



EU-US cooperation in the Asia-Pacific

SUMMARY *In July 2012, on the margins of the ASEAN Regional Forum meeting, the EU High Representative for Foreign Affairs and the US Secretary of State underlined the necessity for EU-US cooperation in the Asia-Pacific region.*

The economic and political "rise of Asia" has led to increasing talk of a "Pacific century". The Asia-Pacific is one of the most dynamic regions in the world. Some of its economies have been experiencing impressive growth rates and constitute an opportunity in terms of new markets for trade and investment. Politically, countries in the region have also increased their clout in global affairs, while regional integration efforts have created an extensive network of organisations. Nevertheless, the region also poses challenges, with the "rise of China", in particular, motivating Euro-Atlantic countries to engage in the region.

The US "pivot to Asia-Pacific" announced in 2011 recognises the region as "key driver of global politics". It entails a series of diplomatic, economic and military initiatives, as well as efforts to engage the EU in cooperating in the region. However, the EU and its Member States still appear to lack a common vision for the Asia-Pacific. In this sense, the opportunity for EU involvement and its capacity to effectively engage in Asia-Pacific are a matter of ongoing debate.

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New engagement

On 12 July 2012, the EU and US issued a [joint statement on the Asia-Pacific region](#)¹ stressing the need for closer bilateral consultations, as well as with partners in the region, towards achieving "regional security, development, wellbeing, and prosperity". The statement follows [US efforts](#) to engage the EU in developing a common transatlantic agenda for the region. Previously, at their [2011 summit](#), the EU and the US recognised the shared strategic interest in cooperating in the Asia-Pacific, through enhanced dialogue, coordination and support for regional integration.

Opportunities and challenges

Economic opportunities

The importance of the Asia-Pacific region stems from its [dynamism](#) and increasing economic clout, as home to the fastest growing economies in the world. The Asia-Pacific comprises almost half of the world's population and [generates](#) around [60% of world GDP](#) and half of global trade.

Inside a heterogeneous region

The main challenge resides in the great political, economic, religious and ethnic [diversity](#) of the region, with its tensions and conflicts. Various political systems coexist, from democracies to communist or



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authoritarian regimes, while, economically, the Asia-Pacific includes advanced economies, emerging countries with high growth rates, as well as some of the poorest countries in the world.

Coping with China's rising influence

The economic and political "rise of Asia" and the emergence of China as a global power have put the system of global governance under strain, compelling the Euro-Atlantic countries to engage in the region in order to shape the normative environment. Already, [growing strategic competition](#) between China and the US is visible, with China to become the [largest economy in the world](#) before 2050 and challenging US predominance on the global stage.

In the region, China has [increased its influence](#) through its impressive economic growth, becoming a leading trade partner for neighbouring states and an important destination for Asian investment. It has concluded free-trade agreements (FTA) with neighbours and, according to Barry Buzan, it led a [responsible policy](#) during and after the Asian financial crisis (1997). Diplomatically, China emphasised its peaceful rise and readiness to cooperate in regional organisations through a 'good neighbour' policy. However, China's military modernisation programme, its assertiveness regarding island territorial disputes and its contentious relations with Japan (and India) raise concerns about China's intentions.

Peace and stability challenges

The Asia-Pacific is home to long-standing protracted conflicts: the Korean Peninsula divide, the China-Taiwan dispute, the Indo-Pakistani rivalry and the [disputed islands](#) in the [South China](#) and the East China Seas.² Historical grievances make cooperation difficult, with occasional tensions posing risks of miscalculation and escalation. In addition, the risk of nuclear proliferation is high, with China, India and Pakistan being nuclear-armed nations and North Korea's nuclear programme receiving international condemnation. [Maritime security](#), under

threat from piracy, terrorism and territorial disputes, is a constant preoccupation. A major part of global trade in goods and energy shipments (half of world oil and two thirds of natural gas trade) transits from the Indian Ocean into the [South China Sea](#) by the Strait of Malacca. Any disruption of this flow would gravely affect the global economy. Other security issues are separatist insurgencies and domestic instability.

Climate change and natural disasters

Some of the Asia-Pacific countries are leading emitters of greenhouse gases ([China](#), India, [Japan](#)). The region also accounted for [85% of worldwide deaths](#) due to [natural disasters](#) in the past three decades. [Economic](#) costs, risk of instability and other [unpredictable](#) consequences are related challenges.

Democracy and human rights problems

Reforms in the field of good governance, human rights and political freedoms represent another challenge in the region.

