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Session II: Changing Policy Outlooks towards the Asia-Pacific: Other Powers Involved

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The perspective of the European Union

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The Asia Pacific region has become central to world-wide prosperity. The world's largest population buys almost a quarter of EU exports; it is among the fastest growing export markets and is home to the fastest growing economies. In addition to the strategic dimension of economic wellbeing and financial stability, the world has a significant interest in regional security and stability. Almost 50% of world shipping by tonnage transits the South China Sea. The potential for tensions on the Korean Peninsula or across the Taiwan Strait to hurt the EU's interests are real as demonstrated the effects of the 2010 earthquake in Taiwan which impacted negatively on the world wide supply chains especially in the IT sector. China alone will account for more than one-third of increase in global energy demand by 2035.

“At the same time, Asia-Pacific contains the world’s largest populations, and the world’s largest militaries. Defense spending in Asia is projected by... the IISS [International Institute for Strategic Studies], to surpass that of Europe this year and there is no doubt that it will continue to increase in the future.”¹ The whole of Asia, “[b]y nearly doubling its share of global gross domestic production (GDP) to 52 percent by 2050, ... would regain the dominant economic position it held some 300 years ago, before the industrial revolution.”²

This applies also to China which held a share of more than 30 percent of global GDP at the beginning of the 19th century. This bracket of foreign dominance of China (Opium Wars, Japanese occupation) is closed. Domestic reform initiated by Deng in 1978 generating annual economic growth of 10 percent allowed the country to regain ground lost. The Communist Party was not only able to lift millions of Chinese out of poverty but also to increase defence spending considerably, for strategic but also domestic reasons.

Profiting from the open international trading system and making good use of joining the WTO in 2001, the export lead growth granted the Chinese leadership the possibility to serve the economic interests of a growing middle class in exchange of a largely undisputed exercise of political power. The economic downturn in the EU but also in the US has the potential to derail this so far successful policy, necessitating structural reform to enhance domestic demand and testing the cohesion of the Chinese

¹ Leon Panetta (2012) The 11th IISS Asia Security Summit, Singapore, at <http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2012/speeches/first-plenary-session/leon-panetta/>

² Asian Development Bank (2011). Asia 2050: Realizing the Asian Century (Executive Summary); p. 3 at <http://www.adb.org/sites/default/files/asia2050-executive-summary.pdf>

society. Given the tensions between the coastal area and the hinterland and the periphery, between the rural poor and urban rich, the growing inequality of the distribution of wealth, environmental problems and corruption the ability of the Chinese system to combine economic laissez-faire with party control of politics will be tested. As economic growth and well-being are the main justifications for the Communist Party to cling to power, the world-wide economic and financial crisis forces faster change than planned to avoid a destabilising economic downturn. Thus, China needs to continue being part of the world economy and to remain not only attractive for investment but also avoid disinvestment because of the infringement of IPR, legal insecurity, raising labour costs...

Conducting a more assertive foreign policy is a classic political tool to deflect attention from the domestic scene. Regaining the status lost is thereby a useful supplement feeding nationalistic or even xenophobic sentiments if needed to blame 'foreign influences' for domestic shortcomings. Such a policy also allows satisfying the demand of the military whose influence on Chinese foreign policy seems to increase. The lack of transparency in military spending and of the content of the Chinese military doctrine is a major reason for instability in Asia. Chinese military built-up not only in The Straits, the assertive pursuing of territorial claims, the quest for raw materials and energy impact on the strategic situation in the region, inciting other Asian countries to invoke realist power politics in engaging in classic alliance building, increasing military expenditure and looking for a balancer in the region. Countering 'Greater China' provoked the 2011 US 'pivot'³ or 'refocusing' as well as a trilateral dialogue US-Japan-India⁴ which China perceives as part of a containment policy which it wants to counter through its 'anti-access doctrine' defending its 'first island chain'.⁵

At the 2012 Shangri-La Dialogue US Secretary of Defence, Leon Panetta, announced a rebalancing of the US navy from the Atlantic to the Pacific, forgoing the traditional 50/50 split in favour of the Pacific (60/40) by 2020. At the same time, he underlined the importance of the US-China relationship and tried to calm Chinese suspicion in rejecting any intention to challenge China:

“Our effort to renew and intensify our involvement in Asia is fully compatible – fully compatible – with the development and growth of China. Indeed, increased

³ Hillary R. Clinton (2011). "America's Pacific Century", Foreign Affairs, at http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century; Forrestal Lecture at the Naval Academy (April 2012) at <http://www.state.gov/secretary/rm/2012/04/187693.htm>

⁴ China Daily (Dec. 20, 2011). "US, Japan India hold first trilateral dialogue" at http://www.chinadaily.com.cn/world/2011-12/20/content_14294386.htm

⁵ Robert D. Kaplan (2010). "The Geography of Chinese Power". Foreign Affairs, vol. 89; p. 34

U.S. involvement in this region will benefit China as it advances our shared security and prosperity for the future...China also has a critical role to play in advancing security and prosperity by respecting the rules-based order that has served the region for six decades. The United States welcomes the rise of a strong and prosperous and successful China that plays a greater role in global affairs.”

