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**REGIONAL INTEGRATION
WORLDWIDE & NEW GLOBAL
GOVERNANCE:
WHAT ROLE FOR THE EUROPEAN
UNION?**

Brussels | 12 November 2014

Joint Conference of the UEF and WFM-IGP

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TOWARDS AN ASEAN ECONOMIC COMMUNITY: *What lessons from the EU as a model of regional integration?*

Composition of the panel

Moderator

- **Ms. Mana Livardjani**, UEF Director

Speakers

- **Mr. Marc Tarabella**, MEP, Vice-Chair of ASEAN Delegation
- **Dr. Bruno Hellendorff**, Researcher at Group for Research and Information on Peace and Security (GRIP)
- **Dr. James Arputharaj Williams**, President of South Asian Federalists



Introduction:

The regional integration process of the Association of Southeast Asian Nations (ASEAN) is frequently compared to the successful model of the EU and their similarities are often highlighted. However, in the latest debates, ASEAN's integration process have shown serious weaknesses that threaten the realisation of the bloc's regional project, questioning the capacity of ASEAN to reach the Economic Community it had planned for 2015. How could the EU's experience be of help for the Southeast Asian countries in this process?

Presentation by Mr. Marc Tarabella

ASEAN, with a population of approximately 500 million people, is an interesting regional bloc for the EU to negotiate agreements and partnerships with. ASEAN countries are very similar to the EU member states where there are differences in terms of GDP, culture, power, language. Although ASEAN has always been looking closely at the European integration process, there is the need to give further explanation on why integration has deepened in the EU. After WWII, Europeans decided to pool resources marking the start of the European integration process and which was subsequently developed in different sectors through the spill-over effect.

Southeast Asian countries should understand that pooling competences means giving up a part of sovereignty. To increase integration in one sector, all governments must accept to follow the same model and to transfer some authority from the member states to the ASEAN Community. The evolution should also be characterised with more competences under co-decision. Although European integration is highly considered in Southeast Asia, governments are not prepared to give up sovereignty.

The summit to reach the ASEAN Economic Community will be next year in 2015. The success to push forward this evolution means reaching a common strategy in some aspects, for example food security. In this sector, some countries are self-sufficient while others are not, leading to the necessity of a common policy. The same goes for industrial and social integration where it would be interesting to have a similar policy with structural funds in Southeast Asia. This would represent a real progress that the EU wishes ASEAN to achieve.

Presentation by Dr. James Arputharaj Williams

The Asian continent is divided into several regions of which Southeast Asia is one of the biggest regions in the world. Although two thirds of the world's poor lives in this region, the collective GDP of the 10 ASEAN countries would make it the 7th world economy and its GDP growth rate would be the 3rd highest in the world. Furthermore, it would represent a stable economic bloc. The EU is currently a trading partner of most of the governments in that region, but the problem is that when human rights violations take place there, the EU does not question its relations with them.

Conflicts are still very frequent in Southeast Asia. Compared to the EU, there are so many differences among countries in terms of social and political stability that lead to doubts on whether regional integration is actually possible. At the same time, other regional blocs are facing the same difficulties. In South Asia for example, there is a very active proliferation of nuclear weapons Pakistan and India but nobody is reacting to this issue because of their relations to the EU and USA.

Although some ASEAN countries may be growing at the expense of others, the economic union is viable. However, economics is not the only thing to consider when referring to an integration process. In the case of the EU, one of the conditions for political unification in Europe was political similarities. The EU and the think tanks in the Southeast Asian region have a great role not only in terms of security but also strengthening democracy, justice and human rights.

Presentation by Dr. Bruno Hellendorff

ASEAN was established in 1967 in a context of particular violence. The 5 autocrats of the time negotiated a new organisation based on the ruins of previous attempts of regional integration. The reasoning behind of the different countries was particularly selfish; they had their own agenda and wanted to address the problem of communism by gathering together. The objective of ASEAN could be summarised as a way to enhance the sovereignty of its members and not to share it.

