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guest edited by
Maria Garcia

Developments in EU-Asia Relations

Maria Garcia

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Foreword: The Complex and Multifaceted Nature of EU-Asia Relations

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A SHIFT OF INTERNATIONAL POWER TOWARDS THE EAST IS NEITHER A NEW IDEA NOR a new phenomenon, but in the wake of the 2007-2008 financial and economic crises, it has gained even more adeptness. Exhibiting the highest economic growth rates over the last decades, Asia has attracted the attention of the world's governments and corporations. Today, China is the EU's second trade partner. Japan and South Korea represent the EU's fifth and seventh partners respectively, whilst other South East Asian states like Singapore and Malaysia also figure in the list of the EU's top twenty-five trade partners. Undoubtedly, economic links have been a crucial part of the upgrading of relations between both regions in the past decades. In particular, the trade volume between the two regions has increased by almost 61 per cent between 2003 and 2008. The deepening relations between the EU and East and Southeast Asia are complex, multifaceted and in a constant state of flux, hence the timeliness of this special issue surveying these developments.

Although the connections between Europe and Asia, particularly regarding trade, stretch back across the centuries, as an entity the European Union (EU) began to forge a strategy towards the region only in the mid-1990s. This tardiness can be accounted for by institutional shortcomings and the predominance of national foreign policies in the foreign policy of the EU, as well as less shared recent history than with other parts of the world. Latin America and Asia remained the areas where the EU did not have special links beyond first generation trade and cooperation agreements dating back to the 1970s and 1980s. By the 1990s, these were also the two areas of the world showing greatest economic growth rates and opening up their markets to foreign investors. Steps were taken to remedy the situation by re-launching relations with both regions. Crucially, the European Commission from the start considered a rapprochement with Asia to be more challenging given the cultural differences. The 1994 'New Asia Strategy' took a cautious approach and suggested increased dialogue and cooperation to understand each other better, develop trust and subsequently build upon that to forge closer ties economically, politically and strategically. In this spirit, and following a suggestion by the Singaporean Prime Minister, the Asia-Europe Meeting (ASEM) was born. ASEM has come to represent the relationship between the EU and Asia and has encouraged the development of political dialogues, social encounters, and a Europe-Asia Business Forum, in an attempt to strengthen inter-regional political, social and economic ties. Its key success has been the institutionalisation of the relationship. However, the great diversity amongst the Asian states and differences in political cultures have mired more ambitious developments.

Beyond ASEM, the EU's Asia strategy is increasingly concerned with securing the competitiveness of the EU in the face of the growing competition from the region and particularly with 'the need to get China right' as stressed in the 'Global Europe' Document. The granting of Strategic Partner status to China in 2003 was in itself also a clear reflection of this, and of the EU's wish to engage more closely with key emerging economies through its new strategic partnership tool. Whilst the economic side of this relationship and the EU's demands for a 'fairer trade policy' are clearly a crucial aspect of the relationship, and perhaps the one most often in the public and media's eye, it is but one aspect. Political dialogue on a host of topical issues (environment, multilateral governance) where the EU has attempted to exert global leadership, feature highly on the EU-China agenda. They are also a crucial part of the broader EU's engagement with East and Southeast Asia through ASEM. The EU's relations with the region have focused on economic ties and negotiations with the most powerful economies in the region to secure conditions better than the World Trade Organisation (WTO) conditions in view of the stalemates at the WTO multilateral negotiations. The EU has pursued this objective through the negotiation of an Association Agreement with South Korea, negotiations for an inter-regional deal with ASEAN – which, given the diversity, will now be undertaken at the bilateral level with the EU negotiating agreements with Singapore and Vietnam -, and of course the trade aspects of the Partnership and Cooperation Agreement with China.

This collection of essays offers an overview of some recent developments in the increasingly important relations between the EU and Asia. Given the complexity of and variation in these relations, the volume, of necessity, obviates some interesting aspects of the relationship. Here, contributors analyse key areas of these developments such as the Strategic Partnerships with China and Japan, free trade agreements, or ASEM, from a broad range of approaches (international relations, political economy, opinion research) presenting a purposefully eclectic compilation that reflects the thematic, institutional, structural and geographic variety that characterises the EU's relations with East Asia. Given the focus of the volume, all authors devote most of their analyses to the actual interactions of the EU once a policy or strategy has been agreed internally, with East Asian counterparts. The internal dynamics within the EU and both the effects of Member States' individual Asian policies in shaping the EU's strategy and the potential Europeanisation of national Asian policies, as well as the bilateral relations between EU Member States and Asian counterparts, are, of course crucial pieces in this puzzle, not least because these can complicate Europe's position vis-à-vis partners (*e.g.* the EU's arms embargo on China, whilst China made military acquisitions from individual Member States). However, given length restrictions they lie outside the direct scope of this volume.

The special issue can be broadly divided into three parts. The first three papers deal with the strategic angles of the EU-Asia relationship, looking at the strategic partnership with China (Smith and Xie), the increasingly complex issues of energy, climate change and the environment in EU-China relations (De Matteis), and the security dimension of the EU's strategic partnership with Japan (Atanassova-Cornelis). Trade and economic negotiations take prominence in Garcia's and Pakpahan's contributions, whilst the final paper deals with the 'visibility' and 'profile' raising facet of interactions between the two regions through ASEM (Brovelli, Chaban, Lai and Holland).

Smith and Xie focus on the ongoing development of a strategic partnership between the EU and China. They analyse this strategic partnership through the exploration of its underlying logics: "(1) the integration logic, (2) the logic of the external opportunity structure and (3) the logic of the EU's search for identity through external policy". Such partnerships are viewed as part of an external projection of the notion that the EU is a 'force for good' as a contributor to world order, as well as a means of projecting the EU's growing need to assert itself within that arena. The authors find ample support for their

thesis in their review of the EU's documentary evidence regarding the development of the strategy and in the ongoing challenging negotiations for the Partnership and Cooperation Agreement. Smith and Xie's analysis predicts continued ebbs and flows in the relationship between these two complex powers depending on patterns in their relationship, internal developments and international factors, not least the changing dynamics of EU-US-China relations.

De Matteis' contribution to this volume charts the progress of EU-China cooperation in the field of energy, environment and climate change. In contrast to the papers on 'strategic partnership' his work emphasises fruitful outcomes from this cooperation. The EU's self-promotion as a leader in global environmental governance has given it credibility, which has led China to wish to engage with it. De Matteis cites a host of examples of such cooperation and export of EU expertise and standards, such as the EU-China Clean Energy Centre or the implementation in China of legislations similarly drafted in the EU. Economic interests, which could be hampered by soaring Chinese energy demand, the EU's comparative advantage in the environmental technology field and the opportunity to use it to gain diplomatic leverage, the development of a potentially profitable export market, and the necessity to avoid confrontation on energy supply by pushing China to diversify its energy demand are viewed as the main drivers behind the EU's enthusiasm for cooperation in this field. Despite clear outcomes and potential for cooperation given the similar energy and environmental challenges faced by both the EU and China, De Matteis ends with a stark reminder of the potential for conflict between both powers in this area as they compete for energy resources or as EU firms fear transferring clean technology to China should the actors fail to exploit their cooperative synergies.

Atanassova-Cornelis, whilst focusing on the often overlooked security cooperation part of the EU-Japan strategic partnership, reaches a similar conclusion regarding the unfulfilled potential of the relationship. She highlights the fertile ground for cooperation given the EU's and Japan's normative, and necessity-derived, preference for soft power and commitment to non-traditional security matters including crisis management, post-conflict reconstruction, and poverty alleviation. Both face the same challenges of carving out more prominent roles for themselves in the international arena, and both share some common strategic aims in the region, like preventing an over-powerful China or too much American influence. Yet they have so far failed to deliver concrete results in forging a more cooperative and mutually beneficial security partnership. The declaratory and institutional foundations for this have been laid, but it remains to be seen whether the extraordinary potential for such a partnership can be fully materialised.

Trade and economic relations have been at the heart of EU-Asian relations. As Smith and Xie highlight, economic discussions are a key aspect of the EU-China strategic partnership. This focus extends beyond China, and accounts for increased rapprochement with the broader East Asian region. The successful negotiation of an Association Agreement - the most extensive type of Agreement with a third party that the EU has - with South Korea in 2009 was just the first of a longer list of planned agreements.

Garcia's paper focuses on the EU's free trade agreement (FTA) strategy in East Asia, and compares it to that of China. She suggests that, whilst both have been heavily influenced by external factors like the impasse in the WTO Doha Round and the pursuit of bilateral FTAs by the United States of America, the strategic aspects of the FTAs, as well as their breadth and scope, differ greatly. The EU's strategy, in particular, in its discourse reveals a certain degree of anxiety and competitive fears especially in the East Asia region. Despite this, and its clear attempts to 'catch up' in the region, if the EU succeeds in implementing its FTA strategy of 'deep trade' agreements, it may still gain an economic upper hand in the area.

Pakpahan's contribution analyses the emerging FTAs between the EU and East Asia within the context of trans-regional cooperation within the ASEM framework. This article discusses the potential for these FTAs to either enhance trans-regional economic ties or to disturb the broader trans-regional cooperation by shifting the onus of the relationship, as well as resources, to a range of bilateral relationships structured through FTAs.

The final key element of the EU's strategy towards Asia has been a desire to foster greater inter-regional understanding and trust. This was evident already in the 1994 'New Strategy for Asia' Communication of the European Commission. EU-Asia relations have been epitomised by the Asia-Europe Meeting (ASEM) framework engineered around multiple levels of institutionalised contacts for information exchanges, information gathering, and eventually negotiations.

Brovelli, Chaban, Lai and Holland analyse the complex matter of ASEM's effectiveness, projection and media profile. They focus on ASEM's (and the European Commission's) desire for greater visibility and impact for the forum. Elite reactions to ASEM in East Asia reveal that, whilst political elites, crucially the main actors in the intergovernmental ASEM architecture, generally hold positive views of the process, business and, in particular, media leaders remain much more sceptical. This translates into more media attention focusing on bilateral issues and domestic angles in ASEM coverage. The authors propose an ASEM media centre to facilitate coverage rather than hoping that media elites will choose to increase their reporting on ASEM, which could facilitate the EU's goal of establishing its 'presence' and 'voice' more firmly in this region.

A common thread apparent in all the articles in this collection is the strong sense of as yet unfulfilled potential in all aspects of the relationship between the EU and East Asia. Through regional strategies, ASEM, and FTAs, foundations are being laid for a true strategic partnership. As these articles have shown, East Asia and the EU face some common challenges (*e.g.* energy security and environmental degradation) and in many areas share similar approaches and interests (*e.g.* multipolarity, nontraditional security), despite their obvious rivalries and competition in other areas. Future research will focus on how this potential develops further, and how the EU adapts to the challenges and opportunities derived from the rise of Asia.

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The European Union and China: The Logics of 'Strategic Partnership'

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Abstract

This article argues that three key logics drive the EU's search for a 'strategic partnership' with China. The first part develops an argument about the logics of 'strategic partnerships' in EU external policy. The second part explores the development of EU strategies towards China since the mid-1990s, with reference to key official documents and statements, and examines the motivations for declaration of a 'strategic partnership' with China in 2003. The third part looks at the evidence for such a partnership in EU-China economic and diplomatic relations, and assesses the negotiations for a Partnership and Cooperation Agreement. The conclusions revisit and re-assess the arguments, and place them into a broader context.

Keywords

European Union; China; Strategic Partnership

HOW FAR HAS THE EUROPEAN UNION (EU) BECOME A STRATEGIC ACTOR IN THE global arena? This key question relates to the continuing debate about the EU's roles in international relations, and to the ways in which the EU might or might not become a 'power' in the international system (Elgström and Smith 2006; Hill and Smith 2005; Sjørusen 2007). It brings into focus a number of the key dilemmas that have been identified by the literature in respect of the EU's international relations: persistent problems of converting resources into power and leverage within international politics, the two-edged sword of the EU's institutional set-up, conferring both institutional strength, but also institutional complexity and rigidity, the pervasiveness of 'capability-expectation gaps' in all areas of the EU's international activity, and the equally pervasive tension between norms, identity and material interests in the EU's international life. Not only this, but it also relates to the ways in which the EU can establish its position in a rapidly changing international system, and adapt its aims and instruments to the rise and fall of actors and issues: can the EU position itself strategically to deal with new developments, and can it adapt its strategies to enable it to manage change and transformation?

The EU is not short of strategies; indeed, it has spent much of the past decade developing and publishing strategies in respect of significant actors, institutions and issues in the

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global arena. The Commission has produced successive Communications dealing with all regions of the world – including Antarctica – and with the changing global agenda, particularly where that agenda raises issues of global governance and the management of global change. During the past decade, it has also identified an increasing range of ‘strategic partnerships’ that can be taken to lie at the heart of its international relations (see for example Grevi and de Vasconcelos 2008). If we take the United States of America (USA) to be in important ways the original ‘strategic partner’ for the EU and indeed the EC before it, it is clear that the EU-US partnership has taken on a more formal and institutionalised shape in the period since the end of the Cold War. More recently, there has been a rush of strategic partners: the BRIC countries (Brazil, Russia, India and China – but not necessarily in that order or all in the same institutional forms), various world regions or regional organisations, including Africa (especially through the African Union but also through sub-continental partnership agreements), Latin America (especially through the inter-continental summits, but also through links with MERCOSUR and other regional bodies), Asia-Pacific (through the Asia-Europe Meeting (ASEM), but also through links with the Association of Southeast Asian Nations (ASEAN)) and South Asia (through links with the South Asian Association for Regional Cooperation (SAARC), and also now with the incorporation of some South Asian countries into the ASEM). And this is only a partial sample of a growing web of strategic links and commitments that seem increasingly to constitute an important element of the EU’s international identity.

But what are we to make of all those strategies? This article represents an attempt to develop some general ideas about the role of strategies, and especially ‘strategic partnerships’, in the EU’s external policies, and to apply them to one of the most fully developed ‘strategic partnerships’, that with China. Since the mid-1990s, the EU has doggedly pursued the development of this partnership, and as noted above declared in 2003 that China was to be a formally designated ‘strategic partner’. The EU-China relationship is thus the most mature of the new-generation ‘strategic partnerships’. It is also one where there is a strong coming together of the economic with the political and of material interests with normative elements; and it is one where the ‘strategic partner’ is itself a very powerful and increasingly prominent global actor. In short, it is a major test of the EU’s search for partnerships and its pursuit of ‘effective multilateralism’ (Odgaard and Biscop 2007).

The systematic evaluation of the forces driving EU policies bears the promise of insight into some of the fluctuations in the EU-China partnership, and some of the apparent contradictions. These have been pointed out by a number of recent studies (for example Balme 2008; Crossick and Reuter 2007; Fox and Godement 2009; Grant and Barysch 2008; Kerr and Liu Fei 2007; Zaborowski 2006). Such fluctuations and contradictions include: the internal divergence of preferences and commitments between EU Member States – a point made especially powerfully in the ‘power audit’ of EU-China relations by Fox and Godement (2009); the problems of integrating and coordinating policies crossing a range of issue areas in Brussels; the difficulties of translating formal institutional commitments into action; and the dilemmas created by the emerging ‘triangle’ of relations between the EU, the USA and China. By interrogating the idea of ‘strategic partnership’, we can hope to gain purchase in analysing and evaluating EU policies towards China in the period since the end of the Cold War and since the declaration of the ‘strategic partnership’ in 2003.

The article approaches the issues in three key stages. First, it develops a general framework for understanding the role of strategy and specifically the logics of ‘strategic partnerships’ in EU external policies. Second, it explores EU-China relations asking the question ‘how much strategy?’ – in other words, examining the EU’s discourse, positions and assumptions about EU-China relations and asking how they link to the logics of ‘strategic partnership’. This part of the argument will rely on a detailed examination of EU strategy papers and

statements. Third, the article re-examines the EU-China relationship in light of another key question: 'how much partnership?', with the aim of establishing how much substance there is to the practices of partnership in the relationship. In pursuing this second question, the argument touches on a range of episodes and issues in EU-China relations during the past ten years, and undertakes a case study of the negotiations for an EU-China Partnership and Cooperation Agreement (PCA).

The article establishes that in exploring 'strategic partnerships' it is important to understand the underlying logics of EU external policies, and the ways in which these condition the union's external actions. It re-evaluates three key logics, which can serve as the foundation for further analysis of 'strategic partnerships' in EU external policy, as well as the basis for analysis of EU-China relations more generally. And it finally concludes that the EU-China 'strategic partnership' is at best a partial rather than a comprehensive one, understood in different ways at different times and among the key stakeholders.

'Strategy' and 'partnerships' in EU external policies

In order to pursue the analysis of the EU-China 'strategic partnership', it is necessary to clarify some key concepts and to develop some central questions. Essentially, there are three concepts that demand attention: first the idea of the EU as a strategic actor, second the notion of 'partnership' in EU external policies, and finally the logics of 'strategic partnership'.

First, let us explore the notion of the EU as a strategic actor. We have seen that the EU, through the Commission and other channels, has developed a large number of strategies. But this in itself does not make the EU a strategic actor. In order to be recognised as such, the EU needs to fulfil a number of criteria: the capacity to extract and mobilise resources, to relate them to its objectives and to a general strategic narrative, and to adapt its strategy in light of changes in the global arena.

The second idea that demands exploration here is that of partnership. As noted in the introduction, the EU is an inveterate (if not compulsive) seeker of partnerships in the world arena. In many ways, this is also seen as a sub-set or consequence of a fundamental commitment to multilateralism, which leads the EU into the construction of a series of overlapping partnership arrangements expressed in a wide variety of forms: association, economic cooperation, political dialogue, sectoral and other arrangements with governments, civil society and non-governmental organisations. In evaluating these arrangements, we need to use a variety of criteria: the level of material commitments and activities they reflect, the commitments undertaken, the relationship between partnerships and the EU's broader international commitments, the overall symmetry or asymmetry of the arrangements, and the ways in which they can be adapted or renegotiated to take account of changing interests and experiences.

Drawing on this discussion, it might be assumed that the notion of 'strategic partnerships' would be self-explanatory in EU external policies: these are partnerships that embody or express the general interest of the EU as a strategic actor, that form relationships with key interlocutors and that contribute to the realisation of the EU's strategic ambitions within the context of an agreed narrative. But what are the logics that drive partnerships in general and 'strategic partnerships' in particular?

Three logics of 'strategic partnership'

We propose that the EU's 'strategic partnerships' can be analysed through the exploration of their underlying logics, and that the fluctuations and unevenness of the 'strategic partnerships' can equally be accounted for by the operation of these logics. The three core logics that we propose are (1) the integration logic, (2) the logic of the external opportunity structure and (3) the logic of the EU's search for identity through external policy (Smith 2009).

In brief, these three logics enable us to argue as follows. The 'integration' logic bears on the ways in which the demands of the European integration project make themselves felt in the development of the EU's external policies. Amongst other effects, this logic creates a situation in which external policy is the spillover or the projection of internal needs, and in which external policy can be seen as a means of providing a 'safety valve' for the pressures built up by the progress (or lack of progress) of the integration project. The 'external' logic can be seen as a reflection of the pressures and opportunities arising from broader international structures, such as the effects of the end of the Cold War and the 'gaps' created for European external policies by the post-Cold War search for a new international order. The 'identity' logic sees the external policies of the EU as bound up with the search for a 'European' international identity, and thus with the generation of images and understandings of the EU itself, both within and outside the Union. Each of the logics generates its own characteristic patterns of activity and criteria for 'effectiveness' in the context of the EU's external policies.

How does this discussion of the logics driving EU external policies help us to understand and evaluate the EU's 'strategic partnerships'? First, the 'internal logic' gives leverage to the analysis of the ways in which the EU's institutional structures and internal politics might shape the search for 'strategic partnerships'. We can expect this search to be conditioned by the internal distribution of preferences, by the broader institutional development and capacities of the Union, and by the ways in which Member States are prepared to commit themselves. But we should also expect it to be governed by the 'disintegration logic' by which the divergence of internal preferences disables or dilutes the EU's external policy capacity. Second, we can expect that 'strategic partnerships' will be a reflection of the external opportunity structure and the EU's collective capacity to take advantage of it. Thus, the post-Cold War period and the rise of new international 'powers' has created new openings for the EU as well as new challenges, to which one response is the search for 'strategic partnerships'. There is another aspect to this: the external opportunity structure also embodies the prevalence of EU-US relations and the search by the EU for ways of balancing the USA's predominant power within the world arena. So we should expect this to be a factor in the search for and conclusion of 'strategic partnerships'. Third, we would anticipate that each and any 'strategic partnership' would be in some way a response to the 'identity logic', expressing the EU's search for identity within the world arena and also projecting formally or informally the values on which the EU is taken to be founded. So 'strategic partnerships' are in part an external projection of the notion that the EU is a 'force for good' and a contributor to world order through the use of its 'normative power' and more generally its 'soft power' (Smith 2007) as well as a means of projecting the EU's growing need to assert itself within that arena. Finally, we would also expect that 'strategic partnerships' would express the interaction of the three logics and the fluctuating balance between them, and that as a result they would be subject to consequential contradictions and unevenness. The needs of European integration, the opportunities or challenges presented by the world arena, and the less tangible but often equally powerful search for an EU identity should all be evident in the development of any 'strategic partnership'.

This establishes the ground for our more detailed empirical study of the EU-China 'strategic partnership'. We have argued that there is a need for clear specification of the criteria for judging both the search for and the development of 'strategic partnerships'. We have argued further that it is possible to analyse the logics driving such partnerships against a set of explicit criteria. This should help us to explore the two key questions set in this article: how much does the EU-China 'strategic partnership' express a coherent EU strategy, and how much does it demonstrate the development of a practical partnership in specific areas of EU-China relations?

The EU and China: strategy

As argued above, in assessing the extent to which the EU has a 'China strategy', it is necessary to consider not only the public record and statements of a strategic nature, but also the underlying coherence and operational effects of the EU's policies. Thus, in this section, we will explore first of all the 'public record' of EU strategic declarations in order to uncover key themes in the EU's presentation of its positions and aims (see also Cameron 2009). One key element in this assessment will be the ways in which the EU's efforts have chimed or not with China's strategic objectives; thus, we will briefly consider the nature of China's international strategy and the ways in which this 'fits' with the EU's aims and objectives.

The EU-China diplomatic relationship was first formally established in 1975, and the first EEC-China trade agreement was concluded in 1978. The initial bilateral ties were 'explicitly economic, though implicitly (especially for China) strategic' (Scott 2007: 23). With the growth of EU-China trade during the early 1980s, the need for a new and more comprehensive agreement was met with the EU-China Trade and Cooperation Agreement of 1985. This established a legal framework for the bilateral relationship and for the next twenty years it reflected an EC/EU approach in which trade was the top priority. Ironically, in the view of later developments, part of its purpose was to redress a trade imbalance in which the EC ran a surplus with China (Fox and Godement 2009: 19; EEC-China 1985, chapter 1). The key aim of the agreement was to "intensify and diversify their [EC/China] trade and actively develop economic and technical cooperation in line with their mutual interests" (EEC-China 1985). The agreement also established an EC-China Joint Committee to manage the relationship – a body which remains significant in the evolution of EU-China relations. It appears that while the EC had rather broad ambitions for the agreement, the Chinese saw it as primarily about increasing their economic ties with Europe (Griese 2006; Gosset 2002). Notably, the agreement was explicit in allowing EC Member States freely to "engage in bilateral activities in the field of economic cooperation and to conclude new economic cooperation agreements with China where appropriate" (Europa 2007).

The year 1989 saw further important developments in the EC's approach to China, catalysed by the Tiananmen Square incident, but also more generally by the end of the Cold War. Although Tiananmen did not interfere fundamentally with the development of the EC-China economic relationship (Algieri 2002: 64), it forced European policy-makers to put the economic relationship into the broader context of social, political and humanitarian concerns – a context that resonated in all subsequent EC/EU policy papers. In addition, European policy-makers increasingly shaped their approach in the realisation that China's emerging role in the global community should be shaped by "coordinated commitment from governments worldwide" (European Commission 1995) and thus that China's integration into the global community and global institutions should be a key aspect of any EU position.

The 1995 Communication *A Long Term Policy for China-Europe Relations* thus occupies a key place in the development of EU thinking about the relationship. For one commentator it was “the first important signal that Brussels had started to anticipate a growing political influence” (Holslag 2009: 3) and to set long-term objectives in this light. The Communication set out to establish a new market-based relationship with China “for the future competitiveness of European business” (Barysch *et al.* 2005: 7), to further the integration of China into the international community and particularly to push for China’s membership of the World Trade Organisation (WTO), and to contribute practically to China’s internal economic, political and social reform so that the Chinese economy would continue to grow and to open itself to European business. The aim of the approach was to focus on problem-solving and to do this within the context of common ground and mutual interests (European Commission 1995; Möller 2002: 22). It was clear that the development of the EU-China relationship was seen in a global context: “Europe’s relations with China are bound to be a cornerstone in Europe’s external relations, both with Asia and globally” (European Commission 1995).

Given the development of the EU’s broader foreign and security policy structures during the early and mid-1990s, it was also clear that the development of policies towards key interlocutors such as China was a key part of the EU’s emerging international role. But this contained a number of actual or potential contradictions, especially since the EU was more generally concerned to position itself as a ‘normative power’ with a particular emphasis on human rights and connected issues – issues that were less comfortably dealt with in the EU-China context. When this was combined with the need to make progress on a number of pressing economic issues, the concern of the 1995 Communication to reconcile normative and material interests seems clear. It was also clear that the ‘European’ position contained a number of tensions between European institutions and the interests of Member States, although the Communication talked confidently about synergies between Member States and EU activities (European Commission 1995, D1).

The ‘long term policy’ set out in the 1995 Communication lasted for three years (although many of its principles are still extant in EU policies). In 1998, the Commission produced a second Communication, *Building a Comprehensive Partnership with China* (European Commission 1998). A change of EU position was rationalised on the one hand by the potential impact of Economic and Monetary Union and of the eastern enlargement of the EU, and on the other hand by the pace of change in China itself: “the EU must be ready at short notice to adapt its policy to any unforeseen changes promoted by the speed and scope of China’s transition” (European Commission 1998: 25). As Griese notes, “from 1998 onwards the Commission is very careful in giving precise time references – at least in the title – for the permanence of its China policy” (Griese 2006: 550). In 1998, the EU was worried that China might slow down or even reverse its reform process in the wake of the death of Deng Hsiao Ping, the Asian financial crisis and the reversion of Hong Kong. The Communication also responded to issues arising in the negotiation of China’s WTO entry, which had begun in 1997. As a result, the Communication proposed a ‘renewed’ and ‘upgraded’ approach in which China would be further engaged bilaterally and multilaterally, whilst further support would be given to its transition process (European Commission 1998: 5).

One of the essential elements of the policies proposed in the 1998 Communication is their comprehensive nature, covering political, economic, social and regional security issues and encompassing contacts at several levels: bilateral, regional and multilateral (and thus linking with the EU’s inter-regional approaches to Asia-Pacific, most obviously the Asia-Europe Meeting established in 1996). The Communication proposed annual summits between the EU and China, like those already established between Beijing and other partners such as Japan, Russia and the USA. Dialogue with China would in turn benefit the

inter-regional dialogue with Asia-Pacific and increase the EU's "overall influence in the region" (European Commission 1998: 7). In accord with the request of the European Council, the Communication also pursued the aim of establishing a constructive dialogue with China on the issues of human rights and the rule of law. The general intention was to work towards a situation in which China would be a "strong, stable and open partner" (European Commission 1998: 11), but not to increase the pressure on Beijing in sensitive areas of domestic policy. In the realm of global economic relations, the EU's support for China's WTO accession remained strong – not least because it was also seen as linking closely with potential domestic reform in China itself, in the cause of removing obstacles to trade and improving China's adherence to the rule-based multilateral order.

By 2001, the Commission felt it necessary to follow up the 1998 Communication with another, this time explicitly building on the framework established three years earlier. The 2001 Communication *EU Strategy Towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy* (European Commission 2001) was framed most obviously by the impending entry of China into the WTO, and by the linked need to provide "a comprehensive and forward-looking review" of the 1998 policy (European Commission 2001: 3). Notably, the title of the Communication for the first time referred to this in terms of EU strategy, defining this as including both short-term and long-term action points and recalling the long-term objectives set out in 1998. Notably also, the paper pointed out a number of difficulties in EU-China relations, referring to China as "both part of the problem and the solution" and as "not always an easy partner for the EU" (European Commission 2001: 7). So the issue was not just one of dialogue and accommodation – or at least, so it seemed.

Only two years after the 2001 Communication, the Commission was back in action on the EU-China partnership, this time with the Communication *A Maturing Partnership – Shared Interests and Challenges in EU-China Relations* (European Commission 2003). According to at least one analysis, this Communication represented an effort to "mark a shift (...) from traditional state-to-state relations up to the European level" (Fox and Godement 2009: 33). Its other, explicit aim was to initiate an upgrading of the bilateral EU-China relationship to a 'strategic partnership' across a broad range of issue areas, anticipating developments not only in the EU (especially the 2004 enlargement and institutional reform), but also in China (for example, the installation of a 'successor generation' of leaders and China's increasing assertiveness in world affairs). The Communication also referred to a host of more immediate problems that demanded coordinated action, such as the threat of the Severe Acute Respiratory Syndrome (SARS). The 2003 Communication was later paralleled (but not mirrored) by China's only formal 'communication' on this subject, the 2003 *EU Policy Paper* (Chinese Government 2003), which echoed the perception of the partnership as strategic in nature. As William Callahan has pointed out, the Chinese *Policy Paper* can also be seen as an exercise in 'refracting' the language used by the EU in its Communications, and as setting an agenda that carefully kept the developing relationship on ground that was comfortable for Beijing (Callahan 2007).

The 2003 Communication is not only notable for its 'European' focus and its emphasis on strategic changes; it also goes much further than its predecessors in setting out the infrastructure of EU-China relations. Its implicit benchmark for 'maturity' seems to be the quantity of EU-China dialogues, especially sectoral processes and agreements. There is no doubt that by 2003 there was such a growing infrastructure (see the following section), but questions remained about its efficiency and effectiveness. And crucially in terms of the discussion here, the question arises as to whether the strategic quality of a relationship can be measured by quantity rather than by quality of exchanges. As one critique put it, "the proliferation of programmes, dialogues and agreements created the danger of loss of focus and strategic vision: there is little linkage between the various dialogues, their short-

term objectives sometimes clash, and they do not always serve the EU's overall objectives as defined in its strategy papers" (Barysch *et al.* 2005: 8-9). The description of the relationship as 'mature' in the title of the 2003 Communication thus raises as many questions as it answered.

As it happened, the 30th anniversary of the establishment of EC/EU-China relations took place at a time when the relationship was anything but harmonious, and when trade and diplomatic disputes were notable (Smith and Xie 2009). But by 2006, the Commission was again ready to launch another Communication, this time entitled *EU-China: Closer Partners, Growing Responsibilities* (European Commission 2006a). Alongside this paper was issued a working paper on EU-China trade and investment (*A Policy Paper on EU-China Trade and Investment: Competition and Partnership*) (European Commission 2006b) which picked up what had become a central theme of the Commission's approach to global trade and investment issues: the need for the EU to assert its competitiveness and to hold others to their commitments (see for example Mandelson 2006).

The 2006 Communication can be seen as a more realistic and pragmatic response to the growing range and scope of EU-China relations, and especially to the rapidly increasing trade deficit which had already led to some sharp disputes (see following section). The emphasis was as much on competition as on partnership, and on the use of 'sticks' in the form of WTO rules and other devices, as well as on 'carrots'. Amongst other issues, the Communication identified "a range of obstacles to market access and skewed conditions of competition" that limited the benefits to the EU from the growing economic relationship, and failure by Beijing to fulfil all of its WTO obligations. The result was that in crucial sectors such as telecommunications, financial services and manufacturing, EU companies found it difficult to invest in or export to China (European Commission 2006a: 7; 2006b: 9). The anticipated dynamic effects of WTO accession had not been realised, and in some ways it appeared that WTO accession marked the end of China's reform process rather than its beginning (Interview with EU official, Beijing, April 2009). Key issues such as intellectual property rights and the investment climate were particularly identified as areas of concern (*ibid.*). In consequence, the Communication set out a range of potential remedies that might be sought by the EU, including not only dialogue and bilateral negotiation, but also use of the WTO dispute settlement mechanism (European Commission 2006b: 13). One symptom of the problems was the continuing refusal of the EU to grant China Market Economy Status in the context of the WTO (Smith and Xie 2009).

The 2006 Communication also set out a range of areas in which the EU would pursue continued dialogue with China: human rights and democracy promotion, and a range of sectors in which there were established dialogue arrangements (European Commission 2006a: 4). Not only this, but it presented a long list of areas in which cooperation with China is vital to key EU global objectives: sustainable energy supplies, environment and climate change, employment and social issues, international development and governance especially in Africa. Africa in particular has claimed increasing attention as an arena for EU-China cooperation (and implicitly, competition), and in 2008 the Commission was moved to present a Communication on the subject (European Commission 2008). One area of security policy remained especially neuralgic in the relationship: the debate over whether to modify or lift the arms embargo imposed on China in the wake of the Tiananmen Square events in 1989 (see next section); the 2006 Communication promised only continued dialogue on this issue. There was, however, a clear bottom line to the Communication: it proposed the start of negotiations for a new Partnership and Cooperation Agreement, which "should encompass the full scope of the bilateral relationship" and update the 1985 Trade and Cooperation Agreement. This was presented as "the practical basis for the comprehensive strategic partnership" (European Commission

2006a: 9), but it was apparent that both the political and the economic dimensions of such an agreement would be full of potential pitfalls.

We will withhold judgement on the significance of the developments described here until the general conclusions to the article, and now turn our attention to the 'partnership' aspects of EU-China relations. The following section looks at both the issue of partnership in general and the specific case of the EU-China Partnership and Cooperation Agreement, with the aim of establishing the basis for an evaluation of the nature, extent and impact of the EU-China partnership.

The EU and China: partnership

As noted in the introduction, the EU is engaged in a ceaseless search for partners in the global arena: simply put, this is part of the essence of the EU, and links very strongly with embedded multilateralism and the EU's self-image as a 'force for good' in the world. In respect of China, this search has so far extended over at least twenty and possibly thirty years. What can we say about the ways in which the partnership has been developed, and its key characteristics, not only in general but also as revealed in key episodes of EU-China relations?

One approach to the general problem of partnership between the EU and China is to examine the changing scope and scale of the partnership. This is not the same as examining the scope and scale of EU-China relations as a whole; rather it entails an assessment of the ways in which formal partnership activities have arisen, been institutionalised and spread. One clear trend in this context is the increasing scope and scale of partnership activities. From the initial stages where the concern was very largely with trade promotion and trade defence (on both sides), we can now discern a relationship which is formalised over a wide variety of sectors and at a number of levels (Crossick and Reuter 2007). We shall look below at the key institutional elements of this growth, but here it is possible to note that both the scope and scale of the partnership has been growing, that it has also been encapsulated in successive EU strategy papers, and that EU institutions have given their support to this expansion. The partnership is pursued at the bilateral level, within a variety of 'mini-lateral' and multilateral inter-regional contexts, and at the level of global multilateral organisations such as the United Nations (UN) and the WTO. Most recently, the partnership has been expanded (at least on the EU side) to encompass 'third party' issues such as the mutual engagement of the EU and China in Africa, and to explore the possibilities of cooperation and/or dialogue at the local or regional level in that continent.

The partnership has also become increasingly institutionalised. We noted earlier that the EU has typically tried to develop a dense institutional network around its key international partnerships, with the aim of stabilising them and of making them manageable. In the case of EU-China relations, we are dealing with the partnership that (apart from that with the USA) has had the longest and most extensive history of institutionalisation (Algieri 2002; 2008). As a result, a map of the relationship would need to cover the following institutional elements (among others): the annual summits and accompanying political dialogues; meetings of the 'troika' with the Chinese leadership on an annual or biannual basis; meetings in the context of successive presidencies of the Council of the EU; meetings in Beijing between EU Heads of Mission and the Chinese Foreign Minister; strategic dialogue meetings; meetings of political directors and regional directors; a host of expert level meetings covering such issues as human rights, migration and trafficking, non-proliferation and arms exports and more general Asian affairs; Joint Committee Meetings in the context of the 1985 Trade and Cooperation Agreement; Working groups on economic issues involving officials at a variety of levels; and more than twenty sectoral

dialogues covering both highly technical areas and those which are much more heavily politicised (the latter including energy and environmental issues) (Algieri 2008: 70; see also Cameron 2009). This is a formidable 'menu', but it is subject to the criticism already mentioned that there is no clear strategic direction or linkage of the many activities listed. So, the partnership has become more institutionalised, but it is not clear whether it is more effectively institutionalised.

For this, there might be a variety of explanations. One is that the institutionalisation process is essentially responsive to new issues arising on the EU-China agenda. Another might be that in some areas of partnership, the interests and presence of the EU Member States are inevitably more obtrusive, and that this lends a different tone and direction to the activities undertaken. An unanswered question (at least in the context of this article) is whether the pattern that has emerged reflects consensus and a process of 'social learning' among the EU and Chinese leadership, or essentially the application of mechanisms that the EU has developed elsewhere, such as dialogues and sectoral working groups. Another question that arises is the relationship between this framework and other EU-China encounters. A brief listing of these might include inter-regional encounters within the Asia-Europe Meeting (ASEM) and in the context of such Asia-Pacific bodies as the ASEAN Regional Forum, the UN system in general and especially the General Assembly, and a range of multilateral bodies of which the most prominent might be the WTO and global climate change negotiations (Balme and Bridges 2008; Laatikainen and Smith 2006).

This raises the issue of differential commitment within the partnership framework. If (maybe) we are witnessing the application of established EU 'fixes' for the EU-China relationship, how much can we infer that the EU and the Chinese are equally committed to the partnership and its component activities? And to what extent is that commitment subject to 'external' forces (for example, the gravitational pull of EU-US and EU-China relations, which is always likely to be strong, or EU-Russia and China-Russia relations)? In this context, it is relevant to note that Chinese views of the changing global arena gave seeming priority to EU-China relations during 2003-2004, but since then appear to have reverted quite strongly to a fixation on the USA (Barber 2009; Zaborowski 2006). The USA not only takes a different and more assertive line than the EU on a number of US-China issues (for example, Taiwan, Tibet), but also has a great deal more to offer and threaten in areas related to 'hard power' than the EU. According to Fox and Godement (2009), the Chinese are well aware of the divisions within the EU about a range of sensitive issues, and thus tend to pursue 'divide and rule' policies where they can, whilst their relationship to the USA is far more demanding and concentrated. In particular, the closer the relationship gets to issues of 'hard security', the more the Chinese see no cohesive EU position; rather they can see a 'strategic gap' (Wissenbach 2007). This set of arguments is given an additional dimension in the close reading of EU-China dialogues by William Callahan; he interprets the EU-China dialogue in its broadest terms as inscribing new understandings of security onto both their mutual relations and onto international relations more generally, reflecting the EU's self-understanding of its role as that of a 'civilian power' and Chinese self-understandings of their role as a 'non-hegemonic superpower' (Callahan 2007). One of the key implications of this process of 'writing security' in EU-China relations is that the USA can be seen as a hostile 'Other' by both parties. Almost all interpretations of EU-China relations agree on the cooling of the relationship after 2005, perhaps as a reflection of the fact that the EU could not deliver on areas such as its arms embargo (partly at least because of US pressure), and partly because of a linked Chinese perception that the EU was incapable of providing a broader balancing force against the USA in general.

The general texture of the partnership thus raises important questions about scope and scale, institutionalisation and levels of commitment, and mutual learning among the partners. But how does it work when specific issues are involved? In the remainder of this

section, the article deals with the recent negotiating history of the EU-China Partnership and Cooperation Agreement. As noted earlier, this is in many ways an acid test of the progress that has been made towards a working 'strategic partnership' in EU-China relations.

The Partnership and Cooperation Agreement

As we have already noted, the major formal expression of partnership between the EU and China remains the Trade and Cooperation Agreement of 1985. In the wake of the calls for a 'strategic partnership' during 2003, and in the context of the thirtieth anniversary of the 1985 agreement, it was therefore no surprise that there were calls for a new and more comprehensive framework agreement. As Benito Ferrero-Waldner, EU Commissioner for External Relations, said in May 2005:

Both the EU and China have changed beyond recognition in 30 years and so has our relationship. Our existing Trade and Economic Cooperation Agreement simply doesn't live up to the dynamism of today's partnership. It's time to reflect the vibrancy of our relations with an ambitious new Agreement that will help us move to a fully-fledged strategic partnership. (Press Releases, RAPID, 2005)

For the Commission, this was thus clearly a strategic priority, and one that from the point of view of this paper was clearly connected with the aspiration of a 'strategic partnership'. This general aim was clearly supplemented by the desire to put EU-China relations on a firmer legal footing, and to bring together the range of activities and mechanisms referred to in preceding sections. The process of negotiating such an agreement, designed not only to link a wide range of activities but also to encompass political and even security issues, was bound to be less than straightforward.