This includes in the US view to solve territorial disputes peacefully. Taking the dispute between China and the Philippines about the Scarborough Shoal in the South China Sea as a reference point he warned,

“The U.S. position is clear and consistent: we call for restraint and for diplomatic resolution; we oppose provocation; we oppose coercion; and we oppose the use of force. We do not take sides when it comes to competing territorial claims, but we do want this dispute resolved peacefully and in a manner consistent with international law. We have made our views known and very clear to our close treaty ally, the Philippines, and we have made those views clear to China and to other countries in the region.”⁶

Against this background enhanced cooperation between the US and EU as agreed at the 2011 bilateral Summit⁷ was made visible through the publishing of a Joint Statement on the Asia Pacific region⁸ in the margins of the 2012 ARF. It deals with several important issues for the region’s stability: North Korea’s denuclearization, change in Burma/Myanmar, tensions in the South China Sea, and human rights. "What stands out from the peace and security section of the statement is the EU’s pledge to support cooperative solutions for resolving territorial disputes in the South China Sea"⁹; the joint statement also establishes a follow-up mechanism.

D) The EU’s strategic and security interests in Asia

The ‘*European Security Strategy: A Secure Europe in a Better World*’, adopted in 2003 with the goal to turn the EU into a global actor left no doubt that the security interests of the European Union extend to Asia:

⁶ Panetta (2012)

⁷ EU-US Summit (2011) Joint Statement: “16. The EU and the United States have a strategic interest in enhancing co-operation on political, economic, security, and human rights issues in the Asia-Pacific region to advance peace, stability and prosperity. We intend to increase our dialogue on Asia-Pacific issues and co-ordinate activities to demonstrate an enduring, high-level commitment to the region and encourage regional integration, including through the region’s multilateral organizations. “at http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/126389.pdf

⁸ http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131709.pdf

⁹ Patryk Pawlak/Eleni Ekmektsioglou, "America and Europe’s Pacific Partnership", at <http://thediplomat.com/new-leaders-forum/2012/07/23/america-and-europes-pacific-partnership>

“In an era of globalisation, distant threats may be as much a concern as those that are near at hand. Nuclear activities in North Korea, nuclear risks in South Asia, and proliferation in the Middle East are all of concern to Europe. Terrorists and criminals are now able to operate world-wide: their activities in central or southeast Asia may be a threat to European countries or their citizens... Our history, geography and cultural ties give us links with every part of the world: our neighbours in the Middle East, our partners in Africa, in Latin America, and in Asia. These relationships are an important asset to build on. In particular we should look to develop strategic partnerships, with Japan, China, Canada and India as well as with all those who share our goals and values, and are prepared to act in their support.”¹⁰

The security situation in Europe and Asia is quite different: While 1989 marked the beginning of the end of the divided Europe and the alliance politics of the East-West divide allowing the EU to bring its soft power to play, Asia remained in the Cold War pattern of division (Korean Peninsula, The Straits) and the alliance politics (US security guarantees with Japan, South Korea, Taiwan; treaty alliances with Australia, Philippines, Thailand; and cooperation with key partners India, Singapore, Indonesia¹¹); containment policy is a variation of alliance building. While the EU provides in Europe an institutionalised/supra-national structure for common policy making not just on dispute avoidance or dispute settlement by judicial means, Asia has no equivalent 'superstructure' or a canon of common values like good governance, rule of law, democracy, social market economy.... Asia's security environment remains volatile. Furthermore, in addition to the EU's own newly introduced obligation to support a Member State in case of armed aggression (Art. 42.7), NATO provides a security umbrella and the OSCE a forum for dialogue, all multilateral security structures which are basically absent in Asia – without minimising the role of the ARF.

In addition to dangers emanating from the various Asian hotspots, the economic development of Asia is of paramount importance for the security of the EU – a consequence of globalisation. Thus, the EU is a stakeholder in the security in Asia. In this context security should not be confused with defence.

