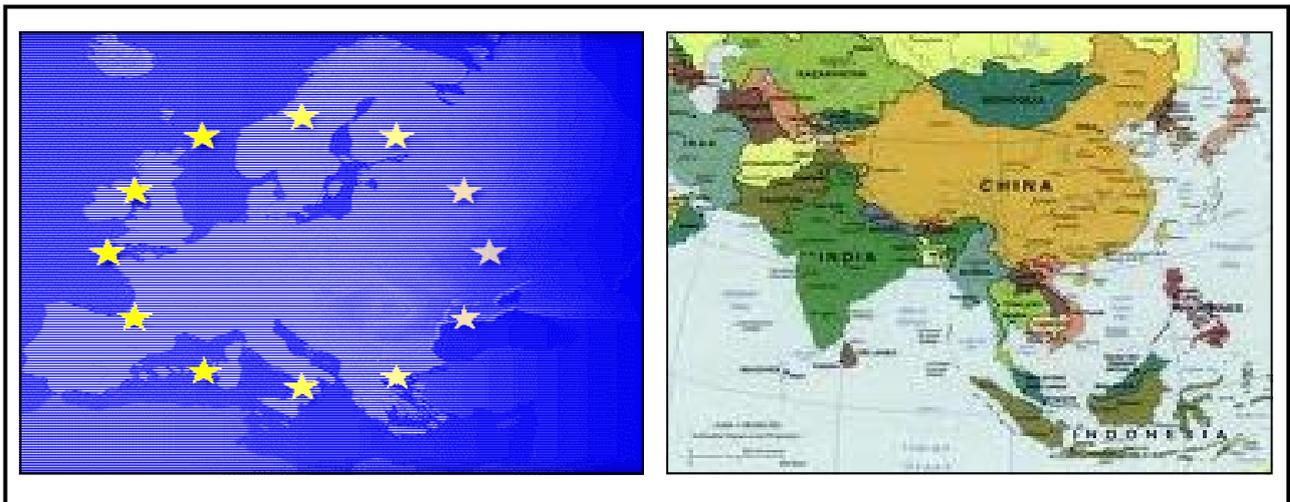




## LOOKING FOR NEW MEANINGS AND NEW ROLES: WHAT NEXT IN EU-ASIAN RELATIONS?



*Let me say at the outset that for the purposes of this presentation, 'Asia' includes the great arc of land from the Mongolian-Russia border in the north to the Iran/Afghanistan border in the west. [Read more.....](#)*





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## Looking for New Meanings and New Roles: What Next in EU-Asia Relations?

by  
**James Moran**

*ISIS Malaysia hosted an International Affairs Forum on EU-Asian relations entitled 'Looking for New Meanings and New Roles: What Next in EU-Asian Relations?' on March 1, 2010. The speaker was **Mr James Moran**, the Director for Asia of the European Commission. The Forum was chaired by Dato' Dr Mahani Zainal Abidin, Chief Executive, ISIS Malaysia. ISIS Focus reproduces his speech here.\**



*James Moran addressing the forum*

**L**et me say at the outset that for the purposes of this presentation, 'Asia' includes the great arc of land from the Mongolian-Russia border in the north to the Iran/Afghanistan border in the west. That includes three distinct sub-regions, namely South Asia, Northeast Asia and Southeast Asia, each with a population rather larger than the EU itself, and each with its own set of dynamics, albeit with growing linkages between them. The EU itself is somewhat easier to define: its own diversity rather pales when compared to the myriad linguistic, cultural, spiritual and historical divides that characterise Asia.

*\* This paper has been edited briefly for clarity.*

So much for defining the terms. What I would like to do here is first to take a brief look at where the Asian order is today, to identify some of the new trends, and then to see how the EU relates to that, both bilaterally and in the wider global context. Finally, some of the key challenges that Europe faces in the future will be discussed.

### **A Dynamic Region**

Some aspects of the regional situation have been with us for many years. Probably the most obvious is the extraordinary economic growth that has continued for decades now, pausing only during

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the Asian financial setbacks of the late 90's, and during the more recent global financial crisis. Closely associated with that is the continuing rise, or re-emergence, of China and India, with all that that implies for the regional dynamics. Not to be forgotten is the longstanding US presence in the region, with its military deployments and system of alliances. That of course is a crucial factor when we consider the long divided Korean peninsula, Taiwan and the cross-strait complex, and Japan's approach to the region; it remains a fundamental in terms of the maintenance of overall security.