And so it has proved. It was clear from the outset that, whilst both the EU and China saw value in such an agreement, both hoped that they would be able to extract concessions by linkage between disparate agenda items, to "create linkages between different areas [so that] they will get the other side to make concession on the issue they care most about" (Barysch *et al.* 2005: 10). The EU, represented by the Commission, clearly wanted the agreement to be as comprehensive as possible, dealing with all issue areas of EU-China relations (International Herald Tribune 2007), including those the Chinese have historically found most difficult, relating to norms, values and dialogues on such areas as human rights (Barysch *et al.* 2005: 10; Fox and Godement 2009: 31; Weske 2007: 4). They also wanted to base the agreement on the principle of "reciprocal engagement" (Fox and Godement 2009: 12), implying a less unconditional approach to the acceptance of Chinese positions on a range of sensitive issues. This seems to contrast with the Chinese approach, which focuses strongly on trade and cooperation in the traditional sense, and separates the trade and economic issues from the political agreement (European Report 2006; 2007). The Chinese would also wish to link the negotiations with progress on the issues of market economy status and the arms embargo (see above), a move resisted by the EU (Weske 2007: 4).

Preparations for the negotiations were set in motion during 2005, but a formal declaration on negotiations was not made until the 9th EU-China summit in December 2006, at which point it was noted that the agreement "will encompass the full scope of [the] bilateral relationship, including enhanced cooperation in political matters" (Council of the EU 2006: 2). But it was also noted that the negotiation of the trade and economic aspects "will be administered in a relatively independent manner" (*ibid.*), thus bearing out the problems of linkage between the political and the economic aspects of the process. Negotiations were expected to begin in early 2007, and some hopes were expressed that they would be

concluded in two to three years (Wu 2006). The negotiations were duly launched by Commissioner Ferrero-Waldner and Foreign Minister Li Zhaoxing in Beijing on 17 January 2007, with much talk of their being concluded by January 2009.

As suggested by the pre-negotiations, the discussions on economic and political aspects of the PCA have been conducted in relatively independent ways, involving different parts of the Commission and of the Chinese government: thus on trade issues, DG Trade leads with the Chinese Ministry of Commerce, while on political issues, the lead has been with DG RELEX (and post-Lisbon with the External Action Service) and the Ministry of Foreign Affairs (Men 2008: 18). Almost immediately, the two parallel sets of talks began to operate to different rhythms, with the political discussions more easily set in motion than the trade negotiations. Predictably, negotiations envisaged as extending over two or three years have also been subject to important fluctuations created by external events: in this case, specifically the Tibet disturbances of Spring and Summer 2008, the demands for a boycott of the Olympic Games in August 2008, and the frostiness caused by Nicolas Sarkozy's meeting with the Dalai Lama in Autumn 2008 (which itself led to the postponement of the scheduled EU-China summit from December 2008 to May 2009).

As noted above, negotiations spread across a wide range of linked issues and over a long period of time are subject to external forces and to political or other changes in the negotiating parties. Thus it is no real surprise that as of November 2010, there has been little indication that the PCA will soon be concluded. There has though been significant progress on a range of political issues, whilst the economic aspects (perhaps because more specific and entailing real financial costs or benefits) have been more difficult throughout (Crossick 2009a). On the political front within the EU, the European Parliament has made its voice heard especially on the need to link trade agreements with matters of human rights, environment, sustainable development and social issues (Wortmann-Kool 2009: 11), and outstanding clauses to be agreed as of September 2009 include those on Taiwan and human rights (Crossick 2009b). In the economic field, a range of thorny issues remain open: market access and investment, intellectual property rights, government procurement, environmental and energy clauses, and of course market economy status in the WTO.

This means that although agreement has been reached on a wide range of political clauses and on some economic aspects, there are major aspects of the PCA that remain open to agreement (and disagreement). Many of these issues involve not only the EU and China themselves but also interested 'outsiders' such as the USA, and some of them relate to parts of the world such as Africa that we have already noted as part of the new dynamic of EU-China relations. From the EU perspective, it is important to note that both the negotiations and any subsequent agreement involve all three pillars (to use 'pre-Lisbon' terminology) of the European structure, and also allow for interventions from a variety of organisations and institutions both in Brussels and elsewhere. At all stages – pre-negotiation, negotiation itself, agreement and ratification – this agreement thus poses distinctive problems of scope, scale and complexity.

Conclusion: reassessing the logics of 'strategic partnership'

What are the key elements in an overall appraisal of the EU-China 'strategic partnership' as it stands in late 2010? It is an incomplete partnership, which expresses fragmentation and fluctuation, but which also reflects a set of key imperatives for the EU. Thus it will not lightly be discarded, although it may well be pushed around by events and by the pressures of international life. It seems to us that this situation can be explained to a significant degree by applying the three logics of 'strategic partnership' that were set out in the early part of this article. As we argued then, the 'internal logic' encourages analysis

of the ways in which the EU's institutional structures and internal politics might shape the search for 'strategic partnerships'. We expected this search to be conditioned by the internal distribution of preferences, by the broader institutional development and capacities of the Union, and by the ways in which Member States are prepared to commit themselves. But we also expected it to be governed by the 'disintegration logic' by which the divergence of internal preferences disables or dilutes the EU's external policy capacity. Ample evidence to support these conjectures is provided by the empirical study in this article, which shows that the interplay of internal commitments, Member State and other interests, and external initiatives is key to understanding the course of EU policy development.

The 'external' logic of the EU's search for 'strategic partnerships' is also apparent. Earlier, we suggested that 'strategic partnerships' will be a reflection of the external opportunity structure and the EU's collective capacity to take advantage of it, and in particular that the effects of post-Cold War change and the continuing influence of the USA would be significant. It is clear that these factors and forces have been crucial both to the generation of the EU's search for a 'strategic partnership' with China, and to the unevenness of the results. A further element that needs to be built into our framework is also suggested by our empirical analysis: the effects of change and development in China itself, which have clearly influenced the Chinese response to the EU's successive initiatives.

On the basis of the evidence here, we can conclude that the EU's search for a 'strategic partnership' with China also expresses the 'identity' logic of the EU's external policies. We argued earlier that each and any 'strategic partnership' would be in some way a response to the 'identity logic', expressing the EU's search for identity within the world arena and also projecting formally or informally the values on which the EU is taken to be founded. 'Strategic partnerships' are thus in part an external projection of the notion that the EU is a 'force for good' and a contributor to world order, as well as a means of projecting the EU's growing need to assert itself within the world arena. The evidence on this point seems compelling: the search for an EU-China 'strategic partnership' reflects the perception in key EU institutions that the Union has a role in introducing China to the global order and ensuring that the Chinese play by the rules of global society (as interpreted by the EU). We should of course also note that this perception has often been met by an equally firm Chinese perception that they will do things their own way, and by their capacity to resist or reject the EU's presumption.

Finally, we also argued that 'strategic partnerships' would express the interaction of the three logics and the fluctuating balance between them, and that as a result they would be subject to consequential contradictions and unevenness. The needs of European integration, the opportunities or challenges presented by the world arena, and the less tangible but often equally powerful search for an EU identity should all be evident in the development of any 'strategic partnership'. Our empirical study has clearly shown the pervasiveness of this set of linkages. The course of the PCA negotiations demonstrates very clearly the ways in which internal political pressures linked with the integration process can combine with the changing external climate and with the normative component of EU policies to enhance or undermine the prospects of success. Whether the EU can prevail in its search for an EU-China 'strategic partnership' over the limitations this seems to imply remains an open question.

A review of the position faced by the EU in late 2010 provides additional strength to the argument. First, it is evident that, in principle, the 'post-Lisbon Treaty' EU should be better equipped to pursue some forms of 'strategic diplomacy', given the ways in which the treaty promises to overcome the institutional divisions that we have seen as characterising (for example) the PCA negotiations. But the tortuous process of implementing the treaty provisions relating to the European External Action Service, and the continuing division of

responsibilities between the High Representative for Foreign Affairs and Security Policy and the President of the European Council (not forgetting the continuing influence of both the Commission and the rotating Presidency of the Council of the EU) means that the impact as of late 2010 has been severely limited. Perhaps symbolically, the meeting of the European Council in October 2010 that was supposed to focus on relations with 'strategic partners' in general was hijacked by issues such as the expulsion of Roma from France, and there has been a cooling of European public opinion on relations with China and other 'strategic partners'. During November 2010, in the run-up to the G20 meeting in Seoul, South Korea, the leaders of several EU Member States made it quite apparent that they placed a high priority on developing national economic and diplomatic links with China, rather than on pursuing an EU-led diplomatic strategy (thus, it might be concluded, bearing out Fox and Godement's argument that the membership of the Union is hopelessly divided over how to deal with Beijing).

Second, it is clear that all of the EU's attempts to pursue 'strategic partnerships' face a series of difficulties arising from the changing structure of the global arena more generally. In particular, the impact of the global financial crisis has created new tensions between the USA and China, as well as more broadly between the USA, the EU and emerging economies. These tensions have been expressed not only in financial diplomacy, but also in areas such as environmental policy, where the EU has found it difficult to maintain its self-ascribed status as a leader in areas such as climate change negotiations. Over a wide range, the EU has found it progressively more difficult to maintain the momentum of 'strategic partnership' negotiations: in fact, seen against the slow progress in EU-India, EU-Brazil and EU-Russia relations, the EU-China partnership seems to be at the upper end of the achievement scale, since it has established some firm institutional foundations and to have provided mechanisms through which at least some of the issues between the two partners can be addressed.

Finally, it is apparent that the rather unpropitious conditions of the current period have undermined some of the confidence generated by the EU's self-perception of its status as a 'normative power' capable of deploying its 'soft power' in building strategic positions within the global arena. To put it simply, the squeeze on the EU's room for manoeuvre and its ability to project its norms either as the basis for broader world order or as a weapon to use in bilateral or inter-regional negotiations has created new questions about the extent to which the Union can be projected as a 'force for good'. This in turn has meant that potential 'strategic partners' are less ready to respond to the EU's normative claims, and readier to assert the validity of their own normative positions – as indeed, we can see from the example of China explored in this article. The combination of internal institutional competition, external shifts in the global balance of power and preferences, and pressure on the EU's capacity to assert its normative distinctiveness creates important analytical and policy questions about the EU's pursuit of 'strategic partnerships' in general and the partnership with China in particular.

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EU-China Cooperation in the Field of Energy, Environment and Climate Change

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Abstract

The evolution of the energy market and the intrinsic worldwide scope of environmental threats, such as climate change, are two elements that have pushed the world towards shared approaches to global governance via bilateral institutions and international regimes. This article, with the aid of an institutionalist approach, presents the current status of the EU-China relationship, which is characterised by high institutionalisation, and it underlines how their bilateral cooperation has progressively focused on energy and climate change-related issues. In particular, the article sheds some light on the linkages between energy, environment and climate change and how these have created the basis for the upgrade of the EU-China bilateral relationship to its current level. To do so, it underlines some of the tools, the main frameworks and some of the key outcomes of their bilateral cooperation in these fields.

Keywords

EU; China; Energy; Climate change

THE RELATIONS BETWEEN CHINA AND THE EUROPEAN UNION (EU) HAVE GONE THROUGH various phases. Snyder, for example, in his collection of official documents related to EU-China relations, defined three timeframes that could be seen as representing the evolution of their relationship over time. In particular, he identified a period of exploration and construction of their bilateral ties (1995-2003), another focused on the deepening and maturing of their partnership (2003-2006) and finally, a period where the main current challenge is managing their partnership and competition (2006-to-date).¹ Also, another possible analysis considers the areas covered by their bilateral cooperation, which are the result of domestic and international changes. The process of European integration, the period of reforms in China since Deng Xiaoping, and the evolution of international regimes have, in fact, constantly modified the underlying consideration behind the EU-China relationship. As it is shown in the coming pages, the latter started with trade and later moved to deal with a wide array of issues, before focusing on issues related to energy, environment and climate change. After reviewing this shift, the article overviews the overall institutional framework that characterises the EU-China relationship and focuses on the aspects that relate to the environment, energy and climate change.

¹ Collection of official documents. (Snyder, 2009) Pages 309-654

EU-China relations: from trade to climate change

Trade as the first milestone of the EU-China relationship

Since 1978, the structural changes occurred in China with the advent of Deng Xiaoping and its opening-up policy, triggered a swift evolution of the EU-China partnership towards trade, which clearly became the driving force of their relation. The first key bilateral accord signed by the two parties, soon after the establishment of their diplomatic relations, was in fact a trade agreement in 1978.² This was of key importance for two reasons: on the one hand it set the priority for their relationship in the early days, namely “to promote and intensify trade between them” as stated in Article 1. Trade was in fact of paramount importance at the time, as it was anticipated that it would help European countries to maintain their role in the global markets (and thus their domestic wealth) by benefiting from low cost labour, while allowing China to move towards its industrial modernisation thanks to the large investment and technology transfer from Western Europe.

On the other hand, this agreement set the precedent for the development of EU-China relations, as it created a new body to manage their relations on trade-related issues, the EEC–China Joint Committee, composed of both EEC (later EC and EU) and China representatives. This body, which is still in place today, has been at the heart of their bilateral relations. The EEC–China Joint Committee can be considered the first institution created by the two parties in order to manage a common interest which, according to Article 9, was “to monitor and examine the functioning and the implementation of the agreement” as well as “evaluate new opportunities and make recommendations”. This Trade Agreement was soon replaced by the Agreement on Trade and Economic Cooperation (TEC)³ which was signed in 1985, and is currently the main reference point for EU-China relations. The TEC was a wider agreement, which, as mentioned in Article 1, not only included trade, but also encouraged “the steady expansion of economic cooperation”. In particular, as mentioned in Article 10, their cooperation was to be boosted in the areas of: industry and mining; agriculture, including agro-industry; science and technology; energy; transport and communication; environmental protection; and cooperation in third countries. In the coming years, the TEC is expected to be replaced by a new, wider agreement, the Partnership and Cooperation Agreement (PCA). The PCA, which has been under negotiation since 2007, aims to update the overall framework of the EU-China bilateral relationship, which, in the meantime, has expanded to include 56 sectoral dialogues, as well as other high level meetings and summits that are discussed later.

The initial focus on trade was the result of the European Commission’s extensive competence on trade issues and of its understanding that Asia would soon become the hub of the world’s fastest growing economies. This belief, which was outlined in its Asia Strategy, led the EU to start prioritising the rise of its profile in the region.⁴ Soon China stood out as the most promising economy, and thus became the main target of EU policy efforts in the region, as demonstrated by the first China policy paper, which called for a “relationship with China that reflects China’s worldwide, as well as regional, economic and political influence”.⁵ From this perspective cooperating with Asia, and in particular with China, became a purpose in itself, and the aim of ‘Raising the EU’s profile in China’ became

² Trade Agreement between the European Economic Community and the People’s Republic of China OJ L123, 11.5.1978. Page 2.

³ Agreement on Trade and Economic Cooperation between the European Economic Community and the People’s Republic of China OJ L250 19.9.1985. Page 2.

⁴ (European Commission, 1994)

⁵ (European Commission, 1995)

a recurrent theme in EU policy papers.⁶ Since the 1980s, the EU, in order to achieve this, has been very much involved in providing Official Development Aid (ODA) to China, in order to boost the development of the Chinese market by building infrastructures and fostering rural development. With the reforms implemented since the late 1970s, and increasing foreign direct investment (FDI) to China from all over the world, China has become an economic powerhouse. In addition, the economies of the EU and China have become increasingly interdependent: today, China is the EU's second major trading partner, while the EU is China's main trading partner.⁷ This means, for instance, that 20.6 per cent of Chinese export went to the EU in 2007, while 12.7 per cent of imported products came from the EU. On the other hand 5.8 per cent of EU exports went to China and 16.7 per cent of products were imported from China.

A new dimension to EU-China bilateral relations

Since the entry into force of the Maastricht Treaty, the EU has started proposing for debate also a wide array of non-trade related issues, which today constitute a major share of the EU-China partnership. Since 1994, their bilateral relationship has encompassed areas such as human rights, environment, energy, development, technology and security-related issues, as proven by the flourishing of sectoral dialogues. Trade maintained a key importance, though it became at the same time the platform for their exchanges rather than the main object. This is true, particularly since China's accession to the World Trade Organisation (WTO) dramatically improved the climate for foreign investors in China. Of course key issues remained on the agenda, such as the protection of Intellectual Property Rights (IPRs), Market Economy Status and market access in certain sectors, though the discourse over the 'strategic-ness' of EU-China relations has progressively shifted to other areas, such as technology cooperation, energy, environment and climate change, which are also recognised by various European and Chinese officials working at the EU Delegation in Beijing and at the Chinese Delegation to the EU in Brussels.⁸

China, by the end of the 1990s, had begun to be seen by the EU as a rising power which, as noted in the 1998 Commission Communication⁹ "demonstrated [its] wish to be recognised as a world power" by engaging in "an unprecedented series of summits between China and some of its key world partners".¹⁰ Its accession to the WTO in 2001, which was strongly supported by the EU, was a key moment in their bilateral and multilateral relations, as it sealed China's rightful place in the international arena in light of its market size and population. However, the rise of China as an economic giant and, increasingly, as a political power, has further shifted the power balance between the EU and China eastwards, and it has also reshaped the kind of support provided by the EU, which between 2002 and 2006 moved away from ODA towards projects supporting China's social and economic reforms, environment and sustainable development, good governance and rule of law.¹¹

Since China's accession to the WTO, its relations with the EU have experienced highs and lows. When China's EU Policy Paper, the first of its kind drafted by China, was published in 2003, it described the relations between China and the EU as "[being] better than at any

⁶ (European Commission, 1998), (European Commission, 2001), (European Commission, 2003), (European Commission, 2005)

⁷ (European Commission, 2008b)

⁸ Personal discussions with European and Chinese officials. The authors of the comments do not wish to be acknowledged.

⁹ (European Commission, 1998)

¹⁰ (European Commission, 1998)

¹¹ (European Commission, 2002) Pages 4-5

time in history".¹² As also noted in a report drafted by the RAND Corporation, Europe was the most highly visited region for China's president and its prime minister from 2000 to 2005, whilst, in 2002 and 2004, the Chinese foreign minister spent more time visiting Europe than any other region.¹³ However, after the failure to lift the arms embargo in 2005, China-EU relations went through what a high rank EU official working at the delegation to China described as "a glacial period".¹⁴ External observers, including scholars and think tanks, talked extensively about how the two players, initially on their honeymoon, had finally scaled down their expectations to those of an unhappy marriage, stressing that "neither Brussels nor Beijing gets what [it] want[s] from each other".¹⁵ In this period of "failed expectations", the Commission itself took a harder line *vis-à-vis* China during the term of then Trade Commissioner Mandelson. He is reported to have commented to the European Commission President that "China should be considered as a normal country and we should use market defence mechanisms when China does not respect its [WTO related] pledges".¹⁶ It is arguably in those difficult days that the EU-China bilateral relationship was reassessed, and that it finally reached its maturity.

As it is dealt with in the next paragraphs, the efforts to find new areas of cooperation able to 'beef up' the EU-China partnership found some key elements in energy, environment, and the fight against climate change. As it is argued in the coming pages, this was facilitated by the bilateral institutional cooperative frameworks that were already in place, as well as the evolution of the climate change regime, which has highlighted the linkages among the effects of climate change and environmental degradation on economic growth, domestic welfare, international relations and diplomacy.

The structure of EU-China cooperation

Due to the relevance of institutions in the EU-China relationship, before turning specifically to energy, environment and climate change, it is worth noting the overall structure of their bilateral relationship. The frequent changes in their respective expectations, and in the object of their relationship, could have seriously hampered the development of their bilateral ties should a strongly institutionalised cooperative framework not be in place. For this reason, it is important to underline the role of the various institutions in running and maintaining their bilateral exchanges. In International Relations literature, some of the main advantages of institutions are considered to be their ability to reduce transaction costs and uncertainty and to increase the credibility of the actors involved.¹⁷ One of the clearest examples of how these advantages have taken shape in the EU-China relationship is the development of the sectoral dialogues. These have been adequately defined by Snyder as 'institutionalised, periodic and more or less well-structured meetings between European and Chinese authorities, involving staff at approximately the same levels in their respective administrative or political hierarchies'.¹⁸ It is particularly important for the objective of this article that these dialogues have tended to be less subject to the high and lows of the political climate, which, in the case of China, often depends on contingencies such as a visit of the Dalai Lama, statements by Heads of state or government, or by a European Parliament's declaration. As confirmed during a

¹² (People's Republic of China, 2003)

¹³ (Medeiros, 2009) Page 120

¹⁴ Private conversation with a high rank official working for the EU Delegation to China.

¹⁵ (Berkofsky, 2008)

¹⁶ (Centre for European Reform & Grant, 2008) Page 44

¹⁷ It is not possible to review here all the institutionalist literature dealing with these issues. Please refer to: (Jönsson & Tallberg, 2001) Page 5, (Kandori, Rob, University of Pennsylvania. Center for Analytic Research in, & the Social, 1992), Most of these issues are reviewed in (Keohane, 1988) Page 388., (Kahler, 2000) and (Simmons, 2000) Page 599

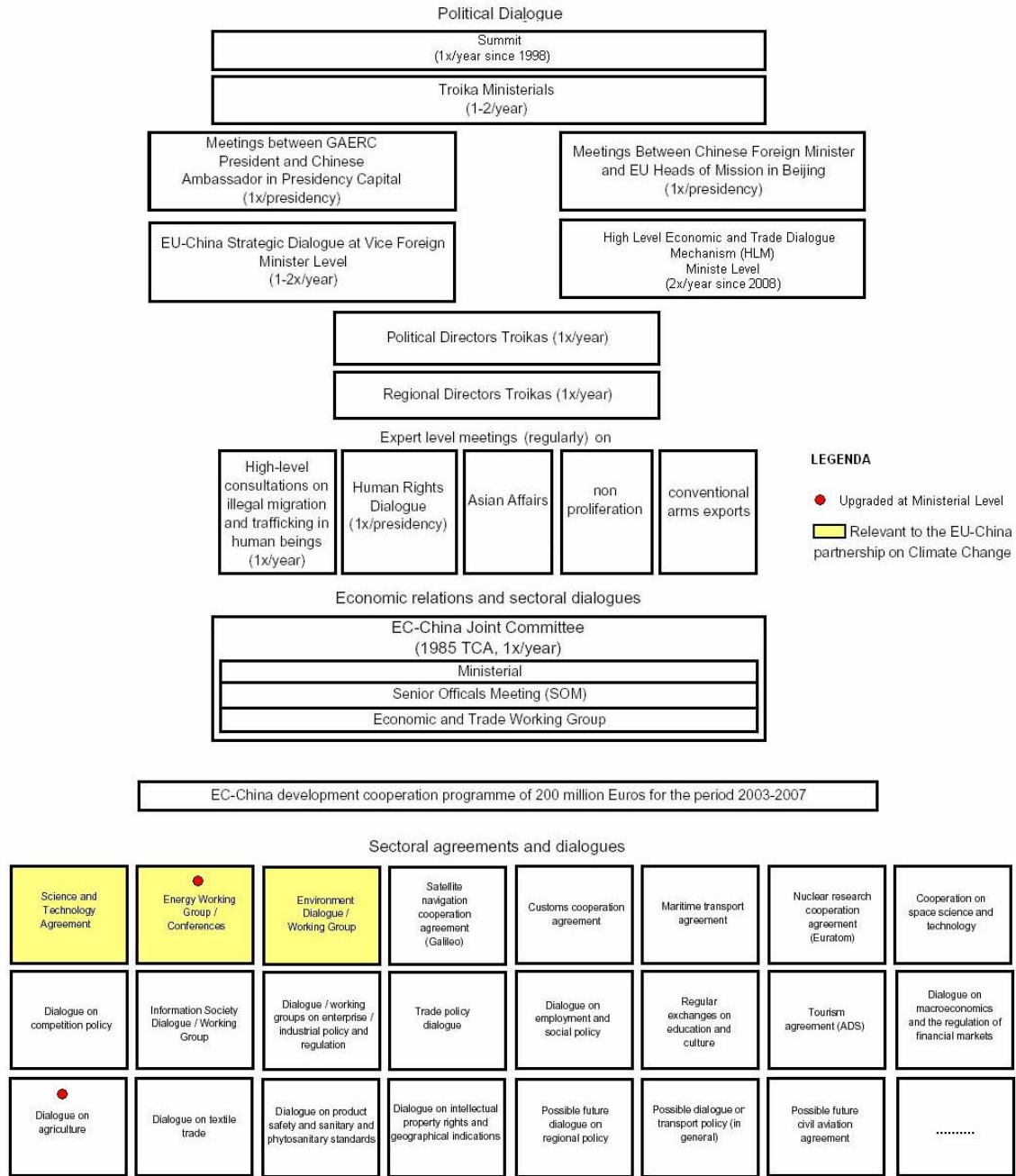
¹⁸ Collection of official documents: (Snyder, 2009) Page 710

private conversation with an EU official, these have rather affected only high level meetings such as the EU-China summit, as was the case in 2008 during the French EU Presidency, when a meeting by President Sarkozy with the Dalai Lama led to the postponement of the EU-China Summit.¹⁹

The institutionalisation that characterise the EU-China relationship has thus helped on the one hand to grant stability to the EU-China relationship, partially protecting it from 'political interferences', and on the other hand by keeping alive a constant exchange of views among the two sides. This has allowed to pragmatically find and develop new areas of cooperation and to shape new frameworks. This has been the case for the development of new sectoral dialogues, some of which have later been upgraded to ministerial level, and for the flourishing of bilateral partnerships on specific areas such as climate change. Figure 1 represents the current status of the EU-China institutional framework at the time of writing this article. At first sight, one can easily appreciate the complexity of their bilateral relations, which is composed by several hierarchical layers.

¹⁹ Private conversation with a European Commission official working for DG External Relations, who noticed that, while the highest political dialogues might also register a setback following the postponement of a Summit, the pragmatic cooperation developed through working groups or unrelated dialogues continued rather smoothly.

Figure 1: Architecture of EU-China relations



Updated/Elaborated version of: European Commission, DG Relex, http://ec.europa.eu/external_relations/china/docs/architecture.pdf

Not represented in this scheme, but still of major importance, is the China-Member States dimension, as well as the relations among civil societies. At the highest level of the EU-China relationship are the Summits, which have been held annually since 1998,²⁰ and the Troika Ministerial Meetings, which, until the entry into force of the Lisbon treaty, were attended by the Foreign Affairs Minister of the Member State holding the Presidency of the European Council, the High Representative for the Common Foreign and Security Policy, and the Commissioner in charge of external relations and the neighbourhood policy. Following the ratification of the Lisbon treaty, the High Representative for the Union foreign and security policy should participate in these meetings instead of the Commissioner and the former High Representative, and should be accompanied by the President of the European Commission and eventually the President of the European Council.²¹

Below the Summits and the 'former Troikas', there are the meetings between the President of the General Affairs and External Relations Council (GAERC) and Chinese Ambassadors, between the Chinese Foreign Minister and EU Heads of Mission in Beijing, and the EU-China Strategic Dialogue at Vice-Foreign Minister Level. Since 2008, the EU has also set up a High Level Economic and Trade Dialogue Mechanism (HLM), which in its first session comprised of eight Commissioners and eleven Ministers. Before the entry into force of the Lisbon Treaty, other EU-China meetings included the Political Directors Troikas and Regional Directors Troikas, which were composed of Directors from the Commission, Council and the country holding the Presidency. As confirmed by an official working for DG Relex during a personal conversation, the Troikas have now ceased to exist and in the future political and regional directors' level meetings will be held by the relevant European External Action Service director(s).²² These high level political gatherings are accompanied by technical meetings, such as the previously mentioned Joint Committee under the TEC Agreement, the 'High-level consultations on illegal migration and trafficking in human beings', the 'Human Rights Dialogue', as well as the meetings on 'Asian Affairs', on 'Non-proliferation' and on 'Conventional Arms Exports'.

Apart from these middle-high frameworks, an increasing share of EU-China relations is actually carried out through the previously mentioned sectoral dialogues. According to a source in DG External Relations, these, which until recently were thought to be 24, were the object of a 'census' in 2009, which resulted in at least 56 sectoral dialogues. This exponential growth is certainly of great interest. One of the main reasons for this surge is the fact that each Directorate General has institutionalised its own exchanges with its respective party in China, thus contributing to the emergence of new dialogues at various levels.²³

Overall, the EU and China hold dialogues at presidential and ministerial level, consisting of the European Commission President and the Chinese Prime Minister respectively, or the European Commissioner and a Chinese minister. Nonetheless, an increasing number of dialogues are held at deputy ministerial/Directorate General level, at director level and even at unit level. According to a source in DG Energy, their frequency may vary: sectoral dialogues at high level meet generally once a year, working groups at director or unit level can meet three or four times a year, and have additional cooperation exchanges of email and correspondence.²⁴ This clearly allows a much deeper cooperation and exchange of

²⁰ (European Commission, 2006) Page 2

²¹ Following a conversation with a European Commission official working for DG External Relations, the rotating presidency should not affect the CFSP.

²² At the time of writing this article, these officials had not been appointed yet, as added by the EU official working for DG External Relations during a private exchange.

²³ Private conversation with a European Commission official working for DG External Relations.

²⁴ This information was provided during a personal conversation with a European Commission official working for DG Energy.

information, which is of key importance to increase mutual understanding and to develop actual cooperation on specific issues. At the same time, more frequent meetings are also expected to have greater effects with regard to influencing one another's behaviour and policy orientations. The hierarchical separation among the various meetings is not rigid, and it reflects the changing importance of the issues tackled. In fact, some dialogues and meetings have gained ministerial level during their lifespan, such as the dialogue on 'Agriculture' and the working group on 'Energy'; the latter together with the 'Science and Technology Agreement' and the 'Environmental Dialogue/Working Group' constitute the backbone of the Joint EU-China Partnership on Climate Change, which is discussed below.

Finally, as highlighted by a European Commission official during a private conversation, since 2006 the European Commission has enjoyed the privilege of having a direct exchange with the State Council's legislative office.²⁵ In the Chinese bureaucratic system, the State Council is the leading governing body and is chaired by the Prime Minister. The State Council has often looked towards the European Commission to gather support in the drafting of pieces of legislation; it has often provided comments and inputs in several areas, such as environment-related standards and energy legislation. This direct link between the European Commission and the State Council is of major importance, as it allows the EU to lobby directly China to work towards common shared objectives, while increasing their mutual understanding.

Apart from the institutional formations mentioned above, other actors are also of key importance in framing the EU-China relationship. However, it is not possible to review them here in full. Certainly the reader should be aware of the fact that EU Member States, the European Parliament, the European Central Bank and the Committee of Regions and the Economic and Social Committee hold regular exchanges with their Chinese counterparts. Other organisations that have a key role in the EU-China relations are the EU delegation to China and the European Union Chamber of Commerce in China, which have a direct link with the Chinese authorities, and are often consulted with regard to prospective legislations.²⁶ In addition, as noted during a private conversation with an EU official, the EU delegation has a major task of providing a framework to coordinate EU Member States' position *vis-à-vis* China through regular 'coordination meetings' such as those gathering commercial and environmental counsellors.²⁷

All these exchanges find their origins in various official documents, which, since the early 1980s, have been produced by the European Commission, and later on by China. Despite the fact that these were rarely legally binding²⁸, they have often "established the parameters for legally binding or 'soft law' bilateral agreements, summits and dialogues, and cooperation programmes".²⁹ Specifically analysing all these documents individually would require an entire volume. However, it could be noted here that from the EU side the most relevant are the Communications 'Building a Comprehensive Partnership with China' (1998) and the relative documents assessing its implementation in 2000 and 2001, the Communication 'A Maturing Partnership – Shared Interests and Challenges in EU-China Relations' (2003) and that entitled 'EU-China: Closer Partners, Growing Responsibilities' (2006). Equally important are the 'Country Strategy Paper: China 2002-2006' and the relative National Indicative Programmes for the periods 2002-2004 and 2005-2006, and the 'China Strategy Paper 2007-2013' with the relative Multiannual Indicative Programme (MIP) for 2007-2010.

²⁵ This information was provided during a personal conversation with a European Commission official working for DG Energy.

²⁶ (European Union Chamber of Commerce in China, 2009) Page 9

²⁷ Interview with a high rank EU official working at the EU Delegation in Beijing, Science, Technology, Energy & Environment Section.

²⁸ Collection of official documents: (Snyder, 2009) Page 309

²⁹ (Snyder, 2009) Page 310

The Chinese authorities have certainly been less prolific. The single most important document is the 'China's EU Policy Paper' (2003), which is accompanied by some important statements by the Chinese Prime Minister in various official occasions. These include for instance the joint statements, which are the result of the various summits held since 1998, as well as the Memorandum of Understandings³⁰ that are often signed on those occasions.

Linkages among the energy, environmental and climate change regimes from an institutionalist perspective

As noted earlier, the EU-China relationship has continued to evolve over time, and while it started as a mainly trade-oriented relationship, it has become an all-encompassing partnership as demonstrated by the variety of sectoral dialogues and high level meetings. Also, as noted by various European and Chinese officials, their bilateral relationship has largely benefited from a sound institutional framework, which has allowed it to prosper even in difficult times, as it was the case following the postponement of the 2008 EU-China Summit.

Since 2005, as confirmed by an EU official working for the EU delegation to China, issues related to environment and climate change have been at the very heart of their bilateral relationship, and consistently in the agenda of their bilateral summits.³¹ The following pages focus further on these issues, as these have arguably become the new strategic core of the EU-China relationship.

In the past 40 years, some new themes have arisen in the security debate and have since been recurrent in international relations. The oil crises of 1973 and 1979 uncovered the problem of energy security³², while the environmental degradation due to the world's rapid economic growth has spurred concerns on environmental security, following the negative effects registered on both human health and natural diversity. To tackle those threats, two sets of institutions and organisations have been set up, contributing to the rise of two new regimes. These are the energy regime, attempting to reduce the condition of energy insecurity, which represents a very serious and direct threat to the welfare of importing countries; and the environmental regime, which has focused on areas such as the banning of substances endangering the environment (*e.g.* the Montreal protocol) or the protection of wildlife.

These two regimes present different levels of legalisation and have developed along two separate paths. Before the advent of the science of climate change, one of the main common points between these two threats was the fact that they both have a negative effect on economic growth. On the one hand, energy insecurity represents a cost in terms of the higher price paid for the same amount of supply, due to the limited availability of resources and to the need to set up (and maintain) security stocks to cover eventual supply disruptions. On the other hand, environmental degradation endangers human health, which represents a cost in terms of cures, hospitalisation and reduction of active workforce. Of course, there is also an effect on the environment itself due to pollution, which could be translated in terms of opportunity-cost: the lack of revenues coming for

³⁰ A collection of MoU is proposed by Snyder, who qualified them as follows: "Viewed from a general legal standpoint, a MOU may be legally binding on the parties; it may not be legally binding but nevertheless create legal effects; or it may be a political agreement with no legal effects. The intention of the parties is a (if not the) determining element. In EU-China relations, most, if not all, MOUs fall into the second category". (Snyder, 2009) Page 768

³¹ Interview with a high rank EU official working at the EU Delegation in Beijing, Science, Technology, Energy & Environment Section.

³² (Keohane, 1982)

other activities that could have been carried out otherwise, such as agriculture, tourism, and the potential loss in natural diversity.³³

Increased concerns related to climate change have dramatically changed the picture: climate change has in fact strongly accentuated the linkages between energy security and environmental security. Energy use is in fact one of the major sources of CO² emissions, which are one of the most detrimental substances inducing climate change. At the same time, the climate change regime has pushed developed countries to reduce their CO² emissions, as it has fostered technology transfer and contributed to focus on the use of renewable resources, which contribute less in terms of emissions. This increased awareness has had several consequences: a rally for new rules and regulations, both locally, regionally and globally; a push towards energy efficiency and renewable energies; and pressures on developed countries to support developing nations to deploy clean technologies under the principle of 'common but differentiated responsibility'. Major emerging economies are in fact still largely reliant on coal, which is considered the most polluting fuel, due to its high CO² content. To break that deadlock, the climate change regime laid the foundations for the development of clean technologies, able to reduce greenhouse gas emissions by increasing the cost of polluting and by reducing that of clean investments. This was possible thanks to the implementation, for instance, of the Kyoto protocol, which fostered investments in clean technologies and technology transfer. From a 'rational choice institutionalist' perspective, the Kyoto protocol, as a major component of the climate change regime, had clearly the purpose of modifying previously established behaviours at the national and international levels, by changing the trade-offs between different economic activities, and by easing international cooperation.

The climate change regime has thus influenced, if not shaped, the current energy mix of developed and developing countries, by touching horizontally upon both the energy and environmental sectors. Some examples are the introduction of emission standards, efficiency targets and other commitment to reduce emissions, either in absolute terms or as a proportion of GDP. In addition, these measures have often been the object of high legalisation if we consider that they have been incorporated in national legislations, as it is the case for the EU and China.

The raise in the profile of the climate change regime has also strengthened the legitimacy of the environmental regime itself, even though it should be noted that the two are not synonymous. It could, in fact, be argued that the climate change regime deals with those issues that can be considered causes and consequences of climate change. As such, these tend to include not only environmental, but also other issues, such as development, economic growth, international security and, in certain cases, even social and political stability (*e.g.* for China). The UN report on Climate Change presented by the Secretary General to the General Assembly in 2009 has, in particular, underlined the link between climate change and security, arguing that climate change acts as a 'threat multiplier'. In particular, it argues that it increases the vulnerability of states and people in terms of health and food availability, reduces the pace of development, negatively affects migration and hardens the competition for resources, such as water or fuels, which might lead to increased international conflicts.³⁴

The climate change regime, in the process of its shaping and deployment, has not only created linkages with the energy, environment and security regimes, but it has also affected the traditional trade regime, by introducing incentives and structures able to

³³ According to the Stern Report, the cost of global warming will rise to 5500 bn € between now and 2050. (Stern, 2007)

³⁴ (UN Economic and Social Development, 2009) The wording is strongly inspired by previous European communication on this topic, as also pointed out by a European official.

shape international actors' behaviours in a more environmentally conscious direction. This has been possible thanks to the adoption of trade-based mechanisms, such as the Clean Development Mechanism (CDM), the joint implementation of project in thirds countries, and emission trading at local or regional level. In addition, new measures, such as carbon taxes or other Border Carbon Adjustments (BCAs), are under consideration.

Therefore, it is clear that a strong link between the energy, environment and climate change regimes has been unveiled. It touches upon a wide array of issues: from economic growth and poverty eradication to political stability, from energy consumption and pollution to energy efficiency, and from renewable technologies to climate change. While we are far from having a unique regime dealing with all those issues, it is important to recognise their links, which constitute a system of interdependences at various levels, and which affect how international actors relate to one another and how they shape their own image.

The role of the energy, environment and climate change regimes in China-EU relations

The previous pages have underlined the institutional structure of the EU-China relationship and the increasing linkages among the international regimes dealing with energy, environment and climate change. The latter have had an important effect in shaping the EU-China bilateral relationship. This is true for several reasons, particularly because those regimes have somehow uncovered some costs, which were previously hidden, and, in so doing, modified some underlying considerations *vis-à-vis* the relevance of EU-China cooperation.

Climate change is becoming a prominent issue on the world stage: desertification, the increase in the sea levels and drought are only a few of the expected consequences. Should the current calculations prove to be correct, the economic and social impact of climate change would be economically serious and even destabilising for countries such as China whose legitimacy is linked to a high level of economic growth³⁵, necessary to absorb the increasing supply of urban workforce. Some sources talk of a cost for China equal to 3% of its GDP, while for the EU those costs might jump to €65 billion by 2080.³⁶ However, thanks to the above mentioned regimes and the institutional framework that has been set up at the bilateral level, the fight against climate change could transform the protection of the environment and energy security from being a challenge to an opportunity, at least for China-EU bilateral relations.

