

The Changing Landscape of EU-Asia Relations

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European Union-Asia relations have been progressively developing over the years. The European Union (EU) today is the leading trade partner of many Asian nations and the spectrum of issues falling under the EU's bilateral relations with countries in Asia spans far and wide. The EU has been a development partner in Asia for decades and is one of Asia's largest sources of foreign direct investment (FDI), aid and humanitarian assistance. The EU and Asia interact closely on regional and multilateral issues and within multilateral forums. The EU has even constructed developed deeper relationships with some key Asian countries through strategic partnerships: with China, India, Japan, South Korea and Russia. But potential of overall EU-Asia relations remains far from optimum. The EU has been rather late in recognising the rise of Asia and in gearing itself towards this important development. It has ambitions to play a greater political role in complement to its status as a global trading giant, but efforts fall short. In particular, the EU lacks visibility in Asia commensurate to its actual weight. The ongoing financial and economic crisis has further weakened the EU as an actor in Asia. The changing landscape of EU-Asia relations now depends on two important considerations – a dynamically ascendant and economically integrated Asia, and the US' renewed focus to Asia. This paper examines the EU's relations with Asia focussing on the Asian partners of the Asia-Europe Meeting (ASEM).

INTRODUCTION

European Union-Asia relations have been progressively developing over the years. The European Union (EU) today is the leading trade partner of many Asian nations and the spectrum of issues falling under the EU's bilateral relations with countries in Asia spans far and wide. The EU has been a development partner in Asia for decades and is one of Asia's largest sources of foreign direct investment (FDI), aid and humanitarian

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assistance. The EU and Asia interact closely on regional and multilateral issues and within multilateral forums. The EU has even developed deeper relationships with some key Asian countries through strategic partnerships: with China, India, Japan, South Korea and Russia.

But potential of overall EU-Asia relations remains far from optimum. The EU has been rather late in recognising the rise of Asia and in gearing itself towards this important development. It has ambitions to play a greater political role in complement to its status as a global trading giant, but efforts fall short. In particular, the EU lacks visibility in Asia commensurate to its actual weight. The ongoing financial and economic crisis has further weakened the EU as an actor in Asia. The changing landscape of EU-Asia relations now depends on two important considerations – a dynamically ascendant and economically integrated Asia, and the US' renewed focus to Asia. This paper thus looks at the EU's relations with Asia focussing on the Asian partners of the Asia-Europe Meeting (ASEM) forum: *Brunei, Cambodia, China, India, Indonesia, Japan, Republic of Korea, Laos, Malaysia, Mongolia, Myanmar, Pakistan, the Philippines, Singapore, Thailand, and Vietnam.*

CONTEXT

EU-Asia relations are complex and multifarious. For one, Asia as a continent is incredibly vast and diverse – culturally, linguistically, geopolitically, economically, along political and ideological lines, and much more. It is difficult to focus on Asia as a limited geographical entity or even in terms of sub-regions: just the diversity of South East Asia's political regimes is astounding. Secondly, as an actor, the EU itself is evolving, expanding, and has numerous structural difficulties to overcome. The process of sovereignty transfer to the supranational level is not complete and there is little the EU can do on its own. It is as yet weak given internal divisions (amongst member states, institutions) and is handicapped by its customary incoherence and lack of strategic planning. Decision making in the EU is a very lengthy process and rather consensual on important political dossiers. As a result, the EU remains reactive than pre-emptive. Brussels already suffers from low visibility and is viewed in Asia mainly as a relay point for cooperation on technical and commercial issues rather than a credible political actor. The EU additionally finds itself competing in Asia, against its own member states. The ongoing financial crisis further puts

the EU in a negative light as the global economy remains contingent on a rather divided Europe getting its act together. Effects are felt in Asia. The increasing confluence of interests of major global actors towards Asia further risks relegating the EU to irrelevance.

