

# ISIS focus

INSTITUTE OF STRATEGIC AND INTERNATIONAL STUDIES (ISIS) MALAYSIA

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## The European Union's Security Architecture and Its Role to Strengthen Peace and Security

By

**General Patrick de Rousiers**

*Chairman, European Union Military Committee*

The European Union (EU) is a longstanding partner of the Association of Southeast Asian Nations (ASEAN) and participates in the ASEAN Regional Forum (ARF). Indeed, the EU High Representative has attended the ARF Ministerial Meeting every year since 2012. At the official level, the EU has been more active than ever before, co-chairing ARF meetings and contributing to the implementation of the ARF work plan. This is because we share many concerns about international security, ranging from human trafficking, to risks posed by failed states, maritime security, war fighting and terrorist attacks in the world. And we seek solutions to tackle the wide range of challenges.

At the recent IISS Shangri-La Dialogue in Singapore, Mrs Federica Mogherini, EU High Representative for Foreign Affairs and Security Policy, said, "Please do not look at us just as a big free trade area — the European Union is also a foreign policy community, a security and defence provider for our own people ... and with our global partners, Asia included."

In my intervention I will briefly address three topics. Firstly, I will elaborate on the EU's general values, principles and aims. Secondly, I am going to focus on the EU's security architecture. And thirdly, I will talk about the EU's engagement through civilian and military operations and missions.

### Values, policy principles and aims of foreign policy

The EU was set up with the aim of ending the frequent and bloody wars between neighbours, which culminated in the Second World War. Just to recall, 18 million people died in World War I and 60 million died in World War II.

The Union is founded on the values of: (i) respect for human dignity, freedom, democracy, and equality; (ii) respect for the rule of law; (iii) respect for human rights;

*"... the European Union is also a foreign policy community, a security and defence provider for our own people ... and with our global partners, Asia included."*

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*Patrick de Rousiers*

and (iv) respect for the rights of persons belonging to minorities. 28 member states — more than 500 million people — have subscribed to these principles. The EU promotes coordination among the member states by defining common policies and actions to preserve peace, prevent conflicts, and assist countries and regions facing natural or man-made disasters.

Of course, the solution to a crisis will always be political. However, establishing a functional state with a security sector and a perspective on stable development requires the provision of training and advice to a wide range of personnel — administration experts, judges, policemen, border control and military. This is a long-term and resource-intensive effort. For this, the EU draws on its full range of instruments in the areas of diplomacy, finances, trade, development and humanitarian aid, and military and civilian security tools.

Based on existing EU strategies for various regions like the Sahel or the Horn of Africa, the EU is using all these tools in a strategically coherent, efficient manner. So the use of military tools is part of a much broader toolbox. This is the so-called comprehensive approach. The combined use of all available tools is one of the greatest strengths of the EU. In addition, over recent years the EU has received more and more support from its partners and has interacted with them through intense strategic dialogues — I will come back to this later.

### **Security architecture**

The Common Foreign and Security Policy (CFSP) is defined and implemented by the meetings of the 28 European Heads of State and the European Foreign Ministers. European Council decisions on the EU's policy are put into effect by the High Representative and by the member states. The High Representative chairs the monthly meetings of the Council of Foreign Ministers and the meetings of the Defence Ministers. In some ways, Mrs Mogherini is the EU's Minister of Foreign Affairs but also the Minister of Defence, in some aspects. Her working body is the EU's External Action Service with about 3,600 personnel. One may consider it as the EU Ministry of Foreign Affairs with responsibilities in the area of civilian and military crisis management as well.

*Since 2003 the EU has been operational in the field and launched 32 military and civilian missions and operations in Europe, Africa, Middle East and even Asia.*

One of the key elements of the EU's security architecture is consensus (unanimity). It is the general rule for all decisions concerning the EU's foreign and security policy, with each EU member state having an equal vote. Consensus is the strength of the EU — when we commit in foreign policy actions, we commit at 28.

