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A presence farther east: Can Europe play a strategic role in the Asia-Pacific region?

By Rem Korteweg

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- ★ Europe has important trade relations with countries in East Asia. But increasing tensions in the region, especially maritime and territorial disputes between China and its neighbours, put essential European economic and security interests at risk.
- ★ Despite this, the European Union's efforts to protect its interests are hesitant and fragmented. The EU should contribute more actively to preventing violent conflict and finding a peaceful resolution for disputes in the South and East China Seas.
- ★ Asian governments are growing impatient with Europe's ambivalence about their security concerns. Europe wants to avoid taking sides in East Asia but will find this increasingly difficult. China, Japan and others are competing for European diplomatic support, which threatens to divide Europe.
- ★ Crises closer to home, including Ukraine, Syria and Iraq, should not distract Europe from the importance of East Asia's changing balance of power. The rise of China and the US 'pivot' towards Asia should convince Europe to develop a security strategy for the Asia-Pacific region.
- ★ Europe should play to its strengths. The UK and France have military relations with countries in the region, Germany has a strong economic relationship with Beijing, and the EU has valuable lessons to share on reconciliation, regional integration and conflict prevention. Europe should draw these elements together into a co-ordinated agenda for increasing regional stability and avoiding violent changes to the status quo.

Europe hardly seems to matter in East Asian security affairs.¹ Europe's leaders boast about trade volumes when they visit the region, but they whisper when the topic turns to the rising security tensions there. While the US pursues a security strategy intended to promote its interests in the region, European states and the EU avoid speaking up, out of fear of harming their trade relations or because they think they have no role to play. But they do. Unfortunately, Europe's security ambitions in Asia are developing at a glacial pace.

The EU and its member-states are actors in the Asia-Pacific region, but a coherent strategy is lacking. EU officials say that Europe's engagement on Asian security has improved over the years, but it is piecemeal and mostly focused on helping with internal issues,

such as civil strife, domestic security and economic development. East Asia's most dangerous problems, however, are between states, not within them. Europe's failure to address this fact reduces the EU's relevance and credibility.

1: Elements of this policy brief have appeared in the chapter 'European Approaches to Asia', in Hans Binnendijk, ed, 'A transatlantic pivot to Asia: towards new trilateral partnerships', Center for Transatlantic Relations, 2014.

In spite of serious challenges in its immediate neighbourhood, Europe cannot be strategically ambivalent about Asia. The eastward shift of economic and political power is structural; a strategic approach to the region is needed. Business as usual in Asia, where Europe prioritises commercial diplomacy and relies on bland statements of concern about regional security developments, no longer suffices. Europe's economic interests dictate a stronger approach; its Asian partners demand it; and the importance of the transatlantic relationship warrants it.

This policy brief examines aspects of Europe's involvement in Asian security; how the US 'pivot' influences European policy towards Asia; how Asian powers approach Europe; and what Europe can do to promote its security interests in the Asia-Pacific region (hereafter also referred to as East Asia). It suggests possible elements of a European strategy towards East Asia, focused on maintaining freedom of navigation, promoting maritime security and resolving territorial disputes in a peaceful way. It underlines the importance of the US factor: if European governments fail to play a

role in Asian security – an area of strategic interest to the United States – Washington may further question the value of transatlantic security co-operation in promoting global stability.

“In spite of serious challenges in its immediate neighbourhood, Europe cannot be strategically ambivalent about Asia.”

If EU countries want to be security producers instead of security consumers, play a global role commensurate to their global economic presence and promote an international rules-based order, they must be more involved in Asian security. This does not mean Europe should become America's junior partner; it does mean finding transatlantic commonalities in policy and purpose. But America will have to push: amidst the issues competing for attention on Europe's borders, Europe's governments will find it hard to focus on Asia as well.

Ready, set, rebalance

East Asia is characterised by increasing economic prosperity but decreasing political trust. Economic growth in the Asia-Pacific region – driven by China's booming economy – is important to the global economy, but the region is becoming the theatre of interstate conflict. The rise of China is changing Asia's balance of power. The expansion of Beijing's economic influence, its growing national confidence, and its ever-increasing demand for raw materials, are matched by a military build-up and an increasingly assertive foreign policy, particularly in the East China Sea and South China Sea. These developments are making its neighbours nervous.

In an effort to reassure its Asian allies and to play a role shaping Asia's strategic environment, the US has been focusing more attention on the region. US president Barack Obama has been pursuing a shift in US policy in what has become known as the Asia pivot or 'rebalance'.

The pivot has diplomatic, economic and military dimensions. On November 17th, 2011 President Obama spoke to the Australian parliament and affirmed that “the United States is a Pacific power, and we are here to stay.” During his five years in the White House, Obama has travelled to the region 18 times and he promised to attend each East Asia Summit (EAS) meeting to demonstrate his personal commitment to the region. He is continuing his predecessor's trend – George W Bush made 23 trips. Secretary of State Hillary Clinton made an astonishing 49 trips during her tenure between 2009 and 2013; her predecessor, Condoleezza Rice made 'only' 32 visits. In Obama's second term Secretary of Defence

Chuck Hagel and Secretary John Kerry have been the diplomatic faces of the pivot: since early 2013, Kerry has made nine visits, while Hagel has visited the region 14 times, underlining the prominent role of defence policy in the pivot.

As part of the policy shift, the United States is intensifying its economic relations with the region. It hopes to conclude a regional free trade agreement, the Trans-Pacific Partnership (TPP), with 12 countries including Japan, South Korea, Australia, Vietnam and Malaysia. But TPP currently excludes China, which has led officials in Beijing to worry that the agreement is an intentional effort to isolate China.

The US is shifting its military centre of gravity from Iraq and Afghanistan to East Asia. Washington has collective defence agreements with five countries – South Korea, Japan, Taiwan, the Philippines and Thailand – and a substantial military presence to support them: in March 2014, Hagel said the US had 330,000 troops, 180 ships and more than 2000 aircraft throughout the region. For several decades, the US has stationed forces in Japan, South Korea and Thailand. Since Barack Obama came to power, the Pentagon has opened a new marine facility in northern Australia; concluded a military basing agreement with the Philippines; and made port visits to countries like Vietnam.

As tensions rise, the United States confronts a strategic dilemma: if US security guarantees and military plans fail to reassure its Asian allies, Washington will lose the ability to influence their security policies. But if

US security guarantees are too strong, there is a risk that allies may feel emboldened to act recklessly. So Washington must strike a balance between credible reassurance and adequate restraint.

Much of US thinking about Asia is ultimately determined by relations with China. Senior US officials have described US-China relations as a balance of co-operation and competition. The two countries are the

largest trading states in the world and are each other's second (for China) and fourth (for the US) largest trading partners. The US runs a large trade deficit with the country, while China holds vast amounts of US debt and depends on US consumption to sustain its export-led growth strategy. Washington and Beijing have an interest in stable economic relations and their co-operation is crucial to the global economy. But in security terms they are becoming rivals.

Troubled waters

The US is becoming increasingly outspoken, particularly in its criticism of Chinese behaviour in the South and East China Seas. China claims most of the South China Sea within a self-declared 'nine-dash line', an area that covers the contested Spratly and Paracel island groups and parts of the exclusive economic zones of six neighbouring countries. In 2012, a stand-off between the Philippines and China over Scarborough Shoal resulted in China seizing control of the reef, an act the Philippine president has compared to Nazi Germany's annexation of Sudetenland.² The Permanent Court of Arbitration in The Hague is currently working on a case brought by the Philippines over reefs in the South China Sea and parts of the Philippine exclusive economic zone that are claimed by China. Beijing, however, does not recognise the jurisdiction

of the court. Since May 2014, tensions between China and Vietnam have increased as China has had an oilrig in waters claimed by Hanoi. Like Manila, Hanoi is considering taking China to court. In the East China Sea, China claims the Japanese-administered Senkaku Islands (which China calls Diaoyu).³ Japan accuses Beijing of aggressive behaviour, pointing to China's regular intrusions into Japanese airspace and waters around the islands, and Beijing's belligerent rhetoric in support of its claims over the rocks. Moreover, contrasting interpretations of the region's history, particularly regarding the 1930s and 1940s, fuel a vicious cycle of nationalism and mistrust. In this context, provocative moves in the contested zones raise tempers, heighten the risk of incidents and make reconciliation more difficult.

