

THE ROLE OF THE EUROPEAN UNION (EU) IN SHAPING ASIA'S FUTURE

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Abstract

What is the role of EU in shaping Asia's future? There are two dimensions to this question— should EU play a role and can EU play a role? The answer to the first is obvious. EU should be concerned about Asia's future as the level of interdependence between Europe and Asia is increasing. Asia as a region is the EU's main trade and investment partner. The various challenges that Asia face in its future— increasing demand for resources, increasing urbanization— have implications for environmental sustainability and security that cannot be ignored by Europe. Asia is therefore of critical concern for EU's security and to be passive to the developments in Asia will be a mistake. Whether the EU can play a role in shaping Asia's future and how is another dimension that would be determined by several factors – the strength of EU integration and its policy coherence as an external actor, and its relations with China and the US.

This paper on “The Role of the EU in shaping Asia's Future” will elaborate on the important nexus of EU's relations with US and China and examine in detail EU's capacities and capabilities as a coherent actor. The development of EU's Common and Foreign Security Policy (CFSP) and the European Defence and Security Policy (ESDP) signaled the EU's desire to become a comprehensive global actor, and not just an economic or trading power. However, the challenges that the EU faced as a global political and security actor are tremendous and the rejection of the Reform Treaty 2007 (Lisbon Treaty) by the Irish have put on hold the reforms necessary to make the EU a more coherent global actor. As the EU struggles to deepen its integration and build its capabilities and capacities, its relations with its long-time partner and ally, the United States have been undergoing some tension and changes. How much EU-US can work together in the Asian continent, and how EU-China relations would develop in the foreseeable future would have implications not only for Asia, but perhaps also for the emerging global order. China has a central role to play in Asia's future and its relationship with the US is seen as the most important geo-strategic relationship of the 21st Century. How and if the EU in managing its partnership with the US and China could have some impact on this most important geo-strategic relationship is something to be seen.

The Role of the European Union (EU) in Shaping Asia's Future

Introduction

The rise of China brought about by economic reforms and its more than 2 decades of continuous economic growth has already raised speculations and discussions about the shift of global power from the West (often taken as US and Europe) to Asia. The current global financial crisis brought about by the “failure” of the markets in the West has further accentuated the perception of the relative economic

and diplomatic decline of the West and the rise of Asia spearheaded by China. This, however, does not signify the end of Western influence, definitely not that of the US, which remains as the world's only superpower in terms of its military might and ability to project this power.

In Europe, however, there is a slight sense of trepidation and opinions are divided on the role of the European Union (EU) and its ability to continue to have a shaping influence on the emerging new world order. In absolute terms, the economic power of the European Union is impressive. On a purchasing power parity (PPP) basis, its GDP in 2005 is 12.816 trillion USD, slightly larger than the US and way ahead of China's 8.1 trillion USD. Often dismissed as an "economic giant and political pygmy", this assertion is however, increasingly challenged by some as the EU sought to shore up its foreign and security policy capability and has begun to complement this with a European Security and Defence Policy backed up by some semblance of an EU military force – the Rapid Reaction Force.

With Asia's rise, there is no doubt that the EU will have to increase its engagement with the region if it is to ensure its prosperity and continued relevance. Would EU through this engagement be able to shape Asia's future or would Asia develop in its own trajectory with widespread implications for the EU and its member states.

SHOULD the EU play a role in shaping Asia's future?

There are two dimensions to this question – should EU play a role and can EU play a role. The answer to the first is obvious. EU should be concerned about Asia's future as the level of interdependence between Europe and Asia is increasing. Asia as a region, and even China by itself, is EU's main trade and investment partner. The various challenges that Asia faces, increasing demand for resources, increasing urbanization has implications for environmental sustainability and security that cannot be ignored by Europe. Asia is therefore of critical concern for EU's security and welfare and to be passive to the developments in Asia will be a mistake.

Increasing economic interdependence between Asia and EU

Asia is now EU's biggest trading partner with a share of 31% of total trade. EU trade with China grew by 150% between 2000 and 2006 and its trade with India was up by 80% in the same period. In the area of investments, in 2006, EU invested 3.7 billion euros in China and 1.6 billion euros in India. EU's trade and investment relations with the developed economies of Japan and South Korea also remain significant. The Association of Southeast Asian Nations (ASEAN) of 10 Southeast Asian countries with a combined population of over 500 million and GDP of one trillion USD is the 11th largest in the world (ahead of Russia and India) at this juncture (Lohman and Kim, 2008). ASEAN is in the process of creating an ASEAN economic community and when realized in 2015 or 2020 would provide a major boost to the economic relations between EU and ASEAN. As it stood now, EU is ASEAN's 2nd largest trading partner and by far the largest investor in ASEAN countries.