The European Union Military Committee (EUMC), which I chair, is the highest military body set up within the EU. It is composed of the Chiefs of Defence of the 28 Member States. This committee provides military advice to the political side. In my role as Military Advisor to the High Representative, I also provide to Mrs Mogherini a personal analysis of ongoing situations and problems based on my professional experience.

It is not always easy or quick to reach a decision in consensus among 28 member states. There are of course regional differences in assessments of security threats in Europe, from the South to the North and from the West to the East. Hence flexibility and concessions are required. However, at the end, we come to sustainable decisions.

The EU maintains diplomatic relations with nearly all countries in the world. A crucial element for information exchange and negotiations is the approximately 140 EU delegations or embassies. Another important element of EU's security architecture is partnerships with countries and organisations, including the Asian region. Cooperation with the United Nations (UN), ASEAN, African Union, Organization for Security and Co-operation in Europe, and North Atlantic Treaty Organization — although well established — are in constant evolution and development. Cooperation with other Asian regional fora is growing.

### **Role to strengthen peace and security**

Since 2003 the EU has been operational in the field and launched 32 military and civilian missions and operations in Europe, Africa, Middle East and even Asia. In Asia, for example, the EU's monitoring mission in Banda Aceh was launched in 2005 and terminated mid-2012. As of today, the EU employs approximately 7,000 civilian and military personnel in 11 civilian and five military operations.

For Africa, the EU is an important security provider. Nine civilian and military operations and missions function to train and strengthen the African security capabilities in different countries and to help protect sea lines of communication against pirates. More than 8,000 African military personnel and hundreds of civilian government personnel have been trained within the last five years. As of today, approximately 3,500 military troops are serving in five EU military operations in Africa and in the Balkans.

At the same time, the EU is running 11 civilian missions, which provide support to the Security Sector Reform in various countries as well as monitoring capabilities as the EU does in its civilian missions in Georgia or Ukraine.

Also, the EU Naval Operation Atalanta has been tackling piracy off the coast of Somalia and in the Indian Ocean since 2008. This operation is quite a success story as there have been no successful pirate attacks since 2012.

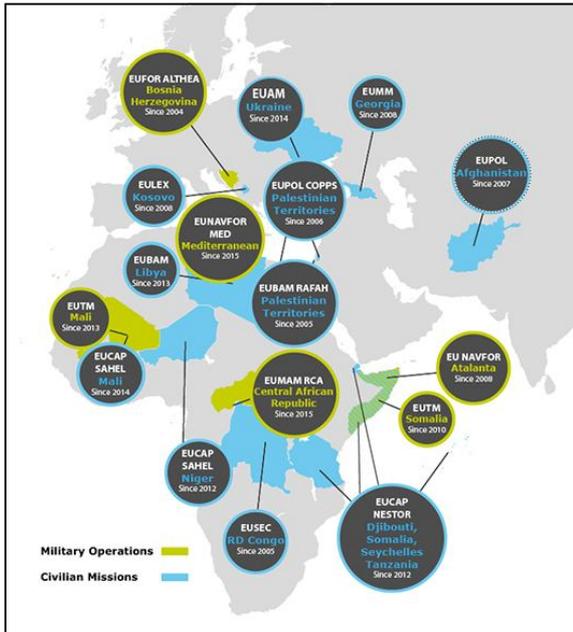
On land, in Mogadishu, in Somalia, the EU Training Mission is helping to build up new Somali Armed Forces. Over the past years, the EU has trained approximately 4,000 Somali military personnel. Around the Horn of Africa, the EU is helping to build local maritime capacity through the civilian EUCAP Nestor mission, which trains Coast Guards of various countries.

The EU's comprehensive engagement includes a financial contribution to the African

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Ongoing missions and operations (as of June 2015)

Completed missions and operations



Source: European Union, European External Action Service (EEAS), Security & Defence

Union Mission in Somalia (AMISOM) of more than 700 million Euros. Additional money is provided through the EU's Development and Humanitarian Assistance funds. More than one billion Euros have been spent in the region over recent years.

Similarly, in Mali, there is both an EU military operation (EUTM Mali) and an EU civilian mission (EUCAP Sahel Mali). These missions help to strengthen the armed forces and security forces of the country.