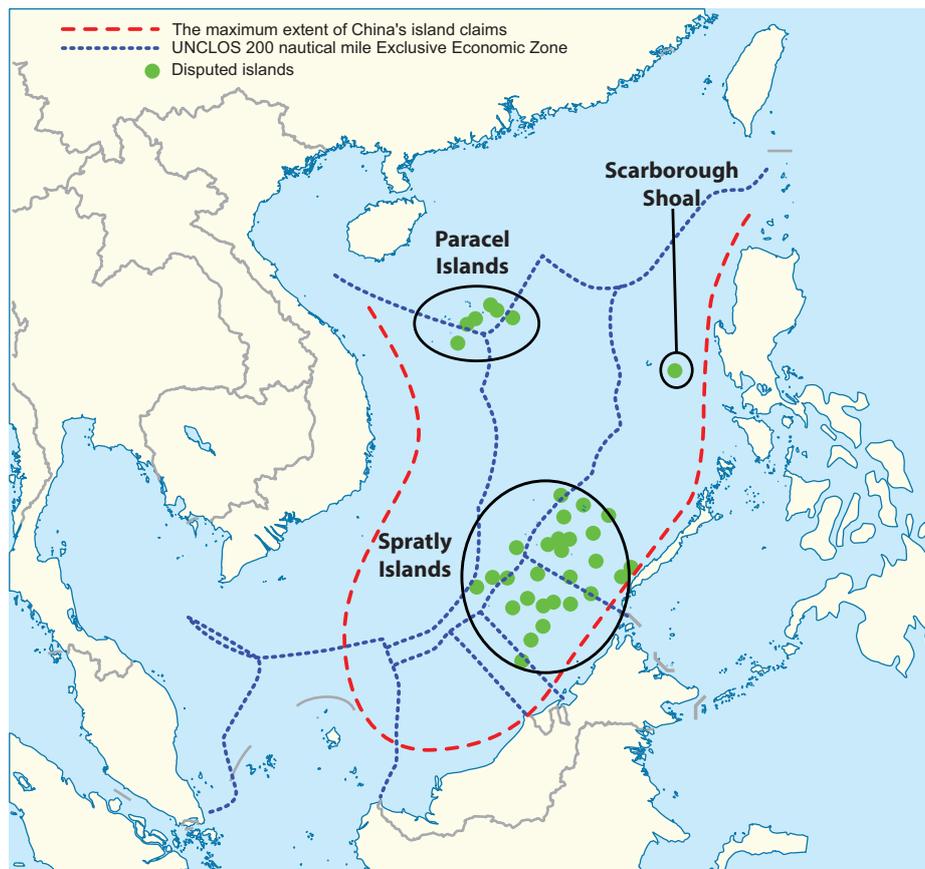


Figure 1: Maritime and territorial claims in the South China Sea

Source: Adapted by CER, based on Goran tek-en [CC-BY-SA-3.0 (<http://creativecommons.org/licenses/by-sa/3.0/>)], via Wikimedia Commons.

2: Keith Bradsher, 'Philippine leader sounds alarm on China', *New York Times*, February 4th 2014.

3: Taiwan also claims the Senkaku/Diaoyu Islands under the 1943 Cairo Declaration.

A complicating factor in the region's politics is the dysfunctional triangular relationship between China, South Korea and Japan. A separate dispute, although far less combustible than the Japanese-Chinese conflict, pits Tokyo against Seoul over Japan's claims to the Dokdo island group (which Japan calls Takeshima). The unresolved dispute inhibits Japanese-Korean co-operation, especially in response to Chinese assertiveness. South Korean and Chinese people share suspicions about Japanese nationalism: in an opinion poll in April 2014, very large majorities in South Korea (97 per cent) and China (88 per cent) said that World War II related issues with Japan had not been settled yet.⁴

Amid this Gordian knot of territorial disputes, a growing number of incidents involving the Chinese and US militaries give cause for concern. In November 2013, China announced a new Air-Defence Identification Zone (ADIZ) overlapping the Senkaku/Diaoyu Islands.

Spurred on by Japanese protests, the US responded by challenging the ADIZ and sending B52 bombers to enter it. In December 2013, a Chinese ship cut in front of a US navy ship, almost causing a collision in the South China Sea.

China has steadily increased its defence budget in the past decade: the average annual increase between 2001 and 2011 was 15.6 per cent, though this should fall slightly (according to official figures) to 12.2 per cent in 2014. China now has the second-largest defence budget in the world. The Chinese air force is developing sophisticated stealth fighter aircraft and the Chinese navy is building new submarines, frigates, missiles and even aircraft carriers. This indicates a greater willingness to deploy military power in its neighbourhood (or beyond). US strategists are concerned that China could try to keep US naval forces at a distance, challenging the naval supremacy the US has enjoyed in the western Pacific region for seven decades.

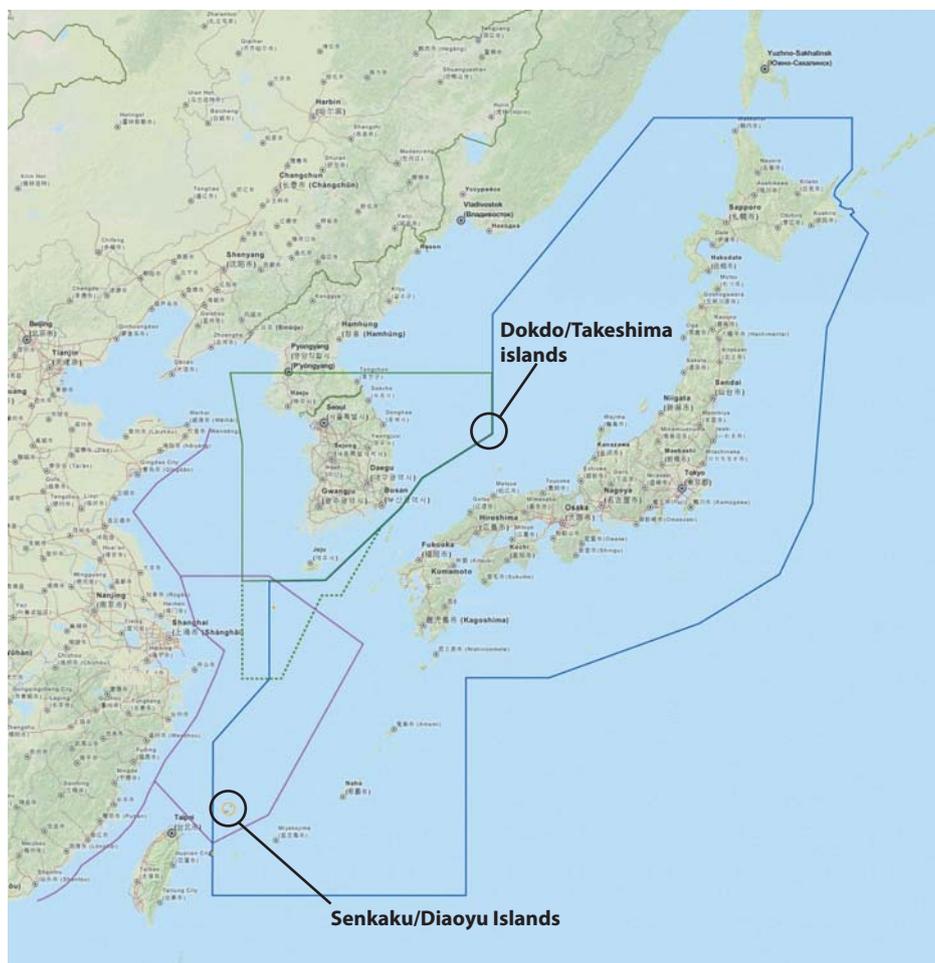


Figure 2: Overlapping Air Defence Identification Zones in the East China Sea, and location of disputed islands

Source: Adapted by CER, based on Maximilian Dörrbecker (Chumwa) [CC-BY-SA-2.0 (<http://creativecommons.org/licenses/by-sa/2.0/>)], via Wikimedia Commons.

4: Special public opinion poll, *Asahi Shimbun*, April 4th 2014.

Beyond increasing its military presence in the region, the Pentagon's response to China's growing military prowess is a concept called 'Air Sea Battle'. It assumes a swift and intense military campaign in the event of hostilities and would rely on naval and air power, and possibly the offensive use of cyber weapons. The details remain secret, but the concept is controversial because it presupposes the need to attack Chinese military forces on land. An attack on the Chinese homeland would be a disproportionate response to a maritime incident and could lead to an escalation of hostilities. While military conflict between the US and China is unlikely, it cannot be fully discounted, given the rising tensions over territorial disputes, and US security guarantees to its Asian allies.

Even so, Washington understands that, given China's size, there are few global problems that can be solved without it. In Beijing and Washington, officials – like General Martin Dempsey, the highest ranking US

officer – say the two countries must avoid the apparent inevitability of a 'Thucydides trap'; a reference to the Peloponnesian wars in which Sparta fought the emerging power Athens. To foster friendly relations, in June 2013 President Obama and freshly-minted Chinese President Xi Jinping spent two days at California's Sunnylands retreat. After the meeting, President Xi called for the development of "a new model of major country relationship", which Chinese officials interpret as China's aspiration to promote peaceful relations with Washington, on the basis of parity in the western Pacific region, not US dominance. These developments keep East Asia at the forefront of US security thinking.