Multilateral regional institutions

The **Association of South-east Asian Nations** ([ASEAN](#)), established between Indonesia, the Philippines, Malaysia, Thailand, and Singapore in 1967, was the first institutionalised cooperation in Asia-Pacific³. With ten members today, the organisation has promoted a method of cooperation, known as "the ASEAN way": consultation, informal negotiations and consensus (to account for concerns with national sovereignty). ASEAN initiatives include the Treaty of Amity and Cooperation in Southeast Asia (TAC) and an ASEAN FTA (AFTA). Although no conflict has occurred between ASEAN members since its creation, experts see its track record as modest.

The **Asia Pacific Economic Cooperation** ([APEC](#)) forum (1989) has a wide membership of 21, including Asian, Oceanic and American countries. It has an economic focus, with the goal of achieving free and open trade and investment in the Asia-

Pacific area. To this end, the APEC aims at a single, region-wide FTA of the Asia-Pacific (the [FTAAP](#)).

The **ASEAN Regional Forum (ARF)** emerged as a platform for security and political dialogue (1994) with the goal of promoting confidence-building measures, preventive diplomacy and conflict resolution mechanisms. Its members also include China, North Korea, Russia, the EU and the USA. Its impact has been limited (North Korea's membership prevented dialogue on the Korean peninsula conflict, dealt with in the [Six Party Talks](#)).

The **ASEAN Plus Three (ASEAN+3)** process (1997) - ASEAN plus China, Japan and South Korea - led mainly to initiatives in the monetary and financial fields after the Asian financial crisis (the [Chiang Mai](#) and the [Asian Bond Market](#) initiatives). China's support for the process makes it potentially important.

ASEAN Plus Six (ASEAN+6) builds on the ASEAN+3 to include India, Australia and New Zealand.

The **East Asia Summit (EAS)** is a "forum for dialogue on broad strategic, political and economic issues", with ASEAN as its driving force (2005). Members also include Australia, China, India, Japan, South Korea, New Zealand, Russia and the US. The EU has also [expressed](#) its wish to participate. The EAS, it is [hoped](#), will evolve into an Organisation for Security Cooperation in Asia.

The **Asia-Europe Meeting (ASEM)** is an informal platform for dialogue and cooperation between Asian countries and the EU (1996). Experts underline its modest achievements and symbolism as a means for Asian countries to balance US influence.

Regional cooperation efforts between the 22 [Pacific Island states and territories](#) has led

to the establishment of several [fora](#), such as the Pacific Islands Forum (PIF).

These regional integration efforts are mostly the result of increased economic interdependence. Yet, analysts are sceptical that these organisations, with their diverse members, no collective identity, experience or enthusiasm for transnational cooperation, and based on consensus, could become more than "[talking shops](#)" and shape the countries' foreign and domestic behaviour.

See the annex for a diagrammatic representation of countries' membership of these different groupings.

America's Pacific century

US "pivot" to the Asia-Pacific

In November 2011, US President Barack Obama set out the contours of his administration's [policy shift](#) towards the Asia-Pacific region, as the US, a Pacific power, has an interest in the peaceful settlement of disputes among Asia-Pacific nations, secure shipping lanes and respect for international law. US Secretary of State Hillary Clinton elaborated on the US "pivot to Asia-Pacific" in an article entitled "[America's Pacific Century](#)". Scarce resources and almost complete withdrawal from Iraq and Afghanistan compel the US to refocus on the Asia-Pacific, the "key driver of global politics", and reassure partners of its commitment to the region. US objectives consist of opening

new markets, curbing nuclear proliferation, ensuring the [freedom of sea lanes](#) and transparency in the military expenditure of regional actors.

The US Asia-Pacific regional strategy will follow six main lines:

- Strengthening the existing bilateral security alliances ([Japan](#), [South Korea](#),

The [Treaty on Amity and Cooperation](#) (1976) is a non-aggression and cooperation pact between ASEAN members and their partners. On [12 July 2012](#), the EU [signed](#) the instrument of accession to the TAC, after the parties ratified an amendment to allow for the membership of "regional organisations" and after the EP gave its [consent](#). The TAC is a precondition for joining the East Asia Summit. The US signed the TAC in 2009 and joined the EAS in 2011.

[Australia, the Philippines, Thailand](#));

- Building new partnerships or deepening relations with emerging powers, including China, India, Indonesia, Singapore, New Zealand, Malaysia, Mongolia, Vietnam, Brunei and the Pacific Islands;
- Engaging with regional multilateral institutions;
- Expanding trade and investment (through bilateral and multilateral trade agreements);
- Creating a broad-based military presence;
- Advancing democracy and human rights.

