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# **THE SEARCH FOR EUROPE**

Contrasting Approaches



**BBVA**



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Europe and Asia may be geographically distant but they have strong ties not least due to their mutual dependence on trading with one another. Over the past two decades, this relationship has become institutionalised in multiple ways. This chapter charts the nature of inter-regional cooperation between the EU and its Asian partners, while also identifying the obstacles that both sides have had to confront, and puts into the context of the internal and external challenges that the EU has confronted in recent years. It also argues that despite these adverse conditions, EU-Asia relations have good foundations and will continue to strengthen in years to come.

# THE STRENGTH OF DISTANT TIES: EUROPE'S RELATIONS WITH ASIA IN A CHANGING WORLD

## Introduction

In the context of an emerging multipolar world, Europe and Asia are two regions that play an important role in the way in which global politics are being reconfigured. Given the size and the significance of their respective economies, as well as the importance of their mutual trade, both the European Union and its Asian partners hold great stakes in the international economic order, and consequently, both regions also share a mutual interest in stability and economic growth. In recognition of this, the EU has developed strategic partnerships with the major powers in Asia—China, India, Japan and South Korea—and, in recent years, has made a concerted effort to be more visible in the Asian-Pacific region, not least in response to the American “pivot” to Asia and the prospect of the US-led Trans-Pacific Partnership Agreement bringing together key countries around the Pacific rim.

**EU, IN RECENT YEARS, HAS MADE A  
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The EU's interest in Asia, and Asia's interest in Europe, is largely commercial. The EU is China's largest trading partner, and for many Asian economies, the EU is the most important trading partner behind China. As a result, there is a high degree of interdependence between the European and the Asian economies, a fact that was driven home by the impact of the financial crisis that struck Europe much harder than Asia. For the EU, exports to China were seen as a way out of the economic crisis, while China and other Asian countries realised that declining demand for their goods posed a threat to their export-oriented growth model. Also, in response to these developments, there was

a rise of foreign direct investment flows from Asia to Europe, partially to make use of a strategic opportunity, but in the process, they also assisted the economic recovery in Europe.

Trade and investment are therefore key factors in shaping EU-Asia relations. However, security concerns also play a greater role, particularly in the post-Cold War/post-9/11 era in which the global security environment has become less stable. It is in this regard that the geographical distance between Europe and Asia has some curious effects. First, given the importance of trade for both sides, the question of securing trading routes is a mutual concern. This is one reason why Operation Atalanta, the EU's anti-piracy naval force mission off the Horn of Africa, which secures shipping traffic between Asia and Europe, has been one of the few examples of active military cooperation between China and the EU.

Second, the geographical distance between the EU and Asia means that neither side has a meaningful military presence in the other region. On the one hand, this entails a lack of relevance as a security actor, but on the other hand, it also implies that neither side perceives the other one as a threat—something which is markedly different from the relationship that China has with the United States, for example, or that Russia has with the European Union.

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EU-Asian relations rely on the benign foundations of economic interdependence, without being threatened by any malign security considerations. The EU and the main powers in Asia regard one another as partners rather than rivals, and certainly not as adversaries. However, in the context of the wider geopolitical alignments in both regions, this relationship is more complex. Europe is historically closely aligned to the United States, whereas in Asia, there are divisions between those countries that are close US allies and others, particularly China, that have a predominantly antagonistic relationship with Washington.

China, in particular, has been challenging the perceived Western dominance of global economic governance, while the United States has sought to reorient its diplomatic and military attention to the Pacific in

response to the perceived assertiveness of China—a clash of interests that has both an economic (the formation of rival free trade agreements) and a security dimension (the confrontation between China and US allies in the South China and East China Seas). This means that the EU's relations with Asia have to navigate both the continuing relevance of the North Atlantic alliance and the increasing antagonism between the US and China.

Europe's search for a role in East Asia has to be seen in this wider global context. A partnership between Europe and Asia has great benefits and the potential for significant global influence, but at the same, such inter-regional cooperation faces serious limitations which prevent both regions from effectively influencing the shape of things to come. This is partly due to the adverse circumstances in the global context, partly due to the complications arising from relations with other global powers, namely the United States and Russia, and partly due to the inherent and fundamental differences that continue to prevent stronger and more effective cooperation among the two regions.

