“East Asian Integration as seen from the European Point of View”

by

H.E. Bernhard Zepter
Ambassador and Head of Delegation of the European Commission to Japan

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Chairman Akiyama, Chairman of International Committee Matsushita, and distinguished guests.

I am honoured to have this opportunity today to talk to you on the “East Asian integration as seen from the European point of view.” I am also pleased to be back in Kansai. I say this not only because I am a fan of the Hanshin Tigers but also because the EU has a new link with Kansai; namely the establishment of an EU Institute as a centre of excellence on European matters through a university consortium of Kobe University, Kwansei-Gakuin University and Osaka University. After a 6-month preparatory period, the Institute began full-scale operations in October last year. The European Commission believes that its activities are expected to have a far-reaching impact on the general knowledge of the EU in Japan, particularly in Kansai. We are hoping that Kansai will become one of the most important centres of information on the EU in Japan.

Let me also congratulate you on the opening of a third airport in the Kansai region. The new airport in Kobe should contribute to the further development of Kansai as a commercial centre.
European Union

Let me start my speech on the East Asian Community by outlining what the European Union is: The EU is a union of 25 states with over 450 million people producing a quarter of the world's Gross National Product (GNP). The construction of the European Union is unique in its nature, not a copy of a nation state in the traditional sense, but much more than an international organisation which merely sets the framework for intergovernmental cooperation. The EU is a hybrid between a nation state and such an organisation, pooling parts of national sovereignty in some fields while simply cooperating in others.

"Never war between us". This was the key lesson we, the Europeans, learned from the two world wars in the last century. It also guided the Founding Fathers of the European unification project when they developed their bold proposals. We should note that European integration started with a plan to control the basic resources and strategically important production, which would be needed for any possible aggression. The significance in legal and in legal and institutional terms was the readiness of
six European nations to transfer part of their national sovereignty to a supra-national authority entitled to act on their behalf.

Encouraged by the success of the ECSC, and taking into account the failure to agree on a political union between them, the six Member States created the European Economic Community and the European Atomic Energy Community which became operational in 1958.

There is no pre-ordained blueprint for the architecture of Europe. As Robert Schuman put it in his declaration of 1950, the development of the EU is a process, built on common interest in certain policy areas. It is a “bottom up” not a “top down” process: Member States identify specific problems such as national security,
market economy or the protection of the environment, and agree on a structure to deal with these policies in common.

The institutional setting of the EU is therefore a result of an agreement which strikes a balance between, on the one hand, the interest in dealing with an issue as a sovereign nation state, and the need for efficiency and productive internal negotiations on the other. The structure of the EU is the result of this approach of fitting the institutional structure to the practical and political needs in hand. Presently the EU is basically built on three pillars:

- integrated policies (we call them Community policies). These represent areas where national sovereignty has been shifted towards common EU institutions (first pillar);

- the common foreign and security policy. This is intergovernmental, but with highly elaborate rules aimed at establishing common ground through close cooperation (second pillar);

- police and judicial cooperation. This is partly integrated, (wherever the functioning of the internal market is concerned) and partly intergovernmental in nature (third pillar).
Integration vs. Cooperation

The success of this European project was spectacular. It created in the centre of Europe an area of peace and political stability, but also promoted economic prosperity. The EC offered a more efficient alternative to those European States which operated a more traditional form of government-to-government cooperation. In 1973, three EFTA members - the UK, Ireland and Denmark – therefore decided to join the EC. This was followed by the accession of Greece in 1981, Spain and Portugal in 1986, and Austria, Finland and Sweden in 1995. The so-called “community approach” demonstrated its strengths and attractiveness over the inter-governmental cooperation approach which does not involve the transfer of national sovereignty from the contracting parties.

Citizens in Europe wanted political stability, and they saw the emergence of a European Union as the best way to more effectively defend their interests, while at the same time preserving their national specificities. This explains why, after the fall of the Berlin Wall and the disintegration of the Soviet Bloc, EU enlargement became the key feature of stability on the European
continent. In May 2004, ten new candidates joined the EU. Two more, Bulgaria, Romania, are set to join the EU in January 2007.

The 50-years of deepening and widening of the European integration process led Europe to sign the European Constitution in October 2004. The evolution of the EU is a genuine and important development in terms of international law: it is a new model of statehood, a response to a growingly interdependent world; the European answer to the process of globalization. But the main purpose of the European Constitution, however, is of a political nature:

- To better associate European citizens with the process of European integration;
- To promote a European identity;
- To assure that on the international level, European interests are better taken care of;
- To simplify the European legal framework and make it more focused not only on the obligations through international
engagements, but also on the basic rights of the citizens within this legal framework;

- To clarify some of the basic principles of the European architecture, in particular to give a clear answer to "who is doing what, for what purpose and on which level".

