

EU-Asia Relations: A New Start?

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Summary

The EU is finally paying more attention to Asia. After some years of introspection as it focused on the financial crisis, and following the US pivot to Asia, there has been a flurry of visits by EU leaders to Asia seeking to deepen relations both with regional actors such as ASEAN and individual countries. The EU is playing a more active role not only in the trade sphere, with FTAs signed with Korea and Singapore, but also in non-traditional areas of security including climate change, maritime security, terrorism and cyber security. Both sides recognize that they need each other in today's increasingly inter-dependent world. Summits were held in November with all three strategic partners, Korea, Japan and China. A summit with India is planned for spring 2014. EU High Representative, Catherine Ashton, has also been busy with four visits to Asia this year including the ASEAN Secretariat and the ASEAN regional forum (ARF). After years of talking about closer cooperation with Asia the EU is making a fresh start to deepen relations with the continent that is home to half the world's population and which is the world's growth engine.

Introduction

As the adjectives central, east, south-east and north-east indicate, it has never been easy to define Asia. In an important 2001 Communication, *'Europe and Asia: A Strategic Framework for Enhanced Partnerships,'* Asia was defined as those countries stretching from Afghanistan to Japan, and south to New Zealand. The Communication proposed an ambitious core objective of "strengthening the EU's political and economic presence across the region, and raising this to a level commensurate with the growing global weight of an enlarged EU". The core objective was accompanied by six priorities: promoting peace and security in the region; increasing trade and investment flows; development of the less prosperous areas; promotion on democracy and human rights; building global partnerships; and strengthening awareness about the EU. The EU's record in achieving these aims has been mixed.

A further 2003 Communication on the EU's relations with the countries of South-East Asia was followed by policy papers dealing with China, India and East Asia.¹ East Asia policy guidelines were agreed by the Council in December 2007 and were reviewed with minor changes in October 2011. They remain unique in being the only EU guidelines for any region in the world. The 2003 European Security Strategy singled out three Asian countries as strategic partners of the EU – Japan, China and India. Korea became a strategic partner in 2010. While most attention has been focused on these major actors, especially China, the

¹ See *A New Policy for South East Asia* COM (2003) 399 of 9.7.03; *An EU-India Strategic Partnership* COM (2004) 430 of 16.6.04; and *EU-China: closer partners, growing responsibilities* COM (2006) 632 of 24.10.06.

EU has also fostered dialogue and cooperation with all its Asian partner countries in bilateral as well as multi-lateral fora including the Asia-Europe (ASEM) process of which Norway is the newest member.

The EU's interests in Asia are more economic than political. Asia accounts for over a third of Europe's exports and FDI, while Asian (especially Chinese) investment into the EU is also significant and growing. Four of the EU's ten major export markets are in Asia – China, Japan, Korea and India. The Asian Development Bank predicts Asia will grow at 7.1% in 2013 and 7.5% in 2014, thus contributing 40% of global growth and one third of global trade. Since the financial crisis that started in 2008 the importance of Asia for the European economy has only increased. With the failure of the Doha Round the EU has started to negotiate bilateral FTAs with the major Asian economies. This growing economic relationship depends on a stable and peaceful Asia. There is, however, a paradox in intra-Asian relations. While trade and investment is booming there are many disputes, some of which such as the tensions on the Korean peninsula and the rivalries in the East and South China Seas pose a threat to regional stability.

While the EU is only a minor player in hard power compared to the US it does have considerable soft power, not least its power of attraction and its experience in regional integration. But the EU can only move forward in foreign policy when all 28 member states are in agreement. As regards Asia not all member states take the same interest in the continent although all are interested in boosting trade and investment ties. It has been the major member states (Germany, France, UK) that have driven the EU towards a stronger engagement with Asia while, at the same time, continuing to promote their own bilateral ties.

Historical ties are also important. The British in the Asian sub-continent (and Hong Kong), the French in South-East Asia, the Netherlands in Indonesia, the Portuguese in East Timor and Macau are some prominent examples.