¹⁰ European Security Strategy: A Secure Europe in a Better World (2003) at <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf> . The 2008 Report on the implementation of the Strategy deals with Central Asia but hardly with the rest of Asia, except a reference to fighting crime in South Asia, http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/EN/reports/104630.pdf

¹¹ Panetta (2012)

II) Tools at the disposal of the EU within the framework of the EU-foreign policy:

Since the Treaty of Lisbon (new position of the High Representative for Foreign and Security Policy, creation of the European External Action Service) foreign and security policy, albeit not having become a common policy of the EU, has gained visibility and importance. Asian partners who recognise the importance of the economic side of the EU would welcome a clearer foreign policy role of the EU. The tools at the disposal of the Union to conduct its foreign policy (e.g. policies agreed by all Member States and arrived at under the guidance of the HR/VP) comprise some tools available to nation states as well as additional ones. First and foremost, and this is of relevance in the political sub-system of Asia, there is no European army (and there are no plans to create one). Thus, contrary to the realist approach to international relations one important factor of power projection is not at the disposal of the Union.

At the same time, this does not mean that the EU cannot make use of any military means in its foreign policy in the context of peace making and peace keeping, conflict prevention and post-conflict situations. Taking a holistic view of security, the EU is involved in all phases of the crisis cycle; from preventive strategies, to post-crisis rehabilitation and reconstruction. To this end the EU manages substantial resources devoted to countries in political crisis through its country programs and the Instrument for Stability¹².

One of the strong points of the EU foreign policy is to factor sectoral policies, as performed by the European Commission, into the foreign policy which is the rationale behind the double function of the HR as Vice President of the Commission. This applies to factoring the following EU policies into its foreign policy: common trade policy including the granting and withdrawing of GSP preferences; transfer of technology coupled with assistance to improve IPR protection; strategic use of development policy ('differentiation') as the EU and its Member States are the largest provider of ODA world-wide; energy and energy security policy; fighting climate change and migration policy.

In terms of **political security**, the EU encourages confidence-building measures, advocates regionalism and inter-regionalism as well as regime and regional governance building as part of effective multilateralism. Conducting political dialogues bilaterally with partners or in the enlarged form of trilogies (especially with like-minded countries), setting up strategic partnerships to create credibility, consistency and trust thereby avoiding erratic short term policy changes in reaction to specific events, are further tools.

¹² http://eeas.europa.eu/ifs/index_en.htm

The EU guided by the EEAS should assure a more focused, results-oriented and operational summitry with concrete outcomes of mutual interest. In the Asian context, making use of the European participation in ASEM to advance a common European agenda could be improved. Trust is built through information sharing or coordination with strategic partners on policies and policy initiatives in international forums (example yearly dialogue with ASEM partners before the UNGA; G20; UN conferences on climate change, sharing of information and policy coordination in the preparatory process at the level of 'sherpas'). Discussing in particular with strategic partners long-term policy designs like Europe 2020, Europe 2030 (cf. EU-China Summit 2012¹³) are confidence- building measures which also create synergies with equivalent programs of partners. The effect of working in networks could be enhanced if the mode is changed from ex-post to ex-ante discussion. These joint activities improve knowledge about mutual conceptions and expectations which allow developing adequate policy responses thereby avoiding misconceptions, disillusion and a perception gap leading to wrong reactions in times of crisis or stress. Public diplomacy is essential in this respect, at the EU level and in Asia, to raise awareness of the EU's political role and function, as a partner will only cooperate closely with an EU which it understands and whose actions it can predict. Still on the political level the EU can offer summit meetings with enhanced visibility (e.g. organisation of a separate summit with ASEAN), can accredit a specific EU ambassador with regional organisations such as ASEAN.

Part of the political security concept is fostering human rights¹⁴ including campaigning against death penalty world-wide. The importance of the promotion of human rights in EU foreign policy was highlighted in 2012 when the European Council adopted the "EU Strategic Framework and Action Plan on Human Rights and Democracy" in which the EU not only reaffirmed "its commitment to the promotion and protection of all human rights, whether civil and political, or economic, social and cultural" but also underlined that it "will place human rights at the centre of its relations with all third countries, including its strategic partners"¹⁵. The EU's

¹³ Joint Press Communiqué of the 14th EU China Summit (February 14, 2012): "7. Both sides expressed the determination to fully exploit the opportunities brought by China's Twelfth Five-Year Plan and the Europe 2020 Strategy to foster synergies and to promote cooperation in all fields." at <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/103>
Michael Reiterer, Human Rights as Part of the EU Foreign Policy After Lisbon: In Defence of Western Values and Influence? in Wolfgang Benedek, Wolfram Karl, Anja Mihr, Manfred Nowak (eds.) *European Yearbook on Human Rights 2010*. European Academic Press; 141-152.
EU Strategic Framework and Action Plan on Human Rights and Democracy, June 25 2012, 11855/12 at http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131181.pdf

successful campaign to get the International Criminal Court off the ground demonstrates that this policy also produces tangible results.

