

Introduction

Economic integration in the EU and ASEAN has made enormous progress in past decades. Regional integration requires at least free regional trade as well a common external tariff in the case of a customs union. Thus cooperation is necessary for economic reasons. The EU15 have achieved a true single market which means free trade in goods and services in addition to free capital flows and free labor movement. Extending this project (formally completed in 1992) to EU25 in the context of eastern EU enlargement of 2004 has turned out being difficult. ASEAN countries are discussing ways to deepen their regional integration. As regards true political integration progress has been much slower in both Europe and Asia; the negative referenda in France and in the Netherlands in May and June 2005 have raised doubts not only about the EU constitution but about the long term political course of EU integration. To some extent this is surprising, as the EU eastern enlargement of 2004 seemed to indicate that European integration is an ongoing success story. One could, however, also argue that the problems are not really surprising since the former West European fear of the Soviet Union no longer exists. Moreover, the Euro is not an overwhelming success so far, although one should emphasize that the main problems stem from Germany, France and Italy, countries which are facing globalization and EU eastern enlargement as well as the digital economic revolution while not having made as bold reforming efforts as most small EU member countries. The whole EU (and the US) are watching with great interest the enormous economic dynamics in Asia where China and ASEAN countries show high growth of output and of trade.

The papers presented in this volume represent the proceedings of the first conference of the Jean Monnet transnational research programme organised by the Universities of Wuppertal, Birmingham and Bangkok. The programme brings together experienced and young researchers in an interdisciplinary attempt to analyze critical issues of economic and political development while also taking a look at historical and legal aspects of integration in Europe and Asia. Comparative research certainly is an important element of modern science, and a better understanding of the dynamics in both EU and ASEAN countries is important for global economic growth and stability. At the same time, our joint research points to gaps in analysis that need to be filled if policymakers are to base their decisions on a sound intellectual basis.

Suthiphand Chirathivat's introduction puts the emphasis on Asian and European integration dynamics. This includes basic reflections about China's role for ASEAN. The integration dynamics in both Europe and Asia make it necessary to focus on trade and investment developments as well as cooperation of policymakers.

Franz Knipping takes a brief look back at previous cooperation in research between the EU and ASEAN; indeed Asian countries have had an interest in EU integration for decades. While one may point to economic and technological heterogeneity across countries both in Europe and Asia, it is also true that there are broad fields of joint research interests.

The contribution of Andrew Crozier gives a broad historical perspective on ASEAN dynamics, which started as a group of countries interested mainly in security issues in 1967. Crozier points out the British role in Asia and the colonial heritage problems which affected most Asian countries excluding Thailand. ASEAN is shown to have embraced economic integration and various enlargement efforts in a pragmatic way. However, the natural emphasis on nationalism in the many newly independent Asian countries to some extent has made cooperation stronger in the sense that moving towards a supranational institution is rather difficult. However, there is visible progress in economic deepening, and there is continued emphasis on security issues.

Paul J.J. Welfens takes a closer look at the information and communication technology (ICT) dynamics in Europe and Asia where he puts the focus on specific aspects of a digital economy, ICT dynamics and theoretical modeling of open economies. As regards key indicators of ICT, there are considerable differences across countries which thus stand to benefit in various degrees from network effects and digital networking facilitating the use of information and new knowledge. ICT has facilitated foreign direct investment, not least because ICT facilitates coordination in large multinational companies while allowing for more flexibility and to some extent decentralized management of certain tasks. Opening up telecommunications and privatization to network operators in Europe and Asia has itself been an interesting element of ICT modernization. The model with foreign direct investment shows that in contrast to the model of BARRO/MANKIW/SALA-I-MARTIN which finds no impact of foreign direct investment on growth (under risk neutrality of economic actors), this alternative modeling clearly shows a positive impact on the level of the growth path and possibly on the growth rate itself.

The oil price shocks of the period from 2001 to 2005 have caused a broad discussion in Europe, Asia and the US about their economic fallout. Werner Roeger takes a closer look at the dynamics of oil prices and the main routes through which higher resource prices affect the economy. The simulation results with the European Commission's QUEST macroeconomic model show that a rise in the oil price of 50 per cent causes a modest increase in the inflation rate of nearly 0.5 percentage points compared to the baseline scenario. There is only a small impact on employment, while the impact on output amounts to a reduction of 0.5 percentage point. Oil and gas prices thus seem to have only a modest effect on the real economy in Western Europe. For the countries of the Euro zone, the dollar price increase in oil is less relevant than for the US and non-Euro EU countries if the Euro zone faces a real appreciation in the medium run.

Suthiphand Chirathivat's analytical focus is on ASEAN's role and interests in East Asian economic regionalism. His analysis shows that ASEAN reflects an attempt by East Asian countries to strive towards deeper regional integration within