2 Region to Region Ties: ASEM and ASEAN

Since 1996 the Asia-Europe Meeting (ASEM) has held summits every two years supplemented by regular ministerial level meetings. ASEM is not a decision-making body but a useful forum to exchange views on major political, security and economic issues. There have been calls to change the rather formal nature of the meetings which most attendees find rather boring, preferring to use the occasion for bilateral talks. In mid-November, at the ASEM ministerial in New Delhi, members agreed to streamline and simplify ASEM procedures with the aim of placing more em-

phasis on real, as opposed to scripted, discussion of major issues. There was also agreement to inject more life into the economic pillar ahead of the next summit in Milan in October 2014.

Given that regional integration is part of the EU's DNA, it has always been ready to support ASEAN's efforts to deepen cooperation. Guidelines for EU-ASEAN relations were agreed at Nuremberg in March 2007 and the first EU-ASEAN summit was held in Singapore in November 2007. But closer ties were stymied by differences over Myanmar. Since the changes there the EU and ASEAN have boosted their relations significantly and agreed a comprehensive Action Plan in Brunei last year. There is now a more realistic view of how to build the relationship and less lecturing at each other. Ashton has become a regular participant at the ASEAN regional forum (ARF) while the EU has acceded to the Treaty of Amity and Cooperation as a precursor to joining the East Asia summit.

As it heads towards its target of an ASEAN Community by 2015 (a much slimmed down version of the EU's internal market) Southeast Asia is increasingly looking to the EU as a source of experience, technical expertise and investment. The EU-funded TREATI programme includes exchanges on regional economic integration, liberalisation of services, technical barriers to trade and trade facilitation. When ASEAN completes its next phase of cooperation the EU has agreed to re-examine the idea of a bloc to bloc trade agreement. Many ASEAN countries are also involved in the US led Trans Pacific Partnership (TPP) and the China-led Regional Comprehensive Economic Partnership (RCEP). While ARF participants meet regularly and discuss a broad range of issues, the ARF has shown little inclination to move beyond dialogue. The EU has not played any role in the major security questions in Asia but some countries welcome an EU presence as the 'voice of reason' compared to the US emphasis on the 'war on terror'. But there have been missed opportunities for the EU to make a bigger impact e.g. maritime security (the EU is not a member of the IMO) and energy security. Despite its failings in terms of hard power the EU has played a security role in some areas such as Aceh (Indonesia) and Afghanistan. In the former it helped broker a peace deal between the province (striving for more autonomy) and Jakarta. In the latter it took the lead in training the Afghan police force.

Bilateral Partnerships

China: The EU-China relationship has not been easy in recent years. Disputes over the arms embargo, imposed after 1989, and the EU's refusal to grant China market economy status were compounded by differences on Tibet (especially meetings with the Dalai



Lama) and human rights. More recently there have been disputes on solar panels, on subsidies given to China's state owned enterprises, on intellectual property and on market restrictions on EU businesses in China. Cumulatively these disputes have soured the atmosphere, led to cancellation of summits and difficulties in arranging other meetings including the EU-China high-level economic dialogue. On the more positive side there is a new urbanisation dialogue and talks are due to start on an EU-China investment treaty that should boost two-way FDI.

At the EU-China summit in Beijing on 20 November EU leaders agreed that green growth should be their top priority, established a high-level dialogue on innovation cooperation and welcomed the move, agreed at the CCP Third Plenum earlier in the month, to re-orientate the Chinese economy more towards domestic consumption.

India: EU-India relations have also been problematic in recent years with the important negotiations on a free trade agreement stuck until at least after next April's general election. India has been a difficult partner in trade negotiations, including the Doha round, and has also proven to be sensitive to discussion of human rights. The EU has not been very successful so far in promoting soft power policies including improving awareness and building EU visibility in India. But as two like-minded actors committed to democracy and the rule of law there is huge potential for future cooperation.

Japan: Given that the EU and Japan are both mature economies and share common values one would expect a closer level of cooperation on political, security and economic issues. But the relationship remains largely trade driven despite the many useful proposals put forward in the 2001 EU-Japan Action Plan. In April this year, partly in response to the 2011 EU-Korea FTA, Japan pressed the EU to open talks on a comprehensive economic partnership which in reality amounts to a free trade agreement. There remains considerable scepticism on the Commission side, however, as it has been trying to prise open Japanese markets for 20 years. If little progress has been made by spring 2014 then the talks will be suspended. At the EU-Japan summit on November 19 both sides expressed their determination that the talks should succeed. The two sides are also negotiating a strategic partnership agreement that would enable closer cooperation in tackling non-traditional security challenges including disaster and crisis management, cyber security, counter-terrorism, combating pandemics and other global challenges. Both sides already have regular exchanges on current hot-spots such as Afghanistan and Iran.