The [Defence Strategic Guidance](#) of the US Department of Defence (January 2012) confirms the need for the US to "**rebalance** towards the Asia-Pacific region", covering the "arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia", while maintaining US engagement in the Middle East.

The US pivot to the Asia-Pacific is [considered](#) to be motivated by the need to maintain access to a dynamic region and prevent the rise of a regional hegemonic power. Still, some experts have expressed [doubts](#) about the opportunity of the rebalancing, as it may actually elicit a more aggressive stance from China and lead to reduced stability.

[Analysts](#) also question the novelty of the US pivot, arguing it continues previous US policy, being mainly a change in means (more resources and leadership focus) rather than in policy objectives. New aspects are however underlined: new US military priorities and actions; a more integrated approach and a new vision that includes the Indian Ocean in the pivot's geographical area.

The China factor

The US "rebalancing" has been viewed as a strategy to "contain" China. Chinese assertiveness regarding its territorial claims, efforts to build-up the military, particularly its ocean-going navy (it has just introduced into service its [first aircraft carrier](#)) and to [impede access](#) in maritime Asia, have been

interpreted as [attempts](#) to curb American influence. The US has called for transparency in China's military expenditure and [modernisation programme](#). Some other [analysts](#) see the US pivot not as "containment" but as an effort to manage the rise of new great powers, in a region where China **and** other actors are modernising their militaries, and to reassure partners of the US's military commitment.

However, US officials stress the [peaceful rise](#) of China as their aim and underline the need for effective partnership with China, ensuring its inclusion in the international normative system through a "[broader regional framework](#) of security alliances, economic networks and social connections".

Chinese officials have responded with moderation to the US pivot, although they demanded reassurance about the US's "true intentions" and stressed their particular [concerns](#) (US plans to strengthen military alliances in the region, of [ballistic missile defence systems](#) and US intervention in regional disputes involving China).

US initiatives

The US has adopted an [integrated approach](#) to the Asia-Pacific, combining diplomatic, military and economic initiatives.

Forward-deployed diplomacy

US diplomatic efforts aim at deepening its engagement with multilateral institutions and managing the relationship with China.

Military aspects

As a high-priority region, the US will maintain the level of military resources allocated to the Asia-Pacific, focusing on the navy (the US intends to have 60% of its [naval assets](#) in the Pacific by 2020). Other aspects are: **new deployments** to [Australia](#) and south-east Asia; **increased flexibility** (rotational deployments); **strengthening the security and military capacities of partners**; **strengthening formal US alliances** and **forging new partnerships** (India, Indonesia, Vietnam and New Zealand).

The Trans-Pacific Partnership (TPP)

The TPP constitutes the key element of the economic dimension of the US pivot. It is a potential [free trade agreement](#) between the US and eight countries of the Asia-Pacific (Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore and Vietnam). Canada and Mexico have been invited to join the negotiations; South Korea and Japan also expressed interest. Together, the TPP members represent [39.9%](#) of the world's GDP. The [broad outlines](#) of the TPP (open to other APEC economies in the future), announced in 2011, point to a comprehensive "21st century agreement" addressing – beside the elimination of tariffs and non-tariff barriers to trade – new and cross-cutting challenges: regulatory issues, government procurement, intellectual property rights (IPR), labour standards etc. China is not yet part of the negotiations, raising questions about the TPP's divisive effects on the region. In response, China has pushed for talks on a trilateral FTA with Japan and South Korea.

The overlapping bilateral and regional FTAs in Asia-Pacific (about [70 agreements are in force](#)) have also raised doubts about the TPP's potential to become a comprehensive framework for trade agreements and rules in the region. The US itself has [bilateral FTAs](#) with six of the TPP participants and with South Korea. Also, the APEC goal of a region-wide FTA (the FTAAP) or a potential FTA for EAS members (the Comprehensive Economic Partnership for East Asia – CEPEA) pose an alternative to the TPP.

EU policy towards the Asia-Pacific

EU interests and objectives

According to David O'Sullivan, chief operating officer of the EEAS, the [EU's main objectives](#) in the region are "the promotion of global security and stability, human rights and democracy and sustainable development." The EU has enhanced bilateral and multilateral cooperation with Asian countries on crisis management, on non-proliferation and peaceful use of

nuclear energy, counter-piracy, the response to natural disasters, counter-terrorism etc. It also supports Asian countries in the process of democratisation and allocates funds to sustainable development and curbing emissions. In trade, the EU is developing a network of FTAs with Asian countries.

