



Compass 2020

Germany in international relations
Aims, instruments, prospects



Southeast Asia The Future of German Foreign Relations

Sebastian Bersick & Paul Pasch

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The Compass 2020 project represents the Friedrich-Ebert-Stiftung's contribution to a debate on Germany's aims, role and strategies in international relations. Compass 2020 will organise events and issue publications in the course of 2007, the year in which German foreign policy will be very much in the limelight due to the country's presidency of the EU Council and the G 8. Some 30 articles written for this project will provide an overview of the topics and regions that are most important for German foreign relations. All the articles will be structured in the same way. Firstly, they will provide information about the most significant developments, the toughest challenges and the key players in the respective political fields and regions. The second section will analyse the role played hitherto by German / European foreign policy, the strategies it pursues and the way in which it is perceived. In the next section, plausible alternative scenarios will be mapped out illustrating the potential development of a political field or region over the next 15 years. The closing section will formulate possible points of departure for German and European policy.

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Southeast Asia

The Future of German Foreign Relations

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Abstract

In the capitals of Southeast Asia, one is aware of the intermediary role that the Federal Republic of Germany has played in the past in relations between Brussels and the member states of the Association of South East Asian Nations (ASEAN). It is important to continue this tradition because of changing regional as well as global economic and security conditions in which developing countries such as the People's Republic of China (PR China) and India are becoming powerful players. In particular, it is in the interest of the EU and the Federal Republic of Germany that resulting norms and rules for the conduct of Asian governments make cooperative action necessary – instead of the use of military force. This is because the EU has a major interest in peace and economic prosperity of the Asian region.

Against this background, ASEAN represents the most important partner for the EU and Germany in accompanying and supporting the cooperation and integration process in Southeast Asia. Through the EU's increased cooperation and close institutional relations with ASEAN, Europeans can continue to guarantee their influence in shaping the integration process in Southeast and East Asia and increase it in the future. ASEAN is becoming increasingly important in respect to the realignment of the regional architecture of Asia. However, the efficient cooperation of ASEAN states ultimately does not depend on declarations and documents by ASEAN, but rather on the actions and policies of the individual ASEAN member states. It is important to support these efforts. Therefore, German Southeast Asian policy should always be seen in connection with the role and the importance of ASEAN in shaping present and future cooperation and integration in East Asia.

If the ASEAN countries do not succeed in providing new impetus for their cooperation process as intended, the ASEAN-EU dialogue will also lose strategic importance for Europeans. The "strategic pivotal function," which the German EU Council Presidency in 2007 has attributed to ASEAN, ultimately results from the political weight attached to the approximately 560 million consumers comprising the market as well as to the political actor ASEAN – as a player and stakeholder in the evolving regional architecture in Asia and the Asia-Pacific. None of the ten ASEAN countries alone has the capacity to compete with the emerging countries China and India.

It is in the interest of the Federal Republic of Germany to have an influence on the continued development of Asian regionalism through a proactive ASEAN policy on a European level. The focus of this new "Ostpolitik" for the 21st Century should be on shaping influence through (1) the processes of regionalization in Southeast Asia and thereby also East Asia, and through (2) the institutional as well as normative construction of organizations which coordinate interaction between the Asian regional participants and Germany as well as the EU.

I. Southeast Asia at the Beginning of the 21 Century

As Southeast Asia slowly recovers from the shock of the Asian financial crisis of 1997/98, political changes as a result of September 11, 2001, repeated terrorists attacks in Indonesia, southern Thailand and the Philippines, and recent natural catastrophes, it becomes clear that most of these countries are marked by half-hearted structural reforms and unstable domestic conditions. In comparison, the PR China appears to be the home of growth and economic stability, and, therefore, attracts interest and investments. In particular, the 11 Southeast Asian countries of Burma/Myanmar, Brunei, Indonesia, Cambodia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam and Timor-Leste form an economic, political, and social region which is extremely heterogeneous.

I.1 Economy

Although the financial crisis of 1997/98 had a severe impact on Southeast Asia, the national economies of most of the ASEAN countries have recovered since the beginning of the decade. The economic "boom" in Asia which is led by the PR China and India is also indebted to the medium-sized and small economies of Southeast Asia (Vietnam 7.8 %, Laos 9.3 %, Cambodia 6.3 %, and Malaysia 6.5 %) for its improved economic growth in 2006.

Southeast Asia at a Glance

| | | |
|--|------------------------|-----------------------------|
| Population: 553.5 million | GDP: US-\$ 840 billion | GDP per capita: US-\$ 1,516 |
| Examples of per capita income in the individual countries: | | |
| Cambodia: US-\$ 260 | Malaysia: US-\$ 3,670 | Singapore: US-\$ 30,170 |
| Economic growth in ASEAN countries: | | |
| 2000: 5.9 % | 2002: 5.0 % | 2005: 5.9 % |
| Number of people below the (national) poverty level: 200 million | | |
| Percentage of ASEAN in world trade: 6.0 % | | |

Source: ASEAN Secretariat, World Development Report 2005, WTO International Trade Statistics 2006, German Office for Foreign Trade

There has been a differentiation in rapid economic growth since the financial crisis. In the calculations of globally operating companies, factors such as legal instability, corruption, and other forms of economic crime are taken into consideration in addition to the local advantages of low wages and high economic growth rates. In the process, Singapore shows the highest gross national product of all Southeast Asian countries. Despite an authoritarian form of government, Singapore is practicing a successful and extremely transparent market economy and is considered one of the most strictly regulated and privatized economies in the world. In contrast with the economy of Singapore, the wealth of the Islamic Sultanate of Brunei is based on lucrative crude oil reserves and enormous natural gas fields. Malaysia is also considered one of the rising emerging countries which intends to become an industrial nation by 2020. Thailand's economy is oriented towards liberal market economy and is distinguished by its powerful role in foreign trade. In the Philippines, the economic reform necessary to actively participate in globalization has not yet been initiated; however, low wage costs and a high level of education contribute to an advantageous location and attract foreign investments. With economic growth at 5.1%, Indonesia's economy is moving in the direction of a market economy. However, it is influenced by the government in many respects; many large companies are owned by the military or the state.