It would take the triple crisis (communism in Vietnam and Cambodia) to give ASEAN a real existence outside the summits when the secretariat was created. Subsequently, from the 1980s to the 1990s problems emerged, such as the invasion of Cambodia by Vietnam forces and human rights violations in Myanmar. The 'ASEAN way' of creating peace and confidence based on effective cooperation was deeply tested throughout this period. It would take the end of the Cold War to get through those crises

ASEAN started an enlargement process in the 1990s, reaching 10 members states. In 1997 and 1998, the Asian economic crises struck. Since the ASEAN way was seen as part of the problem, time had come to build up a community based on security, economy and cultural exchanges. ASEAN now exists as an independent institution with international identity. Today, ASEAN's main challenge is to implement its 2015 agenda by realising not only an economic community but also political-security and cultural community. However, the path is still long and different measures should be taken:

1. There is a need to divide the integration project in sectorial schemes (economic, cultural, etc.).
2. There is a necessity of reforms in terms of macroeconomic stability, financial and environmental.
3. There is a lack of capabilities. For example, human capabilities need reforms in education system while institutional capabilities need a domestic and foreign policy apparatus.
4. The ASEAN secretariat needs to develop its procedures and institutions.
5. There are international uncertainties in which ASEAN operates, for example in terms of competing territorial claims, borders, etc.
6. The challenge of participating in shaping global economy and global governance.

There could be further bounds between the EU and ASEAN through political dialogue, experience sharing, capability building, trade and investment, cultural exchanges and environmental protection. The EU's prime interest is to lead the internal process of integration. From that point of view, the EU has a lot to offer to ASEAN. However, the EU has as much to learn from ASEAN as they have to learn from the Europeans.



EU-MERCOSUR RELATIONS, CHALLENGES OF THE INTERREGIONAL APPROACH: *How can the EU support the development of Mercosur as a more economically and politically integrated regional bloc?*

Composition of the panel

Moderator

- **Mr. Joan Marc Simon**, Member of WFM-IGP Executive Committee

Speakers

- **Dr. Alfredo Valladao**, Professor at Paris School of International Affairs (PSIA) of Sciences Po, Paris
- **Ms. Eleonora Catella**, Advisor on Mercosur at BUSINESSEUROPE
- **Mr. Fernando Iglesias**, President of Democracia Global



Introduction

In 2000, EU-Mercosur relations were marked by the decision to start negotiations to reach an Association Agreement, focusing on political dialogue, cooperation and trade. After 15 years of suspended and resumed negotiations due to disagreements mainly on trade, both sides seem optimistic about finally reaching an EU-Mercosur Free Trade Agreement in the upcoming year. Nevertheless, exchanges of proposals have yet to face complications as many things have changed on the global level since 2000 and the EU has gone from 15 to 28 member states. What are the ambitions and challenges of the interregional dialogue between the EU and Mercosur?

Presentation by Dr. Alfredo Valladao

There have been very long negotiations between the EU and Mercosur. Mercosur can be considered a rhetorical integration, which is not very deep and the EU is not in the position to help with these matters. Many people in South America think that it is the deep European integration which is in the centre of the crisis and now the European model of integration is seen as an example that should not be followed.

Mercosur is based on an intergovernmental approach, with a political focus, mainly to consolidate peace. This is why the regional integration process started with a bilateral agreement between Argentina and Brazil about nuclear military power. Subsequently, the objective was to create an economic integration as a standing stone to negotiate the slow opening of protected economies and their integration in the global economy. This process was extremely successful in the 1990s due to the 'imperfect' customs union and the boom in trade between members. However, the market was too small for Brazil and for other countries so most of the bigger member states preferred trading outside the bloc rather than inside.

Mercosur differs from the EU mainly because of its asymmetries. Brazil represents 70% of the market and is too big to accept that the other members could have a say in the domestic decision-making process. The other countries are not at all comfortable with having Brazil looking into their own internal decision-making processes. For these reasons, exporting what is called the EU *modelito* is very difficult in the case of Mercosur.

The EU had two main reasons to start negotiations with Mercosur: first, to strengthen integration in order to have another regional bloc such as the EU in the global scene and second, it would have been a way to open protected markets for EU service and trade. However, for Mercosur the main goal was purely to have access to the biggest market in the world, especially after negative experiences from the past when the Common Agricultural Policy was created and South American agricultural markets deeply suffered from it.

There are a lot of common interests between the EU and Mercosur. Although both sides are responsible for blocking the negotiation process, the real block comes from some sectors. For example, Argentina is in a bad economic situation and its gains are based on exports of agricultural products and particularly meat. If the EU markets are closed to Argentinian meat, it will be difficult for the EU to convince the Argentinian industrial sector to open to EU competition. Furthermore, the entry of Venezuela in Mercosur made relations more complicated because Venezuela does not accept market economy and open trade. As long as the European authorities do not confront French and German agricultural lobbies, EU-Mercosur negotiations will remain at a standstill.

