

Impact of Covid-19 on ASEM's Connectivity agenda

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The content of this report does not necessarily reflect the official opinion of the European Union. Responsibility for the information and views expressed in the report lies entirely with the authors.



This study is funded
by the European Union's
Partnership Instrument

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EXECUTIVE SUMMARY

The Asia-Europe Meeting (ASEM) launched in 1996 has since enlarged to become a forum of 53 members, comprising 51 countries from Asia and Europe and two regional organisations, the European Union (EU) and the Association of Southeast Asian Nations (ASEAN). Together, ASEM countries represent around 55 percent of global trade, 60 percent of the global population, 65 percent of the global economy and 75 percent of global tourism.

Since its inaugural summit in 1996, ASEM has also developed to encompass multilevel and multi-sectoral meetings. Its agenda has widened to include dialogue from political developments, security concerns to economic engagement and socio-cultural matters. Since 2014, ASEM has also taken on the important topic of connectivity between Asia and Europe.

During the 11th ASEM Summit in Ulan Bator in 2016, the leaders agreed to the establishment of an ASEM Pathfinder Group on Connectivity (APGC) to provide a platform for coordinating engagement and activities on connectivity, and to explore ASEM's added-value in this area. In 2017, at the Foreign Ministers meeting, ASEM agreed on the formal definition of connectivity proposed by the APGC as follows:

“Within ASEM, connectivity is defined as any activities or initiatives aimed at “bringing countries, people and societies closer together. It facilitates access and is a means to foster deeper economic and people-to-people ties. It encompasses the hard and soft aspects, including the physical and institutional social-cultural linkages that are the fundamental supportive means to enhance the economic, political-security, and sociocultural ties between Asia and Europe, which also contribute to the narrowing of the varying levels of development and capacities.”

Even before this definition was adopted, several ASEM members have taken on the connectivity agenda and proposed various activities and meetings to further explore how connectivity can be enhanced between Asia and Europe – in transport, trade and tourism. People-to-people connectivity through education and scientific collaboration has also attracted great interest.

To advance the agenda and policies on connectivity between Asia and Europe, several documents and reports on Asia-Europe connectivity have been commissioned to provide an overview of the inter-connectedness between Asia and Europe and identify any gaps that should be prioritised. The most comprehensive work has been done by the EU's Joint Research Centre (JRC) in setting up the **ASEM Sustainable Connectivity Portal**, which provides rigorous data on physical, political, economic, people-to-people and institutional connectivity of all the ASEM countries.

The COVID-19 pandemic has upended lives and livelihood around the world, and would likely have a significant impact on connectivity between Asia and Europe. The most obvious casualties are in trade, transport and tourism. The pandemic has led to calls for reshoring of manufacturing, shorter value chains and will likely see globalisation taking a further seat back in favour of regionalisation and economic nationalism. Much more concerning is some of the diplomatic fall-out from the pandemic that might impact the overall relations between ASEM partners.

No doubt, the COVID-19 pandemic has dealt a shock to the world. It is a game changer and is transforming the world, as we know it. Yet, not all the consequences are necessarily bad news. There may be some opportunities hidden in the conspicuous challenges and they should not be missed. One possible bright spot is in digital connectivity. As COVID-19 hastens the transformation of industries with data analytics and AI, and also shifts business models to a higher degree of reliance on digitalisation, setting up regulatory standards and norms for safe and fast digital connectivity and e-commerce should be one of the priorities on ASEM's agenda.

Keeping an eye on the post-pandemic future, Asia and Europe should start rethinking their connectivity agenda and priorities, and address the following issues:

- Streamlining/reconciling diverging - and at times conflicting - connectivity strategies devised by various ASEM actors. By taking a more scientific and evidence-based approach guided by the rich data in the [ASEM Sustainable Connectivity Portal](#), we could try to depoliticise connectivity as much as possible.
- We could add to the ASEM Sustainable Connectivity Portal much more data analytics and qualitative analysis on the different connectivity strategies, and consider an update of the Tangible Areas of Cooperation in the field of Connectivity (TACC). Efforts can be made to map out the different connectivity projects being conceived, planned and implemented within the ASEM landscape. Indicators and scorecards can then be developed to rate the sustainability of the different connectivity projects, which could then serve as a foundation for an ASEM Connectivity Masterplan.
- Prioritisation of common ASEM standards for sustainable connectivity, as set out in the EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure. In addition, sustainable connectivity should make the most of the “greening and cleaning” of China's BRI announced by president Xi in April 2019 at the second Belt and Road Forum.¹ The goal of this – no doubt difficult – exercise can only be the adoption of a rules-based multilateral framework for sustainable ASEM connectivity.²
- Climate change should not be overshadowed by the current economic woes – it is out there and is speeding up. Therefore, a beneficial mix of green policies, sustainable economic development and the climate agenda³ should be on the table at all times.
- As for sources of finance, multilateral banks will certainly have a role to play. Many EU countries are represented in AIIB and ADB, and China is a member of EBRD. Above all, ASEM could consider imaginative solutions, like the one found by the EU on its Recovery and Resilience Fund, in what has admittedly been a strenuous exercise. Big economies, like the EU, China and Japan, among others, will be called upon to live up to the challenges of a post-pandemic ASEM. Others, will be called upon to live up to the challenges of a post-pandemic ASEM.

1 Deutsche Welle, “China's Belt and Road is ‘green and clean,’ says Xi”, April 20w9, www.dw.com/en/chinas-belt-and-road-is-green-and-clean-says-xi/a-48495226.

2 Shada Islam, “Connectivity needs a strong rules-based multilateral framework – for everyone's sake”, Friends of Europe, 24 September 2019, www.friendsofeurope.org/insights/connectivity-needs-a-strong-rules-based-multilateral-framework-for-everyones-sake/.

3 National University of Singapore, “COVID-19: Lessons, Consequences on Global Climate, Biodiversity Crises and Health”, 19 May 2020, https://lkyspp.nus.edu.sg/gia/article/covid-19-lessons-consequences-on-global-climate-biodiversity-crises-and-health?utm_source=Global-is-Asian

INTRODUCTION

The Asia–Europe Meeting (ASEM) was launched in 1996 in an era of hope and optimism that held that dialogue and cooperation was the sensible and rational way forward for countries wishing to pursue their national interests in the international arena. It was also an era that saw the proliferation of regional institutions and interregional fora, and the belief that multilevel global governance could be practiced within a dense network of institutions.