The EU as an emerging actor in the international arena cooperates and competes today with a dynamically rising Asia. But a viable Asia strategy is palpably missing. Without a clear Asia strategy, or strategic thinking, EU-Asia relations have not developed in a planned manner. It is argued that the EU has been a latecomer in latching on to Asia's rise given that its own neighbourhood (the Middle East and North Africa, the Balkans), transatlantic ties and relations with Russia formed much larger preoccupations than Asia did. Eventually, the EU began noticing emerging powers like China, India, South Korea or Indonesia. But on the other hand struck by the glitter of their emergence, the EU fails to see the painful realities of development which these emerging countries have to grapple with on a daily basis. Such perception gaps further impedes the development of thriving relations. But while these rising powers have begun to gain prominence in the EU's political agenda, Asia as a whole still lags far behind other EU priorities. The EU is yet unable to fully assess the potential of the region as a whole. Within its bilateral relations with other Asian states too, the EU has still not been able to form deep, enduring ties. In Asia, the EU is weak on political engagement, slow on commercial diplomacy, feeble on self promotion, and absent as a security actor.

Placing EU-Asia relations within a current global context, this paper focuses on the evolving economic and political dimensions of the EU's Asia relations, while assessing the necessity of an EU role in security in Asia.

TRADE RELATIONS

As growth stagnates in Europe, and shifts to Asia, the EU must make important recalculations of the overall management of its economic relations with Asia coupled with an urgent and effective rebound strategy. Two important considerations abound. For one, Asia as a region is economically reintegrating, and emerging as a competitor for the EU. Second, the EU faces tough competition from the US 'Pivot' to Asia as

the US positions itself heavily towards Asia and unlocks various large scale economic initiatives in the continent and especially the Asia Pacific region.

The EU still is an economic giant in Asia, but over the years the effort put into maintaining and strengthening its foundations has not been adequate enough. In addition, it has lacked a well defined trajectory conditioned with important geopolitical and geoeconomic projections. As a result, its commercial supremacy is slowly seeping, especially as competition now builds up in and around Asia. Crucial errors which the EU has made in the past while developing its commercial relations with Asia now begin to weigh in heavily

The EU has been painfully slow, missing out on critical timing which would have set it years ahead of competitors and seen it through the current unexpected financial crisis. The combination of indecisiveness, divisions between various member states and amongst institutions, and a lack of political will have all worked to decelerate commercial relations. It has largely faltered on commercial diplomacy and its insistence on normative, sustainable development clauses in commercial agreements too have not gone down particularly well in Asia either, further prolonging delays as Asia continues to remain perplexed about the relevance of such clauses in trade agreements.

An important illustration is the case of the EU - Association of South East Asian Nations (ASEAN) Free Trade Agreement (FTA). In May 2007 the EU embarked upon a region-to-region FTA with ASEAN. ASEAN is the EU's 5th largest trading partner with 206 billion dollars in bilateral trade in goods and services as of 2011 (European Commission, 2012). Expected benefits from such an FTA would have implied an additional growth of 2 per cent in ASEAN's GDP by 2020 and a rise of 2 per cent in the EU's total exports (Khandekar, 2011). The FTA due for completion by 2015, would have put the EU in a stronger position vis-à-vis other global powers intending to embed their ties with the region. However, the EU dropped the idea in May 2009 citing incompatible legal frameworks within ASEAN, disparities created by two of ASEAN's states already benefiting from the EU's Everything but Arms (EBA) treaty, and principally, Myanmar's chequered human rights record.

The EU replaced the regional track with the offer of bilateral FTAs to seven of ASEAN's ten members. Such an offer was meant to create the

building blocks for an eventual inter-regional FTA but the process has been slow and has been preceded by Partnership and Cooperation Agreement (PCA) negotiations which require years to negotiate and ratify. Despite the fact that the EU has started to conduct both FTA and PCA negotiations at times simultaneously, till date not a single FTA has been completed with any of the ASEAN member states, nor has any PCA been ratified.