At the same time, the EU's search for a deeper relationship with Asia comes at a difficult period in its own development, happening as it does against the background of the significant political, economic, social and institutional challenges that Europe has had to face in the mid-2010s, including the momentous changes in its neighbourhood. If, in 2004, European leaders were confident enough to sign a "Treaty establishing a Constitution for Europe", and in 2012, the EU was the recipient of the Nobel Peace Prize, the atmosphere had radically transformed only a few years later. By 2015, the EU had been gripped by crisis, distracted by short-term problems and weakened by internal differences. For many, Europe in the 21st century is not only a continent in decline, but also a Union in crisis.

In order to illuminate this problematic "domestic" background to the EU's relations with Asia, this chapter begins with a brief account of the state of the European Union, highlighting both its distinctive character and its current problems. It then proceeds to discuss the institutionalised nature of inter-regional cooperation between EU and Asia, before then identifying the obstacles in this relationship. The chapter closes with an outlook of how these relations will develop in the future.

## The Hybrid Nature of the European Union

Over the past 65 years, Europe has witnessed a unique project of regional integration. The integration process, bringing together a growing number of member states, has created a regional polity, which, over time, has acquired substantial competences to make policies and allocate resources. As a result of this process, the European Union is more than merely a “bloc” or an alliance of 28 countries. It is defined by the presence of a number of powerful supranational institutions acting for the common interest of the Union, independently of the individual states. Chief among these are the European Commission, the Union’s executive employing some 35,000 civil servants and led by a political leadership of 28 Commissioners; the European Parliament, composed of 751 directly elected members representing the people across the continent; the European Central Bank, empowered to autonomously set interest rates and manage the money supply for the European single currency, the Euro; and the Court of the European Union, which is the final arbiter in disputes among the member states and the common institutions.

The presence of these institutions is a hallmark of the integrated Europe, as is the fact that these are involved in taking legally binding decisions that are directly applicable to the EU. The setting-up of independent institutions and their empowerment to create binding laws above the level of the state are fundamental departures from the kind of inter-state relations that used to govern Europe and that are still dominant elsewhere in the world. A quasi-constitutional framework for decision-making, common policies across the entire range of governmental activity, common external representation of the EU’s interests through a European diplomatic service, and even joint military missions in other parts of the globe are all testimonies to the way in which the EU has developed a new kind of politics.

To emphasize these distinctive features of the integrated Europe is not to deny the continuing power of the individual states. States remain the key players in the European Union; indeed, some would argue that they are becoming increasingly powerful as the continent is confronting a series of challenges in the 2010s. The European Union has clearly not replaced the states in Europe and, to some extent, can even be said to have strengthened them, despite the fact that it provides a framework that has transformed their relations with one another and with the outside world. This is because the EU is hybrid, combining the novel,

supranational elements mentioned above with the continuation of state power in Europe.

The EU is *not*, despite the image frequently portrayed in the media, set up in opposition to the states. It is set up by the states in order to work for them, to carry out tasks that are more efficiently done jointly and to project their common interests more effectively towards third countries. While this may well imply that the EU occasionally confronts one or several member states that are at odds with a particular decision or policy, it does not mean that there is a fundamental conflict between national interests and the common European interest as pursued through the EU's institutional framework.

### **EU IS A HYBRID ORGANISM, COMBINING THE NOVEL, SUPRANATIONAL ELEMENTS WITH THE CONTINUATION OF STATE POWER**

The result of the co-existence of nation-states and the integrated European polity is, therefore, not a contradiction or a paradox, but it does lead to tensions on a regular basis. The Union hardly ever achieves an equilibrium between the expectations put into it and its capacity to address a particular problem. Often, the expectations exceed what the EU is capable of delivering, while on other occasions, it is seen as overreaching and doing more than member states or the public are willing to countenance. Such imbalance has left the EU exposed in the face of a series of crises—Eurozone, Ukraine and refugees—all of which came to a head in the mid-2010s. In view of the potential impact that these crises may have for EU-Asia relations, the following section will briefly discuss the nature of these developments.

