

Implications of Globalisation for European Union - South Asia Relations

K. Tillekeratne

Vice Chancellor, University of Kelaniya.

The main concern of this paper is the dynamics of the complex interactions that constitute the relationship between Europe and South Asia. It will help to get a futuristic view of the possible outcomes of this interaction for South Asia including Sri Lanka.

A minimum a definition of globalisation would probably include the notion of **a diminishing role for national borders and the gradual fusing of separate national markets into a single global market place.** Though the term "globalisation" was coined in the 1980s, it has been around for a long time. In some ways the world was more globalised a century ago than it is today: certainly at that time voluntary or enforced inter-country migration of people did occur on a very large scale.

Globalisation has been accelerating due to innovations in communications and transport, making it possible for people, goods and capital travel at great speed. It has also brought in its wake a variety of social, political and economic problems that call for international mediation. However such international efforts have not always been fruitful. For example, the collapse of the Millennium round in Seattle was a missed opportunity for achieving a healthier global order in Trade. It was hoped that the Millennium round would bring about some relief to the dislocating impact of unmanaged globalisation on the social fabrics of the developed societies and on the emerging market economies.

Unless effective steps are taken to manage globalisation and achieve a more responsible globality, it is diffi-

cult to prevent vulnerable and disadvantaged groups from getting further marginalized.

Should we allow the informal forces, termed "invisible hand" by Adam Smith, operate unchecked at the global level? The developments in the past few years have exposed the dangers associated with the process of globalisation when left to run its course blindly, without adequate checks and balances at the national level, and without appropriate international structures and mechanisms to manage the results of this process.

European Union

European Union (EU) is by far the most successful common market in the world. Its precursor, the European Coal and Steel Community (ECSC), which included France, West Germany, Italy and the Benelux countries, was founded in April 1951 by European visionaries who strongly felt that the future of Europe lay in Franco - German reconciliation.

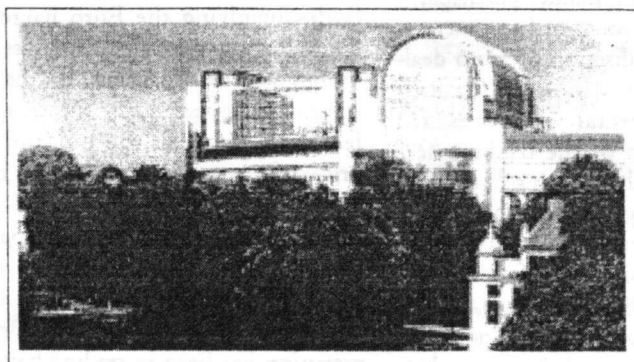
EU has its own parliament, commission (civil service), central bank and the court of justice. There is a total of about 350 million people living in the EU region and the aggregate (GDP) of the countries that comprise the

union is about the same as the GDP of the USA. Though the EU matches the sole remaining super power USA in terms of wealth and people, it would be an exaggeration to say that the EU can match the US militarily.

EU now has a global presence. It has established links at Embassy level with a large number of countries in the world. This is an indication of the EU commitment towards the creation of conditions conducive for global prosperity accompanied by respect for human rights and democratic principles.

Estonia, Hungary, Poland, Czech Republic, Slovenia and Cyprus are among the first wave of new entrants expected to join the European Union in 2003. Negotiations are presently underway regarding the admission of a second wave, which includes Romania, Slovakia, Latvia, Lithuania, Bulgaria and Malta. This doubling of the membership is likely to create some new problems for the EU. For one thing, reaching in consensus decision making may become more difficult. For another, heavy investments would have to be undertaken to bring up the economies of the relatively less developed new member countries to equitable levels.

contd. on Page 26



fora i.e. World Economic Forum held in Davos, Switzerland which concluded on 01st February 2000 and the UNCTAD X held in Bangkok, Thailand which concluded on 19th February 2000. The views, which I think are most critical, are summarised below:

- To energise discussions on multilateral trade liberalisation.
- To equip the international institutional infrastructure to deal effectively with the new complex problems and challenges of globalisation
- To establish a well-functioning international financial system and a fair, equitable and predictable multilateral trading system.
- To ensure a balanced implementation of Uruguay Round agreements.
- To provide opportunities for developing countries to participate more effectively in the decision making process in all international institutions. At the same time, to make this process more transparent and ensure that decisions reflect not only the interests of big business and big governments, but also those of small business and small governments, with a greater involvement of Non - Governmental Organisations.
- To establish a financial stability forum as a step towards a new financial architecture.
- To resolve issues relating to the implementation of World Trade organisation (WTO) agreements.

Excerpts of a paper presented at The International Conference "Europe and South Asia: Plural Identities, Multiple Perspectives" organised by Delegation of the European Commission in Sri Lanka and Centre for European Studies, University of Kelaniya on 23rd - 25th February 2000, Colombo.

Contd. from Page 22

Worries about the recurrence of crisis situations, such as the Austrian phenomenon, would increase with increasing numbers of member states. The danger of any such weakening of the EU would be a matter of concern for the developing world, because it would reduce the capacity of the EU to intervene in alleviation of problems, entailing globalisation, in the developing world.

There is already a significant overlap between the European Union and the European membership of NATO, which will increase further, with the admission of new members. However, the European contribution to NATO military operations, when compared with that of USA, is not commensurate with the economic status of the European membership of NATO.

Thus in spite of the economic prosperity enjoyed by EU, its negotiating power in global fora such as the WTO remain weak as compared with USA.

Role for EU

At the beginning of this paper, I mentioned hopes regarding the role EU would play vis a vis globalisation. My task has in fact become quite simple, because my hopes simply happen to coincide with some of the views expressed at two recently concluded world