The real player for the EU today is Brazil. According to Brazil, Mercosur has become more of a way of managing its neighbourhood than an integration process in itself. Brazil is currently playing a soft power game where it does not want to be a leader in South America but to keep things in good shape. Brazil wants to become a global player by itself with no ties with Mercosur and the EU has the possibility to reach a concrete cooperation with it. For now, the EU has a strategic partnership with Brazil and a strategic dialogue but this method is not very efficient because the trade dimension makes it very difficult to go further.

Mercosur could be kept as an umbrella for negotiation but rather than classical FTAs, the focus should be on standards. The convergence of ICT represents a new way to produce things in the world. The economic processes are transforming and the trend is having global value networks connected to the Internet. This process can be considered as important as the industrial revolution in world history. However, in the current situation, national governments are losing their capacity to control economies and populations. Global trends are not favourable for regional integration. They are rendering regional blocs obsolete as they are too small to be globally considerable and too big to adapt rapidly enough to the new world.

Presentation by Ms. Eleonora Catella

The objective to negotiate a comprehensive agreement is not only focused on tariffs but should also take into account an ambitious approach to services, public procurement, intellectual property rights, competition rules and so on. Region-to-region approach is highly supported by the EU but for a very long time has been without success. The EU-Mercosur negotiations started and they stalled until they were relaunched in Madrid in 2010 and reached a stalling point once more. There have been no rounds, exchanges or offers from that moment. Although the EU has presented several offers, Mercosur has not given any answer, leading to the negotiation process to be completely blocked.

There are reasons why the region-to-region approach is not working with Mercosur. The homogeneity within a regional group is crucial and in the case of Mercosur there are too many disparities. The customs union cannot be called a customs union anymore in the moment that there are several trade interests and very different approaches to trade between the Latin American countries. The investment environment in Argentina, for example, is very complicated (expropriation without compensation) and Argentina has adopted protectionist measures. Brazil does the same when it considers to implement forced localisation, which is a new form of protectionism considering how trade is taking place.

When analysing the case of ASEAN, the EU attempted the region-to-region approach without much success mainly because of the disparities between the member states. However, the positive note on ASEAN is that once this difficulty was acknowledged, there was the start of bilateral negotiations between the EU and the ASEAN member states. The case of Mercosur is different because the Commission still only has the mandate to negotiate at the regional level. Unless the political leaders of Mercosur show the willingness to go on with negotiations and propose an offer to the EU, it is time to reflect on the merits of region-to-region approach and see whether negotiations should continue with a bilateral approach. Furthermore, there is the need to also assess whether a better context for European companies could be put in place.

Presentation by Mr. Fernando Iglesias

The EU is the only successful regional integration project. Europe realised it could not face global challenges alone (environmental, immigration, financial stability, etc.). However, these problems cannot be fixed only at the regional level. These are global matters that need global solutions. At the same time, it is difficult not to think of the EU as a progressive, democratic protector of human rights in the current context of instability.

The history of Europe is a history of internal success. However, it can be considered an external failure since the EU has been unable to promote regional integration in other continents and to promote its model of supranational integration to the global level. It was also unable to have a common foreign policy, while the EU absolutely needs a CFSP which includes the support of other regional integration processes worldwide.

Concerning Mercosur and the negotiations with the EU, it is not only about economy, it is mostly about politics and about certain problems with integration. In the case of Argentina, the problem is not about its meat export, it is about Argentina and its internal political problems. Both Argentina and Venezuela are pushing for an agreement with China or Russia because it is almost as if they consider the EU to belong to the imperialist past which they are trying to avoid.

Mercosur's integration process is having difficulties in reaching the European regional integration experience because of different reasons:

- Concerns about the level of integration (should Mexico be in or out?).

- There are too many subregional initiatives.
- Brazil's dream to become a global player (without Mercosur).

The federalists need to find new solutions to new problems. The European integration started as a solution to Europe's main problem: war. In other words, the European model was created to fix the key problem of the region. The main problem of Latin America can be identified in organised crime, a problem which is directly affecting everything and provoking social instability and insecurity in the region. It is both an economic problem (investment environment) and a political problem (corruption). A way to promote regional integration worldwide is to show that it is a process that can manage to fix the main problem of the region and that all the member states could benefit from advantages from its very first stage.