In the Central African Republic, the EU launched a military stabilising operation upon request from the UN at the beginning of April 2014. This was a crucial one-year bridging operation for the UN. It was recently followed by the EU military advisory mission, which supports the Central African authorities in preparing a reform of the security sector of their armed forces.

Last, but most certainly not least, the EU's engagement through about 900 troops in the Balkans, namely in Bosnia and Herzegovina, has guaranteed a safe and secure environment for the population for more than 10 years.

More recently, it is the dreadful situation which migrants are put into in the Mediterranean Sea which is of great concern for the EU. Therefore, the Council decided to reinforce our capacity to save lives at sea through Frontex (the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the EU) and also to establish a military operation to contribute to disrupt the business model of human trafficking. The planning for a military operation has started in order to prepare for the launch of EUNAVFOR Med — the EU naval operation to disrupt human smuggling networks in the Mediterranean.

The EU operations enjoy a high reputation as more and more partners are contributing personnel and capabilities. So far, there are 18 partner countries, which have been contributing to the EU's military operations, and the number is growing.

I have just returned from South Korea, which has signed a Framework Participation

*... there are 18 partner countries, which have been contributing to the EU's military operations, and the number is growing.*

Agreement with the EU. South Korea is going to provide naval forces alongside our Anti-Piracy Operation in the Horn of Africa. That mission is a good example of how we work with a broad array of partners like China, Japan, New Zealand, and others. Even South American countries are going to commit. Furthermore, interacting with partners is also about “strategic dialogue” as we are facing very similar threats and challenges and can only benefit from the significant exchange of views in such matters.

## Conclusion

The EU’s external action to promote security follows five C’s:

1. Capabilities, which are wide-ranging;
2. Comprehensiveness of its actions;
3. Consensus in its decision-making;
4. Cooperation with partner organisations and partner countries; and
5. Credibility as a partner to organise its missions well and promote democracy and human rights.

Let me conclude by quoting Mrs Mogherini:

“That is why we are here. Not for an attempt to change geography and pretend we are part of the region — we limit our ambitions to the reasonable ones — but because we know that we need each other in today’s world. So, count on us. Count on Europe, as we count on you. We want to be engaged in Asia, we want to partner with Asia, and I know that together we can work for Asia, for Europe and for a world more stable, prosperous and peaceful.”

*This article was adapted from General Patrick de Rousiers’ Luncheon Address at the 29<sup>th</sup> Asia-Pacific Roundtable in Kuala Lumpur on 2 June 2015.*

*“... we need each other in today’s world. So, count on us. Count on Europe, as we count on you. We want to be engaged in Asia, we want to partner with Asia ...”*



# Malaysia Can Vie for AIIB Projects

By

**Yong Hee Kong**

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The Asian Infrastructure Investment Bank (AIIB) proposed by China offers some exciting opportunities for countries in Asia to bridge their infrastructure funding gaps, and also for Malaysian companies.

