

Look East, Act East: transatlantic agendas in the Asia Pacific

Executive Summary

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EXECUTIVE SUMMARY

The aim of this project was to explore the possibilities for developing a more strategic EU involvement in Asia – both inside and outside the transatlantic partnership. The report concludes that, on the whole, the transatlantic partners share similar objectives with regard to the Asia Pacific: nuclear non-proliferation and disarmament, free navigation and protection of the ‘global commons’, trade liberalisation and multilateralism. Nevertheless, history and geography, as well as differences in perceptions, contribute to forging distinct approaches to the region. Europeans focus is on trade, financial regulation and global imbalances. Americans view the region through different lenses, giving priority to security and trade. The challenge, therefore, is to identify areas where those positions intersect and could serve as a basis for pursuing common interests in the region. The strategic question that both the EU and the US need to address is how to remain relevant in a world where the balance of power is shifting. In such a world, strengthening sheer economic and military power matters less than fostering trade, security or cultural ties between actors. In a world where power stems from concrete networks of cooperation, designing network diplomacy mechanisms becomes a priority.

The main findings and policy recommendations of the report are summarised below. Facts, figures and maps provided in the annexes to the report offer an additional source of information that should help towards a better understanding of regional dynamics.

Context: network power and diplomacy

- The concepts that inspired the liberal world order that dominated the world in the past few decades are increasingly being called into question – and subject to renegotiation (i.e. values, regulation of information flows, market-state relations, sovereignty, global responsibility and future institutional arrangements).
- Engaging actively and successfully in these debates is a precondition for co-shaping the global agenda and re-framing multilateralism in a context where policy objectives are best met through coalitions of regional organisations and like-minded countries.
- The future of the transatlantic alliance will therefore depend also on how the US and the EU prove able to navigate within this system of more or less collaborative networks. Network diplomacy becomes a way to strengthen opportunities for cooperation and enhance ‘network power’.

Transatlantic network diplomacy in the Asia Pacific

- The community of values and principles that inspire both sides of the Atlantic can hardly be reproduced in partnerships with other parts of the world. Despite the announced US 'rebalancing' towards Asia, EU and US are and will remain the closest of allies.
- Insufficient trust between the two sides limits the possibilities for cooperation. In the EU, the fear is that such cooperation might be dominated by America's national interests or that the EU loses credibility in the region. In the US the concern is that, by abdicating from the region, Europeans leave the US alone – not only to deal with the existing challenges but also to foot the bill. Even where willingness to collaborate exists, managing perceptions poses a challenge.
- The end result is an ever-changing constellation of joint initiatives, coordinated efforts and separate undertakings. Skilful network diplomacy may help overcome this three-dimensional cooperation trap and, at the same time, contribute to reducing uncertainty, generating trust, or pooling resources.

Regional cooperation: a cornerstone of joint engagement

- Support for regional integration processes and for the engagement of Asian governments in multilateral diplomacy could be the cornerstone of joint EU-US engagement. In that spirit, the EU and the US should continue to provide their backing to the ASEAN Secretariat, including the exchange of experiences on information sharing and data storage. Both sides should also seriously consider making ASEAN-based initiatives a primary focus of their involvement in the region..
- A good starting point could be an inventory of respective activities in the region. Pooling together elements from American policies towards the ASEAN and the European 'Bandar Seri Begawan Plan of Action to Strengthen the ASEAN-EU Enhanced Partnership' might be a way to go - with a view also to facilitating the preparation of major regional meetings like the ARF or the EAS.
- Long-term engagement with and within the region will not materialise without substantial investment in the people-to-people component, both at expert level and among societies at large. This could be implemented through specific and symbolic collaborative projects, e.g. the establishment of a centre to train public administrators and promote the rule of law in Burma/Myanmar.
- Cooperation with middle powers like South Korea, Australia, Singapore or Indonesia could substantially improve the EU's and the US' standing both in the region and at the multilateral level. This requires having serious conversations with Asian countries on such issues as UN Security Council reform or voting rights at the World Bank. One way to do so could be by establishing a *Working Group on Multilateral Leadership that* would bring together representatives from Europe, America and Asia's 'middle powers'.

Energy and climate: an untapped potential for cooperation

- The energy dependence of European and Asian countries makes them vulnerable to oil price fluctuations in volatile markets. This problem could be addressed by creating minimum national stockpiles and enhancing transparency.
- Closer coordination on the future energy 'mix' in all three regions is another possibility. Even though the Zero Emissions Platform did not ultimately lead to large-scale investment or deployment of carbon capture and storage (CCS), there are important lessons to draw from the process. Technical cooperation for the development and deployment of the best available coal efficiency technology and CCS would be of particular value if pursued through joint ownership of intellectual property rights and joint piloting.
- The EU-US Energy Council could address the energy end-use issue, which remains an underdeveloped area for both national policies and international cooperation – despite the globalisation of production and supply chains.
- The three regions have the potential to become hubs for the development of renewable-based electricity systems; yet further work is needed on how best to absorb new technologies for efficient integration and development in future energy systems (smart grids and storage technologies).
- There is a need to better understand the potential implications of growing American energy self-sufficiency – resulting from the exploitation of shale gas and 'tight' oil – not only for international markets but also in geopolitical/security terms.