Strong economic growth in Vietnam is based primarily on the advantage of a low-wage location. However, existing legal and bureaucratic instability discourages potential direct investment, and reform of the legal and administrative systems appears to be inevitable. In contrast, Cambodia, Laos, Burma/Myanmar and Timor-Leste are considered the least-developed economies in Southeast Asia. After four decades of strife and civil war with approximately three million victims of the "Khmer Rouge" (1975-1979), Cambodia appears to discover the path to a market economy and democracy since 1997. While the Laotian government has been attempting to transform the former planned economy of the country into a market economy since 1986 as part of the *New Economic Mechanism* and has started with the reform of the legal and economic systems, the socialist potential for power continues to exist. In Cambodia, widespread corruption involving the political and military elite of the country as well as legal instability is preventing foreign companies from investing directly. The Burmese/Myanmarian military government in particular maintains economic relations with the neighboring countries of India and the PR China, which are this military junta's largest trading partners besides Thailand. The economy of the country, controlled by the military, is characterized by corruption, lack of planning, and an apparently functional underground economy. Since its independence from Indonesia in 2002, Timor-Leste has been unable to create a stable system of government. Germany participated in the UN peacekeeping unit INTERFRET with a medical contingent from the German Armed Forces following East Timor's separation from Indonesia in 1999.

In general, it can be said that there is increasing competition on the economic level between Southeast Asia and the PR China as locations for manufacturing, light industry, information technology, and low wages. Vietnam is also becoming increasingly important as a location for light industry. As a result, a migration of industry and jobs from previous manufacturing locations in Southeast Asia to the PR China and Vietnam can be observed. Furthermore, it is also apparent that economic growth in Southeast Asian countries (with the exception of Singapore) has resulted in only minimal social benefits for employees while economic development in Japan and South Korea has brought about considerable social benefits.

1.2 Society and Democracy

In this regard, economic development and political liberalization are both a challenge and a threat to most countries of Southeast Asia. According to the Freedom House democracy index from 2006, Indonesia is the only "free" country in Southeast Asia. While the Philippines, Singapore, Malaysia and Thailand have been classified as "partly free" countries, Cambodia, Laos, Vietnam, Brunei and Burma/Myanmar have been categorized as countries which are "not free". Poor governmental leadership and weak governmental institutions have created political instability and weigh heavily on the destabilization of the political systems. Democracy, rule of law, and guaranteed human rights in accordance with the relevant agreements by the United Nations are still in a developmental stage in most countries of Southeast Asia. In fact, practiced forms of patronage and nepotism have led to the development of smaller and wealthier, and larger and poorer segments of the population. The social divide in and among countries of Southeast Asia is respectively large. While Singapore achieved a per capita income of 30,170 US-\$ in 2006, Malaysians had to get by on 3,670 US-\$, and Cambodians on 260 US-\$ on average.

The population of Southeast Asia with more than 550 million people is marked by great ethnic and religious diversity. Influential ethnic and religious minorities live especially in Burma/Myanmar, Thailand, Malaysia, Singapore and the Philippines. In Burma/Myanmar, the ethnic-religious conflicts have been handed down since the British colonial period and are domestic in nature. The social exclusion of Chinese minorities in almost all countries of Southeast Asia, with the exception of the Philippines, seems to be based on prejudice

and envy of the financial success of the overseas Chinese.

Since the mid-1980s, Southeast Asia has undergone significant political and economic developments. Countries such as Singapore, Thailand, Malaysia, and Indonesia experienced high economic growth rates until the mid-1990s, which led to an improvement in the standard of living for their citizens. Vietnam, Laos, and Cambodia have overcome their isolation as a result of their position on the front lines in the conflict between East and West, have recruited foreign investors, and have participated in regional as well as other forums. Only Burma/Myanmar, which together with Laos joined the ASEAN Association in 1997, is still politically isolated. Burma/Myanmar has been internationally ostracized due to its slow process of democratization, its disregard for human rights, the ongoing house arrest of Aung San Su Kyi, forced labor, and the cultivation of drugs. Since 1996, the UN has repeatedly imposed sanctions against the military junta there.

Most countries of Southeast Asia appear to be relatively stable for the time being. Thailand enjoyed parliamentary democracy for 14 years until the bloodless military coup in September 2006. The Buddhist and traditionally monarchist country has strengthened its democratic and constitutional structures since 1992. One must wait and see how quickly the interim government will be willing or able to reestablish the democratic institutions of the country. In Singapore and Brunei, the authoritarian regimes are still unchallenged due to the relative prosperity of these countries. The Marcos dictatorship of the Philippines ended in 1986. Since then, the country has developed democratic structures. In May 1998, General Suharto of Indonesia was forced to resign after 32 years in power. Cambodia has been undergoing a difficult process of democratization and reconciliation since 1993. In Malaysia, the long-time ruler, Mahathir Mohammad, stepped down and aroused great hope of political and economic liberalization. In political and economic terms, Malaysia is considered one of the most stable countries in Southeast Asia. Laos and Vietnam have also initiated transformation processes. However, the domestic situation in Burma/Myanmar continues to be especially problematic, although the seven-step roadmap announced by the military government may be the only possible way out of the political deadlock at the moment.

I.3 Policy and Security

Although 250 million Muslims live in the region of Southeast Asia (95% in Indonesia, Malaysia and southern Thailand), Islam has only played a political role since the religiously-inspired insurrections in Indonesia and the Philippines in the 1970s. Traditionally, Islam has been moderate in Southeast Asia and is of various branches; however, due to the global renaissance of Islam as well as political and social oppression, fundamentalism has gained a following since the beginning of the 1990s. The most notorious outgrowth of this is the Indonesian-based Jemaah Islamiah which pursues the goal of a Southeast Asian caliphate through terrorist means. These developments are of national importance in terms of security policy and are of growing concern for the foreign and security policies of European countries. Concern has not been confirmed about widespread Islamic radicalism in Moslem countries in the region as a result of the terrorist attacks on September 11, 2001. On Mindanao, the conflict with Islamic extremists appears to be a problem of the Philippine central government with the neglected and impoverished outskirts. However, discovery of plans for attacks in Singapore, terrorist attacks on Bali, the continuing unrest in southern Thailand, and possible links among radical Islamic groups in Indonesia, Malaysia and southern Thailand highlight potential danger which should be taken seriously.

