The European Union as an Inter- and Transregional Actor: Lessons for Global Governance from Europe’s Relations with Asia

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1. Introduction

Rather than being competing organizational principles of international relations, globalization and regionalization are complementary to each other. In fact, there is good reason to argue that globalization has facilitated the emergence of a multilayered system of global governance which is built on regional organizations. Regionalism is a response of nation states to the manyfold challenges posed by globalization. Especially small states and middle powers resort to regionalism for sovereignty and resource pooling. While sovereignty pooling tends to transcend the nation state by creating new supranational entities of decision-making and policy-implementation and thus also involves a normative attitude towards inter-state cooperation, resource pooling is a less committal approach to regional cooperation. It is more instrumental and pragmatic, basically follows an intergovernmental logic and may be viewed as a way of primarily enhancing national power and resilience. In most cases, trade liberalization is at the core of regional cooperation. Larger markets are believed to create economies of scale, enhancing the attractiveness of a region for foreign investors, and at the same time increasing pressures on local firms to improve their productivity and adjust to the requirements of the world market. The expectation is that, as a result, economic competitiveness of the member states would increase. Moreover, regional cooperation also serves strengthening the bargaining power of nation states in international fora such as the United Nations (UN) and the World Trade Organization (WTO) and helping to tackle more successfully the bordercrossing pathologies of globalization such as international terrorism, crime, narcotics trafficking, smuggling, migration, money-laundering and environmental degradation. Finally, with a view to domestic politics, obligations arising from regional cooperation serve as a convenient justification for pushing through unpopular decisions such as curtailing the social net without much public debate.

The European Community (EC) –and later the European Union (EU) -- have been at the forefront of regional responses to the neoliberal model of globalization championed by the United States and international organizations dominated by Washington. Economic globalization has not only facilitated the deepening and widening of European integration in the 1980s as manifested by the Single European Act and the Treaty of Maastricht, the single market and the Economic and Monetary Union also became major factors of spurring regionalism in many other parts of the world – even those that hitherto had never seen regional cooperation schemes and have therefore been dubbed „regions without regionalism“. Regionalism has thus been radiating from its Triadic core to the peripheral regions in Eastern Europe, Latin America, Africa, the Middle East and South Asia.

A novelty of this New Regionalism was that regional organizations gradually became actors in their own right, developing their own external relations that included an increasingly dense network of interactions with other regional organizations, but also with major powers and other international organizations such as the UN.

Since the early 1970s two types of interactions among regional organizations emerged:

- First, a type of interaction that may be called bilateral interregionalism, and
- Second, transregionalism.

Examples for bilateral interregionalism are the ASEAN-EU dialogue, ASEAN-Mercosur relations, EU-Mercosur ties, etc. Such a relationship can be defined as group-to-group dialogue with more or less regular meetings centering
on exchanges of information and cooperation (projects) in specific policy fields (trade and investment, environment, crime prevention, narcotics trafficking etc.). It is based on a low level of institutionalization, usually at the ministerial, ambassadorial and senior officials’ levels, sometimes supplemented by permanent or ad hoc experts’ working groups. There are no common overarching institutions, both sides exclusively rely on their own institutional infrastructure.

Transregional institutions such as the Asia-Europe Meeting (ASEM) or the Asia-Pacific Economic Cooperation (APEC) have a more diffuse membership which does not necessarily coincide with regional organizations and may include member states from more than two regions. New members of regional organizations represented in a transregional forum will not be automatically allowed to enter the respective forum. As the agenda grows in complexity, transregional fora may, unlike bilateral interregional relations, develop their own organizational infrastructure such as a secretariat for research, policy planning, preparation and coordination of meetings and implementation of decisions. Such processes of institutional evolution vest transregional fora with some form of independent actorness and distinguish them from bilateral interregionalism.

2. Functions of inter- and transregional fora

In the absence of in-depth empirical research, functions of inter- and transregional fora have been theoretically deduced or been based on accidental evidence. Most of these functions, which are derived from the major schools of international relations such as neorealism, liberal institutionalism and constructivism, and which are sometimes eclectically combined, mainly attach systemic functions to interregionalism. Seven such functions may be distinguished: Balancing and bandwagoning, institution-building, rationalizing, agenda-setting and -controlling, identity-building, stabilizing and development.