Trade, security and China: opportunities for restrained cooperation

- Better cooperation across the Atlantic could provide additional leverage on such issues as market access and forced technology transfer. Relatively modest investment flows make it easier to cooperate on the specific issues surrounding Chinese Foreign Direct Investments and, ideally, could extend to developing similar standards for national security concerns, reciprocity rules, and investment norms.
- The EU's and US' standing in the region could also be improved through the consolidation of bilateral trade agreements, for instance by cataloguing conflicting and compatible provisions. The Transatlantic Economic Council or the EU-US Dialogue on Growth and Jobs could lay out common principles for IPR protection and standards in future trade deals.
- As part of their overall security dialogue, the EU and the US may work to align their support for international organisations and regimes as primary dispute-resolution and confidence-building mechanisms. A major example is the UNCLOS: the ratification of the convention by the United States would reinforce common transatlantic positions and enhance their credibility vis-à-vis other international players.
- Openly launching specific EU-US dialogues on Asia Pacific (or just China, for that matter) may raise concerns in the region and eventually backfire. Still, fostering regular exchanges between American and European experts on the region (and not only

China) could help compare perceptions, enrich awareness, and ultimately lead to shared visions.

- A semi-annual or annual EU-US summit focused on Asia Pacific security issues might enhance mutual understanding and signal transatlantic support for stability in the region. However, any such initiative would need to be handled with care.
- Transparency of the process could be enhanced through dialogue within the regional security groupings like the EAS or ADMM+. At the same time, certain issues need to be discussed away from public scrutiny, for instance with regard to information sharing on PLAN developments in the global commons or resource dependence on China.

Policy coordination and benchmarking: working individually towards common goals

- Virtually all EU policies have developed their own external dimension (home affairs, transportation, or industry). Plugging this expertise into the Union's diplomatic activities in the region is essential and could constitute an important element of transatlantic cooperation in the region. This will first require ensuring even better coordination between Commission services, the European External Action Service, and national capitals.
- The EU is well equipped to provide assistance in border management – an aspect that is increasingly important for stability in the Asia Pacific. The EU and the US have also worked very closely on issues related to justice and home affairs. This dialogue could be used as a vehicle for a closer cooperation and exchange with countries in the region.
- Concentration in urban conglomerates and asymmetries between adjacent areas pose serious challenges to social and regional cohesion. The EU's experience with regional funds could constitute an important element of the transatlantic agenda in the region. In addition to improving living conditions, trans-regional and cross-border cooperation could also serve as confidence-building mechanisms.
- At working level, better policy coordination can also be achieved in both Washington and Brussels. An EU representative could for instance be occasionally invited to attend the ASEAN Washington Committee meetings; a similar tripartite group could be established in Brussels. The European Parliament and Congress are also major stakeholders in these debates, due to the important role they play on issues related to international agreements and trade policy.
- The EU-US Dialogue on Asia Pacific already plays an important role but it has the potential to become a hub for gathering information from and distributing information to other existing cooperation structures (NTA, Transatlantic Economic Council, EU-US Energy Council).

Pursuing transatlantic interests in the Asia Pacific

- The EU and the US have come to realise that the Asia Pacific is no longer (just) a 'problem region' but (also) an opportunity to generate global growth and build fresh partnerships. The EU and the US need to embrace Asia as a third 'pillar' of global governance if they want to deal effectively with climate change, financial regulation or peacekeeping.
- It is undeniable that the EU and the US are trade competitors in the Asia Pacific. They remain the region's primary economic partners by dint of bilateral and regional trade agreements. But they are also natural allies in tackling challenges to their interests in the area. Global trade liberalisation and closer coordination towards mutually reinforcing trade and investment strategies remains a priority.
- Rapid economic growth in the Asia Pacific fuels concerns about the region's growing dependence on natural resources and influence on the relevant markets. At the same time, its combined environmental footprint is not insignificant for global climate policy. Designing a common transatlantic vision on energy security, resource scarcity and the region's environmental footprint is indeed difficult but also essential for transatlantic interests.
- Occasional flare-ups stemming from territorial disputes, the rise of nationalism in a number of countries as well as apparently intractable security dilemmas create a tense strategic environment. Supporting sustainable growth and development, securing stability and mitigating tensions across the region are fundamental transatlantic interests in the Asia Pacific.
- Transatlantic partners also need to acknowledge that China's leverage in the region is growing, and often unmatched. Beijing has heavily invested in infrastructure and energy-related regional projects and also built up its cultural and 'soft' power. China's economic support comes without the conditionality that is typical of the EU and/or US and often undermines transatlantic efforts in the region. Consequently, transatlantic relations with China need to shift from management to engagement.
- In this changing international environment, the protection of values and norms that have underpinned the transatlantic partnership for decades is of primary importance. A mutual accommodation between international actors will be necessary to achieve this objective. In this context, the EU and the US need to pursue closer cooperation with both China and 'middle powers'.