“As trade ties with Asia become closer, Europe's interest in stability in the region increases.”

A European reason to pivot

In Brussels, by contrast, security issues in the Asia-Pacific region are not considered urgent. Events such as the Ukraine crisis, instability in the Sahel, the fallout from the Arab revolutions, the weakness of the eurozone economy, and fatigue from military deployments to Afghanistan, have narrowed Europe's focus to its immediate neighbourhood. European leaders have associated the pivot with growing US reluctance to direct security issues around Europe – as seen in its 'leading from behind' in Libya and Mali. In Central and Eastern European countries, which count on US security guarantees and have observed a growing threat from Moscow, the announcement of the US pivot created particular discomfort. The Ukraine crisis offers a strong reminder that Europe should take its neighbourhood very seriously. The crisis has also put European security back on Washington's agenda; in an effort to reassure its European allies, the US is increasing its military presence – albeit modestly and temporarily – in Poland and the Baltic states. Some have argued that this gives renewed purpose to the transatlantic relationship. In April 2014 Poland's defence minister, Tomasz Siemoniak, suggested the US should "re-pivot" to Europe.

But in spite of the importance of all the crises on its doorstep, Europe would commit a strategic error if it concluded it could ignore security developments in the Asia-Pacific region. Global economic interdependence means the shifting balance of power in Asia affects

European economic security. As trade ties with Asian countries become closer, Europe's interest in stability in the Asia-Pacific region increases.

Moreover, the pivot has ramifications for the transatlantic relationship. Although the US acknowledges the importance of recent events in Eastern Europe, its longer term strategic gaze is fixed on East Asia. While the Ukraine crisis is important, it is unlikely to shape US defence strategy in the long term in the way that events in East Asia will.

The US regularly used to take part in an informal dialogue on Asia with a number of European countries. Now, senior US policy makers rarely talk to their European counterparts about co-operating on Asian security issues, to avoid being disappointed. And when they do, they mostly explain US policy towards the region, rather than search for a joint approach with their European colleagues. The US and its European allies, however, have common interests in East Asia; the transatlantic partners should identify grounds for meaningful co-operation, lest their relationship fall into complacency or even irrelevance. Speaking at a conference in Washington on May 1st 2014, Daniel Russel, the US state department's senior official for East Asian affairs, said that "because the US is leaning with Europe on Ukraine, Europe should lean with the US on Asia".

Europe's interests in Asia

Europe has a major stake in the unfettered global flow of goods, including to and from East Asia. Freedom of navigation and a peaceful resolution of territorial and maritime disputes are crucial to European prosperity. Half the world's tonnage of merchant shipping, nearly a third of global crude oil, and more than half of global liquefied natural gas (LNG) pass through the South China Sea. One third of all sea containers processed by the port of Rotterdam, Europe's largest, cross the South and East China Seas.

The area is rich in hydrocarbons. The US Energy Information Administration (EIA) estimates that 11 billion barrels of oil and 190 trillion cubic feet (tcf) of gas might be discovered under the South China Sea (by comparison, in 2012, the EU imported 3.7 billion barrels of oil and 8.5 tcf of natural gas). CNOOC, a Chinese state-owned oil company, is more bullish and says the South China Sea could contain as much as 125 billion barrels of oil and 500 tcf of natural gas. Not surprisingly, this has attracted the interest of European energy companies, including Shell, BP, BG Group and ENI. In the waters around the contested Spratly Islands, the EIA estimates reserves of roughly 2.5 billion barrels of oil and 25 tcf of gas. If Asia's economies continue to grow and territorial disputes remain unsolved, increasing competition over access to the region's energy and natural resources, including mineral deposits and fishing grounds, could become a *casus belli*. In the East China Sea, estimated energy reserves are much lower. The EIA thinks the area could contain between 1 and 2 tcf of natural gas, and perhaps some oil. Yet some of these resources could lie in and around the disputed Senkaku/Diaoyu Islands, complicating exploration. Violent incidents in the South or East China Seas would cause trade disruptions. And once large-scale production from energy deposits in the South China Sea is achieved, any incident could cause spikes in global energy prices.

Since June 2012, the EU has had 'guidelines on foreign and security policy in East Asia'. The document states that the EU's "essential interests" are linked with security in East Asia. It acknowledges that the rise of China is shifting Asia's strategic balance and that its behaviour is causing tensions. The guidelines recommend that the EU do more to support the development of a regional security architecture; work with Asian powers on global security challenges; and focus on specific issues in North Korea, the Taiwan Straits and the South China Sea.

The guidelines are useful and their prescriptions are relevant, but they are not a strategy. They do not explain how Europe should use its resources to achieve clear objectives. In any case, an update is required to take account of escalating tensions between Japan and China in the East China Sea.

The guidelines are silent about the fact that Europe has an interest in avoiding China becoming a regional hegemon that is willing to use coercion to get its way. The United States has been the dominant power in the Asia-Pacific region for seven decades, and has protected freedom of navigation. If the US were to cede its leadership role in the Asia-Pacific region to non-democratic China, these certainties would be jeopardised. In January 2013, the Chinese island province of Hainan adopted a regulation requiring foreign ships to obtain its permission before entering the waters within the 'nine-dash line' in the South China Sea. Although enforcement has so far been weak, Japanese officials worry that China would impose a similar regime in the waters it claims in the East China Sea, emboldening it to restrict the freedom of navigation or even make political demands. Japan, South Korea and Taiwan are unlikely to kowtow to Chinese dominance. Not surprisingly, Tokyo, Seoul and Taipei are seeking reassurances from the White House and improving their national defences.

*“Increasing competition over access to the region's energy and natural resources could become a *casus belli*.”*

There is, however, Asian uncertainty about the credibility of US security commitments. Pentagon officials have publicly questioned whether the pivot can be put into practice, given budget cuts, congressional deadlock and reductions in US military capabilities. These concerns were reinforced when President Obama missed the Asia-Pacific Economic Co-operation (APEC) summit in October 2013, because the US Congress's failure to agree a budget threatened a government shutdown. This did not go unnoticed in the region. For example, in Japan, doubts are rising over whether the United States can honour its security guarantees, when US appetite for international deployments is low, its military is committed elsewhere and other crises are competing for Washington's attention.

As a result, new security dilemmas are emerging. The government in Japan plans to reinterpret its pacifist constitution to allow participation in collective self-defence operations. In the longer term this would open the possibility of a new regional security network to deter Chinese assertiveness. Tokyo has also set up new national security institutions and is modestly increasing its defence spending. It is building defence ties with countries in South East Asia by transferring patrol boats to the Philippines, and possibly Vietnam; and by increasing military co-operation with Australia. Canberra and Tokyo have agreed to share and co-develop military technology, including stealth technology for submarines.

In China, these moves are viewed with suspicion, reflecting Japan's history of aggression. This mutual mistrust is reflected in public opinion. In a poll from April 2014, majorities in Japan (79 per cent) and South Korea (57 per cent) say China's rise poses a risk to regional stability, while large majorities in China (94 per cent) and South Korea (88 per cent) say Japan's plan to allow collective self-defence will do the same. Vietnam – which does not have a bilateral security deal with Washington – and the Philippines are deepening ties with the Pentagon, to protect themselves from Chinese bullying. (Manila signed a military access agreement with the US in April 2014.) Even once-isolated Myanmar is hedging its bets and opening up to Western countries.

As security tensions rise, European states should acknowledge that they have a strategic interest in

deterring revisionist behaviour in East Asia that could threaten regional stability and freedom of navigation. The territorial status quo, underwritten by America's security presence, has brought impressive economic growth. But the balance of power is shifting and China in particular seeks to challenge the region's established order. A European strategy to address the changing security environment in the Asia-Pacific region is overdue. This means understanding the impact of the rise of China on the region, and responding in a way that protects European interests. While Brussels-based institutions as well as national capitals have deepened their diplomatic and economic engagement in the region, there is no common strategic understanding of how developments in Asia impact their security interests and what they can do about it.

Does it take two to pivot?

If Europe and the US share an interest in East Asian security, surely co-operation should be straightforward? Unfortunately it is not. The EU and the United States have so far been unable to co-ordinate and 'pivot together' to the Asia-Pacific region, in spite of repeated statements in favour of doing so. At the EU-US summit in 2011, the two sides agreed to increase their co-operation on Asian security.⁵ A year later the EU said the US was a crucial partner in promoting stability and security in Asia and that it wanted to have a "strategic dialogue on East Asia" with Washington.⁶ At the Association of South East Asian Nations' (ASEAN) Regional Forum in 2012, EU High Representative Catherine Ashton and then-Secretary of State Hillary Clinton signed a declaration of intent to co-operate on Asian strategic issues. It included joining forces to strengthen ASEAN, working towards a maritime code of conduct between ASEAN and China and co-operating on maritime security and counter-proliferation. But

so far, little progress has been made in putting these intentions into practice. In the joint statement following the EU-US summit in April 2014, the Asia-Pacific region was mentioned only in passing, with the repetition of some elements of the Clinton-Ashton declaration.