Political Islam's potential for conflict in Indonesia, Malaysia, southern Thailand, and on

Mindanao (the southernmost island group in the Philippines) has its roots in the Islamic revolution, the beginning of "re-Islamization" at the beginning of the 1980s, the wars in Iraq and Afghanistan, the terrorist attacks on September 11, 2001, as well as the poverty of excluded and neglected Islamic minorities. With over 225 million inhabitants, Indonesia is the largest Islamic country in the world. Officially, one quarter of the population lives below the poverty level. Due to the collapse of the Suharto regime, Indonesia is now experiencing a new democratic beginning and a phase of internal consolidation. Nevertheless, separatist tendencies, re-Islamization, as well as the burden of recurring natural catastrophes make the governmental system appear unstable. However, the Aceh Peace Agreement, implementation of which was successfully supported by the EU, has given rise to new hope. Besides southern Thailand, the Islamic southern region of the Philippines which tends towards separatism is still the point of departure of ethnic unrest and terror. Basically, it can be said that the lack of a strategy to fight poverty in vast parts of Southeast Asia has encouraged legal and illegal work migration, the drug trade, and prostitution. Extremist and/or terrorist movements recruit largely from socially disadvantaged segments of the population. Moreover, overpopulation in Southeast Asia remains a threat. This makes the fight against poverty more difficult, leads to a greater strain on natural resources, and increases the wave of refugees within the region. Furthermore, the need for energy increases astronomically in countries in which economic growth keeps pace with demographics. These are grave consequences for the global market, the environment, and especially for the climate. These developments are forcing more and more people to leave their homelands. The pressures to emigrate will become a global challenge which reaches as far as Europe and North America.

Additionally, the risk of violent national conflicts which could result from

- the discrimination of ethnic and religious minorities (Burma/Myanmar, Indonesia, Malaysia, the Philippines, Thailand),
- governmental collapse (Burma/Myanmar, Cambodia),
- the stagnating peace processes (Burma/Myanmar, Indonesia, the Philippines/Mindanao)
- as well as a rise in political Islam (Indonesia, Malaysia, southern Thailand) is relatively high.

1.4 The Significance of ASEAN for Regional Cooperation

With the establishment of the Association of South East Asian Nations (ASEAN) in 1967, the groundwork was laid for regional cooperation and integration in Southeast Asia. For 40 years now, ASEAN has been balancing an extremely successful cooperation process which, however, has been considerably less ambitious than its European counterpart. At the beginning of the 1990s, the countries associated with ASEAN first began to take active control of the integration process through the establishment of the *ASEAN Free Trade Area* (AFTA). At that time, all ASEAN member states followed a path which was oriented towards market economy and export. Additionally, the *ASEAN Regional Forum* (ARF) was established in 1994 as a discussion forum for security policy in the Asia-Pacific region, whereby the US was also included.

In general, ASEAN, which includes all Southeast Asian countries with the exception of Timor-Leste und Papua New Guinea, is considered the most successful regional alliance in the world after the EU. The plan is to establish a Southeast Asian Community by 2015 with an economic, security policy, and socio-cultural branch. An *ASEAN Charter* which is currently being prepared does not provide for supranational cooperation. However, it intends to formalize previously informal cooperation as part of the charter. Furthermore, modification of the principle of non-intervention in the domestic affairs of nations and the introduction of a majority vote in certain cases is planned.

In 1997, the ASEAN heads of state and government agreed on a common vision. They

announced that they would intensify security policy, economic, and socio-cultural cooperation by 2020. ASEAN members did not intend to transform their security community, which was yet to be established, into a kind of “defense alliance, military alliance or joint foreign policy”.¹ The “ASEAN Security Community Plan of Action” adopted in November 2004 mentions political and social stability, economic prosperity, a decline in the developmental gap, a decrease in poverty, and a reduction of social differences as necessary requirements for the envisioned ASEAN Security Community.

At the same time, mutual dependency is growing between the PR China and Southeast Asia, and between Japan, South Korea, India and Southeast Asia. The agreements and negotiations to establish free trade between the ASEAN states and an increasing number of their dialogue partners – among them also the EU – attest to this development. However, one must wait and see the extent to which this more and more complex network of trade agreements – which are increasingly bilateral and not multilateral – work against the process of community building. If one measures ASEAN’s cooperation in security policy by its prevention of military conflict, then it has been successful. No military conflicts have occurred between the founding nations of ASEAN.

The regional dynamics which can be observed in Asia are essentially fostered by the so-called rise of the PR China and India.² The role assigned to ASEAN by the regional state actors also indicates a transformation in the international system which no longer can be explained by the interests and actions of the triad of the United States, Western Europe, and Japan.³ On the contrary, regional organizations such as ASEAN or the *Shanghai Cooperation Organization* as well as interregional institutions such as the ASEM process or the ASEAN-EU dialogue can facilitate community-building processes. Interregional politics and the accompanying support of community-building processes within the region enable medium-sized and small countries not only to jointly preserve their independence in the region, but also to realize their future opportunities together. The growing need for institutions of *global and regional governance* is expressed in the course of advancing community-building processes. However, the concept of community-building is a novelty for such politically, economically and socio-culturally diverse countries as Indonesia, Japan, the PR China, Burma/Myanmar, Singapore and Brunei Darussalam. Looking back at the past decades, one can say that the Asian financial crisis of 1997/98 was the starting point of the perceived and institutional merging of two completely differently conceived processes, namely the rise of the PR China and the rise of (East) Asia. This fundamental development was made possible because Southeast Asian countries did not find the response of the United States, the EU, or the International Monetary Fund to the financial crisis in Asia adequate. When the PR China did not devalue the renminbi, Beijing proved to the governments of ASEAN its willingness to act responsibly towards the region and, thereby, added legitimacy to its role as a regional benign hegemon in East Asia. This development was a prerequisite for the formal institutionalized dialogue process to be implemented later between the ASEAN countries, the PR China, Japan and the Republic of Korea, namely the ASEAN+3 process. In doing so, ASEAN countries were assigned a key role. In their statements, the chairmen of the two East Asia summit meetings later also emphasized that ASEAN is the most important participant in the “East Asian cooperation system”.

At the same time, one can see the foresight with which the ASEAN states, and especially Singapore, acted when they proposed to the French, and then the German government, at the end of 1994 to hold a meeting between the EU and the ASEAN states on the level of heads of state and heads of government – including the PR China, Japan and South

1] ASEAN Security Community Plan of Action, <http://www.aseansec.org/16827.htm>. Accessed: 16/06/2006.