In terms of **economic security** the EU can act as an entity by bringing the largest market of the world with 500 million consumers to the negotiating table, a well-recognised feature in international trade negotiations. Concerning **environmental security** the EU is a driving force in the fight against climate change, for green technology and related rules setting. Recently the Foreign Affairs Council recognised "*the need to build on the work already undertaken on climate change and international security ... and to drive the global debate ...forward.*"¹⁶ In **societal security** the EU presents Europe as an attractive place of higher learning (EU institutes, Jean Monnet chairs and programmes, *Erasmus Mundus*...). This policy mix only sketched out roughly needs to be applied to the EU's relations with the Asia Pacific region, taking into account the EU's interests to device actions needed to realise them. Given the weakness of Chinese societal soft power combined efforts of the US and the EU continue to attract attention in the region and fall onto fertile ground.

To this end, internal coordination to achieve cohesion requires a boost: The EU needs a coherent and unified European position to raise appreciation of the EU as a global actor in developing a European narrative Furthermore, the EU can avoid raising false expectations in setting achievable goals thereby reducing double standards.

III) The strategic interests of the EU in the Asia Pacific

Against this background, the **EU's strategic interests** in the region include:

- (1) Stability on the Korean Peninsula, non-proliferation¹⁷ by North Korea, continuous rapprochement between China and Taiwan to safeguard stability in the Straits
- (2) Economic growth, political stability, market access in the Asia Pacific region
- (3) Eradication of poverty in the region which is still home to the majority of the world's poor

¹⁶ Council Conclusions on EU Climate Diplomacy, July 18, 2011 at http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/123923.pdf

¹⁷ Strategy against the proliferation of weapons of mass destruction (2003) at http://europa.eu/legislation_summaries/foreign_and_security_policy/cfsp_and_esdp_implementation/133234_en.htm

- (4) Special focus on China: taking into account that China might become the largest economy of the world within a decade (on PPP already in 2016 according to the IMF), further enhance cooperation with China, the EU's second largest trade partner to overcome market access barriers for trade in goods, services and investment; smooth transfer of power in China.
- (5) Open sea lanes according to international law (South and East China Sea, Indian Ocean) to secure trade and energy security¹⁸; including securing sea lanes against piracy to counter rising insurance costs
- (6) Secure access to the Arctic North Passage which will impact strongly on trade connections between the two regions and impact on the availability of natural resources
- (7) Settlement of territorial claims in North and South East Asia as the deterioration of maritime security impacts negatively on the EU's trade, energy and general economic interests; the EU has no interest being dragged into an Asian maritime conflict¹⁹; an intensification of the arms race in East Asia (e.g. Vietnam, Japan are upgrading in particular their navies) would add insecurity to the region
- (8) Reinvigoration of the longstanding (35 years) dialogue with ASEAN in light of the improvement of the situation in Myanmar, while contributing to the further democratisation and national reconciliation of Myanmar leading to its reintegration into the international community
- (9) Participation in the evolving regional security architecture²⁰ (Six Party Talks, East Asia Summit, regional security regime building e.g. "ASEAN Defence Ministers Plus")
- (10) Share further expertise in soft/non-traditional security (pandemics, natural disaster response, CBRN threats, maritime security etc.), conflict prevention and mediation (Aceh, Mindanao, Southern Thailand, Myanmar) where the EU is recognised as a credible partner in the region
- (11) Support modernisation of economies and societies as well as the transition of fast developing economies to knowledge-based, innovative economies where applicable and when requested
- (12) Mindful of the financial power of a few Asian countries (in particular China as the world's largest creditor nation) seek collaboration to overcome the financial and debt crisis, create additional lending capacity at the IMF and improve/rebuild jointly the international financial system.

¹⁸ James Rogers (2011). "A New Geography of European Power?" Egmont Papers 42: "... commercial activity still moves between Europeans and Asians primarily through the maritime domain, making the communication line running from the Suez Canal to the city of Shanghai particularly significant"; p.15 <http://www.egmontinstitute.be/paperegm/ep42.pdf>

¹⁹ Mathieu Duchatel/Alexandre Sheldon-Duplaix (2011), "The European Union and the Modernisation of the People's Liberation Army. The Limits of Europe's Strategic Irrelevance". China Perspectives no. 4; p. 31

²⁰ Desmond Ball (2012). Reflections on defence security in East Asia. RSIS Working Paper no. 237 at <http://www.rsis.edu.sg/publications/WorkingPapers/WP237.pdf>