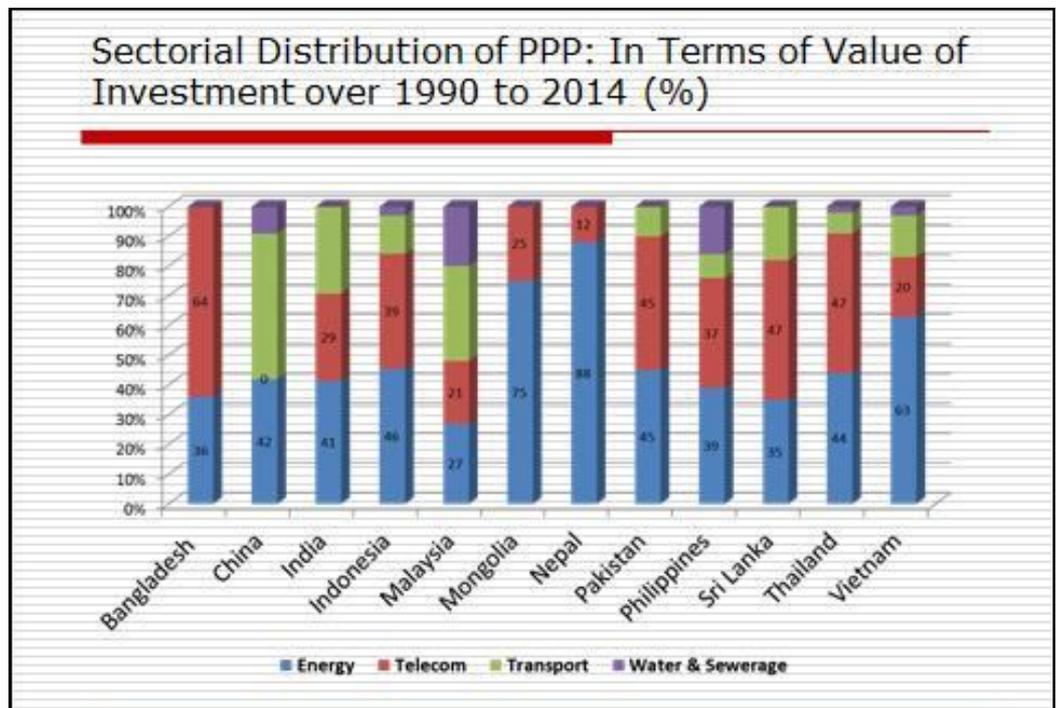
*... reducing supply chain (infrastructure) barriers is six times more impactful on gross domestic product (GDP) growth than reducing trade barriers.*

In 2011, the Organisation for Economic Co-operation and Development (OECD) estimated the global infrastructure over the next two decades to be around USD 50 trillion while the Asian Development Bank (ADB) estimated that developing Asian economies will need to invest USD 8 trillion in infrastructure from 2010 to 2020.

An OECD study in 2013 said that reducing supply chain (infrastructure) barriers is six times more impactful on gross domestic product (GDP) growth than reducing trade barriers. For example, India is the second largest producer of fresh fruits and vegetables in the world, but 40 per cent of the vegetables rot due to lack of adequate transportation infrastructure. In Indonesia, more than 35 per cent of the population still do not have access to regular electricity supplies, and until today, there is no east-west rail link running through Southeast Asia. Though growth rates in this region have been high by Western standards, growth would be much higher if infrastructure bottlenecks could be eliminated.

Image 1 shows the sectorial breakdown of infrastructure projects in some Asian countries from 1990 to 2014. Energy projects remain the largest proportion of the projects in most of the countries, followed by telecom and transport and water.

**Image 1: Sectorial Distribution of Public-Private Partnerships (PPP)**



Source: Dr Simrit Kaur, June 2015

*... most developing countries do not have the local capital market mechanism to facilitate the flow of these savings funds for infrastructure projects.*

There are a number of reasons for these infrastructure gaps. But it is certainly not due to the lack of private sector liquidity. For example, the annual infrastructure funding needed for South Asia and Southeast Asia over the next ten years is about USD 385 billion while the annual household savings in the region is about USD 1.3 trillion, which is more than three times that of the annual infrastructure funding requirement. However, most developing countries do not have the local capital market mechanism to facilitate the flow of these savings funds for infrastructure projects. A large proportion of the household savings have been channelled into real estate, stock markets and low-interest savings accounts. Many of these countries have looked to international and regional development banks for help but these institutions have their constraints too. The 2009 Zedillo Report on High-Level Commission on Modernisation of the World Bank Group Governance highlighted some of these constraints to the effectiveness of this institution in supporting countries on their development goals. These include slowness in project selection and preparation, cumbersome bureaucracy and being too risk averse. Many of the multilateral development banks are too focused on knowledge-sharing and concessional lending rather than on infrastructure development. There is certainly room for new financial institutions that can support infrastructure development. The proposed AIIB is a step in the right direction.