Chinese environmental degradation could be traced back to the time of the 'great leap forward', and more recently, to the effects of its export-led economy that has determined an 'import' of pollution from the rest of the world in the form of industries that have delocalised to China to produce at lower costs goods deemed to be exported.³⁷ To worsen the situation, the country is heavily reliant on coal, and the situation is not expected to change in the foreseeable future. This is despite the fact that China has made substantial progresses in its legislation, for instance, by drafting a Renewable Energy Law, dramatically increasing the efficiency of its coal power plants and committing unilaterally to energy intensity targets in line with its five years planning (*i.e.* a cut of 40-45% of energy use per unit of GDP by 2020).

³⁵ This issue is also supported by a variety of scholars. For example: (Holzer & Zhang, 2008)

³⁶ See: (Ash, 2007), (Euronews, 2009c) For an account of the costs related to Climate Change and non-sustainable development see: (Centre for European Reform & Grant, 2008) Page 72, (Moore, 2010), (Emerging Market Group & Development Solutions, 2008) Pages 37, 82

³⁷ About 50% of Chinese economy is due to exports. (Wenmu, 2006)

Nonetheless, Chinese pollution, due to its amount and linkages with Western economies, has become a global problem.³⁸ China is in fact aware that no viable solution can materialise without its backing, which has given the country a key position in the international negotiations. This point was already highlighted in the 2001 European Commission's Communication: "[a] country of the size of China is both part of the problem and the solution to all major problems of international and regional co-operation".³⁹

Despite the fact that its involvement has become more vocal in recent years, Chinese relevance in international negotiations on environmental issues is not new. Even in the 1990s, China laid the foundation of what has become the official position of developing nations *vis-à-vis* the climate negotiations, framing its discourse around three key issues: the 'West's historical responsibility', the right to develop⁴⁰ and China's status of developing country.⁴¹ These have later been reformulated in the principle of 'common but differentiated responsibility'⁴², which was included in the UN climate change regime and, since then, has significantly influenced any further international negotiation as a core principle of the two-track climate negotiations.⁴³ Moreover, it has determined a shift towards a system that gives China, as a developing country, the right to ask for preferential agreements over technology transfer, while avoiding any effective multilateral commitment⁴⁴ in terms of emission reduction and, potentially, to even justify calls for a waiver of IPRs protection, which otherwise would need to be protected (or paid for).⁴⁵ It is fair to assume that China is aware of the fact that those technologies, together with its mass production capabilities, will allow it to keep a steady growth in the coming years, while the amount of current investment in this field might even allow it to 'leapfrog' developed nations. In addition, these technologies would allow it to reduce the negative impact of its growth on the local environment, which is increasingly causing protests among the Chinese population.⁴⁶

Following this reasoning, and observing its behaviour in the international fora, it could be argued that China is trying to 'maximise the benefits' of the current system, which it has actively contributed to set up. This can be observed at various levels, in terms of improving

³⁸ As Peter Mandelson said at Tsinghua University on 7 November 2006, "[in] a nutshell – and this is the core of my remarks – you could identify any global problem we face and you will find that China is an essential part of the solution, with a role in framing the international agenda and assuming new leadership responsibilities as it does." In (Crossick, 2009)

³⁹ (European Commission, 2001), Page 7

⁴⁰ Literally in September 1995 the developing nations gathered in Beijing and agreed that: "The Beijing Declaration asserts that poverty, underdevelopment and overpopulation are the main causes of environmental degradation; the developed countries have the main responsibility for the environmental problems facing the world; the developing countries have the right to develop". (Heggelund, Andresen, & Ying, 2005)

⁴¹ The issue of historical responsibility was also high on the agenda in the preparation of the Cop15. For example see: (Jun, 2009)

⁴² The 'common but differentiated responsibility' principle is one of the outcomes of the Rio convention, also known as the Earth Summit, held in Rio de Janeiro in 1992. For more information on this point (Kérébel & Keppler, 2009) Page 176

⁴³ According to China, "[the] UN Framework Convention on Climate Change and the Kyoto Protocol should serve as the main channel for the international community to address climate change (...) The principle of the Common But Differentiated Responsibilities (CBDR) is the universally recognized basic norm for tackling the issue, (...) The Bali roadmap clearly identifies the requirement and direction for international cooperation on climate change." (Li, 2009)

⁴⁴ In the words of Premier Wen Jiabao: "Developing countries should, with the financial and technological support of developed countries, do what they can to mitigate greenhouse gas emissions and adapt to climate change in light of their national conditions". (Jiabao, 2009)

⁴⁵ China and India before the Copenhagen negotiation have argued that green technologies should be given to developing countries under 'compulsory licensing' as it currently happens only in certain cases for some medicines. (Euractiv.com, 2009a)

⁴⁶ (De Matteis, 2010)

its image by showing its willingness to cooperate as a 'responsible stakeholder'⁴⁷ and attracting investments and technology necessary for its future development, and with respect to its diplomatic profile, as it has had the opportunity to lead developing nations during key negotiations through the G77 plus China group.

China's developing status was challenged during the Copenhagen Summit in December 2009 by some of the poorest developing countries and by the EU. Pressures are set to further increase in Cancun on the occasion of the 16th Conference of the Parties (COP16). Instead, the EU, due to its status of developed economy, is invited to bear the 'historical responsibility' of the current climate emergency by sharing its technology and capital in order to help developing countries to fight climate change. Certainly the EU will keep trying to play a leading role in the climate negotiations as it did in the past, for instance, on the occasion of the ratification of the Kyoto protocol. Despite the fact that Europe was partially sidelined in the last meeting in Copenhagen, the role of the EU as a leader in the fight against climate change is not under discussion. For instance, Yvo de Boer, the then executive secretary of the United Nations Framework Conference on Climate Change (UNFCCC), stressed that European leaders made "significant contributions" to getting the final accord signed and is convinced that the EU has not lost leadership on climate change diplomacy, despite being sidelined on the final stretch of the Copenhagen negotiations⁴⁸. Also Jonathan Pershing, the US deputy special envoy for climate change noted that he "fundamentally disagree that the EU was either out or that we can afford to have the EU out", adding that, "it was the US sitting with the EU (...) that brought a successful outcome to this agreement".⁴⁹ This view is also reported to be shared by some Chinese scholars, such as Xin Benjian and He Jingjun, who noted that the EU played a pivotal role in setting targets for reducing greenhouse gas emissions.⁵⁰ It is, however, certain that European success will increasingly be assessed according to its ability to 'take on' board major emitters, and China in particular. In other words it could be argued that thanks to the energy and environmental regimes, and through their bilateral cooperation, both China and the EU can obtain significant international gains. China could kill three birds with one stone: it could improve its domestic economic conditions which will allow it to keep the necessary consensus among its people; it could ameliorate its international image and it could increase its energy security, which is considered a major challenge to Chinese economic growth.⁵¹

However, in order to carry out such a strategy, China needs a partner in the international community that has the technology, the financial capabilities and the interest in sharing those with an emerging power. Currently, there are only a few options: the US, Japan and the EU. While the first two countries have been reticent in transferring their technology to China, in view of their different geo-strategic perspectives, the EU has acted differently in proving to be a more appropriate partner, especially on technology cooperation.⁵² Furthermore, in contrast to the US, the EU is also keener to engage with China as a way of

⁴⁷ On this point, the US deputy secretary of State R. Zoellick said: "China to become a 'responsible stakeholder' in the international system" (Meidan, 2006) Page 76. Also the same issue has been raised in other papers such as: "China's wish to be viewed as responsible." and "What becomes more salient is China's concern for its international image and a desire to be regarded as a cooperative and responsible great power." And "China had to join such and such a treaty or process (...) because it would help improve China's image" (Foot, 2001)

⁴⁸(Euractiv.com, 2010b)

⁴⁹ (Euractiv.com, 2010f)

⁵⁰ See Xin Benjian and He Jingjun in (Benjian et al., 2010) Page 3

⁵¹As mentioned by Li Junru, Vice president of the Central Party School: "Energy is a factor that could affect China's peaceful rise and international pre-eminence, more efficiency and cooperation less pollution". Page 6, or "Energy is a factor that could affect China's peaceful rise and international pre-eminence" Page 8. Also "According to Zhang Guobao, Vice President of NDRC (National Development and Reform Committee), China's energy policy for the 21st century must emphasise energy conservation, through the increase of energy efficiency, in order to improve energy security and protect the environment."

⁵² The EU is the main source of high technology for China says Feng Zhongping in (Grevi, 2008)

raising its own international standing. To climb the 'ladder of global powers' requires the EU to act as one of them by engaging with other global powers on an equal footing. The EU, due to its current structure, has often found it difficult to present a coherent and strong position at the international level on issues which were not directly related to trade, but things might improve following the entry into force of the Lisbon treaty.⁵³ At the same time, European energy dependency and its need to increase its energy security have already pushed the EU to be more assertive on those issues, focusing on international cooperation, as well as on energy efficiency, renewable sources and better regulation. Also, with the development of the energy and environmental regimes at the international level, the measures experimented by the EU, including the widest Emission Trading Scheme, gave it an increasing say and credibility in international fora. These elements, together with the fact that the EU has been quite successful in speaking with one voice on those issues⁵⁴, and that the US did not join the Kyoto protocol, gave the EU a temporary, but remarkable, competitive advantage.⁵⁵

All in all, it could be argued that the EU has found in the environment, energy and climate change three areas in which it can play a leading role and it is currently investing in them in order to try to become an effective global power. The necessary condition to succeed, however, is to take China on board, because, as previously noted, no effective regime can be implemented without China's active membership. Both the global and domestic relevance of climate, energy and environmental challenges have thus given the EU and China the opportunity to deal with something that can be rightly defined as 'strategic'. Both the EU and China face similar challenges with regard to energy and the environment: they both wish to increase their energy security (and efficiency), they share some common energy suppliers in the Middle East and Russia⁵⁶, they are both interested in Central Asian resources⁵⁷ and they both aim to tackle environmental degradation (and the related costs). From this point of view, China and the EU have a broad potential for cooperation, leading them to work on energy efficiency, policy coordination and alternative energy sources in order to curb their respective demand, and reduce their emissions, as also required by the current regimes.

The framework for EU-China bilateral cooperation on energy and climate change

At the beginning of this century, China found itself at a crossroad: on the one hand it had the opportunity to continue towards its export lead development, whose environmental, social and economic costs would increasingly undermine the legitimacy of its ruling class. On the other, it had the opportunity to switch to a more considerate economic development that was less based on exports and polluting energy resources. The policies that have been implemented in recent years, as well as the amount of funding provided to

⁵³ The new positions of permanent President of the European Council and High Representative of the Union Foreign Affairs and Security Policy might increase the EU capabilities to act at the international level, which is something that even some Chinese analysts hope to see. (Jian & 卢鉴, 2009)

⁵⁴ As it has been the case in the management of the latest Russian-Ukrainian gas crisis or in the negotiations and ratification process of the Kyoto protocol.

⁵⁵ On this point see for instance: (Schreurs & Tiberghien, 2007) Also, According to some scholars: "European leadership only became viable once the US was removed from the emissions trading debate, and it could escape the trap that its past rhetoric had created". (Cass, 2005)

⁵⁶ Currently, the majority of Russian pipelines are directed to Europe so there is no threat in the short/medium term of a substitution of the European market with the Chinese/Asian one, even if Russia is trying to reduce its dependence from the European market while trying to increase European dependence from its own resources. It is in this light that the new Russian projects could be looked at: the new South Stream pipeline rivalling the EU sponsored Nabucco, as well as the new Russian Eastern-Siberia-Pacific Ocean oil pipeline going to Daqing, China.

⁵⁷ For example, Kazakh oil is flowing to China via the Kazakhstan-China oil pipeline, while the EU has turned to Central Asia in order to fill its foreseen Nabucco pipeline (Euronews, 2009b)

green technologies in the 2009 stimulus package,⁵⁸ show a gradual shift towards an actual attempt to boost a more harmonious growth.⁵⁹ However, it can be argued that the motives behind Chinese engagement in the international regimes (as well as bilateral cooperation), are partially different from those of the international community. Some have argued that China had to join the above mentioned international regimes, and contribute to their definition, as it anticipated that these could hamper its autonomy with regard to the definition of its economic policy, which still finds in economic development the key priority.⁶⁰ This understanding is substantiated by the fact that China, even when it puts forward some ambitious targets towards the reduction of its own emissions, as it did on the occasion of the Copenhagen summit, has never linked them to international commitments. Rather, it has always underlined how these were unilateral pledges⁶¹ to limit any international monitoring and verification by the international community. Secondly, it can be argued that the Chinese leadership is less concerned by the global effects of climate change or environmental degradation than it is of its local ones, which directly affect agriculture and the health of its population and, consequently, its economic performance (these include desertification as well as the pollution of lands, waters and air).⁶²

These issues make environmental management, energy efficiency and more broadly climate change, a strategic priority, especially in certain Chinese provinces. The energy, environment and climate change regimes are thus key tools to develop bilateral and multilateral partnerships with developed countries such as the EU, which have expertise and financial capacity to help China to tackle its own domestic challenges. As already noted, the EU is the leading investor in China by project size and value, the main provider of technology and the main trading partner. In addition, its industry is one of the most competitive in the fields of energy efficiency and renewables, and it enjoys a comparative advantage *vis-à-vis* its main partners in these fields. As noted by a Chinese official working at the Chinese delegation to the EU, compared to Japan, the EU has a much bigger market size and financial capabilities, while compared to the US the EU has stronger autonomy to deal with climate change-related issues, without being a hostage to the Congress.⁶³ Furthermore, the EU is implementing the Kyoto protocol and it has been a key player in the quest for its entry into force, a fact that has also increased the EU's credibility in comparison with the US. An additional element, which allows for smoother cooperation and that was pointed out in the China's EU policy paper, is that the European and Chinese leaderships agree that they do not have any bilateral security concern, which is not the case in US-China relations.⁶⁴

All these factors, together with the density of the institutionalisation of the EU-China relationship, have given the EU a direct or indirect capability to support (and influence) the Chinese policy-making process. In the coming paragraphs, the article focuses in particular on the bilateral frameworks that have been set up in order to deal with energy, environment and climate change-related issues.

⁵⁸ (Freeman & Holslag, 2009) And (Economic Observer - 经济观察网, 2009)

⁵⁹ Some of the major concepts in the Chinese discourse are described in (Rabinovitch, 2008)

⁶⁰ (Euronews, 2009a)

⁶¹ (An, 2009)

⁶² In particular it seems that China focuses more on energy rather than the environment, and more on pollution rather than biodiversity. (Heggelund et al., 2005) Page 18

⁶³ This point was also highlighted by a Chinese official working at the Chinese delegation to the EU.

⁶⁴ (People's Republic of China, 2003)

Energy, environment and climate change as strategic issues

The strategic role covered by energy and climate change in the EU-China relationship has been described in several recent studies⁶⁵, but it has also been underlined by EU and Chinese officials. For instance, the former Commissioner for External Relations is reported to have said that “[fight] against climate change, (...) is an issue that will sour or cement relations between the EU and China”.⁶⁶ The Chinese Vice-Premier, in a visit to Europe, instead underlined how “cooperation on energy conservation and environment protection should be further strengthened to make it one of the shining points of the trade and economic ties between China and Europe”.⁶⁷

The ‘strategic-ness’ of their cooperation on sustainable development was also explicitly mentioned on the occasion of the 9th EU-China Summit 2006 in Helsinki⁶⁸ and at the External Relations Council in 2006, where it was noted that:

Energy security, climate change and protection of environment are top priorities for the EU in achieving sustainable development and are key elements in its relations with China. Collaboration on energy security should be intensified, with a view to creating a stable, secure, efficient and clean energy environment and to promoting open and competitive energy markets. The EU attaches the highest importance to its climate change partnership with China, which should develop its full potential based on the work plan agreed on 19 October 2006. (...) China and the EU should also collaborate as closely as possible on multilateral climate change issues, in particular on the further development of the multilateral climate change regime.⁶⁹

Also, Commission President Barroso and European Council President Van Rompuy believe that these issues are of key importance in the 21st century⁷⁰ and, as such, were placed at the heart of the EU’s revamped 2020 strategy.⁷¹ Others have noted that climate change is of key importance⁷², because, as it is the case for other ‘new security issues’, it has the opportunity to create “win-win situations through international cooperation”.⁷³

As noted by various scholars, there are several drivers behind Europe’s interest in the energy partnership with China: economic interests that could be hampered by soaring Chinese energy demand, the EU’s comparative advantage in the field and the opportunity to use it to gain diplomatic leverage, the development of a potentially profitable export market of environmental goods, and the necessity to avoid confrontation on energy supply by pushing China to diversify its energy demand and to improve its energy efficiency.⁷⁴ On the other hand, as already anticipated, China has several reasons to engage with the EU, which include its experience in these areas and its necessity to implement “more sustainable growth strategies”.⁷⁵

⁶⁵ For instance see: (Scott, 2009) Page 215, Feng Zhongping position in (Grevi, 2008) Page 83. and (Centre for European Reform & Grant, 2008) Page 69 et al., and (Men, 2009)

⁶⁶ (Friends of Europe, 2009)

⁶⁷ (Xinhua, 2010)

⁶⁸ (Andreosso-O’Callaghan, 2007)

⁶⁹ (Council, 2006)

⁷⁰ For instance, the main challenges are meant to be climate change, cyber crime, nuclear proliferation and terrorism. (Euractiv.com, 2010d)

⁷¹ The main objectives are set to be employment, R&D, energy and climate action, education and poverty and the fight against social exclusion. (Euractiv.com, 2010c)

⁷² Page 216 (Scott, 2009)

⁷³ (Holzer & Zhang, 2008) Page 219. A similar position was explained by Xinning Song, a famous Chinese scholar, during a private conversation held in Beijing in 2008.

⁷⁴ (Freeman & Holslag, 2009) Page 27. Other elements considered important are the level of economic integration, the potential gains in terms of economics and image; for these see: (Holzer & Zhang, 2008)

⁷⁵ (Gill, Murphy, & Ill, 2008)

These are important elements that have boosted the EU-China relationship to focus on these fields. They also justify why, following the postponement of the EU-China Summit in 2008, at the time to resume it in Prague in 2009, energy and climate change cooperation where the only issues that made substantial progress. In the Joint Press Communiqué of the 11th EU-China Summit, the leaders “expressed their determination to strengthen cooperation, (...) to address global challenges including the financial crisis and climate change”.⁷⁶ On that occasion, in particular, the parties took the time to sign the final agreement on the establishment of the Europe-China Clean Energy Centre (EC2) in Beijing, which opened at the end of April 2010, following the visit of President Barroso to Beijing and its meeting with Zhang Guobao, the Vice Chairman of the NDRC (National Development and Reform Commission). The EC2 is of particular importance due to its institutional structure. As noted by an EU official, differently from the various dialogues that happen regularly, the EC2 is a permanent body, which is administered independently by a consortium of European and Chinese experts in the field of energy, environment and climate change.⁷⁷ As such, it constitutes a stable and independent platform for exchange on energy and environmental issues, which is expected not to be subject to eventual occasional political tensions that might arise between China and the EU.

Energy cooperation: institutional framework.

From the energy perspective, EU-China cooperation began in 1994 when a dialogue was set up involving the European Commission (DG Energy and Transport) and the Chinese Ministry of Science and Technology (MOST). The first outcome was the establishment of a biannual Energy Cooperation Conference with the aim of gathering all interested parties in energy-related issues, including scholars, enterprises and universities. The following session took place in Shanghai, and, according to an EC official working for DG Energy, focused on the post-economic crisis and on how to deal with energy under these new circumstances.⁷⁸ The cooperation on clean coal and CCS (carbon capture and storage) has been of key importance in their bilateral relationship, which is proved by the drafting in 2005 of the Memorandum of Understanding on Near-zero Emissions Power Technology between the EC and MOST. This Memorandum aimed at fostering “co-operation on the development, deployment and transfer of low carbon technologies” and planned to develop and demonstrate advanced near-zero emission power generation technology in China and in the EU by 2020.⁷⁹ On the sidelines of the 12th China-EU Summit in Nanjing in 2009, the European Commission also pledged €57 million for the Near-Zero Emission Coal (NZEC) project⁸⁰ in order to evaluate the feasibility of CCS for power generation. In the same priority line is the creation of the Institute for Clean and Renewable Energy (ICARE)⁸¹, as well as that of the already noted Clean Energy Centre (EC2).

As noted by a high rank EU official working for the EU delegation in China during a private conversation, since 2005, issues related to the environment and climate change have been

⁷⁶ ‘Joint Press Communiqué of the 11th EU-China Summit’, retrieved from <http://www.eu2009.cz/en/news-and-documents/press-releases/joint-press-communicue-of-the-11th-euchina-summit-23664/> on the 25 July 2009.

⁷⁷ Interview with a high rank EU official working at the EU Delegation in Beijing, Science, Technology, Energy & Environment Section.

⁷⁸ The 2008 Conference focused on energy efficiency, renewable energies, hydrogen energy and fuel cells, gas hydrates, carbon capture and storage and nuclear energy. (European Commission, 2008a)

⁷⁹ Memorandum of Understanding between the Ministry of Science and Technology of the PRC and the European Commission on cooperation on Near-zero Emissions Power Generation Technology through Carbon Dioxide Capture and Storage. Beijing 5 September 2005. For some updates on the progresses see: (Euractiv.com, 2009b)

⁸⁰ (Xinhua, 2009b) For an overview on Chinese involvement in this project see: (People’s Republic of China, 2009) Page 43-44. The EU is not the only actor involved in this kind of projects, as lately the US and other players have also increased their involvement. For an overview of these other partnerships see: (Xi & Jia, 2010)

⁸¹(Friends of Europe, 2009)

at the very heart of their bilateral relationship, and consistently on the agenda of their bilateral summits⁸². Since 2005, the European Commission has also established direct contacts with the National Development and Reform Commission (NDRC). The NDRC, which is arguably one of the most influential administrations in China, set up a high level energy dialogue with the European Commission, which is held annually at Deputy-Ministerial/Director General level. To date, the agenda has mainly focused on issues ranging from clean coal and energy forecast to, lately, energy security, smart grids and renewable energies. In the same year, another important energy-related Memorandum was signed with the NDRC on the EU-China Dialogue on Energy and Transport Strategies. As pointed out by a European Commission official, at the beginning, the relationship with the NDRC was mainly aimed at building trust among the parties. However, since 2009, their cooperation has started delivering concrete results by developing projects and fostering transfer of 'know how'.⁸³

A characteristic of EU and Chinese bureaucracies is their frequent change. As it is the case in the EU, with the separation of DG Energy and Transport and the creation of DG Climate Action as an *ad hoc* DG separated from DG Environment, China's energy bureaucracy has also been adjusted on several occasions. In the 1990s, for instance, the Ministry of Energy was abolished and its competences were shared among other ministries or transformed into state-owned companies with ministerial status, while, more recently, the National Energy Administration (NEA) was created under the NDRC framework. These changes have also affected the EU-China relationship: since the beginning of 2005, in fact, the NEA has replaced the NDRC and has become China's new counterpart in the dialogue with the European Commission on energy-related issues. Also, following the agreement to work on smart grid, the Commission had the opportunity to approach directly the State Grid Corporation, a state-owned enterprise, and to organise capacity building events and projects. For the Commission, as noted during a private conversation with a European Commission official working for DG Energy, this is the first time that the Commission has worked with a company rather than a ministry or an agency. Currently, no government is known to be working directly with the State Grid Corporation.

In addition, at the inaugural meeting of the High Level Economic and Trade Mechanism (HLM) in April 2008⁸⁴, a new joint body at ministerial level that aims to enlarge and deepen the EU-China economic and trade cooperation, energy was indicated as the first priority area, followed by trade in high technology, IPRs and trade facilitation. To underline the weight given to this new body, it is worth noting that the first meeting was chaired by Chinese Vice-Premier Wang Qishan and Trade Commissioner Mandelson, accompanied respectively by 10 Chinese Ministers and eight European Commissioners. Another energy related field of cooperation was outlined during the November 2009 Summit in Beijing, when the European Commission signed a Memorandum with the Ministry of Housing and Urban-Rural Development to discuss the issue of energy efficiency in buildings. As underlined by one European official⁸⁵, it took a long time before having this cooperation 'up and running' due to various reasons, ranging from the reticence to open this sector to international scrutiny, to the Sichuan earthquake. At the moment, the European Commission is one of the very few partners in this specific sector for China. The cooperation focuses on capacity building with regard to energy efficiency in the field of standards, regulations, legislations, and training, but it will not deal with commercial issues. China has for long shown interest in the EU's leading position in this field, and, according to some sources in the former DG Energy and Transport, China has extensively

⁸² Interview with a high rank EU official working at the EU Delegation in Beijing, Science, Technology, Energy & Environment Section.

⁸³ This point was highlighted during a private conversation with an EU official working for DG Energy.

⁸⁴ (Commission, 2008)

⁸⁵ This point was highlighted during a private conversation with an EU official working for DG Energy.

copied European standards on efficiency in buildings⁸⁶, thus showing the appeal of EU policies on China's policy-makers.

Another key framework for cooperation was the EU-China Trade Project (EUCTP), which ended in 2009 after the successful implementation of over 300 technical assistance and training activities. These were primarily designed to support China in meeting its WTO commitments⁸⁷, but were also linked to energy and environmental concerns. The EUCTP had a key role in supporting policy, legislative and regulatory reform efforts and in boosting the exchange of regulatory practices. This article is concerned with featuring the 'EU-China Sustainable Trade Task Force' and the 'NDRC-EUCCC Forum: Energy Efficiency and Industrial Clustering' and sees the participation of the NDRC, the European Chamber of Commerce, the Ministry of Commerce (MOFCOM), the Ministry of Environmental Protection, the Ministry of Finance, and State Forestry Administration, as well as the European Commission Directorate-General for Trade and the European Commission Delegation to China.

As previously outlined, since 2006, the European Commission has also established cooperation with the legislative office of the State Council, which has been of particular relevance as China is in the process of drafting its new energy legislation. As noted by an EU official working at the EU delegation in Beijing, this was particularly the case for the drafting of the Energy Law.⁸⁸ In particular, China appears to have contacted the European Commission on various occasions in order to obtain support and comments, which were provided through workshops and other meetings. The most important one, which starred, among others, the NDRC, the EUCCC, the EU delegation to China, the US Department of Energy, the Energy Leading Group, the International Energy Agency (IEA) and various Chinese academics, was held in Shanghai in January 2008, and, according to an EU official: "It was a fantastic exercise of openness and transparency".⁸⁹ The development of this kind of special framework is to be considered a key element of the EU-China partnership, as it allows the European stakeholders to directly share their concerns and proposals with the heart of the Chinese bureaucracy, which has proved to be keen to learn from its foreign partners in these fields.

Apart from the creation of the EC2 and the innumerable projects developed in this field, some of the other tangible outcomes of the EU-China bilateral partnership in the energy field are the implementation in China of legislation similarly drafted in the EU. This was arguably possible in light of the fact that the EU also has ongoing cooperation with the China National Institute for Standardisation (CNIS), as noted by an EU official working on environmental and energy issues at the EU delegation in Beijing.⁹⁰ Cooperation on standards, regulatory aspects and law enforcement is in fact an area where both European and Chinese experts in the energy sector suggest that the EU can have a major role, as it was further highlighted by Chinese academics and European officials during private conversations held in Beijing in December 2008.⁹¹ A key example is the efficiency labelling system applied to Chinese electrical appliances, which followed strictly the European Eco-

⁸⁶ As noted by Pirjo-Liisa Koskimaki, Head of unit, DG TREN, China copied EU building efficiency. In (Koskimaki, 2009) (minute 6)

⁸⁷ (EU-China Trade Project 中国 - 欧盟世贸项目, 2010)

⁸⁸ Interview with a high rank EU official working at the EU Delegation in Beijing, Science, Technology, Energy & Environment Section.

⁸⁹ Interview with a high rank EU official working at the EU Delegation in Beijing, Science, Technology, Energy & Environment Section.

⁹⁰ Interview with a high rank EU official working at the EU Delegation in Beijing, Science, Technology, Energy & Environment Section.

⁹¹ Personal conversation with a Chinese energy expert and prominent academic. Interview with a high rank EU official working at the EU Delegation in Beijing, Science, Technology, Energy & Environment Section.

Design directive.⁹² Another example is the implementation of the European Emission Standards for car exhaust gas, which clearly benefited from the EU-China Automobile Exhaust Pollution Control Project. Since 2008, the Beijing municipality has applied the Euro4 standard⁹³ and this should be progressively extended to those cities that currently use lower ones.⁹⁴ China has also sought inspiration from the EU in developing other energy-related policies and requirements such as a tax on SUV⁹⁵ and standards for building efficiency⁹⁶. It has also taken on board several concerns raised by EU businesses with regard to IPR laws.⁹⁷

Finally, the EU and China cooperate within the framework of EURATOM, and in particular on research in the area of peaceful use of nuclear energy. They are both part of the ITER-programme for the development of the new fusion reactor.⁹⁸

Environment and climate change cooperation: institutional framework

Already in 2003 the European and Chinese leaders were keen to strengthen their cooperation on environmental issues⁹⁹, which led to the creation of the Environmental Policy dialogue, headed by the European Commissioner for Environment and the Head of the State Environmental Protection Administration (which in 2008 became the Ministry of Environmental Protection)¹⁰⁰, and the approval of the Energy and Environment Program (EEP) aimed at encouraging the formulation of good energy policies.¹⁰¹ Before, other *ad hoc* activities were in place, including the Liaoning Integrated Environment Project, the EU-China Environmental Management Project and the EU-China Automobile Exhaust Pollution Control Project, which respectively aimed at improving energy efficiency, environmental management and policy formulation.¹⁰²

However, the backbone of the EU-China cooperation on Climate Change is the EU-China Partnership on Climate Change, which dates back to the 2005 Summit. On that occasion, the leaders underlined that their new partnership was “to address climate change issues through the promotion and development of more environmentally friendly energy technology and sources”.¹⁰³ The key areas identified for cooperation were: energy efficiency, energy conservation and renewable energy; clean coal; methane recovery; Carbon capture and storage; Hydrogen/fuel cells; and power generation/transmission.¹⁰⁴ The 2005 Joint Declaration on Climate Change foresaw the creation of a bilateral discussion framework to deal with both the environment and energy aspects of climate change, which was later created under the so-called ‘Bilateral Consultation Mechanism’ (BCM). While the partnership also included the China–EU Action Plan on Clean Coal and the China–EU Action Plan on Energy Efficiency and Renewable Energies, what is most interesting from the point of view of this study is probably the BCM: this mechanism, in fact, brought together not only the Commission, but also the Presidency and the Member

⁹² On labels see (Hollis et al., 2007) Page 62

⁹³ (AutomotiveWorld.com, 2008)

⁹⁴ For reference see for instance: (Shijin et al., 2003)

⁹⁵ (The Climate Group, 2008)

⁹⁶ (The Climate Group, 2008) and (The Climate Group, 2009)

⁹⁷ On this point see: (European Union Chamber of Commerce in China, 2009) Pages 77-78

⁹⁸ On these points see: (Umbach, 2009) and (Hollis et al., 2007) Page 34

⁹⁹ Collection of official documents: (Snyder, 2009) Page 827

¹⁰⁰ SEPA gained ministerial status in 2008.

¹⁰¹ (Freeman & Holslag, 2009) Page 59

¹⁰² Source: Minutes of the Meeting between Mrs. Margot Wallström (Commissioner for Environment, European Commission) and Mr. Xie Zhenhua (Minister, State Environmental Protection Administration, China) Beijing, 12 November 2003 Collected by (Snyder, 2009) Page 828

¹⁰³ See the Joint Declaration on Climate Change of the 8th EU-China Summit in 2005.

¹⁰⁴ See the Joint Declaration on Climate Change of the 8th EU-China Summit in 2005.

States¹⁰⁵, which are very active in the environment and climate change cooperation. In June 2005, another strategic body was established: the 'EU environment counsellors group in Beijing', which improved the coordination and cooperation on environment and climate change-related issues, fostering information exchange and the development of projects under the EU-China climate change partnership.¹⁰⁶

In 2009, a declaration following the annual summit stated that their partnership on climate change would have been the object of an update at ministerial level, so as to underline the importance of EU-China relations in this field. Such an upgrade took effect after the meeting between Climate Action Commissioner Connie Hedegaard and NDRC Vice-Chairman Xie Zhenhua at the end of April 2010, which also established a 'Climate Change Hotline' at diplomatic level. As the joint statement drafted on that occasion puts it, "the dialogue will be supported by consultations at (...) senior officials' level as well as discussions at working level". It will "include an exchange of views on critical issues in international negotiations on climate change and domestic policies and measures, as well as the formulation and implementation of concrete cooperation projects on climate change".¹⁰⁷ From an institutionalist perspective, the strengthening of the bilateral framework for the EU-China cooperation on climate change-related issues, as well as the creation of the Climate Change hotline should increase the understanding between the two sides, and it is expected to reduce the misperceptions that dominated during the Copenhagen talks.¹⁰⁸ Interestingly, the first signs of the development of this 'hotline' could be traced back to the days preceding the COP15, when Wen Jiabao called Barroso to underline the Chinese position before the climate change summit.¹⁰⁹

Another key aspect of the partnership is the Clean Development Mechanism Facilitation project, which was established in 2006 for the period 2007-2010 and was provided with a budget of €2.8 million. The CDM Facilitation aimed at helping Chinese industries to benefit from the CDM mechanism under the Kyoto protocol: as reported in various studies, China soon became the main beneficiary of the CDM, and EU countries accounted for about 60% of the total CDM initiatives in China.¹¹⁰ These measures allowed China to tackle local challenges, such as environmental degradation, which, as previously underlined, are increasingly worrying Chinese people, while obtaining some key technologies and 'know how'. Despite the success of the Facilitation mechanism, the CDM itself is currently under scrutiny as its effects in reducing CO² emissions are questionable, mainly because of the difficult applicability of the 'additionality principle'. The result is that the CDM has become mainly an offsetting mechanism, which tends to simply allow the transfer of CO² emissions not produced in China to Europe (or other Annex I countries), which can then buy them as certified emission reduction (CER), and used them to fulfil their Kyoto targets. The European Commission currently proposes that countries that have higher capabilities (*e.g.* China) should implement a new system based on 'sectoral crediting'. Such a system would still have an offsetting part, but would push for actual reduction of CO² emissions compared to the 'business as usual' scenario, identified for each industrial sector. According to Climate Action Commissioner Connie Hedegaard, discussions over the

¹⁰⁵ I will not have the opportunity in this article to examine in detail the activities of the Member States.

¹⁰⁶ (European Commission, 2007).

¹⁰⁷ (European Commission and People's Republic of China, 2010).

¹⁰⁸ This point is also supported by (Haizhou & Jing, 2010).

¹⁰⁹ In particular, Wen is said to have pressured for non-binding commitments and to keep the Kyoto protocol as the main framework; on these points see: (Phillips, 2009).

¹¹⁰ As noted during a personal discussion with a manager at Ecorescurities. Other sources are those by the Office of National Coordination on Climate Change quoted in (Scott, 2009) Page 216.

development of sectoral approaches have been held with China since July 2010, and this could be a new area of bilateral cooperation.¹¹¹

Yet, another major element of their bilateral cooperation in the environmental field is the fact that China has had the opportunity to use part of the funding provided by the 6th and 7th EU Framework Research Programmes (FPs). These are the EU's largest scientific research funds, the latter of which runs until 2014 and has a budget of €53bn. China was already heavily involved in the FP6 (which expired in 2006), and participated in over 200 science and technology projects, receiving €46 million over five years.¹¹² The FPs have also become a foreign policy tool in the hand of the EU in order to push cooperation in specific fields, and in particular in those related to the environment, energy and development¹¹³, as it is the case for the cooperation on CCS power plant under the COACH program.¹¹⁴ These funds should be added to those allocated in the various National Indicative Programs, or dedicated to the EU-China Science and Technology Cooperation, which, for instance, sponsored the China-EU Science and Technology year in 2006.¹¹⁵

The Commission is also engaged, together with the United Nations Development Programme (UNDP) and Norway in improving the implementation capacity of local administrations under the 'Provincial programmes for Climate Change Mitigation & Adaptation in China', which was launched in June 2008 and involves 14 Chinese provinces. This programme aims "at translating China's National Climate Change Programme into local action in provincial level" and it is also expected to "improve the capacity of local government to adapt to climate change negative impacts".¹¹⁶ Several parties were involved in this programme, including the National Development and Reform Commission (NDRC), the Ministry of Science and Technology (MOST), the Ministry of Foreign Affairs (MOFA), and the China Meteorological Agency (CMA). Also, as noted by Runge-Metzger, the European Commission's work on climate change is also supported by two other major EU-China environmental cooperation programmes: the River-Basin Management Programme, with an EU contribution of €25m, and the EU-China Biodiversity Programme, with an EU contribution of €30m.¹¹⁷

Finally, similarly (and closely linked) to what is the case for the energy sector, the EU has influenced China's policy-making in the field of environmental protection and climate change. Some examples are the use of the EU system for registration, evaluation and authorisation of chemicals (REACH)¹¹⁸ and arguably, the introduction of the 'Circular Economy Promotion Law' in 2008 which followed a study commissioned by the Environment and Natural Resources Protection Committee of the National People's Congress on this issue.¹¹⁹

¹¹¹ (Euractiv.com, 2010e). For the EU's position on the development of sectoral approaches in advanced developing countries see: (Euractiv.com, 2009c).

¹¹² (Gill et al., 2008).

¹¹³ (Lequeux, 2007) and (Hollis et al., 2007) Page 48

¹¹⁴ COACH is one of the two feasibility studies under the NZEC project, and it is partially funded by the 6th Framework Program (COACH, 2008).

¹¹⁵ "Some 130 joint research projects involving a total investment of around €850 million have been initiated with over 150 Chinese participants". For additional information: Launch of the 'China-EU Science and Technology Year': Cooperation for Sustainable Mutual Benefit, Policy Forum, Brussels, October 11, 2006 and (Gill et al., 2008) Page 69.

¹¹⁶ (National Development and Reform Commission, 2008)

¹¹⁷ (Runge-Metzger, 2010)

¹¹⁸ On this specific issue see: (European Commission, 2009).

¹¹⁹ (Davis and Hall, 2006)

Challenges and potential competition

Even though the two sides have high potential for cooperation, some challenges remain. As noted by some researchers, “[there] is no other area that has so much potential for fruitful cooperation between the EU and China. But there is also no area where the room for confrontation and conflict is so great.”¹²⁰ At the bilateral level, very high on the agenda is the extent to which China is able and willing to protect European economic interests by establishing a level-plain-field in which European companies can operate.¹²¹ This will increasingly influence the extent to which the EU and its companies will be in the condition to deploy their technology in China without fearing intellectual property theft and other commercially harmful practices. Should China fail in doing so, it might enjoy short term gains, but, in the long run, it might fail to find keener partners to cooperate with, which would lead to a slowdown in its path towards modernisation. It is clear that the more products move up the value chain, the more European companies will be reticent to produce in a business unfriendly China, whose developing image is slowly fading away for the benefit of a new image: the one of great competitor (at least) in the world market. This is true not only with regard to low and medium technology products, but also increasingly those green technologies that were expected to give European companies a competitive hedge in the coming years, such as efficient light bulbs, solar panels and water heater.¹²²

At the multilateral level, Chinese energy diplomacy carried out both via its national oil companies or via *ad hoc* international institutions, such as the Shanghai Cooperation Organisation or the Association of South East Asian Nations (ASEAN) (and the ASEAN Regional Forum (ARF)) might also determine a more competitive approach, unless China increases its awareness of other players’ interest in the various regions. Europeans pay particular attention to their neighbours for energy reasons, as it is the case of Central Asia and Russia, and, for historical reasons, to African countries. Chinese pragmatic policies towards the latter ought to be carried out more discretely so as to avoid interference with its partners’ objectives. Currently, however, this is not the case as the ‘Beijing consensus’¹²³ risks undermining the EU’s efforts to boost good governance and respect for human rights. Also, Russia and Central Asia could be areas of contention or of partnership according to the extent to which the EU-China relationship manages to increase mutual understanding rather than competition. As it has happened for the EU-China dialogue on Africa, an enhanced dialogue over Chinese and European policies in Central Asia and *vis-à-vis* Russia, focusing on energy resources, could increase their mutual understanding, as well as the chances of long lasting cooperation. This approach, which could put in question EU membership in the Shanghai Cooperation Organisation, or the creation of *ad hoc* fora to discuss energy-related and environmental issues, could contribute to avoid negative spin-offs on more successful aspects of their relations (*i.e.* energy efficiency, climate change and trade).