- (13) Deepen cooperation and policy coordination with (strategic) partners to achieve better functioning global governance at the relevant levels (UN, G20, BRICS, international financial institutions...) to assure implementation of decisions taken, in particular of the G20
- (14) Make use of the broadly based (e.g. politics, economics/finance, people-to-people/culture) strategic partnerships in the region with China, Japan, South Korea and India; complement them through consultation with strategic partners outside the region in particular the United States as well as with Russia
- (15) Securing countries particular in South Asia and the Pacific threatened by the consequences of climate change
- (16) Fighting transnational crime, in particular drugs (heroin, amphetamines...)
- (17) Fighting terrorism in granting priority to prevention, the fight against radicalisation and recruitment, as well as against financing of terrorism in the EU and beyond
- (18) Assure security in the cyber and space domains (in particular in engaging China)
- (19) Increase understanding of the inner workings of policy making in the region through reinforcing the EU's independent capacity for strategic analysis while improving high level information sharing with key partners.

These interests are complemented by the EU's concern not to fall behind the US which strengthens its engagement in the region not only militarily (stationing of troops in Australia) but also politically: joining the EAS in November 2011 with President Obama in attendance, reinvigoration of APEC and its initiative to expand the Trans-Pacific Trade Partnership (TPP) to create a 'seamless' market for US companies which would impact negatively on the economic interests of the EU especially if it turns into a FTA between Japan and the US or one with the whole NAFTA when Canada and Mexico join in. China could perceive this partnership as part of an economic containment policy.

However, the EU is not perceived in Asia²¹ as a strategic partner – economic and technological issues remain the preferred ones for discussion. Consequently, the EU is not sought by the countries in the region to counterbalance rising China in the same manner as the US or Russia. This allows the EU to play its own particular role in Asia through its soft power engagement complementing assets other traditional powers do not possess.

²¹ See Asia Europe Journal (2010) vol. 8 no.2 featuring "Reflections from Asia and Europe: How do we perceive each other?"; Sonia Lucarelli/Lorenzo Fioramonti (eds.) (2011) External Perceptions of the European Union as a Global Actor. Routledge.

IV) Actions to realize the EU's interests:

- (1) Enhanced political presence on the Korean Peninsula in addition to the ongoing granting of humanitarian aid to North Korea, eventual opening of a Delegation in Pyongyang for firsthand information; intensification of contacts with participants in the Six Party Talks with the long-term goal to become part of a North East Asian security regime should it materialize
- (2) In taking on more responsibility in the Near Abroad free capacities of partners (in particular of the US²² c.f. Secretary of Defense Panneta's announcement of rebalancing the US fleet from the Atlantic to the Pacific)
- (3) Promote the EU model of regional conflict resolution, democratisation and transnational cooperation without any paternalistic or missionary zeal
- (4) Engage in trust building and fostering transparency i.a. in facilitating military-to-military engagement of the main players to avoid misperceptions and miscalculations in crisis situations
- (5) Demonstrate interest and engagement through assuring regular appropriate high level political participation in inter-regional meetings such as the ARF or ASEM, especially if these meetings are held in Asia;
- (6) Re-invigorate the dialogue with ASEAN which was too long hostage to Burma/Myanmar, strengthen EU-delegations to this end, pursue acceptance into East Asia Summit more rigorously in making it a deliverable of the strategic partnership web with Asian partners, while emphasizing ASEAN's central role in the East Asian political architecture; in turn, consider a 'strategic partnership' with ASEAN in line with effective multilateralism; examine under which conditions the bilateral relationship with Indonesia, the largest Muslim country in the world, could be upgraded to a strategic partnership
- (7) As the EU regards the ARF is an important forum to promote the EU security and political interests in the region, as well as promoting cooperation with other ARF partners, the EU has co-organized with Indonesia the ARF High-Level Workshop on Confidence Building Measures and Preventive Diplomacy which was held in Berlin, Germany from 27 to 29 November 2011. Having welcomed the adoption of the ARF Preventive Diplomacy Work Plan by the ARF Ministers held in July 2011 in Bali, Indonesia, the EU has suggested to co-host in the next ARF intersessional year 2012-2013 an ARF Seminar on Preventive Climate Diplomacy to contribute to the implementation of the ARF Preventive Diplomacy Work Plan. The EU-ASEAN Ministerial Meeting

²² Rogers (2011), p. 22: "The recalibration of America's geostrategic leverage towards East and South East Asia means that a power vacuum may open up in the western half of Eurasia, not only in Europe itself, but also in the Eastern Neighbourhood, the Middle East and the western sector of the Indian Ocean (where the United States has long been dominant)... This is the space – coterminous with the 'Grand Area' – where Europeans will be forced and expected to fill with their influence: forced, because their security will depend on it; expected, because the United States will need European aid in maintaining a favourable balance of power in Western Eurasia as it is drawn towards stabilizing Eastern Eurasia and the Pacific rim."