With such economic figures and interdependence, the well-being of the two regions is closely intertwined and EU has no choice but to take an active interest in Asia.

Common Challenges and Security Concerns

Asia is a region of opportunities for EU but it is also a region of challenges and crisis.

With increasing interdependence between EU and Asia, problems in Asia will have increasing impact on Europe. The challenges in Asia are manifold, from dangers of nuclear proliferation in the Korean peninsula and South Asia to the threats of terrorism and extremism coming out of Afghanistan and the *talibanisation* of Pakistan to vulnerabilities from climate change and environmental degradation. The competition for resources, energy in Central Asia, water in the Greater Mekong sub-region, and the fact that 250 million still live in poverty in Asia can lead to potential problems at regional and global level which the EU cannot ignore.

Asia's Rising Power

By now, Asia's rise led particularly by China and India is undisputed. It is projected that by 2020, China would have a GDP of 19.3 trillion USD (using PPP) surpassing that of EU's 17.7 trillion and US' 19 trillion. India would have reached 8.79 trillion.

Beyond these economic figures, is the rise of diplomatic clout and political influence not only in its own region, but in other regions, judging from China's diplomatic offensive and foray into Africa and Latin America in search of resources. Popularity of Bollywood movies, the growth of Confucius Institutes and interest in learning mandarin are all signs pointing to possible rise in soft power of China and India. EU's preference for multilateralism, its "civilian" power image and its much touted "soft power" would be increasingly challenged by Asia. What implications these would have for the EU need to be fully understood. Would China and India continue to accept the present international system and work within the broad framework without demanding drastic changes? Would this change as they acquire more power? Would they rather stay in the international system and help shape the system from within or would they to stay out of the system, and seek to change it from outside?

Another possible trend in Asia is the consolidation of Asian's emerging regionalism. The crisis brought about by the global financial meltdown may spur the Asians towards greater regional cooperation just as the Asian financial crisis in 1997 acted as a catalyst for reflections and re-thinking on East Asian community-building. What kind of regional entity would evolve – an open friendly bloc or a closed "paranoid" entity – would determine in large part the global climate of cooperation and competition.

CAN EU play a role in shaping Asia's future?

Now that we have answered why EU should be concerned and played a role in Asia, whether the EU can play a role is another question. This other dimension would be determined by several factors – the strength of EU integration and its policy coherence and its relations with the US and China. Can the EU and its member states build institutions and processes that will enable them to deal effectively with other parts of the world? Should and can EU act independently of the US when it comes to Asia. Can EU think strategically and build a truly strategic partnership with China? China has a central role to play in

Asia's future, and its relationship with the US is indeed touted as the single most important geostrategic relationship of the 21st century.

EU's CFSP and Coherence as a global actor

The development of EU's Common and Foreign Security Policy (CFSP) and the European Defence and Security Policy (ESDP) signalled the EU's desire to become a comprehensive global actor, and not just an economic or trading power. The developments made in CFSP and ESDP over the last few years have been impressive but they remain essentially an area of inter-governmental cooperation. There remains an "obvious tension between the urge to act collectively and the protection of EU member states' sovereignty" (Smith, 2008: 47). Divergent national policies and persisting allusions to national sovereignty, and the lack of strategic consensus between member states on where, how, when and for reasons the EU should engage in common foreign and security operations continued to hamper EU's ability to act.

The challenges the EU faced as a growing political actor are tremendous. The decision-making structures and processes in foreign and security policy need to be streamlined and made more efficient. EU needs more coordinated, efficient and effective institutions and enhanced capabilities. However, the rejection of the 2005 Constitution Treaty and the uncertain fate of the Reform Treaty 2007 (Lisbon Treaty) following the Irish "No" vote have put a hold on the reforms necessary to make the EU a more coherent global actor.

At a time when the EU is needed to participate fully as a global player, EU would need first to debate internally ways forward on how to strengthen integration so that its voice can be heard in the global arena.