A sizeable, educated middle class has come into being and arguably, there is a fairly well-established trend toward more democratic forms of government: India is of course the world's largest democracy, and Pakistan and Bangladesh have recently shrugged off military regimes. Even the Maldives has made the transition to multiparty democracy. In the East, Indonesia and Korea come to mind, and the 2008 election in Malaysia showed that democracy is well rooted here.

There are of course exceptions, with China, Burma/Myanmar and the DPRK being perhaps the most evident. That said, whatever the nature of governance, nationalism in Asia remains as potent as anywhere in the world, driven variously by a combination of pride in economic achievements, historic ethnic or territorial rivalries and claims, the lack of an effective post-colonial or post-war reconciliation, and the memory of colonisation, not least of the European variety.

The following factors form the backdrop to developments since the turn of the century. To name a few:

- Rapidly growing economic interdependence within the region and the 'China factor' has sparked an explosion of regional initiatives in the East, such as the moves within Asean toward a new charter and a single market, the setting up of an East Asia Summit, and the so-called 'noodle-bowl' of East Asian FTA's with its sometimes baffling array of nomenclature;
- A resurgent India, whose economy has more than doubled in size since 2000, and which has emerged as a major economic force in its region and the world;
- The emergence of new, hard security threats such as the rise of militancy in a number of Muslim countries and areas of the region and the refocusing of military efforts on fighting insurgency and/or terrorism. In addition, there is renewed concern about nuclear proliferation, such as in the DPRK;
- The leading role that Asia has played in the progress toward meeting the challenges of the Millennium Development Goals (MDGs), even if poverty remains persistent in many countries;
- Growing awareness in governments and society at large of environmental issues and related threats. Three countries in the region — China, India and Indonesia — are amongst the top six emitters of greenhouse gases, and while self-assessment of responsibility varies, climate change is now recognised as a major challenge to growth, and indeed to longer term stability. This has both external and domestic consequences. For example, the majority of recorded civil disturbances in China can be attributed to environmental disputes;
- The rise of civil society, which now plays a significant role across the continent; and
- Last but by no means least, the fast-growing interest of other major global players, notably the US, Russia and of course an enlarged European Union of 27 States, all of which are becoming ever more interdependent with Asia, both economically and politically.



*Industries emitting noxious gases that contribute to the green house effect*

### The EU's Response

Over the last decade, Europe's political engagement with the region has developed enormously, both at the EU level and bilaterally through the Member States. Asia includes three of the EU's six strategic partners — China, India and Japan — and annual summits are held with them, as well as with Korea. Moreover, the EU held a first ever summit with Asean Leaders a couple of years ago, and will soon accede to the Asean Treaty on Amity and Cooperation.

Strategic or security dialogues have, since 2005, been a regular feature with China, India, Japan and the US. The Asia-Europe meeting (ASEM) process has been enlarged to include the new EU member states, as well as India, Pakistan, Mongolia, and the Asean secretariat. The EU has become an observer at the South Asian Association for Regional Cooperation (SAARC) and also wishes to become an observer in the East Asian Summit.

The Commission has developed comprehensive policy papers for China, India and Southeast Asia, and within the EU's Common Foreign and Security Policy (CFSP), the first ever guidelines for EU policy in East Asia were

published late 2007. New Partnership and Cooperation Agreements (PCA's) have been signed or initialed with Indonesia and South Korea, and are under negotiation with China, Vietnam, Singapore, Thailand and the Philippines.

We have also had extensive discussions with Malaysia and Brunei, although negotiations have yet to begin. And over the last seven years, the network of EU delegations in the region has expanded to cover most of the area, with new or upgraded missions opening up in a further eight countries and territories, including here in Kuala Lumpur.

### But Why all this Activity?

First, Asia as a whole has recently surpassed Nafta to become the EU's main trading partner, accounting for more than a third of our total external trade flows, and continues to grow apace. China alone is Europe's second largest trading partner after the USA, albeit with a major deficit. Asean as a whole is the sixth largest trading partner of the EU and Japan comes just next. Trade with India is growing rapidly. EU FDI in Asia is also considerable, and now makes up over a quarter of total external European investment and, again, is growing rapidly.

Incoming investment, especially from India, is also on the rise. This means that the level of interdependence is now at unprecedented levels, with European supply chains across the board locked into Asian platforms, and — as reconfirmed by the current economic crisis — Asian exporters as dependent as ever on the European market.

So it is not surprising that getting trade and investment relations with the region right is one of the EU's top external policy priorities. Naturally, the preferred framework must be the multilateral one, namely a successful outcome of the Doha Development Agenda (DDA), under the WTO. However, the EU needs to work on all

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fronts. Negotiations on FTA's have been initiated with South Korea and are well underway with India and Asean. Partnership and Cooperation talks with China also include a substantial trade component, and our regulatory reform dialogue with Japan has been an important channel for trade issues for well over a decade.