In other words, there are areas in which China and the EU have a high probability of continuing to cooperate effectively, such as energy efficiency, climate change and environmental protection, and others on which they must be keen to coordinate their policies, instead of act strategically in a zero sum game, as it could be the case for energy security. Since Deng Xiaoping’s ‘reform and opening up policy’, China has tried to keep a

¹²⁰ (Centre for European Reform and Grant, 2008) Page 77

¹²¹ Wen Jiabao proposes more protection of IPRs during the EU-China summit in Nanjing (Tong, 2009).

¹²² China’s Suntech Power has grown into the world’s third-largest solar energy company. (Freeman and Holslag, 2009) Page 28. For Beijing’s subsidies and state aid policy to enter European markets and for Chinese alleged ‘dumping practices’ see: (Scott, 2009) and (Deklerk and Men, 2010).

¹²³ On this issue, see for instance: Joshua Ramo, ‘The Beijing consensus’, Foreign Policy Centre, May 2004 in (Centre for European Reform and Grant, 2008) Page 84, (Suzuki, 2009), (Soroos, 1994) and (Mingjiang *et al.*, 2008).

low profile in international relations, founding its external action on the renowned principle of 'peaceful development' and non-intervention.¹²⁴ However, the size of its population and economy, its different political system, as well as its elevation to the rank of global power have been highly destabilising for the international system, even though this was probably not aimed by Deng. Energy and environment are two key horizontal issues¹²⁵ that will test Chinese and European abilities to cooperate at the bilateral and international levels. Their success is likely to be proportionate to the efforts that they will make in not excessively challenge each other's interests (as well as those of their other partners), while continuing to benefit from the international system, in terms of economic development or national image.

International regimes and institutions will also play an increasing role in framing bilateral relations into partnership or competition. Since the failure of the Copenhagen conference, it is increasingly unclear which kind of regime and institutions should deal with these challenges (*e.g.* G20, UNFCCC, WTO). In particular, a major uncertainty lies in their level of legalisation and in their scope, especially in light of the different expectations of developed countries, developing countries and major emerging economies. The shaping of the future energy regime, in fact, is far from being an object of consensus. For instance, the BASIC countries have opposed any shift in the climate change regime towards a more legalised one, as the EU and the US would have hoped in Copenhagen. Also, they excluded the use of the trade regime to deal with climate change-related issues¹²⁶ and have opposed the introduction of any sort of BCAs, fearing that they could hamper their economic development.¹²⁷

In the past, various attempts have been made to frame international cooperative frameworks, but to date they have not been able to provide a stable institutional framework able to reduce uncertainties and to collect the expectations of the various stakeholders to improve their potential for cooperation. Due to the limited space available, it is not possible to analyse these here. Nonetheless, it is important to note that both the EU and China have been extremely active in shaping international institutions and regimes in order to manage energy cooperation. Some examples include the Energy Charter Treaty or the Shanghai Cooperation Organisation, the former closer to the trade regime, the latter to a security organisation.

Conclusion

This article has argued that EU-China cooperation has reached a new level by focusing on energy, environment and climate change. At the bilateral level, this was facilitated by their deeply institutionalised cooperation, which has allowed the EU and China to cooperate on actual projects, legislation and in building common understanding. At the international level, instead, the evolution of the energy, environment and climate change regimes have set the foundations for their cooperation to happen, underlining the linkages among several aspects previously hidden. In addition, international regimes have constituted new fora for international negotiations, which have allowed the EU and China to reshape both their image, and have provided the occasion to upgrade their policy preferences and

¹²⁴ For a discussion of this concept see: (Lee, 2008), (Richards, 2009), (Rabinovitch, 2008) and (People's Republic of China, 2008) Page 7.

¹²⁵ As such they have already been the object of the 'mainstreaming' of these issues across policy areas both in China and the EU as mentioned by an EU official working in DG Climate (as far as the EU is concerned) and in: (Hollis *et al.*, 2007) Page 67.

¹²⁶ (International Centre for Trade and Sustainable Development, 2010)

¹²⁷ For example, Yao Jian, spokesman of Ministry of Commerce of China, has said that 'carbon tariffs' are not only in violation of the basic rules of the World Trade Organisation, but also run against the principle of 'common and differentiated responsibilities' (Mu, 2009). See also: (Euractiv.com, 2010a) and (Xinhua, 2009a).

cooperation priorities in light of both domestic contingencies and international objectives. In particular, this evolution has moved the barycentre of the EU-China relationship from trade to more strategic areas, which today involve not only economic growth, but also social stability, sustainable development and international image.

As far as their image is concerned, the energy and climate change regimes have given the EU and China the opportunity to gain in relevance in international negotiations, as the EU became a referent point in the fight against climate change, while China took the role of the speaker of the developing world in the framework of the G77 plus China group.

At the same time, as noted in the article, the development of both bilateral and multilateral cooperation in the field of energy, environment and climate change has fostered the deployment of new technologies and the sharing of good practices between China and the EU.

The current lack of effective, stable and legitimate regimes and institutions in the energy, environment and climate change sector is arguably the main potential cause of friction among the EU and China. Certainly this is the case as far as energy security is concerned, given their increasing reliance on similar 'energy basins'. On the climate change front instead, another bone of contention is the actual construction of the new post-Kyoto regime, which might also exacerbate some tensions among the EU and China in light of their different preferences *vis-à-vis* the level of legalisation that it should have, and due to their different level of development. This is particularly true in light of the fact that the EU is keen to unwind the principle of 'common but differentiated responsibility' and to challenge the status of China as a developing country, two issues that are at the heart of China's interests.¹²⁸

Nonetheless, as it has been underlined in the article, the value of their overall cooperation on energy, environment and climate change is overwhelmingly important for China to tackle its local challenges, and, as such, it largely offsets the risk of actual confrontation. Moreover, international stability is indispensable for China's development and the strong interdependence between the Chinese and European economies, together with the export-led nature of the former, make the EU an irreplaceable partner.

In conclusion, climate change, in both its energy and environmental dimensions, is by definition a horizontal issue, and it touches upon several other policy areas, not only domestically, but also internationally. As such, it requires a multi-layered approach at the local, regional, bilateral and international levels. The extent to which China and the EU will be effective partners or competitors will be increasingly affected by their willingness (and ability) to shape their bilateral partnership, as well as the international regimes, so as to reduce uncertainties and to share the relative benefits of cooperation, as in an actual 'win-win' manner. There is little doubt that energy, environment and climate change are set to have increasing relevance in cementing their bilateral partnership, as well as in defining their international standing in the coming decades.

¹²⁸ (Willis, 2010)

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The EU-Japan Strategic Partnership in the 21st Century: Motivations, Constraints and Practice

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Abstract

This article examines the strategic partnership between the European Union (EU) and Japan in the post-Cold War era by focusing on the bilateral political and security cooperation. To this end, the discussion explores the motivations of both sides for strengthening ties, the constraints on cooperation and the main joint initiatives. The article demonstrates that, on the basis of shared values and common goals, as well as the two partners' focus on soft power, the Euro-Japanese partnership has since the early 1990s become more action-oriented and has acquired a certain strategic dimension. Nevertheless, different foreign policy priorities and structural limitations concerning the role Japan and the EU each can assume as international political and security actors suggest that the bilateral partnership is not likely to move far beyond its current 'paper value', and hence become a more intense and genuinely strategic one, in the years to come.

Keywords

EU; Japan; Politics; Security; Post-Cold War

EUROPE AND JAPAN HAVE ENTERED THE 21ST CENTURY WITH THE NEW PRIORITY OF raising their bilateral relations to the level of a strategic partnership.¹ While during the Cold War period interactions between the two were largely limited to the economic area, Euro-Japanese relations after 1989 have gradually come to encompass joint political and security objectives. One reason for this expansion has been the deepening economic interdependence between the European Union (EU) and Japan. In 2009, Japan was the EU's seventh largest export market (after the United States (US), Switzerland, China, Russia, Turkey and Norway) and its sixth largest source of imports (after China, the US, Russia, Switzerland and Norway). Trade with Japan accounted for 4 per cent of EU trade, with the share of the US and China being the largest one, *i.e.* 16 and 13 per cent respectively. The EU, for its part, occupied in 2009 a third place in Japan's imports and exports after China and the US. Its share of Japanese trade was 12 per cent, which was close to the US share of 14 per cent and less than China's share of 21 per cent (see European Commission 2009). The mutual recognition of each partner's growing significance in the international arena in the post-Cold War era has been equally important for the strengthening of bilateral

¹ In this article, Europe refers to the European Community/European Union as a regional entity. Accordingly, the discussion does not examine the bilateral relations between the individual EU Member States and Japan, which have not been replaced by the Japan-EU partnership.

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relations. This is due to EU integration and Japan's increased regional and global role, as well as the promotion by Brussels and Tokyo of similar, non-traditional, approaches to solving today's security challenges.

Since the early 2000s, the EU and Japan have been referring to one another as "natural strategic partners" (e.g. European Commission 1999; Ministry of Foreign Affairs, Japan 2003; Ferrero-Waldner 2006). This has reflected their shared values, including the promotion of democracy, and a willingness to develop a more comprehensive agenda for joint actions based on their mutual perceptions of being 'civilian powers'. The term means that the two actors emphasise international cooperation and the utilisation of non-military, mainly economic, instruments for achieving foreign policy goals (Maull 1990). In their pursuit of a strategic partnership, Europe and Japan have undertaken a number of initiatives that fall primarily in the realm of 'soft', or non-traditional, security. This concept refers to the broad area of security beyond the 'hard', or military, dimension and encompasses political, economic, societal and environmental aspects (see, for example, Buzan 1991). In the context of Euro-Japanese cooperation, it emphasises a focus on climate change, development, conflict prevention and peace building.

This article examines the development of a strategic dimension in Euro-Japanese relations, by looking at the partners' motivations, constraints on their political and security cooperation, and joint initiatives. The following discussion first explores the bilateral interactions during the Cold War before analysing the respective reasons for the EU and Japan to seek a strategic partnership after 1989 and the constraints they face. The article then examines key bilateral documents and the main Euro-Japanese achievements, which are regarded by the two partners as representing their strategic cooperation. The article concludes by arguing that despite the solid and comprehensive bilateral relations, shared objectives and joint initiatives for realising common goals that point to a strategic dimension in the relations, the EU-Japan partnership is still more of a 'paper' partnership and hence not as intensive as may have been presented at the official level.

Historical constraints: the US factor and mutual ignorance

After the end of the Second World War both Western Europe (the European Community, or the EC, from the 1960s) and Japan were completely devastated, and hence faced an urgent need for economic and societal rehabilitation. For the Europeans, their main security priorities in the wake of the fall of the Iron Curtain became the integration of the new West German state and the tackling of the Soviet threat. With the onset of the Korean War in 1950 and the spread of communism in East Asia ensuring external security protection emerged also as a priority for Japan once the US-led occupation period (1945-1952) ended. America played a major role in the post-war reconstruction of both Japan and the countries of Western Europe, and, equally important, in addressing their respective security concerns. For Japan, it was the 'Yoshida doctrine', named after the post-war Prime Minister Shigeru Yoshida, and the signing in 1951 of the original Japan-US Security Treaty that tied the country to America. The Yoshida doctrine meant an alignment and close cooperation with Washington with regard to Japan's economic recovery and national rebuilding, and the pursuit of minimal military rearmament. The realisation of Tokyo's goal of post-war reconstruction was facilitated by the asymmetrical arrangements put in place by the 1960 Revised Security Treaty. While the US would provide for Japan's defence, Japan would only provide bases and host-nation support to the American military forces for the purposes of maintaining stability in the Far East. This particular alliance arrangement reflected Tokyo's security limitations under Article 9 of Japan's post-War Constitution of 1947. Known also as the 'peace clause', Article 9 renounced the use of military force as a legitimate instrument of statecraft and committed Japan to non-possession of war potential. The official interpretation of Article 9, which has remained in

force since the post-war period, is that Japan is permitted to maintain only the minimum level of armed forces necessary for self-defence. It is prohibited from exercising its right to collective self-defence and hence can not reciprocate by defending an ally (*i.e.* the US) in case of an attack. Relying on the US security umbrella, Tokyo could focus throughout the Cold War era on the country's economic development and expansion, while limiting its international role. This, in turn, laid the basis for the US-centred foreign and security policy of Japan, which was pursued by successive Liberal Democratic Party (LDP) administrations well into the 21st century.

In Western Europe, the devastating humanitarian and economic situation in the post-war years, as well as the threat of Soviet expansion, meant an urgent need for various forms of aid. In this context, the Truman doctrine of 1947 and, more importantly, the announcement of the Marshall Plan the same year demonstrated the US commitment to help Europeans resist the communist threat by providing assistance for the socio-economic and political revival of the West. With the creation of the North Atlantic Treaty Organisation (NATO) under the 1949 North Atlantic Treaty, it became clear that Europe's main security concern, *i.e.* the Soviet threat, would be addressed within the framework of the (US-centred) transatlantic alliance. In this way, by formalising its commitment to the defence of Western Europe (similarly to its commitment to Japan), America cemented its leading position in the European foreign policy orientation during the Cold War period.

The military weakness of both Japan and Europe, projected against the US military strength, defined the crucial role the Pacific and Atlantic Alliances played in Japanese and European security, respectively. By contrast, the lack of a military-security linkage between Europe and Japan arguably hindered the development of bilateral relations during the Cold War, while their respective reliance on Washington for security protection prevented both actors from pursuing an independent foreign policy.

The Cold War era saw a rather distant political relationship between Japan and the EC, characterised mainly by mutual indifference to the problems of the other (Satoh 1982; Iwanaga 2000), as well as lacking shared regional or global goals. In the economic area, trade disputes dominated bilateral relations throughout the 1970s and were hardly a good starting point for a deepened economic partnership. Moreover, the importance each side accorded to their respective alliances with the US meant that all the way till the end of the Cold War the EC and Japan continued largely to ignore one another. This resulted in the absence of an institutionalised Euro-Japanese framework for regular consultations and cooperation on international issues. To be sure, the strengthening of Europe's and Japan's respective international positions in the later stages of the Cold War encouraged the two actors to broaden their cooperation (Gilson 2000). The establishment of European Political Cooperation (EPC) in 1970 and the growing economic role of the Community following the launch in 1987 of the Single Market Programme prompted Tokyo policy-makers' increased awareness of Europe as an international actor. Europe, for its part, increasingly came to recognise Japan's strengthened international presence from the 1970s on (in addition to the country's economic significance), seen in Tokyo's more active involvement in several global fora and institutions, including G7 and the Organisation for Economic Cooperation and Development (Gilson 2000).

Finally, as the Cold War resumed in the early 1980s, the understanding that international security had to be regarded as a matter of common concern for Western industrialised nations increasingly gained ground on both sides. Peace and security in East Asia came to be seen as related to peace and security in Europe, and vice-versa. It was against this background that Yasuhiro Nakasone, the then Japanese Prime Minister (1982-1987), declared at the 1983 Williamsburg Summit that "Western security is indivisible and must be approached on a global basis" (Ministry of Foreign Affairs, Japan 1984). While high-level bilateral consultations subsequently increased, political cooperation between Japan and

the EC remained underdeveloped and conducted on an *ad hoc* basis until the late 1980s. In contrast, it was the economic interaction between the two that continued to almost exclusively define the nature of their relations.

Motivations for a post-Cold War strategic partnership: common values and approaches to security²

The EU's approach towards Asia and Japan

In 1994, the European Commission produced its first Asia strategy paper under the title *Towards a New Asia Strategy*. The document stresses the need for Europe (the EU from 1993) to “strengthen its economic presence” in, and “develop a political dialogue” with, Asia, “make a positive contribution to regional security” and economic development, as well as promote the consolidation of democracy, the rule of law and respect for human rights in the region (European Commission 1994: 1-3). The last three objectives are, of course, core ones from the perspective of the EU's foreign policy and, as will be discussed later in this article, are shared by Japan. What is new is Europe's interest in moving beyond the economic dimension to include political and security interactions with that part of the world. The recognition of the emergence of “new Asian powers” (among others, Japan) and the increasing “political weight” of the region is linked to Europe's ability to maintain “its major role on the world stage” (European Commission 1994: 7). This suggests that the EU's rising interest in Asia, and Japan, has been largely based on the economic and political importance of Asia in the post-Cold War period, as well as the impact that it has had on Europe's own international aspirations.

The above motivations are clearly seen in Europe's assessment of Japan's changing foreign policy. The 1994 document underlines that the Union should develop a political dialogue with those countries that “are prepared and able to make a significant contribution” to Asian peace and stability (European Commission 1994: 10). In this context, Tokyo is mentioned in the first place among the Asian partners with which Brussels has a bilateral political dialogue. For its part, the Commission's 1995 paper *Europe and Japan: The Next Steps* strongly argues for a further strengthening of bilateral political relations in light of Japan's “greater readiness to take on international commitments” (European Commission 1995: 8). Both documents emphasise the EU's appreciation of Japan's major contribution to the economic development and stability of East Asia through trade, Official Development Assistance (ODA), investment and participation in confidence-building measures – indeed, all being ‘soft power’ tools. It is without any doubt that, already in the early 1990s, Tokyo was regarded as being *qualified* enough to become Brussels' strategic partner in Asia.

The progress in European integration from the early 1990s on and, related to it, the EU's willingness and ability to assume a larger global role have also stimulated Brussels to seek a deeper engagement with East Asia and Japan. Europe's political ambitions were clear with the establishment of the Common Foreign and Security Policy (CFSP) as a separate intergovernmental pillar in the 1992 Maastricht Treaty. In 1997, the Amsterdam Treaty created the post of High Representative for the CFSP with a view to increasing the visibility of the Union's external ‘face’. Finally, the development of the European Security and Defence Policy (ESDP) since 1999 has strengthened the credibility of the Union as an international actor. The ESDP brought a qualitative change to CFSP by making it a more

² It is important to stress that, as the EU is a non-unitary and non-sovereign international actor, its decision-making process towards Japan involves different actors, such as the European Commission and the Member States, with different competences and interests. However, this article does not examine the foreign policy-making process itself, but focuses on the EU's policies *vis-à-vis* Japan and hence the bilateral agreements/joint initiatives after they have been launched.

'action-oriented' policy centred on proactive crisis management and less a 'declaratory' one with an emphasis on diplomacy (Keukeleire and MacNaughtan 2008).

Given the above developments, it may not come as a surprise that the Commission's 2001 Asia paper, *Europe and Asia: A Strategic Framework for Enhanced Partnerships*, brings a whole new dimension into the Union's relations with the region, notably a security one. Indeed, the emphasis is placed on raising Europe's presence in Asia to "a level commensurate with the growing global weight of an enlarged EU" (European Commission 2001: 3). The security dimension is clear from Europe's intention to "build global partnerships and alliances with Asian countries" (European Commission 2001: 3). This statement may, furthermore, be seen as paving the way for the approach taken in the 2003 European Security Strategy (ESS), which mentions Japan (along with China and India) as one of the EU's strategic partners in the framework of the Union's expanded international cooperation (European Council 2003). Finally, the Council's *Guidelines on the EU's Foreign and Security Policy in East Asia* of 2005 show the growing importance of the region for European interests by making specific recommendations for the EU's contribution to East Asian stability.

It is important to note that, with regard to Japan, the strategic aspect of the Euro-Japanese relations was already underlined in 1999, in the Commission's *Working Document on Japan*. The paper attributes the evolution of the bilateral partnership beyond the trade area largely to Japan's deepened engagement in world affairs through "economic and political instruments" and, in this context, with the EU (European Commission 1999: 1, 5). The emphasis placed on Japan's soft power is obvious. The document also stresses the growing mutual interest in each other's region and shared goals of stability. The Commission's 2001 *Europe and Asia* paper echoes the above observations.

The above analysis shows that, since the 1990s, Japan has occupied an important place in the EU's evolving Asia policy. The bilateral strategic dialogue with Japan has closely mirrored the issues that Europe has addressed within the context of its broader engagement with Asia, for example, with the Association of South East Asian Nations (ASEAN) or within Asia-Europe Meeting (ASEM).³ Indeed, the Euro-Japanese partnership may be regarded as reflecting, but also arguably giving much impetus to, the Union's new priority of a deeper engagement in that region. Based on the shared values of freedom, democracy and the rule of law, Brussels regards Tokyo "unquestionably" as its "closest partner" in the region (Solana 2006). The EU has therefore emphasised that the two partners are "like-minded in many ways" (Council of the European Union 2005) and has stressed that Japan's democratic political system makes it a "natural strategic partner" to Europe (Ferrero-Waldner 2006). Not surprisingly from the perspective of the EU's foreign policy, the common values have been mentioned in virtually all speeches and statements made by European officials. The shared values have also been linked to the mutual perception of Europe and Japan as civilian powers (Van Rompuy 2010). In considering its relations with Japan, Europe's conceptualisation of security in the ESS is particularly important. Indeed, the EU's approach stresses the comprehensive nature of security threats (*i.e.* beyond the military dimension) and the variety of means (*e.g.* political, economic, civilian) needed to tackle them (European Council 2003). As will be discussed below, Japan has adopted a similar approach to security. In addition, its non-military security role both in East Asia and internationally has created opportunities for Brussels to jointly promote alternative security paths.

³ See, for example, Anderson and Wiessala 2007; Balme and Bridges 2008; Gaens 2008.

Japan's approach towards the EU

In the *1991 Diplomatic Bluebook*, Tokyo called explicitly for strengthening Euro-Japanese relations, which were seen as “relatively weak” in comparison with the US-EC and Japan-US partnerships (Ministry of Foreign Affairs, Japan 1991). Tokyo stressed that the shared political values, common security interests and both actors’ growing international responsibilities were a basis for the transformation of the relationship with Brussels from an economic one to one being more comprehensive in nature. This Japanese perception clearly mirrored Europe’s approach towards Japan discussed earlier. Throughout the 1990s, Tokyo also emphasised Brussels’ “greater weight in the world at large” due to European integration, as well as the need for a mutual regional engagement (Ministry of Foreign Affairs, Japan 1996). The ‘indivisibility’ of security, *i.e.* the fact that events in one region could affect other parts of the world, was clearly seen by Tokyo as an important factor for a strengthened partnership with Brussels.

In the *2001 Diplomatic Bluebook*, Japan’s partnership with Europe was discussed within the section of “main bilateral relations” (after those with the US, South Korea, China and Russia). This contrasted with earlier references to Europe in the section on “regional developments” and was an illustration of the increasing significance of the EU in Tokyo’s foreign policy. The upgraded treatment of the Union was made clear in 2003 when Japan underscored its intention to “build a strategic partnership” with the EU, which would take place in the context of “widening the scope” of Japanese diplomacy (Ministry of Foreign Affairs, Japan 2003: 76). In other words, as Japan was seeking to expand its international contributions, the EU came to be perceived as a strong partner for Tokyo to realise a number of foreign policy goals. Japan also continued to stress that its interaction with Europe, in comparison to that with the US and Asian countries, continued to be “relatively sparse” (Ministry of Foreign Affairs, Japan 2003: 79). As seen in successive *Diplomatic Bluebook* issues in the second half of the 2000s, Japan’s approach towards the EU as a strategic partner has emphasised the similarities between the two actors, including their being major advanced democracies sharing common values, and their role and responsibility in fostering international stability and prosperity (see Ministry of Foreign Affairs, Japan 2007, 2008, 2009). It should be stressed that Tokyo’s motivations for deepening its relations with Brussels after 1989 have been initially based on the economic opportunities emerging from the eastward enlargement of the Union and the EU’s increasing economic power. On the other hand, Europe’s rise as an international political and security actor that has prioritised soft power tools has opened up a new venue for Tokyo to profile itself as a civilian power by strengthening its relations with Brussels. In other words, Japan saw this partnership as a way to promote the country’s own diplomatic posture and thereby to somewhat distance itself from the traditional US bilateralism in its foreign policy.

Common approaches to security have emerged as a particularly important factor driving Japan’s strategic partnership with Europe. Since the post-war years, Tokyo has embraced a comprehensive conceptualisation of security beyond the traditional military dimension, which stresses economic, social, political and environmental foreign policy objectives. As discussed earlier, the ESS advocates a similar approach to security. Japan’s regional and global security strategy has significantly relied on soft power, which is reflected, for example, in Japan’s ODA policies, promotion of human security and involvement in post-conflict reconstruction initiatives. This strategy is in line with the country’s comprehensive conceptualisation of security (Atanassova-Cornelis 2010). To be sure, Tokyo’s pursuit of hard power has not been altogether substituted by the other security goals, but it has remained mostly confined to the bilateral alliance with the US (to be discussed below). In this context, former Japanese Defence Minister Yasukazu Hamada stressed in 2009 that, while the alliance with America remained the cornerstone of Japanese foreign policy,

“various new perspectives can be gained by deepening ties with the European countries” (Nakayama 2009). These “new perspectives” are arguably non-traditional approaches to security, which, for Japan, remain a crucial component of its security policy.

Constraints over an EU-Japan strategic partnership

Different foreign policy priorities, as well as structural limitations concerning the role Japan and the EU each are able to assume in the international security arena, have constrained the development of bilateral relations. Evidently, with the dissolution of the Soviet Union and the collapse of communism in Eastern Europe, both Brussels and Tokyo acquired somewhat more ‘freedom’ in formulating their respective foreign and security policies independently from Washington. Nevertheless, the US significance in the military security area has not diminished for either of them, and has arguably increased for Japan.

Under the ESDP framework the EU has succeeded within a rather short period of time to develop both military and civilian crisis management capabilities. The launch in 2003 of its first military operation, namely in the Balkans (taking over from a NATO force), and its first ever autonomous operation in the Congo made what was unthinkable in the 1990s a reality. This led to worries in Washington as to the future relevance of NATO (and the US security umbrella) for European security. Although Europe has sought to reduce its dependence on American hard power through CFSP and ESDP, the Union’s military power projection capabilities outside NATO have remained limited (Hughes 2007), while its missions have focused on Europe’s immediate neighbourhood. Furthermore, the so-called ‘Berlin Plus’ arrangements of 2002, which established a working relationship between the EU and NATO in crisis management, meant that Washington could “gain control over ESDP” (Keukeleire and MacNaughtan 2008: 176) and hence influence any potential move towards more autonomous European military capabilities. Finally, while the post-Cold War relevance of NATO has been questioned, the enlargement of the organisation since the 1990s and the division between the EU Member States (both old and new ones) concerning the scope of ESDP suggest that such autonomy is highly unlikely in the foreseeable future.

For Japan, on the other hand, America’s security umbrella has become even more indispensable in the post-Cold War era due to the changing geopolitical environment in East Asia. Indeed, in response to the uncertainties concerning China’s long-term strategic goals in the region, as well as worries about North Korea’s progress in the development of nuclear weapons, Tokyo has increasingly focused on strengthening its military capabilities together with its alliance with Washington. Referred to as Japan’s security ‘normalisation’, this process was especially pronounced during the term of conservative LDP Prime Minister Junichiro Koizumi (2001-2006). Japan under Koizumi began participating in logistical, humanitarian and reconstruction missions in support of the US ‘war on terror’, engaged in a debate on the revision of Article 9 and acquired Ballistic Missile Defence systems from the US. To be sure, successive prime ministers⁴, especially since the centrist Democratic Party of Japan (DPJ) assumed power in 2009, have tended to broaden Japanese diplomacy by emphasising, for example, Tokyo’s ties with Beijing and Seoul. Nevertheless, Japan’s dependence on US hard power, Article 9 limitations and the broad consensus within Japan that an autonomous defence is not an option mean that the bilateral alliance with Washington will continue to be a priority for Tokyo in the area of military security.

⁴ LDP Prime Ministers: Shinzo Abe (2006-2007), Yasuo Fukuda (2007-2008), Taro Aso (2008-2009). DPJ Prime Ministers: Yukio Hatoyama (2009-2010), Naoto Kan (2010-present).

In contrast, Japan does not regard the EU as a major player in solving hard security issues in East Asia, especially concerning North Korea's nuclear developments (but also Taiwan-China relations), which are foremost national security concerns for Tokyo (Berkofsky 2008). This is not to say that Japan's relations with Europe do not touch upon Tokyo's core foreign policy interests (Reiterer 2006). Indeed, the debate in 2004-2005 about the possible lifting of the EU's arms embargo on China was a clear illustration of how European policies may directly affect (in this case negatively) Japanese strategic interests in the region. Tokyo (and Washington for that matter) strongly objected to such a move by Brussels, due to concerns about the negative impact of the lifting of the embargo on Beijing's military modernisation efforts, as well as on the geopolitical situation in East Asia as a whole. In this context, Europe's perceived lack of understanding of the implications of its decision for East Asian security and, related to it, the EU's overall approach towards the PRC based primarily on economic opportunities, have revealed a major perception gap concerning regional security and Euro-Japanese divergence on China (Hughes 2007, Tsuruoka 2008). This difference in foreign policy priorities has, furthermore, contributed to Japan's view of its partnership with Europe as being of less strategic importance than its alliance with the US.

For the EU, on the other hand, East Asia is not a main geographical area of its foreign policy, which may partly be explained by its own post-Cold War strategic priorities and, of course, the challenges of enlargement (see Edwards 2005). In comparison with the EU's policy towards, for example, the Balkans, the Commonwealth of Independent States or Africa, where Europe has tackled conflicts, and sought to shape the political and socio-economic structures of countries, the Union's Asia policy has mainly focused on trade relations and the promotion of inter-regionalism (*e.g.* within ASEM) (Keukeleire and MacNaughtan 2008). The EU's limited hard power capabilities have meant that Brussels is not able to play a role in managing the two 'hot-spots' in East Asia, *i.e.* the Korean Peninsula and the Taiwan Strait – a role assumed by the US. The EU is also not a participant in the Six-Party Talks dealing with North Korea's de-nuclearisation and lacks a clearly defined position on the Taiwan issue, which is liable to criticism given its increased rhetoric of seeking an expanded international role (Berkofsky 2006). Although Europe's comprehensive approach to security is welcomed in Asia and Japan, its inability to play a role in pressing hard security issues undermines its strategic value for Tokyo. For the EU, on the other hand, the ever growing importance of its trade relations with China have meant that a lot of European resources in recent years have been dedicated to the development of its relationship with Beijing, which, in turn, has tended to reduce the importance of Tokyo and arguably Asia for Brussels.

Additional structural limitations on the part of the EU and Japan place constraints on what the two partners can expect from one another and achieve together. Europe's inability to 'speak with one voice', for example, during the Iraq War and with regard to the lifting of the arms embargo on China, has often dampened Tokyo's expectations of forging meaningful international initiatives with the Union and strengthened its preference for dealing bilaterally with individual Member States (Reiterer 2006; Tsuruoka 2008). The creation of the permanent post of European Council President following the entry into force of the Lisbon Treaty in 2009 gives greater hope for intensified EU-Japan consultations at the highest level, as Herman Van Rompuy is now the external face of the EU on CFSP issues. Nevertheless, a number of challenges remain, for example, concerning Europe's ability to forge common positions in the areas of environment and energy security.⁵ Concerning Japan, Tokyo's traditional reliance in foreign and security policy on Washington, and its unprecedented focus in the 2000s (notably under Koizumi) on deepening its security ties with the US have naturally undermined the value of Japan as an

⁵ The EU does not have a common energy policy, although this is likely to change as the Lisbon Treaty has introduced a legal basis for the EU energy policy.

(independent) international partner for the EU. From a European perspective, the post-Koizumi era has not brought much change as the emphasis in Japanese diplomacy, especially under DPJ-led administrations, has been on strengthening relations with East Asia. Finally, the uncertain domestic political situation in Japan in recent years seen in the annual change of premiership has additionally created difficulties for Brussels in coordinating its relations with Tokyo.

Key bilateral documents

The 1991 Hague Declaration

In July 1991, Tokyo and Brussels signed in The Hague a *Joint Declaration on Relations between the European Community and its Members States and Japan*. The Preamble refers to some of the motivations for a future strategic partnership, namely, the mutual perceptions between Japan and the EC as being “like-minded” in terms of shared values, their growing awareness of one another’s increasing role in the international arena and the need for joint contributions “towards safeguarding peace in the world” (Joint Declaration 1991, The Preamble). The comprehensive nature of the envisaged partnership, *i.e.* beyond the hitherto dominating economic area to include “political, scientific, cultural or other” common interests, and a move towards more concrete joint actions are stressed in Part Two of the Declaration. Finally, in Part Three, the document lists twelve specific areas of cooperation, which fall within the scope of the following three broad categories: coordination on political issues, focus on the field of development and tackling the challenges of globalisation (Owada 2001). It is important to stress that these categories underpin the evolution of a Euro-Japanese partnership primarily in non-traditional security areas. To be sure, hard security issues, such as the non-proliferation of missile technology, are not excluded either, although they arguably do not form the core of the partnership.

In the political field, the document explicitly stresses the need for increased mutual involvement in one another’s region, which, as mentioned earlier, has been an important impetus for Brussels and Tokyo to seek a strengthening of their relations. In Europe, the joint support for the political and economic reforms in the countries of Central and Eastern Europe is indicated as a priority, while in the Asia-Pacific the emphasis is placed on the promotion of peace, stability and prosperity of the region. In line with Europe’s and Japan’s projection of a civilian power image is the area of development – the second broad category for bilateral cooperation stressed in the Hague Declaration. In this regard, support for the poorest countries in the world in their pursuit of sustained development is seen as a major bilateral objective. The final broad category encompasses the challenges of globalisation. These include a variety of “trans-national” issues ranging from environment to terrorism, as well as Euro-Japanese cooperation in the field of science and technology (Joint Declaration 1991, Part Three). Indeed, it is clear that the document envisages a bilateral partnership centred on non-traditional issues and truly global in nature.

The significance of the Joint Declaration is that, first, it institutionalised the political dialogue between Japan and Europe, second, formally recognised the comprehensive nature of their relations, and, third, set specific joint objectives for policy coordination. Equally important, the document created a new framework for regular consultations at the highest level in order to strengthen Euro-Japanese cooperation. These include annual summits between, on the one hand, the President of the European Council (Van Rompuy since 2009) and the President of the Commission and, on the other, the Japanese Prime Minister.

The 2001 Joint Action Plan

Referring to shared values, common security challenges and common global responsibilities, then Japanese Foreign Minister Yohei Kono in his 2000 European tour called for a *Millennium Partnership* between Tokyo and Brussels (Kono 2000). Kono proposed that the first decade of the 21st century be named *The Decade of Japan-Europe Cooperation*. It was subsequently launched at the 2001 EU-Japan summit and arguably sought to upgrade the political relations to a higher level of strategic partnership. At the same summit, the two partners adopted an Action Plan for bilateral cooperation, titled *Shaping Our Common Future*.

An important impetus for the Action Plan was the recognition by both Tokyo and Brussels that the politico-strategic dimension of their relations was still not matching the economic one, hence there remained more potential for cooperation than what had been realised since the 1991 Hague Declaration. Romano Prodi, then President of the European Commission, alluded to this point in 2000 by stressing that an enhanced global partnership between the EU and Japan would involve “working together not only to liberalise world trade”, but also “to promote peace and democracy, as well as sustainable development and to protect the global environment” (Prodi 2000). The same observation concerning the underdeveloped relations is also mentioned in the Commission’s 2001 *Europe and Asia* paper and Japanese *Diplomatic Bluebooks*, discussed earlier. From this perspective, the Action Plan was a means to fill in the gap by seeking to provide a framework for coordination of policies in various areas beyond (but not excluding) the economic one. Indeed, the document acknowledges the “untapped potential” for a more extensive mutual engagement and the need for a “greater focus on concrete measures and concerted action” (EU-Japan Summit 2001: 1).

Similarly to the Hague Declaration, the Action Plan refers to the motivations for an enhanced EU-Japan partnership, which include a “significant convergence of views and policies” between Brussels and Tokyo and a common responsibility as “the world’s largest donors” of ODA (*i.e.* in their capacity of being civilian powers) to promote sustainable development and the reduction of poverty (EU-Japan Summit: 1-2). Of particular importance for the definition of EU-Japan cooperation is the explicit mention in the Action Plan of a shared non-traditional conceptualisation of security. This, as discussed earlier, has been a point of convergence between the two partners. Specifically, the bilateral cooperation will seek to promote “human security for the benefit of all” (EU-Japan Summit: 1-2).

The Action Plan defines the following four major objectives for a wide-ranging cooperation: promotion of peace and security, strengthening economic and trade relations, coping with global and societal challenges, and bringing together people and cultures. The first, as well as the third, objectives are particularly important for the further development of an EU-Japan strategic partnership. In this regard, the document indicates several priority areas, including disarmament and non-proliferation, promotion of human rights, conflict prevention and peace-building, as well as brings a number of non-traditional challenges to the bilateral agenda.

The above discussion illustrates that the partnership between the EU and Japan has primarily focused on soft power cooperation. This has presented both Tokyo and Brussels with opportunities to promote their respective civilian power profiles, and thereby develop alternative approaches to security “in which the links with the US will remain strong, but not omnipresent” (European Commission 1995: 3).

The EU-Japan strategic partnership in practice

The EU-Japan summit agenda

In the process of putting the Action Plan into practice, the annual EU-Japan Summit “is used to drive implementation” (Hatwell 2007: 23), for it plays an important role in both the evaluation of results of cooperation and the indication of new priority initiatives to be pursued by the following summit. In-between summits, the Action Plan Steering Group meets twice a year to monitor the progress of implementation of the designated objectives, as well as to identify new potential areas for cooperation between Tokyo and Brussels (Hatwell 2007: 23-24).

The specific summit priorities in the political and security dimensions of EU-Japan relations reflect the international situation, hence the most salient issues at that moment. For example, at the 2002 Summit, one year after the adoption of the Action Plan and the 11th of September terrorist attacks on the US, the Joint Press Statement expressed the commitment of both sides to deepen their “strategic partnership collaboration in areas of priority international concern”, with counter-terrorism issues dominating the agenda (EU-Japan Summit 2002). The 2004 Summit, for its part, emphasised the reconstruction of Iraq and Afghanistan, while reaffirming the importance of “forging a solid strategic partnership” against the background of the EU’s enlargement and Japan’s expansion of its international role (notably in the Afghan and Iraqi campaigns) (EU-Japan Summit 2004). The 2005 Summit was largely dominated by the possible lifting of the EU’s arms embargo on China. The significance of that issue was clear from the front place given to it in the 2005 EU-Japan Joint Press Statement, while Tokyo’s objection to the lifting of the embargo was also explicitly underscored in the 2006 and 2007 documents. Since 2007, the emphasis at the summits has been placed on climate change, energy security, development and human security (especially in Africa), as well as on nuclear non-proliferation, notably the Iranian and North Korean nuclear issues.

An important (although not sought) outcome of the arms embargo question for EU-Japan relations was the establishment in October 2005 of the bilateral “Strategic Dialogue on East Asia’s Security Environment”. Against the background of the EU’s limited security involvement in the region, some scholars have argued that it was unlikely that Tokyo would have sought such a dialogue with Brussels had it not been for the issue of the lifting of the arms embargo on the EU-China agenda (see Berkofsky 2008). The initial motivations notwithstanding, the new strategic dialogue will likely further the EU’s relations with Japan and, by extension, Europe’s engagement in Asia.

Given the expiration of the Action Plan in 2011 and the mutual recognition that “there is much more to be done” concerning the relationship, Japan and the EU at the latest 2010 Summit stressed their willingness to move towards a “more action-oriented” cooperation in the future (EU-Japan Summit 2010). To this end, the Joint Press Statement lists several specific areas for bilateral cooperation, including capacity building in Afghanistan, counter-piracy off the coast of Somalia and the Gulf of Aden, and Japan’s contribution of non-military personnel to civilian missions within the ESDP framework. The latter was proposed by the Japanese side, and showed Tokyo’s appreciation of civilian crisis management and post-conflict peace-building activities carried out under the ESDP. It could be argued, therefore, that the latest summit has opened up a new door for EU-Japan cooperation, *i.e.* to make it more focused on specific, short-term goals rather than on general, long-term objectives.⁶ The Joint Press Statements, for their part, have become crucial documents for assessing, first, the areas of convergence/divergence between Japan

⁶ This was also one of the conclusions of the symposium on the Future of EU-Japan Relations held at the European Commission in Brussels in February 2010, to which this author was invited.

and the EU, second, the priority actions in the bilateral cooperation on the basis of the Action Plan, and, third, the progress of delivery on the set objectives.