Policy framework

Bilaterally, the EU cooperates with Asia-Pacific countries through:

- *Framework agreements:* The EU's framework agreements with countries in the region are mainly Partnership and Cooperation Agreements (PCAs) and may include FTAs. The EU has concluded framework agreements or PCAs with Indonesia, Mongolia, the Philippines, [South Korea](#)⁴ and [Vietnam](#) and launched negotiations with [China](#), Australia, Malaysia, Singapore, Thailand and Brunei. Following the postponement of EU-ASEAN FTA negotiations (2009), the EU has concluded or is pursuing bilateral [FTA](#) negotiations with ASEAN members Singapore, Malaysia, Vietnam, as well as with [Japan](#) and [India](#). The EU concluded or is negotiating [Economic Partnership Agreements](#) with 15 Pacific Island states, part of the EU's association with the African, Caribbean and Pacific (ACP) countries.
- *Strategic partnerships:* The EU maintains four [strategic partnerships](#) in the region – with China, India, Japan and South Korea.

On the **multilateral/regional** level, the EU has defined its policy framework through: several Commission communications on ["Europe and Asia: A strategic framework for enhanced partnerships"](#) (2001); ["A new partnership with south-east Asia"](#) (2003); ["EU relations with the Pacific Islands - A strategy for a strengthened partnership"](#) (2006); ["Towards a renewed EU-Pacific development Partnership"](#) (2012); and the Council [Guidelines on the EU's foreign and security policy in East Asia](#)⁵ (2012, revising the [East Asia policy guidelines](#) of 2007). The 2012 Council guidelines state the EU objectives and interests in the region, as well as the

"EU's interest in partnership and cooperation with the US on [...] East Asia". Finally, an important element is cooperation with ASEAN, enshrined in the [Nuremberg Declaration on an EU-ASEAN enhanced partnership](#) (2007) and the [Plan of action](#) for its implementation for 2007-2012, followed by the recent [Plan of action to strengthen the ASEAN-EU enhanced partnership](#) (2013-2017). The EU-ASEAN partnership covers the political/security, economic/trade and socio-cultural fields with the aim of addressing common global and regional issues of shared concern, while supporting ASEAN's regional integration goals.

The [European Parliament's](#) consent is required for EU agreements with third countries. The EP also promotes cooperation with parliaments in the region. The EP has regular meetings with the [ASEAN Inter-parliamentary Assembly](#) and its [Delegation for relations with ASEAN](#) deals also with the individual ASEAN countries. The EP participates in the [Asia-Europe Parliamentary Partnership \(ASEP\)](#), the parliamentary dimension of the ASEM. Other EP delegations manage relations with: [China](#), [Japan](#), [Korea](#), [Australia and New Zealand](#), [India](#), and with 15 Pacific countries (the [Delegation to the ACP-EU Joint Parliamentary Assembly](#)). The EU has no diplomatic relations with [Taiwan](#) (due to the "One China" policy), but recognises it as a separate economic and trading entity.

Prospects for EU-US cooperation

The July 2012 EU-US joint statement on the Asia-Pacific sets out priorities and objectives for increased bilateral cooperation in three main areas: **peace and security** (fighting terrorism and transnational crime, cooperating on disaster preparedness, crisis response and on maritime security, promoting confidence-building measures⁶, non-proliferation, democracy and human rights); **sustainable development** (aid towards reducing poverty and fighting climate change); **trade and economics**

(improving market access, including on government procurement and IPR).

Division of tasks

Experts have different views on the role the EU should and could play in the Asia-Pacific region. Some [advise](#) the EU to avoid involvement in the complex geopolitics of the Asia-Pacific, because it does not have the capacity to operate in Asian security matters and its Member States lack a shared strategic vision for the region (while bipartisan support for an Asia-Pacific policy does exist in the US). Conversely, [other analysts](#) think the EU should develop a more autonomous policy and avoid the impression of close alignment with US policy in the region that could make the EU's involvement irrelevant. The EU should profit from being perceived as a neutral actor and as a counterweight to China and the US.

[Leaders](#) in the region, while recognising the US-China relationship as the defining one for the Asia-Pacific, have also called on the EU to deepen its engagement beyond trade and investment matters, and to support the multilateral architecture in the region.

According to a recent [survey](#) of European and American foreign policy analysts on the prospects for transatlantic cooperation in the Asia-Pacific, the US and the EU should agree on a division of tasks, stemming from their complementary capacities and interests. The US could lead in the area of transparency on military build-up and mediation in nuclear disarmament and non-proliferation, while the EU could assume leadership in promoting human rights and engaging regional actors on global-governance issues.