#### **Europe—A Continent in Crisis?**

In the Eurozone crisis, the EU was confronted with the limitations in its governance structure that were caused by a highly integrated monetary policy and a strongly decentralized fiscal policy. This meant that individual member states remained comparatively free to run up public debts even though they were united by a single currency managed by the European Central Bank (ECB). In the aftermath of the global financial crisis of 2008, this situation was exacerbated through national stimulus



packages, which relied on further deficit-spending and pushed several Eurozone member states to the brink of sovereign debt default. This situation created a crisis for the EU because there were no provisions for either centralized bail-outs or for a formal withdrawal of a member state from the single currency, leaving the EU with no way of assisting or sanctioning states that faced default.

The way out of the crisis required long, drawn-out negotiations among the Eurozone members about ad hoc bail-outs of individual countries, agreements on structural reform programmes, a series of intergovernmental treaties that set up new institutional arrangements to monitor fiscal discipline and macroeconomic stability, and additional powers given to the European institutions that supervise banks. It has been

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an acrimonious process that also sapped public confidence in the EU, politicised fiscal transfers in the Eurozone and gave rise to political parties and social movements sceptical about further integration.

The pinnacle of this crisis has been the difficulties encountered between Greece and its partners in the European Union. When two large bail-out programmes and the corresponding structural reform programmes did not improve but rather worsened the social and economic satiation in the country, the Greek people elected a government committed to an anti-authority platform, objecting to the conditionality and the institutional mechanisms that were attached to the various bail-outs.

The February 2015 election of the government under Alexis Tsipras and the rejection of the terms of bail-out programme pitched Greece against the rest of the Eurozone; in other words, it pitted anti-austerity beliefs against the neoliberal orthodoxy in the political mainstream. The election also created a sense that institutional decision-making may be different from, if not opposed to, the popular choice, and that European technocracy is in conflict with national democracy. It also put on the agenda, for the first time in the history of the single currency, the threat of the exit of a member state from the Eurozone, something that was not supposed to happen after the “irrevocable” fixing of national exchange rates.

In the process, the prospect of a “GREXIT”, whether chosen by the elected government of Greece, forced upon it by Greece’s partners in the Eurozone unwilling to underwrite further debts, or occurring accidentally, became a very real possibility during this period. A lot of time, energy and political capital was spent on avoiding such an outcome. A lot of decision-makers had tied their own political future to the idea that “the Euro must not fail”, making it clear why, even after the negative vote in the popular referendum, the Greek government ultimately accepted the terms of a further bail-out programme and still won re-election in October 2015.

In 2015, the integrity of the Eurozone was preserved and the possible crisis of a potential GREXIT was averted, but this does not mean that a long-term solution to the structural problems of Greece and of the Eurozone has been found. In fact, far-reaching reform proposals have been made, in 2015, by EU elites about the way in which the institutional framework will need to be strengthened. In addition, a series of intergovernmental treaties will need to be brought into the framework of EU law in order to make Eurozone governance fit for the future, but these proposals are unlikely to be implemented any time soon.

The Ukraine crisis presented the EU with a whole host of different challenges. Ironically, it was the Ukrainian government’s attempt to negotiate an association agreement with the EU that, when abandoned abruptly by the then President Yanukovich, fuelled a popular rebellion, which ushered in a new pro-Western government and led to a break with Ukraine’s post-Soviet alliance with Russia. However, when Russia, in return, annexed Crimea and supported an anti-government insurgency in the Donbass border regions in Eastern Ukraine, the EU had difficulty in responding quickly and effectively to the changed circumstances. Support, including massive financial aid, for the new Ukrainian government went hand in hand with limited sanctions against Russia—sanctions that only became more severe after a civilian airliner originating from Amsterdam was brought down by a Russian missile over rebel-held territory in Eastern Ukraine, with the loss of 298 lives, most of which were Dutch.

However, beyond economic assistance and limited sanctions, the EU was rather sidelined in the international diplomacy seeking a resolution to the conflict between Ukraine and Russia, which has, after all, been a long-standing “strategic partner” of the Union. The ceasefire that was eventually agreed between the warring parties in Minsk, in February 2015, was mediated by the leaders of France and Germany, rather than

the EU as a whole, demonstrating once again that in critical moments when issues of security are at stake, the larger member states are those that matter when dealing with third countries. Above all, at the time of writing in mid-2015, it appears as if neither the EU, nor the West more broadly, has found a way of dealing with the more aggressive foreign policy of the “new Russia”, as controversies about the Russian involvement in the Syrian civil war have also shown.