Twenty-four years on, in 2020, the world could not have been more different than the immediate post-Cold war era, when optimism towards multilateral frameworks and international cooperation were at its height. Intense globalisation and liberalisation, based on the so-called Washington consensus, has led to a certain dynamism in the global economy, but has also contributed to **increasing inequality, climate emergencies and a series of financial crises**. The rise of China and other nations, resulting in increasing diffusion of power from the West (comprising many developed economies in Europe and North America) to Asia has inevitably fuelled the narrative of the relative decline of the West, and brought about more contestation in the international arena. The post-Cold War western liberal order fashioned and dominated by the US has begun to erode as the world becomes more complex and diverse with the proliferation of state and non-state actors. Arguably, no one has done more to undermine this western liberal order than the US president Donald Trump since his election in 2016. In view of the challenge of a rising China, the confrontational response of the Trump administration has led to rising geopolitical tensions that reverberate around the world.

All these **existing trends and tensions in the last few years have been further exacerbated by the global pandemic** resulting from the coronavirus which was first discovered in Wuhan, China. The COVID-19 pandemic has upended lives and livelihood, and its global impact is still unfolding. Its consequences for health, not only of individuals, but also that of societies, as well as for the nature of interaction and cooperation between regions, are likely to be far-reaching and profound.

ASEM which has grown to become a forum bringing together 53 partners from Asia and Europe has since 2014 committed to an agenda of greater connectivity across the Eurasian continent. How this connectivity agenda develops is in itself an interesting reflection of the shifting global order and politics that will inevitably also be impacted by the COVID-19 pandemic.

This scoping paper will first provide an overview of the ASEM Connectivity agenda and the activities and meetings that have been initiated under this agenda, before reviewing how COVID-19 may impact ASEM and its connectivity agenda and priorities.

ASEM CONNECTIVITY AGENDA - ACTIVITIES AND INITIATIVES

ASEM leaders agreed during the 11th ASEM summit in Ulan Bator (2016) that the focus on activities contributing to connectivity will increase the relevance of ASEM. They also agreed on the establishment of an ASEM Pathfinder Group on Connectivity (APGC) to provide a platform for coordinating engagement and activities on connectivity and to further explore ASEM's added value in this area.

The first meeting of the APGC took place in Brussels in July 2017 and came up with the formal definition of connectivity that was adopted by the ASEM foreign ministers in November 2017:

“Within ASEM, connectivity is defined as any activities or initiatives aimed at bringing countries, people and societies closer together. It facilitates access and is a means to foster deeper economic and people-to-people ties. It encompasses the hard and soft aspects, including the physical and institutional social-cultural linkages that are the fundamental supportive means to enhance the economic, political-security, and sociocultural ties between Asia and Europe, which also contribute to the narrowing of the varying levels of development and capacities.”

Within this definition, ASEM connectivity covers all three pillars of ASEM – economic, political and sociocultural and hence includes not only all modes of physical transport networks, but also among others, “institutions, infrastructure, financial cooperation, IT, digital links, energy, education and research, human resources development, tourism, cultural exchanges as well as customs, trade and investment facilities”. ASEM connectivity initiatives and activities should be carried out based on the **market principles of free and open trade, cost efficiency and financial viability**. They should be multi-dimensional, inclusive, and transparent and contribute to the materialisation of the goals and targets of the 2030 Agenda for Sustainable development.

The APGC met six times over two years. At the end of its mandate, the APGC presented its Plan for Areas of Focus and Related Actions on Connectivity, which was adopted at the 12th ASEM Summit held in Brussels on 18-19 October 2018.

While the formal definition of ASEM connectivity was only endorsed in 2017, the truth of the matter is that since the 2014 Milan Summit leaders were already committed to promoting financial and economic cooperation through enhanced Europe-Asia connectivity. Various activities related to connectivity have thus been carried out since the Milan Summit. (See Annex A for the list of connectivity activities that fall within the agreed ASEM definition of connectivity).

Besides the above meetings, one should note that gatherings of ASEM Transport Ministers, which had entered into a hiatus, sprang back to life because of the connectivity agenda. The first ASEM Transport Ministers Meeting was held in 2009 and the second one in 2011. The 3rd ASEM Transport Ministers Meeting in Latvia in 2015 specifically referred to the connectivity agenda that was mentioned at the 10th ASEM Summit in Milan in 2014. Subsequent Transport Ministers meetings continued to focus on sustainable connectivity – emphasising the importance of transport connectivity for economic development and looking at decarbonisation of transport systems.

CONNECTIVITY DOCUMENTS AND THE ASEM SUSTAINABLE CONNECTIVITY PORTAL

Since the Connectivity Agenda was first flagged at the Milan Summit, a number of documents and tools focusing on the topic of connectivity have been produced.

In 2016, in the run-up to the 11th ASEM Summit in Ulan Bator, the Mongolian government commissioned the Economic Research Institute for ASEAN and East Asia (ERIA) to carry out a study on “**Asia-Europe Connectivity 2025: Challenges and Opportunities**”. The publication started with a conceptual framework and then situated the Asia-Europe connectivity agenda within the broader global scenario of geopolitical competition. It then divided connectivity into three broad categories – Physical Connectivity which contained papers looking at infrastructure development, such as transport and energy links; Institutional Connectivity which examined issues, such as regulatory framework, institutions and standards that can promote or hinder connectivity – in trade, investment facilitation, finance, etc.; and, last but not least, People-to-People Connectivity referring to cooperation on labour mobility, students exchange and human resource development.

The Asia-Europe Foundation (ASEF) also has Connectivity as its theme in its **2016/2017 Outlook Report**, collating various indicators and data on connectivity of each and every ASEM member country. In the ASEF Outlook Report, it discussed how connectivity should be measured, and focus on: Digital Connectivity; Economics Connectivity; Connectivity in Media and Culture; and Connectivity through Education.