Main EU-Japan initiatives⁷

Projecting a civilian power image and motivated by the desire to increase their international contributions primarily by relying on soft power, Europe and Japan have developed their cooperation since the 1991 Hague Declaration largely in the area of soft security. Given the different foreign policy priorities and structural limitations discussed earlier, it is perhaps not surprising that common values and a shared civilian power discourse have indeed formed the basis of this partnership. As the preceding sections have illustrated, the nature of their security relations reflects a Euro-Japanese convergence on what constitutes the most pressing global issues and means to address them, *i.e.* non-traditional ones. The two partners have focused, in particular, on climate change and energy, foreign aid, economic development, human security, and conflict prevention and peace building – areas which fall within the third and first objectives of the Action Plan (global and societal challenges, and promotion of peace and security, respectively).

As the Joint Press Statements in recent years indicate, climate change, notably the need for a reduction of greenhouse emissions, has emerged as a priority issue on the EU-Japan agenda and has reflected their shared belief that it is “one of the most serious environmental challenges facing the planet” (EU-Japan Summit 2004). For example, Brussels and Tokyo are working together towards the establishment of a comprehensive post-2012 framework under the UN that would include all major economies. They are also closely cooperating in the development of innovative technologies for more effective emission reduction. Related to the objective of climate change mitigation have been the issues of energy security and efficiency. Given Japan’s and the EU’s dependence on secure access to energy supplies for ensuring economic growth, as well as for maintaining their reliance on economic power in foreign policy, energy has increasingly gained salience in the framework of EU-Japan cooperation. In 2007, the two partners established a high-level expert dialogue on energy, which reflected Japan’s leading global role in energy technologies and the EU’s increased focus on this field following the European Council’s adoption of an Energy and Climate Policy (Hatwell 2007). In this context, Brussels and Tokyo organised in 2009 a joint strategic workshop on energy research and technological development, which became a mouthpiece of their shared objective of spreading renewable energy sources through multilateral cooperation.

The area of development has been a natural area of convergence between Brussels and Tokyo due to their emphasis on soft power tools in their respective foreign policies, namely through the provision of ODA. The EU is the world’s largest ODA and humanitarian aid donor, and while its foreign aid has historically prioritised the African, Caribbean and Pacific countries (ACP), it is now spread more evenly across various regions (Keukeleire and MacNaughtan 2008). The objectives of Europe’s development policy include poverty reduction and sustainable economic development, which are inherently linked to the Union’s main foreign policy goals of promoting democracy, the rule of law and respect for human rights (Keukeleire and MacNaughtan 2008). For Japan, given its imperialistic past, the utilisation of ODA as a main diplomatic instrument has been an expression of the country’s peaceful foreign policy approach since the post-war years (Atanassova-Cornelis 2010). Provision of aid gradually emerged from the 1960s on as a major tool for pursuing comprehensive security in Japan’s foreign policy (Yamakage 1997), especially towards

⁷ This section is by no means exhaustive. It only provides several examples of joint initiatives in the framework of the EU-Japan strategic cooperation in order to demonstrate the soft power focus in the relationship. A deeper and more comprehensive analysis of bilateral activities goes beyond the scope of this article.

Asian countries. Tokyo became a primary ODA donor, in particular, to Southeast Asian states and China, and was the driving force of the economic development and modernisation of East Asia during the Cold War. However, after being the world's top donor for ten consecutive years (1990-2000), Japan has, since 2000, gradually decreased its ODA due to financial constraints. Japan and the EU have cooperated in the field of ODA based on their commitment to mutual regional involvement. Tokyo has made significant provisions of foreign aid, for example, for the post-war reconstruction and stabilisation of the Western Balkans, while Brussels, for its part, has extended humanitarian and development assistance to a number of East Asian countries, including Cambodia, Thailand and North Korea. Recent initiatives include Euro-Japanese cooperation in the preparation of the fourth Tokyo International Conference on African Development (TICAD IV) in 2008 and the establishment in 2010 of an annual development policy dialogue. The dialogue seeks to achieve better bilateral coordination on aid and development effectiveness, and places a special emphasis on regional development issues in Africa, Afghanistan, Pakistan and Myanmar.

Closely related to development cooperation has been the increased joint focus of Tokyo and Brussels on human security, which reflects the importance each of them accords to human security in their respective foreign policies. In its pursuit of non-traditional approaches to security, Japan since the late 1990s has become one of the global leaders to promote and implement that concept. It has emphasised the 'freedom from want' aspect, but has also stressed human fulfilment and development as priority objectives, realising them through its ODA policy (see Atanassova-Cornelis 2006). In 1999, Japan launched the Trust Fund for Human Security in the UN. Tokyo's donations have supported UN-related organisations to implement projects, which address various human security threats and primarily target the least developed countries, as well as those dealing with post-conflict situations (Atanassova-Cornelis 2006). The EU, for its part, has recently focused on the concept when a report entitled *A Human Security Doctrine for Europe* was presented in 2004 by a private study group to the EU High Representative for CFSP Javier Solana. In contrast to Japan's approach, the report embraces the 'freedom from fear' aspect of human security, by emphasising the protection of people in conflict areas and hence addressing "situations of severe physical insecurity" (Study Group on Europe's Security Capabilities 2004). Proposing that Europe should develop a so-called "Human Security Response Force" composed of both military and civilian personnel, the report is based on the ESDP's approach of combining both types of instruments (Howorth 2005). Indeed, the envisaged European civilian capabilities (*e.g.* police, humanitarian experts) present the EU with opportunities to collaborate with Japan on the 'freedom from fear' aspect, while the broad approach to security embraced by the ESS is a basis for joint actions in the 'freedom from want' dimension.

Against this background, the two partners have in the past couple of years stressed their intention to pursue a dialogue on human security, as well as to jointly promote that concept in the UN General Assembly (EU-Japan Summit 2008, 2009). In this regard, the latest summit underscored the human security aspect in Africa, and Brussels and Tokyo have decided to bring up the "perspective of protecting and empowering individuals" for discussion at the High-Level Plenary Meeting of the 65th Session of the UN General Assembly in 2010 (EU-Japan Summit 2010). To be sure, Euro-Japanese cooperation on human security is still rather modest, and a common strategy concerning the implementation of the concept is highly desirable (Reiterer 2006) if the two partners really want to make a difference from a human security perspective.

An important area of the bilateral security cooperation in the first objective of the Action Plan, *i.e.* the promotion of peace and security, deserving special attention is conflict prevention and peace building. Linked to human security, this area, too, reflects the

emphasis both Tokyo and Brussels place on economic and non-military instruments of power in their respective foreign policies. The EU has since the late 1990s adopted a comprehensive approach to conflict prevention and peace building. Indeed, Europe's negative experience with successive Balkan conflicts was a clear illustration of the high (human and financial) costs of military crisis management, and underscored the importance of a civilian dimension in the EU's ability to address and, more importantly, prevent crises (Duke 2008). Its holistic approach aims to shape the political, legal, socio-economic and security structures in the countries concerned in order to tackle conflicts at their root, address sources of structural instability and, ultimately, promote a peaceful environment (Keukeleire and MacNaughtan 2008). Japan, for its part, announced in 2002 the concept of "the consolidation of peace", which were to become an important component of Tokyo's comprehensive way to addressing crises. The concept rests on a three-pillar structure of the promotion of peace-processes (*e.g.* mediation), securing of domestic stability and safety (*e.g.* UN PKO), and provision of humanitarian and reconstruction assistance (*e.g.* return of refugees and infrastructure restoration) (Ministry of Foreign Affairs, Japan 2003: 134). Japan's 2003 ODA Charter identified peace building as one of ODA's priority issues with the consolidation of peace initiative playing a critical role in this process.

Tokyo and Brussels have cooperated in non-military crisis management and post-conflict reconstruction, based on their shared view of the need for a comprehensive approach in this area. Some of their initiatives include organising international conferences on reconstruction aid to Afghanistan in 2002 and on peace consolidation of the Western Balkans in 2004, close cooperation on assistance to Afghanistan in the fields of rural development, police and judicial reforms, and joint promotion of the peace process in Sri Lanka. Other examples of security cooperation, in particular in the area of post-conflict reconstruction and rehabilitation development, are the Japan-EU actions in the rebuilding of the Western Balkans, especially Bosnia-Herzegovina and Kosovo.⁸

It is important to stress that Japan and the EU have also tackled hard security issues, notably arms control, disarmament and non-proliferation. These fall into the first objective of the Action Plan and have been on the bilateral agenda since the early 1990s. For example, following the adoption of the 1991 Hague Declaration, Japan and Europe submitted a proposal for the establishment of a UN Register of Conventional Arms, which represented their first joint initiative and was launched in 1992. More recently, in 2004, the two partners adopted a Joint Declaration on Disarmament and Non-Proliferation with a view to promoting universal adherence to all treaties and instruments in this area. Japan and the EU have further jointly supported the reform of the Conventional Weapons Protocol on anti-personnel landmines, as well as the conclusion of the Comprehensive Nuclear-Test-Ban Treaty. The main criticism of their cooperation has been that Brussels and Tokyo have failed so far to match their commitments on paper with visible policy initiatives concerning non-proliferation and disarmament (Berkofsky 2008). Indeed, Japan's continuing emphasis on the need for the US nuclear umbrella (to address the military threat from Pyongyang), Tokyo's rather passive role, until recently, in the Iranian issue and the EU's limited influence on the de-nuclearisation of North Korea (not least due to its non-participation in the Six-Party Talks) may have undermined Euro-Japanese cooperation on nuclear disarmament.

⁸ For more examples of bilateral security cooperation, see Hook *et al.* 2005.

Conclusion

Since the early 1990s, political and security cooperation between the EU and Japan has emerged as an important aspect of their relations. It would be correct to assert that, in the first decade after the adoption of the Action Plan, the bilateral partnership has become more goal-oriented and has acquired a certain strategic dimension. This is seen in the two partners' increased emphasis on a convergence of values and security approaches, as well as in their efforts to coordinate policies and undertake more joint actions in pursuit of common goals. Indeed, as a reflection of the shared civilian power focus, Brussels and Tokyo have primarily pursued initiatives that tackle non-traditional security challenges. This move towards joint actions is particularly significant if compared with the mutual ignorance, which characterised Euro-Japanese relations during the Cold War period. Nevertheless, the international significance of the EU-Japan partnership remains largely limited (Berkofsky 2008), while the potential for bilateral cooperation continues to exceed the achievements so far. This naturally raises the following question: to what extent have their relations become genuinely strategic, as argued at the official level, and different, for example, from other relations that Japan and Europe each have with other international actors?

Two main constraints suggest that, in the foreseeable future, it will be unlikely for the EU-Japan partnership to move far beyond its current 'paper value' and, hence, to become more intense. Although Europe in recent years has expressed willingness to strengthen its engagement with East Asia, this continues to be a rather rhetorical commitment and it is the 'China obsession' that drives the EU's Asia policy. Obviously, such an approach hinders Brussels' cooperation with Tokyo, for which the region occupies a central place in its strategic considerations and China is seen as a challenge. Euro-Japanese cooperation is also constrained by the difficulties Brussels and Tokyo each face in promoting themselves as international political and security actors. Indeed, Europe's ability to forge common positions, especially in the areas of security and defence, continues to be limited, while Japan remains committed to a US-centred foreign policy.

From another standpoint, the shared values, goals and security approaches do form an important basis for Brussels and Tokyo to jointly promote non-traditional security issues in the international arena. As this article has demonstrated, Europe and Japan have come a long way in understanding one another and in realising that there is a lot that can bring them together. In this sense, the mutual recognition by Brussels and Tokyo of one another's similarities, and of the importance of strengthened bilateral ties for achieving shared foreign policy goals, have made them natural strategic partners, albeit still more at a rhetorical than operational level. It is clear that if Japan and the EU really want to be taken seriously (and the latest bilateral summit does suggest this), they need to enhance their bilateral cooperation in those areas, namely falling within the scope of soft security, which present the greatest potential for joint initiatives. Brussels and Tokyo also need to deepen their strategic dialogue on East Asia. This will provide Europe with a better understanding of the regional geopolitical and security dynamics and, in turn, make it a more valuable partner to Japan. While these steps will not necessarily make the EU-Japan partnership a genuinely strategic one, they will certainly make it more visible to the world. If Japan and Europe can really make a difference in tackling some of the 21st century's most pressing challenges, then the 'label' will not matter that much.

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Fears and Strategies: The European Union, China and their Free Trade Agreements in East Asia

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Abstract

The stalemate at the World Trade Organisation (WTO) Doha Round sparked a new wave of bilateral preferential and free trade agreements (FTAs). Nowhere has this been more evident than in the Asia Pacific region. Whilst there are economic reasons for FTAs, these are less efficient and more complex than multilateral agreements and most have had fairly small economic impacts. This article compares the strategies of a newcomer to the FTA arena, China, and the actor with the most cumulative FTAs, the European Union. It ponders on the different reasons informing their strategies and on how these may be affecting each other. It also considers the role of competitive fears and competitive diffusion in the formulation of their policies.

Keywords

Free Trade Agreements; EU trade policy; Competition; China; ASEAN

STUDIED LARGELY BY ECONOMISTS WHO HAVE BEEN CONCERNED WITH THE TECHNICAL and costly effects of a complex 'spaghetti bowl' of tariffs, rules of origin and regulations (Baldwin 2006), free trade agreements (FTAs) have been viewed as both stumbling blocs (Krugman 1991, 1993; Thurow 1992; Baldwin 1993, 2007; Bhagwati 1994, 2008) and stepping stones (Wei and Frankel 1996; Dent 2003) to successful global economic liberalisation via the World Trade Organisation (WTO) within a debate on the compatibility of bilateral and multilateral liberalisation (Lamy 2002; Mansfield and Milner 1999).

This literature shares the assumption that free trade and liberalisation lead to growth. To substantiate this, models concerned with 'trade diversion' and 'trade creation' effects produced by lowering tariffs and non-tariff barriers have been developed, since Viner (1950) introduced the terms. Recent models, like Baldwin's (1993) 'domino effect', suggest outsiders to FTAs will want to become insiders, thereby expanding free trade. Similarly, Grossman and Helpman (1995) claim that trade diversion provides the principal motive for forming FTAs. As liberalisation extends via FTAs, states should experience positive welfare gains.

However, as Hallaert (2008) demonstrates, predicted welfare gains from bilateral FTAs tend to be overestimated given the time-lag in updating databases. He argues that gains obtained by party A in a FTA with B are quickly eroded if party B engages in a FTA with a competitor party C. The CGE (Computable General Equilibrium) models used to predict outcomes are also problematic given lack of firm-specific data, difficulties considering foreign direct investment (FDI) changes and knowledge transfers (Urata and Kiyota 2003: 22) and require arbitrary choices for implementation that affect results (Baldwin and

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Venables 1995), with forecasts often being off the mark (De Rosa and Gilbert, 2005). Improved models continue to be used in feasibility studies for policy-makers, and despite predicting marginal outcomes, policymakers continue to support FTAs. Ravenhill (2003) has documented meagre welfare results of bilateral FTAs in Asia, and studies estimating outcomes of FTAs between the European Union (EU) and Asian states also reflect this tendency (see IBM 2008; ECORYS 2009). However, as Ahearn (2010: 23) points out in reference to the EU and the United States of America (USA), FTAs with smaller partners may produce meagre overall outcomes, but this does not mean that individual companies and workers have not benefited or that exports have not risen at faster rates, but that in the aggregate many other factors other than FTAs may be determining how well each side does overall. The crux of the matter is that overall welfare gains predicted by the models are asymmetrically distributed, with some sectors winning substantial benefits from liberalisation and FTAs, and others losing out, resulting in lacklustre net gains for the economy as a whole.

Despite meagre results since the early 2000s, FTAs have multiplied, especially in the Americas and Asia Pacific. This new wave of FTAs even involves states traditionally committed to multilateral liberalisation, and is characterised by agreements between developed and developing states, cross-regional negotiations, and faster negotiations (Fiorentino *et al.* 2006). In this environment, analyses of the proliferation of FTAs are beginning to consider political motivations, rather than just economic projections and models, as regional blocs closed off to outsiders have not emerged (Hanson 1998), and the welfare outcomes are limited, casting doubts on purely economic rationales.

FTAs have been conceptualised as strategic responses to globalisation (Woolcock 2003), and interim tools in the hands of powerful players. Bhagwati (1994), for example, has coined the idea of a 'selfish hegemon' in reference to the USA, which while wedded to multilateral outcomes, uses the bilateral approach as a bargaining strategy to divide the non-hegemonic governments and improve the final multilateral outcome in favour of its own preferences. The EU's strategy clearly aims at achieving WTO-plus compromises and partners who will then defend these at the WTO. Its FTAs contain clauses for mutual support in multilateral fora, and the EU remains committed to both multilateral and bilateral liberalisation (De Gucht 2010b). Aggarwal and Urata's (2006) volume on agreements in the Asia Pacific, whilst rooted in the 'stepping stone-stumbling block' debate, focuses on political motivations for their pursuit, including learning processes, locking in domestic liberalisation reforms, sending signals to other potential FTA partners and strengthening their position in other negotiations (see also Ravenhill 2003).

Urata (2005) argues that the flurry of Asian FTAs was a response to the US turn to FTAs with NAFTA (1994), WTO Doha round difficulties, and a way to gain improvements on existing WTO commitments, as these new FTAs typically include facilitation of foreign trade and of investment, as well as economic and technical cooperation. He further demonstrates that FTAs in East Asia have a political intention; used by some (Association of Southeast Asian Nations (ASEAN)) to promote greater regional integration, by others (China, Japan) as a way of strengthening their ties with ASEAN and other newly industrialised economies as they vie for leadership, and as a way of promoting liberalisation and domestic reforms using external commitments as a way of circumventing domestic opposition in the aftermath of the 1997 Asian financial crisis. Ravenhill (2003), likewise, emphasises how FTAs are a mechanism to attain liberalisation less painfully by enabling the protection of some sectors, thus weakening domestic interests normally opposed to liberalisation. Fernandez (1997) argues that non-traditional gains from FTAs can also create new winners to counter the influence of domestic groups opposed to liberalisation. Ironically, it is those excluded sectors that would produce the highest welfare gains if they were included within the agreements (Wonnacott and Lutz 1989). For this reason, economists tend to

oppose limited FTAs (Sally 2005: 41). Solis and Katada (2009) offer an appealing alternative explanation in the form of ideational diffusion in the spread of FTAs, whereby states are emulating each other's policies. Significantly, they argue that a key element of this is competitive diffusion whereby the policy is implemented in view of what competitors do. They also find evidence of FTAs as tools for diplomatic power, which could explain why FTAs have not developed between the largest economies (EU, China, USA, Japan) but instead between these and smaller players or between smaller economies, as they compete for influence. Ironically, it would be FTAs between these major economies that could have the greatest welfare gains for them. The following discussion of the EU's and China's FTA strategies in East Asia reveals clear elements of this competitive diffusion.

The EU's FTA Strategy

In 1994, the European Commission launched its 'New Asia Strategy'. This dovetailed in time with the US proposal within the framework of Asia-Pacific Economic Cooperation (APEC) to negotiate a FTA. Given APEC's commitment to 'open regionalism', the FTA never materialised, but it served to ignite EU concern with losing out to the USA in the region. At the same time, DG RELEX 1B produced a strategy for Latin America, with a more ambitious agenda than its Asia Strategy, and which was also a response to the creation of NAFTA and the US launch of the Free Trade Area of the Americas (which also failed to materialise) (Bessa-Rodrigues 1999; Garcia 2008). At the time, FTA developments within the Western hemisphere appeared a more imminent threat to future EU commercial access to the region, and elicited a stronger response than developments in Asia.

Furthermore, the EU's FTA strategy in the 1990s lacked an overarching framework, which when combined with the then geographically defined DGs for External Relations led to each commissioner sponsoring each FTA as a way of increasing his patch of power (Peterson and Bomberg 1999: 104). Spanish Commissioner Manuel Marin in DG 1B had responsibility over Latin America, Asia, and the Mediterranean. Whilst his DG promoted initiatives for all regions, his personal efforts were geared towards the Mediterranean and negotiations for an Association Agreement (inclusive of FTA) with Mercosur and Chile. These projects were of great symbolic, economic and strategic significance to Spain, and cornerstones of Spain's 1995 EU Presidency (Garcia 2008:121).

Evidence of DG 1B's hazier vision for Asia is found in the 'New Asia Strategy', which acknowledged the cultural differences between the regions and the need to foster understanding and greater links. A key way this has been implemented is through the Asia-Europe Meeting (ASEM), which was the brainchild of Singaporean Prime Minister Goh Chok Tong who proposed it in 1994 (Ravenhill 2009: 218). This forum has taken a less formally institutionalist approach than the EU's relations with other regions, which reflects the more voluntary nature of regional cooperation in the East and South East Asian region (Ravenhill 2009). ASEM has been a useful instrument for furthering the EU's agenda in terms of building trust. Its associated business forum has facilitated exchanges between EU and Asian business leaders and enhanced trade and investment. However, progress on the negotiation of specific instruments for the facilitation of investment has been protracted, partly due to the diversity amongst the Asian partners. Attempts by the EU to utilise the forum to further the EU's agenda of international human rights and conflict resolution¹ (e.g. Burma/Myanmar)² have likewise proven unsuccessful, but have contributed to generating a greater sense of community in South East Asia (Manea 2008).

¹ On human rights in EU foreign policy, see King (1999), Lucarelli and Manners (2006), Youngs (2004).

² In 1990, the State Law and Order Council in Burma/Myanmar refused to accept electoral results, and clamped down on opposition, notably Aung San Suu Kyi, who was later placed under house arrest for 15 years and was released on 13 November 2010 after much international support for her cause.

Myanmar illustrates the EU's commitment to furthering its ties with ASEAN despite the challenge of reconciling this with its views on democracy and human rights promotion. After the Junta take-over, the EU adopted a Common Position. Upgraded in 1996 at the behest of Nordic states, the Position includes an arms embargo, visa ban, and a prohibition to invest in state-owned enterprises and the suspension of high-level visits to Myanmar (European Commission 2007: 20). When Myanmar entered ASEAN, the EU opposed and boycotted a technical meeting of the EU and ASEAN in 1997, but its interest in stronger economic ties with a region poised to be highly significant meant it soon re-engaged with ASEAN. With the Amsterdam Treaty of 1997, fundamental rights became part of Union Law as a principle, making relations with Myanmar even more difficult (Petersson 2006: 567).³ The EU has, therefore, not admitted Myanmar into ASEM or its agreement with ASEAN.⁴ When Malaysia threatened to boycott the second ASEM summit in 1998 over this, the EU acquiesced to leave out any mention of human rights in the summit in exchange for Malaysia's attendance (King 1999: 334). This is a clear example of the challenges of reconciling commercial interests and the ethical foreign policy rhetoric the EU imposed on itself in its Treaties, and shows the importance the EU attaches to its relations with ASEAN.

Notwithstanding the political dialogue and cooperation, trade and investment have been areas where the relationship between both regions has experienced spectacular growth. Whilst the Asian financial crisis of 1997 and the disappointment with the US and APEC's responses encouraged Asian leaders to activate new mechanisms for regional cooperation ('Chiang Mai' Initiative, Japanese calls for Asian Monetary Fund), of which the ASEAN-Plus-Three (APT) would become the most significant, the EU stood by, more preoccupied with the launch of the Euro and Eastern enlargement. In trade policy, the arrival of Pascal Lamy as Commissioner in 1999 provoked a reversal in EU policy towards a prioritisation of multilateral liberalisation through the WTO (Lamy 2002). Indeed, during the time Lamy was at the helm, no new FTAs were brought onto the EU agenda.

Whilst the EU operated within these self-imposed constraints, Asia experienced a proliferation of FTAs that detractors believe complicates the operations of production networks (Ravenhill 2009: 216). As talks collapsed at the WTO in 2003, the USA undertook an aggressive policy of FTA negotiations. With the appointment of Peter Mandelson as Trade Commissioner in 2004, the EU also changed its policy to simultaneous multilateral and bilateral liberalisation and, in the 2006 'Global Europe' Trade strategy, it moved away from the previous sustainable development discourse to a more realist discourse of competitiveness, in line with the EU's internal Lisbon Agenda for competitiveness which had been re-launched in 2005.

The language in the 'Global Europe' document exudes a sense of urgency. It prioritises Asia, acknowledging the EU's late response in this area (DG Trade 2006a). It reveals concern about potential losses given third party FTAs and proposes new FTA initiatives with South Korea and ASEAN. Strengthening strategic links with important emerging markets also appears to be a key motivating factor behind EU FTAs with Mercosur, but more especially South East Asia and India. Here the aim is simply to strengthen trade and investment links with markets that will be important in the future (Woolcock 2007:4), thus attempting to pre-empt any bilateral deals that these future markets may make with EU

³ ASEAN's founding treaty of 1967 states the principle of non-interference in domestic matters, so refusing to admit Myanmar would have contravened ASEAN's treaties (Petersson 2006: 567).

⁴ The fragmented nature of EU policy is exemplified by the fact that the Commission has defended EU private business interests that entered Myanmar prior to the coup (King 1999: 333; Pilger 1996), notably France's oil company Total. Egreteau argues that the inefficiency of EU sanctions responds to the lack of EU leverage in the state given a relatively small humanitarian involvement, and the state's greater economic ties with China and South East Asia. He points to a split between the political elites of some states heavily influenced by public opinion and the Burmese in exile lobby (UK, Scandinavian and some Central EU states) in favour of ostracising the regime, and others (France, Germany) favouring engagement given the lack of results from the sanctions.

competitors. Even if the sustainability studies indicate meagre overall welfare gains from these FTAs (IBM 2008; ECORYS 2009; Decreux *et al.* 2010), the fear of being left out of the FTA networks and perhaps having some exporters at a disadvantage to US or Asian exporters elicits such policy responses. As a general rule, the EU's FTA policy requires a clear economic case for any FTA, which can generally be interpreted as meaning some real increase in market access in addition to that achieved at the multilateral level in the WTO (Woolcock 2007: 4). Given the asymmetric outcomes of FTAs, any FTA will produce gains for some sectors, especially those facing greatest restrictions, so despite the limited overall welfare gains, it is normally possible to make some economic case. The sectors the EU seeks to benefit through FTAs are service provision and the strengthening of international rules such as intellectual property or safety standards, an aim which is given prominence in 'Global Europe', on which the EU was unable to forge international consensus at the WTO. Making an economic case is in itself a political act. In 2004, the EU refused to commence FTA negotiations with Singapore and Central America based on the absence of an economic case (DG Trade interview 2006). After 'Global Europe', and the fact that both of these had signed FTAs with the USA, the EU proceeded to enter negotiations and suddenly found their limited markets much more appealing. It appears that the economic case is less about the actual gains and more about competitors potentially gaining an advantage. In other words, it could be viewed as a race to maintain the *status quo* amongst the major players, at a time when agreeing multilateral rules appears more complicated.

As part of the 'Global Europe' strategy, the EU, which was already concerned about the moves towards an APT, began its own negotiations with the parties of this agreement. Between 2007 and 2009, it negotiated a comprehensive Association Agreement with South Korea signed in October 2010 and due to enter in force in July 2011 after national ratifications and assuming the European Parliament (EP) grants consent.⁵ South Korea is the EU's eighth largest trading partner (2.3 per cent of EU trade) and the EU is Korea's second export destination. GCE models predict a rise in Korean exports to the EU of 34 per cent and of 82 per cent for EU exports (Decreux *et al.* 2010: 6). Despite this, given the openness of both economies and the asymmetrical effects of FTAs across sectors, the estimated welfare effects on GDP of this agreement are 0.08 per cent for the EU and between 0.4 and 2 per cent for South Korea, as a result of potential higher FDI (IBM 2008: 13). EU companies have significant problems accessing and operating in the South Korean market due to stringent standards and testing requirements for products and services often creating barriers to trade, despite being the largest investor in Korea since 1962 (DG Trade 2010) and some of the expected gains from the FTA derive from negotiated improvements in this respect.

Despite being the EU's flagship FTA within its 'Global Europe' strategy, it has been marred by controversy. Trade is one of the most communitarised policies of the EU, with clear delegation of powers to the Commission to act on the member states' behalf once they have consensually decided upon a mandate. Yet, the initial formation of the policy is subject to conflicting interests: member states and sectoral preferences push in different directions. Matthew Baldwin (2006) argues the liberal North versus protectionist South dichotomy is too gross a generalisation, as states' preferences vary across time and issues, and also acknowledges the industrial and non-governmental organisations' pressures on the Commission. Combined with the fact that, as the longest standing viable foreign policy tool of the EU (previously EC), trade policy has been explicitly linked to foreign policy goals (M. Baldwin 2006: 938), at times at loggerheads with commercial demands,

⁵ This marks the first post-Lisbon Treaty agreement which granted the EP greater powers in the consent procedure by adopting the ordinary legislative procedure for the regulations for the implementation of the agreements (see Woolcock 2008).

the EU is truly a “conflicted power” in its trade policy (Meunier and Nicolaidis 2006).⁶ Even after the Commission has negotiated with partners, member states must ratify the deal and the EP grant consent. In the EU-Korea case, the Council’s approval was delayed given Italy’s wish for more protection for the automobile industry. The vote at the EP has also been postponed to December 2010, again due to lobbying by the automobile sector, concerns over concessions over rules of origin for components from third parties, the EP’s use of its new Treaty powers to gain a role in commencing safeguard procedures (*European Voice* 21.10.2010) and its (and manufacturers’) fears that some concessions could be used in other negotiations with more detrimental outcomes (e.g. with ASEAN or China) (European Parliament 2009: 9).

This has provoked interesting consequences. Fearing that its manufacturers will be disadvantaged once the EU reduces tariffs on Korean manufactures, Japan has asked the EU to initiate FTA negotiations, in line with ‘domino effect’ predictions (Faletti 2010). The EU, despite its new focus on Asia, has refused, partly to facilitate the passage of the Korea FTA in the EP without fears of extending those advantages to Japan, and partly because it has chosen to focus on the markets with greater growth potential in the region (ASEAN, Korea) (*Japan Today*, 01.05.2010). Furthermore, Japanese tariffs are low and the EU engages in a regulatory dialogue with Japan on non-tariff barriers to trade already, although given the current FTA furore it seems likely that the Commission will seek a negotiating mandate once the EU-Korea FTA has been duly ratified.

ASEAN is the other cornerstone of the EU’s East Asia FTA strategy. The interim report of the Sustainability Assessment suggests overall benefits with some sector-specific negative outcomes. In a comprehensive FTA scenario, welfare gains as percentage of GDP are estimated at 0.23 per cent for the EU and 3.66 to 15.27 per cent for different ASEAN states, and in the case of a restrictive FTA at 0.02 per cent and 0.08-1.92 per cent respectively (ECORYS 2009: 18), with ASEAN states gaining additional market access to the EU and European transnational corporations strengthening their impact in the ASEAN region. Whilst the EU runs a trade deficit with ASEAN, its fifth trade partner representing 5.1 per cent of EU trade, investment opportunities in the region have been key in the relationship.

In 2003, ASEAN asked the EU to consider an FTA, but the EU was reluctant as Lamy preferred the WTO, and the unsuccessful negotiations with MERCOSUR had made the Commission sceptical of ‘bloc-to-bloc’ negotiations (Robles 2008: 337). In 2005, Commissioner Mandelson asked a Vision Group to study upgrading EU-ASEAN relations and, in the 2006 Global Europe Strategy, an FTA with ASEAN was prioritised. Negotiations began in May 2007 and have progressed slowly, due to the differences amongst ASEAN members and the EU’s requirements that its FTAs encompass more than trade, but also investment, procurement, intellectual property rights, and a host of political clauses. This complicates FTA negotiations, and marks a sharp contrast with the US and Chinese approach. The Philippines, for example, signalled from the start that the political cooperation agreement would be problematic as it requires signatories to become members of the International Criminal Court (bilaterals.org).

Shifting from its previous trade strategy in prioritising multilateral and interregional negotiations (with ASEAN, Mercosur, Central America), which had even been characterised by some as “a doctrine of global policy based on interregionalism” (Soderbaum *et al.* 2005: 366, 371), Trade Commissioner De Gucht (since 2009) on a trip to South East Asia in March 2010 announced the launch of negotiations for FTAs with Singapore and with Vietnam. These are the states with which the EU already has closer economic ties and, according to the Sustainability Impact Assessment, Singapore is the ASEAN state that will gain the most

⁶ On EU trade policy-making, see Woolcock 2010; Meunier 2005; on the influence of interests, see Dur 2008; van den Hoven 2002.

in terms of an agreement with the EU, partly due to its policy of positioning itself as an East Asian hub (see Tay 2010). It is perhaps no coincidence that these two states are amongst the group of six ASEAN states who have already begun to implement their FTA with China.

The move to bilateral deals, which the EU is also undertaking in other parts of the world (negotiations with the Andean Community have resulted in EU-Colombia and EU-Peru FTAs), seems to reflect a more pragmatic approach to FTAs, as a bilateral deal will be easier to negotiate than a FTA with another regional grouping that often lacks the level of institutional unity in the negotiations that the European Commission has developed (Robles 2008). It is, however, a far cry from the EU's preferred strategy until the mid-2000s when it encouraged interested parties to further integrate in order to engage in fewer negotiations and to reap greater economic benefits from a FTA with a region rather than an individual state (DG Trade interview 2006). The bilateral approach does enable the EU to keep up mainly with US FTAs, and also China's and Japan's. In the particular case of the EU-ASEAN FTA, the bilateral approach would also allow European governments to avoid taking on any commitments that support the regime in Myanmar and also to deal with the economic heterogeneity among ASEAN members (bilaterals.org). Notwithstanding this, the EU remains intent on an eventual 'bloc-to-bloc' FTA with ASEAN as highlighted by De Gucht (2010a) himself:

The launch of FTA negotiations with Singapore, for us, marks the beginning of a deeper engagement with Asia, and in particular in our relations with the ASEAN region.

Although Singapore is the 'first one in', our door remains open for other ASEAN countries interested in negotiating a comprehensive free trade agreement with us. We are not available to do shallow FTAs, but we will be mindful of differences in levels of development.

China's FTA Strategy

China's economic transformation into a market socialist economy and its consistent economic growth have been commented upon elsewhere (see Blecher 2010; Beeson 2007; Naughton 2007; Bramall 2000). A key aspect has been the focus on exports and the incorporation into global markets. Crucial to this was the accession of China into the WTO in late 2001. Despite internal conflict regarding the desirability of opening up the Chinese economy to foreign competition prior to accession, since joining the WTO, China's trade increased by 28 per cent yearly and FDI rose 7.5 per cent annually in the first five years following membership (Blecher 2010). China's export capacity has continued to spur complications with other partners. Cases of antidumping measures, quota restrictions and others have been brought up against it by its key trade partners, the USA and the EU (Moller and Kutkowski 2005; Brown 2007; Hufbauer *et al.* 2006; Comino 2007). Divergent interests of domestic constituencies, some of which are the investors producing goods for export in China, have led to complex and swaying EU responses to the rise of China (Shu 2010). The intricacies of these relations lie outside the scope of this article, but do provide a useful example of the sense of competitive fear that China's economic rise has triggered in the EU.

Despite being a late-comer to the FTA game, and as part of its strategy of market insertion, China has made rapid strides to extend a network of FTAs. Commentators agree that, like in the cases of the EU and the USA, FTAs have responded to economic and political rationales. Economically, China's aim has been to secure a stable regional market and commodity supplies (Hai and Li 2003; Urata 2005; Hufbauer and Wong 2005; Yan 2009), which build upon the ever-closer intra-industry trade-and-investment linkages in East Asia that inform the economic logic of region-wide FTAs (Sally 2005: 42; Tay 2010: 35).

Politically, China hoped to reassure neighbours of its peaceful rise, gain leadership in the region (Breslin 2009; Blecher 2010) and support for its 'one China' policy, as well as market economy recognition to limit others' use of antidumping procedures against it (Sally 2005).

The special free trade agreements with Hong Kong and Macau are part of the 'one state, two system' arrangements, and economically highly significant as Hong Kong represents China's fifth trade partner accounting for 8.5 per cent of China's trade in goods and services (WTO 2008 data). Wang (2004) argued that the long-term political benefits of these were to demonstrate an acceptable pattern for integrating Taiwan into the 'Greater China economic circle'. Subsequently, China and Taiwan signed a landmark Economic Cooperation Framework Agreement in June 2010 (*BBC News*, 29.06.2010), which builds upon trends of increased trade and investment (see Zhao and Tong 2009).

China's most significant FTA has been with ASEAN⁷: it forms the largest trading bloc by population size and encapsulates China's key strategic aims. Although the literature often starts with the critical juncture of the Asian Crisis of 1997 as the inflexion point in China's and the region's attitude towards Asian regionalism and cooperation (Tay 2010; Lijun 2003; Terada 2003; Blecher 2010), China's rapprochement to ASEAN predates that. In the late 1980s-1990s China engaged with ASEAN with the desire to ensure regional stability and foster economic growth, as it realised that the world was about to change into an eventual multipolar system (Cheng 1999). Lijun's (2003) work reliant on interviews with Chinese officials reveals a thoughtful long-term strategy beyond economic considerations in the China-ASEAN FTA (CAFTA), and a shift from scepticism to leadership in FTAs, enabled by increased involvement in the global economy after WTO accession (Zerui 2004).

CAFTA was a WTO-compliant way to offer East Asian economies trade preferences and curtail increased competition from China (Lijun 2003: 6-7). It was also part of China's policy of deeper economic relations in the region as a way of establishing trust and ensuring that the region's economic future is dependent on what happens in China (Breslin 2009: 820). Zhang and Tang (2005: 51) claim that China seeks to turn itself into the engine of regional growth as a market for products and provider of investment and technology. Since the 1997 Asian Crisis, this has become more evident. During the crisis, China surprised its neighbours by not devaluing its currency to undercut Southeast Asian exports, thus reassuring its neighbours of its 'peaceful rise' (Blecher 2010). It also became an important source of funds for the region. These trends have continued and China has displaced Japan's influence in the region and become ASEAN's first trade partner and a major investor (Blecher 2010: 194), and through this has enhanced its 'soft power' (Breslin 2009).

From a strategic perspective, CAFTA is a practical application of China's New Security Concept (announced by Jiang Zemin in 1996 at the Shanghai Cooperation Organisation inaugural meeting) advocating multipolarity, as well as peaceful dispute resolution, mutually beneficial economic contacts, and linking economic progress to security in Asia. Chinese chief WTO negotiator Long Yongtu emphasises that CAFTA is also aimed at East Asia integration to protect against economic shocks in globalisation (Lijun 2003: 8). A key development in this respect has been the APT, which was driven by two key factors in the late 1990s: China's successful attempts to consolidate its influence in Southeast Asia (Beeson 2007: 229) and the concerns this caused in Japan; and the Asian financial crisis and the inappropriate responses of the international community, which led Japan to the

⁷ Negotiated between 2002 and 2007, in effect since January 2010 with the five most advanced ASEAN economies.

realisation that there was a consensus that the time was right for East Asian regionalism to tackle regional problems (Terada 2003).⁸

Tense Sino-Japanese relations given historical distrust, ambiguity over Taiwan and disputed territories and Japan's closeness to the USA (Drifter 2009) made a China-Japan axis for regional integration impossible. Chinese strategists, therefore, took the view that "it is easier for China to start the ball rolling by working first with ASEAN", which would be easier than with Japan or Korea (Hai and Li 2003) and hoped the CAFTA would cause "chain reactions" to produce "multilayered arrangements" (such as several ASEAN Plus Ones), and "gradually move to a unique regional framework" in East Asia. The 'chain reactions' have taken place: Japan reacted to the CAFTA by negotiating its own agreement with ASEAN states⁹ and ASEAN by accelerating its economic integration and the potential ASEAN Economic Community (Lijun 2003: 11). It seems that competition between China and Japan may actually be encouraging the development of a dense web of bilateral trade deals that is effectively "networking the region" (Dent 2003) and forcing closer ties and working relations even between reluctant partners like Japan and China (Beeson 2007: 235). Fears of losing out from FTAs established by other parties sparking new FTAs lends credence to Baldwin's (1993) 'domino effect' characterisation of the FTA phenomenon. At the same time as competitors sign catch-up FTA deals, the welfare gains from the first FTA diminish (Hallaert 2008), further encouraging the original parties to seek advantages in other markets by embarking upon further FTAs. Thus, we find a collusion of factors fostering the expansion of the 'noodle bowl'.