In response to these and other challenges facing Europe, the EU’s High Representative Federica Mogherini launched, in 2014, a process of reviewing the European security strategy that had originally been devised in 2003. While it is widely acknowledged that the original security strategy is somewhat outdated, the question is whether or not it will be possible for the EU in the current circumstances to look beyond the problems in the immediate environment and to focus on long-term objectives and strategic thinking.

It was the war in Syria that also contributed to the third crisis of 2015 confronting the EU, namely the arrival of hundreds of thousands of refugees in Central Europe. With the intensification of the fighting there and diminishing hopes of a foreseeable end to the quagmire, a steady stream of refugees left the country—many staying in refugee camps in neighbouring countries, but an ever-larger number also crossing Turkey, the Aegean Sea and the Balkans to seek asylum in Germany and other countries in Central and Northern Europe. What has undeniably been a humanitarian crisis for the Syrian people, a logistical challenge for the authorities in the transit and recipient countries and a source of political contestation between pro- and anti-refugee movements across Europe has also plunged the EU into a serious political conflict.

The refugee crisis has become an issue for the EU as a whole—as opposed to some of its member states—because it threatens the long-established achievement of open borders within the Schengen Zone. As several member states sought to close their borders in response to the arrival of large numbers of refugees, the EU was confronted with three distinct yet related challenges: the effort of maintaining a regime of open internal borders (an objective that is closely linked to the functioning of the Single Market), the perceived need of enhancing the protection of the common external border of the EU, and the desire by member states, such as Germany, to establish a mechanism for sharing the burden of accepting large numbers of refugees among the member states. Again, in its initial response to the crisis, the EU

decision-making process has been found wanting, and no obvious solution to the conundrum was in sight at the time of writing in late 2015.

Each of these crises demonstrated that the EU, despite its long track record of dealing with complex problems and achieving compromise among different national positions, is facing serious limitations when confronted with the need for rapid and unified action. These challenges have set the scene for public and acrimonious disagreements among national governments, provided opportunities for the mobilisation of anti-European movements and Eurosceptic political parties, and carried with them the threat of disintegration of key policies that had been developed over the previous decades—even if the Eurozone crisis also demonstrated that successful management of the crisis ultimately required the strengthening of the institutional framework.

**FOR MANY OBSERVERS, THE OVERRIDING  
IMPRESSION OF THE EU, IN THE SUMMER OF 2015,  
WAS THAT OF A POLITICAL EXPERIMENT FAILING**

Beyond these internal problems, all of these developments combined to damage the EU's reputation: images of seemingly endless crisis meetings, the perception of a highly divided continent with countries and peoples looking after themselves rather than pursuing their common interests, and the appearance of an ineffective institutional structure to summon the political will to act collectively. For many observers in Europe and beyond, the overriding impression of the EU, in the summer of 2015, was that of a political experiment failing rather than succeeding, of a continent united in name rather than in practice and of a European Union in crisis.

In addition to the EU's difficulty in dealing with these challenges, it also has had to deal with the prospect of further fragmentation. The UK government has promised its citizens an "in/out" referendum to decide about the future of British membership in the EU, raising the spectre of a British exit—a "Brexit"—from the Union. While Britain has long been recognised as an awkward partner in the EU, the first-ever withdrawal of a member state from the EU would be a huge upheaval and a further sign of crisis and decline. To complicate matters further, in addition to the EU, some of its member states also faced the possibility of disintegration, with both separatist political parties gaining ground in important regions, such as Scotland and Catalonia.

However, while this image of a European Union in crisis resonates in the light of these experiences, it is not entirely accurate. A focus on the EU's poor record in crisis-management neglects the significant achievements that it has made in many other, more long-term endeavours. The European Single Market continues to function well, constituting the largest internal market in the world. The EU also leads the world with regard to trade and foreign direct investment, and it is in the process of negotiating trade and investment agreements with numerous economic partners around the globe, including the US and China. The EU has been at the forefront of the push for a global agreement to limit CO2 emissions and combat climate change, and for a long time, it has been the biggest donor of development aid in the world. And while the EU has generally failed to create a zone of peace and stability in its neighbourhood, it has at least banished violent conflict within its own territory.