Balancing and bandwagoning

To what extent these functions are practically relevant is strongly contested. Still most agreement seems to exist on the balancing function. However, the balancing concept used by most analysts transcends classical realist notions of balancing military potentials. It rests on the belief that the effectiveness of military power as a means to exert influence in international relations is indeed declining and that power must also increasingly be perceived in economic and institutional terms. Apart from certain prerequisites such as access to natural resources, high standards of technology and a well trained labor force, economic prowess as a power resource is dependent on control over international institutions, which – in line with the theory of hegemonial stability – may be instrumentalized to shape international norms and rules in a way that they serve national power interests best. International institutions have thus become arenas of international power contests and regional organizations a vehicle for improving the positions of the Triadic players in these rivalries.

If this reasoning holds, the EU has acted as an inter- and transregional balancer, but has also been balanced by others. APEC, for instance, was a response to the European Single Market and the Canada-United States Free Trade Area (CUSFTA), with the ability to extract concessions from the Europeans in the Uruguay Round. ASEM was a response to APEC and the increasing economic dominance of Japan and the United States over the East Asian growth region,
while the New Transatlantic Agenda was an American response to the unfolding ASEM process. The intensification of EU-Mercosur relations has been a European response to US plans of a Free Trade Area of the Americas (FTAA) and a Latin American move to reduce Washington’s influence in the Southern hemisphere. Finally, the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) is a recognition of the fact that most of its members have been marginalized by globalization and the emerging institutions of the “New Regionalism”.

Yet, although ASEM is clearly a balancing response to APEC, it may also be interpreted as an act of bandwagoning. The EU’s consent to the formation of ASEM was undoubtedly motivated by the desire to create a link to the world’s economically most dynamic region when many members of the EU went through a protracted recession. In other words, it was a move to limit the risk of political and economic marginalization in the seemingly unfolding “Pacific Century”.

Balancing or bandwagoning -- inter- and transregional fora may in any case be regarded as pragmatic and flexible coalitions of regional organizations activated to counter advantages of others or to create advantages for one’s own region in the Triadic economic competition. The anti-terrorism war of the United States after 11 September 2001 may even enhance the likelihood of inter- and transregional balancing games. The APEC Summit in October 2001 in Shanghai has amply shown how inter- and transregional fora may be utilized by governments to mobilize support and legitimacy for the fight against terrorism. If, however, domestic opposition in predominantly Islamic Asian countries mounts against what is perceived to be a close alignment of governments with American interests, ASEM and the ASEAN-EU dialogue, in particular, may be instrumentalized to counter American interventionism with the European reluctance to escalate the war against international terrorism.

Institutionalization

If balancing is indeed a key function shaping the EU’s inter- and transregional relations, it explains why the community in contradiction of its own cooperation principles has so far opted for „soft institutionalization“ in its relations with other regions. As balancing responds to short-term shifts of political and economic power, and alliances are abandoned when they have lost their rationale, building strong institutions is regarded as an unreasonably costly investment. Moreover, using inter- and transregional fora for balancing has facilitated the rise of what Paul Bowles calls „multiple regionalism“: „Multiple regionalism“ means membership in more than one regional forum (Bowles 1997). By increasing institutional options for actors, „multiple regionalism“ entails low opportunity costs (i.e. costs associated with the break down of an cooperative institution or the exit of key members), but potentially high governance costs (i.e. costs related to the establishment of cooperative institutions and implementing agreements domestically). Membership in many fora is thus another reason why „soft institutionalization“ is the preferred mode of inter- and transregional dialogues.

„Soft law“ and „soft institutionalization“ are a rational response of nation states to an unfavorable opportunity-governance cost ratio. If anticipated opportunity costs are low and expected governance costs high, it makes little sense to develop an elaborate institutional framework. In the case of Europe’s relations with Asia, opportunity costs are low, because institutions such as the ASEAN-EU dialogue and ASEM partly overlap and in case of paralysis of one of these institutions interactions may be shifted to the other. Moreover, the EU entertains bilateral dialogue relations with key members of the Asian side such as China, Japan, South Korea which may substitute inter- and
transregional fora, if the latter are entirely deadlocked. Governance costs, however, are high because both the EU as well as the Asian side face major domestic obstacles in the implementation of binding agreements. Both sides have to contend with powerful protectionist lobbies at home: agricultural interest groups, the lobbies of traditional industries on the decline and labor unions on the European side, indigenous entrepreneurs on the Asian side are cases in point.