As you know, the process of ratification of the Constitution for Europe has been on hold since June last year due to its rejection in national referenda in France and the Netherlands.

**An East Asian Community**

The EU establishes diplomatic relations with almost all countries of the world including Japan and shares in the responsibility for global prosperity and in building a better world as a global partner. It is true that the EU is sometimes suggested as a model for an East Asian Community. Representing such a unique world player in Japan, let me talk about East Asian integration as seen from a European point of view.
East Asia is a complex group of economies and regimes, without the common legal systems and standards. But the challenges East Asia faces are not much different from challenges Europe has faced in the process of integration. These are:

- Securing of stability and prosperity in the region. I mean stability in broad terms. Political and economic stability, yes, but also stability against terrorism and international crime. Prosperity should focus on removing the big disparities in the region and promote economic development;

- There remains – particularly in relation to Japan – the question of legacy of the past. This is intrinsically linked to the issue of stability;

- Environmental protection and the peaceful use – as well as distribution – of natural resources;

- Preservation of the region’s cultural identity.

Does this mean that the EU can be a model of the regional integration for Asia to tackle these tough issues?

I think that it is simply not possible nor is it advisable to translate the European model directly into a model for other parts of the world. The European unification process is closely linked to the
history, the geography and the cultural foundation of the European continent.

But there are certainly lessons to learn: particularly as far as the method, evolution and procedures of integration or trans-border cooperation are concerned. The method in the EU’s case indeed consists of identifying specific problems and challenges which a nation state cannot efficiently cope with alone: namely to create political stability in a region and secure peace; to cooperate with neighbours to broaden the economic base and enhance competitiveness. This co-operation has developed to encompass creating large networks in infrastructure and communication; coping with the problem of the destruction of the natural environment; preserving maritime resources; fighting terrorism and international crime; developing common strategies towards development, healthcare, food security, the aging of society and many more issues.

I understand that the Asian Financial Crisis in 1997/98 was a turning point for Asian thinking on regional cooperation – the Asian informal method of "open regionalism" showed its limits. Therefore Asian politicians moved to increase cooperation in the
ASEAN Plus Three format, making the meetings more structured and starting to discuss whether this process could lead to an (East) Asian Community. As long as ASEAN Plus Three is the format, ASEAN members can claim to be in the driving seat. In an East Asian Community, the "Plus Three" countries would become more dominant.

The United States has APEC as an economic framework with East Asia, the EU has ASEM. Security issues are taken up together by all players in East Asia in the context of the ARF. In this way, both the EU and the United States are involved in the process of regional cooperation in East Asia. The EU can and should act as a counterbalance to the US in the economic and financial fields. But at the same time, it can not and will not challenge US military engagement in the region.

As far as East Asia is concerned, the exploitation and preservation of natural resources (e.g. gas, oil and fish stocks) in disputed areas might be considered as potential elements towards regional cooperation or integration. It is also worth considering forming alliances among like-minded neighbours to strengthen negotiating positions as well as strengthening competitiveness through economic reforms. The EU’s Lisbon Strategy, a ten-year strategy
of reform for Europe's labour, capital and product markets, could be useful reference in this context.

In a constantly globalising world, new and bold strategies are needed if a country wants to maintain freedom of action and the rule of law as well as to remain an actor instead of simply being passively transformed by the outside world. This, at least, is in our - the European - view, the only way to create unity and by the same token to preserve the essential pattern of our specificity and our culture. It is in this sense that we can indeed learn from each other. Japan is a highly developed economy which works on the basic values such as democracy, the rule of law, and the respect of fundamental rights. Japan is an important ODA donor country and plays a significant role in the UN. From the point of view of the EU, Japan is qualified to be among the leading players in the upcoming process of regional cooperation and integration in East Asia.

As Japan's regional cooperation in the context of the East Asia Community advances, roles to be played by the Kansai region can be important because of its economic weight as well as its geographical proximity to the rest of East Asia. Kansai, with its strong cultural heritage as well as its tradition of trade and
commerce, is well placed to meet these new challenges. European experience tells us that the spirit and ability of “working together” are indispensable for what we in Europe refer to as “unity in diversity”.

Thank you.