Korea: EU relations with South Korea have developed steadily since 2001 when a Framework Agreement was signed facilitating a steady expansion in trade and investment flows. In 2011, after three years of negotiations, both sides signed a comprehensive FTA which has led to a significant increase in trade. On 8 November President Park visited Brussels for her first summit with EU leaders. In a joint press statement both sides agreed that the relationship was close and productive. There were no major irritants in the relationship although the EU Trade Commissioner, Karel de Gucht, complained about Korean foot-dragging on implementing parts of the FTA relating to financial services. The summit agreed on several new initiatives including cooperation on EU security missions, cyber security and arms control. Other areas of cooperation will include development assistance, research and education and culture. There will also be a new dialogue on civil nuclear cooperation. Korea is becoming increasingly reliant on nuclear power and would like an agreement with Euratom. There was the usual commitment to work together on North Korea and other global issues in the run up to the next G20. Neither side raised climate change where the two sides have reduced their commitments in the past year. Two interesting aspects were the proposal to hold an EU-Korea public diplomacy forum to compare experiences; and a joint seminar in 2014 to discuss regional cooperation in Northeast Asia.

The EU has also pursued the deepening of bilateral relations with several other Asian countries such as Indonesia which hankers after a strategic partnership with the EU. As the largest Muslim country in the world, Indonesia's importance to the EU has increased with its shift to a democratic path in recent years. The PCA, close to ratification, contains wide-ranging provisions on regional and international co-operation, climate change, terrorism and nuclear proliferation, trade and investment, sectoral co-operation including tourism, science and technology, financial services and SME links. Other provisions include clauses on migration and re-admission and the external lending of the EIB. Indonesia continues to press for visa facilitation to promote contacts between business leaders, academics and students.

With Singapore the EU has just concluded an FTA and investment agreement that should be models for other countries in the region. FTA negotiations are also on-going with Thailand, Vietnam and Malaysia. The Philippines is hesitating along with Brunei, Laos and Cambodia. As regards Myanmar, Ashton has set up a Task Force to promote the reform process there, and help prepare Myanmar for its role as chair of ASEAN in 2015. As a mark of her commitment, she led a team

of four EU Commissioners to the first meeting of the Task Force in Yangon in November.

Conclusion

The 2001 Communication was the first to discuss a 'comprehensive strategic framework' for EU-Asia relations and, in a touch of vainglory, to draw attention to the EU's perceived growing global weight. The 2007 guidelines were a further attempt to narrow and focus the EU's interests and aims in East Asia. The evidence of the past decade, however, would point to the conclusion that the EU is not punching its true weight in the region. The EU has somewhat increased its presence and visibility in Asia but it has missed a number of opportunities to help achieve its aims. Internal divisions and the recent financial crisis have damaged the EU's image as a strong, cohesive actor.

Overall the EU has pursued a correct strategy of seeking to intensify exchanges and deepen its strategic dialogue with the region's key players. The dialogues have certainly been useful in building contacts and enriching EU expertise on Asia. But there has been little attempt to assess the effectiveness of particular policies. There has also been an absence of a strategic vision for the region as a whole. While the EEAS has a critical role to play in developing and managing a new Asian strategy it will ultimately be up to the member states to put their collective weight behind it. There remains a conceptual gap between the recognition by almost everyone in the EU of the growing importance of Asia and the willingness to devote time, energy and resources to deepening relations with Asia.

The EU may not be able to match America's hard power in Asia or China's economic dominance but it has useful experience of regional integration to offer. While the frequency of meetings and programmes has intensified there remains much to be done to translate the various EU-Asian partnerships into relationships of real substance. The focus is likely to remain on the bilateral partnerships, especially with the major actors, rather than ASEM or ASEAN. The key question for the EU and all Asian countries, however, is the future of China.

And what role could Norway play? It is a new member of ASEM and as a pragmatic Nordic country it is likely to support a more streamlined Asia-Europe meeting process. It should support EU efforts to strengthen ASEAN and it could play a useful role in discussion of best practices, e.g. on the environment and maritime security. Norway could thus play an important role in strengthening the overall EU-Asia relationship.

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