*...getting trade and investment relations with the region right is one of the EU's top external policy priorities*

Europe has recognised that Asia is a critical factor in its security agenda: apart from the need to ensure that commercial relations are not disturbed, success in global efforts to curb non-proliferation and terrorism at home and abroad will not be possible without more effective engagement with the countries in the region.

That is why the EU has been increasingly active in Nato and civilian efforts to stabilise Afghanistan, where the member states and Commission have spent some €8 billion since 2002 and where the EU is a key actor in the law, police and justice sectors. And it is also why Europe has raised its game in Pakistan through the tripling of EU aid, working in frontier areas, helping to fight terrorism and supporting democratisation.

There are very active security dialogues with India, China and others. The EU is a major contributor to The Jakarta Centre for Law Enforcement Cooperation (JCLEC), an anti-terror centre located within the Indonesian National Police Academy (AKPOL) in Semarang, Indonesia. The EU includes commitments on the fight against terrorism and weapons proliferation in all PCA negotiations and dialogues.

While Europe's role as a security actor in the region should not be exaggerated – for example, it should not be compared to that of the

US — it is true to say that the last few years have seen significant operational developments. Perhaps the best known example is that of an EU monitoring mission playing a fundamental part in settling a dangerous conflict in Aceh, close to one of the world's most important sea lanes, and where through its aid programmes and continuing presence on the ground, Europe remains fully engaged in the consolidation of that important process.

Aceh is a good example of a place in which the EU, generally seen by Asians in a less 'threatening' light than powers such as the US or China, can add significant value as a force for peace. In Afghanistan, the EU plays a leading role in the crucial reform of the law and justice sectors. It has set up the EU Police Mission in Afghanistan (EUPOL), is the main donor for police salaries, and works closely with member-state militaries through provincial reconstruction teams.

The EU also funds, through its stability and development programmes, efforts to mitigate conflicts in Mindanao and Southern Thailand, as well as new regional initiatives to enhance nuclear and maritime security. In this context, let me pay tribute to Malaysia's persistence in its role as peace facilitator in Mindanao, and add that we are seriously considering ways and means of enhancing our own contribution to the efforts there.

So far as broader human security considerations are concerned, the EU has been at the forefront of the fight against world public health threats such as the Avian flu, still a serious threat in East Asia where it appears to have originated. In this, the Commission has been a leader in coordinating and financing the fight against the flu internationally. And as elsewhere, the EU is always one of the prime contributors to disaster relief and reconstruction, e.g. the tsunami efforts, where €2 billion has been spent since December 2004.

An increasingly important part of the EU's



*EUPOL Officer monitoring Afghan police training*

work in Asia is concerned with the external projection of its internal policies, such as the environment, regulatory matters, standards, and migration. A host of sectoral dialogues and support programmes are underway. One prominent example is the bilateral and regional engagement on climate change and energy conservation.

The full participation of China, India, Indonesia and others in the post-Kyoto process is a sine qua non for success, and the EU engages on this at summits and at all levels to that end. This is complemented by constant efforts to push forward with bilateral climate change programmes. For example in China, a joint near-zero coal emissions programme is under development and in India, for the first time, a work plan on climate was agreed at the Marseille summit in 2008.

For all its economic progress, Asia is still a significant repository of world poverty, and in line with its global commitments, the EU remains a major aid donor to developing countries in the region, especially when it comes to the MDGs, the fight against poverty, and helping with integration

into the world economy. A strong effort has been made to work more closely with longstanding as well as emerging Asian donors, notably Japan and China.

The European Investment Bank is also increasingly active in developing Asia and has a number of projects in fields like SME financing, renewable energy, environment and climate change (significant loans have been signed with China and India over the last 12 months for this purpose), all contributing to the effort.

As said earlier, there has been a trend toward greater democratisation in the region, and in line with EU treaty objectives, Europe has in recent times been very active in giving its support: election observer missions (EOM) in Indonesia have contributed significantly to the remarkable progress that the country has made since the fall of Suharto, and the EOM in Aceh was a key part of the operation there. According to local politicians across the spectrum, the 2008 EOM in Pakistan, the only one to stay for the duration, despite the very real risks to life and limb, helped to spur the re-emergence of civilian government there.

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On human rights, there have been regular dialogues with China, India and many others. These, along with political dialogues, have also contributed to progress — for example the recent ending of the death penalty in the Philippines. And the European Instrument for Democracy and Human Rights (EIDHR) programme supports HR projects with civil society throughout the region. Six new projects under this programme will start here in Malaysia.