Risk of EU-US competition in trade

Although both share an interest in open and free trade in the region, protecting their respective economic interests in the Asia-Pacific may lead to friction and [competition](#) between the EU and the US in the trade and investment field, according to the survey.

The TPP is of particular concern for the EU, as it may [impact negatively](#) on European exports to the region, with some observers⁷ even stating that the trade diversion effects of the TPP will potentially annul all benefits from EU FTAs in the Asia-Pacific. Also, EU agreements with Asia-Pacific countries are rather recent and a regional FTA with the ASEAN group is not yet in sight. Thus, the EU could become marginalised in the fastest growing region in the world.

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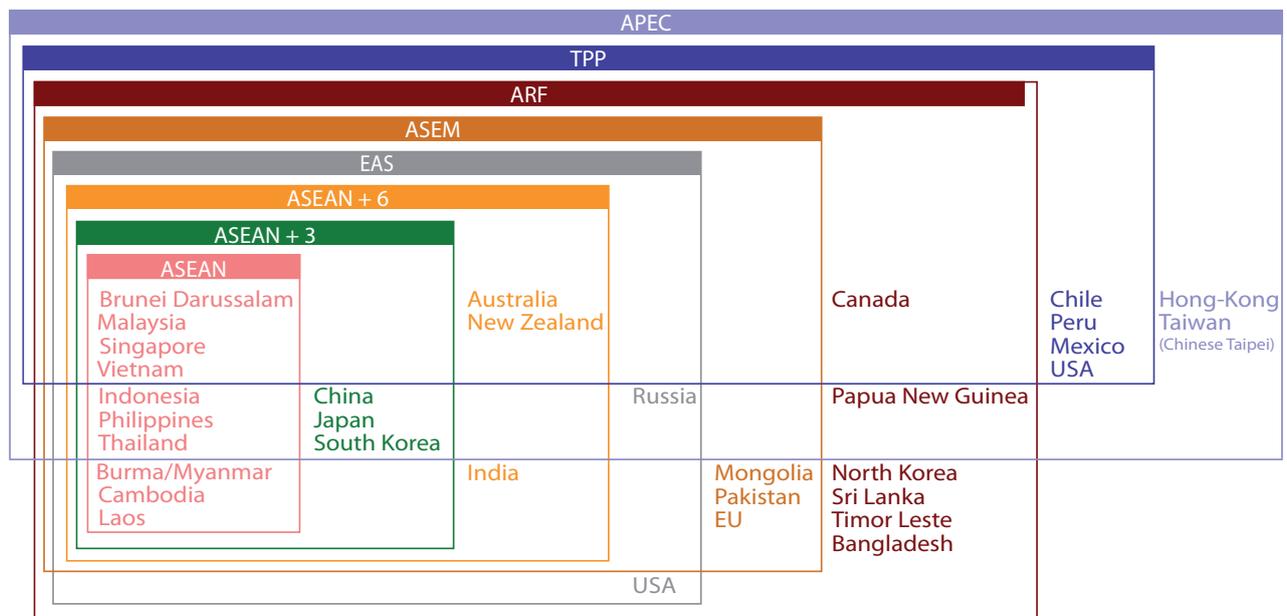
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[Institutions of the Asia-Pacific: ASEAN, APEC and beyond](#) / M. Beeson, Routledge, London, 2009.

Annex

Multilateral cooperation in Asia-Pacific



Endnotes

- ¹ In this briefing, Asia-Pacific covers Northeast Asia, South Asia (India in particular), Southeast Asia and Oceania (the Pacific Island countries, Australia and New Zealand). The Pacific rim of the Americas, part of Asia-Pacific, is considered only in the subchapter on the regional architecture.
- ² International conflict in the Asia-Pacific: patterns, consequences and management / J. Bercovitch, M. Oishi, Routledge, London, 2010, pp. 3-20.
- ³ Institutions of the Asia-Pacific: ASEAN, APEC and beyond / M. Beeson, Routledge, London, 2009.
- ⁴ A far-reaching FTA between the EU and South Korea has been provisionally in force since July 2011.
- ⁵ The Council Guidelines refer to the region of East Asia as including both north-east Asia and ASEAN.
- ⁶ Including encouraging the agreement on a Code of Conduct on the South China Sea between China and ASEAN.
- ⁷ Hosuk Lee-Makiyama, speaking at the ECIPE conference "[The EU and the Asia-Pacific region](#)", 31 October, 2012.