The EU's FTA negotiations with India too which began in 2007 still continue to drag on and there is a real possibility that negotiations might be dropped altogether on the bilateral broad based trade and investment agreement. The EU remains tough, aiming for near-perfect FTAs rather than agreements which can be ameliorated with time but which would begin delivering relatively quicker. While countries like Japan and Taiwan have expressed their wishes for FTAs with the EU, the EU remains cautious instead of diving forth into open opportunities which could bring growth back to Europe. On the other hand, the EU has not made major efforts to push the multilateral trading agenda stuck perpetually under the Doha trade rounds either, which could add to global prosperity and accelerate globalisation.

Today, the onus has reshifted dramatically to Asia and Asia matters more to the EU than the EU currently realises. Asia is emerging as a strong economic hub. According to the Asian Development Bank (ADB) Asia will account for 52 percent of global GDP by 2050 shouldered by just seven economies: China, India, Indonesia, Japan, South Korea, Thailand and Malaysia (ADB, 2011). These seven countries will also make up 90 per cent of Asia's GDP or around 45 per cent of the world's GDP (ABD, 2011). Asia, the world's geoeconomic hub can most certainly be the springboard that can launch the EU as a major player in the new world order. But Asia will no longer be there for a financially and political weakened EU for the taking. Europe will now be competing for Asia with Asia itself.

Asia as such is reintegrating. The World Trade Organisation (WTO) affirms that the majority of global trade flows are intra-regional rather than inter-regional. In all, 53 per cent of Asian trade is directed towards Asia (WTO, 2011). The trend will continue. Asian nations will start to explore the leeways of closer integration within the neighbourhood through trade, investment and financial transactions (Khandekar, 2012). India's continued rise along with FTA champion South Korea and a remerging Japan will further fuel this pattern. Diplomatic initiatives throughout Asia too are

growing as a response to security and political discords. Asia is fast realising the cost benefits of economic integration (in a non-institutional manner). An integrating Asia has a much larger strategic advantage than the EU or the US – geopolitically, culturally, demographically, as concerns market sizes and consumer demands, and dynamic growth as against stagnation. As Asia charts high-figure growth rates a commercial fortress Asia will be harder to penetrate.

Overall EU trade figures in Asia are promising for now. The EU is the leading trade partner for the total of ASEM's Asian countries accounting for 13.3 per cent of total trade followed by the US, China, Japan and Hong Kong (European Commission, 2011). Individually, the EU is the biggest trading partner for Pakistan (15.8 per cent), India (15.6 per cent), Bangladesh (22.7 per cent), Sri Lanka (21.5 per cent) and China (17 per cent). But the rise of China has displaced the position of traditional leading partners of many Asian countries. Today China figures in the top five trading partners for ALL the ASEM's Asian member states at either position one or two. This is not the same for the EU. China is the third largest trading partner for Bhutan, Singapore, Sri Lanka; fourth largest for Cambodia, and fifth largest for Brunei. Other top partners are mostly Asian too: Japan and Singapore follow China closely. As consumer demand falls in industrialised Europe, the growth in intra-Asian commerce will be more stoic. China in particular is keen on invigorating its consumption patterns rather than placing the focus on production.

The tandem of India and China will displace all other commercial leaders. Despite disputed borders, and the Tibet issue, the two neighbours are touted to become the world's leading trade partners as early as 2030 (ASSOCHAM, 2011). By 2030, China will have already overtaken the US to become the biggest economy. China has pushed past the US, Britain and Japan to become India's third largest trade partner with bilateral trade standing at 63 billion dollars in 2010-2011 (Sen, 2011). Indian exports to China grew by 8 billion dollars in just a year to 19.6 billion dollars in 2010-11, according to the Associated Chambers of Commerce and Industry of India (Assocham) (ASSOCHAM, 2011). A leap of 68.8 per cent. Incrementally, their trade would stand at \$100bn by 2015. In the short term itself, the EU will have to bear this calculus in mind when competing in Asian markets. China is currently not far behind the EU in India's top five trading partners list (EU-15.6 per cent : China-11.4 per cent).