- (2012) also agreed to step up of political and security cooperation laid out in the Bandar Seri Begawan Plan of Action.
- (8) Internally, assure EU coordination and information sharing on activities of Member States in the region either in the context of other organisations (NATO) or bilaterally (Five Powers Defence Arrangement)
 - (9) Promote effective multilateralism and open regionalism to avoid competitive alliance building and containment policies
 - (10) Contribute through engagement to stability in the region in light of upcoming changes in the Chinese leadership and US elections
 - (11) Present European experience in promoting sustainability as a cross-cutting goal as well as in building social security systems, enhance dialogue in priority areas and build on best practices in the areas of research and innovation
 - (12) Turn the attractiveness of the European market, the largest of the world on which all Asian export driven partners depend to into a political tool
 - (13) Make strategic use of development policies²³
 - (14) Continue multilateral engagement in the WTO despite the de facto failure of the Doha Development Round to stabilize the multilateral trading system while pursuing free trade or deep economic cooperation agreements to keep markets open and avoid discrimination of EU companies; promote rules on export finance, government procurement, advance international investment standards as well as the protection of intellectual property rights and their implementation as part of global governance; strive to ensure internet security
 - (15) Support changes in the international financial institution resulting in enhanced influence of Asian strategic partners which will result in a reduction of influence for some of the EU member states which has to be compensated through coherence and efficiency on the EU level
 - (16) Engage with emerging and emerged countries (e.g. BRICS) to integrate them better in the international system and to improve overall global governance
 - (17) Establish high level dialogues on political including military matters, economic/financial, cultural/people-to-people cooperation to be evaluated by summits where applicable
 - (18) While making use from existing fora such as the ARF and ASEM, establish additional ones if required for experts to exchange best practices, know-how to facilitate cooperation e.g. disaster preparedness, fighting pandemics, rapid urbanisation in Asia
 - (19) Keep China engaged politically and economically to contribute to its development in order to maintain stability while intensifying efforts to establish a level playing field for European businesses in China in reducing market access barriers for goods and services, negotiating an investment

²³ "A global allocation of €5.187 billion has been dedicated by the Community to Asia for the 2007-2013 period. Out of this amount, the programmable funding is allocated as follows: 81% to development assistance for individual countries, 16% to regional assistance, and 3% as reserve. Under the Development Cooperation Instrument (DCI), an indicative allocation of €775 million is earmarked for regional assistance." Regional Programming for Asia: Strategy Document 2007-2013; at http://eeas.europa.eu/asia/rsp/07_13_en.pdf

agreement with China. Encourage China to expand investment in Europe while taking into account the EU's security interests. In parallel to the special focus on China intensify cooperation with Japan, South Korea and India with whom the convergence on values is higher. Determine clear political (on top of the five criteria established in the trade defence process) criteria for granting EMS²⁴ to China.

- (20) Intensify engagement with Japan which remains one of the largest economies of the world, a big soft power and a pivotal partner for the EU; conclude a political framework agreement and a deep free trade agreement replacing the EU-Japan Action Plan and facilitate market access for European businesses (non-tariff barriers).
- (21) Valorise the potential of the relationship with India and assure implementation of the recently concluded agreements with South Korea.
- (22) Work towards the acceptance of and compliance with international norms and regulations and code of conducts where appropriate through outreach programs, in particular in the areas of outer space, cyber security, resolution of territorial disputes.

V) The EU's engagement in the region

The EU's essential interests are closely tied up with the security of East Asia, and with the foreign and security policies of the region's main players. The region continues to be of increasing political and economic importance to the EU, and the EU therefore has close interests in its stability and security which is also a precondition for the region's continued economic success. The EU's economic presence in the region, and its unique experience of post-war reconciliation and political and economic integration, position it well to play an important role in helping to bolster regional security. A number of the EU's regional partners have signalled that they would welcome enhanced EU engagement in this respect.

Jing Men put it into a nutshell: "Much has been written about this being the "Asian century". If it is genuinely to strengthen its role in East Asia, the EU must introduce changes that will guide it towards a new-style East Asia diplomatic and security policy. The EU must develop its actions from paper engagement to substantive

²⁴ European Commission (2009). Fact sheet on trade relations with China: absence of barter trade, absence of State-induced distortions in the operations of enterprises linked to privatization; degree of government influence, including through tax discrimination; adequate corporate governance, especially regarding accounting standards; transparent rule of law to ensure property rights and operation of a bankruptcy regime; independence of the financial sector from the state. at http://trade.ec.europa.eu/doclib/docs/2009/june/tradoc_143428.pdf

engagement, from differences among the EU member states to consensus, from policy incoherence to policy coherence, and from individual action to joint action."²⁵

The EU is aware that it is perceived by many Asian partners primarily as an economic factor, but not as a political/strategic one, despite its importance for global economic governance, its economic bargaining power and despite some engagement through the CFSP and ESDP in Asia. In order to valorise the Europe-Asia trade partnership, "the EU has to add the political dimension to the economic one"²⁶ e.g. to go beyond trade.