Last but not least, Europe provides political inspiration and practical assistance in moves toward greater regional integration all over the region, particularly with Asean. The EU has also become an observer in SAARC.

### Global Issues

What of Asia's role in the world? Many observers, not least in Asia itself, highlight the appearance of China as a new superpower, with its rapidly developing global interests and, some say, its aspirations to match or even surpass US and Western 'hegemony.' It is certainly true that the writ of the 'G8' today is not what it was. Indeed, these days this gathering usually includes China, as well as India and other emerging powers in its deliberations, knowing that there is almost no global issue, whether climate change, UN reform, the financial crisis or the fight against terror, that can be meaningfully discussed without such broader participation.

The fact that the G20 format has recently emerged front and centre for cooperation on the financial crisis is very much a case in point. Half of its membership is made of Asia and the EU, with four EU member states, five Asian countries, plus the European Union and Asean as such.

That said, there is a danger that Westphalian thinking that focuses on the global balance of power misses much of the point when we look at Asia's role in the world. As I noted earlier, the region includes political and ethnic

diversity on a grand scale, and while there are nebulous feelings of pride in being 'Asian,' a light scratch of the surface reveals widespread internal tensions, rivalries and contradictions that soon give the lie to Huntingtonian clashes of civilisations between geopolitical blocs.

It is also important to remember that for all the economic growth and rising military budgets, outside of Japan, Korea, and a few other small states and territories, the majority of Asian countries are in the Development Assistant Committee's (DAC) 'lower middle income' category, with per capita incomes far below those of the West, and likely to remain thus for many decades to come. Moreover, even on the most alarmist estimates, Chinese military expenditure, although rising fast, is less than a sixth of that of the US, or a tenth of that of Nato, and the ability of China to project military force beyond its immediate neighbourhood, while growing, remains very limited.

But more important than economic strength and military capability are *values, interests and intentions*. There is little evidence that the rise of Asia necessarily poses some sort of threat to European aspirations or way of life. In some ways, the contrary applies. It is of course true that the EU has important differences with some on some basic values, such as democracy and human rights.

But who would seriously argue that Mao's ideal of world revolution is alive in China today? Perhaps more to the point, when we look around Asia, we see that those countries and territories that have become part of the developed world, starting with Japan, which is after all the world's fourth largest democracy, have by and large embraced democracy as their system of choice.

And there are others, such as India, Indonesia, Malaysia, the Philippines and Mongolia, who are still very much part of the developing world, but who have also chosen a democratic

path, and whose views on human rights often strike many chords in Europe. While this does not mean that there is always a true convergence of values, it does indicate that there are significant parts of the region where Europe can find common political ground.

As for interests, most countries of the region, including China, India, and most of Asean are increasingly integrated into the international economic system, whether through the WTO or the UN, and given that they have perhaps been among the most prominent beneficiaries of globalisation, have a strong interest in strengthening open markets and rules-based collaboration.

***Worries about future Chinese force projection continue to dominate much strategic thinking on both sides of the Atlantic ...***

That integration is however less than complete, not least within the international financial system, where, for example, reform of the IMF and the World Bank needs to take more appropriate account of Asia's economic weight if the region is to play a greater part in restoring financial stability. Indeed that reform is now one of the subjects at the top of the agenda in terms of dealing with the financial crisis, and it is to be hoped that we will finally see some action on it soon.

Failure to do this could well result in an Asian-led effort to create alternative structures that might lead to fragmentation. It is not enough to extol the virtues of 'responsible stakeholderism'. The West must also be prepared to actually give partners a stake that reflects their true role in the world economy.

On other key global issues dear to European hearts, such as climate change and non-proliferation, the picture is more varied, although domestic pressure on governments within the region to engage more effectively on climate is growing strongly, as farmers, businesses and urban dwellers from Harbin through Kuala Lumpur to Mumbai suffer the negative effects of emissions, whether from coal-fired power stations or forest fires.

Finding a balanced approach that accommodates those famous 'differentiated but common responsibilities' is certainly a challenge, as we saw recently in Copenhagen, but Asia surely has a clear interest in engaging fully, so that we will do better in Mexico later this year. On non-proliferation, while challenges remain, there is substantial common ground, with many Asian partners sharing European preoccupations.

Dialogues have begun with some of them, as well as real cooperation on matters such as improving arms export controls. In the Middle East, we welcome the constructive approach of Malaysia and other Asian countries, although the peace process there faces an uphill struggle at the moment, complicated as it is by issues such as Iran.

And as regards intentions, the main concerns of course centre on China, given its growing military profile. Worries about future Chinese force projection continue to dominate much strategic thinking on both sides of the Atlantic, in Delhi, in parts of Southeast Asia and I daresay, in the Kremlin. However, there is not much evidence that China wishes to move toward regional, let alone global hegemony, any time soon.