**EU TRADE, INVESTMENT AND ASSOCIATION  
AGREEMENTS WITH ASIA REGULARLY INCLUDE REF-  
ERENCES TO GOOD GOVERNANCE, THE RULE OF LAW  
AND RESPECT FOR INTERNATIONAL AGREEMENT**

At its inception, the EU was a political rather than an economic project. Its essence was the search for lasting reconciliation between France and Germany. Market integration and the creation of supra-national institutions were the means towards this wider goal, rather than an end in themselves. The award of the Nobel Peace Prize to the EU, in 2012, was a reminder of this original and underlying purpose of the integration process—an achievement that is often forgotten in the context of economic crisis, political turmoil and regional instability.

This necessarily brief discussion of the current state of the European Union sketches out the foundations on which its relations with Asia have to be conducted. It demonstrates the critical state in which the EU finds itself in the early stages of the 21st century and the problems it faces regardless of past achievements. It also highlights the difficulties of prioritising a concerted effort to develop better relations with Asia, despite the significance of that region for Europe and for global governance more generally.

## **EU-Asia Relations: Institutionalising Inter-regional Dialogue**

The previous discussion has demonstrated the preoccupation in Europe with internal problems and conflicts in its neighbourhood. That leads to a concern that these current and “domestic” challenges may distract the EU leadership from a focus on global issues and structured relationships with more distant partners. More specifically, these preoccupations risk marginalising the development of stronger relations with Asia, despite the efforts that have been set in motion in past decades.

Historically, the EU “came late” to Asia, given that it had long-established relations with the United States through the North Atlantic partnership, with the states of Africa and the Caribbean through the Lomé Convention, and—since the accession of Spain and Portugal in 1986—also with Latin America. However, with the rising economic and geopolitical importance of Asia since the 1980s, the EU has responded to the shifts in global tectonics and, over the past 20 years, has developed closer ties with partners in Asia. This includes both partnerships with individual countries and multilateral arrangements with regional groupings.

One of the hallmarks of the EU’s interaction with Asia is the institutionalisation of these inter-regional relations. In the context of the EU’s bilateral “strategic partnerships” with Asian countries, such as China or India, the partners have set up an entire dialogue architecture, covering a wide range of issues and formalising regular contact across all levels of the administration. At the top, the strategic partnership foresees regular summit meetings between the political leadership of both sides. There are also ministerial meetings, high-level committees and a large number of working groups deliberating issues across different “pillars”—political affairs, economic and trade issues and so-called “people-to-people dialogues”. In the case of the EU-China strategic partnership, there are, for example, more than 40 such dialogue venues active.

While the substance of each such partnership depends on the country involved, there are common formats and elements. The dialogue architecture can be more or less extensive and, in some cases, goes beyond that into legally binding agreements. Thus, the EU signed Free-Trade Agreements with South Korea in 2011, with Singapore in 2014, and in 2013 launched negotiations with China towards the conclusion of an Investment and Partnership Agreement.

For the EU, the purpose of this policy of institutionalising relations in such a manner is to ensure that there is more to the partnership than

purely economic relations. Even though the EU's relations with Asian partners are, on the whole, dominated by the mutual interest both sides have in encouraging and regulating trade—facilitating market access, settling trade disputes and protecting intellectual property rights—the EU's external relations are also driven by normative concerns. One immediate corollary of that ambition towards a value-based foreign policy is the EU's insistence on including political elements in its agreements and dialogues with third countries. As a result, EU trade, investment and association agreements regularly include references to good governance, the rule of law and respect for international agreement. For the same reason, human rights dialogues have been set up with strategic partners, providing a forum in which such issues will be discussed between EU officials and representatives of Asian countries—even if such “dialogues” do not necessarily consist of actual deliberations but rather of making (dissenting) statements of principles.