According to British banker HSBC, India's trade will triple by 2025 to around 1 trillion dollars, marking the highest growth rate in trade at 156 percent (HSBC, 2011). In the second quarter of 2011, India registered a meteoric 52 per cent growth in exports year-on-year. India aims to touch merchandise exports of \$500bn by 2014 (Rabinovitch et al., 2011). At this rate of increase in exports, India is slated to be the third largest economy in 2050. Much will be a result of a turbo-charged commercial amalgamation into Asia. In addition, its consumption basket is to double the size of Japan's in two decades, which currently stands at one third of the latter's. Investment into infrastructure will touch 1 trillion dollars in the next five year plan (PTI, 2011). The EU-India FTA could offer many opportunities if quickly seized. As India continues to diversify its trading relations, the Middle East (in particular the UAE and Saudi Arabia), China and Latin America are most likely to push the EU and the US further down the list.

China already surpassed Germany as the world's largest exporter two years ago. Since then, Beijing seems unstoppable. According to China's Commerce Minister Chen Deming, China is now said to become the world's biggest importer in the next few years. Even as rising labour costs have made the labour-intensive Chinese production model less and less competitive, the shift will not be too far from home. Countries like Cambodia and Bangladesh will pick up the market share in sectors such as textiles and shoes readily supplying to the big market just a further up north. The latest UPS sponsored survey conducted by IDC Manufacturing Insights asserts that the shift in high-tech manufacturing sourcing strategies of supplies and raw materials will be picked up by Thailand, Malaysia, Hong Kong, Singapore, the Philippines and Vietnam (UPS, 2011). Mostly intra-Asia, the movements will affect 50 per cent of all high tech trade lanes in as early as half a decade. China will further assess the situation as a stage for the rise of an international Chinese Renminbi. Supremacy of trading links will also bring on the ambition for its own currency to become the next dollar, at least in Asia. The Redback as it is nicknamed, could well become an investment currency, and onwards to a reserve currency.

Traditional rivalries are increasingly being put aside in favour of trade and prosperity, especially between South Asia's most famous adversaries: India and Pakistan who are powering through economic reforms in bilateral relations. The thaw comes after three years of chill following the Mumbai terrorist attacks in 2008 following which India ceased all political

and diplomatic ties with its neighbour. The EU today holds the position of Pakistan's leading trade partner at 7.136 billion euros with a market share of 15.8 per cent which may be soon enough threatened by a rapidly growing South Asia and closer Indo-Pak ties (European Commission, 2011). Islamabad's decision to accord the status of Most Favoured Nation to India is set to bring about greater economic proximity with the country on trade which is around 2.7 billion dollars but could rise to 6 billion dollars in just three years, further minimising tensions (Ebrahim, 2012). The last SAARC Summit also made a renewed push for greater economic cooperation adding a boost to the South Asian Free Trade Agreement (SAFTA) on the process of liberalisation of trade. Emerging from a bloody civil war, Sri Lanka's prospects of growth too look gloomy with stagnation in demand from the EU and US. To cushion growth prospects, the island nation is already looking to shift its reliance to new markets especially within Asia, especially Vietnam.

Japan on its part is eager to correct disparities created by the EU-South Korea FTA and reinvigorate its own growth through a high-profile FTA with the EU. Asia's fourth-largest economy, South Korea's total trade surplus with its five FTA partners: Chile, Singapore, the European Free Trade Association (EFTA), India and the Association of Southeast Asian Nations (ASEAN) more than doubled last year to 18.8 billion dollars, accounting for 46 per cent of the country's total trade surplus before the trade deals were signed. Trade volume increased to \$154bn in 2010, from \$92.5bn a year before each FTA went into effect (Rabinovitch et al., 2011). South Korea will be the only country in the world that has FTAs with the largest economic blocs - the US, EU and ASEAN, once its deal with the US is sanctioned. The South Korea-US FTA *KORUS* will boost South Korea's real GDP by 5.7 percent over the next decade creating around 350,000 new jobs (Rabinovitch et al., 2011). Asia's geoeconomic reintegration will also be showcased through continued peaceful development of cross strait relations between China and Taiwan, which will be enhanced as economic integration persists. The key will be for bilateral agreements to double or triple from the current 15 accords.