2] On India, see Wagner, Christian, “Energie, Sicherheit und Außenpolitik in Indien”, SWP-Studie, May 2007, <http://www.swp-berlin.org>.

3] Compare Thierse, Wolfgang (ed.), Grundwerte für eine gerechte Weltordnung. Eine Denkschrift der Grundwertekommission der SPD zur internationalen Politik, Frankfurt am Main 2003, p. 42.

Korea. The ASEM process, which was finally established in 1996 through the first summit meeting in Bangkok, enabled the ASEAN countries to extend their cooperation with the EU at a time when the ASEAN-EU dialogue had lost momentum because of the Asian financial crisis as well as for political reasons – a Portuguese veto on the East Timor question and the accession of Burma/Myanmar to ASEAN (1997) prevented a reevaluation of the ASEAN-EU cooperation agreement from 1980.

From the perspective of the Southeast Asian governments, European relations with the ASEAN states also illustrated the advantages which came from the institutionalization of cooperation within East Asia. During this, the willingness of the ASEAN states to regard the ASEAN+3 process as an institution to facilitate community-building in East Asia (which was originally not the intention of Singapore and the other ASEAN states) can only be seen as irony of historic proportions. This is because the ASEAN states also intended to break the “one voice” of the EU – the dreaded European front in questions of trade policy – through the ASEM process, whereby not the EU, but rather the member states of the EU, were supposed to take part in the ASEM process. Malaysian diplomats referred to the participation of the EU Commission and EU Council Presidency within the ASEM process as being “redundant”. The agreed-upon inclusion of the ASEAN Secretariat in the ASEM process during the last ASEM Summit Meeting in Helsinki in 2006 therefore shows the dynamics of the evolution of a regional architecture in East Asia and the fundamentally altered understanding of interregional politics by the ASEAN countries.

In this regard, European (and in particular German) Southeast Asian policy has also been an East Asian policy since the onset of the Asian financial crisis ten years ago. This insight into the newly-evolving regional architecture of East Asia has been embedded since 1996 in the foreign policy of the EU and its member states. By participating in the ASEM process, Europeans have contributed to the development of an East Asian regional architecture which allows for the engagement of the PR China (including the hedging against Chinese-Japanese rivalry for hegemony in East Asia) and facilitates cooperation with Europe. It has been the cooperation with the European side within the ASEM process which has first enabled countries of Southeast Asia and North East Asia to form an East Asian group.

The United States, on the other hand, takes part in Asian regionalization processes in the trans-Pacific context (via APEC) and attempts to prevent the development of an Asian-based regional mechanism for cooperation.⁴ Political analysis in Washington is based on the assumption that Asian-based regionalism will be dominated by the PR China. The US administration perceives this kind of development as a threat to its national security interests and favours instead a trans-Pacific-based regional architecture. The US and the EU therefore pursue different regionalization strategies vis-à-vis (Southeast) Asia. However, what both approaches have in common is that economic growth and stability as well as the democratization of all political systems are prerequisites for the successful implementation of regionalization strategies. European (and in particular German) interregional policy also shows a strong connection to social policy, since it is capable of incorporating networks of civil society such as non-governmental organizations and labor unions. An example of this is the establishment of a social dimension within the ASEM process. In the tenth year of ASEM's existence, the labor and employment ministers of the ASEM states met in Potsdam in September 2006 for the first time. The ministers' meeting would not have taken place without the support of the Friedrich-Ebert-Stiftung and governmental cooperation (in particular from Germany, the PR China, and Vietnam) as well as help from non-governmental organizations and labor unions which have accompanied the ASEM process with a critical eye since 1996 as part of the Asia-Europe Peoples' Forum (AEPF). The Indonesian government is organizing a follow-up meeting in 2008.

⁴ The USA and the EU, as ASEAN dialogue partners, participate in the *ASEAN Post Ministerial Conference Meetings (PCM)* and also in the ARF.

II. German Policy

Germany has been assigned a special role in the relationship between Southeast Asia and the EU.⁵ Especially during the tenure of Foreign Minister Hans-Dietrich Genscher, ASEAN found an intermediary in Germany which extensively supported cooperation between Europe and Southeast Asia. A German proposal – under the German EU Council Presidency – introduced the institutionalization of interregional dialogue between the EC and ASEAN on the ministerial level in 1978. It was also the German EU Council Presidency in 1994 which helped give new momentum to the dialogue. Against this background, German foreign policy saw itself as particularly challenged on the occasion of Germany's EU Council Presidency in the first half of 2007 to adjust its Southeast Asian policy to "the impact of a strong Asia on Germany and Europe".⁶

In 1993, the German government – as the first EU member state – presented a concept paper for Asia. It was directed entirely at economic cooperation and especially the German economy keeping pace with the "Asian-Pacific century" proclaimed at this time. It was imperative for Germany to hold its ground against the US and Japan in competition for the markets of the Asian tigers. The EU's first strategy for Asia followed a year later. Germany had proven its role as a pacesetter. However, as a result of the Asian financial crisis of 1997, European interest in economic cooperation with Asian countries, and especially those from the regions of Southeast Asian, had once again declined.

Against this background, German foreign policy interests consisted of various methods and political areas for a regional strategy in Southeast Asia. For the ASEAN states, the EU represents the second most important donor of development aid, the second most important export market, the third largest investor, and the third largest source of imports.⁷ German foreign policy emphasizes the importance of its tasks in the region especially in respect to the advancement of democracy, cooperation in security policy including steps for military training, as well as the promotion of German foreign economic interests. In development cooperation with the region of Southeast Asia, the goals of German policy involve a reduction of poverty (e.g. through the promotion of labor-intensive growth, rural development, food safety, health, family planning, the fight against HIV/AIDS, and education), the protection of resources and the environment, reusable energy sources, the democratization of countries and governments, as well as crisis prevention and peaceful conflict resolution.⁸ Although Germany does not have any direct security policy interests in Southeast Asia, the German federal government is pursuing the goal of communicating the necessity of regional confidence building and conflict prevention in Southeast Asia. The methods for promoting security cooperation in Southeast Asia include discussing European or German experience in achieving regional stability. This takes place in a military context (in Thailand and the Philippines there are training programs for the general staff) as well as in the form of civilian training programs, conferences on crisis prevention, and institutional counseling with civilian control of the armed forces. The German federal government's concept paper for Southeast Asia from 2002 states in summary that "as the economic weight and political cooperation of the ASEAN countries increase, they will also become ever more significant partners in shaping international public policy and in resolving urgent global issues [...]". The necessity "for reforms pertaining to the

5] For a general overview and analysis of the history and present situation of the relationship between the countries of Southeast Asia and Germany, see: Rüländ, Jürgen, "Südostasien", in: Schmidt, Sigmar/Hellmann, Gunther/Wolf, Reinhard (eds.), *Handbuch zur deutschen Außenpolitik*, Wiesbaden 2007.