If the EU should remain "self absorbed" and unable to deepen its political integration, its ability to help shape Asia's future would be lost. Only a united EU in equal partnership with the US can deal with the immense challenges and opportunities arising from the developments in Asia.

EU-China relations

The European Union's interest in China in the last fifteen years or so can be seen from the number of Commission's Communications exploring the state of relations between China and EU and attempt to develop a coherent EU strategy towards China. China has reciprocated, stepping up relations with the EU, recognising its economic bargaining power in multilateral trade forums such as the WTO. China also sees the EU as a potential partner in creating a multipolar world, which to the Chinese mind is preferable to the hegemonic dominance of the United States.

China pursues its cooperation with the European Union through several channels. There is the bilateral EU-China strand and there is cooperation within the multilateral framework of the Asia-Europe Meeting (ASEM). In addition, China cognizant of the continued variance in foreign policy priorities and approaches of EU member states, also maintained bilateral state-to-state relations with EU member states. All these add to a rather vibrant but also complex partnership in which China has to tread

carefully “between maintaining bilateral relations at the national level and responding to Europeanisation” (Kerr & Liu, 2007:1).

The EU and China both proclaimed their interests in promotion of multilateralism and multi-polarity. However, there are differences in the interpretation of these two words and actual practices. For the Chinese there is a tendency to equate multilateralism with multi-polarity, whereas for the EU, multilateralism when practised should encompass characteristics such as adherence to rules and institutions in the international arena, that is, following clearly defined rules of engagement and procedures; the common pursuit of an indivisible goal such as global peace and belief in diffuse reciprocity (Ruggie, 1993:11-14).

While there is no doubt that the world is moving towards multi-polarity with emerging powers such as Brazil, China, India and Russia, flexing their economic muscles, it is still unclear what type of multi-polar system will emerge. Will it be multipolarity that is competitive based on assertion of national power or one that is cooperative based on multilateralism. The Europeans with its multilateral construct – the European Union – is clearly in favour of a multilateral model of multi-polarity. However, China, by contrast, has a more realist view of international relations, and can easily switch between unilateral, bilateral and multilateral behaviour depending on its perception of which tool best promotes its self-interest (Grant and Barysch, 2008:1-5).

The EU as the world’s most successful case of regional integration and multilateralism must continue to demonstrate to China the value of embracing institutionalism as a binding force in regional and world order. How so? By acting in supporting role as an external federator towards Asian integration as was the case US did for European integration, and by strictly adhering to multilateralism itself and working with China through practical cooperation on common challenges through international organizations and rules.

EU-US Relations

Transatlantic relations have not been in the best shape since Bush became the president of the United States. EU with its embrace of multilateralism and lack of strategic presence and security responsibilities in Asia for many decades have influenced the way they perceive emerging powers in Asia. Hence EU does not necessarily share the same strategic instincts and perceptions about the rise of China as the US. This however may be changing as EU faces tough economic competition from China and the escalating EU-China trade deficit. So to many Europeans, the view of China as a benign partner is changing, and increasingly, there may be some who see China as a potential threat for Europe’s economic security. What would this mean for EU-US relations, particularly in their approaches and policies towards Asia with China in the back of their minds? It is still too early to speculate, but one could see more coordinated efforts between EU and US for better management of the consequences of China’s rise (Dassu and Menotti, 2005).

Other questions concerning EU-US relations with regards to Asia is how much the EU would continue to be content to focus on soft issues and pursue a soft policy as a complement to the “hard policy” of the US. It implies that the EU eschewing power politics but loyal to its primary alliance, does not undercut

the prevailing security architecture in Asia, but only acts at its margin (Godement, 2008:43-44). For Asia and China, the EU will not be taken seriously if the EU is content to work on the fringe and does not have its own independent strategic policy towards Asia.

Conclusion

In concluding, whether the EU could play a role in shaping Asia's future would depend on whether the EU can strengthen its own integration so that it can think strategically and act strategically. The EU need to shape a common foreign and security policy to avoid divergent views among member states, which if allowed to dominate the agenda, makes the EU a less interesting and attractive partner for Asia and even its own traditional ally, the US.

The current global financial crisis also provided an opportunity for Asia and Europe to look into a new partnership that would help reshape the global financial system and stabilize the global economy to prevent it from going into deep depression. It is now incumbent upon Asia and Europe to take on more global responsibility in international affairs to shape their own collective future or have their fate being determined by forces beyond their control.

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