In June 2018, the Economic Research Institute for ASEAN and East Asia (ERIA) and Clingendael (The Netherlands Institute of International Relations) supported by the EU published an **ASEM Connectivity Inventory** to document all the ASEM activities that are potentially contributing to the connectivity agenda.

The most comprehensive work was done by the EU’s Joint Research Centre (JRC) in setting up the **ASEM Sustainable Connectivity Portal**. The Portal was launched in conjunction with the publication of the report on “Exploring ASEM Sustainable Connectivity: What brings Asia and Europe Together?” published in September 2018. The online platform provides reliable data on political, economic and social connectivity between Asia and Europe to guide debates and discussions contributing to sound policymaking. At the same time, there are still data gaps, which impede the full understanding of connections and flows between ASEM countries.

The available outputs have contributed to the work of APGC. The APGC Plan for Areas of Focus and Related Actions on Connectivity presented to the ASEM Leaders in October 2018 recommended that ASEM focus on Sustainable Connectivity; Trade and Investment Connectivity; Future Connectivity and Digital Economy; and People-to-People Connectivity. The APGC also pointed out the importance of ASEM partners exchanging information and lessons emerging from the implementation of various national and subregional connectivity policies and strategies. In addition, it recommended synergies and connecting the dots leading to relevant international standards and norms that can underpin all connectivity projects. This is in fact listed as the very first area of focus.

This is an important reminder that connectivity initiatives were no longer seen as pragmatic and technical projects to connect the two regions, but as a “geopolitical tool for advancing influence in international relations and diplomacy”⁴. As an illustration, after the Chinese government launched its Belt and Road Initiative (BRI) in 2013, Japan announced its own Free and Open Indo-Pacific strategy and Partnership for Quality Infrastructure in 2015. In 2018, just before the ASEM Summit in Brussels, the EU also released its **Strategy for Connecting Europe and Asia**. Yet, it should not be forgotten that back in 2010, the Association of Southeast Asian Nations (ASEAN) introduced its first Masterplan on ASEAN Connectivity (MPAC) 2010 as a guide to the building of pragmatic physical, institutional and people-to-people linkages in the Southeast Asian region, to achieve the vision of building an ASEAN Community. The latest MPAC 2025 recognises the importance of synergising ASEAN’s connectivity agenda with those of its dialogue partners, which include the EU, China and Japan.

In the same vein, it is important that the ASEM forum, which brings together 53 partners, including regional blocs such as ASEAN and the EU, and major powers such as China, India, Japan and Russia, becomes an important platform for multilateralising connectivity with agreed norms and standards, and rationalising connectivity projects to avoid conflict and achieve efficiency and sustainability.

CONNECTING THE CONNECTIVITY AGENDAS AND STRATEGIES

Since the discussion on connectivity began in earnest following the 10th ASEM Summit, the ASEM partners have agreed on a formal definition of connectivity and a joint framework for Tangible Areas of Cooperation in the field of Connectivity (TACC). Many conferences, seminars and dialogue have taken place (refer to the list in the Annex), with different ASEM member countries taking on the different focus areas. For example, China has been active in organising a number of dialogues on the broad theme of connectivity, bringing this subject to the attention of industry, media and not just high-level officials. Germany has taken the lead in the education arena to bring about more people-to-people connectivity; Japan has taken the lead in tourism promotion as a way to connect people, and Korea has focused efforts on transport and logistics across Eurasia.

These “connectivity activities” take the form of exchange of information and best practices. In accordance with the modus operandi of ASEM and its informal nature, the focus is on dialogue with tangible cooperation being pursued primarily in other inter-regional or other minilateral or bilateral settings. A case in point is the cooperation that emerged for instance between the EU and Japan when they announced in 2019 the launch of the EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure.

As connectivity strategies proliferate amongst the ASEM member countries, it is important that the ASEM platform not only serves as a repository of information, but ASEM member countries proactively use this platform to examine the normative differences and different priorities of the strategies. ASEM can further add value by hosting discussions and debates to come up with a set of broad principles that can support sustainable connectivity.

4 Maaiké Okano-Heijmans and Jagannath P Panda. Managing Connectivity Conflict: EU-India Cooperation and China’s Belt and Road Initiative. Institute for Security and Development Policy, Asia Paper, December 2018.

The ASEM Sustainable Connectivity Portal is a very useful database on the degree of connectivity of each ASEM member country, and captures the high degree of inter-connectivity between Asia and Europe through its carefully collated and curated data and figures. For instance, in economic connectivity - trade in merchandise between Asia and Europe reached a high of US\$1.5 trillion in 2016; and foreign direct investments between Asia and Europe reached close to US\$90 billion annually (2015-2017). With regards to people-to-people connectivity, about 400,000 graduate students moved between Asia and Europe annually in 2017 and there were over 200,000 scientific and research collaborations in the form of co-authorships of scientific publications⁵.

While the rigorous and rich data can be useful parameters to guide policymaking, the portal could be enhanced with much more qualitative analysis on the different connectivity strategies and track the implementation of the key Asia-Europe connectivity projects. This would require meticulous mapping and tracking of connectivity projects in ASEM countries, and devising a common set of Indicators to come up with a scorecard that can be used to rate the sustainability of the different connectivity projects.

Until now, ASEM remains essentially an informal forum – basically a talk-shop and not a forum of any significant geopolitical weight. The unwillingness of several partners to invest “too much” – such as sharing the cost of setting up an ASEM secretariat, and the issue of financial contributions to the Asia-Europe Foundation (ASEF) – are indicators that ASEM is not seen as having high value or high priority to many of its partners. Over the past 23 years, ASEF has brought together more than 40,000 Asian and European participants in seminars, conferences, internships and projects covering culture, education, governance and economy, media, public health, sustainable development, human rights and civil society. The ASEM partners are content to “keep” ASEF as long as it does not “incur” too high a cost. Overall, ASEM is good to have, but certainly not the most important forum for most ASEM members.

Even within such constraints, there have been efforts by several ASEM members to invest in the dialogue, especially concerning the connectivity agenda. The EU for instance has been in the forefront of this endeavour. To live up to its own “multilateral” DNA, the EU needs to invest more in such an informal multilateral forum to first share information, exchange perspectives and build consensus on broad principles and priorities in the connectivity agendas of ASEM member countries.