6] Steinmeier, Frank-Walter, "Auswirkungen des erstarkenden Asien auf Deutschland und Europa". Speech by Federal Minister Steinmeier on the occasion of the 49th Annual Meeting of the Tönissteiner Group, 27/01/2007, <http://www.auswaertiges-amt.de/diplo/de/Infoservice/Presse/Reden/2007/070127-Asien.html>. Accessed: 14/01/2007.

7] Compare Hilpert, Hanns Günther/Will, Gerhard, "China und Südostasien. Auf dem Weg zur regionalen Partnerschaft". *Stiftung Wissenschaft und Politik*, August 2005, p. 13.

8] See Federal Ministry of Economic Cooperation and Development, *Concept for Asia*, September 2001, <http://www.bmz.de/de/laender/regionen/asien/index.html>. Accessed: 18/02/2007.

rule of law and a free market economy” on the one hand, and “the need to recreate or maintain stability, to resolve existing conflicts and to prevent new ones” on the other is hereby a major political challenge which necessitates the establishment of regional security structures.⁹

However, this did not succeed in deepening political dialogue. Neither the 13th EU-ASEAN Ministerial Meeting in Vientiane, nor the 14th Meeting in Brussels in 2003, nor the 15th Meeting in Jakarta in 2005, brought about a breakthrough in this regard. Additionally, EU foreign and security policy is of little importance to ASEAN states. The United Kingdom is in fact linked to the region militarily as part of the *Five Power Defense Arrangement* (together with Australia, New Zealand, Singapore and Malaysia). Beyond this, Europe does not have any direct security policy interests in Southeast Asia. However, the EU’s observation mission in Aceh from September 2005 until December 2006 is a specific example of the EU’s growing security policy interests in Asia and thereby EU involvement as part of the Common Foreign and Security Policy (CFSP) in Southeast Asia. The *Aceh Monitoring Mission* (AMM) represents the EU’s first mission in Asia as part of the European Security and Defense Policy (ESDP). The purpose of the AMM was to observe the implementation of the peace agreement between the Free Aceh Movement (GAM) and the Indonesian government.

Against this background, the German federal government intended to use its EU Council Presidency in 2007 “to substantially build and expand”¹⁰ its political and security policy ties with ASEAN. During the 16th EU-ASEAN Ministerial Meeting in Nuremberg, it was able to fulfill these demands. For example, in Nuremberg the conference participants agreed to work more actively together on climate policy, energy security, and the campaign against terrorism. An EU-ASEAN plan of action will be worked out later this year.

The fact that Europeans intend to join the *Treaty of Amity and Cooperation in Southeast Asia* (TAC), and that the EU is negotiating, or will negotiate, Partnership and Cooperation Agreements (with Thailand, Singapore and Indonesia) as well as a Free Trade Agreement (FTA) on a region-to-region basis with ASEAN countries, illustrates the growing importance which the EU assigns to Southeast Asia. Against this background, Foreign Minister Frank-Walter Steinmeier and his Cambodian counterpart declared, in their role as chairmen of the Ministerial Meeting, that cooperation between the EU and ASEAN represents “a fundamental cornerstone for the strategic partnership between Asia and Europe”.¹¹ For the first time, the relationship between the EU and Asia has been described in an official document in terms of a “strategic partnership”. Until now, the EU has cultivated the development and expansion of strategic partnerships, as described in the European Security Strategy from 2003, with individual countries such as the US, Russia, Japan, the PR China, Canada, India, and, beginning this year, Brazil and South Africa.

As early as 2005, the High Representative for the CFSP, Javier Solana, declared that the EU would like to cooperate “as closely as possible” with the ASEAN states since Europe has “significant strategic interests” in respect to East Asia, both political and economic.¹² The results of the 16th EU-ASEAN Ministerial Meeting are an expression of this new European strategic interest in Southeast Asia. The statement made by the German federal government that cooperation with the ASEAN states has a “pivotal function” since the ASEAN states represent an “important bridge” in the Asian-Pacific region should be evaluated in this context.

9] German Federal Foreign Office (ed.), *Tasks of German Foreign Policy. South-East Asia, Australia, New Zealand and the Pacific Islands*. Translation, Berlin, May 2002, p. 19. <http://www.auswaertiges-amt.de/diplo/en/Aussenpolitik/RegionaleSchwerpunkte/Asien/Downloads/Suedostasien2002.pdf>. Accessed: 15/02/2007.

10] Steinmeier, Frank-Walter, op. cit.

11] Gemeinsame Erklärung der beiden Vorsitzenden des 16. EU-ASEAN-Ministertreffens, Nuremberg, 15 March 2007, paragraph 1, www.eu2007.de/de/News/download_docs/Maerz/0314-RAA2/0315ASEAN_Cochair.pdf. Accessed: 15/03/07.

12] Solana, Javier, “The European Union and South East Asia”, *Asia-Europe Journal*, 4/2005, pp. 451-452.

Nevertheless, only a small elite group in Asia is aware of the importance of German foreign policy in Southeast Asia and the significance of the EU as an actor in the region. The first results of an ongoing study, commissioned by the *Asia-Europe Foundation* (ASEF) and examining the perception of the EU in the Asian media (in the PR China, Singapore, Thailand, Hong Kong and the Republic of Korea), show that the EU is only marginally reported on in the media, if at all.¹³ In two Southeast Asian countries, Singapore and Thailand, the EU is also perceived as irrelevant for national policy. However, the EU is also increasingly portrayed as an international political actor and therefore no longer simply as a strict economic power, but rather as an economic and political actor. The face of the EU in the Asian mass media is that of the High Representative for the CFSP, Javier Solana, followed by Peter Mandelsons, the EU Trade Commissioner. At the same time, there are reports in the media on the EU-3 (Germany, France and the United Kingdom) communicating EU-related information on television and in the newspaper. The study warns of the consequences of false perceptions in Asia, which could result from a lack of reporting on the EU and its growing economic, political and security policy role, especially for relations in the EU-ASEAN and ASEM context. Opportunities are not taken advantage of due to low expectations on the part of Asians because of a lack of reporting. Furthermore, inadequate knowledge of the EU can lead to improper political decisions.