As an instigator of CAFTA, Chinese tactics, engaging with the more enthusiastic ASEAN members first to pressure more reluctant members to follow suit, reveals keen leadership (Lijun 2003: 15) and accounts for the conclusion of earlier FTAs with Thailand (2003) and Singapore (2008). Interestingly, this is the approach that is now being followed by the EU in the region, as well as in Latin America. China's plan has always been to follow this initial FTA with FTAs with Japan and South Korea¹⁰, its major partners in the region, and to negotiate with India in the Southwest, as part of its aims to be the political and economic driving force in the region (Zerui 2004).¹¹ Politically, this strategy is enhancing China's 'soft power' (Breslin 2009) by ensuring access to the Chinese market for friendly states, and by using emerging multilateral structures as a way of pursuing 'commercial diplomacy' to compete with Japan and the US for support and even dominance in the region (Hoadley and Yang 2007).

Given China's export-led economic growth strategy, it is unsurprising that it has also engaged in FTAs with partners further afield, such as Niger (2005), Chile (2006), New Zealand or Peru (2008), and that negotiations are underway with Australia, Pakistan, the Southern Africa Customs Union, Norway, Costa Rica and the Gulf Cooperation Council (MOFCOM.cn 2010). It is perhaps no coincidence that all of these are on the one hand markets for Chinese mass-produced manufactures and purveyors of raw materials necessary for the continued development of China's economy. From this perspective the economic rationale for such FTAs seems straightforward, as indeed market access and securing commodity imports are key economic objectives of China-driven FTAs (Zerui 2004).

From a more strategic perspective, a key component of China's FTA strategy is to get wider acceptance of market-economy status, especially with anti-dumping actions in

⁸ On Asian crisis and regionalism, see Tay, 2010; Beeson, 2007.

⁹ Negotiations ended in 2008. South Korea negotiated its FTA with ASEAN in 2007.

¹⁰ Feasibility studies for China-South Korea, China-Japan-South Korea FTAs are ongoing as of October 2010.

¹¹ India remains concerned about negative effects for its competitiveness from a FTA with China and only exploratory talks have taken place (bilaretals.org 2010).

mind. China is pushing hard for removal of non-market economy status in the WTO, and bilaterally with the EU and the USA. Singapore, Malaysia, Thailand, New Zealand and Australia have already accorded China market-economy status, as did other ASEAN states in 2004. It is no accident that China is in (or talking about) FTA negotiations with the countries that have conceded market-economy status (Sally 2005: 43).

There is another element to notice in these agreements. By and large, all of China's out-of-region FTA counterparts already had existing FTAs with the EU, and in many cases increasingly with the USA as well. Norway is part of the European Economic Area, South Africa has had a FTA with the EU since 1999, Chile has FTAs with both the EU (2002) and the USA (2003). The Gulf Cooperation Council has an Economic Cooperation Agreement with the EU¹², and Peru concluded the negotiations of a FTA with the EU in early 2010 and signed one with the USA in 2005. This hints at the increasing competition between these major players for securing FTAs, despite the scarce economic welfare outcomes these have produced thus far (see Table 1 for a comparison), fuelled instead by fears of loss of competitiveness, and also as a political tool to extend their influence in other parts of the world.

¹² The agreement commits the parties to negotiate an FTA, after early standstill negotiations resumed in 2002 (EU External Action 2010).

Table 1: Comparative timeline of FTAs

	CHINA (start)	CHINA (conclude)	EU (start)	EU (conclude)	USA (start)	USA (conclude)
ASEAN	2001	2007(in force 2010*)	2007		(relation through APEC)	
HONG KONG		2003				
MACAO		2003				
THAILAND		2003	(ASEAN)		2004	
SINGAPORE		2008	2010			2003 (in force 2004)
S KOREA			2007	2009 (undergoing ratification)	2006	2007 (not ratified)
MALAYSIA	(ASEAN)		(ASEAN)		2006 (prior trade investment framework agreement 2004)	
NEW ZEALAND		2008				
AUSTRALIA	2005					2004
PAKISTAN		2006				
INDIA			2007			
CHILE		2006	1999-2000	2002 (in force 2003)	2000	2003 (in force 2004)
PERU		2008	2007 (start EU- Andean Community)	2010 (signed Peru and Colombia)		2005
NIGER		2005	(Cotonou EPAs)			

ASEAN: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam

*2010 for Brunei Darussalam, Malaysia, Singapore, Philippines, Thailand, Indonesia; 2015 for others

Sources: European Commission DG Trade website, US Trade Representative website, ASEANWEB (2010)

Who leads the way? Competitive fears and FTA strategies

China and the EU have become inextricably linked. The EU is China's first trade partner accounting for 16.4 per cent of China's global trade (WTO 2008 data). China is the first importer to the EU with a 16 per cent share. It is also the fourth market for EU exports accounting for six per cent of EU exports (DG Trade 2008 data). Whilst the EU runs large trade deficits in goods with China, especially in machinery and textiles, it runs significant surpluses in trade in services (DG Trade 2008 data), and remains a key investor in China, whilst increasingly receiving FDI from China. The two economies, the three if we include the USA, are inextricably linked, at least for the time being.

Such interdependencies and large volume of trade have not stopped the EU from pushing for greater market access. The European Commission's 2006 Document *Global Europe: EU-China Trade and Investment. Competition and Partnership* uses rather charged language, calling for China to "use its growing influence to champion open markets and fair competition" (DG Trade 2006b: 2). Whilst it acknowledges how many EU companies benefit from lower costs in China and from cheap exports, it lists grievances against increasing non-tariff barriers in China and a 'China first' approach to government procurement, which, the EU document claims, contravenes WTO obligations (DG Trade 2006b: 7). It accuses China of unfair competitive advantages given low environmental and social costs, of distorting raw materials markets by its large purchases and restrictions on its exports of rare earth minerals, coke, and coal (DG Trade 2006b: 9). Finally, the document proposes dialogue first as a solution to disputes and the conflicts listed previously. In light of this, negotiations for a Partnership and Cooperation Agreement between the EU and China to replace the outdated 1985 Trade and Cooperation Agreement commenced in January 2007. Given levels of trade and investment between the parties, this agreement (more limited in scope and political aspects than those the EU negotiated with other partners) does have the potential to provide significant economic advantages, much more so than the FTAs with ASEAN or other states in the region. Indeed, 'getting China right' remains the cornerstone of the EU's strategy in the region.

Despite appearances, the fear of the rise of China, and highly mediated EU-China trade wars, the EU and China have much in common. Since the early 1990s, both have been vocal advocates of a multilateral system of global governance to counter US dominance, and both have presented themselves as alternative markets and sources of FDI and aid. Both have also played the benign power card of economic powers without the traditional references to military power that defined the superpowers of the Cold War.¹³

In terms of economic power, given its size and importance, China has become a key power irrespective of its actions. Like the EU, it has seized on the attraction of its market to link its external economic policies to foreign policy aims. Unlike the EU, these foreign policy aims have been limited to a large extent to international support at the United Nations for its 'one China policy' and granting it market economy status. Thus, China's economic development policy has been much maligned in the West as being focused on Chinese access to natural resources and providing a 'no strings attached' (other than support of 'one China policy') alternative to EU and international bodies' conditional aid (*BBC News*, 26.06.06).¹⁴

¹³ On the EU's steps to militarisation through the ESDP, see Biscop 2004; Howorth 2007. China has increased military spending and caused concerns over the Taiwan Straits, yet seems focused on a 'peaceful rise' and Hu Jintao's 'harmonious society' (see Lampton 2007; Blecher 2010).

¹⁴ Brautigam (2009) offers a more nuanced view of Chinese aid combining access to resources with developmental projects.

With regard to its FTA strategy, Chinese FTAs, like the US ones, focus on core economic aspects: trade facilitation through reduction of existing tariffs, dismantling of non-tariff barriers, greater access to foreign direct investment and the provision of services. They are pragmatic FTAs focused on opening goods and services markets and often ignoring environmental, labour and intellectual property matters (Hufbauer and Wong 2005: 3), unlike US and EU FTAs. Furthermore, they include a political agreement component since the 1990s, linked to the EU's international aim of democracy promotion and respect for human rights, one of the elements that has led to one characterisation of the EU as a 'normative power' (Manners 2002).¹⁵

Current EU fourth-generation FTAs have expanded the political agreement to also incorporate non-nuclear proliferation, support of the International Criminal Court, cooperation at multilateral fora, and supporting the EU's core international aspirations. On the economic side, they are designed to be 'WTO-plus' agreements that include liberalisation in financial services, public procurement, and EU intellectual property rights, which have proven controversial at the WTO. This accounts for the lengthier negotiating processes the EU engages in. This could be viewed as a comparative disadvantage *vis-à-vis* China's more focused approach, which can deliver speedier results. However, as De Gucht (2010) has pointed out, the EU is only interested in deep agreements.¹⁶ The advantage of this approach is that, once a deal is struck, as it is more comprehensive in terms of sectoral coverage, welfare gains could be greater and the EU will once again have a competitive edge over others that have negotiated narrower FTAs. It is also important to note that, in terms of strategy, the EU's approach to its key partners and competitors is also far narrower. Its economic relations with the USA and China are dominated by sectoral agreements rather than the comprehensive FTAs with other partners, and political conditionality is conspicuous for its absence.

China's success in negotiating CAFTA, its greater understanding of the region, and lesser focus on conditionality confer it an advantage with respect to the EU. The EU has clearly been a latecomer to the FTA game in Asia, though it seems to be gaining momentum and the deeper scope of its deals may well secure it a more comfortable position in the future. What seems clear, however, is that, within the East Asian region, China's FTA strategy, with ASEAN, ASEAN-plus-ones was clearly designed in the early 2000s, with independence from EU and US agendas in the region at the time. In this part of the world, it has been the EU that appears to be following others' lead. APT certainly ruffled feathers in Brussels (DG Trade interview 2006). However, it is important to notice that it did not initially provoke any change in the EU's strategy. It was not until 2007 that the EU began to negotiate with ASEAN, as a bloc, still pursuing its interregional reflexes, and only in 2010 did it launch individual negotiations with Singapore and Vietnam. Both are included in CAFTA, and Singapore has also signed a FTA with the USA. It was also in 2007 that the EU launched negotiations with South Korea. At the time of writing, South Korea is still negotiating FTAs with ASEAN, and will likely in the future also engage in one with China, but it was the fact that South Korea has negotiated an FTA with the USA that triggered the EU response.

Outside the East Asian region, it appears that both China and the EU are following on from the US turn to bilateral FTAs from the early 2000s. China has negotiated a FTA with Chile, which already had FTAs with the EU and the USA, and with Peru, which likewise has a FTA with the USA. The EU, again, with its integrationist pursuits, decided to launch negotiations with the Andean Community in 2007, by which time Peru had already negotiated a FTA with the USA, and in view of difficult progress then switched to bilateral deals with Peru

¹⁵ The EU's record with regard to upholding these values has been mixed (Youngs 2004).

¹⁶ Young and Peterson (2006) explain the EU's deep trade agenda as a response to a new trade environment where 'behind-the-doors' issues are more relevant, there are more actors (parliaments, non-governmental organisations) and EU and US dominance is challenged by the newly industrialised and developing states.

and Colombia. Likewise, apart from the negotiations with ASEAN, EU bilateral FTAs since 2007 seem to be prioritising those partners already engaged in FTAs with the USA. As both China and the EU are negotiating FTAs to avoid perceived potential losses to the USA, it is no surprise that they have engaged in negotiations with some of the same partners. They also seem to be acting in a manner consistent with 'competitive diffusion' whereby the policy is enacted in view of what competitors do, and indeed in many markets the USA is China's and the EU's main competitor (Solis and Katada 2009). Indeed, the USA responded to China's overtures with ASEAN and APT with its own FTAs in the region, hoping to prevent China's domination of the regional integration process in East Asia (Quiliconi and Wise 2009). Mochizuki (2009) finds that the result of seeking influence through FTAs has meant that the large players have not used FTAs among themselves to counter competitive pressures, but have instead signed them with smaller states to hedge against negative trends, and, thus, so far, large power competition has prevented the predominance of any hegemonic FTA project. In terms of the main players in a multipolar world, so far the "FTA process (...) more closely resembles fingers reaching idiosyncratically around the globe than the formation of politico-economic blocs centred respectively on Beijing, Brussels and Washington" (Hufbauer and Wong 2005: 12).

Conclusion

Actors engage in FTAs for a variety of political and economic reasons. Within the East Asia region, China has clearly acted as an initiator of the FTA frenzy with its negotiations with ASEAN and APT. The economic and strategic significance of the region is clear, and China has used its FTA network to further link the region's economic future to its own, to reassure neighbours of its peaceful rise and gain support for some of its key international objectives. As a latecomer into the region, EU FTAs have prioritised those states with greatest growth potential and which already had FTAs with its key competitors, the USA and China, in an attempt to allay any possible future losses of market share or advantages to EU businesses in the region. Clearly, competitive diffusion is taking place as the main players emulate their strategies, as is the race to avoid perceived potential losses in the future. Given the meagre overall welfare effects of these FTAs, it appears that maintaining the *status quo* and guaranteeing future market access, as well as economic and political balance, are more important than the actual absolute economic welfare gains.

The stalemate at the WTO has been a key external factor in focusing all actors on FTAs. Internal factors to allow this change of policy have been very different. In China the enforced liberalisation reforms undertaken to join the WTO helped to erode internal opposition to liberalisation through FTAs. In the EU, it was only once DG Trade's leadership changed in late 2004, combined with the greater focus on competition, that FTAs with East Asia became politically viable. Whilst too early to predict, it seems likely that China, the EU and the USA will end up with a similar network of FTAs in East Asia, and possibly elsewhere too. The EU's 'deep trade' agenda in its FTAs may eventually help it to increase its international influence and solidity of alliances and export of its rules. However, given the differences with Chinese and US FTAs, it may lead to the complex 'noodle bowl' regulatory scenarios economists fear (Ravenhill 2009). De Vos (2010) foresees a world with greater tensions over competing models of trade, monetary issues and capitalism, potentially acquiring greater political and geo-strategic significance in the wake of the financial and economic crisis (from 2008 until recently), and argues that whilst a complete reversal to protectionism has not occurred, increasingly states are relying on support to strategic businesses through loans, bail-outs, and more recourse to industrial strategy for expansion. How will this new reality interplay with the FTAs? Future FTAs may become narrower in scope as a result of more protectionism, but a revocation of existing ones seems highly unlikely. Whatever the future holds, FTAs have created a complex system of

trade and investment rules alongside the WTO. Lacking the same degree of institutional tradition and capacity, FTAs represent a more flexible, faster, and possibly less contentious response to the challenges of a global economy and competitive fears. Attracting less media attention and public scrutiny, these developments beg the question: what type of new economic governance is emerging through FTAs, and what economic, political and social consequences will it entail?

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Contemporary Trans-regional Cooperation between Europe and Asia in a Changing World

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Abstract

This article is concerned with contemporary trans-regional cooperation between Europe and Asia in a changing world. It examines the emerging economic relationship between the EU and Asia and possible challenges and implications facing both regions. It argues that Europe-Asia economic and commercial ties are likely in the future to result in unbalanced economic development between both these regions; in short, future agreements are likely to disproportionately favour Europe. Therefore, the economic and commercial ties between these two regions should aim to develop the least advanced countries in Asia. The article argues that the Asia-Europe Meeting (ASEM) can be empowered as a common flexible framework for bilateral and inter-regional trade initiatives between both regions; it can be empowered to manage and monitor these trade initiatives and their social implications for vulnerable ASEM countries. The main objective of this article is to contribute a clearer understanding of the current EU-Asia relationship in the context of ASEM.

Keywords

Europe; Asia; ASEM; EU; Free Trade Agreements

THE POST-COLD WAR ERA HAD RESULTED IN THE UNITED STATES OF AMERICA (USA) becoming powerful in political, economic and social terms. However, the European Union (EU) has also been emerging as a global actor pursuing contacts with other nation-states and regional organisations, especially in the economic sphere. The countries of the Association of Southeast Asian Nations (ASEAN) responded with an initiative to build ASEM (Asia-Europe Meeting) together with the EU. They established ASEM in 1996 as a means for both parties to improve their relationship by involving three strong economies in Asia: Japan, China and South Korea. In the following years, new members joined ASEM, such as Cambodia, Pakistan, India, Mongolia, Vietnam, Laos and Myanmar. Russia, Australia and New Zealand also joined ASEM in October 2010¹.

In this current millennium, a new significant trend in regional trade has emerged, especially in response to free trade agreements between two or more actors. However, the economic relationship has continued to be discussed in the rules and mechanism to achieve standard measures and systems. The main reason why a regional trend has

¹ASEM (2010). 'Presentation', ASEM VIII: Brussels, p. 1. Available at <http://www.asem8.be/presentation>, last accessed on 3 November 2010.

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emerged is that the negotiations of the World Trade Organisation (WTO) Doha Round have been deadlocked between two conflicting actors. The subsidy and protection of agricultural and farming products in the developed countries must be discussed because it has divided developed and developing countries into two different camps. The deadlocked situation in the multilateral trading system has tended to change a multilateral system into trans-regional, regional and bilateral systems. Therefore, the trans-regional relationship is an alternative form of ties chosen by developed and developing countries to strengthen trade and investment relationships. Examples of trans-regional relationships include ASEM, the Asia-Pacific Economic Cooperation (APEC) and the Forum for East Asia and Latin America Cooperation (FEALAC).

In line with the above, the USA has used free trade agreements as an alternative to improve its economic relations with other countries and various regional organisations. The EU does not want to be left behind by the USA. The EU builds regional co-operation agreements in order to balance the existence and influence of the USA in specific areas, such as Asia and Africa. Meanwhile, the EU still expects to have a multilateralist approach by observing the regulations and rules of multilateral trade agreements of WTO as a collective objective. In fact, the Doha Development Agenda of WTO is still not agreed by all countries.

Furthermore, there were two existing trans-regional co-operations that linked Asia and the Pacific (APEC) on the one hand and Europe and the USA (the New Transatlantic Agenda) on the other. ASEM filled the gap in a wider triadic relationship between APEC and the New Transatlantic Agenda². Europe and Asia established ASEM with the primary objectives of building a political framework between the European and Asian continents, promoting economic relations between the two regions and creating a new forum in which to have preliminary discussions and find a solution with regard to WTO issues and developing socio-cultural ties between these two continents. The European and Asian countries hoped that the political and socio-cultural relationship in ASEM could support and expand their commercial relationship.

With regard to improving the economic ties between Europe and Asia, ASEM countries have showed their interest through the Hanoi Declaration on Closer ASEM Economic Partnership³. Nowadays, there are a number of negotiations on bilateral and inter-regional free trade agreements between the EU and Asian countries, such as the EU and ASEAN member states⁴, and the EU and India. The EU would like to apply the WTO-plus arrangement⁵ by having relations with Asian countries. The free trade agreement with WTO-plus arrangement is a comprehensive economic relationship which covers all aspects of commercial ties, such as trade in goods and services, investment, Intellectual Property Rights (IPRs), competition policy, government procurement, customs and trade facilitation, sustainable development, transparency and regulations and institutional frameworks. However, Asian countries prefer to apply a flexible framework to enhance the EU and Asia economic relationship. Asian countries have shown their interest in applying free trade

² Dent, C.M. (1997). 'Economic Relations between the EU and East Asia: Past, Present and Future', *Intereconomics*, January/February, p. 11, pp. 7-13.

³ ASEM (2004). *Hanoi Declaration on Closer ASEM Economic Partnership*, 8-9 October 2004, Hanoi. Available at <http://www.mofa.go.jp/policy/economy/asem/asem5/economy.html>, last accessed on 3 November 2010, p. 1.

⁴ The future goal of the EU and ASEAN is an ASEAN and the EU inter-regional free trade agreement. European Commission (2010). 'The EU pushes links with ASEAN in Economics Ministers Meeting', Brussels: The European Commission, p.1. Available at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1073&format=HTML&aged=0&language=EN&guiLanguage=en>, last accessed on 3 November 2010.

⁵ Mayne, R. (2005). *Regionalism, Bilateralism, and "TRIP Plus" Agreements: The Threat to Developing Countries*, Occasional Paper No. 2005/18, Human Development Report Office. Available at http://hdr.undp.org/en/reports/global/hdr2005/papers/HDR2005_Mayne_Ruth_18.pdf, last accessed on 10 November 2010, pp. 10-12.

agreements based on trade in goods, investment and selected areas for trade in services. Therefore, the economic arrangement between Europe and Asia would be more flexible without violating WTO rules.

This article is concerned with the contemporary trans-regional cooperation between Europe and Asia in a changing world. I examine the emerging economic relationship between the EU and Asia and possible challenges and implications facing both regions. I argue that Europe-Asia economic and commercial ties are likely in the future to result in unbalanced economic development between both these regions; in short, future agreements are likely to disproportionately favour Europe. Therefore, the economic and commercial ties between these two regions should aim to develop the least advanced countries in Asia. I argue that ASEM can be empowered as a common flexible framework for bilateral and inter-regional trade initiatives between both regions; it can be empowered to manage and monitor these trade initiatives and their social implications for vulnerable ASEM countries. The main objective of this article is to contribute a clearer understanding of the current EU-Asia relationship in the context of ASEM.

This article is divided into five sections, as follows: first, I am going to discuss the development of inter-regionalism and trans-regionalism. I will explain the relationship between trans-regionalism and ASEM. I will also explain the linkage between trans-regionalism and the WTO multilateral trading system. Then, I will highlight the bilateral, regional and inter-regional economic arrangements that may result in trade creation or trade diversion. I will explain ASEM's key principles and structure. Second, this section will highlight the development of the EU - Asia relationship in the context of ASEM. Third, I will analyse the impact of existing trans-regional cooperation for both regions. Fourth, I will assess the implications of free trade agreements between the EU and Asian countries. They have the potential to improve the economic relationship between Europe-Asia, or to create complex problems. Fifth, I will explain some of the challenges and implications of the emergence of free trade agreements that might be faced by the EU and Asian countries.

Inter-regionalism and trans-regionalism

The system of global governance can be divided into four categories of relationships. They are bilateralism, regionalism, inter-regionalism and multilateralism. These categories have an influence on the economic ties and the structure of global governance⁶. I will focus on inter-regionalism because the EU and Asian countries are inter-connected through this category of relationship.

The number of regional projects has increased since the 1990s because of the effects of emerging globalisation and changes in geo-political and security structures. This situation is known as 'new regionalism'⁷. Hettne and Soderbaum imply that new regionalism has a close relationship with the trade agreements and economic development within regions⁸. Furthermore, Hilaire and Yang argue that the development of new regionalism has reduced many trade barriers, such as high costs, shortcomings in the multilateral trading system, preferences of member states, capital movements, migration and environmental

⁶ Dent, C.M (2005). 'The New Economic Bilateralism in South-east Asia: Region-Convergent or Region Divergent?', *International Relations of the Asia-Pacific*, 6 (1), pp.81-111.

⁷ Breslin, S., Higgott, R. and Rosamond, B. (2002). 'Regions in Comparative Perspective', in S. Breslin, C.W. Hughes, N. Phillips, and B. Rosamond. *New Regionalism in the Global Political Economy*, London: Routledge, p. 4.

⁸ Hettne, B. and Soderbaum, F. (2000). 'Theorising the Rise of Regionness', *New Political Economy*, 5, p. 457.

issues⁹. New regionalism is expanding its activities, increasing the complexity of issues and the number of participating actors, which in turn leads to the development of inter-regionalism.

Aggarwal and Fogarty divide inter-regionalism into three different categories as follows: pure inter-regionalism, hybrid inter-regionalism and trans-regionalism. First, they explain that “pure inter-regionalism” is a relationship between two free trade areas and customs unions, such as in the EU-ASEAN relationship. Second, they classify “hybrid inter-regionalism” as an agreement between a customs union and a group of countries, such as the Lomé Conventions between the EU and the African, Caribbean and Pacific Group of States (ACP states). Finally, they define trans-regionalism as a relationship between countries from two separate regions either as a group or as individual countries, such as in the case of APEC. Aggarwal and Fogarty identify all these categories of inter-regionalism based on commercial ties¹⁰.

Furthermore, Rüländ argues that inter-regionalism is a dialogue between regions for sharing information and establishing cooperation in various spheres, such as trade, investment, and development¹¹. He categorises inter-regionalism into two types of relationship, bilateral inter-regionalism and trans-regionalism. He implies that bilateral inter-regionalism is a low level institutionalised form of relationship based on particular areas of cooperation, such as trade and investment ties and environmental cooperation. Examples of bilateral inter-regionalism are the EU-Mercosur relations and the EU and Andean Community ties. Rüländ adds that trans-regionalism is a co-operation between ‘big actors’ that are members of two regional organisations and/or individual countries within related regions. The members of trans-regional cooperation can build their trans-regional institutions based on their own resources, such as a research centre, an academic community and an activist network of non-governmental organisations (NGOs)¹².

Based on the explanation above, ASEM is an example of trans-regionalism that involves two regional organisations (the EU and ASEAN) and other individual countries (China, India, Japan, Pakistan, India, Mongolia, Russia, Australia and New Zealand) within Europe and Asia. Moreover, ASEM covers many issues of cooperation, such as political, economic and socio-cultural issues. There are various actors involved in ASEM’s activities, such as governments, academics, NGO activists, and business communities. ASEM indicates trans-regional cooperation rather than regional integration.

Trans-regionalism is situated between regionalism and multilateralism. Trans-regional cooperation is a result of the emergence of regional organisations and individual countries within the system of global governance. Nowadays, the portion of economic cooperation within trans-regional cooperation is increasing compared with political and socio-cultural types of co-operation. It happens because the economic interdependence between regions is rising. The extension of trans-regional economic cooperation is linked to the WTO’s legal framework. This legal framework requires that all regional free trade areas or customs unions should not violate WTO rules, but they can complement each other with

⁹ Hilaire, A. and Yang, Y. (2003). *The United States and New Regionalism/Bilateralism*, IMF Working Paper WP/03/206, pp. 7-8. Available at <http://www.imf.org/external/pubs/ft/wp/2003/wp03206.pdf>, last accessed on 28 October 2010.

¹⁰ Aggarwal, V. and Fogarty, E. (2004). *European Union Trade Strategies: Between Globalism and Regionalism*. Basingstoke: Palgrave Macmillan, pp. 4-6.

¹¹ Rüländ, J. (2002a). ‘Inter- and Trans-regionalism: Remarks on the State of the Art of a New Research Agenda’, National Europe Centre Paper No. 35, Workshop on ‘Asia-Pacific Studies in Australia and Europe: A Research Agenda for the Future’, Australian National University (July), pp. 3-4.

¹² Rüländ, J. (2002b). *The European Union as an Inter and Trans-regional Actor: Lessons for Global Governance From Europe’s Relations with Asia*, National Europe Centre Paper, No.13, paper presented at the conference on ‘The EU in International Affairs’, 3-4 July 2002, National Europe Centre, Australian National University, pp.2-3.

the objective of trade liberalisation¹³. Indeed, the majority of ASEM countries are also WTO members, which implies a need on the part of ASEM to comply with the WTO legal framework. As a result of this situation, ASEM's economic cooperation must complement the WTO multilateral trading system.

With all of this in mind, the bilateral, regional and inter-regional economic agreements may result in trade creation or trade diversion. Viner implies that the effects of customs union are trade creation and diversion. Trade creation will happen if the elimination of tariffs within the intra-member trade area would create demand among member states because the prices of some products are cheaper in a partner country than the prices of a domestic product. Trade diversion will happen if the elimination of tariffs among intra-member states raises prices for products from outside the customs union. This situation is caused by high external tariffs that are employed in the case of all products from any third countries¹⁴. Additionally, free trade agreements consist of the elimination of tariffs and quotas amongst countries that participate in the bilateral, regional and inter-regional economic agreements.

The key principles of ASEM are, first, that it is based on equal partnership and mutual respect. Second, ASEM is an open process: its enlargement of membership can be based on consensus amongst the heads of state and government of ASEM members. Third, ASEM develops mutual understanding through a process of dialogue, which leads to cooperation. Fourth, ASEM has three main spheres of cooperation: political dialogue, economic cooperation and socio-cultural cooperation. Fifth, ASEM is a low institutionalised organisation based on an informal policy-making system. Finally, there are many stakeholders involved in ASEM, such as governments, academics, researchers, and NGO activists¹⁵.

The structure of ASEM consists of a biennial summit of heads of state and government at the highest decision-making level in ASEM. Ministers of Foreign Affairs, Economic Affairs and Finance meet regularly within two years. Senior Official Meetings assist Ministers of Foreign Affairs to coordinate overall activities within ASEM. The regional coordinators provide support for Senior Official Meetings in terms of facilitating and administering these meetings. The regional coordinators consist of the European Commission and the Presidency of the European Council on the European side; one country representing ASEAN and one country representing the Northeast Asian counterparts on the Asian side. Additionally, the Asia-Europe Foundation (ASEF) is a non-profit organisation that promotes education and cultural activities, people to people relationships and think-tank networks between Europeans and Asians¹⁶.

The development of ASEM

The EU-Asia relationship could not be released from an important role within ASEAN because it was an initiator of ASEM. ASEM was initiated in 1994 by Goh Chok Tong, former Prime Minister of Singapore¹⁷. The initiative aimed to foster and improve the existing

¹³ Wilkinson, R. (2005). 'The World Trade Organization and the Regulation of International Trade', in D. Kelly and W. Grant. *The Politics of International Trade in the Twenty-First Century*. Basingstoke: Palgrave Macmillan, pp. 21-23.

¹⁴ Viner, J. (1950). *Custom Union Issue*. London: Stevens & Sons Limited for the Carnegie Endowment for International Peace, pp. 43-44.

¹⁵ Japan Centre for international Exchange and University of Helsinki Network for European Studies (2006). *ASEM in its Tenth Year Looking Back and Looking Forward: An Evaluation of ASEM in its First Decade and an Exploration of its Future Possibilities*, Helsinki, March 2006, pp. 4-5.

¹⁶ *Ibidem*, p. 5.

¹⁷ Camroux, D. (2006) *The Rise and Decline of the Asia-Europe Meeting (ASEM): Asymmetric Bilateralism and the Limitations of Interregionalism*. Centre d'études européennes: Cahiers Européens, p. 5.

relationship between the EU and ASEAN, which had been established since 1980. The EU responded to the initiative positively and agreed to launch the cooperation together with ASEAN within two years. There are two ways to see why Europe and Asia wanted to develop their relationship in the context of ASEM. On the one hand, the EU wanted to use ASEM as a foreign policy means to approach Asia in a larger context¹⁸ and also wanted to improve its relationship with ASEAN. Therefore, the EU wanted to combine the EU and ASEAN inter-regional relationship and ASEM in order to get maximum influence and presence in Asia. In addition, the EU was interested in developing ASEM because of its specific interest in three Asian countries (Japan, China and South Korea). On the other hand, the arguments as to why Asian countries wanted to develop a trans-regional cooperation with Europe were as follows: first, ASEAN wanted to foster its bilateral inter-regional cooperation with the EU by creating a new channel of trans-regional ties, namely ASEM. ASEAN hoped that ASEM would be compatible with the EU-ASEAN relationship. Second, ASEAN wanted to be a focal point of Europe and Asia trans-regional cooperation and a bridge between these two regions. Therefore, the involvement of Japan, China and South Korea in ASEM was a selling point of ASEAN to the EU. Third, China, Japan and South Korea could get market access and expand their markets in Europe by exporting their products in the best and proper arrangement through ASEM. Moreover, they could attract European investors to invest their funds in China, Japan and South Korea.

Furthermore, ASEM has many members, such as the EU member states, the European Commission, the ASEAN Secretariat, ASEAN member states, China, Japan, South Korea, Pakistan, India, Mongolia, Russia, Australia and New Zealand. However, the pluralism of ASEM member states causes a lack of cohesion and coherence amongst themselves, especially in building a collective position¹⁹. There are many actors that are involved in ASEM activities, such as heads of state from ASEM member states, bureaucracies, NGOs, scholars, artists, mass organisations, and activists. Then, ASEM is a low institutionalised trans-regional cooperation because of a lack of institutional mechanisms, rules and regulations²⁰. In reality, ASEM is a forum that was built with high institutionalisation in the EU and low institutionalisation in the Asian countries. Therefore, they have different objectives in the creation of ASEM. The EU wanted ASEM to be more institutionalised and well managed. However, Asian countries wanted ASEM to be a low institutionalised and more flexible forum in order to adjust their policies based on certain situations.

Moreover, ASEM has a unique approach compared to that of APEC. ASEM covers a broad range of issues, while APEC only covers economic issues as a foundation of Asia and the Pacific trans-regional cooperation. In the following years, APEC has changed by taking up some issues outside the realm of economic issues, such as terrorism and environmental protection. However, ASEM also has a broad range of issues to be discussed by its members, such as political issues, economic issues, socio-cultural issues, environmental issues, and human rights issues.

ASEM has organised eight meetings between 1996 and 2010. The first ASEM meeting was held in Bangkok, Thailand in 1996 with the theme of building an informal dialogue and creating trust between the leaders of Europe and Asia²¹. The two regions agreed to build two bodies (the Asia-Europe Foundation and The Asia-Invest Programme) as a result of the

¹⁸ European Commission (1994). *Towards a New Asia Strategy*, Brussels, 13 July 1994. Available at http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/asia/r14202_en.htm last accessed on 10 November 2010.

¹⁹ Holland, M. (2002). *The European Union and The Third World*. New York: Palgrave, p. 59-84.

²⁰ Gilson, J. (2004). 'Weaving a New Silk Road: Europe Meets Asia', in V. Aggarwal and E. Fogarty, *EU Trade Strategies: Between Regionalism and Globalism*. Basingstoke: Palgrave Macmillan, pp. 69-71.

²¹ ASEM (1996). *ASEM 1: Chairman's Statement of the First ASEM Meeting*. Available at http://www.aseminfoboard.org/content/documents/chairmans_statement_asem_1.pdf, last accessed on 19 November 2010.

first ASEM meeting. The Asia-Europe Foundation is a means to enhance people to people relationships and build contacts between Europe and Asia²². The Asia-Invest Programme is intended to provide information for European investors with regard to business and investment rules and regulations of Asian countries. Human rights issues were quite a sensitive part of the agenda that had been discussed in the first ASEM meeting. The European countries were concerned about and wanted to discuss human rights issues because of the many human rights violations in Asian countries. However, Asian countries were quite reluctant about this. They wanted to discuss economic affairs rather than human rights issues.

The second ASEM meeting was held in London, the United Kingdom in 1998²³. At that time, Asian countries were still struggling to recover from the Asian Financial Crisis of 1998. The ASEM meeting agreed to assist Asian countries that were hit by the financial crisis, such as Indonesia, Thailand and South Korea. The ASEM meeting agreed to establish the ASEM Trust Fund and the Investment Promotion Action Plan. However, the ASEM meeting did not run as smoothly as planned because human rights issues came up again. The EU member states focused on the cases of Tiananmen Square in China and the East Timor province in Indonesia.

In October 2000, the third ASEM meeting was held in Seoul, South Korea²⁴. The main issue was the North and South Korea reconciliation meeting that was held in the same year. ASEM welcomed a monumental North and South Korea meeting in Pyongyang, North Korea, which was a good start for a dialogue and peace process amongst these two countries. ASEM also agreed to release the Seoul Declaration for Peace in the Korean Peninsula²⁵. Furthermore, ASEM leaders also agreed to develop cooperation in various areas, such as the control and proliferation of nuclear and chemical weapons, the reform of the United Nations, the commitment to the UN Millennium Development agenda, trade and investment, information, communication and technology (ICT) and migration.

The fourth ASEM meeting was held on 23-24 of October 2002 in Copenhagen, Denmark²⁶. The ASEM meeting took place a year after the terrorist attacks on 11 September 2001. Therefore, ASEM countries focused the debates on the issue of counter-terrorism, which was one of the themes of the meeting. Three other issues were raised at this ASEM meeting. First, ASEM members agreed to promote a multilateral trading system by supporting the negotiations of the WTO Doha Development Round. The second main issue was the creation of Civilisation and Cultural Dialogues between Europe and Asia. Finally, ASEM committed itself to work together in order to decrease the digital divide between Europe and Asia, such as information, technology and communication.

²² Kettunen, E. (2004). *Regionalism and the Geography of Trade Policies in EU-ASEAN Trade*. Helsinki: Helsinki School of Economics, p. 314.

²³ ASEM II (1998). *Second Asia-Europe Meeting: Chairman's Statement*, London. Available at http://www.aseminfoboard.org/content/documents/chairmans_statement_asem_2.pdf, last accessed on 19 November 2010.

²⁴ ASEM (2000). *Chairman's Statement of the Third ASEM Meeting*, 20-21 October, Seoul. Available at http://www.aseminfoboard.org/content/documents/chairmans_statement_asem_3.pdf, last accessed on 19 November 2010.

²⁵ Ministry of Foreign Affairs and Trade Republic of Korea (2000). *Asia-Europe Meeting*, 19-21 October, Seoul. Available at <http://www.mofat.go.kr/english/regions/intorganization/asem/index.jsp>, last accessed on 19 November 2010.

²⁶ ASEM (2002). *'Chairman's Statement of the Fourth ASEM Meeting'*, 22-24 September 2002, Copenhagen. Available at http://www.aseminfoboard.org/content/documents/chairmans_statement_asem_4.pdf, last accessed on 19 November 2010.

Furthermore, the fifth ASEM meeting was held on 8-9 October 2004 in Hanoi, Vietnam²⁷. ASEM agreed to receive three new members of ASEAN: Myanmar, Cambodia and Laos. Moreover, ASEM countries supported the EU enlargement project, which had recently accepted new member states from Southern, Central and Eastern Europe: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia. The EU member states focused their attention on the question of human rights violations and more specifically the detainment of Aung San Su Kyi in Myanmar. ASEM also supported ASEAN in its aim to achieve the creation of the ASEAN Community in 2020, which is a main part of the ASEAN's regional integration process. In the economic sphere, ASEM still discussed the matter of commercial liberalisation and the development of a multilateral trading framework in the WTO. Moreover, ASEM agreed to build closer economic cooperation between Europe and Asia.

The sixth ASEM meeting was held in Helsinki, Finland in 2006²⁸. ASEM agreed on two main agendas, political and economic. ASEM reached an agreement on the main political agendas, as follows: ASEM agreed to support ASEAN and the United Nations in solving human rights violations and implementing a road map for democracy in Myanmar. ASEM also agreed to use a dialogue mechanism to solve the Iran and North Korea nuclear crises. With regard to the economic agenda, ASEM showed its concern about the deadlock within the WTO Doha Round of negotiations in 2005 in Hong Kong. Additionally, ASEM committed itself to support negotiations in the future. ASEM also agreed to build an inter-link of sustainable development between social development, economic development, energy security and environmental protection.

The seventh ASEM meeting was held on 24-25 October 2008 in Beijing, China²⁹. At this meeting, ASEM accepted new members from two continents, such as Bulgaria, Romania, Mongolia, Pakistan and the ASEAN Secretariat. There were important agenda items that were discussed by ASEM members at this meeting. First, ASEM reminded Iran and North Korea that they should end their nuclear programmes. Second, ASEM raised the issue of strengthening cooperation within the international community by responding to the global financial crisis, which had a significant impact on the global financial system and the world economy. Third, ASEM also focused its attention on the conclusion of the negotiations concerning the Doha Development Agenda of WTO, which is due to expire in 2010. ASEM encouraged all European and Asian countries to solve this challenge by working together. Fourth, ASEM also agreed to implement sustainable development by implementing environmental protection and providing energy security. Fifth, ASEM wanted to improve the economic linkage between Europe and Asia via the implementation of the Hanoi Declaration on Closer ASEM Economic Partnership.

The eighth ASEM meeting was held on 5-6 October 2010 in Brussels, Belgium³⁰. At this meeting, ASEM agreed to the enlargement of its membership by accepting Australia, New Zealand and Russia as new members. ASEM agreed to play its part in the development of effective global economic governance. ASEM supported the reform of the financial sector

²⁷ ASEM (2004). *Chairman's Statement*, 8-9 October, Hanoi. Available at http://www.aseminfoboard.org/content/documents/chairmans_statement_asem_5.pdf, last accessed on 19 November 2010.

²⁸ ASEM 6 (2006). *Chairman's Statement of the Sixth ASEM Meeting*, Helsinki. Available at: http://www.asem6.fi/NEWS_AND_DOCUMENTS/EN_GB/1157980831578/FILES/75889445627169087/DEFAULT/CHAIRMAN_S_STATEMENT.PDF, last accessed on 6 January 2010.

²⁹ ASEM (2008). *ASEM 7: Chairman's Statement of the Seventh ASEM Meeting*, Beijing. Available at http://www.aseminfoboard.org/content/documents/ASEM7_Chair-Statement.pdf, last accessed on 6 January 2010.

