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Marie Julie Chenard and O. Arne Westad

**THE ASIA STRATEGY**  
**OF THE EUROPEAN UNION**

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*Summary*

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## About the authors

**Dr. Marie Julie Chenard** is the Academic Officer for the Dahrendorf Programme and for the Philippe Roman Chair Anne Applebaum at LSE IDEAS. She is also the Deputy Head of the Cold War Studies Programme. Marie Julie is a member of Dahrendorf Working Group 5 'Europe and the World'. She earned her PhD in International History from the LSE in 2012. Supervised by Dr. N. Piers Ludlow and Professor Arne Westad, her doctoral thesis focuses on the origins of the European Community's relationship with the People's Republic of China in the 1970s. She is an alumna of the United World College in Hong Kong and the Studienstiftung des deutschen Volkes. She gained professional experiences at the Boston Consulting Group and the Delegation of the European Commission in Beijing. Her research interests include the history of European integration, the EU's external relations, in particular the relationship between Europe and China.

**Prof. O. Arne Westad** is Dahrendorf Academic Co-Director. Professor of International History at the London School of Economics and Political Science (LSE) and an expert on the Cold War and on contemporary international affairs. He directs LSE Ideas, the LSE's centre for international affairs, is an editor of the journal Cold War History and co-editor of the three-volume Cambridge History of the Cold War. His book *The Global Cold War* won the Bancroft Prize for 2006. Born in Norway in 1960, Arne Westad studied at the University of Oslo and did his graduate work at the University of North Carolina, Chapel Hill. During the 1980s he worked for several international aid agencies in Southern Africa and in Pakistan. He joined LSE in 1998, after serving for six years as Director of Research at the Norwegian Nobel Institute. and regulators on (credit- and energy-) risk management, derivative pricing models and asset allocation.

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## Abstract

### THE ASIA STRATEGY OF THE EUROPEAN UNION

In a Dahrendorfian sense tensions and conflicts are useful if managed as opportunity to work out solutions. The relationship of the European Union (EU) with Asia offers ample grounds to test such a tenet.<sup>1</sup> The aim of the paper is twofold: to examine the development of the EU's relationship with Asia since the end of the Cold War, and to explore ways in which the EU could play a more relevant role in Asia. For the purpose of this paper, the EU is defined as all its institutions, agencies and bodies, including the member states. The subject is significant for several reasons. First, Asia represents with its sheer geographic, demographic and economic size, and fast-paced change a reality that no actor in global affairs can afford to ignore. Second, the EU's relationship with Asia offers answers to the fundamental questions of the EU's global significance.

Acknowledging the vast diversity in cultures, languages, socio-economic and political systems, foremost in Asia but also in the EU, the analysis focuses on four key issue areas: security, trade and investment, development, and the environment. The primary reference of the analysis is the EU's 'Asia Strategy' of 1994, subsequently revised in 2001, and complemented by individual country papers, and those outlining strategic partnerships.<sup>2</sup> The study highlights the pertinence of post-sovereign politics in finding solutions to some of the

most pressing issues facing humanity. It also offers evidence of the values that underpin the way the EU engages with the world.

The paper will put forward four arguments. First, the EU-Asia relationship is mainly about trade and investment, a key to global competitiveness and a vehicle for social and political changes. Second, The EU should prioritise the conflict in the South China Sea. A solution based on effective multilateralism is of great importance considering the global implications for trade and investment, the promotion of international law, the principle of freedom of navigation, and energy security. Fourth, China is the most important player in the region because of its sheer dimensions (geographic, demographic, and economic), and its interconnectedness to all major issues and actors in the region. A comprehensive engagement with China is paramount for the EU. Finally, The European position in Asia is characterised by inbuilt tensions resulting foremost from the juxtaposition of small vs. big member states, old vs. new Europe, national foreign policies vs. supranational ones. In search for collective solutions to global challenges these European tensions are often accentuated when confronted with Asian cultures and values.

After the end of the Cold War, Asia has become 'the locus of some of the world's most critical potential flash-points'.<sup>3</sup> The South China Sea, the Taiwan Straits, the Korean peninsula, Kashmir, Afghanistan, Mindanao, Aceh, Myanmar illustrate serious security threats: the risk of military competition, nuclear proliferation, border disputes, competitive nationalism, terrorism and transnational crimes. The EU is a stakeholder in Asia's security not least because of the high degree of economic interdependence that

1 The definition of Asia is the one used in European Commission, 'EU & Asia: A Strategic Framework for Enhanced Partnership', COM(2001) 469 final, 04.09.2001: 'The countries stretching from Afghanistan in the west to Japan in the east, and from China in the north to New Zealand in the south, plus all points between. It covers therefore those countries in South Asia, South-East Asia and North-East Asia which would meet any common definition of Asia (and which were covered in the 1994 Strategy). It also covers for the first time, Australasia'.