Therefore this challenge is taken up by the EU, 2012 marks a particularly active year of engagement with Asia: There were already three annual summits with the three strategic partners **India, China and South Korea**. The **EU-Japan Summit** is foreseen in second half of 2012. The **ASEM Summit** in Phnom Penh 5-6th November offers an opportunity to meet many Asian leaders as well as maybe those from Russia, Australia and New Zealand for short bilaterals in the margins. The **HRVP** co-chaired in January the **EU-India Ministerial** in Delhi, participated in the **EU-ASEAN Ministerial** in Brunei end April, opened an EU office in Rangoon, visited Pakistan, continued the high level strategic dialogue with China in Beijing, attended the **ARF Ministerial** in Phnom Penh 12-13th July where she also signed the Accession Protocol to the **ASEAN Treaty of Amity and Cooperation**²⁷ on behalf of the EU. This occasion allows the EU to assert its role in political and security dialogues with Asia and will provide the opportunity for many bilaterals in the margins. Last but not least the EU has also updated in June 2012 its 2007 **East Asia Policy Guidelines**²⁸. An intensification of dialogues with allies and partners about the EU's policy towards Asia e.g. the U.S. and Russia, Canada is under way or planned.

After the EU's accession to the ASEAN Treaty of Amity and Cooperation, the EU can continue pressing its request for observer status at the East Asia Summit which is the peak of the Asian Summitry system and political and security dialogue. Envisaging a strategic partnership with ASEAN could also help as well as nominating

²⁵ Jing Men (2009) "East Asia: the acid test for Europe's common foreign policy" , Europe's World at

http://www.europesworld.org/NewEnglish/Home_old/Article/tabid/191/ArticleType/articleview/ArticleID/21406/language/en-US/Default.aspx

²⁶ Michael Reiterer (2012). "Asia-Europe: Prospects after the Crisis" in Michael Gehler/Xuewu Gu/Andreas Schimmelpfennig (eds). EU-China Global Players in a Complex World. Olms; p. 284; Michael Reiterer (2012) "Europe-Asia: More than Distant Economic Partners?" in Kerry Brown, Heungchong Kim, Françoise Nicolas, Michael Reiterer, Michito Tsuruoka, Lay Hwee Yeo, Hong Zhou. The Asian-European Agenda, Ideas for Crisis Prevention and Effective Cooperation, Europe in Dialogue 2012/04 Bertelsmann Stiftung; pp.27-43.

²⁷ <http://www.asean.org/1217.htm>

²⁸ 2012 at http://eeas.europa.eu/asia/docs/guidelines_eu_foreign_sec_pol_east_asia_en.pdf; 2007 at http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/misc/97842.pdf

a specific EU-ambassador to the ASEAN. The ESDP complements the CFSP and the EU has to develop it further, also in Asia making in particular use of the know-how in security and crisis management (CMPD). The EU is also interested to be associated in the future to the ASEAN+8 Defence Ministers' meeting. Having engaged China in taking the lead in SHADE (Shared Awareness and Deconfliction)²⁹ and having cooperated with some countries of ASEAN through the EU Atalanta Mission in the Gulf of Aden off the coasts of Somalia, one should build on this in due course also in the Asian context where the EU has on the one hand an interest to keep the sea lanes open and on the other hand to invite China to take on international responsibility in the area, including the South China Sea.

Furthermore, the EU strives to turn its "soft security" image – in contrast to the "hard security" of the US – into an advantage: The EU is perceived in Asia as a honest partner and credible provider of “non-traditional” security assistance, such as regarding development, the environment, energy security, climate change, conflict prevention, disaster preparedness, emergency aid, post-crisis reconstruction, poverty reduction, policing assistance, maritime security, mediation and counter-terrorism. In all these areas the EU operates in a more neutral and softer mode than the US which is more palatable for our Asian partners. The CBRN Centres of Excellence for South East Asia³⁰, now headquartered in Manila dealing with risk mitigation e.g. criminal risks (proliferation, theft, sabotage and illicit trafficking), accidental risks (industrial catastrophes, in particular chemical or nuclear, waste treatment, transport) or natural risks (mainly pandemics) are good examples. Experts from the Commission and Member States are now on site to support local experts to develop a regional platform of safety and security. New projects have been launched including bio safety, illicit trafficking and emergency planning. The objective is to facilitate the exchange of information, best practices and concrete alert drills among law enforcers and other competent communities (first responders, judges, police, diplomats) so as to develop a CBRN policy at national and regional level. Last but not least it might be useful to investigate how to replicate elsewhere in Asia the previous successes in East Timor, Aceh, the Mindanao (Philippines) and Southern Thailand in drawing on emergency, reconstruction and CFSP FPI funds. In the latter case the EU helped building confidence between parties to the conflict through development assistance and participation in the International Monitoring Team.