Assessing overall EU performance in Asia as an economic actor, the EU has not been entirely successful in emerging as the leading economic entity in Asia. It has neither been able to embed itself as a powerful economic actor in Asia for the next few years to come, as the situation in

Asia changes rapidly. Politically, it fails to project visibility and confidence effectively. It is not advertised much by its member states either. Complex EU structures have hindered credibility. It can boast of a sole Free Trade Agreement (FTA) with South Korea (signed October 2010) while others like the EU-India FTA lie in uncertainty after years of negotiations. The FTA with ASEAN or ASEAN member states further delays inter-inter-regional trade liberalisation. This while bilateral FTAs within the Asian sub region amount to 16. There are currently around 552 FTAs either proposed, under negotiation or concluded by Asia (ARIC, 2012).

The US's renewed focus to Asia is also putting the spotlight on US engagement, relegating the EU further to the sidelines. The so called US 'Pivot' to Asia reveals a holistic engagement policy of Asia on political, security and especially trade matters with the Trans Pacific Partnership (TPP) which is a multilateral free trade initiative involving 10 Pacific nations. In comparison, the EU has not yet proposed similar far reaching ambitious initiatives. Europe's dependency on Asia will become even more crucial with Asian nations actively controlling their exports and growth rates. While China's expansion might signify larger export markets for the EU, Beijing is set on limiting its growth rate to 7.5 per cent this year. China's controlled export of crucial rare earth metals or India's ban on international cotton exports have important repercussions for the EU as far as this represents a trend. As Asia's control on crucial trade flows grows, the EU must begin to engage Asia more closely.

POLITICO-SECURITY RELATIONS

On a political level, firstly, perception and ideological gaps between the EU and Asia are significant. The EU has developed within the realms of the old Western led World Order and a certain mistrust already divides it from Asia. The colonial past of its member states still impedes Asia from seeing it as a new, separate entity. The way the EU and Asia see the developing global system is different too. The EU and Asia see the world order from different sides of the timeline. Asia is keen on carving its niche through a new emerging consensual world order which would put it on an equal pedestal of the fading powers of the old order. The way both react to international issues then appears frictional where the East-West divide is quite visible – more recently on the UN Human Rights Council Resolution

on Human Rights in Sri Lanka. Key ideological differences encumber the EU and Asia from finding commonalities in response to many issues – Arab Springs, Iranian nuclear crisis, reform of the international financial organisations (IFIs), trade liberalisation – Doha rounds, etc. Conversely, Asia finds it easier to deal with individual EU member states, at times playing them one against the other, rather than dealing with the EU itself. For one, the EU's normative stance at times overshadows other aspects of relations; which member states are more than happy to delegate to the EU. Asia continues to be befuddled by the EU's insistence on human rights, sustainability and normative clauses in trade pacts while member states continue to court economic ties bilaterally. EU human rights dialogues too have managed to put the EU on a rather higher moral pedestal than its Asian partners instead of arriving at a constructive dialogue. Greater humility will be key. The EU must also strive to understand the specificities of the new emerging global system in which Asia sees itself.