### **Asian Infrastructure Investment Bank**

The AIIB was proposed by China in 2013 and launched in Beijing in October 2014. Already 57 countries, including Malaysia, have agreed to become Founding Members; and more are waiting for approvals to participate. Australia announced in June that it will be joining the AIIB as a Founding Member with a capital contribution of AUD 930 million over five years, stating “the government expects the bank, through its support of Asian infrastructure projects, to help boost the nation’s exports including minerals, agriculture and services to the region”. 20 of the original 57 countries are from outside Asia and include the United Kingdom, Germany, France and Italy. Some of these countries already cited their reasons for joining as “business potential for their national companies”. The AIIB is targeted to be operational by the end of this year. The proposed initial registered capital is USD 100 billion but this is expected to be increased as the demand for infrastructure funding increases. The bank is expected to leverage its capital by tapping the large pool of international private sector funds through the use of Public-Private Partnerships (PPP). This leveraging will create a huge fund for public infrastructure. It is this PPP leveraging that offers exciting opportunities for Malaysian companies.

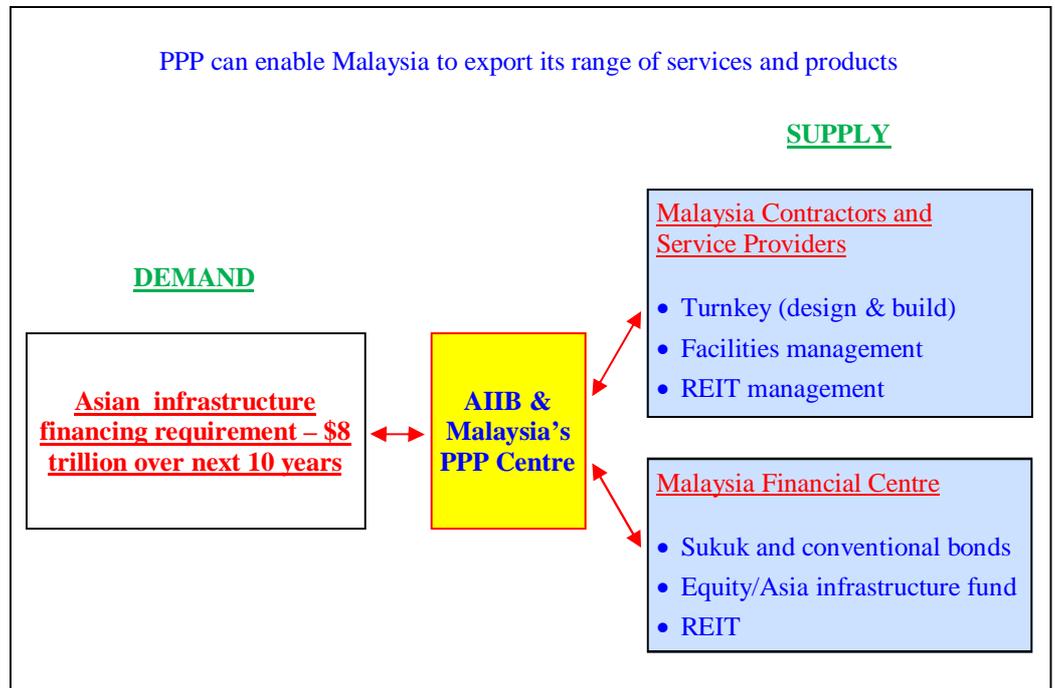
### **Malaysia’s PPP expertise and opportunities**

Malaysia has one of the longest histories in the region for implementing PPP projects. The PPP programme started in 1983 with the Privatisation Masterplan. Since then, the country has successfully created the Enabling Environment — through the five frameworks of policy, legal, investment, operational and capital market — that enabled the mobilisation of private sector funds for public infrastructure. Not many people realise that Malaysia has the largest PPP programme in the world through the Economic Transformation Programme (ETP), where 92 per cent of the planned USD 444 billion investments will be from the private sector. Malaysia’s PPP models are more suited for developing countries than the PPP models used in developed countries including the United Kingdom, Australia and Singapore. PPP institutional memories and expertise in Malaysia are spread over a wide range of public and private organisations, including the Public Private Partnership Unit of the Prime Minister’s Department (Unit Kerjasama Awam Swasta, UKAS), the Performance Management and Delivery Unit (PEMANDU), Government-Linked Investment Companies (GLICs) and Government-

*... [Malaysia] has successfully created the Enabling Environment ... that enabled the mobilisation of private sector funds for public infrastructure.*

Linked Companies (GLCs). To capitalise on the opportunities offered by the AIIB and huge global infrastructure gaps, Malaysia has to develop a single organization — a sort of PPP International Centre of Excellence (PPP ICoE) — to coordinate and channel all this PPP knowledge and expertise for the Asian infrastructure market (see Image 2).