THE EVOLVING EU-US PARTNERSHIP AND ITS ROLE FOR A NEW GLOBAL GOVERNANCE

Composition of the panel

Moderator

- **Mr. Paolo Vacca**, UEF Secretary General

Speakers

- **Mr. Jo Leinen**, MEP, President of European Movement International (EMI)
 - **Mr. William Pace**, Executive Director of WFM-IGP
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Introduction

The relations between Europe and the United States are developing at a time when the global order is evolving. The current tensions with Russia challenge the US and NATO to remain the ultimate guarantor of European security and at the same time call for strengthened European security capabilities. A successful outcome of the Transatlantic Trade and Investment Partnership (TTIP), the EU-US trade agreement currently under negotiation, may reshape the transatlantic economic relationships and foster deeper transatlantic integration. How can the EU and the US use such renewed partnership at a time when the current global governance and institutions are challenged by the emergence of new powers and new regional and power blocs? What is the EU-US vision for the global order in the making?

Presentation by Mr. Jo Leinen

There is currently a dispute between the US and China for the Pacific free trade agreement. China is succeeding to implement processes where the US is excluded. Furthermore, there is an arrangement between the two of them for the climate negotiations. From these two features, it can be concluded that the world is moving from the Atlantic to the Pacific. However, the Atlantic is still the most intensive part of the world in terms of cooperation and the crisis belt around Europe makes NATO still something necessary in order to secure this part of the world.

Between the EU and the US the TTIP is a critical agreement regarding economic cooperation. Although the EU and the US are allies in the Atlantic, there are differences between their opinions in some areas. For example, contrarily to the Americans, the Europeans are sceptic about GMOs and have a large preference for diversity and social market economy. Despite our differences, Europe and the US need to get together in order to increase relevant actions both in international markets and in the reform of the international regime.

For example, there are thousands of questions to be addressed regarding the Internet's governance, data protection, sustainable development and global governance, including the reform of the UN. At the moment, both blocks are limited to working indirectly on these issues through related institutions (ICC, WB, IMF, FAO, etc.).

One of the lessons learned from the European integration that could be applied to the international level is that sometimes things change because of external challenges and not because of the internal political will. The institutions that came after the Second World War are not fair. Although the Western World has been reluctant to integrate the world's new powers into the Bretton Woods institutions, the emerging multipolar world requires power to be redistributed. Therefore, China is reacting to the current situation by demanding the creation of a BRICS bank and an Asian Development Bank. The Western reluctance should come to an end.

The US and the EU have nevertheless a common core of values, which included human rights and democracy. The US and the EU have a lot in common to fight for the rights and freedoms of individuals, and pooling sovereignty is the key to succeed in the integration between very big and very small countries (sharing power has a multiplying effect).

Regarding the content of the TTIP, the European Parliament will be the guardian of the European interest, since it will always ask for a sustainability clause, in environmental, standards and economic terms. The approach that is being adopted does not consist in creating common standards but in implementing mutual recognition in order to make different standards comparable.

Presentation by Mr. William Pace

The issue of US-EU relations is a fundamental one. Some may consider regional organisations as a thing of the past, mainly aimed at protecting sovereignty. On the contrary, regional integration reinforces democracy in integrated countries, particularly in Europe. However, the regional approach could lead to misunderstandings at the international level. For example, the ICC campaign was seen by African countries as a post-colonial initiative by Europe to re-colonialize the continent. Such controversies have raised concern about hegemony around the planet making the decisions.

Currently, the West must address new challenges (ISIS, MDW, wars in the Middle East, etc.). Although the US and the EU do not agree on a number of issues (data protection, GMOs, regulation of international finances, trade, etc.), this must not constitute a smoke screen preventing them from seeing the essential. Fundamental challenges must be addressed and there is a lot at stake in the negotiations between the two blocks. Indeed, the US does not accept a mandatory international law. This has repercussions regarding peace and security.

Some say that this should be addressed through a reinforced transatlantic cooperation in security issues. This would allow the Security Council to maintain the existing “Concert” between big powers, thus perpetuating the current system. However, this position does not take into account the history of the last 200 years. All leaders recognise that we need constitutional federative democratic structures at all levels of society. In spite of all the criticism that can be made to the democratic model, other models have been proven to be dangerous throughout history.

Regarding the ICC, the Rome Statute was achieved through a coalition composed of a huge variety of organisations coming from very different countries and sectors. It was this combination of civil society and governmental power which was able to get the initiative through against the countries which opposed the International Court. Therefore, the federalists should encourage small and medium size democracies to get together in order to push for the reform of the Security Council. The way the US is controlling the Security Council is becoming intolerable and only cross-regional and cross-group coalitions could achieve this reform.



FOR MORE INFORMATION

**For further information on this event,
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