The EU's limited global actorness stems out of its inability to engage Asia politically, in a consistent and coherent fashion. The EU's External Action Service or its diplomatic corps is now two years into being, but is still under construction. For now, it has been unable to effectively propel the EU as a credible international actor, especially in Asia. Political presence in Asia through high level diplomatic visits has been low. Overall, the EU's top officials do not visit Asia often enough. The US Secretary of State and other diplomats have travelled to Asia more frequently in comparison, just in 2011. Secondly, top officials like the EU's high representative Catherine Ashton, EU President Herman Van Rompuy or Commission President José Manuel Barroso prioritise countries like China, India, Japan or South Korea if they do travel to Asia. This is a trend which is changing as recently as 2012 with visits to not only the big Asian countries but also to ASEAN member states and North East Asia. It will be important to nonetheless maintain momentum since the last high level visit to the ASEAN region was President Barroso's visit in 2007 (Khandekar, 2011). In addition, the EU is frequently absent from important meetings of Asian Forums like the ASEAN Regional Forum (ARF) or the ASEAN Defence Ministers Meeting (ADMM) which have become highly politicised venues for dialogue on Asia's top political and security matters. Low attendance delivers the message to the EU's Asian partners that a) the EU is not a really global actor, b) the EU accords low importance to Asia. This has

resulted in the EU's request for membership to the East Asia Summit (EAS) to be stalled for years. Low political presence results in overall low visibility that the EU suffers from in Asia. In addition, the EU's *marge de manoeuvre* is limited: there is only as much that the EU is allowed to offer or say. While EU top officials rarely visit Asia, Asian leaders are hardly ever seen in Brussels with the aim of meeting the EU either.

In comparison, top EU leaders have visited Asian countries on a regular basis. Asian nations have traditionally found it easier to deal with the individual EU member states who have been shrewd in using their economic and political tools to advance their interests in relation to Asian partners. Leaders of these nations make repeated visits to Asian capitals with the aim to double their own trading relations, further empowered by the freedom to make the right noises on Asian concern. In courting China, no stone is left unturned. The big three (Germany, UK, France) are well aware of the Asian powerhouse's value to their countries. France's President Nicolas Sarkozy has travelled to Beijing twice in 2011 alone, out of six official visits to the country. Now China's fifth largest trading partner in the EU, France leads talks with Beijing even when it comes to EU sovereign debt-purchase. In the case of India, within a span of a year, the leaders of the UK, France and Germany travelled to New Delhi signing a host of accords worth billions, criticising Pakistan in plain terms on exporting terrorism, and underlining their cooperation on India's demand for a permanent seat at the UN Security Council. Their visits even overshadowed President Obama's. His first visit after taking office, UK Prime Minister David Cameron led the largest delegation to India in recent memory sealing billions of pounds in bilateral contracts.

Unlike the EU, its member states do not only court major Asian countries like China, India, Japan, or South Korea. Their approach is well balanced geographically. Making up for his outspokenness on Pakistan, PM Cameron on his visit to Islamabad offered 446 million pounds in development aid over a four year period making Pakistan the highest recipient of British aid by 2015 (Malik, 2011). At least four cabinet ministers have visited Pakistan in the last year. Germany is Vietnam's largest European trading partner. Chancellor Merkel led an official visit to Hanoi followed by German Foreign Minister Guido Westerwelle in June 2011 where he pledged further German ODA for Vietnam. Germany has provided over 1 billion euros for ODA projects in Vietnam in the last two decades (Vietnam Business

Forum, 2011). More than 200 German companies operate in Vietnam, including Siemens, Metro Cash & Carry and Deutsche Bank. On a visit to Indonesia, French Prime Minister Francois Fillon vowed to double bilateral trade volumes in the next five years from the current 2.5 billion dollars (Anon., 2011). Besides signing a list of MoUs, he also expressed interest in Indonesia's concerns, like the Straits of Malacca for instance, on which the EU has been unable to emit a befitting strategic response. French-Cambodian relations too were offered a boost as PM Fillon proceeded to the country after his visit to Indonesia.