Image 2: Coordinating Malaysia's PPP Expertise



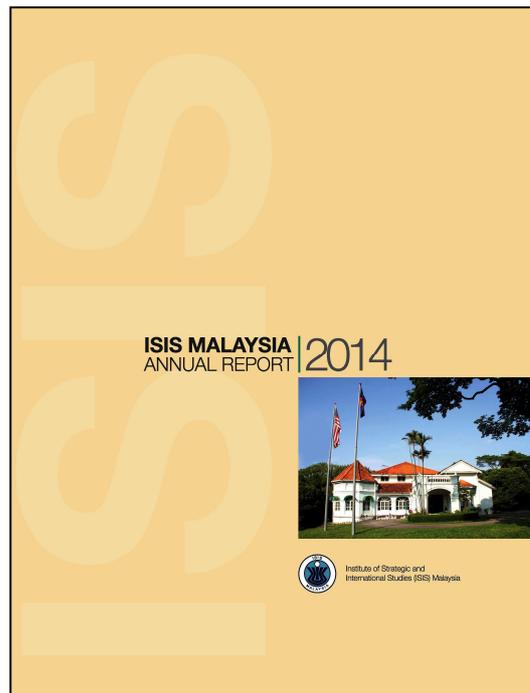
Source: Author

### Moving forward

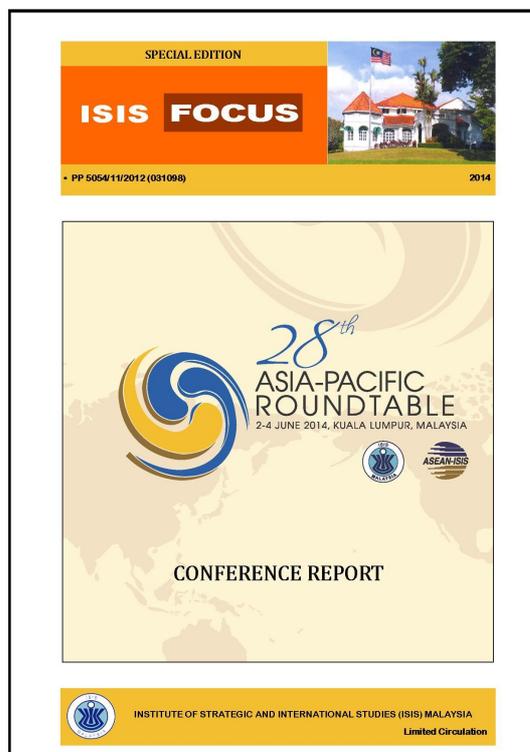
With a demand of USD 8 trillion of funding for Asian infrastructure over the next 10 years, there are huge opportunities for Malaysian companies. However, Malaysia must act fast to position itself with the AIIB to gain first-mover advantage based on its experience and expertise in infrastructure development, PPP and financing. The Malaysian PPP experience, as compared to the experiences of developed countries, is more relevant to developing countries. It has also successfully developed an active project debt-financing market using both conventional and Islamic bonds. Besides construction opportunities, the AIIB projects can certainly offer Malaysia an opportunity to position the country as a platform for fund raising for Asian infrastructure projects through equity and debt financing as PPP projects tend to be large in their funding requirements.

*This is an expanded version of an article that was published in the New Straits Times on 12 May 2015.*

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As the country's premier think-tank, ISIS Malaysia has been at the forefront of some of the most significant nation-building initiatives in the nation's history. It was a contributor to the Vision 2020 concept and was consultant to the Knowledge-Based Economy Master Plan initiative.

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