In the summer of 2013, EU officials complained privately that the idea of a pivot together with the US was effectively "dead". For several months that year there was a policy vacuum in Washington due to changes in senior US foreign policy leadership, and international crises elsewhere. Washington had initiated this idea but it was unclear what it expected from European states: transatlantic teamwork based on a common strategic assessment of developments in Asia, or simply diplomatic support for US efforts in the region? With crises on Europe's borders, and without clear US direction, it comes as no surprise that Europe has been without a coherent Asian security policy.

A variety of European views

Despite repeated EU statements in support of co-operation with the US, European governments themselves remain divided over the desirability of transatlantic co-ordination. Countries like the UK and the Netherlands see value in pursuing a pivot together with the United States, amongst other things to maintain the relevance of the transatlantic security partnership. But others, such as France, Germany and officials in the EU's External Action Service (EEAS), believe that while Europe should play a greater role in Asia, any complementarity with the United States would be a bonus, not an

objective. They warn against the prospect of being seen as America's junior partner in Asia and do not want to become entangled in Sino-American great power rivalry. Europe's unique selling point in Asia, they say, is that it is Western, but not the United States. In a recent public opinion poll, more Germans said they wanted to deepen co-operation with China than with the United States.⁷

Contrasts in threat perceptions on both sides of the Atlantic explain differences in approach. Europeans do not feel that they are engaged in a geopolitical struggle

5: Office of the Press Secretary, 'Joint statement: US-EU summit,' the White House, Washington, D.C., November 28th 2011.

6: European External Action Service, 'Guidelines on the EU's foreign and security policy in east Asia,' Brussels, June 15th 2012.

7: 'Deutschland soll sich weniger einmischen,' *Süddeutsche Zeitung*, May 20th 2014.

with China, and therefore do not see events in the Asia-Pacific region through a strategic lens. According to the 2013 Transatlantic Trends survey, 46 per cent of Europeans see China as an economic threat, while that figure jumps to 62 per cent in the United States. Among Europeans, 63 per cent do not see China as a military threat, while half of Americans do.⁸

The biggest problem, however, is that in spite of having a single set of guidelines on paper, in practice the EU's 28 member-states pursue their own bilateral Asia policies, primarily focused on trade. European countries rarely act in unison, or defer to EU institutions, in East Asia. As a result, the EEAS struggles to pursue a policy that goes beyond the lowest common denominator. Europe's engagement is an aggregate of the separate and different activities undertaken by the EU and its member-states, primarily the UK, France and Germany. However, while their approaches to East Asia are distinct they could, if better co-ordinated, be complementary and give shape to a more strategic European approach to the region.

Part of the problem is that the EU wants to be a normative power in a region increasingly shaped by power politics. By its own admission the EU's influence is soft. In 2013, David O'Sullivan, the chief operating officer in the EEAS, called the EU's lack of military capabilities in Asia an "asset".⁹ He said that the "[Asia-Pacific] region perhaps doesn't need another hard security player; our added value is different. We are seen as engaged but not threatening; active but without a geopolitical agenda". This self-perception is based on the assumption that since the EU lacks military hard power it can effectively promote co-operative multilateral solutions, build trust, and convey lessons about reconciliation without antagonising others. "Our rhetoric is rarely stirring; we don't do shock and awe. But that's also the point," said O'Sullivan. Similarly, Catherine Ashton said in June 2013 that the EU is an Asian partner, not an Asian power, and that its interest is "not in projecting power, but empowering".¹⁰ But in spite of the EU's self-congratulatory posture, Asian governments do not consider it a serious security actor.

Several individual EU member-states have a more developed Asia policy. The UK's focus is on building stronger diplomatic, economic, defence and security relations with Asian powers, including in co-ordination with the US. London focuses on co-operation with existing allies, such as Japan, Australia and Asian Commonwealth countries; building trade relations with emerging markets such as China; and deepening ties to ASEAN. Commercially, the UK wants to attract investment from East Asia and become a hub for the

international trade in China's currency, the renminbi, as this becomes fully convertible. France's approach is similar to Britain's and covers all areas of foreign and security policy, but Paris sees its role in the Asia-Pacific as distinct from that of the US. In his speech in Jakarta in August 2013, the French foreign minister, Laurent Fabius, said Paris aimed to pursue a more economic and diplomatic pivot to Asia than the US.¹¹ He also expected that France's socio-cultural and historical ties to Francophone Indochina would translate into preferential access. Germany prioritises exports to Asia. Berlin's policy is primarily, and almost exclusively, shaped by trade and commercial ties; it reasons that strong trade relations equal political influence.

“The EU wants to be a normative power in a region shaped by power politics.”

Other EU member-states, including the Netherlands, Sweden, Italy and Poland, have extensive relations with Asia as well. Often they focus on niche interests; for instance Sweden champions human rights in Asia, while the Netherlands aims to develop stronger relations with Indonesia, building on its historical ties to the archipelago. The importance of the port of Rotterdam gives the Netherlands a specific interest in maritime security and freedom of navigation. More than the larger European states, smaller member-states look to Brussels to act as a policy multiplier; for instance, to remove trade barriers and improve market access in China; to address rule of law and human rights issues; or to discuss climate change, sustainable energy and natural resources use.

On paper, the EEAS tries to formulate a coherent Asia policy, taking in political, security, humanitarian and commercial interests, and find the middle ground between the range of Asia policies across Europe. But it finds itself often overshadowed by the unilateral pursuit of British, French or German trade-centric agendas. The large EU countries rarely defer to Brussels in their Asia policies.

Further complicating the development of a co-ordinated approach is that trade policy is governed by the European Commission (not the EEAS), while trade promotion resides at the national level, giving a large role to national capitals. But even if member-states delegated their Asia policies to the EU (which they will not), Brussels would have difficulty speaking with one voice. The European Commission and the EEAS do not pursue a harmonised policy towards Asia, particularly

8: German Marshall Fund, 'Transatlantic trends 2013'

9: David O'Sullivan, 'Priorities for diplomacy in east Asia', GRIPS Forum, Tokyo, February 12th 2013.

10: Catherine Ashton, 'Defending national interests, preventing conflict', Shangri-La Dialogue, June 1st 2013.

11: Laurent Fabius, 'speech at the ASEAN Headquarters', Jakarta, August 2nd 2013.

China. While the trade commissioner, Karel de Gucht, is willing to be tough with Beijing and confronts China on trade issues, EEAS chief Catherine Ashton is much more

reluctant to do so. This interagency dissonance breeds confusion among Asian counterparts and reduces the effectiveness of EU diplomacy.

Beware divide and rule

As tensions in the South and East China Seas come to dominate Asian security, Asian governments seek diplomatic support. Europe will face a growing chorus of Asian diplomacy that – given the absence of a co-ordinated European approach to East Asian security – threatens to pull European countries in different directions.

Japan, Vietnam, the Philippines, South Korea and others are intensifying their outreach to European states. For instance, South East Asian states are interested in free-trade agreements with the EU, and the political deals that are part of them, for geopolitical as well as economic reasons. They want to diversify away from dependence on China. South Korea is exploring if the Organisation for Security and Co-operation in Europe (OSCE), an institution that contributes to European conflict prevention, could be a useful model for East Asia. Tokyo has voiced concern about European indifference: it fears European navel-gazing and economic weakness will lead its leaders to prefer short-term financial or commercial rewards from China (or even be persuaded to re-think their arms embargo against China) rather than taking a strategic view of Asian security. During his visit to Europe in May 2014, the Japanese prime minister drew parallels between Russia's annexation of Crimea and Chinese assertiveness in the South and East China Seas. To Shinzo Abe, the Ukraine crisis showed that "the security environments surrounding Japan and Europe are closely linked and becoming increasingly severe".¹² Japan is supporting EU sanctions against Moscow and hopes for European reciprocity in the event of a crisis with China. And Tokyo has been increasing its emphasis on shared liberal, democratic values with Europe.

Japan's worries have some basis. European governments fail to connect events in Ukraine and East Asia. Besides, they prioritise bilateral relations with Beijing for trade purposes, making it possible for China to play EU states off against each other. China has used 'cheque book diplomacy' and access to its huge market as foreign policy levers before. After British prime minister David Cameron's meeting with the Dalai Lama in May 2012, the UK government was excluded from high-level meetings with Beijing for more than a year, denying Downing Street the opportunity to promote trade with China. Earlier, in 2008, China cancelled a meeting with EU leaders because French president Nicolas Sarkozy, who held the rotating EU presidency, had met the Tibetan religious leader. His

successor, François Hollande, has not met the Dalai Lama, and Germany's chancellor, Angela Merkel, only met him once, in 2007. China has effectively been able to stop the Dalai Lama from having regular access to European leaders.