The EU has been unable to harness these relationships and its own instruments to pursue a common interest as a Union. A common strategy is missing and without a clearly identified sphere of foreign policy interests the EU's approach to Asia has been off the mark. The EU suffers from a big-brother syndrome in the shadow of constant competition from its own member states. The centrifugal forces powered by key member states (UK, France and Germany) have pushed the EU further into the sidelines. Common gains have been ignored in benefit of bilateral gains.

The promotion of democratic values and the respect of human rights issues hold priority in the EU's overall external relations. In Asia, the EU's approach is inconsistent, varying from country to country. The EU has been often criticised on having a weak approach towards authoritarian China, while speaking admiringly of the Chinese 'model' which ensures quick decision making and implementation. This weakness is increased by the EU's increasing dependency on the authoritarian regime. The EU may need China, which holds around 60 per cent of the world's foreign reserves, to invest in its sovereign debt-purchase scheme. China conversely will bargain for market status from the EU in exchange for a few billions of its investment. The EU, critiques argue, gave away WTO membership to China too easily as well. In the struggle of values versus interests; values are often sacrificed for the sake of interests.

The EU's power to insist on the respect of human rights and democracy also depends on the economic weight of the recipient country. For instance, only an arms embargo is currently imposed on China. On the other hand, the EU successfully isolated Myanmar internationally for years, levying heavy sanctions, prohibiting the flow of investment and resulting in acute under-development. International development assistance to Myanmar is

meager: 6 US dollar per capita as compared to the 42 dollars which go to Vietnam, 52 dollars to Cambodia or 62 dollars to Laos (OECD, 2012). While the EU has accepted India's refusal on a PCA given its normative clauses, it has successfully managed to enter a number of smaller ASEAN member states into negotiations on a PCA. EU-China PCA negotiations which also began in 2007 are nowhere in sight. Its approach is furthermore not strategically planned or backed: in Pakistan while the EU has pumped money for years under development and humanitarian aid, it has not managed to strengthen Pakistan's weak democratic institutions and elected representatives. It does not sanction Pakistan for serious violations given that it 'needs' Pakistan's support for its efforts in Afghanistan. The EU's approach in Asia needs more consistency and balance.

While some Asian countries have endeavoured to distinguish 'Asian values' from universal values, given their regional application, it is important that the EU to pursue its normative approach globally and uphold the respect of universal human rights, freedoms and the ideals of democracy. One of the important challenges the EU faces is that its effort to promote human rights and democracy in Asia is a development oriented approach wherein it becomes much more difficult to show impact or effectiveness. The EU is the largest donor of development aid to Asia, a large amount of which goes to good governance initiatives and those strengthening civil society and the grass roots level. But it is hard to link this directly to strengthening or contributing towards democratic governance especially in the short term.

The EU must engage more strongly on promoting democratic values in Asia in partnership with Asia's democracies. It must side strongly with democratic countries in Asia and encourage them to support democratic values internationally in cooperation moving away from values of non alignment. India's positive vote on the UN Human Rights Council Vote on Sri Lanka in March 2012 is a sign of a changing India for instance which has unprecedentedly moved away from its staunch non aligned principle of not voting on single country resolutions to voting with democratic nations. The EU must encourage such a move. The EU must also consult with regional democracies on promoting democratic values in the region. India for instance has been constructively engaging Myanmar for years, in comparison to the EU's policy of isolation which has resulted in little

over the years. In Nepal, Afghanistan and the Maldives too, India has been involved in democratic transitions. An Asian alliance of democratic countries would be a suitable forum for the EU to engage on such issues in Asia. Alternatively, Asia would like to see a more democratic, balanced representation at the international/multilateral level: the UN, the International Financial Institutions, etc. It will be important for the EU to dialogue with Asia on the reform of international institutions of governance.