This suggests that the EU is not the forceful institutionalizer of international relations for which it is frequently commended. Liberals view institutionalization as a key to mitigate the anarchical character of international relations, to minimize the incidence of violent conflict and to enhance the welfare of peoples. Cooperation intensifies the flow of information between actors, builds trust and enhances the predictability of actors’ behavior. By creating norms and rules designed to guide state actions, cooperation has a legalizing effect on international relations. Institution-building is thus considered an important prerequisite for a peaceful international order.

Although the EU has been the most active regional organization in creating interregional links, and in this capacity may – as will be argued later – be considered as an external federator for other regions, it has done little to develop relations that extend „soft institutionalization“. The preponderance of balancing in its inter- and transregional relations has led to rather opportunistic interaction patterns. Asian-European relations provide a good example for that behavior. Shortly after the end of the Cold War the EU abandoned its previous policy of friendly relations with authoritarian albeit pro-Western governments and began to impose conditionalities on its relations with Asian countries that centered on a Western human rights concept and liberal democracy. While this policy severely strained the EU’s relations with the Asian side, which retaliated with the so-called Asian value hypothesis, the EU – under the impact of the Asian economic boom prior to the Asian financial crisis and a protracted recession at home – soon made another U-turn and by 1994 had gone back to realpolitik. Relations with Asia were greatly intensified and, based on an Asia Strategy devised under German presidency, elevated to a priority. Not surprisingly, all controversial issues – especially those related to values – were bracketed. However, European interest in Asia was shortlived and declined markedly after the Asian financial crisis broke out. A telling indicator is the low level representation of Europe in both the ASEAN-EU foreign ministers meeting in Vientiane in December 2000 and the ASEM foreign ministers’ meeting in Madrid in June 2002. While in the first meeting only three European foreign ministers participated, in the second only four attended. Moreover, with most Asian countries reeling under the impact of the Asian crisis, Europe sought to reclaim moral high ground by returning to the value issues which from then on chiefly centered on Burma’s membership in Asian-European institutions. In a similar vein, EU-Mercosur relations strengthened when economic prospects of the Cono Sur countries were bright and when the European trading position had to be defended against American overtures to the Latin American countries to create a hemispheric free trade area. Opportunism, however, is a bad guide if it is Europe’s interest to build stronger international institutions. It revolts against predictability -- a key principle of institutionalism.

Moreover, the EU’s record to enhance the integrative effects of institution-building in its inter- and transregional relations with Asia is mixed at best. Certainly, it may be argued, that for the European Community (EC) the ASEAN-EC dialogue became an important plattform to rehearse the European Political Cooperation (EPC) – the forerunner of the Common Foreign and Security Policy (CFSP). It may also be argued that the Asian side, too,
through exposure to Europe’s superior intra-regional decision-making procedures has been forced to develop better mechanisms of policy coordination and thus gained in terms of cohesion. The appointment of coordinators for ASEM on the Asian side and the caucuses held prior to meetings with the Europeans are usually cited as evidence for this trend. At this point institution-building may have even produced spill overs to collective identity building which will be discussed in greater detail below.

Yet, despite occasional lip service paid to the democratization of the Asian-European dialogue relations, the EU has contented itself with the existing strongly pillarized structure of inter- and transregional dialogues. ASEM, in particular, is a three-pillared institution, consisting of a government dialogue, a business dialogue and an NGO cum civil society dialogue. ASEM – despite the existence of the Asia-Europe Foundation (ASEF) -- is still far behind the quasi-corporatist structure of major international regimes such as the climate change regime, where NGOs are not only observers of government negotiations but also have a chance to become directly involved in the meetings. Even, then, however, the legitimacy question still prevails. So far, international institutions with participatory mechanisms have failed to develop convincing criteria for NGO and civil society representation. By sideling parliamentarians and relegating civil society to a specific forum – ASEF -- ASEM is playing into the hands of the anti-globalization movement which views ASEM as another vehicle for pushing the neoliberal economic agenda. The parallel summits held by NGOs in the past are testimony to the lack of transparency and the democracy gap of global governance structures.

Greater institutional cohesion of Europe’s inter- and transregional dialogues with Asia is further hampered by structural impediments. The EU – despite the fact that its Common Foreign and Security Policy (CFSP) still follows an essentially intergovernmental logic – has developed considerably stronger actor qualities than its Asian counterparts. Actorness presupposes that an actor is identifiable and may thus be distinguished from others through presence, coherence and autonomy and that certain structural prerequisites such as the ability to define objectives and interests, to make decisions and to implement decisions are fulfilled.