As we enter an era of huge uncertainties brought about by COVID-19, with multilateralism under serious strain and attacks, **ASEM is one of the few multilateral tools or platforms available for Asia and Europe to continue their dialogue** and prevent ruptures in multilateral frameworks for engagement and cooperation. It is undoubtedly significant that the Foreign Minister of Cambodia (which will continue to host the now-postponed 13th Asia-Europe Meeting Summit) and the current regional ASEM coordinators (Singapore, Russia, EU and Germany) issued a joint statement on COVID-19 on 7 September 2020 as a testament to the commitment of Asian and European partners to work together to overcome the multifaceted impact of the pandemic.

As the US abandons its global leadership, other actors in the global system need to step up to exercise leadership in issues that matter. ASEM has long promulgated the idea of issue-based leadership, and ASEM countries must make an effort to promote and support this endeavour. The

5 Refer to the Joint Research Centre’s publication “Exploring ASEM Sustainable Connectivity: What brings Asia and Europe together?” https://publications.jrc.ec.europa.eu/repository/bitstream/JRC112998/asem-report_online.pdf

6 “Asia and Europe Against Coronavirus: The Most Vulnerable Must Be Protected”, 7 September 2020, www.aseminfoboard.org/events/asia-and-europe-against-coronavirus-the-most-vulnerable-must-be-protected.

EU with its focus on green recovery is a natural leader to advocate for sustainable connectivity. Depoliticising connectivity as much as possible to return to a more technocratic and pragmatic focus on specific connectivity projects that can bring about real, sustainable benefits for the peoples of Asia and Europe should be a priority in ASEM agenda. The next section will look at the impact of COVID-19 on connectivity, and make some recommendations as to which of the connectivity topics should be the focus of a post-pandemic ASEM.

EMERGING TRENDS AMID THE PANDEMIC

As a result of the pandemic, many forecasts paint a gloomy picture, as bad as the Great Depression of the 1930s – and a quick V-shaped rebound is looking increasingly unlikely. The ASEM space will be affected across the board by COVID-19, in all forms of connectivity: physical, institutional and people-to-people. Volumes of trade between Asia and Europe will register a steep decline in 2020 - to what extent there will be a rebound soon is still anybody's guess⁷ and the pace of recovery will largely depend on the course of the pandemic. Likewise, flows of foreign direct investment (FDI) will be under severe pressure this year and are expected to fall sharply from 2019 levels, according to the World Investment Report 2020⁸ released by UNCTAD. The overall trend points to shorter value chains, higher concentration of value added and declining international investment in physical productive assets.

“Diversification” and “reshoring” are now the new buzzwords both in Europe and Asia. This is evident in statements by top EU officials, who call on Europeans to shorten and diversify their supply chains, and to consider shifting their trade ties from Asia to Eastern Europe, the Balkans, and Africa⁹. Japan, too, is providing incentives to its companies to leave China and come back home.¹⁰ Regionalisation, as well as sub-regionalisation, is likely to become more pronounced: a degree of rebalancing towards growth based on domestic and regional demand is highly likely – and this trend is already manifesting itself.

For many emerging economies in the ASEM area, the rungs on the development ladder may become much harder to climb, with obvious implications for the attainment of Sustainable Development Goals (SDGs). For decades, their development and industrialisation strategies have depended on attracting FDI, increasing participation and value capture in global value chains (GVCs), and gradual technological upgrading in international production networks. In the years to come, investment capital looking for opportunities in low-income ASEM countries will flow to a lesser extent into manufacturing and will prioritise value-creating projects in infrastructure, renewable energy, water and sanitation, food and agriculture, and health care.

COVID-19 will have a significant impact on transport between Europe and Asia, both for cargoes and passengers. It is already leading to re-prioritisation of transport modalities, with roads and railway tracks back in fashion.¹¹ Moreover, while maritime connectivity will continue

7 UNCTAD, “Trade falls steeply in first half of 2020”, 22 June 2020, www.wto.org/english/news_e/pres20_e/pr858_e.htm.

8 UNCTAD, “World Investment Report 2020: International Production Beyond the Pandemic”, https://unctad.org/en/PublicationsLibrary/wir2020_en.pdf.

9 Jakob Hanke Vela, “Coronavirus won’t kill globalization, but will clip its wings”, politico.eu, 23 April 2020, www.politico.eu/article/coronavirus-wont-kill-globalization-but-will-clip-its-wings/.

10 Mercy Kuo, “Japan prods firms to leave China, affecting ties with Beijing and Washington”, Japan Times, 8 May 2020, www.japantimes.co.jp/news/2020/05/08/national/politics-diplomacy/tokyo-china-us-relations-business/.

11 “Trucks Are Closing a 6,000-Mile Beijing-to-Berlin Transport Gap”, Caixin, 1 May 2020, www.caixinglobal.com/2020-

to account for a vast share of trade between the two regions, the Eurasian landmass is likely to grow in importance. This trend will help unlock the potential of the countries and regions on terrestrial routes between Europe and Asia, such as Central Asia, the Caucasus and the Black Sea region. An oft-quoted example is that it takes 16 days to transport from Chongqing, the inland China city, to Duisburg in Germany, whereas 36 days are needed on the sea route from Shanghai to Europe.

There has been a slow, but steady, process of institutionalisation of economic relations between the EU and ASEM partners in Asia. There is a dense web of bilateral and multilateral arrangements, e.g. the groundbreaking EU-Japan EPA, the EU-Vietnam FTA, etc. An FTA between the EU and the Philippines has been discussed since 2015 - notably, the Philippines already has an FTA with the European Free Trade Association (EFTA) states. The EU and India have announced plans to set up a high-level dialogue on investment and trade, though the prospects of a free trade pact remain uncertain at this stage.

Since 2013, the EU has held many rounds of negotiations with China over a Comprehensive Agreement on Investment, though progress has been limited. China, in turn, has free trade agreements with Australia, Singapore and South Korea, as well as with ASEAN. Furthermore, there is the Regional Comprehensive Economic Partnership (RCEP) that is currently being contemplated in the Indo-Pacific region - without a reluctant India, the 15 negotiating parties account for 30 percent of the world's population and just under 30 percent of the world's GDP.