China is cultivating ties with alternative groups of European states, side-stepping the EU. In 2012, then-premier Wen Jiabao initiated a dialogue with 16 Central and Eastern European states, to improve trade and investment relations. As part of his visit, organised by the Polish government, the Chinese premier announced a \$10 billion (€7 billion) soft loan for infrastructure and green technology projects in the region. Poland is particularly important to Chinese trade as it is the European entry point for the 'silk railroad,' a railway that runs from China across Central Asia to Europe. The rail link started in January 2013 and can carry freight from China to Europe more quickly than by ship. In November 2013, at the next '16+1' meeting, the two sides decided to increase the depth of their exchanges, agreeing on an annual meeting of heads of government and a common ministerial meeting on economic co-operation and trade. China made deals to upgrade Central European railway links. Beijing has similarly invited six Southern European countries to start a dialogue on agricultural co-operation. In February 2013, China's vice-premier, Hui Liangyu, met food and agriculture ministers from Greece, Malta, Spain, Portugal, Italy and Cyprus, to discuss food exports and co-operation on agricultural technology – even though farm policy is the remit of the European Commission.

British officials warn that China may be driving a wedge between those Europeans willing to address human rights concerns with Beijing, and those that are exclusively interested in a pragmatic, trade-driven relationship. But the UK itself is equally interested in concluding trade deals with the Middle Kingdom and speaking softly on more controversial issues.

If China is pursuing a deliberate divide-and-rule policy, one explanation may be that it fears a strong, cohesive Europe could more effectively frustrate its regional ambitions. Given the vulnerable state of European economies, Beijing has an opportunity as well as an interest in fragmenting the EU. China hopes to avoid Western involvement in the maritime disputes in the South and East China Seas; it believes they are local issues to be resolved bilaterally, not multilaterally.

¹²: 'Prime Minister Abe's visit to Europe', Ministry of Foreign Affairs of Japan, May 9th 2014.

Another explanation may be that Beijing is frustrated by the EU's inability to deliver coherent policy responses and is responding instead to European countries' determination to pursue bilateral ties with it. Its strong belief in the primacy of the nation-state and its preference for bilateral diplomacy makes it easier for Beijing to work with national governments, rather than the confusing EU and its myriad institutions of pooled sovereignty. In March 2014, during his first trip to Europe as president, Xi Jinping eased some of these concerns by making a visit to the European Commission, the Council of Ministers and the European Parliament. But security issues were not discussed.

In an attempt to counter China's activity in Europe, Tokyo has set up a trade dialogue with the Visegrad-4 countries (Poland, the Czech Republic, Hungary and Slovakia). At their meeting in June 2013, Shinzo Abe underlined shared liberal values of democracy and a market-based economy. He also sought co-operation on civilian nuclear energy, in light of the Fukushima nuclear disaster. On the same trip, Abe met his Portuguese and Spanish counterparts, two countries that have been hit hard by the eurozone crisis. In 2011, China bought Portuguese and Spanish government debt worth €1 billion and €6 billion respectively. This alerted the Japanese to the possibility that this had bought Beijing political influence.

Trading power

In 2012, East Asia's share of EU global trade was 27.9 per cent and growing; China makes up 12.5 per cent, followed by ASEAN (5.2 per cent) and Japan (3.4 per cent). By comparison, the US accounted for 14.3 per cent of EU global trade. In 2010, nearly a quarter of investment into Europe originated from East Asia, mostly from China, Japan and South Korea. Because of the size of the Chinese market, Europe's policy has been China-centric. The country is the EU's largest source of imports and the second largest destination for its exports (after the US). As a result, many European member-states have made a beeline for Beijing, vying for trade and investment deals. But it is on trade policy issues that the EU as an institution is willing to be toughest with China. With no country does the EU have as many trade disputes as with China: since 2006, in every year but one the EU has filed complaints on suspected Chinese trade violations through the World Trade Organisation's dispute settlement body.¹³

Germany – Europe's largest economy – plays a central role in Europe's trade relationship with China. In 2012, 46 per cent of the EU's total manufactured exports to China were German, while Germany was the destination for 26 per cent of Chinese imports into the EU. The privileged relationship between Berlin and Beijing has translated into political access. Since 2011, Germany and China have hosted annual inter-governmental consultations involving between five and ten ministers from both sides. Germany also has an annual rule of law dialogue with China, where human rights are discussed indirectly. Germany's political access, however, has not extended to discussions about regional security. Germany avoids such controversial issues, wanting its foreign policy to be subordinated to its trade interests, instead of the reverse.

The strong ties between Berlin and Beijing have created a channel through which China can exert pressure on the EU. For instance, in May 2013 the European Commission proposed anti-dumping measures against Chinese solar panels. Berlin was reluctant to support the move after China threatened to impose import duties on German polysilicon (a key ingredient for solar panels) and luxury cars. A timely visit by China's prime minister, Li Keqiang, increased the diplomatic pressure on Berlin. Although external trade is a competence of the European Commission, Germany's public opposition helped push the Commission to negotiate a deal.

Meanwhile, the EU is negotiating (or has concluded) political agreements with 11 Asian countries. These agreements precede or accompany free trade deals and deepen diplomatic ties. The EU has bilateral free-trade negotiations with Japan, India and five ASEAN members underway. It has reached agreements with South Korea and Singapore, and – given positive political reforms in Myanmar – is eyeing the possibility of an EU-ASEAN agreement. Beijing and Brussels have launched negotiations on an investment agreement that would give European investors in China better legal protection and assuage some concerns about China's enforcement of intellectual property rights. But Australia and New Zealand, two Western liberal democracies keen to diversify their economies away from a dependence on Chinese demand, have so far not been approached to discuss a trade deal. The EU should explore this possibility.

In a sign that the flag follows trade, European countries have expanded their diplomatic presence to promote commerce. Germany, France and others have opened new consulates in China. In spite of a 10 per cent budget cut in 2013, the UK Foreign Office will open

¹³: The EU put forward claims against China concerning stainless steel tubes in 2013, rare earth metals in 2012, x-ray security equipment in 2011, iron and steel fasteners in 2010, Chinese raw materials exports in 2009, financial information services in 2008, and automobile parts in 2006.

EU free trade agreement	Pending free-trade negotiations	Political agreements	Pending investment agreement	Partnership and Co-operation agreement
South Korea (2011), Singapore (awaits ratification)	India, Japan, Malaysia, Thailand, Vietnam, Indonesia, Brunei	Thailand, Vietnam, Singapore, the Philippines, New Zealand, Indonesia, Australia, Japan, South Korea, Brunei and Malaysia	China	Mongolia

Table 1: EU political and trade agreements in East Asia

eight new diplomatic posts in Asia by 2015, and some 140 more UK diplomats will be deployed to the region (60 in China, 30 in India and 50 across South East Asia, the Korean peninsula and Mongolia). William Hague, the former British foreign secretary, tasked his diplomats to help “double bilateral trade with China, India, Vietnam, Indonesia, Malaysia and South Korea” by 2017.¹⁴

The EU’s free trade ambitions in Asia complement two other regional trade initiatives: a transatlantic agreement – the Transatlantic Trade and Investment Partnership (TTIP) – and the US-led TPP. A successful conclusion of TPP would reinforce America’s economic and political orientation towards Asia, and a transatlantic agreement would ensure that the US and Europe remain committed to setting the ground rules for global trade. TTIP would strengthen European and US hands when negotiating an agreement with Asian partners. Taken together TPP and TTIP could establish a coherent framework of trade agreements with Asia’s booming economies, based on harmonised standards. Non-members, like China, would be encouraged to adopt these standards. Thus TTIP,

though no Asian country is directly involved in it, matters for East Asia.

Trade relations are not just a soft power instrument of foreign policy, they have geopolitical benefits. Relations with Mongolia are an example. Chancellor Merkel’s visit to Mongolia in 2011 – the first visit to the country by an EU head of government – paved the way for German and European access to Mongolia’s mineral resources. The country is a source of rare earth minerals, a market which is dominated by China. Access to this alternative source could reduce Europe’s dependence on China for materials that are crucial to Europe’s high-tech, automotive and green energy sectors. For Mongolia, Merkel’s visit was equally important. The Mongolian president reciprocated with a visit to Berlin in March 2012 and in late 2012 the country joined the OSCE. In 2013, Mongolia chaired the Community of Democracies – an international forum for democracy-promotion. These efforts were part of a campaign by Mongolia, a country squeezed between Russia and China, to pursue diplomatic diversification and a pro-Western orientation.