13] Compare Holland, Martin, "The European Union through the Eyes of Asia: A Comparative Study of Media Perceptions". Paper presented at the ASEF Cultures & Civilisations Dialogue Programme Lecture Tour, 11-22 September 2006, www.asef.org. Also compare a study by the China Foreign Affairs University which examined the very limited knowledge of Chinese students in the area of Asian-European cooperation. See: Zhu Liqun, "The Perception of ASEM in China", in: Sebastian Bersick/Wim Stokhof/Paul van der Velde (eds.), *Multiregionalism and Multilateralism. Asian-European Relations in a Global Context*, Amsterdam 2006, pp. 157-173.

III. Scenarios – Perspectives for Regional Development

III.1 The Asian Community

In 2020, the ASEAN states will have succeeded in realizing their intended vision for Southeast Asia from 1997. The community-building of ASEAN undergoes a new qualitative change. As planned by the ASEAN Concord II in 2003, the establishment of the ASEAN Community is successful, consisting of a security, economic, and socio-cultural pillar. Successful integration within ASEAN brings about economic and legal harmony, which allows for gradual alignment of the different levels of development among the individual ASEAN states, to which Timor-Leste and Papua New Guinea also belong. The establishment of a social security system, the integration of gender mainstreaming, and the development of good governance structures stabilize and expand the locational advantages in the region along with improving educational standards.

The development of an ASEAN Community, which has been already successfully established by 2015, also has a catalyzing effect on the community-building processes in Southeast Asia. The ASEAN Community becomes the driving force of a formative Asian community.

EU and German foreign policies support this development as part of the ASEAN-EU dialogue through the establishment of a joint free trade area and based on existing instruments such as the *Trans-Regional EU-ASEAN Trade Initiative* (TREATI), the *Regional EU-ASEAN Dialogue Initiative* (READI), and the *ASEAN-EU Programme for Regional Integration Support* (APRIS). Within the ASEM process, Europeans support the involvement of ASEM through ASEM initiatives implemented by the European Commission and the responsible ASEAN Secretariat. In this way, both partners actively contribute to dismantling the institutional asymmetry between the two partner regions, Asia and Europe. As part of Asia's growing identity-building process, the continued integration of India also has an impact on the community-building processes in East Asia. The official admission of India to the ASEM process in 2008 also successfully contributed to this development. Based on growing cooperation within ASEAN+4, mutual dependency continues to grow in all areas of politics. In particular, participants in civil society make an effort not to limit the integration process to the economic sphere, but rather to extend it to social and security policy.

Throughout this process, the commitment of the leading regional powers of the PR China, India and Japan is developed through ties in the *East Asian Summit*. This was made possible after the ASEAN+3 process has been extended to include India in the ASEAN+4 process at the insistence of ASEAN. During this process, the initially strict distinction between cooperation in an exclusively East Asian framework (ASEAN+3) and cooperation in an Asian framework (*East Asia Summit*) is also regarded as no longer valid by the PR China. Beijing's interest in a peaceful regional environment in Asia, and Japan's interest in participating in the advantages of Chinese and Indian economic development, also fosters projects involving functional cooperation within the *East Asia Summit*. As intended by ASEAN ten years before the establishment of the *East Asia Summit* at the inauguration of the ASEM process, the rivalry between Japan and the PR China was limited through involvement in an East Asian cooperation process.

The establishment of an East Asian free trade area contributed to this development in addition to confidence-building cooperation in the *ASEAN Regional Forum* and the *High Council of the Treaty of Amity and Cooperation in Southeast Asia*, which was expanded to include all members of the *East Asia Summit* (states with observer status such as the US,

Russia, France, the United Kingdom and the EU are not represented in the *High Council*). This free trade area was supported most strongly by Japan. However, processes involving interregional cooperation stimulated by civil society in particular created an identity for the Asian community. This movement also resulted in a proposal of projects involving reconciliation with the past in East Asia, which is tabled by Indonesia and Timor-Leste during the 1st ASEAN-EU Summit Meeting (2012) as well as by Germany, Poland and Portugal, and led to the establishment of the *EU-ASEAN Reconciliation Project* (EARP). As early as 2014, the project has been adopted during the 11th ASEM Summit Meeting in the ASEM process. This first started the discussion of whether the EU-ASEAN dialogue should be incorporated into the ASEM process on a long-term basis.

Accelerated by expectations relating to economic, security and socio-cultural cooperation, the *Asia Vision Group* proposed in 2018 to work on renaming the *East Asia Summit* the *Asia Summit* in 2025 on the occasion of its 20th anniversary.

III.2 Asia of Various Regions

The hegemonic ambitions of governments (in particular the PR China, Japan and India) as well as bilateral governmental structures in the form of cooperation as part of the ASEAN+1 mechanisms (ASEAN+PR China, ASEAN+Japan, etc.) and in the form of bilateral free trade agreements, work against the community-building processes in East Asia. ASEAN states are indeed able to realize their vision of a community based on three pillars by 2020; however, in doing so, ASEAN doesn't develop role-model character for community-building processes which extend beyond Southeast Asia. On the contrary, differences in development and income continue to grow within ASEAN because of the increased economic integration between the ASEAN states and the PR China. While Singapore, Malaysia, Thailand and the Philippines profit from economic growth on the Chinese mainland and increase their share in world export, the industrial outlook for Indonesia, Burma/Myanmar, Cambodia, Laos and Vietnam is limited.