ASEM connectivity covers a number of other areas as well, such as culture, scientific cooperation, public health, etc. In the past, the EU has supported cultural projects linking Asia and Europe through the 'Special actions - Cooperation with Third Countries' strand of the Culture Programme (2007- 2013). So far, there have been only three ASEM cultural festivals, held in 2009 (Beijing), 2018 (Brussels) and 2019 (Madrid). Bilateral government-to-government agreements and ad hoc initiatives, e.g. "friendship years", are more likely to be considered as a standard vehicle for cultural diplomacy exercised at national level, but overall the volume of related activities is expected to be limited in the near future.

In the domains of Research & Development and scientific cooperation between Europe and Asia, fiscal pressures are likely to take a toll on related budget lines, both at national level and in the EU 2021-27 multiannual framework. The strenuous negotiations over the new EU budget, paired with the creation of the Recovery and Resilience Fund, have led to the trimming of resources to be made available for research programmes, e.g. Horizon Europe.¹² Similar developments are expected in many Asian countries, too.

In the area of health, **a trend that is already emerging amid the pandemic is the so-called "vaccine nationalism"** and a "my country first" approach. It is not unthinkable that the race for access to vaccines may trigger antagonism between national governments and resentment against vaccine-hoarding countries.¹³ The answer to that could only be cooperation and there is plenty of room for joint research into COVID19-related treatment and, at a later stage, vaccination. In fact, there is a highly relevant initiative, the ASEM Public Health Network

05-01/trucks-are-closing-a-6000-mile-beijing-to-berlin-transport-gap-101549480.html?rkey=4jojc%2BU9DvvtuaHc2n7n1%2FFL%2FE7ci4pKG-vyJncW0u%2BiMfgAof75JTA%3D%3D&cxg=web&Sfrom=twitter.

12 "Horizon Blog: Research and innovation in the next EU budget", Science/Business, 28 July 2020, <https://sciencebusiness.net/framework-programmes/news/horizon-blog-research-and-innovation-next-eu-budget>

13 Thomas J. Bollyky, Chad P. Bown, "The Tragedy of Vaccine Nationalism", Foreign Affairs, 27 July 2020, www.foreignaffairs.com/articles/united-states/2020-07-27/vaccine-nationalism-pandemic?utm_source=update-newsletter&utm_medium=email&utm_campaign=pii-insider&utm_term=yyyy-mm-dd

(PHN), a participatory platform launched in 2009, following recommendations formulated at the 7th ASEM Summit held in 2008. ASEF PHN organises annual High-level Meeting on Risk Communication for Public Health Emergencies. In 2019, the focus was on risk communication beyond country borders (18-19 September 2019, Bangkok, Thailand). Attendees include the European Centre for Disease Prevention and Control, the European Commission, various ASEM Ministries of Health, the Asian Development Bank, WHO and representatives of the private sector. In 2019, the ASEF PHN published the ASEM Partners' Guide for Risk Communication for Public Health Emergencies with recommendations on the inclusion of migrants and ethnic minorities.¹⁴ Another significant activity of the network is stockpiling anti-viral drugs and personal protective equipment (PPE) as a tangible step towards pandemic preparedness. Since the outbreak of the COVID-19 pandemic in 2020, several ASEM partners have benefited from this facility.¹⁵

The vast majority of ASEM partners are signatories to the Paris Accord and are engaged in the common cause of combating climate change on a global scale. At the same time, COVID-19 is putting strain on their economies and particularly on those struggling with a transition to coal-free energy sectors, such as China, countries in South Asia and Eastern Europe. There are indications that the economic downturn prompted by the pandemic had led some governments to **downgrading and even dropping targets relating to the systematic reduction of carbon emissions** and other environmental standards. Thus, it appears that China is planning to build even more coal-fired plants to meet the rising demand for electricity and is backsliding on its original pledges to cut CO₂ emissions. Ironically, while China's recovery would be good news for the global economy, it is likely to be accompanied by levels of CO₂ emissions even higher than before the pandemic.

In terms of People-to-People connectivity, tourism and education & research are the two single most important drivers of personal contacts exchanges. The EU's Erasmus+ programme has traditionally been sought-after by both European and Asian partner countries with a view to mobility in higher education. However, education has not been strongly institutionalised as an area of ASEM cooperation. To ensure some coordination of related initiatives and activities, ASEM Ministers of Education have agreed since 2009 on a rotating ASEM Education Secretariat (AES), in which countries in Asia and Europe take turns to host the AES on a voluntary basis. Germany was the inaugural host of the AES, followed by Indonesia, and the current secretariat is hosted by Belgium. As in other areas of cooperation, budgetary constraints amid the pandemic will probably limit state-led contributions to educational exchanges in the ASEM framework.

Apart from being a significant area of cooperation under the socio-cultural pillar of ASEM connectivity, tourism is also a huge economic sector in itself. A number of ASEM economies depend largely on inbound tourism, and prioritise spending and investment driven by related industries. For instance, the World Travel and Tourism Council estimates that in 2019 no less than 22 percent of Thailand's GDP was generated by the tourism sector. In Europe, the share of tourism-related industries stands at an estimated one-fifth of the GDP of Greece and Croatia. China accounts for an ever-growing share of the global market - before the pandemic, its outbound tourism market alone was expected to reach \$365 billion by 2025.

After several months of unprecedented disruption, the World Tourism Organization (UNWTO)

14 ASEF, "ASEM Partners' Guide for Risk Communication for Public Health Emergencies", October 2018, www.asef.org/images/docs/ASEM%20Partners%E2%80%99%20Guide%20for%20Risk%20Communications%20for%20Public%20Health%20Emergencies.pdf.