Europe’s military power in Asia

Economic relations between Europe and Asia create shared interests in security, and give the EU some influence with partners in the region. But influence flows from a military presence, in particular. Only France and the UK have a modest military role to play in the region, although they are trying to increase it somewhat.

Brunei is host to a British garrison of roughly 900 troops, while in Singapore the Royal Navy operates a large fuel depot and berthing wharf. In the second half of 2013, the Royal Navy deployed a ship to South East Asia to build military-to-military relations and contribute to maritime security and counter-piracy efforts. The destroyer also assisted in humanitarian relief operations following Typhoon Haiyan in the Philippines (later a second ship came to help in the relief effort). The UK has plans for a regular naval presence in the region.

More importantly, the UK has a defence treaty with Asian countries. The Five Power Defence Arrangement (FPDA)

dates from 1971 and involves the UK, Singapore, Australia, New Zealand and Malaysia. It is the only standing multilateral military arrangement in the region. There are yearly naval and air force exercises, and it serves as a formal mechanism for military co-operation. Although it does not impose a collective defence obligation on the parties, the FPDA gives the UK a voice in defence issues in South East Asia.

France’s territories in the Southern Pacific and in the Indian Ocean enabled Jean-Yves Le Drian, the French defence minister, to declare in June 2013 that “France is a power of the Indian Ocean and of the Pacific Ocean”.¹⁵ The French 2013 defence review underlined France’s interest in the freedom of navigation in the Pacific. Paris has military forces deployed in New Caledonia and French Polynesia; in each case there are roughly 1000 to 1500 troops including infantry, a frigate and surveillance and transport aircraft. Due to its territorial presence in the region, France plays a role in multilateral military

14: William Hague, ‘ISS-Fullerton Lecture’, Singapore, April 26th 2012.

co-operation efforts, such as the Western Pacific Naval Symposium, and Paris wants to join regional security forums, including the EAS and the ASEAN Defence Ministers Meeting Plus (both forums will be discussed later on).

Both Paris and London have consultative security dialogues with countries in the region. Since 2012, China and Britain have had a 'defence strategic dialogue', and France has a similar dialogue dating back to 2002. British and Indian defence ministers meet annually, while Vietnam and the UK announced a 'strategic dialogue' in 2013. In July 2013, the UK signed a 'defence and security co-operation treaty' with Australia, although this is an incremental improvement on existing intelligence sharing and security ties. Unfortunately, the titles of such meetings often suggest an importance that the content usually cannot live up to. Rather than lead to big policy initiatives, 'strategic dialogues' are often humdrum meetings among high-level officials.

The EU has equally disappointing 'strategic partnerships' with China, India, Japan and South Korea. Regional security issues are scarcely addressed at their meetings. Instead, trade issues dominate. At the China-EU summit in early April 2014, non-proliferation and disarmament were mentioned. But there was no talk of tensions in the South China Sea or the freedom of navigation, even though these were addressed in the EU-US statement on the Asia-Pacific published just a few days earlier. China and the EU did agree to "gradually raise the level" of their security dialogue. How gradual remains to be seen. A month later, at the EU-Japan summit, East Asian security issues were mentioned right at the end of the 11-page statement. The EU did acknowledge its general support for freedom of navigation and overflight – important Japanese interests given China's new ADIZ – but avoided speaking out against recent Chinese behaviour. Still, in spite of their limited relevance, these dialogues should be continued and intensified where possible, and include discussions on regional security.

Among the more substantive initiatives are Japan's 2+2 dialogues – joint meetings of defence and foreign ministers – with both France and the UK. In October 2013, the UK and Japan signed an agreement on intelligence-sharing, anti-terrorism efforts and maritime security. In April 2014, the two countries agreed to allow their militaries to share supplies and logistics. Both France and the UK have similarly agreed on joint technology projects with Japan; France in the field of underwater robots, and the UK on protective clothing and missile technology.

The role of the EU's 'common security and defence policy' (CSDP) in Asia will be limited – and its prospects have not improved since the economic crisis led to significant reductions in European defence budgets and capabilities

– but there are things EU militaries can do. The EU has expertise in security sector reform, humanitarian aid and disaster relief. The EU could build on its previous conflict prevention experience in South East Asia; the only CSDP mission in the region took place in Aceh from 2005 to 2006, to monitor the implementation of a peace agreement. The EU also led a humanitarian development mission to the Philippines in 2010, sent a team of election observers to Timor Leste in 2012, and contributed to the disaster relief effort after Typhoon Haiyan in 2013. The EU has relevant civilian, military and development tools to offer to peace-building efforts, for instance in Myanmar. Another issue is European development aid, which – particularly in cash-strapped regions such as the islands of the Southern Pacific – can have a strategic impact. Here, limited European aid is an alternative to Chinese 'cheque book diplomacy'.

“European governments should commit to a rotational European naval presence in the region.”

European militaries could co-operate with Asian counterparts in areas of shared interest such as cyber security, terrorism, the proliferation of weapons of mass destruction or countering piracy. The EU has experience with maritime security through its anti-piracy operations in the Gulf of Aden, where European and Asian navies work together. The EU has held joint naval manoeuvres with the Japanese and Chinese navies, which it should continue since they offer channels for trust-building and information exchange. In practical terms, the EU and Japan have discussed increased co-operation in CSDP missions. For Japan, this co-operation offers an opportunity to improve its military skills and expand its military partnerships. For the EU, it offers a means to increase its security dialogue with Tokyo and share some of the burden of CSDP operations.

Individual EU governments could do more to build military-to-military contacts, including through port visits, joint training and exercises. Such exchanges have limited costs and contribute to trust-building and mutual understanding. In China, the UK sponsors an English-language proficiency programme at a Chinese peacekeeping training centre and organises an annual peacekeeping seminar there. It creates a channel through which the British military can engage with its Chinese counterparts. Such efforts in security sector reform and military-to-military exchanges play to Europe's strengths and should be increased.

Given Europe's interest in – and experience with – maritime security, European governments should commit to a rotational European naval presence in the

15: Jean-Yves Le Drian, 'Address to the Shangri-La Dialogue', Singapore, June 2nd 2013.

region. This would demonstrate Europe's commitment to the freedom of navigation and improve military-to-military contacts with Asian counterparts.

In April 2013, NATO Secretary General Anders Fogh Rasmussen visited Japan and South Korea to discuss emerging security challenges such as cyber security and missile defence. In May 2014, Prime Minister Abe signed a partnership agreement with the alliance and addressed the North Atlantic Council for the second time (his first visit was during his first term in office in 2007). Secretary General Rasmussen has, however, made clear that NATO does not have plans for a military presence or exercises in the Asia-Pacific region; the agreement with Japan initially refers to information exchange, tabletop exercises and counter-piracy training.

Unfortunately, NATO so far has not engaged in a formal strategic reflection on how Asian security issues and China's use of coercive tactics affect the alliance. It should do so because such developments could have implications for NATO's prosperity and energy security. Besides, increasing tensions between the US and China should concern the Alliance. But according to NATO's Washington Treaty, the North Atlantic Council can only hold formal consultations on topics that threaten the

"territorial integrity, political independence or security" of one of the allies. Asian security issues have not so far fulfilled any of these criteria. But if formal discussions are impossible, NATO should increase its informal consultations.

While Europe's military presence in the region is limited, the scale of its defence trade is larger. Increasing security tensions have led to rising military budgets: defence spending across the Asia-Pacific region rose 9.4 per cent in the three years between 2011 and 2013. Rising defence budgets translate into higher defence procurement. According to SIPRI, a Swedish think tank, the militaries of Indonesia, Malaysia and Singapore rely on Europe for more than 40 per cent of their defence technology.¹⁶ Arms sales include major systems such as submarines, fighter aircraft and helicopters. French, German and British defence manufacturers are increasingly eyeing contracts in India, Japan, South Korea and Vietnam. Smaller European defence industries are involved as well; the Netherlands, for instance, is selling two naval ships to Vietnam. These trade relationships give European governments a locus to discuss security issues with their Asian counterparts. The question is whether they are willing to use it.

ASEAN: the EU's junior partner?

China's assertive behaviour is making its neighbours anxious, increasing the possibility of miscalculations and incidents, and ultimately the risk of armed conflict. Regional distrust is high. If US regional dominance is no longer attainable, European interests are best served by a balance of power that keeps Asian powers in check and preserves the peace. Hence, Europe should contribute to shaping a context in the Asia-Pacific region that allows emerging economies, including China, to rise peacefully. Among other things, this requires greater regional integration, including China's participation in multilateral frameworks. The European Union and its member-states have a strategic interest in strengthening such institutions, and in particular ASEAN. Both Brussels and EU governments believe ASEAN could form the basis for a multilateral co-operative security community. But to live up to these expectations, ASEAN needs Europe's help.