Beyond its reliance on bilateral agreements, the EU has put the emphasis on multilateral diplomacy with Asia. It has a long track record of cooperation with the Association of Southeast Asian Nations (ASEAN), which is often regarded as the most far-reaching example of regional cooperation outside Europe. ASEAN has set up a number of institutions that are, at least superficially, in the mould of the EU, and it also has high ambitions to develop an internal market—the ASEAN Economic Community—that mirrors that of the EU. The EU has been supporting the institutions of ASEAN with financial assistance and technical advice, and group-to-group relations between the two blocs have been traditionally strong.

In 2007, there had been an attempt to negotiate an EU-ASEAN Free Trade Agreement, but it faltered on the inability of ASEAN as an organisation to legally commit its member states to international obligations—a sign that there are limitations to the symmetry between institutional capacity on the two sides. On the other hand, there has been long-standing and effective cooperation in the security area through the EU's membership in the ASEAN Regional Forum (ARF), providing opportunities for consultation on political and security issues, for confidence-building and for preventive diplomacy—a suitable way for the EU to become involved in security dialogues in Asia, considering its generally weak presence in the region in this regard.

The overarching institutional structure for Europe to relate to Asia as a whole is the Asia-Europe Meeting (ASEM). ASEM is a fairly informal



Times Square shopping mall in Hong Kong

process consisting of meetings, dialogues and initiatives, which culminate in an annual summit. It is a comprehensive approach involving more than 50 countries across both continents, including not only the member states of the EU and ASEAN but also a large number of additional countries in both regions. Indeed, one of the challenges for ASEM is its popularity, with new applications for membership arriving on a regular basis and the overall number of members making interaction increasingly cumbersome (as well as creating significant administrative burdens and logistical challenges for smaller states that chair meetings and host events). Participating members are European and Asian representatives (heads of state and government officials), the European Commission and the ASEAN Secretariat. At any one time, two countries—one European, one Asian—share the chairing role, and the hosting of summits and ministerial meetings alternates between Europe and Asia.

Since its conception in 1996, ASEM and its concomitant activities maintain an informal approach among its members, as the underlying intention of inter-regional engagement was for Europe and Asia to “re-discover” each other. The discussions, debates and plenary



sessions are primarily aimed at promoting dialogue between its members. ASEM employs a three-pillar (political/economic/social) approach in determining the range of topics that can come under discussion. In the beginning of ASEM, political dialogue was the key element in the process, but as ASEM grew in size and importance, more emphasis was placed on developing the economic and social pillar as well.

**THE CREATION OF THE ASIAN INFRASTRUCTURE  
INVESTMENT BANK CONSTITUTES A BROADER CHAL-  
LENGE TO WHAT CHINA REGARDS AS US-DOMINATED  
INSTITUTIONS OF GLOBAL ECONOMIC GOVERNANCE,  
SUCH AS THE IMF AND THE WORLD BANK**

There has been occasional criticism that the ASEM approach is more of a “talking shop” than one that actually achieves results, something which reflects more generally the frustration seen in some quarters about the way in which the EU engages in such institutionalised dialogue settings. However, that criticism ignores both the long-term objectives of the EU in engaging with (groups of) third countries as well as the nature of such diplomacy, which is more about building trust and raising awareness than being goal-oriented.

While many of these initiatives for institutional cooperation have come either from Europe or from Southeast Asia, China has also been active in terms of institution-building. A prime example of this trend is the creation of the Asian Infrastructure Investment Bank (AIIB). Ostensibly set up to support its economic expansion through initiatives, such as “One Belt, One Road” or the “New Silk Road”, with funding for infrastructure projects, the AIIB also constitutes a broader challenge to what China regards as US-dominated institutions of global economic governance, such as the IMF, the World Bank and its affiliate, the Asian Development Bank. The fact that not only many countries across the Asia-Pacific region, including traditional US allies, such as Australia, New Zealand and South Korea, but also most of the EU member states decided to join the AIIB demonstrates the attraction that Chinese-led, multilateral institutions hold in the context of regional and global economic governance. And it demonstrates the importance that EU member states attach to being part of this development, even at the risk of disagreement with their traditional ally in North America.

Through these various mechanisms, the EU has developed a strong presence in Asia. This presence is sometimes strengthened, but sometimes also resisted by EU member states that seek to promote their own national agendas vis-à-vis individual countries in Asia—which reflects the hybrid nature of the EU discussed earlier. In any case, the institutionalisation of inter-regional relations, as described here, does provide a strong foundation for the EU on which to engage with the key players in the Asian region across a range of issues, be it economic, security or societal.