15 ASEF, "ASEM stockpile released to several ASEM partners as COVID-19 spreads globally", 17 February 2020, <https://asef.org/press/corporate/news-4993-asef-stockpile-released-to-several-asef-partners-as-covid-19-spreads-globally>.

reports that the sector is beginning to restart in some areas, most notably in the northern hemisphere, including Europe and Asia. At the same time, restrictions on travel remain in place in a majority of global destinations, new waves of COVID-19 cannot be ruled out and tourism remains one of the worst affected of all sectors.¹⁶ Pandemic-induced precautions have brought about a crunch in aviation, and many millions of passengers now prefer shorter-distance travel by car and railway within Europe and Asia. Against this backdrop, **tourism is likely to grow primarily on a national and regional scale in the near future.**¹⁷

One of the unintended positive effects of the pandemic is that **digital connectivity in the ASEM space has been significantly boosted since the outbreak.** Connectivity has traditionally been viewed as a synonym of energy and transport infrastructure, not least because of China's Belt and Road Initiative (BRI) and its emphasis on construction. Travel limitations due to COVID-19 have shown that "distance is back"¹⁸ and have accentuated the need for telecommunications, thus giving rise to a whole new menu of digital services, which require relevant infrastructure and investment. Lockdowns have led to a rapid increase in the adoption of video conferencing software by businesses, governments and individual citizens alike. Platforms like Zoom, Webex, TEAMS and several others saw an average three-digit growth rate in their use over the first half of 2020 alone.¹⁹ Notably, an expected shortfall of funding is likely to lead to a shift away from costly and risky transport infrastructure projects, and a focus on other, more sophisticated, forms of connectivity in the ASEM area, namely digitalisation.

It is reasonable to assume that increased digital connectivity will offer new modalities of cooperation in joint scientific research. E-commerce, too, is likely to pick up as a response to curtailed physical connectivity. A growing spectrum of new services, known as "contact-free economy, and new forms of ASEM digital connectivity are rapidly emerging. At the same time, some persistent trends relate to the requirements of digital infrastructure as well as the digital divide, i.e. access to and affordability of digital services²⁰, particularly in developing countries. In 2018, more than 70 percent of people in Cambodia, Indonesia, Lao P.D.R., and Myanmar remained offline and had no access to the digital economy.²¹ Just as importantly, there are concerns that digital connectivity in the ASEM community may fall victim to a split between two rival camps: a US-centric bloc and a China-centric bloc.²²

How are all these consequences of the pandemic, in conjunction with the pre-COVID-19 legacy of uneven development and inequality, likely to affect the relations among ASEM partners? With

16 UNTWO, "New Data Shows Impact of COVID-19 on Tourism as UNWTO Calls for Responsible Restart of the Sector", 22 June 2020, www.unwto.org/taxonomy/term/347.

17 Andrew Salmon and Mitch Shin, "Globetrotting Korean tourists to holiday at home", Asia Times, 1 July 2020, <https://asiatimes.com/2020/07/globetrotting-korean-tourists-to-holiday-at-home/>.

18 McKinsey, "The future is not what it used to be: Thoughts on the shape of the next normal", 14 April 2020, www.mckinsey.com/featured-insights/leadership/the-future-is-not-what-it-used-to-be-thoughts-on-the-shape-of-the-next-normal.

19 S&P Global, "Zoom's massive growth amid COVID-19 set to continue after pandemic, analysts say", 4 June 2020, www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/zoom-s-massive-growth-amid-covid-19-set-to-continue-after-pandemic-analysts-say-58907516.

20 World Economic Forum, "Five ways to protect critical digital connectivity during COVID-19", 20 April 2020, www.weforum.org/agenda/2020/04/covid-19-5-ways-to-protect-critical-digital-connectivity/.

21 International Monetary Fund, "The Digital Divide in Asia", 25 September 2018, <https://blogs.imf.org/2018/09/25/chart-of-the-week-the-digital-divide-in-asia-2/>.

22 Lawrence Anderson, Tommy Koh, "What Asia, Europe can do to fight world's three major crises", The Straits Times, 25 July 2020, www.straitstimes.com/opinion/what-asia-europe-can-do-to-fight-worlds-3-major-crises?utm_source=facebook&utm_medium=social-media&utm_campaign=addtoany&fbclid=IwAR1QILj-L249eJW1u059f13off-jjDAK_OmgvLc36LP7pgLJAcjXhnNjbc.

shrinking trade flows (for the time being, at least), shorter supply chains, an emerging “regionalism vs ASEM” trend and increasingly protectionist instincts? And, in a broader perspective, can connectivity be depoliticised, with the all too obvious return of geopolitics?²³ China’s Belt and Road Initiative BRI has captured the headlines, but it has also increased geo-economic tensions. Maritime connectivity in the hotly contested South China Sea is becoming a prominent trans-regional issue. Similarly, the row over Huawei in the US and increasingly in Europe is yet another stark reminder that connectivity is hard to stay out of the geopolitical fray. There is **a growing risk of seeing the ASEM space splintered into antagonistic spheres**, which would affect efficiency, increase costs, slow technological progress and curb connectivity.

No doubt, the COVID-19 pandemic has dealt a shock to the world. It is a game changer and is transforming the world, as we know it. Yet, not all the consequences are necessarily bad news. There may be some opportunities hidden in the conspicuous challenges and they should not be missed.

TURNING THE COVID-19 CRISIS INTO AN OPPORTUNITY

To begin with, an isolationist US may actually be a boon and turn out to be a blessing in disguise for ASEM. ASEM has come a long way since the mid-1990s, when Asia-Europe interconnectedness was weaker than transatlantic and transpacific relations. The Joint Research Centre has found that ties within ASEM are stronger than with the rest of the world. Before COVID-19, around 70 percent of the trade in goods of ASEM countries took place with other ASEM members, over 60 percent of ASEM investors chose to invest in another ASEM country, over 60 percent of internationally mobile students in tertiary education moved to another ASEM country, and 80 percent of international co-patents in ASEM resulted from collaborations between ASEM countries.