One key challenge for ASEAN is to reach an agreement on a legally-binding code of conduct for the South China Sea which China will sign up to. The envisaged code of conduct, which the EU strongly supports, would be based on the United Nations Convention on the Law of the Sea (UNCLOS) and would help to resolve maritime disputes, including the territorial claims that derive from them. In a promising sign that a code of conduct might be possible, on April 21st 2014 the navies of 25 Pacific states, including China, Japan, the US and

seven ASEAN members adopted a 'code for unplanned encounters at sea' (CUES). (France, due to its Pacific territories, also participated.) The agreement, signed at the Western Pacific Naval Symposium, establishes basic communication protocols to avoid incidents. Unfortunately, the agreement makes no reference to territorial claims and has no binding status. Maritime clashes in May 2014 between Vietnam and China – triggered by the positioning of a Chinese oilrig close to the disputed Paracel Islands – demonstrate the need for a more binding agreement.

Berlin, Paris and London are deepening relations with South East Asia and ASEAN. Germany's then-foreign minister Guido Westerwelle argued in February 2013 that ASEAN is an embryonic Asian version of the European Union. He said regional economic integration, stronger trade relations and respect for the international rule of law had brought prosperity and security in Europe, and ASEAN could replicate that example. When the UK opened an embassy in Vientiane, Laos, in 2012, it became the third European country to be represented in all ten states of ASEAN. (The other two are Germany and France). In August 2013, French foreign minister, Laurent Fabius, mentioned geopolitics as a reason for more intensive EU-ASEAN co-operation; South East Asia should help "build an organised multi-polar world" to counter a global system dominated by the US and China.

¹⁶: Nicola Cassarini, "The European 'pivot'", EUISS, March 2013.

Among ASEAN member-states, Indonesia particularly attracts European attention: it is a regional political power, a leader in ASEAN and has a booming economy. European governments believe that Jakarta, because of its historical status as a non-aligned power, could help build bridges in the Asia-Pacific region between those countries leaning towards China (such as Laos and Cambodia) and those leaning towards the US (such as Singapore and the Philippines). France, the UK and the Netherlands have increased their outreach to Indonesia, and emphasise the role Jakarta can play in maritime security.

But how can Europe strengthen ASEAN? While the EU officially does not have an opinion about the territorial disputes in the South and East China Seas, there are things it can do, including offering technical legal expertise and training regarding territorial and maritime demarcation. The EU is one of the signatories of ASEAN's Treaty of Amity and Co-operation and regular EU-ASEAN ministerial meetings address common trade issues. These should be expanded to include discussions of a strategic nature. The EU supports ASEAN's efforts to improve humanitarian response and disaster relief capabilities and it has suggested joint meetings on crisis management, counter-terrorism and counter-piracy in the Malacca Straits. But territorial disputes need to be discussed as well. The EU should also increase its security sector reform efforts in ASEAN countries, including through the police training programme in Myanmar.

Even so, simply supporting ASEAN will not be a panacea for East Asia's security problems. The regional body remains divided, including in its approach to territorial claims in the South China Sea. Europe should be realistic

about the institution's ability to deliver. It is uncertain whether this diverse group of Asian countries can overcome its internal divisions. ASEAN's members have yet to show that they are willing to work together on the tough issues that their region confronts. ASEAN will not copy the EU's own historical experience because South East Asia lacks a NATO-like security umbrella underneath which regional integration can progress. The region will follow a different trajectory, and continue to rely on outside support.

“Outside powers should be careful not to want ASEAN's success more than its members do.”

Patience and commitment will be key ingredients if the EU wants to nurture a stronger, more relevant ASEAN. ASEAN's secretariat has a working budget of only \$15 million (€12 million) and fewer than 100 people on its staff. ASEAN members, irrespective of their size or GDP, annually contribute roughly \$1 million each to the organisation's budget. There is no organised effort to develop an ASEAN 'demos'. Community-building is pursued through the ASEAN Foundation, which is entirely dependent on donor-funding, mostly from Japan. The EU could increase its funding for ASEAN activities, but outside powers should be careful not to want ASEAN's success more than its members do. Besides, to South East Asian eyes, Europe's recent economic troubles and the rise of eurosceptic movements have not necessarily increased the attraction of the EU as a model to emulate.

A seat at the table?

To support ASEAN, and show that the region matters to Europe, the EU must be present. Before 2012, Asian governments complained that the EU and its member-states were not. This message did not go unheeded. The EU aspires to have annual summits with its four Asian strategic partners, and Presidents Van Rompuy and Barroso visited the region in 2013. In fact, Ashton has visited the region quite often: since taking office in 2010, she has made 23 visits, and EU officials point out that on her visits she meets both foreign affairs and defense ministers. She has attended the ASEAN Regional Forum (ARF) for the past three years, and she participated in the Shangri-La Dialogue – an annual security conference in Singapore – in June 2013. But one of the clearest expressions of the EU's security ambitions in Asia is its desire to be a member of the myriad security dialogues that have been set up over the years. In 1996, the European Union established the Asia-Europe meeting (ASEM) – a gathering of 49 European and Asian leaders plus the European Commission and the ASEAN Secretariat. The bi-yearly meeting is somewhat disappointing, because membership is too large and diverse, and the agenda is

not focused enough. More useful is the EU's participation in the annual ASEAN Regional Forum, where some security issues are discussed. But EU officials would like the EU to join two other forums.

The ASEAN Defence Ministers Meeting Plus (ADMM+) is a forum of defence ministers to discuss South East Asian security issues. Participants include the ASEAN countries and the region's largest powers, including China, the US, Russia, Japan, India, and South Korea. Maritime security, counter-terrorism, disaster relief and humanitarian assistance are on its agenda, but territorial claims in the region's waters are not. Even so, it is an important platform to increase trust among militaries in the region. In Brussels there has been discussion about whether the EU could join, but some member-states – including the United Kingdom – are opposed to the EU as an institution (rather than individual member-states) talking about Asian military issues.

The EAS is a forum, at the level of heads of government, where major powers – China, Japan, India, the US and

Russia – and South East Asian nations sit down to talk about regional foreign policy and security issues (as opposed to ADMM+ which is for defense ministers only). Initially conceived as an economic forum, it includes discussions on maritime security, energy security and territorial disputes. Since 2007, the EU has lobbied to join the EAS, but to no avail. Japan,

for instance, insists that – after US and Russian membership in 2011 – the EAS should consolidate before admitting others. Privately, Japanese officials wonder what the EU would bring to the table. But membership would increase Europe's relevance in the region and force it to think constructively about tough Asian security issues.

On the fence, no more

The EU currently lacks a clear focus for its policy objectives in East Asia; and as such is at risk of being picked apart by its Asian partners. While European governments continue to emphasise trade promotion, the EU will find it hard not to be affected by the region's increasing tensions. Not only because European economic interests are at stake in East Asia, or because the transatlantic relationship warrants it, but also because the relevant Asian states will gradually lose patience with Europe's tactical, and commercially-inspired, neutrality. For them, their national interests are at stake and they will increasingly use diplomacy, commercial pressure and other means to sway European states in their favour. Business-as-usual, in which Europe remains neutral and hopes to engage with East Asia primarily through trade, may become more difficult.

In December 2013, during his first visit to Beijing following the controversial meeting with the Dalai Lama, the British prime minister avoided talking about regional security with his Chinese interlocutors. Trade was the focus. His visit however, came shortly after Beijing's unilateral declaration of the ADIZ. China's move had led to indignation among US, Japanese and South Korean leaders and increased tensions in the region. David Cameron, however, accompanied by nearly 100 business leaders, continued to push a trade agenda, to the frustration of the Japanese. Nearly simultaneously, the UK's top naval commander visited Japan's minister of defence, where he agreed with Japan's concerns over the ADIZ, causing outrage in Beijing. While Downing Street may have envisaged this twin visit to be an exercise in delicate diplomacy, the effect was the reverse. Both Tokyo and Beijing felt unsatisfied.

Similarly, Japan frowned upon a muffled EU response to China's declaration of the ADIZ: the EU expressed "concern" and called "on all sides to exercise caution and restraint". Tokyo felt that Brussels let China off too easily. A month later the tables were turned, when China expressed disappointment over a weak EU statement in response to Prime Minister Abe's controversial visit to

Yasukuni shrine where, amongst others, war criminals are honoured. The EU's statement "took note" of the visit and said the "action is not conducive to lowering tensions in the region". In Tokyo, officials were relieved. According to a senior EEAS official, by avoiding taking sides, the EU is being "consistent and even-handed". Yet such statements do not increase the EU's weight in the region.