However, the wide-ranging efforts with which the EU seeks to engage Asian partners on multiple levels also have to confront a number of challenges. This is not only due to the current problems facing the EU itself, which were discussed earlier, but also because of a number of underlying differences in the attitudes of actors on both sides. The following section will briefly discuss such obstacles in EU-Asia relations, which may stand in the way of closer cooperation.

### **The EU and Asia: Conflicting Interests and Contrasting Worldviews**

Much as there is mutual interest in trade and investments linking Europe and Asia together, there are also numerous differences and potential conflicts hampering closer cooperation. Even in terms of trade itself, the EU and its Asian partners often do not see eye to eye. In Europe, there are long-standing concerns about the (lack of) protection of intellectual property rights in China and other Asian jurisdictions, as well as frequent disputes about alleged dumping and the corresponding protectionist measures. The 2013 solar panel dispute between China and the EU is a case in point.

The wider problem here is that the past pattern of Asia exporting low value-added goods to Europe, and Europe in turn exporting high-tech and luxury goods to Asia, is increasingly under threat from the development of higher value-added production chains in the emerging economies of Asia. As it happens, the EU as a whole and the majority of EU member states have a widening trade deficit with China. Following the export-led success of Japan and, subsequently, of the so-called “Four Asian Tigers”—the economies of Taiwan, South Korea, Singapore and Hong Kong—, European manufacturers are now also confronted with increasing competition by Chinese producers in their traditional markets. Consequently, the symbiotic trade relationship of the past may give way to greater competition—something which also limits the

desire of Europe to support the Chinese demand for market economy status in the World Trade Organisation and the negotiation of a free-trade agreement between the EU and China.

Arguably, however, what complicates relations between the EU and Asia, more than conflicting material interests, are deeper-seated differences about values and norms. Two prominent examples of such differences are disputes about human rights and disagreements about environmental standards. As mentioned earlier, the EU, as a matter of standard practice, seeks to promote norms such as human rights and the rule of law in its foreign policy. In relating to authoritarian governments in Asia, this leads to frequent clashes and the insistence from Asian partners not to intervene in their internal affairs. There is an inherent tension between the promotion of what the EU regards as universal values and what Asian governments often brand as Western interference in their domestic affairs.

Diverging responses to the suppression of the democracy movement and systematic violations of human rights in Myanmar/Burma after the 1990 general election was illustrative of these different attitudes. Whereas the EU (together with the United States and others) imposed sanctions on the military regime, Burma's partners in ASEAN continued to engage with the leadership—a policy which actually led to strains in the otherwise good relations between the EU and ASEAN.

With regard to environmentalism, a key “battleground” has been the international climate change negotiations, which have seen the EU pitched against the emerging powers of Asia, in particular large emitters such as China and India. While the EU has been pushing for binding reductions in CO<sub>2</sub> emissions, the large Asian countries have emphasised their development status and demographic situation, arguing that they should not be forced to reduce their emissions as rapidly as Europe (even if by the time of the 2015 Paris Climate Conference, China appeared to have moved closer to the European position).

Even if disputes about human rights and climate change may also be linked to different levels of economic development, they are above all signs of deep-seated differences in the respective world views on each side about key principles such as state sovereignty and the primacy of international law. For the European Union, the idea that state sovereignty can be pooled, shared or, indeed, be given up is a living reality. The very meaning of European integration implies the interference by an external authority in the internal affairs of the EU member states. Even

though national governments in Europe may not agree with the outcome on every occasion and will frequently protest against “impositions” from Brussels, EU member states have fundamentally accepted that binding laws, having a direct effect on their citizens, governments and businesses, are being made at a level above the nation-state. The idea that states are subject to binding law is an everyday practice in the European Union and, as such, is also promoted by the EU in its external relations.