- The pandemic is already draining much-needed financial resources at a time many ASEM countries badly need infrastructure. The expected dearth of financial resources is an argument in favour of **multilateralising ASEM physical connectivity**, through closer cooperation between hitherto competing visions. In addition, a concerted approach to large-scale infrastructure projects could ensure a much higher degree of efficiency and economies of scale.
- Due to the **reconfiguration of the transport sector**, both intercontinental and intra-continental, the railway is back: railway transport is becoming an increasingly attractive alternative, both in Europe²⁴ and Asia²⁵, and the ASEM community may well consider investing in it, by identifying and mobilising available financial institutions and tools.
- Meanwhile, limited travel amid the pandemic has allowed many residents of megacities in the ASEM space to re-discover the clear sky, an **urban environment free of air pollution**. Work from home is becoming the new normal, as many staff across the ASEM community will not be going back into the office until next year at least. Similarly, millions of students

23 Nadine Godehardt and Karoline Postel-Vinay, “Connectivity and Geopolitics: Beware the “New Wine in Old Bottles” Approach”, SWP, July 2020, www.swp-berlin.org/en/publication/connectivity-and-geopolitics-beware-the-new-wine-in-old-bottles-approach/.

24 Sam Morgan, “24 countries sign pledge to boost international rail routes”, Euractiv, 5 June 2020, www.euractiv.com/section/railways/news/24-countries-sign-pledge-to-boost-international-rail-routes/.

25 ADB, “Back on track – reviving rail in Central Asia”, 19 April 2020, <https://blogs.adb.org/blog/back-track-reviving-rail-central-asia>.

will continue to attend virtual classes instead of travelling to schools and universities. This development may well trigger a meaningful debate on environmental issues in megacities, in conjunction with rapid urbanisation across the entire ASEM community.

- In relation to climate change, could it be that the pandemic has led to reduced greenhouse gas (GHG) emissions? And, if so, how long will this positive effect last? Sustainable economic recovery can only be based on **clean energy transition**, and there are some encouraging signs. Compared with the 2008-09 crisis, the costs of leading clean energy technologies (e.g. wind and solar PV) are now far lower, and some emerging technologies (such as batteries and hydrogen) are ready to scale up. While the drop in global CO₂ emissions in 2020 results from lockdown measures and their economic impact is nothing to celebrate, this development provides a base for a systematic effort to put emissions into structural decline.²⁶
- Impediments to university student mobility are already giving a boost to distance learning and new forms of cooperation between higher educational institutions in ASEM member states. According to official data released by China's Ministry of Education, in 2018 the number of Chinese students overseas exceeded 660,000.²⁷ The growing difficulties they are facing in enrolling in US universities may trigger a **shift to higher educational institutions in ASEM countries**. Although the U.S. still dominates as the top country where Chinese students hope to study, statistics show that in 2019 the percentage of respondents who ranked American universities as their top choice dropped to 43 percent, down from 44 percent in 2018 and 49 percent in 2017. Meanwhile, the U.K. has gained ground as the second most popular country among Chinese hopefuls to study abroad, from 35 percent in 2018 up to 41 percent the following year. Australia and Canada remain the third and fourth most popular destinations for overseas study, respectively, followed by Hong Kong, Germany, and Japan, which all saw a rise in their popularity.²⁸
- Related to that, **higher levels of Internet-based communication** in tertiary education may well apply to a host of other forms of connectivity, such as joint scientific research between Asia and Europe, cultural cooperation (e.g. in creative industries), etc, as yet another unexpected positive impact of COVID-19.

All the unintended positive effects of the pandemic could well be compiled in an inventory and then actively promoted within the ASEM community, so that governments and businesses do not relapse and go back to "business as usual" once the pandemic has been successfully dealt with.

26 IEA, "Sustainable Recovery", June 2020, www.iea.org/reports/sustainable-recovery.

27 As announced by the PRC Ministry of Education, 29 March 2019, <http://edu.sina.com.cn/a/2019-03-28/doc-ihxyzsm1115517.shtml>.

28 Xue Yujie, "More Chinese prefer UK and Canada for Study Abroad, Report Says", Sixth Tone, 9 May 2019, www.sixthtone.com/news/1003960/more-chinese-prefer-uk-and-canada-for-study-abroad%2C-report-says.

ASEM CONNECTIVITY – THE WAY FORWARD

It is true that COVID-19 is putting key drivers of ASEM connectivity to the test, but decoupling is not an option – and it is not feasible, in the first place.²⁹ Instead, this may be the time for ASEM members to ask again the question posed by the Joint Research Centre in 2018: “What brings Asia and Europe together?” And why they should stay together – for the right reasons and on the right terms. It may well be that the pandemic calls for a rethink of what has been done in relation to ASEM connectivity and what will be needed in the years to come. Some of the areas worth discussing are presented below:

- **Streamlining/reconciling diverging - and at times conflicting - connectivity strategies** devised by various ASEM actors. By taking a more scientific and evidence-based approach guided by the rich data in the ASEM Sustainable Connectivity Portal, we could try to depoliticise connectivity.
- We could add to the ASEM Sustainable Connectivity Portal much more data analytics and qualitative analysis on the different connectivity strategies, and consider **an update of the Tangible Areas of Cooperation in the field of Connectivity (TACC)**. Indicators and scorecards can be used to rate the sustainability of different connectivity projects, which could then serve as a foundation for an ASEM Connectivity Masterplan.
- **Prioritisation of common ASEM standards for sustainable connectivity**, as set out in the EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure. In addition, sustainable connectivity should make the most of the stated aim of “greening and cleaning” China’s BRI as announced by President Xi in April 2019 at the second Belt and Road Forum.³⁰ The goal of this – no doubt difficult – exercise can only be the adoption of a rules-based multilateral framework for sustainable ASEM connectivity.³¹
- **Climate change should not be overshadowed by the current economic woes** – it is out there and is speeding up. Therefore, a beneficial mix of green policies, sustainable economic development and the climate agenda³² should be on the table at any time.
- In the area of P2P and education ASEM countries could fully **utilise and invest more in existing structures already created in the ASEM framework** and conducive to online educational activities. At the level of tertiary education, the ASEM Rectors’ Conference³³ is a case in point. Set up in 2008 as a partnership ASEF and the ASEAN University Network (AUN), this format should focus on encouraging ASEM universities to work with industries and corporations to deliver knowledge and sought-after skills necessary for the new economy and particularly in the wake of COVID-19.