Although increasing economic interdependency is an essential determining factor for cooperation in East Asia, the group of ASEAN states isn't able to integrate the growing economic interdependence and competition in East Asia through institutional structures. In this respect, the European policy of normative-institutional influence on community-building processes in Asia through the ASEM process also fails, which in particular takes democracy and rule of law as prerequisites for confidence-building and conflict prevention in the region. An example of this is seen in the policy differences between Beijing and ASEAN towards Burma/Myanmar. The establishment of democratic structures based on the *ASEAN Charter* contradicts the principle of non-intervention in the internal politics of other states, such as the PR China pursues in its foreign policy based on the five principles of peaceful coexistence.¹⁴

The increasing cooperation between the regional powers of the PR China, Japan, and India as well as ASEAN leads to a differentiation among regional institutions in Asia, namely ASEAN+3, the *East Asia Summit*, as well as the *Asia-Pacific Economic Cooperation* (APEC) forum. These are divided into those which include the US, and those which exhibit a so-called exclusive "strictly Asian" participatory structure. Against this background, the increasing regional economic patterns of interdependency are trapped between balance of power calculations on the one hand, and the progressive institutionalization of cooperation in an Asian-Pacific context on the other hand. However, it's not possible for individual ASEAN states to transform the process of integration pursued on the regional

¹⁴ 1. Observing sovereignty and territorial integrity, 2. mutual non-aggression, 3. mutual non-intervention in domestic affairs, 4. equal rights and mutual use, and 5. peaceful coexistence despite different systems.

level into a stable balance of power by counterbalancing various regional powers against one another. As a result, it's just as difficult to deepen cooperation in the security field within the *ASEAN Regional Forum* (ARF).

Furthermore, the reorientation of US foreign policy towards Asia after the presidential elections in 2009 proved to be more effective than indigenous regional community-building processes practiced by ASEAN. The US approach is based on Washington's interest in preventing a dominant position of the PR China in an exclusively Asian, i.e. Asian-based, regionalism. An instrument of this policy is the APEC process. A multi-regional architecture which is shaped by the political rivalry between the PR China, Japan, India and ASEAN therefore exists in parallel with an APEC-wide FTA, initiated by the US. Despite the overall positive economic growth development within APEC (India will join APEC in 2010), the US-Chinese rivalry for a dominant position in the Asian-Pacific region continues to hinder the community-building processes between the ASEAN states, the PR China, India, and Japan in 2020.

IV. Options for Action

IV.1 Intensifying Interregional Policy

One goal of German policy towards Southeast Asia should be to support East Asia in its regional dynamics and to participate in the various forums and formats in which it is expressed. Against this strategic context it is necessary to develop options for action in German foreign policy towards Southeast Asia. These options range from action on the bilateral, regional, and interregional to the global level and in respective institutions.¹⁵ From the perspective of the German federal government, there is the task of having an influence on the domestic and regional developmental processes in Southeast Asia on both the bilateral and multilateral level. Political dialogue, development cooperation, and the work of German political foundations are available as instruments in the process. In particular, interregional instruments offer the possibility of responsible governmental action. The ASEAN Secretariat warns that the development divide of national economies represented in ASEAN jeopardizes the continued implementation of ASEAN's integrative goals. In light of this, the EU, which has supported the regional cooperation of ASEAN since 2000 with 80 million euros in technical support, should make the dismantling of the development divide among the ASEAN states the main focus of its development aid.

IV.2 ASEAN as Europe's Central Partner in Asia

Although the acknowledged goal of European foreign policy in Asia is to make the ASEAN-EU dialogue the driving force of the relationship between Asia and Europe or "the axis EU-ASEAN" the driving force of the ASEM process, ASEAN has not fulfilled this role until now. One must first wait and see the extent to which the participation of the ASEAN Secretariat in the ASEM process will influence the balance of power and community building in East Asia. In this respect, German policy for Southeast Asia should work towards an expansion of ASEAN-EU dialogue. Asian opinion leaders like the designated ASEAN Secretary General and former Foreign Minister of Thailand, Surin Pitsuwan, strongly emphasize the need for Tokyo and Beijing to "accommodate to each other" in order to be able to guarantee long-term security and stability in East Asia. According to Pitsuwan, the EU is exemplary in this respect as a model of cooperation and integration in East Asia.¹⁶ Against this background, Germany and the EU are best able to implement their interests in Southeast Asia as part of an interregional policy approach.

IV.3 A Public Diplomacy Strategy for Southeast Asia

It is imperative to utilize the *soft power* of the EU's exemplary nature. Ultimately, the Europeans have successfully created a security community through regional cooperation and integration which has made war among countries within the borders of the European Union inconceivable, and which has made the EU an important partner of ASEAN. The related dimension of regional governance adds to the dimension of interregional economic cooperation. Both dimensions are ultimately mutually dependent and illustrate the special relationship which connects the EU and ASEAN. In order to be able to exhaust the potential for related power, the EU and Germany should become more visible for the population of Southeast Asia. Europe needs a *public diplomacy* strategy for Southeast Asia.

IV.4 Upgrading ASEAN-EU Relations

¹⁵ See Bersick, Sebastian, *Auf dem Weg in eine neue Weltordnung? Zur Politik der interregionalen Beziehungen: Das Beispiel des ASEM-Prozesses*. Baden-Baden 2003. [Towards a New World Order? On the Politics of Interregional Relations: The Example of the ASEM process]

¹⁶ Pitsuwan, Surin, speech at the International Workshop on Global Governance, 24th January 2007, Shanghai, The Fifth Shanghai Workshop on Global Governance, "Current Situation and Future Prospects of Asia-Europe Security Cooperation", jointly organized by the Shanghai Institute for International Studies (SIIS) and the Friedrich-Ebert-Stiftung (FES), Shanghai. Observation by the author.

ASEAN-EU relations should be declared a strategic partnership and further developed. The reevaluation of relations expressed through intensified institutional cooperation reflects Asia's altered regional economic and security architecture. A China-ASEAN strategic partnership already exists. The EU should not stay behind these regional dynamics but build on its growing importance in the region. Moreover, the High Representative for the CFSP should regularly take part in the ASEAN-EU Ministers Meeting as well as the ASEM Foreign Ministers Meeting. At the suggestion of the German EU Council President, Javier Solana took part in the former for the first time in March 2007 and also participated in the ASEM Foreign Ministers Meeting in Hamburg in May 2007.