2 European Commission, 'Towards a New Asia Strategy', COM(1994) 314 final, 13.07.1994, EU & Asia, *op.cit.*

3 EU & Asia, *op.cit.*

developed over the last twenty years. The case of the Senkaku/Diaoyu islands dispute between China and Japan show how the EU can contribute to maritime security by insisting on a solution based on international law as expressed in the United Nations convention on the Law of the Sea. The EU can act as credible, international broker, because its own history taught lessons in conflict resolution, post-war reconciliation, and inter- and transnational political and economic integration. Furthermore, unlike the United States, the EU does not have substantial military presence in Asia, and therefore cannot be accused of containment of China for instance.

Regardless of the Asian financial crisis of the 1990s and the Eurozone crisis in the late 2000s, trade remains the backbone of the EU's relationship with Asia. The EU ranks as one of the most important trading partners for Asia, even outperforming the United States.<sup>4</sup> In 2012 four Asian countries were amongst the EU's top ten trading partners: China, Japan, India and South Korea.<sup>5</sup> Asia accounted for nearly one third of EU imports and one fifth of exports.<sup>6</sup> The Euro is the second most important reserve currency in Asia after the dollar, ahead of the yen.<sup>7</sup> In 2011 the EU succeeded in concluding the first comprehensive Free Trade Agreement (FTA) with an Asian country – South Korea (before the United States of America signed a similar agreement with Korea). In December 2012 the FTA with Singapore followed. Negotiations with Japan, Malaysia, India, and Vietnam are under way. A region-to-region network of free trade agreements between the EU and Asian countries will not only boost economic relations, but should also support an EU agenda for growth and employment.

4 EU-Asia Security factsheet [http://eeas.europa.eu/asia/docs/eu\\_in\\_asia\\_factsheet\\_en.pdf](http://eeas.europa.eu/asia/docs/eu_in_asia_factsheet_en.pdf), accessed in September 2013.

5 *Ibid.*

6 *Ibid.*

7 Nicola Casarini, 'The European Pivot', *EUISS*, March 2013

Despite the remarkable economic dynamism in Asia over the last two decades, the continent is home of the majority of poor.<sup>8</sup> Poverty is inextricably linked to social challenges of migration, health, education, but also environmental problems that are all rarely contained within national borders. The EU committed to Asia more than 5 billion as development aid for the 2007-2013 period.<sup>9</sup> Highlighting that the EU is the largest donor in the world, the EU should push forward a regional approach to development aid in order to increase its impact and effectiveness. A regional approach includes the coordination of various donors, ranging from EU member states to the various international institutions such as the European Investment Bank, the Asian Development Bank, and the World Bank, that goes beyond what the Official development assistance (ODA) by the Organisation for Economic Co-operation and Development (OECD).

Reflecting Asia's geographic, demographic, industrial and economic weight, the importance of its natural resources and biodiversity, the regions environmental issues have grown drastically since the 1990s. These relate to climate change, energy consumption and efficiency, forest and watershed protection, and bio-diversity.<sup>10</sup> All those issue areas also have social and economic dimensions that stretch far beyond Asia which the EU likewise cannot afford to ignore. The EU has substantial experience in running development programmes, and should focus on policy and know-how cooperation. The EU should also advance investment facilities and infrastructures on a region-to-region level to achieve the appropriate scale.

8 'EU & Asia', *op.cit.*, p. 27

9 EU-Asia Security factsheet, *op.cit.*

10 EU & Asia', *op.cit.*

The EU's relationship with Asia has evolved almost beyond recognition since 1990: from relatively low-ranking, undeveloped and scattered, to highly salient, increasingly refined, comprehensive, systematic and coherent, firmly on the EU's global agenda. The EU's Asia strategy reveals a remarkable process of complex, multi-level, multi-party negotiations and adaptation to shifting global challenges and priorities. International law, free trade, human rights, democracy, and environmental protection are some of the values underpinning the EU's engagement with Asia.

Some of the most pressing issues in Asia are of global reach. Consequently the EU's increasing engagement with the region at the same time means the EU enhances its relevance in the world. Furthermore, solutions to these issues reveal the limits of state power. Therefore a region-to-region approach offers an effective way forward. The EU has and will hold important leverage to influence and shape global relations, but it needs to use this leverage and work on its visibility.