29 Reuters, “Japan wants manufacturing back from China, but breaking up supply chains is hard to do”, 9 June 2020, www.reuters.com/article/us-health-coronavirus-japan-production-a/japan-wants-manufacturing-back-from-china-but-breaking-up-supply-chains-is-hard-to-do-idUSKBN23F2ZO.

30 Deutsche Welle, “China’s Belt and Road is ‘green and clean,’ says Xi”, April 2019, www.dw.com/en/chinas-belt-and-road-is-green-and-clean-says-xi/a-48495226.

31 Shada Islam, “Connectivity needs a strong rules-based multilateral framework – for everyone’s sake”, Friends of Europe, 24 September 2019, www.friendsofeurope.org/insights/connectivity-needs-a-strong-rules-based-multilateral-framework-for-everyones-sake/.

32 National University of Singapore, “COVID-19: Lessons, Consequences on Global Climate, Biodiversity Crises and Health”, 19 May 2020, https://lkyspp.nus.edu.sg/gia/article/covid-19-lessons-consequences-on-global-climate-biodiversity-crises-and-health?utm_source=Global-is-Asian.

33 ASEAN University Network, “ASEM Rectors’ Conference”, www.aunsec.org/asemrector.php.

- The ASEM Education and Research Hub for Lifelong Learning (ASEM LLL Hub)³⁴ is another appropriate example. Established in 2005 as a network of Asian and European higher education institutions working together to achieve excellence in comparative research on lifelong learning, the ASEM LLL Hub provides a platform also to contribute to dialogue between researchers, practitioners and policy makers on education reform and innovation. Similarly, the mission of the ASEM Classroom Network³⁵, created as early as 1998, is to promote learning and intercultural exchanges through the use of ICT among secondary, vocational and high schools.
- **Rapid digitalisation in all its forms would make little sense, unless the digital divide is effectively addressed.** Relevant investment in digital infrastructure and skills should have a strong in-built element of “positive discrimination”, i.e. specifically targeting countries, regions and segments of society in danger of being left behind. This may require elaborate policies envisaging sets of incentives to service providers.
- **As for sources of finance, multilateral banks will certainly have a role to play.** Many EU countries are represented in AIIB and ADB, and China is a member of EBRD. Above all, ASEM could consider imaginative solutions, like the one found by the EU on its Recovery Fund, in what has admittedly been a strenuous exercise. Big economies, like the EU, China and Japan, among others, will be called upon to live up to the challenges of a post-pandemic ASEM.

None of these areas lends itself to easy discussions and decisions. This is why all ASEM members should engage in a constructive and evidence-based dialogue. There is no shortage of intellectual resources and tools or repositories that could back up tough political decisions with appropriate arguments. In the 1980s, the debate in the then European Economic Community (later on EU) on the establishment of a Single European Market was significantly enriched by the Cecchini report titled “The Cost of Non Europe”. The paper compared the arguments in favour of two very different counterfactual scenarios. In a similar fashion, ASEM members could have a debate on the cost of non-connectivity or limited connectivity, as opposed to the benefits to be drawn from sustainable connectivity, based on an informed debate within the ASEM community.

COVID-19 has already resulted in the postponement of the 13th ASEM summit originally scheduled to be held in Phnom Penh in November 2020. For an event that focuses on the exchange of views amongst the leaders in an informal and retreat style, and a jamboree of bilateral and tête-à-tête meetings at the sideline of the summit, it indeed would not make much sense to have the summit online. For a forum, where the most important outcome is the meeting itself, the COVID-19 pandemic might provide another opportunity for ASEM partners to review the overall importance and relevance of ASEM and adjust accordingly its modus operandi and settled on a new modus vivendi. At the same time, this forced pause may be the perfect time for some much-needed reflection and the present paper is meant to be a modest, yet meaningful, step in this direction.

³⁴ ASEM Education and Research Hub for Lifelong Learning, <https://asemlllhub.org/>.

³⁵ ASEM Classroom Network (ASEM ClassNet), www.classnet.asef.org/.

ANNEX:

List of key connectivity meetings and initiatives

First meeting of ASEM Education Experts on Digitalisation

Berlin, Germany – 12 December 2019, organised by Germany

ASEM Seminar on Single Window Cooperation

Hangzhou, China – 29-31 October 2019, organised by China

ASEM Seminar on Enhancing Human Capital for Sustainable Digital Connectivity

Bangkok, Thailand – 25 October 2019, organised by Thailand

ASEM Symposium on Promoting Tourism in Zagreb

Zagreb, Croatia – 3 December 2018, organised by Japan and Croatia

ASEM Seminar on Sustainable Connectivity and Quality Infrastructure

Tokyo, Japan – 12 September 2018, organised by Japan and the EU

ASEM Conference on “Green Shipping, Blue Business: Moving Forward Together”

Singapore – 26-27 April 2018, organised by Singapore, Norway and Germany

ASEM Symposium on Promoting Tourism in Jakarta

Jakarta, Indonesia – 28 February 2018, organised by Japan and Indonesia

ASEM High Level Forum on Digital Connectivity

Qingdao, China – 19-20 June 2017, organised by China

ASEM Symposium on “Inter-regional partnership for Sustainable Development”

Bangkok, Thailand – 25-26 May 2017, organised by Thailand

ASEM Symposium on Promoting Tourism in Yangon

Yangon, Myanmar – 13 February 2017, organised by Myanmar and Japan

ASEM Conference on “Bridging the Continents:

Fostering International Cooperation for ASEM Higher Education”

Berlin, Germany – 23-24 November 2016, organised by Germany

ASEM Eurasia Expert Group Meeting on Transport and Logistics

Seoul, Korea – 11-13 July 2016, organised by Korea

ASEM Media Dialogue on Connectivity

Guangzhou, China – 9-10 May 2016, organised by China

ASEM Symposium on Promoting Tourism

Tokyo, Japan – 25 September 2015, organised by Japan (Japan decides to take the lead in promoting tourism as a boost for people-to-people connectivity)

ASEM Symposium on Eurasia Transport and Logistics Network

Seoul, Korea – 9-11 September 2015, organised by Korea

ASEM Industry Dialogue on Connectivity

Chongqing, China – 27-28 May 2015, organised by China