The ASEAN-EU meetings on the level of the foreign and economic ministers should be supplemented by meetings on the level of heads of government and state. In this respect, the ASEAN-EU dialogue can utilize the institutional infrastructure of the ASEM process and hold an ASEAN-EU summit meeting *back-to-back* with the ASEM summits. The first opportunity will arise in 2008 on the occasion of the 7th ASEM Summit Meeting in Beijing. This procedure can be extended to other policy areas. Since all the EU and ASEAN representatives are present at ASEM Ministers' Meetings (e.g. in the areas of Environment, Culture, as well as Labor and Social Affairs) the diversification and deepening of cooperation between the EU and ASEAN can be expanded considerably and new impetus can be provided. By upgrading ASEAN-EU relations institutionally the EU would also show an important sign of trust towards the ASEAN.

IV.5 Intensifying Political Cooperation

The EU's relations to Southeast Asia received important new support through the declaration drafted in Nuremberg under the German Council Presidency on intensifying cooperation and the declared intention to adopt an ASEAN-EU plan of action in 2007 to implement the new political goals. Building on the "push from Nuremberg," German foreign policy should continue to make an effort to intensify and expand the Europeanizing of political cooperation with Southeast Asia. The EU should purposefully use its role as ASEAN's dialogue partner, its participation in the *Post Ministerial Conference Meetings* (PCM) as well as in the *ASEAN Regional Forum* (ARF) in order to represent Europe's interests in (Southeast) Asia. With Sri Lanka's first-time participation in the ARF in July 2007, there are now 27 countries taking part in the multilateral security forum to which there is no alternative until now. The EU also plays an important role as ASEAN's senior dialogue partner. The resulting influence can also be used within the ASEM process, e.g. for the coordination and formulation of joint proposals in international bodies, especially on the topic of climate policy. Furthermore, coordination on the agenda of the General Assembly and the Human Rights Council of the United Nations is an area of cooperation, just as the joint development of sustainable models for the successful implementation of the AGENDA 21 in the areas of economic development, preserving the environment, developing reusable energy sources, responsible resource management, eliminating social inequality, and political participation. In this context, one must also mention support in implementing the Beijing process for achieving women's rights and the continued development of the media based on the *Bangkok Declaration* from 2003.¹⁷

Participation in the *East Asia Summit* represents a new development in European interests. A prerequisite for this is joining the *Treaty of Amity and Cooperation* (TAC), as numerous regional and extraregional participants have already done (the PR China and India in 2003, Japan and Pakistan as well as Russia and the Republic of Korea in 2004, Mongolia, New Zealand and Australia in 2005). However, the EU should join TAC as a

17] See First Conference of the Ministers on Information & Broadcasting in the Asia-Pacific Region: http://www.aibd.org.my/the_institute/profile/bangkok_declaration.html. Accessed: 17/03/2007.

unified participant. In this respect, Germany should make every effort that this does not result in the unrestricted participation of EU member states. France joined TAC in 2006, and the United Kingdom is now preparing its entry. Such a development can set in motion or encourage the re-nationalization of the EU's interregional Southeast Asian policy. Germany should not become part of this process, but rather should continue to push ahead and strengthen the Europeanizing of its Southeast Asian policy.

IV.6 Shaping the Economic Dimension of Globalization

In the area of economic cooperation, easing trade relations between the two regions should be a priority; the same holds true for increasing direct investments, the discussion of WTO questions and free trade agreements, as well as the continued optimal development of resources used in the *Asia-Europe Business Forum* (AEBF). In the process, German partners in civil society such as the *Asia House* in Essen, which is a member of the International Organizing Committee of the *Asia-Europe Peoples' Forum* (AEPF), as well as the *Asia-Pacific Committee of German Business* (APA) are available as important partners for the German government.

IV.7 Involving Civil Society

German and European Southeast Asian policy should increasingly make use of the political platform developed by civil societies in Europe and Asia. The criticism of the planned EU-ASEAN Free Trade Agreement and of free trade agreements by the EU with individual ASEAN member states, as formulated by Asian and European civil society actors, can feed into the political agenda setting and negotiation processes. Furthermore, a track two dialogue should be carried out on the concept of "alternative regionalism" as it is being developed by civil society actors in respect to ASEAN and, by the Asia-Europe People's Forum (AEPF), in respect to the ASEM process.

IV.8 Continuing the Dialogue of Religions and Cultures

In the area of cultural cooperation, the continued development of interregional exchange and mutual understanding by decision makers and opinion leaders should be a main political goal. Additionally, cultural exchange programs, youth and student exchange programs, as well as special programs for promoting tourism should play a major role. The EU and ASEAN should carry out the continued development of cultural dialogue based on the institutionalized *Inter-faith Dialogue* which is part of the ASEM process and its *Asia-Europe Foundation* (ASEF).

IV.9 Developing the Social Dimension of Globalization

German foreign policy should also use the ASEAN-EU dialogue to bring about the successful institutionalization of a social branch in the ASEM process. In this case, one should make use of participants from Asian civil society who are organized as part of the *ASEAN Civil Society Conference* (ACSC). The ASEM process should aim at utilizing the content of the – still not adopted – *ASEAN Social Charter*, like social security, human resource development, discrimination in employment and occupation, protection of migrant workers, the abolishment of child labor, dialogue between labor and management, and employment stability. In the course of this, the goal should be to develop and implement an *ASEM Social Charter*. Such a comprehensive continued development of the social dimension in the Asian-European dialogue should particularly have the goal of complying with the ILO conventions and norms for core working hours.

IV.10 Involving Parliaments

A joint parliamentary assembly similar to the EUROLAT (Euro-Latin American Parliamentary) Assembly should be established in order to strengthen interregional dialogue between the EU and Southeast Asia. This could help to make cooperation among governments more transparent and to facilitate parliamentary control. The EUROASEAN Assembly which is still to be established could form the basis of a future Asian-European parliamentary assembly (EUROASIA Assembly). Such a project could draw upon experience from the Asia-Europe Parliamentary Partnership Meeting (ASEP), which was held in 2006 for the fourth time as part of the ASEM process.

IV.11 Considering the Transatlantic Dimension

Since the EU and its member states support the evolution of an Asian-based model of cooperation as part of the ASEAN-EU dialogue and the ASEM process, the question of developing regionalization strategies and involving leading regional powers – especially the PR China – are of major strategic importance for the economic and security architecture of Asia in the 21st Century. In this respect, the policies of the EU and the US have followed different courses until now. As a responsible global actor, the German government should therefore make sure that European interests – as well as US interests – in Asia are also discussed as part of the transatlantic partnership and agreed upon if necessary. Such a dialogue process should not only be established on an official level, but also on a track two level in the transatlantic context.

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