Other countries, including Taiwan, Vietnam and the Philippines, are equally frustrated with Europe's silence on the increasing tensions in their neighbourhood. Their perception is that when China challenges a smaller neighbour, the EU speaks softly or not at all. In May 2014, in response to the movement of a Chinese oil-rig into waters claimed by Vietnam – which triggered a maritime collision, a naval standoff and lethal anti-Chinese riots in Vietnam – the EU expressed "concern" in a bland statement. But the EU was silent on two simultaneous incidents involving the Philippines: Chinese land reclamation activities on one of the disputed Spratly islands and the arrest of Chinese poachers in the contested maritime zone. If Europe wants to be a credible actor it must consistently speak out on such incidents, regardless of who is involved, and be willing to criticise those responsible.

In 2015, European member-states and the EU may find it difficult to remain impartial over the territorial disputes. The arbitration case brought by the Philippines (and a possible similar case initiated by Vietnam) could put European countries in an uncomfortable position. A ruling in favour of Manila will force Europe to choose between continued neutrality and supporting the international rule of law – and in the process, offending either the Philippines or China. The EU should strongly support international legal regimes. A strong card that Asian countries can play is to internationalise their disputes with China. By doing so, they will make it more difficult for China to coerce its neighbours, and encourage the involvement of Western countries, diplomatic and otherwise.

Balancing softly

East Asia requires a strong multilateral security framework which includes China. Europe should support ASEAN, build a network of beneficial trade arrangements and use its diplomatic channels in China to promote this cause. The EU and its member-states, using trade relationships, participation in security dialogues and their political and military presence in the region, must contribute to building trust between China and its neighbours and underline the importance of multilateral solutions and the international rule of law. European militaries can support this by deepening their regional co-operation in fields such as maritime security, counter-piracy, disaster relief and security sector reform. But the EU and its member-states should also make clear to Beijing that revising the status quo in the region through bullying or the use of force is unacceptable.

Europe needs to spell out what its common objectives are in the Asia-Pacific region. The European Union is not accustomed to thinking about its global role in grand strategic terms. The larger European countries have the capability to deploy different elements of national power to pursue clear objectives, but have often focused on a unilateral and trade-centric approach. A single European voice on Asian security affairs is an unrealistic aspiration for now; European countries will not hand over control of their preferential economic or security relations to Brussels. But this does not mean that Europe is doomed to be fragmented and marginalised, with a cacophony of different voices on security in Asia. Instead it should turn a vice into a virtue.

Rather than expect EU member-states to defer to the EEAS on Asian security issues, the EU's foreign policy arm should play a better role in co-ordinating the policies of the EU and its member-states. For example, the EEAS, France and the UK all have close relations with ASEAN; their signature under ASEAN's Treaty of Amity and Co-operation gives them credibility with the organisation. These multiple channels should enable Europe to speak with greater weight on issues of common interest, like maritime security. The EEAS should play a role in harmonising European messages.

Different EU member-states should play to their strengths. Germany has no military presence in East Asia, but has a strong relationship with the Chinese government; the UK has a military relationship with several Asian partners; and France pursues a distinctive, non-American approach in the region. These, and other channels should be used, depending on the circumstances to foster a coherent European agenda. The new High Representative should take the lead in identifying and co-ordinating these different European outlets.

Europe must forge a policy which protects the common interest that EU member-states have in open markets,

a predictable environment for investment and freedom of navigation, while still allowing them to compete for commercial advantage. Such a strategy should make use of, not restrict, the distinct advantages that different EU countries bring.

To do so, European governments should take a number of steps:

★ **Start a dialogue.** In the case of Europe's response to Asian security problems, more internal discussion would be a good thing. EU countries should task the next High Representative to establish a comprehensive intra-EU dialogue on East Asia between EU institutions and member-states, bringing in not only the EEAS but parts of the Commission for whom Asia is vital: those responsible for trade, energy, climate and development co-operation. This internal reflection should focus on the question of how to deal with the rise of China. This would not be about 'containing' China, but an acknowledgement that China's rise has major repercussions for the EU's long-term interests, and that the EU's policies in different areas related to China must therefore be aligned with each other.

★ **Engage more with the US.** The prospect of transatlantic co-operation in East Asia has created a paradox for Europe. While the EU and several of its member-states do not want to be seen as America's junior partner in Asia, Washington's nudge helps Europe look beyond its neighbourhood and take a strategic perspective on Asian security. The transatlantic dialogue is central to Europe's ability to play a relevant and credible role in Asia. The EU and the US need a permanent dialogue about East Asia, to develop co-ordinated approaches to security in the Asia-Pacific region. Discussions should focus on strengthening ASEAN; building a mutually reinforcing network of trade ties with countries in the region; contributing to maritime security, non-proliferation and freedom of navigation; confidence-building with Asian partners; and promoting energy and resource security. The common EU-US declaration issued at the ASEAN Regional Forum in 2012 should be followed up with an action plan and annually reviewed. East Asia should be a standing issue on EU-US summit agendas.

★ **Remain critical.** Europe should work with the US, but not be uncritical of its policies. EU countries should push the US to ratify the United Nations Convention on the Law of the Sea (UNCLOS). UNCLOS is the main legal instrument to promote the peaceful resolution of maritime disputes in the Asia-Pacific region. Without Washington's accession to UNCLOS, the West's ability to promote an international rules-based order is constrained.

★ **Seek a real dialogue with Asia.** With its Asian ‘strategic partners’, the EU should discuss political and security developments and propose initiatives to pursue common interests. This should include regional security issues, but also global issues that can have long-term security implications, such as the future of the Arctic or relations with Russia. The EU must continue to focus on strengthening ASEAN as a regional economic, political and security actor. Asia’s multilateral institutions are underdeveloped and relations between Asian states are primarily bilateral rather than multilateral. ASEAN needs European support. The EU could share its legal expertise in maritime demarcation and could facilitate expert-level discussions on maritime and territorial disputes. A tripartite political and security dialogue between the EU, the US and ASEAN countries should be considered. NATO should share best practice in fields like counter-piracy and counter-terrorism with ASEAN member-states where possible. It should also discuss opportunities for formal partnership relations with some Asian states. The EU should consider accrediting a full-time ambassador to ASEAN, which is a low-cost way of demonstrating the EU takes ASEAN seriously. The EU shares an interest in a successful ASEAN with Japan and a number of other countries in the region; having an EU ambassador on the spot should offer further opportunities for co-operation, including in the security realm.

★ **Play a military role.** Europe will not have a major ‘hard security’ role in East Asia anytime soon, but this does not mean it has to be militarily irrelevant. Europe has experience with, and an interest in, maritime security, including the traditional protection of sea lanes, or counter-piracy operations. The UK and France, and possibly others, should intensify military-to-military contacts in the Asia-Pacific region. EU and NATO channels should be used to this end. Europe should use the anti-piracy operations in the Indian Ocean as a vehicle to build military-to-military relations with Asian powers including China, South Korea and India. Regular ship visits to South East Asia will help develop military-to-military relations and build trust. Moreover, European governments should co-ordinate naval deployments to ensure that a front line European warship is always in Asian waters.

★ **Use its trade policy better.** Given the prominence of trade relations with East Asia, Europe should leverage its trade policy in support of its geopolitical interests. This means that TTIP must be pursued with vigour and that the EU should not neglect bilateral negotiations with Asian countries. Together these agreements could have a strong geopolitical impact. The EU’s pursuit of free trade agreements in Asia is separate from, but

complementary to, US trade efforts in the region. TTIP, TPP and the EU’s bilateral agreements with Asian partners will strengthen Western norms of trade, and contribute to Europe’s relevance and credibility in the region. European leaders should avoid thinking about TPP and TTIP in zero-sum terms; there is no competition between the two trade deals. Instead, a successful conclusion of both (along with the EU’s free-trade agreements across East Asia) would increase the West’s ability to shape the terms of international trade. Europe should also develop a coherent vision of how it can use development aid to support its political and security objectives in the region.

★ **Support open access to information.** Europe’s history of regional integration and historical reconciliation can be a powerful example, but being a beacon is not sufficient. Europe should promote historical reconciliation in the region by sharing European lessons, supporting education initiatives and championing press freedom and internet freedom in East Asia. Tensions are increasing due to the absence of trust, fuelled by competing interpretations of a common history. European governments could contribute by facilitating exchanges between historians, stimulating archival research and promoting educational exchanges to encourage the development of a shared historical narrative in the region. Access to information can contribute to transparency and trust-building. A restricted internet can empower nationalist agendas and prove an obstacle to regional reconciliation. Internet freedom deserves more attention during the EEAS’ meetings with Asian counterparts.

Europe must step up its game in East Asia. The EU and its member-states want to help reduce tensions in a region of vital importance to the world economy but do not want to offend important trading partners. Europe now faces a dilemma: it has to decide whether stability in the region, and therefore its own interests, are best served by remaining carefully neutral, but increasingly irrelevant; or by actively engaging with various parties at the risk of taking sides. If Europe wants to matter, and not depend on others to promote its interests, the choice is clear.

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