³⁰ ASEM, (2010). *ASEM 8: Chair's Statement and Brussels Declaration*, 4-5 October 2010, Brussels, pp. 1-20. Available at http://www.asem8.be/sites/default/files/ASEMper_cent208per_cent20Chairper_cent27sper_cent20Statement.pdf, last accessed on 28 October 2010.

and the transparency of the financial system. ASEM would encourage G-20 and the Financial Stability Board to work closely in strengthening transparency and recovery in the financial system. ASEM also supported the reform of International Financial Institutions by affording a greater involvement by dynamic emerging markets and developing countries³¹. Finally, ASEM demonstrated its desirability by improving the coordination mechanism amongst its members.

From the explanation above, we can see that the ASEM's agenda has been mainly dominated by political considerations rather than economic ones. Recently, there have been some attempts to foster economic cooperation between Europe and Asia. However, ASEM does not give its full attention to economic matters. Therefore, there is still a huge gap between these two regions and thus a need to explore their economic relationship.

Despite this potential economic relationship, the development of ASEM faces many obstacles. First, ASEM has a lack of political will because the EU leaders want to improve and institutionalise their level of cooperation in ASEM. However, Asian leaders are quite happy with the existing situation because they receive more space to manoeuvre and to get flexibility through the low institutionalisation of ASEM. Asian countries use the 'ASEAN Way', which means that they choose not to interfere in other countries' domestic affairs and in doing so respect the sovereignty of those countries. This situation contrasts with the EU member states, which are critically seeing human rights violations in Asian countries as an obstacle to their relationship. Most Asian countries want to discuss economic affairs rather than political affairs. There in lies the divergence in views between the two camps.

Second, ASEM examines a broad range of issues, such as international politics, economics, socio-cultural issues, human rights, the environment, development, terrorism, information, communication and technology. However, there are no selected issues to be explored in greater depth by ASEM countries. Therefore, ASEM has difficulties focusing on selected issues and solving them in a comprehensive way. Third, ASEM has involved many actors in discussions and debates between Europe and Asia. They are heads of government and state, state officials, bureaucracies, scholars, researchers, NGOs, activists, and political parties. Therefore, it is difficult for ASEM to find the lowest common denominator and set common agendas that are satisfactory to all actors involved. Fourth, ASEM is very good at making common commitments and statements on paper. However, ASEM is still weak in implementing such commitments and statements. It is difficult therefore to see how progress might be made in the further development of ASEM. Fifth, ASEM has not had a permanent secretariat up until now. ASEM meetings are organised by governments from both regions based on a rotation period between ASEM member states as to where ASEM meetings will be held.

The impact of existing trans-regional cooperation on both parties

The current situation of ASEM is complex for European and Asian countries. I will examine the impact of this weak trans-regional cooperation for European and Asian countries. I argue that this relationship has several main consequences for each region. On the one hand, European countries are in a difficult situation because of the slow development within ASEM. Therefore, European countries try to find an innovative way to foster and respond to this situation. On the other hand, Asian countries are also in a difficult situation

³¹ ASEM (2010). *Brussels Declaration on more Effective Global Economic Governance: Toward More Effective Global Economic Governance*, 5 October 2010, Brussels, pp. 1-4. Available at http://www.asean8.be/sites/default/files/ASEMper_cent208per_cent20-per_cent20Brusselsper_cent20Declarationper_cent20onper_cent20Moreper_cent20Effectiveper_cent20Globalper_cent20Economicper_cent20Governance.pdf, last accessed on 28 October 2010.

similar to their European counterparts. Additionally, Asian countries have complex and diverging views inside ASEM with regard to the discussion of human rights issues between Europe and Asia. Japan, South Korea and several ASEAN countries are happy to develop deeper cooperation - including human rights issues - within ASEM. However, China and the other Asian countries are happy to engage in deeper trans-regional cooperation, but mainly in the context of economic affairs. However, they are reluctant to be involved in human rights issues within ASEM because such an arrangement would have an adverse effect on their domestic political governance and would undermine their national sovereignty.

The impact of ASEM on Europe and Asia is positive in several respects. First, ASEM is a unique forum for all relevant actors in Europe and Asia who can meet, discuss and agree on some arrangements between both regions. ASEM can be a bridge between Europe and Asia to respond to and solve common problems. At the same time, ASEM can also be an alternative link for European and Asian countries in supporting multilateralism at the global level. Second, most Asian and European countries have their own bilateral and inter-regional relationships besides ASEM, such as the EU-ASEAN relationship, the EU-Japan relationship, and the EU-China relationship. ASEM is an alternative channel for European and Asian countries to talk about and discuss relevant issues. Moreover, Asian countries can expand their diplomatic ties with European countries, which may in turn raise their own profiles in international relations. Third, ASEM has involved various actors who participated from the beginning and were present at ASEM meetings. This is an example of the implementation of the principle of democracy in ASEM. There are many stakeholders from European and Asian regions who can participate in ASEM meetings. This situation also shows that the international community can give respect to European and Asian regions because of their achievement in building ASEM. Fourth, European countries have several important opportunities to build political and economic links with Asia. For example, European countries can expand their market economies, preserve their raw materials and obtain supplies from Asian countries for their industrial needs and develop deeper relationships with Asia to balance the US presence and influence in Asia. Moreover, Asian countries can have economic access - especially through trade in goods - to the European market. In fact, Europe is well known for its rigid and tight commercial rules and regulations. It can be fairly difficult for Asian countries to export their products because the EU has complex trade regulations to protect its economy.

However, ASEM can also be seen as having a negative impact on both European and Asian countries on several grounds. First, ASEM meetings have become a talking shop for European and Asian countries. This situation has arisen because European and Asian countries only talk and theoretically commit to various agendas and issues, but have real difficulty in implementing all the commitments which they have agreed to. Therefore, ASEM meetings are quite similar to talking shops for elites from Europe and Asia. Second, the development of ASEM has seen slow progress in all respects. There are existing problems in ASEM such as the lack of institutionalisation and the complex task of achieving a common position between European and Asian countries. This situation can lead to a sense of struggle for European and Asian countries because they do not feel that there is any relevant progress made in this trans-regional cooperation.

At the sixth ASEM meeting in Helsinki in September 2006, European and Asian countries evaluated their relationship, which had started in 1996. The result of their evaluation shows that there have been many dialogues and discussions over the ten years between European and Asian countries in ASEM. Their dialogues and discussions have shallow and rather general in nature. The European and Asian countries had not moved from mere information exchange to actual cooperative work. Therefore, ASEM is in a dilemma as to

what its real objectives are. ASEM has focused on political issues rather than on other issues, such as economic and socio-cultural matters³².

Are free trade agreements solutions or complex problems for ASEM?

In the economic relationship between Europe and Asia, ASEM can be used as a means by both continents to enhance the flow of trade and investment. Moreover, ASEM wanted to establish a new business network, friendly regulations and rules for European and Asian investors and firms and other economic initiatives. The economic policy-making framework in ASEM consists of several institutions, which involve various actors from the government and business sectors, such as the Senior Officials Meeting on Trade and Investment (SOMTI), the Meetings of Foreign and Economic Secretaries amongst ASEM countries and the Asia-Europe Business Forum. Interestingly, most ASEM commitments from these institutions have been implemented at the bilateral level amongst European and Asian countries. The policy-making framework is of low institutionalisation because it has only dealt with information sharing and exchanging and has not focused on substantive commercial issues.

In this section, I will examine how European and Asian countries can enhance their economic partnership in ASEM. European and Asian countries may improve their economic relationship by building a common flexible framework through ASEM. This flexible framework should be based on bilateral and inter-regional free trade initiatives amongst the EU and Asian countries. This framework would be flexible and complement the WTO multilateral trading system. More specifically, the EU and Asian countries may empower ASEM as a common institution to manage and monitor their free trade initiatives in order to avoid trade diversion and an overlap between bilateral and inter-regional trade initiatives, which may be counter-productive. This framework should cover trade in goods and services, investment and development. Moreover, it should also entail research into the social implications of these free trade initiatives for vulnerable ASEM countries. This framework should be implemented in partnership between ASEM and its member states.

Furthermore, economic activities data for the EU and Asian countries shows that there are potential economic opportunities for the EU and Asian countries based on trade in merchandise and foreign direct investment between these regions. The trade and investment trends show that the EU still has trade deficits against Asian countries (ASEM member states) in 2008 in merchandise trade. Interestingly, the EU invested a huge amount of capital and funds through foreign direct investment and stock in 2007-2008 in several important Asian countries (Japan, China and India). During the same period, the EU also received foreign direct investment and stock from the above Asian countries.

Based on the latest statistical data, the total value of the EU's exports in merchandise trade to Asian countries in 2008 was 237,360 Mio euro. However, the total value of the EU's imports in merchandise trade from Asian countries in 2008 was 474,138 Mio euro. Asian countries also accounted for 30.3 per cent of the total world value of imports to the EU. The EU accounted for 18.2 per cent of the total world value of exports to Asian countries. China was the largest supplier to the EU (247,655 Mio euro) in 2008. Afterwards, Japan (75,156 Mio euro) and South Korea (39,410 Mio euro) were in second and third position respectively as suppliers to the EU. The largest client of the EU exports was also China (78,474 Mio euro). Japan (42,410 Mio euro) and South Korea (25,660 Mio euro) were in second and third place respectively as clients of the EU's exports (see table 1).

³² Japan Centre for international Exchange and University of Helsinki Network for European Studies (2006), see note 15 above, pp. 7-8.

Table 1: The EU in merchandise trade with its main suppliers and clients in Asia (2008)

EU Imports From	Value Imports (Mio euro)	% World	Value Exports (Mio euro)	% World
China	247,655	15.9 %	78,474	6 %
Japan	75,156	4.8 %	42,410	3.2 %
South Korea	39,410	2.5 %	25,660	2.4 %
India	29,438	1.9 %	31,542	2.0 %
Malaysia	17,517	1,1 %	11,569	0.9 %
Thailand	17,449	1,1 %	8,472	0.6 %
Singapore	16,121	1 %	22,011	1.7 %
Indonesia	13,554	0.9 %	5,979	0.5 %
Vietnam	8,580	0.6 %	3,366	0.3 %
Philippines	5,361	0.3 %	3,753	0.3 %
Pakistan	3,631	0.2 %	3,753	0.3 %
Myanmar	185	0.0 %	105	0.0 %
Mongolia	69	0.0 %	202	0.0 %
Brunei	12	0.0 %	-	-
Laos	-	-	64	0.0 %
TOTAL	474,138	30.3 %	237,360	18.2 %

Source: DG Trade MP/CG Statistics of Eurostat³³

Moreover, the EU invested substantial foreign direct investment and stock in several important Asian countries in 2007-2008. For example, Japan received 5,521 millions of Euro of EU foreign direct investment in 2008 and 73,831 millions of Euro of EU stock in 2007. Second, China received 4,460 millions of Euro of EU foreign direct investment in 2008 and 38,444 millions of Euro of EU stock in 2007. Third, India received 852 millions of Euro of EU foreign direct investment in 2008 and 19,110 millions of Euro of EU stock in 2007. The EU also received foreign direct investment and foreign stock from Asian countries. First, Japan invested 3,538 millions of Euro of foreign direct investment in 2008 and 120,159 millions of Euro of its stock in 2007. Second, China invested 71 millions of Euro of foreign direct investment in 2008 and 4,579 millions of Euro of its stock in 2007. Third, India invested 2,380 millions of Euro of foreign direct investment in 2008 and 4,258 millions of Euro of its stock in 2007 (see table 2).

³³ European Commission (2008). *Top Trading Partners*, DG Trade MP/CG Statistics: Brussels, p. 3.

Table 2: Inflows and outflows of EU Foreign Direct Investment (FDI) 2007-2008

Country	Stock in 2007 (Mio euro)		FDI Flows in 2008 (Mio euro)	
	Inflows	Outflows	Inflows	Outflows
USA	1,029,813	1,043,377	44646	149,243
China	4,579	38,444	71	4,460
Japan	120,159	73,831	3,538	5,521
India	4,258	19,110	2,380	852
Russia	23,666	73,012	-444	21,586
Other	1,124,559	1,887,129	122,476	172,725
Extra EU 27	2,307,034	3,134,903	172,667	354,387

Source: DG TRADE-A2 / CG-MP Statistics³⁴

Based on the data above, the EU and Asian countries may improve their commercial relationship on the basis of trans-regionalism. Free trade agreements between the EU and Asian countries would be viable ideas that may be used to foster their existing economic relationship. Free trade agreements between the EU and Asian countries are huge economic opportunities if they can be realised by both regions. They may reach symbiotic economic co-operation, if the EU and Asian countries can manage and monitor well their bilateral and inter-regional trade initiatives through a common flexibility framework in ASEM.

The EU is now actively negotiating bilateral and inter-regional trade initiatives with Asian countries, for example the ongoing negotiations of free trade agreements between the EU and ASEAN member states, and the EU and India. However, the EU has only achieved one free trade agreement (based on the WTO-plus arrangement) with South Korea. This situation is caused by too high expectations and ambitions on the part of the EU with regard to its Asian partners in the context of the range and coverage of issues in their future free trade agreements. The EU would like to implement the WTO-plus arrangement. However, the majority of Asian countries may not fulfil the EU's expectations and ambitions in building future free trade agreements based on the WTO-plus arrangement. The main reason is that the WTO-plus arrangement will jeopardise the national industries and social life of their citizens.

It is suggested here that the EU and Asian countries may adjust and balance their level of expectations and ambitions by looking at the possibility of a free trade agreement based on trade in goods, investments and selected areas for trade in services. This kind of free trade agreement is more flexible and viable for the EU and Asian countries compared with the WTO-plus arrangement. Moreover, these free trade agreements between the EU and Asian countries should also consider, accommodate and include the development aims of developing and least developed countries on the Asian continent. However, if these free trade initiatives between the EU and Asian countries do not include the developmental

³⁴ European Commission (2009). *European Union in The World*, DG Trade-A2/ CG-MP Statistics: Brussels, p. 1.

aims of developing and least developed countries on the Asian continent, most Asian countries will suffer a negative impact from these future plans.

Free trade agreements between the EU and Asian countries may bring positive and negative impacts to ASEM countries, especially in the case of developing and least developed countries. With regard to the positive impacts, free trade agreements between the EU and Asian countries would improve the economic relationship between Europe and Asia, which has been neglected over the last ten years. In addition, free trade agreements would create a window of opportunity for the EU and Asian countries in terms of improving trade in goods and services, foreign direct investment, flows of capital and the reduction in tariffs/quotas.

However, free trade agreements may also have negative impacts for the EU and Asian countries, especially developing and least developed countries. Firstly, free trade agreements can create an asymmetrical relationship between the EU and Asian countries. The EU member states would get greater benefits compared with Asian countries. While Japan, China, South Korea, India, Singapore, Malaysia and Thailand would get some benefits from these free trade arrangements between the EU and Asian countries, the other Asian countries (the developing and least developed countries) might incur losses from these free trade arrangements. Secondly, many small and medium enterprises in Asian countries would lose out because they cannot compete with big European companies. Third, national industries in developing and least developed countries in Asia would collapse because of these free trade arrangements between the EU and Asian countries. Today, most developing and least developed countries in Asia still protect their national industries with regulations (tariffs and quotas) and facilities to some extent. However, when free trade agreements are implemented, these protections and facilities should be eliminated by Asian governments. This situation would be a disaster for the national industries of developing countries and least developed countries in Asia.

Fourth, many farmers and fishermen from developing and least developed countries in Asia cannot compete with European farmers. The argument is that Asian farmers would be losers following the signing of free trade agreements between the EU and Asian countries, because European farmers still receive significant subsidies and good protection from the EU through the Common Agricultural Policy and the complexity of the EU's trade and health regulations. On the other hand, Asian farmers do not get any support from their government. Fifth, many people might lose their jobs in Asian countries (especially in developing and least developed countries, such as Indonesia, Cambodia, the Philippines, Myanmar, Laos, and Pakistan) because they might be replaced by cheap workers from other ASEM countries.

Possible challenges and implications inherent to the development of free trade agreements

The free trade agreements between the EU and Asian countries might create several new challenges and implications for the EU and Asian countries. I will elaborate on the contemporary challenges that are faced by ASEM. I will divide these challenges into two categories, namely the challenges faced by European countries and the challenges faced by Asian countries.

In Europe, these challenges are as follows. First, the EU faces a complex dilemma as to what its collective interests in ASEM are. The diverging interests amongst EU member states with regard to the Asian continent are important. It is difficult for the EU to act as a single voice in its dealings with the Asian continent. The EU may be seen as a single actor when dealing with Asian countries in ASEM; however, each EU member state also tries to

create opportunities for itself by approaching each Asian country individually in order to get greater benefits from a bilateral relationship. Second, the EU has only signed one free trade agreement with an Asian country (South Korea) to date. The EU is still negotiating free trade initiatives with Asian countries, such as the EU-Singapore free trade agreement, the EU-Vietnam free trade agreement and the EU-India free trade agreement. These economic initiatives show that the EU does not want to be excluded from the emergence of bilateral and regional trade arrangements in the Asian region. The EU approaches Asian countries through two channels, namely ASEM and bilateral/inter-regional relationships. These various channels of economic cooperation may create an overlap between trans-regional and bilateral links. Therefore, an effective framework is needed to manage and monitor these various channels of cooperation in order to avoid counter-productive outcomes for the enhancement of the Europe-Asia relationship. Such outcomes may include trade diversion in the midst of these economic agreements, which may result in a competition amongst ASEM countries. There is a link between the third challenge and the first challenge above; namely that the EU also wants to preserve ASEM as it is because of the smaller political and economic implications and risks for the EU. The EU member states understand that it is difficult for the EU to act as a single actor. Therefore, most of the EU member states want to reduce their political and economic implications and risks through the ASEM framework.

Fourth, the division of labour amongst the EU institutions would be the next challenge when making and implementing EU policy towards ASEM. The Treaty of Lisbon has been ratified by all member states of the EU by November 2009. It introduces some institutional changes in the EU, notably with regard to the High Representative of the Union for Foreign Affairs and Security Policy and the new President of the European Council³⁵. Then, it lays down a distinct role and functions for the European Commission on the one hand and for the High Representative of the Union for Foreign Affairs and Security Policy on the other to deal with ASEM. The EU's High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission, Catherine Ashton, implied that her main task is to make the EU's voice unified and its role stronger at the global level³⁶. The new change should be consolidated by the EU in order to create harmony amongst its institutions. Fifth, the EU might have difficulty in adjusting to and being flexible with regard to its economic expectations and ambitions in order to meet with the economic ambition of Asian countries. This is in relation to the desirability for the EU and Asian countries to strengthen their economic partnership and to reform the ASEM policy-making system as agreed at the latest ASEM meeting in Brussels.

With regard to Asian countries, there are also some challenges, which are as follows. First, Asian countries have diverging interests, characteristics and histories. China, Japan and South Korea are competing amongst themselves in many aspects of life. They also have an unforgettable history, which needs to be resolved between themselves. This situation is the main challenge that they face at the present time. Therefore, ASEAN would serve as a focal point for these countries through which they might cooperate with each other. The second challenge links to the previous challenge: namely, the complexity of the regionalising process amongst Asian countries. Regionalism entails a huge challenge for Asian countries because they need to consolidate and coordinate very well in order to build a solid position for Asian countries in ASEM as a whole. Third, Asian countries want to maintain the *status quo* in ASEM. Most Asian leaders have little political or good will to

³⁵ European Union (2007). *Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community*, Brussels: Official Journal C 306, 17 December 2007, p 19, 23, 24. Available at http://bookshop.europa.eu/eubookshop/download.action?fileName=FXAC07306ENC_002.pdf&eubphfUId=534817&catalogNbr=FX-AC-07-306-EN-C, last accessed on 6 January 2010.

³⁶ Ashton, C. (2009). 'Quiet Diplomacy Will Get Our Voice Heard', *The Times*, United Kingdom, 17 December, p. 33.

change and thereby foster current trans-regional cooperation within ASEM. The rationale behind this situation is that most Asian countries differ in terms of their national interests and preferences. This pluralistic situation creates loose institutionalisation amongst Asian countries within ASEM. They are quite flexible in ASEM because they want to minimise legally binding agreements. Therefore, Asian countries also open to diplomatic opportunities by engaging in bilateral relationships with the EU in order to get more advantages if ASEM does not work properly. Although Asian countries have shown their desire to reform the ASEM policy-making system as mentioned at the latest ASEM summit, it will take time before it will be realised. Indeed, there is a hope that the EU and Asian countries will translate their desires into concrete actions.

Fourth, the Hanoi Declaration on a Closer ASEM Economic Partnership is a challenge for European and Asian countries as members of ASEM. Free trade agreements can pose a complex problem for ASEM countries, if EU countries do not include the developmental goals of Asian countries, especially in the case of developing and least developed countries. Free trade agreements between the EU and Asian countries should also include the developmental goals of Asian countries. Indeed, ASEM must also solve its non-economic obstacles amongst European and Asian countries, such as the case for democracy and the question of human rights. Fifth, Asian countries are at different levels of development, which can be divided into four categories: developed countries (such as Japan, Singapore, Brunei, South Korea, Australia and New Zealand), more advanced developing countries (such as China, India, Russia, Malaysia and Thailand), developing countries (such as Indonesia, Pakistan, the Philippines and Mongolia) and the least developed countries (such as Vietnam, Cambodia, Laos and Myanmar). These levels of development also show their capacities and abilities to respond to free trade agreements between the EU and Asian countries. Therefore, there is a huge possibility that the EU may gain favourably from future free trade agreements between the EU and Asian countries.

Sixth, there will be a competition amongst Asian countries in order to get advantages from special economic relations with the EU. The emergence of bilateral and inter-regional free trade agreements would entail complementary or competitive relationships amongst ASEM countries. It seems that these emerging free trade agreements might be in competition if all of them are not managed well by the EU and Asian countries. Therefore, ASEM should also establish a common flexible framework for managing and monitoring bilateral and inter-regional trade initiatives between EU and Asian countries. Furthermore, social implications could emerge in Europe and Asian countries especially in developing and least developed countries as a result of the emergence of their economic relations. European countries could be affected by capital flight. More specifically, there are some capital and investment movements from Europe to emerging Asian economies, such as China, South Korea, Vietnam, and India. EU industries could move their factories to these Asian nations because they have cheap labour and a politically stable economic situation. This would cause job losses in Europe. However, most European nations have social safety net programmes for their citizens, such as national health insurance, unemployment benefits, housing benefits and a pension programme.

Most of the social implications would emerge in Asian developing and least developed countries, as follows. Firstly, the poverty rate in developing and least developed countries in Asia might increase because of the negative impact of free trade agreements. For instance, the total number of people in a situation of poverty in Asia from 1990 to 2002 was 233 million people. The Asian continent is one of the continents that are also targeted by the United Nations as a region that should achieve Millennium Development Goals because of this situation³⁷. The number of poor people will increase, if farmers, fishermen

³⁷ Asian Development Bank (2006). *Regional Cooperation and Integration in Asia*, Office of Regional Economic Integration. Available at <http://www.ppiaf.org/documents/toolkits/Cross-Border-Infrastructure-Toolkit/Cross->

and labourers lose their jobs because they cannot compete with European farmers, fisherman, business people and professionals in the open and free market economy. In reality, the EU applies the Common Agricultural Policy to give subsidies and to protect its farmers. However, most Asian farmers and fishermen do not receive any subsidies or facilities from their government. Therefore, the level of playing field between them is very different and the gap between the two is too great. Secondly, a number of small, micro and medium enterprises in Asian developing and least developed countries may decrease because they cannot sustain and compete with supermarkets from Europe. Most national industries from Asian developing and least developed countries may also collapse because they cannot compete with other Asian countries' industries and also the EU industries at the same time. Thirdly, there is a possibility that the amount of migration would increase because of this uncertainty. The raised number of people in poverty could push people to move to another area in order to get a better life and a better job. Fourthly, it is impossible to ignore the amount of social unrest that may arise in developing and least developed countries in Asia because of all the above circumstances.

Conclusion

The contemporary trans-regional cooperation between Europe and Asia (ASEM) has been quite dynamic in recent years. ASEM can be categorised as trans-regional cooperation based on the existing literature. I have explained that the development of ASEM has been based on political and security dimensions, rather than economic and socio-cultural dimensions since its inception. Recently, there has been a need to enhance and foster the economic relationship between Europe and Asia through the ASEM framework. There are potential economic opportunities that need to be explored by both regions. Those economic opportunities are trade in goods and services, as well as foreign direct investment. However, ASEM has faced obstacles in recent years, such as the lack of institutions and a lack of focus on specific issues.

European and Asian countries have agreed to improve their economic relationship as mentioned in the Hanoi Declaration on a Closer ASEM Economic Partnership in 2004. They might translate it into future bilateral and inter-regional trade initiatives between the EU and Asian countries. The future role of ASEM will prepare and establish a common flexible framework in terms of managing and monitoring these initiatives in an effective way. Moreover, this flexible framework will also include the study of the possible social implications of these trade initiatives. This proposal might be a solution in responding to the existing economic ties within ASEM.

The EU has only achieved one free trade agreement with South Korea. This is due to the different levels of economic expectation and ambition between the EU and Asian countries. The possible trade initiatives between EU and Asian countries might be based on trade in goods, investments and selected areas for trade in services. Moreover, these trade initiatives can be a complex problem for ASEM countries, especially for developing and least developed countries on the Asian continent. Therefore, these trade initiatives between the EU and Asian countries should accommodate and include the developmental goals of developing and least developed countries from Asia. There is a possibility that free trade agreements between the EU and Asian countries would create asymmetrical economic linkages between both parties. It would be like a double-edged sword. For example, on the one hand, the EU might be a winner from the economic relationship. On

the other hand, some Asian countries might be losers because they are not ready to compete with other Asian partners and the EU at the same time.

There are some challenges which are faced by the EU and Asian countries. The EU faces several challenges. First, there is the difficulty for the EU to act as a united actor towards the Asian continent. Second, there will be an overlap amongst existing bilateral and inter-regional trade initiatives if there is not a trans-regional common flexible framework to manage and monitor these trade initiatives within both regions. Third, there is no clear strategy on the part of the EU in its approach to ASEM. Fourth, there is no clear division of labour within the EU institutions for effectively handling foreign and external policies towards Asia. We still have to wait for the EU to achieve coherence and cohesiveness in its implementation of foreign and external policies in accordance with the Treaty of Lisbon. Fifth, the EU might have difficulty in adjusting its economic ambitions in its dealings with Asian countries. Therefore, the EU must be able to act in a flexible manner in order to strengthen its economic cooperation.

Asian countries also face several challenges. First, there are divergent histories, characteristics and interests amongst Asian countries, especially in their trilateral relationships with Japan, China and South Korea. Second, the union of Asian countries is still far off because of the complexity of the regionalising process amongst Asian countries. Third, Asian countries have showed their desire to reform the ASEM's policy-making system. However, most Asian countries prefer to preserve the *status quo* in ASEM. Therefore, it will take time to translate their desires into real actions. Fourth, these trade initiatives can be a complex problem for vulnerable Asian countries, if the EU does not accommodate the developmental goals of developing and least developed countries in Asia. Fifth, there are many typologies of Asian countries based on their levels of development from developed countries to least developed countries. Their different levels of development are an important matter. Sixth, most Asian countries may compete to achieve bilateral and inter-regional trade initiatives with the EU if ASEM does not establish a common flexible framework to manage and monitor these trade initiatives. This framework will also include the relevant studies on the social implications of these trade initiatives for ASEM countries. The detailed study of a common flexible framework in ASEM is an important area for future research.

Finally, economic relations between Europe and Asia may have social implications in European and Asian countries, especially for Asian developing and least developed countries. Capital and investment can shift from Europe to Asia, which would entail the closure of a number of factories in the EU. European labour might lose jobs because of this situation. However, most European nations have social protection programmes, such as the social safety net programme for their citizens. Ironically, most of the social consequences might happen in Asian developing and least developed countries, as follows. First, the total number of people in a situation of poverty might well increase because many farmers, fishermen and labourers would lose their jobs. Second, the amount of small, micro and medium enterprises could collapse because they would not be able to compete with huge hypermarkets. Additionally, most national industries in Asian developing and least developed countries would not be able to survive for long because of their inability to compete with advanced Asian industries and also with the EU's industries. Third, all of the above might force migrants from Asian developing and least developed countries to move to other Asian or European countries. Fourth, the amount of social unrest could well increase in Asian developing and least developed countries.

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Invisible Forum? The Public Outreach of the Asia-Europe Meeting (ASEM)

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Abstract

Contributing to the wider field of studies of international communication strategies by major international fora, this study investigates a scholarly vacuum – the role of visibility in the Asia-Europe Meeting (ASEM). A novelty of this inquiry is that it is carried out on endogenous (*i.e.* deriving internally in ASEM) and exogenous (*i.e.* originating externally to ASEM) levels. Addressing the former perspective, this paper examines ASEM's official discourse and its vision of the role of visibility. Addressing the latter, exogenous perspective, the paper explores a rarely addressed dimension in ASEM studies, namely personal perceptions of the forum among Asian national elites (the opinions expressed by representatives of political, business, media and civil society circles in Japan, China, South Korea, Singapore and Thailand). The main rationale is to assess whether the degree of ASEM's visibility positively correlates to the direct involvement of the stakeholders into or to the achievement of the process. Positing its inquiry within a social constructivist perspective, this article argues that, instead of being conceptualised as the end-goal, visibility should be understood as an element in the construction of the Asia-Europe relations under the ASEM framework.

Keywords

ASEM; Media; Perceptions

ACCORDING TO THE UNITED NATIONS, THE INTERNATIONAL COMMUNITY IS suffering from “summit fatigue”:

The number of meetings held under the auspices of the various intergovernmental organs has increased dramatically over the years. (...) It must now be clear to everyone that the international agenda has become overloaded with such meetings. Summit fatigue has set in, both among the general public and in many Governments (UNGA 2002, 9).

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This constant stream of top-level meetings¹ creates competition between the summits – over the availability of the heads of state/government, legitimacy, as well as media and public attention and recognition. Undeniably, these elements are intertwined: a summit with higher attendance is more representative and hence more legitimate; a summit which gathers more states, especially the ‘heavyweights’, attracts more media and public attention.

Unsurprisingly, in the global ‘pageant’ of summits, international forums often prioritise ‘PR’, media coverage and public recognition – predictable communication strategies in a heavily mediated international reality. The literature exploring such strategies generally focuses on a limited number of issues, such as how the public is informed by government agencies; how benefits are explained to the citizens; and finally, how the communication skills of civil servants can be improved (including how to use the media and work with media representatives in the most effective way) (Wilson 2009: 478-87).

The Asia-Europe Meeting (ASEM) is one international forum that assigns a strong priority to its communication strategy. Rather than confronting its reputation as a “talk shop” (Yeo 2003: 1; ASEM6, online) or addressing high absentee rates among the heads of state/government, the current focus is on increasing media visibility and public awareness. Contributing to the wider field of studies of international communication strategies by major international fora, this study investigates a scholarly vacuum – the role of visibility in ASEM. Positing its inquiry within a social constructive perspective, this article argues that instead of being conceptualised as the end-goal, visibility should be understood as an element in the construction of the Asia-Europe relations under the ASEM framework. The leading assumption is that seeking more visibility just for the sake of visibility is counterproductive to the summit’s success.

The tenth anniversary case study (when visibility was recognised as a key issue) chosen for this ASEM analysis is particularly representative of this relatively young forum (established in 1996). Comprising of 27 European Union (EU) member states, 19 Asian-Pacific states and two inter-regional organisations (the European Commission and the ASEAN Secretariat),² ASEM now represents almost 60 per cent of the world’s population, 60 per cent of the world’s total trade and 50 per cent of the world’s GDP (ASEM8 2010 online). This particular subject is analysed to further our understanding of international communications, international relations and diplomacy. Importantly, ASEM symbolises a new type of international interaction – a unique non-institutionalised inter-regional dialogue involving both nation-states and regional organisations and with a multi-sector comprehensive agenda. Despite being summit-driven, ASEM has established various additional levels of dialogue – not only between senior officials and ministers, but also inter-regional exchanges between parliamentarians, scholars, artists, business leaders, religious leaders, and students. It has also introduced mechanisms to support cooperation in intra- or inter-regional projects, such as the construction of railway networks, the Investment Promotion Action Plan, or the Trade Facilitation Action Plan.

However, for a summit-driven process, getting older and larger does not automatically mean increased legitimacy and recognition. A number of commentators have warned that ASEM is

¹ To name just a few, United Nations General Assembly (UNGA), UN Conference on Climate Change, G8, G20, Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM), ASEAN Regional Forum (ARF), US-China summit, EU-Russia summit.

² The initial ASEM partnership consisted of 15 EU member states and 7 ASEAN member states plus China, Japan, South Korea and the European Commission. ASEM’s first enlargement took place at its Fifth Summit in 2004 in Hanoi, where the ten new EU member states (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) and three new ASEAN countries (Cambodia, Laos and Myanmar) became official members of the process. The subsequent round of enlargement in 2007 brought in Bulgaria, India, Mongolia, Pakistan, Romania and the ASEAN Secretariat. ASEM8 in October 2010 in Brussels welcomed Australia, New Zealand and Russia.

in danger of becoming increasingly irrelevant, overshadowed by bilateral relations and new arrangements (e.g. G20) (Islam *et al.* 2010: 2; JCIE *et al.* 2006: 7). As one solution to this problem, ASEM has sought to increase its visibility and public awareness. Indeed, the 7th ASEM Foreign Ministers Meeting (May 2005) (reported to the Heads of State and Government at the 6th ASEM Summit) frankly expressed serious concerns about the forum's profile, asserting that ASEM was clearly not visible enough: not only was the general public uniformly unaware of it, but its main stakeholders (namely business community, civil society, and parliamentarians) were not actively involved in or aware of the process (University of Helsinki Network for European Studies 2006; JCIE 2006).

Consequently, the 2006 Helsinki summit agreed that low visibility was an obstacle for ASEM's successful outreach for the coming decade and in its *Declaration of the Future* highlighted the need to increase the forum's presence and the public's awareness of it and devised a series of guidelines on how to improve ASEM visibility. In particular, Annex III of the Declaration on *Visibility, public awareness, and links with stakeholders* listed four recommendations (ASEM 2006, Annex III). Since then, several initiatives have been launched in order to define ASEM's public image and improve its visibility (including media visibility) amongst both the general public and targeted stakeholders.³ The leaders tasked the Asia Europe Foundation (ASEF) to enhance ASEM's visibility (ASEM6 Chairman's Statement 2006, para. 34). In addition, Chair's Statements of ASEM7 and ASEM8 continued to call for more visibility (CS7 2008: para. 41 and 45; CS8 2010: para. 82, 83 and 84).

However, a series of public and elite surveys conducted in 12 Asian countries in 2007-2010 (within the "The EU in the Eyes of Asia-Pacific" project)⁴ indicated that these efforts had failed to increase ASEM's public awareness (for example, 95 per cent of respondents in the Philippines reported they were unaware of ASEM, 93 per cent in Macau SAR, 88 per cent in Malaysia, 85 per cent in Indonesia, and 77 per cent in India). Given the present institutional capacity of ASEM, its activities can realistically reach only a limited number of people (mostly 'elites') from the two regions. Thus, taking these public views as contextual backgrounds, this analysis focuses on the findings of the 'elite' survey in Asia. In particular, this study examines perceptions towards ASEM among four different groups of Asian national decision-makers (political, business, media and civil society). The main rationale is to assess whether the degree of ASEM's visibility positively correlates to the direct involvement of the stakeholders into or to the achievements of the process.

Social constructivism is used in this analysis to conceptualise the role of visibility in an international forum (ASEM in our case). In contrast to the realist perspective that gives states the central role on the international stage, social constructivism hypothesises that all

³ For its part, the European Commission (EC) sponsored a series of studies and workshops on ASEM image and visibility by involving national staff from the Foreign Ministries working on ASEM (*i.e.* the "Scoping Studies on Enhancing the Visibility of ASEM" presented in 2006 and the Asia-Europe Meeting Visibility/Communication Strategy Workshop "In Search for ASEM", held in Brussels 13-14 December 2007). Outcomes have taken the shape of an "ASEM Visibility Toolkit" recently distributed to all European staff working on ASEM (European Commission 2009a). During ASEM7, the leaders also endorsed an initiative on "Coordinating Cultural Activities for the Enhancement of ASEM Visibility" by senior officials. Besides, prior to ASEM8, the EC created a visibility support project to prepare and disseminate written materials about ASEM to media organisations, 'think tanks', academia, as well as other relevant organisations and individuals.

⁴ The trans-national comparative project "The EU in the Eyes of Asia-Pacific" (2002 – on going) studies external images of the EU and ASEM in the news media, and perceptions of the EU among general public and national 'elites'. In 2010, the project has been conducted in 12 Asian locations (Japan, South Korea, mainland China, Hong Kong SAR, Macau SAR, India, Singapore, Thailand, Malaysia, Vietnam, Indonesia, and the Philippines), two Australasian states (Australia and New Zealand), five Pacific nations (Fiji, Papua New Guinea, Samoa, the Solomon Islands, and the Cook Islands), and two African locations (Kenya and the Republic of South Africa). The project is conducted by the National Centre for Research on Europe, University of Canterbury, New Zealand (Holland *et al.* 2007; Chaban and Holland 2008; Chaban *et al.* 2009; Holland and Chaban 2010). For more information on the project see www.euperceptions.canterbury.ac.nz.

actors who exert influence on the construction of identity are relevant (Wendt 1992). Importantly, in ASEM, a variety of state and non-state actors are involved (albeit to different degrees). Secondly, constructivism emphasises the importance of both normative and material structures. In particular, a central role is assigned to the notion of 'identity', which is shaped by both ideas and material structures, and which informs the interests (and thus the actions) of actors (Reus-Smit 2001: 219). With inter-subjectivity believed to constitute ASEM agents and structures, their identities in the international realm are seen as being formed and re-formed continuously. According to Wendt (1992: 406), "[it] is through reciprocal interaction that we create and instantiate the relatively enduring social structures in terms of which we define our identities and interests". Finally, citing an absence of comprehensive information and lack of rationality of states as actors, social constructivists argue that an evaluation of costs and benefits rests on cognitive factors (Wendt 1992; 1998): thus, past experience and ideas of ASEM participants at all levels are assumed to help shape perceptions of the forum's utility. In summary, constructivism helps demonstrate how the intangible (or non-material) factors of the ASEM process influence the participants, especially non-state actors.

This analysis proceeds with an overview of the methodology, followed by an examination of the role of visibility as described in ASEM's official discourses. The analysis then compares the perceptions of and attitudes towards ASEM identified among the four 'elite' cohorts from five leading Asian ASEM members: China, Japan, South Korea, Singapore and Thailand. The concluding discussion explores whether there is a positive correlation between the visibility of the summit in terms of perceptions of its effectiveness and legitimacy and the involvement of 'elites' in the process. Finally, a number of policy recommendations are proposed to ASEM (and other similar international fora) for raising visibility and increasing the direct involvement of stakeholders.

Methodology

A methodological novelty in this analysis is that it has been carried out on both *endogenous* (deriving internally in ASEM) and *exogenous* (originating externally to ASEM) levels. Addressing the former perspective, ASEM's official discourse on visibility (and specifically its vision of the role of the media in raising its visibility) is examined. In this respect, the study analyses the texts of working documents, as well as responses to the face-to-face in-depth interview⁵ with a key informant from the Public Affairs Department of the Asia-Europe Foundation (ASEF), the sole ASEM institution involved in promoting the process. The Public Affairs Department plays a key outreach role: the Department acts as the official face of ASEF in dealing with the diplomatic services and VIPs, and it also administers the ASEM "Infoboard", the official online platform of information on ASEM (<http://www.aseminfoboard.org/>). Since 2006, the ASEM Infoboard has been recognised as its main public interface on the web, significantly improving access to ASEM-related information on the Internet.