The recent Co-chairs' statement of the EU-ASEAN Ministerial Meeting (2012) illustrates the EU's engagement:

²⁹

<http://china-defense.blogspot.com/2010/01/china-to-lead-shades-anti-piracy.html>

³⁰

<http://www.cbrn-coe.eu>

" 11. The EU reaffirmed its commitment to intensify cooperation with ASEAN in building disaster resilient societies; enhancing maritime cooperation; combating sea piracy and armed robbery against ships in accordance with international law; combating terrorism and transnational crime; promoting cooperation in combating illicit drug production, trafficking and use; mitigating chemical, biological, radiological and nuclear risks."³¹

The power of the EU is built on its economic might, on the largest market of the world. It would be a mistake not to build on this strength when trying to raise the EU's political game in Asia. Therefore, as the economic/trade context has a strong strategic dimension; the EU continues its engagement with countries in the region:

At the last EU-ASEAN Ministerial in Brunei (April 2012) negotiations were formerly launched with **Brunei Darussalam** to conclude a PCA; negotiations with **China** on a PCA are on-going, negotiations for an investment agreement were launched; the ratification process for the PCA with **Indonesia** is under way, starting the scoping exercise for a FTA is an option; FTA negotiations with **India** are on-going; the Action Plan with **Japan** which covered the last decennium needs a replacement - the scoping with Japan has been concluded, a framework agreement and a FTA are on the table; the FTA with **South Korea** is provisionally applied since July 1, 2011, the ratification of the Framework Agreement is to be completed soon; with **Malaysia** a PCA as well as a FTA are under negotiations, the latter are advancing well; the PCA with the **Philippines** was signed, a FTA is under consideration; the PCA with **Singapore** is ready, negotiations on the FTA are continuing; **Vietnam**: PCA signed, FTA negotiations have been launched end of May. Adding to these bilateral agreements an **EU – ASEAN FTA** remains on the political agenda³².

These examples highlight that despite the on-going sovereign debt crisis and turbulences around the euro, which have considerably eroded the perception of the EU as a credible actor in international relations, the EU is clearly looking beyond Europe. It has recognised the importance of the Asia Pacific region not only recently but already back in the 1990ies to which the creation of the Asia Europe Meeting (ASEM) in 1996 and its first 1994 Asia Strategy ("Towards a new Asia Strategy")³³

³¹ http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/129883.pdf

³² "Recognising that a region-to-region FTA would deepen the trade and investment links between the two regions and strengthen their respective economies, the Ministers reiterated the importance of the bilateral FTAs between individual ASEAN Member States and the EU as 'building blocks' for a region-to-region FTA." Co-chairs' statement, EU-ASEAN Ministerial 2012.

³³ http://europa.eu/legislation_summaries/other/r14201_en.htm updated 2001: "Europe and Asia: A Strategic Framework for Enhanced Partnerships" at

lay proof. It is also clear that an Asia policy is more than a policy towards China, important as the country is. The EU also pays particular importance to ASEAN and attempts to better valorise the longstanding dialogue, being mindful that ASEAN strives to establish an EU-style economic community by 2015.

Thus, within the limits imposed by the Treaties - the EU is not the United States of Europe –the European Union is active globally according to its specificities. Given Asia's position as the economic power house while at the same time being in a volatile security situation, the EU attempts to contribute to assure that the Asia Pacific century will be of global benefit. Because of economic and political globalisation international players have to take an interest in areas formerly far apart; the degree of involvement is however a function of the power structure of the region and the capabilities and characteristics of each player. Foreign policy is also a function of domestic policies, therefore the EU has a strong interest in overcoming its domestic sovereign debt and euro related problems which also impact negatively on the positive experience of Europe with the integration process. Nevertheless, the European Union as the largest market in the world is of particular importance for the export driven Asian economies. Based on a holistic view of security in Asia and drawing on its strength and assets described above, the Union is actively contributing to security in Asia. As the HR/VP Cathy Ashton recently put it: "Developing our relations with Asia across the board is a major strategic objective for the European Union. Put simply... Europe and Asia need each other."³⁴

³⁴ http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/asia/r1_4202_en.htm
http://www.eu-un.europa.eu/articles/en/article_12120_en.htm