on the Asia-Europe Meeting (ASEM)* (Singapore: Asia-Europe Foundation, 2002), and Cesar de Prado, *Global Multi-Level Governance: European and East Asian Leadership* (Tokyo: United Nations University Press, 2007).

<sup>12</sup> Japan Center for International Exchange (JCIE) and the University of Helsinki Network for European Studies, eds., *ASEM in its Tenth Year. Looking Back, Looking Forward. An Evaluation of ASEM in its First Decade and an Exploration of its Future Possibilities* (Tokyo: JCIE, 2006), 7.



The economic relationship between Asia and Europe has steadily deepened; the EU is now almost as important as the United States as a commercial partner with Asia. In 2005, the total trade of ASEAN+3 with the EU amounted to US\$622 billion, compared with US\$722 billion with the United States.<sup>13</sup> ASEAN had a net FDI influx of US\$8.7 billion from the United States and US\$7.1 billion from the EU. Not surprisingly, the somewhat conflictual issues in their relations are not very different from those between the United States and Asia: intellectual property rights, selective protectionism, ownership rights of investments, and currency exchange rates.

## **Conclusion**

There are numerous areas in which the contribution of the three regions to global governance is indispensable. These include fighting terrorism (both defending against it and tackling its root causes); dealing with failed states (and stabilizing Afghanistan in particular); saving and strengthening the international nonproliferation regime and preventing Iran and North Korea from going nuclear; and reducing global warming.

Regionalism makes an important contribution to global governance. Its growth and the successful solution of its internal challenges are therefore of wider importance. That is also true of interregional cooperation, but in order to flourish it needs multilateral frameworks. At the center of all efforts to strengthen global governance must, therefore, be the attempt to stop the further deterioration of multilateralism that has occurred in recent years and, instead, to reinforce multilateral approaches and institutions.<sup>14</sup> In this respect Asia, Europe, and other regions have disagreed with the unilateralism and the rejection of international regimes displayed by the US administration of George W. Bush. Interestingly, having experienced the failure of its policies, it came around in its second term to a more multilateral approach. In order to be successful at the global level, efforts to restore multilateralism must indeed include the world's most powerful country.

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<sup>13</sup> The EU figure does not include Hong Kong.

<sup>14</sup> See also the summary of a Council for Asia-Europe Cooperation exercise in Karl Kaiser, ed., *Asia and Europe: The Necessity for Cooperation* (Tokyo: JCIE, 2004).

Strengthening multilateralism first and foremost means resuming the process of reforming the UN. Considerable progress has been made at the conceptual level, including the reports on “the responsibility to protect” and “human security.” The recommendations of former UN Secretary-General Kofi Annan’s High-Level Panel and his ensuing conclusions outline a sensible avenue for reforms. Seeing these recommendations through will be crucial in tackling the central issues of security for all three regions, namely addressing situations in which the international community must deal with failed states, terrorists, and weapons of mass destruction. So far, there has been a great reluctance to draw any practical solutions from these proposals. It is up to the three regions, which have formidable intellectual, human, and economic resources, to transform these proposals into concrete policies.