Superior actorness is likely to give an organization an edge over less cohesive actors -- especially, if a relationship is based on „hard law“ and „deep institutionalization“. While the more cohesive actor may be in a position to execute binding agreements, a weakly institutionalized partner may not. Less cohesive regional organizations thus insist on „soft law“ and „soft institutionalization“ with their emphasis on consultation, information exchange and non-binding decision-making as the guiding principles of their cooperation with more cohesive partners. „Soft law“ and „soft institutionalization“ thus constitute the lowest common denominators in the interactions of unequal groupings, keeping in check the asymmetries of the relationship.

„Soft institutionalization“, „soft law“ and an unfavorable opportunity-governance costs ratio are also major reasons why the ASEAN-EU dialogue and ASEM have contributed little to crisis management during and after the Asian financial crisis. Although Europe has indeed kept its markets open to Asian exporters, helping them to export themselves out of the crisis, many observers criticized that ASEM did not go beyond declaratory politics and symbolic gestures. However, two major arguments militate against trans- and interregional organizations as crisis managers:

• Costly bail outs of debtor countries are bettershouldered globally than regionally and
• „Soft law“ and „soft institutionalization“ do not provide inter- and transregional fora with the teeth to enforce reforms. The International Monetary Fund (IMF) – an institution based on „hard law“ – has more clout to implement and monitor rescue operations and, if necessary, the power to sanction noncompliance with its conditionalities.

Expectations that transregional fora are able to contribute to crisis management must thus be scaled down. The role of crisis managers is reserved to hegemons, global fora and cohesive and wealthy regional organizations. Inter- and transregional fora are only able to play a complementary role -- they may support crisis managers through declaratory and symbolic politics. ASEM’s role at the London Summit pledging access to the European market and commitment to free trade is a point in case.

Rationalizing

Inter- and transregional cooperation may help to rationalize international relations. It enables the EU to conclude framework agreements with groups of countries where previously it had to negotiate on a bilateral basis, thus lowering the transaction costs of cooperation immensely. The ASEAN-EU cooperation agreement, signed in 1980, soon became a model for other interregional agreements. In the 1990s, however, Portugal vetoed the negotiations to a third generation cooperation agreement between the EU and ASEAN in protest over Indonesian occupation of East Timor.

Rationalizing also refers to the fact that global fora have to contend with an increasingly complex and technical nature of policy matters and a growing number of actors, often representing extremely diverse interests. Consequently, multilateral negotiations at the global level nowadays proceed with a snail’s pace. Trade liberalization provides a good example. While early GATT rounds wound up within less than a year, the Kennedy Round (1964-1967) lasted three years, the Tokyo Round (1973-1979) six years and the Uruguay Round (1986-1994) nearly eight years. Such agonizingly slow decision-making and the concomitant intransparent bazaar-style bargaining in „Green Rooms“ not only weaken the efficiency of global fora but, as a corollary, also their legitimacy. Viewed against this background, regional, inter- and transregional fora may divide negotiations on global issues into a staggered bottom-up process which may start at the regional level before being elevated to the inter- or transregional level and finally to the global level. On the aggregate such a step-by-step process may save time, as consensus-building in several numerically smaller fora is likely to be more efficient than in one unwieldy global body. Inter- and transregional dialogues thus streamline the overburdened agenda of global organizations, keep in check the ensuing bottlenecks at the top level of the international system and thus prevent a suffocation of global institutions.

While there is still a deplorable lack of empirical research as to what extent the ASEAN-EU dialogue and ASEM have been utilized to coordinate common positions at global fora, circumstantial evidence points to successful coordination of ASEAN’s and the EU’s Cambodia and Afghanistan policies in the 1980s and – to some extent – in solving the refugee problems caused by these wars. ASEM and the ASEAN-EU dialogue, however, were used more reluctantly in other areas such as finding common ground on UN reform and WTO ministerial rounds. An exception are the consultations preceding the Doha ministerial meeting of the WTO which took place on all three axes of the Triad, eventually paving the way for a new trade liberalization round.
Agenda setting and controlling

The EU has also used inter- and transregional fora for agenda-setting purposes. Examples are the multilateral investment code proposed by the OECD and linking trade with social and environmental issues. In both cases, however, the EU did not succeed to win support for these objectives which as a result were not submitted to the WTO for further negotiation. The political dialogue, on which Europeans place great emphasis and in which Asians engaged only reluctantly, has so far failed to go beyond noncommittal informational tours de horizon. Yet, on European insistence, ASEM 3 seemed to have made some progress as for ASEM 4 a more concrete political dialogue agenda is envisioned.