For a global actor, the EU is very weak on security. Its common security and defence policy is anaemic and today, nearly absent. The EU has no police forces, spies, or intelligence of its own, and intelligence sharing in the EU is rather low. Political engagement and smart diplomacy which could make up for a lack of military strength are not exercised appropriately either. For the European Union to be a global actor and a credible one in Asia, it must factor in a capability to respond to Asia's growing and diverse geostrategic challenges. In an irreversibly globalised world, Europe's growth is contingent on that of Asia's and a stable, dynamically emergent Asia is in Europe's interest. Given that the idea of security itself has expanded radically – food security, resource security, human security, nuclear security, maritime security, etc; it has become even more complex for the EU to be a credible global player without a proper capacity to respond to such intricate challenges which are abound in Asia. On hard security, the EU is invisible. Its only mission under the Common European Security and Defence Policy (CSDP) was a monitoring mission in Aceh more than six years ago. Given Asia's growing seduction with hard power, the EU struggles to find visibility.

Three security related issues on which the EU should effectively engage Asia with immediate effect are Afghanistan, nuclear security and maritime security. In Afghanistan, in the light of the US/NATO withdrawal in 2014, the EU will have to start the initiation of a policy that occupies the strategic space vacated by America. Engaging both Afghanistan and Pakistan will remain crucial to EU interests as the year progresses but engaging with Afghanistan's neighbours will be more important. The EU must in particular involve India and Pakistan in collaborative frameworks on Afghanistan. A post conflict Afghanistan will offer many economic advantages to its neighbours, including vistas for cooperation. The EU

will have to strategise and design precise possible cooperation with all concerned regional actors as early as 2012. The EU cannot falter on its presence in this part of the region. While it has made substantial efforts to be accepted as an actor in the region, a limited US presence will make it tougher for the EU to stand alone. The EU must decide to initiate foreign policy dialogues with regional actors centred around a future for Afghanistan.

On nuclear security, the EU must engage Pakistan in dialogue on the safety of its growing nuclear arsenal given that the threat of proliferation by militia or the Taliban is real and looming, the weak democratic control of the country, and a military/intelligence unit with a history of support to Islamic radicalisation and militancy. The EU must also act more robustly on nuclear security on the Korean Peninsula. A tougher stance on North Korea but through constructive engagement will be vital in promoting security in North East Asia.

The EU must also engage Asia on issues of maritime security especially in the South China Sea and on the management of various crucial bottlenecks like the Straits of Malacca or the Sunda or Lombok Straits: waterways which are of immense international geostrategic significance but are also becoming potential sources of instability in Asia. The EU has considerable interests in freedom of navigation within these waterways given its trade relations with the region and the region's own dependence on these waterways. A diplomatic role for the EU can be aimed at. The South China Sea is currently disputed between China, Taiwan and four ASEAN member states (Malaysia, Vietnam, the Philippines, Brunei). While US involvement is seen as a direct challenge to China, increasing not only regional tensions; but also a militarisation of the region; the EU can appear as a more credible, neutral force. Its vast expertise on the resolution of important disputes in the Mediterranean and Baltic Seas, as well as the management of water resources under its maritime policies can be shared to good effect.

CONCLUSION

It is said that a nation that influences Asia, ultimately impacts the world. The EU must retune its approach to Asia and develop a capacity to predict and adapt to possible future scenarios. It must harness its existing

economic and political equipment to renew its attempt on relations with Asia. While the EU continues to evolve, its structural challenges will not be rectified overnight. But in the short term, an EU-Asia strategy limited to ASEM's Asian members will be crucial and the most pressing priority given that the EU's growth and future prosperity and contingent on Asia. While practically it may be inconceivable to chart an Asia strategy given the region's enormity and diversities the EU can instead construct such a strategy based on Asia focused issue based sub-strategies instead – a nuclear security strategy, resource management (food security, water, energy, etc) strategy, trade strategy, disaster management strategy, human rights strategy, counter terrorism strategy, maritime strategy and so on. Such a strategy will not only complement the EU's strategic partnerships, but also responds to Asia's diversity. In the near future, the EU must effectively step up its political engagement of Asia and increase its visibility in Asia and its forums.

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