### **WHAT COMPLICATES RELATIONS BETWEEN THE EU AND ASIA ARE DIFFERENCES ABOUT HUMAN RIGHTS AND ENVIRONMENTAL STANDARDS**

The Asian experience is very different and, arguably, diametrically opposed to the European one. State sovereignty is regarded as non-negotiable by Asian states, and the principle of non-intervention is derived from this strong belief in the continuing relevance of sovereignty, creating a very different foundation for international diplomacy. In the case of regional cooperation through ASEAN, for example, it means that states rely on decision-making by consensus, mutual respect among governments and informal agreements, rather the enforcement of binding law. States in Asia are willing to cooperate extensively, but without giving up any notion of remaining sovereign and in control of their own affairs.

These divergent attitudes towards state sovereignty and international law lead to rather different views about multilateralism. Even though European and Asian partners have entered into numerous institutionalised forms of cooperation, as discussed in the previous section, they hold rather different assumptions about the purpose of such institutions. Whereas for the EU, multilateral institutions are seen as an expansion of rule-based international governance, Asian partners, such as China, tend to view these in the context of their geo-strategic thinking, as a form of “soft balancing” vis-à-vis the US.

Such differences complicate EU-Asia relations and may be the cause of greater difficulties in the future, but they do not stand in the way of closer cooperation in the current context. On certain issues, secular trends help to offset disagreements in principle. China, for example, has become more cooperative in global climate change negotiations as a result of its own domestic fight against pollution, and the EU, in the face of its internal crises, has become more modest in its efforts to promote its own norms and values. But even though principled differences

remain, these do not undermine a general sense that the EU and the states of Asia have a lot to offer each other and can be partners in a changing world.

### **Outlook: EU-Asia Relations in a Time of Change**

This chapter has sought to discuss the opportunities and the challenges for EU-Asia relations at a time when global politics are in a period of flux. We have seen that the prospects of EU-Asia relations are subject to developments on various levels: at the level of individual states, as these make choices about their economic orientation and political alliances; at the regional level, in particular on the European side, as the EU is in the grips of multiple crises, creating a challenging time in which to preserve normative principles and develop strategic relations with distant partners in Asia; and at the global level, as both European and Asian countries need to come to terms with the changing and unpredictable nature of the emerging multipolar world. Developments on each of these levels of policy-making have the potential to impact EU-Asia relations in either a supportive or a detrimental manner.

#### **THE GEOGRAPHICAL DISTANCE BETWEEN THE EU AND ASIA CAN BE WHAT LIMITS THE CHANCES OF CONFRONTATION AND ALLOWS TO MAINTAIN THE PARTNERSHIP THAT HAS GROWN IN THE PAST**

While this makes it difficult to make predictions about the future evolution of EU-Asia relations, it appears safe to say that the underlying conditions remain encouraging for the maintenance of good relations in times to come and, indeed, favour the assumption that there will be closer cooperation in the future. The institutionalisation of inter-regional cooperation is set to continue through further bilateral agreements and multilateral arrangements, bringing the EU and its Asian partners closer together. The mutual reliance of both Europe and Asia on trade to facilitate their economic growth also means that both sides have a strong interest in regional stability and effective global governance. Differences are likely to remain on how best to achieve such stability, but on balance, Europeans and Asians have every interest to look for negotiated solutions and cooperative arrangements, rather than confrontation.

Yet, it also needs to be remembered that the EU and Asia do not relate to one another in a vacuum; the nature of inter-regional cooperation is subject also to influences from other actors at the global level. The importance of the US as a traditional ally of Europe and as a divisive power in Asia has already been mentioned. It remains to be seen how US diplomacy will affect EU-Asia relations in the future, in particular after the Presidency of Barack Obama, as none of his potential successors is likely to engage as much with Asia as his administration did. The resurgence of Russia under Vladimir Putin adds further uncertainty to this calculation. It provides a new rationale for deeper cooperation between Russia and China, but it may also reinforce a shift of American attention away from the Pacific and back to Europe.

Global politics are changing, creating a context that holds both challenges and opportunities for EU-Asia relations. The EU and Asia have come much closer to one another over the past two decades, as their economic interdependence has deepened, and their relations have become increasingly institutionalised. Efforts are under way, from both sides, to bridge the geographical distance and facilitate yet more trade, investment and political cooperation. Yet, it may just as well be the geographical distance between the EU and Asia that limits the chances of possible confrontation and allows actors on both sides to maintain the partnership that has grown in the past. The EU and Asia have close ties, made stronger by the distance that remains between them.

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