Collective identity-building

Finally, inter- and transregional cooperation may also be viewed from the cognitive perspective of constructivists. For constructivists cooperation is the result of previous experiences and interactions. The way other regional organizations cooperate may thus have repercussions on the own type of regionalism. Constructivists therefore argue that inter- and transregional dialogues are spurring collective identities. Especially in heterogeneous and newly formed regional groupings interregionalism may stimulate regional identity-building. It may sharpen differences between self and other and thus help galvanize regional solidarity on the basis of shared norms.

Fostering „regionalism through interregionalism“ may be intended or unintended. It is intentional, if one group offers material incentives to the other for strengthening regional cohesion. The EU is indeed acting as an „external federator“ and pursues such a strategy by providing development aid for regional projects or assistance devised to strengthen regional institutions. While championing its own model of regional cooperation, based on the so-called ASEAN Way, the Asian side has been less receptive to European advice in the area of regional institution-building, Mercosur and the Southern African Development Council (SADC) have been more accommodating to European institutional assistance.

However, in cases of asymmetrical relationships, inter- and transregionalism may also generate unintended collective identity-building effects. This may be the case, if the relationship is perceived by one side as a device in the hands of the other to establish or consolidate superiority. Such perceptions, which tend to denounce the behavior of the superior organization in terms of paternalism or even neocolonialism, inevitably produce backlashes by encouraging the weaker organization to develop its own set of collective symbols and mythology in explicit opposition to the other side. The drawback, however, is that the ensuing relationship may be characterized by intensifying conflict and therefore may – if not contained – minimize the gains of cooperation and in the end even jeopardize the entire relationship. The conditionalities introduced by the EU into its relations with ASEAN countries in the early 1990s precisely had that effect. It facilitated what has been called the „Asianization of Asia“ by developing an own set of cooperation principles based on Asian values known as the ASEAN Way.

Yet, pursuing a normative cooperation agenda may also help to strengthen the EU’s internal cohesion. Integration theorists have repeatedly highlighted the importance of a common set of values as a glue for regional integration schemes. Insistence on human rights and democracy on the part of the EU as the underlying values of cooperation
agreements with other regional organizations may have helped to shape the EU’s self-perceived role as an emerging „civilian power“. To what extent is methodologically difficult to establish.

The values championed by the EU may also diffuse into other regional organizations the more the EU is perceived as successful in achieving its policy objectives. Interestingly enough, self-perception and perceptions of the EU by others in this point clearly diverge. Assessment of the EU in Asia, North America and Australasia seems to be much more positive than in Europe itself. Inter- and transregional fora may facilitate this process. Such perceptions may even be exacerbated the more other models of regional cooperation fail. The Asian financial crisis, for instance, has cast doubts on the doctrine of noninterference into the affairs of member states which previously was held sacred by ASEAN. It has emboldened those in ASEAN who believe that there are lessons that can be learnt from European integration. Recent calls for an ASEAN parliament, though still rejected by most governments, may be cited as an example.

3. Conclusion

The lessons to be learnt from Europe’s inter- and transregional cooperation with Asia may thus be summarized as follows:

First, more than any other regional organization – perhaps with the exception of ASEAN – the EU has played an active role in establishing a novel level in international policy-making.

Second, more than anything else, the EU’s involvement in inter- and transregional fora is marked by balancing.

This had, third, repercussions on densifying international institutions. The dominance of balancing and an unfavorable opportunity-governance cost ratio explain why institutionalizing is based on „soft law“ and „soft institutions“; rationalizing, agenda-setting and crisis management performances are less than satisfactory.

Fourth and last, the shortcomings of inter- and transregional fora notwithstanding, it would be too pessimistic to conclude with Wolfgang Reinecke that „the current state of global governance resembles at best a loose set of cross-national policy patchworks, conspicuous for their missing links and unnecessary overlaps“. Inter- and transregional dialogues established by and with the EU definitely have the potential to become important intermediaries of a multilayered system of global governance with global institutions, regional organizations and the nation states as nodal points.