Efforts to protect their economic interests, such as the recent deployment of warships to counter piracy off Somalia should not be confused with global ambitions. That said, the 'pax Americana' in East Asia that has prevailed

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since 1945 is something that China is often uneasy about. This may well lead to some tectonic frictions in the years to come, as indeed it has in the past, most recently in 2002.

And Chinese intentions vis-à-vis Taiwan are always a potential flashpoint, although the current rapprochement with the KMT authorities augurs well. One thing that China does need to do to allay suspicions is to inject greater transparency in its decision-making process and reporting of military and overseas aid budgets, all of which remain rather opaque.

### Challenges for the Future

I would argue that much of what the EU is doing now, in terms of the enhanced engagement on security, democracy, the environment, trade and development should be strengthened. However, while Europe is today seen in Asia as something more than a market and an aid donor, it is true that it continues to have difficulties with fulfilling its potential as a political actor in the region, and its influence is not perhaps what it should be.

Some of that has naturally to do with the EU's internal coherence. Some of it has to do with suspicions about its transatlantic relationship and agenda. And some of it has to do with certain Asian views that Europeans and the wider West have somehow forgotten the virtues of hard work and are doomed to economic decline.

But there is also a strong demand for Europe in the region. The example of the EU itself is often held up as totem or model for all those who wish to go forward with reconciliation and regional integration; the open and single European market remains a great attraction; the EU's inclusive approach to democracy and human rights often strikes a chord; and its multilateralist approach to global issues is widely admired.

Most Asians regard Europe as a benign and non-threatening influence in their regional

and wider security, some seeing it as a positive in terms of a more multipolar world — whether it be China, with its eyes on the US and Russia, or others, with their eyes on China itself.

*One thing that China does need to do to allay suspicions is to inject greater transparency in its decision-making process ...*

We have strongly supported the new Asean charter, and among many other things, we are looking forward to the first visit of Asean's new Committee of Permanent Representatives to Brussels in a couple of weeks. Given this, how can Europe enhance its credibility as a partner in the region and forge stronger alliances in the global arena?

First, there is no doubt that our new Lisbon treaty will help the EU to be, and to be seen to be, a more coherent partner. It does not necessarily solve all of the difficulties with the CFSP, but it should assist in avoiding fractious debates such as that in 2003-5 over lifting the arms embargo on China, where the lack of proper preparations to achieve consensus among member states and in dealing with the US and Japan and other regional actors led to negative perceptions around the region, whether they were for or against such a move.

Lisbon should also help in developing a credible medium and long term strategy involving all aspects of EU action, joining up the political and security dimensions with trade, environmental, regulatory development and other matters, in a more operational way. And above all, Lisbon should enhance the ability of Europeans to speak with one voice. The principles and principals are now in place, in the form of the treaty itself, the

Council and Commission Presidents Van Rompuy and Barroso, and of course, the new High Representative/Vice President Catherine Ashton.

Second, the EU needs to continue energetic engagement with Asia on key global issues, like the response to the financial crisis, and climate change. A good start on this was made at the last ASEM summit in Beijing in October 2008, and we are looking forward to building on that at the next such event, due in Brussels this October. We also need to build on the coordination that has begun in the G20.

Third, with the US administration more interested in inclusive approaches, the EU needs to deepen its transatlantic engagement on Asia, focussing on issues such as the security and development challenges posed in Afghanistan, Pakistan and Southeast Asia, and on climate change, where there could be possibilities for more effective trilateral alliances. The same goes for our relations with Japan, and with Australia, both of which are showing much greater interest in Asian integration.

Fourth — and this could be more difficult given the recession — we should maintain our focus on open markets, and avoid protectionist

approaches that will not only stunt world growth, but endanger relations with Asian countries. At the same time, Europe needs to keep up its efforts to ensure that Asian WTO commitments are fully complied with and that its offensive issues such as government procurement, competition and intellectual property rights (IPR) are pursued with vigour.

And we need to work on all fronts, multilateral, regional and bilateral, to ensure that we continue to open up trade. On the latter, we will very soon start FTA talks with Singapore and there may well be other Asean countries who wish to move here. Whatever the format, at a time of fragile recovery we cannot afford to miss any opportunities for win-win solutions in the trade field.

And last but not least, Europeans need to make greater efforts to better understand Asian culture and aspirations and vice versa. We need to encourage more parliamentary, academic, community and people-to-people contacts.

I thank ISIS for hosting us today, and hope that the debate here will contribute to that end.



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