Addressing the *exogenous* perspective, a rarely addressed dimension in ASEM studies (as well as in the studies of any other international fora) is explored, the personal perceptions of the forum from Asian national 'elites'. The *elites* were defined in this analysis as active members of their national societies, with positions of responsibility and with the power to

⁵ The interview took place on 9 December 2009 in Singapore at the ASEF headquarters. The interviewee has a ten-year working experience in the Department and currently occupies a senior position in it.

exercise influence in their respective field (an approach supported by Wright Mills, Ferdinand Lundeborg as cited in Carlton 2006).⁶

The perceptions were solicited in the course of individual semi-structured face-to-face interviews with representatives of political, business, media and civil society circles.⁷ Political elites were chosen for this analysis, since in its core ASEM is a political project involving mainly politicians. The business cohort was chosen since the business community are considered to be key stakeholders and officially participate in the forum. The ASEM agenda is typically dominated by economic and trade matters, stressing the promotion of inter-regional trade and investment. With a majority of the forum's initiatives targeting economic relations, it could be seen as just another reflection of the economy-oriented relationship between Asia and Europe. Additionally, some Asian ASEM countries are reluctant to talk about politics, fearing criticism of their domestic records on human rights and democracy (Gaens 2006: 86; Maull and Okfen 2003: 243); thus, the dominance of economic interactions prevails. Apart from the political and economic pillars, ASEM also has a 'social-cultural' pillar and the study therefore involved members of civil society (among those, representatives of NGOs, academia, think-tanks and trade unions). In contrast to the three groups described above, media representatives had not been actively targeted in the first decade of ASEM's activities. This cohort was not mentioned in any of the official documents and while involved solely in two early ASEM activities (the first and second ASEM Editors' Roundtables in 1997 and 2000 respectively), it was not until 2006 that the ASEM Editors' Roundtables became a regular event held in the week before the biennial summit. The 2007 in-depth interviews focused on five leading Asian ASEM members: China (interviews conducted in Shanghai and Hong Kong SAR), Japan (Tokyo), South Korea (Seoul), Singapore and Thailand (Bangkok). In total, 171 interviews were conducted to assess the elites' perceptions of the EU in general and ASEM in particular (Table 1).

Table 1: Interviewed elites

	Business	Political	Civil Society	Media	Total
China (Shanghai)	8	8	8	8	32
China (Hong Kong)	6	9	8	8	31
Japan	8	8	8	8	32
South Korea	4	7	7	9	27
Singapore	8	8	8	8	32
Thailand	6	4	3	4	17

⁶ An alternative understanding of the concept 'elites' asserts that power is possessed by the society as a whole and that "society is made of many elite, educational elite, political elite and so on, which despite their difference function in complementary ways in order to sustain society" (Dahl, Bell in Carlton 2006, p. 7).

⁷ The *business elite* were identified as members of national business roundtables, Chambers of Commerce, and other official business networks, and leading exporters to the EU; the *political elite* were identified as primary political actors, with a primary focus on current members of national parliaments representing different parties and a secondary focus on government officials and servants; the *civil society elite* were identified as representatives of various non-governmental organisations and non-state actors (both of international and local status). The *media elite* were identified as "international, political and business editors, editors-in-chief, television news broadcast producers and both key locally- and Europe-based correspondents of the media outlets that were established as the national leaders in the EU coverage" (National Centre for Research on Europe 2008).

Total	40	44	42	45	171
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All questionnaires were administered in local languages by native speakers aware of cultural protocols. Within a number of broader EU-related questions, participants were asked further questions on how they perceived ASEM's importance and effectiveness in the context of their country's relations with the EU. In a section that specifically addressed the interviewee's perceptions of 'special issues', such as the EU's enlargement or the impact of the Euro as an international currency, two questions were dedicated to the ASEM process, namely *How would you describe the impact of the ASEM process on interactions between the EU and your country?*; and a follow-up question, *Last year [2006], there was an ASEM meeting in Helsinki in September. How would you describe the effect of that meeting on your country?* The media questionnaire also contained a series of questions dedicated to news production practices in relation to the EU and ASEM.

This study focuses on a particular time period, *i.e.* 2006, which was the 10th anniversary of ASEM and the time when visibility was recognised as a key issue. This timeframe was instrumental in narrowing the data for this analysis. The project interviews in Japan, China, South Korea, Singapore and Thailand were conducted in 2007 and were conceptualised as an immediate follow-up of a benchmark summit. The selection of case studies provides a valid sample to pinpoint regional commonalities and differences – all countries in the sample are among Asia's main political and economic players, representing North and East Asia. Importantly, this study does not attempt to compare the elite perceptions across national lines (a possible topic for a follow-up analysis), but focuses its inquiry on differences in views between the four cohorts of ASEM stakeholders (a research perspective instrumental in tracing correlation between ASEM's visibility and the direct involvement of the stakeholders into the achievements of the process).

ASEM: architecture and visibility

A key motivation behind ASEM's creation was to establish a 'missing link' in the triadic relations between the global economic hubs: North America, Europe and East Asia (May 2005: 38, 43; Hånggi 1999). The Asian side expected ASEM to facilitate Asia's access to the 'fortress Europe' markets after the completion of the Single European Market in 1992, diversify its economic and diplomatic partners, and attract the rather inward-looking EU. The European side sought to access the booming East Asian economies and prevent its own marginalisation on the international stage. ASEM was also expected to secure the United States' commitment to multilateralism. Yet, despite these promising initial expectations for the last 15 years, ASEM has been consistently accused of lacking concrete achievements and being a mere 'talk-shop'.

The process is driven by the biennial summits, which gather heads of state/government from Asia and Europe.⁸ At each summit, leaders set the pace and direction of the whole ASEM process for the following two years. Between summits, ministers and senior officials across various policy fields meet and carry out instructions from the summit. Foreign Ministers, Financial Ministers and Economic Ministers meet at least once every two years (although the Economic Ministers' Meeting has been suspended since 2005), whilst ministers for other

⁸ The first ASEM was held in Bangkok on 1-2 March 1996; ASEM2 was held in London on 3-4 April 1998; ASEM3 was held in Seoul on 20-21 October 2000; ASEM4 was held in Copenhagen on 22-24 September 2002; ASEM5 was held in Hanoi on 8-9 October 2004; ASEM6 was held in Helsinki on 10-11 September 2006; ASEM7 was held in Beijing on 24-25 October 2008; ASEM8 was held in Brussels on 4-5 October 2010; ASEM9 will be held in Laos in 2012.

policy areas meet according to the decisions of the summits. Senior officials meet prior to the ministerial meetings of their relevant policy area. ASEM partners can initiate joint projects at all levels of these meetings.

Due to its informality and multi-dimensionality, leaders from the two regions are free to adjust summit agendas. Consequently, these top-level meetings feature an impressive range of topics – from security and trade to environmental protection and people-to-people contacts – and ASEM is more attuned to the changing situation in the world than other bilateral or multilateral fora, which often focus on a single area. However, this informality, as well as the absence of a permanent coordinating body, triggers ASEM's ubiquitous reputation as a 'talk-shop'. Even though most initiatives are raised during the summits, the process is more than the meetings among the government officials (those are grouped as "Track 1" ASEM events). Importantly, ASEM has established a semi-official "Track 2" for events among non-state actors as well as the general public in the two regions. The Asia-Europe Foundation (ASEF), ASEM's only institution, is mandated to oversee Track 2 activities.⁹ Besides, business leaders have been brought together during the Asia-Europe Business Forum (AEBF) since 1996; Members of Parliament were gathered under the Asia Europe Parliamentary Partnership Meeting (ASEP) in 1996, 2002 and 2004. Outside the official tracks, civil society has organised its own biennial meetings parallel to the ASEM summit since 1996 - the Asia-Europe People's Forum (AEPF).

Despite the popular potential of this multi-level set-up, both sides of the process admit that ASEM remains elitist. For Asia, ASEM is "mostly the concern of officials and leaders, and not so much the concern of the average citizen" (Thailand in JCIE 2006: 144). The 2001 *Vademecum* for ASEM issued by the European Commission realistically described the ASEM process as a "top-down dialogue among leaders and warned that despite 'bringing together leaders of nearly half of mankind and world gross national product, the ASEM process is not well-known to the public'" (EC 2001: 8). The findings of the 2006 public survey under the auspices of "The EU through the Eyes of Asia-Pacific" research project in the five Asian countries chosen for this analysis confirmed these views: around two-thirds of the general public respondents were either not aware of ASEM's existence or did not pay attention to it (Holland *et al.* 2007).

The need to reach out to the public effectively has been repeatedly stressed in various ASEM documents. For example, the need to include the people can be found in all Summit Chairman's Statements (CS1 1996: para. 4 and 17; CS2 1998: para. 3 and 20; CS3 2000: para. 15 and 17; CS4 2002: 2; CS5 2004: para. 3.1 and 3.6; CS6 2006: para. 2, 32 and 34; CS7 2008: para. 9 and 33; CS8 2010: 18-20). The 2001 *Vademecum* called for joint efforts between European and Asian partners to "make ASEM better known to the general public" (EC 2001: 8) noting that for a more mature process, a "bottom-up approach should be given more importance and weight" (*Ibid.*).

The interview with a key informant from the ASEF Public Affairs Departments assisted in identifying a number of issues surrounding ASEM's current low visibility. It was stressed that the very nature of the ASEM process – informality and complexity – are the most powerful challenges to the forum's visibility. The informant noted that, within the ASEM process, "there is no one with a master plan"; as a result, "the process may not immediately lend itself to visibility". In raising ASEM's profile, a special role was assigned by the interviewee to the mass media. Taking ASEM's need to increase its visibility *a priori*, the key informant underlined difficulties in attracting media attention to ASEM and ASEF initiatives. First, it was noted that ASEF has not been given the necessary resources and/or mandates to act as a 'media centre' for ASEM. Second, among the limitations and constraints to raise ASEM's

⁹ For more information, see www.asef.org.

visibility, the interviewee listed the “need to understand the background and the climate of the media industry”. The interviewee was realistic in admitting that many worthy initiatives were “not news breaking” and that “the media don’t have the kind of capacity in terms of resources and time to check, to think about things, to [dig] deep anymore. And for a process like ASEM, which does not instantly give you that kind of instant results, it is quite quick to say ‘it is useless’”. Third, the official statements released to the media do not necessarily offer a deep analysis of the Summits and their outcomes; the ASEM Summit Chairman’s Statements and Political Statements circulated to the media were given as an example. To address this information gap and attract newsmakers’ attention to topical issues, ASEF organises colloquia, seminars and roundtables specifically targeting senior editors and leading journalists. One of ASEF’s objectives during these meetings is to encourage news writers to go beyond a parochial agenda in reporting on ASEM. ASEF also facilitates channelling the outcomes of these meetings into higher level recommendations, for instance, the implementation of the ASEF Journalism Colloquium in the fourth ASEM Interfaith Dialogue in 2008 (4th ASEM Interfaith Dialogue 2008; 6th ASEM Journalists’ Colloquium 2008).

Yet another challenge is the idiosyncratic way in which ASEM is promoted (*i.e.* depending on the country hosting an ASEM event, be it a summit, a ministerial meeting or journalists’ workshop). Indeed, those countries hosting an ASEM event are exclusively responsible for media relations, which makes the visibility of the process dependent on the host country’s attitude towards, and relationship with, the local media. For example, the ASEM Interfaith Dialogue, which started in 2005 and is hosted annually by a different ASEM country, has a standard format, yet the way in which this annual talk is organised and publicised can be very different. While some hosts invite various types of participants, from national-based non-governmental organisations to international organisations to national and regional officials, and extensively involve the media, others organise a low profile meeting.

A final challenge is the “various level(s) of conflict with the media within the ASEM framework”. For example, the summits of Foreign Ministers compared with the summits of Financial Ministers do not feature the same relationship with the media, the latter attracting less media coverage and attention (the financial crisis of 2008 notwithstanding). The underlying issue here, however, is whether ASEM itself actually wants all its outcomes to be reported in the media.

ASEM and its stakeholders: exogenous perspectives

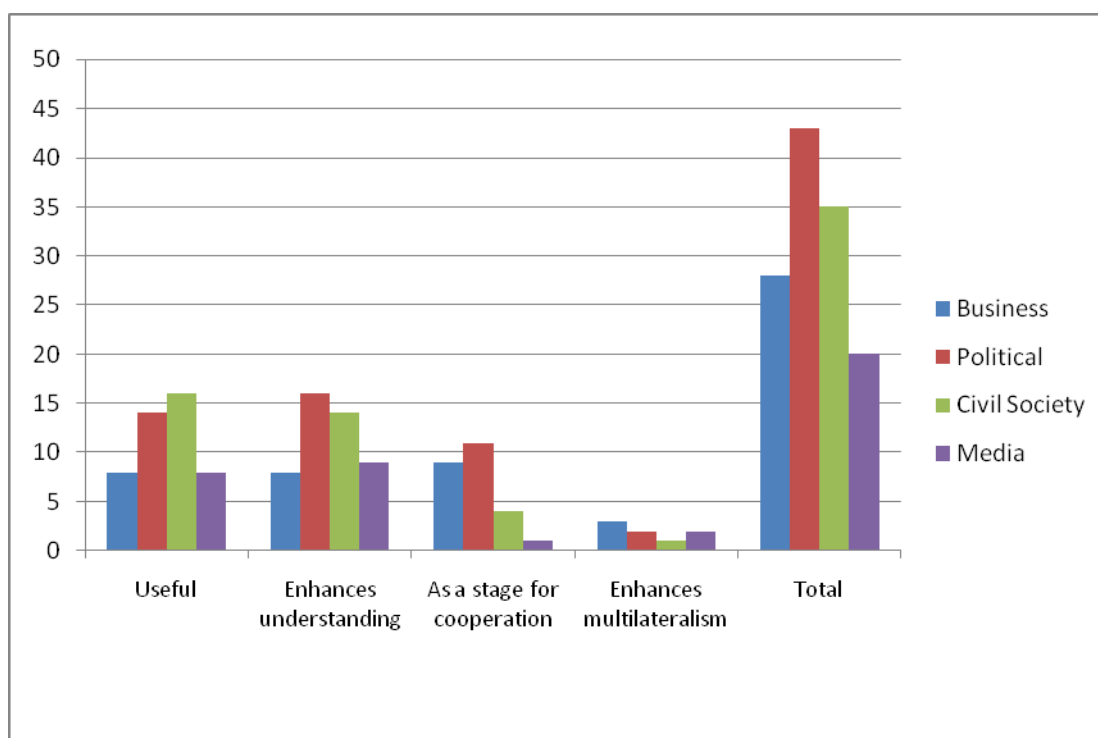
Analysing the major trends within Asian ‘elite’ opinion of and attitudes towards ASEM, this section begins by assessing the level of awareness. Revealingly, 71.6 per cent of respondents were not aware of the 6th Summit. Of the four cohorts, politicians were the most aware (52.3 per cent of the political sample). Business and civil society respondents were significantly less aware (27.5 per cent and 20.2 per cent of their respective samples), while only 19 per cent of all media respondents interviewed were aware of ASEM6. Arguably, this finding not only illustrates the failure of ASEM to reach its stakeholders outside the political realm, but highlights that regional media opinion-makers remain the most ignorant of the process. Responses to the question were further categorised along a simple continuum of attitudes towards ASEM, namely *positive*, *uncertain* or *negative* with more nuanced sub-categories then identified (four sub-categories each for the *positive* and *negative* categories, and three for *uncertain*) (Table 2). The frequencies of the responses were then coded and given a numerical value in order to compare the attitudes across the cohorts and issues identified (Figures 1, 2 and 3).

Table 2: Categories and sub-categories of elites' attitudes towards ASEM

Category	Negative	Uncertain	Positive
Sub-categories	Useless	Don't know	Useful
	No substantial impact	No impression	Enhances good relations and communication
	Impact is overestimated	Not familiar with ASEM	A stage for political and economical cooperation
	My country is insufficiently active in ASEM		Enhances multilateralism

Numerical coding of the responses according to the expressed attitudes allowed identification of the most typical responses in each sub-category and distribution of dominant attitudes among the cohorts. The coding revealed that in the *positive* category (Figure 1), *media* elites were the least positive. In contrast, *political* elites were the most enthusiastic about ASEM of the four cohorts. Owing to the inter-governmental nature of the ASEM process, its meetings and official events tend to involve people working for national governments more than those from other fields. As a result, the national political elites interviewed appeared to be more familiar with and supportive of the ASEM process.

Figure 1: Distribution of responses in the *positive* category of ASEM perceptions

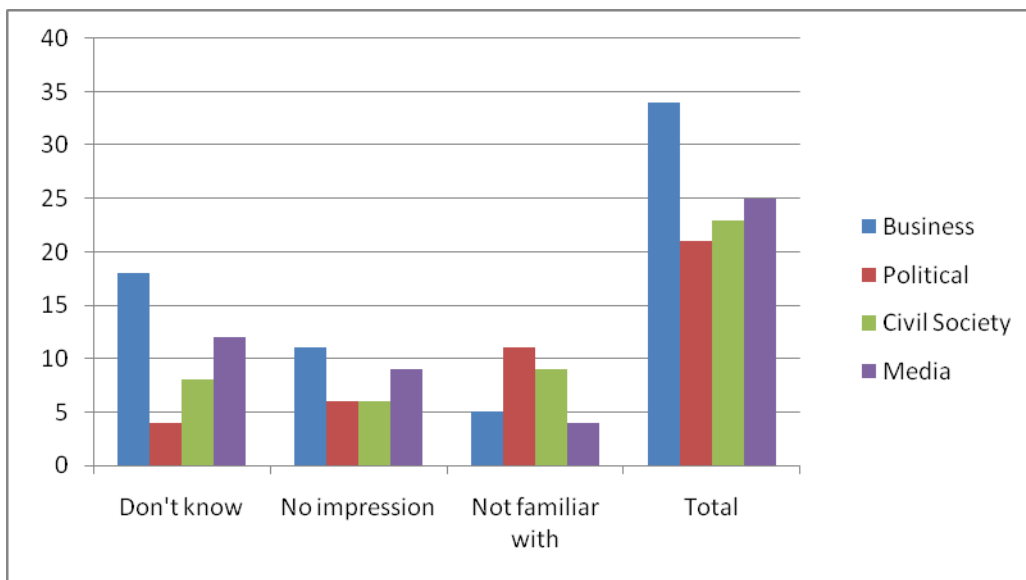


The most typical positive responses profiled the forum as a useful event enhancing understanding between the participants. In contrast, visions of ASEM's contribution to the creation of a multilateral world were the least frequently mentioned. The stakeholders

appeared to understand well that ASEM has yet to be successful in providing ‘multilateral utility’.¹⁰ It is also interesting to note that positive perceptions of ASEM by *political* elites were the most reflective of ASEM’s peculiarities, while the comments by *business* and *media* respondents were rather generic (*i.e.* suitable to describe any existing international forum).

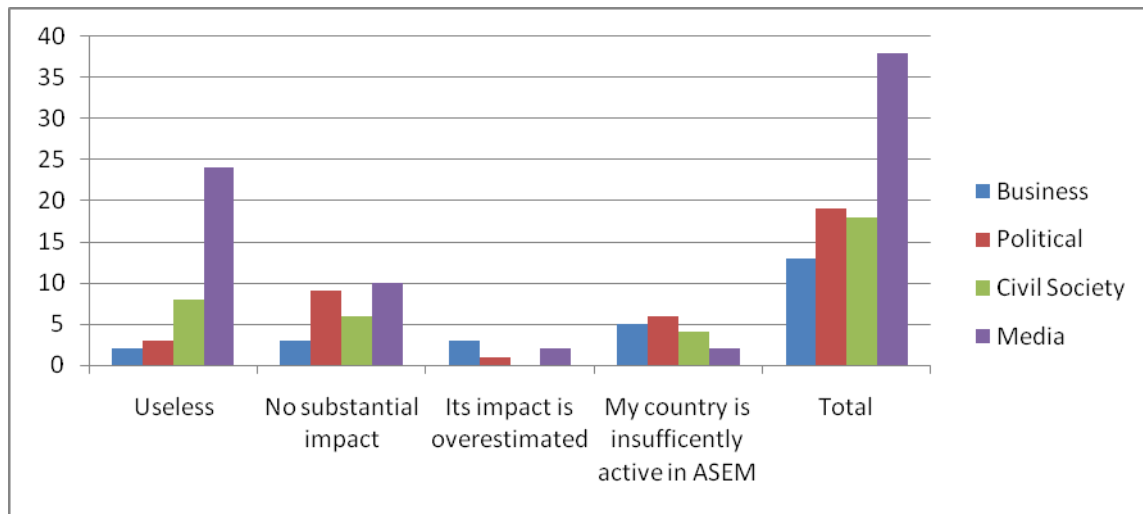
Turning to the *uncertain* category, it was *business* respondents who were found to be the most unsure about the ASEM process and its benefits to them and their countries, with *media* representatives following (Figure 2). The most frequent response among business people was “I haven’t paid attention to that meeting”. Notably, in ASEM, the participation of the business community was officially more welcomed and encouraged, especially when compared with that of the civil society (Gilson 2005: 315-317). However, none of the interviewed business leaders had attended any ASEM-related event, a finding that arguably illustrates that, despite ASEM’s consistent priority assigned to its economic pillar, the outreach to the business community remains limited.

Figure 2: Distribution of responses in the *uncertain* category of ASEM perceptions

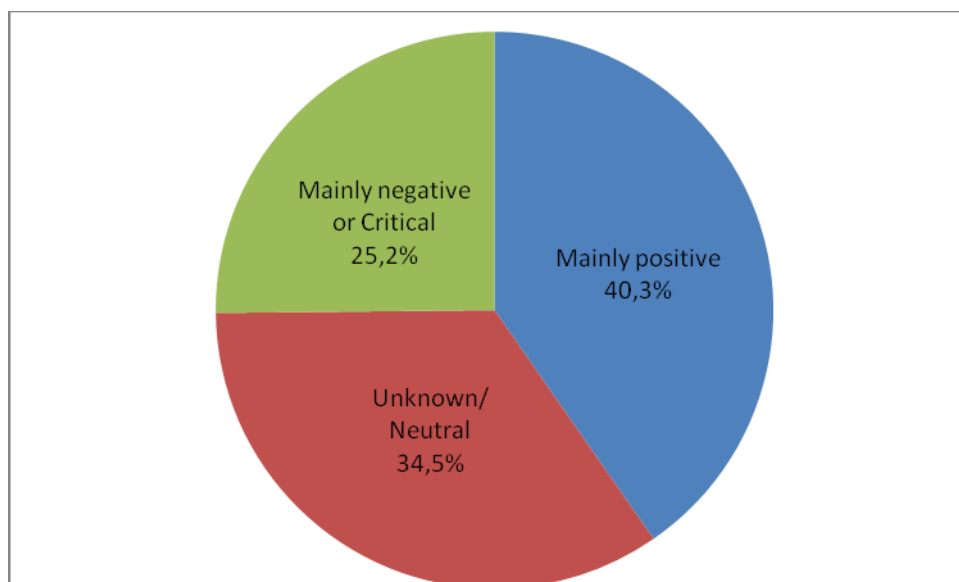


Negative responses were the most typical among *media* professionals (Figure 3) – a worrisome trend indicating that regional opinion-makers and news-gatekeepers have a somewhat sceptical attitude towards the forum (which, it is argued, may influence their decision on how much and what kind of ASEM reporting appears in national news outlets). The dominant perception shared was *Useless*, followed by *No substantial impact*. For example, a Japanese media respondent gloomily noted, “I think the impact of the ASEM is nothing”. His Chinese counterpart echoed, “I don’t think it has quite some substantial effect. It’s more like a ceremonial event, to maintain a gesture of politeness and negotiation. It does not have such decisive effect”. A Singaporean newsmaker shared a similar sentiment, “I think it’s good in building up relations, but I see the ASEM process as a waste of time. It’s all a lot of ‘talk shop’, a lot of speeches but (they are) meaningless”. This dominant critical response from the regional opinion-formers may indicate that ASEM has failed to ‘stand out’ for them in a constructive way from the gallery of various summits.

¹⁰ The term ‘multilateral utility’ has been coined by Christopher Dent to refer to the “proactive contributions” of any regional, inter- or trans-regional regime to the establishment of multilateral global governance. Dent has argued that ASEM has failed to achieve this (Dent 2004).

Figure 3: Distribution of responses in the *negative* category of ASEM perceptions

To complement the general question on elites' attitudes towards ASEM as a process, a follow-up question was asked – *Last year, there was an ASEM meeting in Helsinki in September. How would you describe the effect of that meeting on your country?* — in order to probe the respondents' visions of a specific major ASEM event (presumably one still fresh in their memory) and its relevancy to the country in question. Responses to the follow-up question helped to assess the perceived importance and awareness of the ASEM6. Following a similar procedure, the responses were first analysed according to the tripartite paradigm – *positive*, *uncertain* and *negative* – and then coded numerically to identify the frequency of responses (Figure 4).

Figure 4: Elite's attitude towards the 6th ASEM Summit (% of respondents)

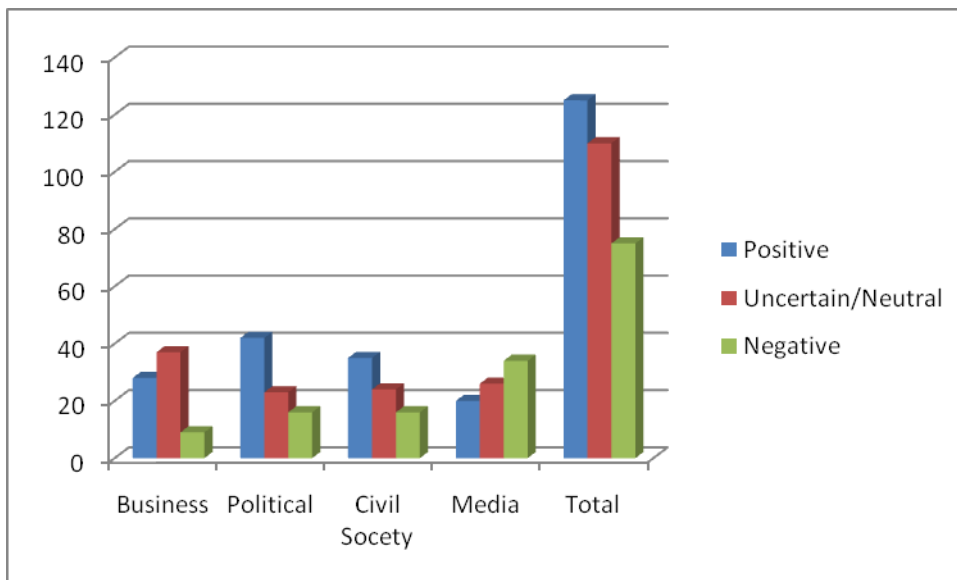
The distribution of attitudes towards the 6th Summit reflected a polarised vision towards the meeting among the elite respondents. Comments ranged from a sceptical view that “its

substantial impact must be small” (Korean business respondent) to a more cautious vision that “any process that promotes integration of the world in a broader sense is positive” (Singaporean business elite) to one of high praise:

ASEM is one of the summits that promote communication and understanding. Every country has its own value views, and that’s why we need communication and negotiation to achieve harmonious development. The ASEM is of great benefit to the whole world (Chinese political elite).

Interestingly, the *positive* category led with 40.3 per cent, possibly pointing to the fact that a recent concrete event may have more relevance to the perception of the ASEM than a more abstract notion of the ASEM process. However, media representatives were again the exception to this trend and displayed predominantly negative attitudes towards ASEM’s role and effectiveness (Figure 5).

Figure 5: Distribution of *positive*, *negative* and *uncertain* attitudes



Importantly for this analysis, ASEM6 reemphasised three specific roles crucial for ASEM as the prime point of convergence between the two regions: first, acting as a framework for dialogue and cooperation; second, promoting effective multilateralism, by offering its members the opportunity to further build common ground; and third, acting as a catalyst in the broader context of EU-Asia relations, by supporting other relevant cooperation and reinforcing regional identities and community-building. By identifying which of these roles were actually attributed to ASEM by the Asian stakeholders, this analysis discovered that the vision of ASEM as a facilitator of dialogue and cooperation between the two regions was the most typical, while the other two roles remained on the periphery of elite perceptions.

Discussion and conclusions

According to ASEM's unofficial handbook, the *Asia-Europe Cooperation Framework 2000* (AECF 2000, para. 8), ASEM's three main aims are to "foster political dialogue, to reinforce economic cooperation and to promote cooperation in other areas" between Asia and Europe. With these somewhat vague objectives, a number of participants and commentators argue that ASEM is not designed to deliver concrete results but mainly to build bridges, which is a rather intangible and long-term process (Yeo 2008: 87). This interpretation of the ASEM process could be instrumental in understanding the results of the in-depth survey of the opinions gathered from 171 national policy- and decision-makers from five Asian countries. Its findings illustrated that ASEM remains generally poorly recognised and even unacknowledged among Asian national elites. The share of *negative* and *uncertain* attitudes towards the forum heavily outweighed *positive* attitudes, with ASEM seen by Asian stakeholders as failing to produce an impression of relevancy, attract their attention or solidify positive opinion.

One aspect of ASEM's visibility problem relates to ASEM's dealings with mass media. The analysis of endogenous and exogenous perspectives on the role of the media in raising ASEM's visibility revealed a discrepancy between official declarations about the improvement of ASEM's visibility and actual reality. The only agency dedicated to ASEM's promotion – ASEF – has neither a clear mandate nor resources to carry out an ASEM-wide communication strategy. Moreover, internal constraints inhibit ASEM's ability to profile itself more assertively to the media industry. Among those, there is ASEM's complexity reflecting the sum of a large number of smaller processes both in Asia and Europe. Changing locations means changing hosts who have different strategies for involving stakeholders and sharing information and outcomes with the national and international media. Moreover, ASEM's 'closed-door' nature and informal setting make relationships with the media even more complicated and limit access. The absence of an ASEM 'master-plan' (*i.e.* information on the continuity of the process and concrete results that match it) aggravates the media relationship, as journalists often do not have time or resources to 'dig deeper' and appear to lose interest between the long intermissions between the ASEM events. Alarming, the positive potential of the forum was not recognised by media respondents who were the most sceptical and negative in their attitudes towards ASEM of the four interviewed elite cohorts: as one Korean interviewee noted, "without [ASEM] the relations between the two [regions] would be also good".

Raising visibility for an international forum in general (and ASEM in particular) remains an important ingredient in that forum's public recognition globally and regionally. In this light, ASEM8 Chair's statement noted that the leaders "recognized that as a member-driven gathering, ASEM crucially depends for its visibility on the initiatives, actions and communication policies of partners themselves. The Leaders therefore called on all ASEM partners to increase their efforts and promote public awareness of ASEM through visibility work plans and policies, choice channels of communication and focused cultural activities".

This article concludes with the argument that powerful tools in raising ASEM's visibility would include an increased direct involvement of local stakeholders (obviously, in tandem with their exposure to sophisticated information about the forum). The multi-layered institutional architecture and comprehensive and open agenda of each summit provides ASEM with a unique potential to warrant such direct involvement. This analysis has indicated that the more involved the stakeholders are in the ASEM process, the more aware they are of the process, and also the more positive is their evaluation. One of the main comparative finding was the perceptible difference in the attitudes towards ASEM among various cohorts, with *political* elites (typically more directly involved into the process) profiling more positive visions, and with *media* elites featuring the most negative perceptions. A more nuanced

analysis explicated that the media respondents were among the least aware of (and the least involved in) the process, whilst the political elites were the most informed. Business elites appeared to be the most uncertain and overall uninterested. Arguably, while official ASEM strategies are directly targeting members of the business community, none of the randomly selected business interviewees participated in ASEM-related activities (illustrating that ASEM outreach remains limited). The sense of 'belonging' to the process is seen here as crucial - according to the social constructivist perspective, once the actors build up an identity as key stakeholders, they will contribute positively to ASEM accordingly. The analysis anticipates that the perceptions of the stakeholders towards ASEM may shape the outcome of the process: the more the stakeholders feel they belong to ASEM, the more willingly and actively they contribute to the process; the more they understand the process, the less unrealistic expectations and more constructive attitudes will be profiled.

To conclude, a set of recommendations into possible measures to improve the visibility of ASEM in Asia is offered. A closer and more intensive involvement of national stakeholders (including media elites) is the key. First, the complex relationship between ASEM and the media is undoubtedly influenced by ASEM's procedural intricacies, as well as media industry constraints and demands. When it comes to raising visibility, this article argues that a correct question to ask is not *How can the media help ASEM to raise ASEM's visibility?*, but rather *How can ASEM help the media to raise ASEM's visibility?* The involvement of media professionals into the process becomes the key. With ASEM currently unwilling to change its 'closed-door' and informal character, this analysis supports the idea of an ASEM Media Centre (established independently, or in cooperation with ASEM's Public Affairs Department). Such a centre would be responsible for developing a communication strategy in conjunction with the forum's members. Among its major mandates would be the coordination of ASEM's relations with the national media in a more coherent and comprehensive manner (for example, targeting the media corps of a specific host state when the forum changes its location, as well as approaching the media in the member states on an everyday basis when ASEM's outcomes are reported to the public). Importantly, such a body, if created, should be skilful in navigating cross-cultural and political discourses of media-government interactions in each ASEM location. Second, by targeting an exogenous level in relations with the media, ASEM could attempt to influence the personal perceptions of the local newsmakers by establishing a more proactive attitude in involving leading journalists and editors in a wider variety of events surrounding the forum. Continuing the practice of media-orientation seminars (possibly conducted in conjunction with EU diplomatic missions in Asia) in various location is another venue for raising media awareness of, and familiarly with, the process.

The challenge for engaging stakeholders is considerable. The onus lies with the ASEM process to 'add value' to traditional bilateral ties in order to 'incentivise' stakeholder interest. Clearly, priority needs to be given to specific topics that have direct regional appeal and relevance. A more systematic identification of representative stakeholders, particularly those who can contribute to decision-making at the national level, would be an important first step.

Last but not least, the gap between the expectations created by ASEM's rhetoric and the practical difficulties the forum faces in producing a palpable impression and involving its stakeholders on a more official level both in Europe and Asia is counterproductive to its role as a facilitator of dialogue and exchange between the two continents. This analysis stresses the need for ASEM's realistic and concrete communication strategies when dealing with stakeholders. Such strategies should necessarily incorporate the feedback from the leaders of the business community, civil society and the media. With a regular consultation system, stakeholders will build up their ownership and trust. Such ambitions, of course, again demand substantial institutional resources.

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Book Review

Cornelia Beyer (2010)

Counterterrorism and International Power Relations: The EU, ASEAN and Hegemonic Global Governance

London: I.B. Tauris

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Cultural identity and confusion have become to a great extent a leitmotif for the late twentieth and early twenty-first century. Identity politics and the concept of cultural incompatibility have become increasingly fashionable as a means to explain global insecurity and opposition to Western democracy and the globalisation process. A debate on the hitherto inconceivable notion of the failure of multiculturalism is opening and there is a growing awareness amongst academics and practitioners alike of the need for a fresh and innovative approach to this question of cultural accommodation in contemporary society and its accompanying spectre of the rise in global terrorism. Anna Cornelia Beyer has already explored the margins of this debate in her *Violent Globalisms: Conflict in Response to Empire* (2007), Aldershot, Ashgate. In her new *Counterterrorism and International Power Relations*, the subject of this review, she immerses herself fully in this complex, but fundamentally important issue offering a fresh and original approach with awkward and challenging questions being posed for a global community that has all too often staked all its chips on traditional unilateralist approaches to terrorist threats.

The tragic events of September 11th, 2001 with the attacks on the World Trade Centre in New York by *Al-Qaeda* catapulted terrorism once again onto television screens and the front pages of newspapers worldwide. The events of that momentous day have left an indelible imprint on the mindset of contemporary society; subsequent military campaigns in Afghanistan and Iraq coupled with terrorist attacks in mainland Europe and Asia have maintained terrorism at the forefront of global attention. However, this concern with the growth of terrorism as a political tool is not new and over the last forty years, the rise of terrorism or more correctly, the terrorist movement, is a phenomenon which has been increasingly greeted with fear and trepidation by both governments and academics throughout the Western world as it is seen to threaten the values, mores and indeed, the sheer existence of Western civilisation.

Therefore, Anna Cornelia Beyer's impressive *Counterterrorism and International Power Relations* tackles this issue in an erudite yet innovative manner and unlike much of the current literature, it offers workable and meaningful, if sometimes aspirational, solutions to what is one of the, if not 'the', major threat affecting global stability in the twenty-first century. Moreover, this volume manages like its aforementioned predecessor *Violent Globalisms: Conflict in Response to Empire* (2007), to tackle a very emotive and inflammatory area in a balanced and objective manner and while never condoning

terrorism or by extension, counter-terrorist operations, she seeks to comprehend, rather than taking the easy path of condemnation. While consecutive state governments have worked to develop policies and mutual understandings, which, supporters claim, will improve their collective ability to protect themselves from terrorism, Beyer demonstrates that their efforts conform to a framework of organisation and power relations that she describes as hegemonic governance. Beyer argues for this form of governance as a natural progression from traditional unilateralist approaches. Case studies of the ASEAN and the European Union support her theories and throughout the volume, Beyer's arguments are enhanced by recourse to interviews with practitioners in the field. Above all, Beyer argues for the omnipotence and omnipresence of power relations in any discussion regarding the present or future of global counter-terrorism operations; extensive interviews and primary research on her behalf present compelling arguments for the latter.

A serious deficiency in many contemporary studies on terrorism and counter-terrorism is the tendency to generalise and use an overly simplified approach in the definitions applied both to terrorists and counter-terrorist strategies and Beyer admirably avoids this. The reality is that the world of terrorism and counter-terrorism is a deeply fragmented and heterogeneous one, which contains a kaleidoscopic myriad of diverse and often conflicting groups, trends and currents of thought which differ not only from country to country across the globe, but indeed within individual countries themselves. Beyer captures this plurality and diversity is stressed rather than played down. This leads at times to a blurring and almost confusion of aims within the book. However, on the whole, it is a much better road than the over-simplified, all-explanatory approach which has been adapted by many academics working in the field of terrorism studies, particularly when their work is associated with or linked to a government strategy or organisation.

The questions of identity and cultural inclusion are fundamental issues, which the global community needs to address. The under-estimation of their potential impact is a perilously dangerous exercise that Beyer at all times recognises. The refusal to recognise these symptoms of a spreading societal cancer has already led to the growth of the contemporary Islamist movement and its consequent radicalisation across the Muslim world. It would not be foolish to suggest that a continued polarisation of respective positions could lead to a similar scenario in Western Europe and the strength of the fragile European societal fabric should not be over-estimated. However, in the immediate future, Beyer does argue that it is unlikely that terrorism in Western Europe will provide a catalyst for societal disintegration, although it is time for both sides to engage in a meaningful dialogue and recognise the importance of the issue. Whether such a dialogue will be initiated in the context of shifting power relations between interested parties and if it will succeed along the terms indicated by Beyer are questions which still remain unanswered. Nevertheless, the challenge and opportunity of dialogue are currently there for all parties and it may well be pertinent to address this before the whole question of dialogue with escalating polarisation becomes classified in terms of a problem.

Book Review

Nicola Casarini (2009)

Remaking Global Order: The Evolution of Europe-China Relations and its Implications for East Asia and the United States

Oxford: Oxford University Press

Jaanika Erne

University of Tartu & Tallinn University

The monograph under review analyses the rise and fall of Europe-China relations and the effect of those relations on the major powers in East Asia, the United States (US) and the global order. Beginning with examples of the relations between the European Union and China dependent upon Washington and Moscow in the 1970s and 1980s, the monograph brings the reader through to the EU enlargement period of 2004. During this period, China became the EU's second biggest trading partner after the US, whilst the EU became China's biggest trading partner. In addition to economic relations, a strategic political partnership between the EU and China was established in autumn 2003. These developments allow Nicola Casarini to consider the emergence of the EU as a global actor and the rise of the People's Republic of China (PRC) as two of the most important events in world politics in the last decade.

The author gives a detailed overview of the evolution of the EU-China relationship and the strategic reasons for that relationship, concentrating on the economic, technological, high-politics, strategic and security-related aspects (space and satellite navigation cooperation; advanced technology transfers; arms sales, including the proposal to lift the EU arms embargo imposed on China in 1989) that the author names "techno-political linkage". The author's primary concern seems to be the examination of the driving forces behind the development of EU-China relations and their implications for the major powers in East Asia and the US. The author asks what the significance of the EU-China partnership is for the Asian States (both for China's partners, and the US Asian Allies), the individual EU member states, and the international system as a whole - for example, has the promotion of EU space and defence interests in China made the EU a novel strategic factor in East Asia? Does the techno-political linkage have a potential disturbing effect on East Asia's strategic balance and the US security interests in the area? What about China's position in the World Trade Organisation (WTO), including the EU's opposition to grant it Market Economy Status, as well as the EU's criticisms against China for human rights violations?

As for research methods, the research is based on primary sources, including official documents and secondary literature, as well as the collection of empirical data and information not openly available through fieldwork, and about 100 interviews (carried out in Europe, China, Japan, South Korea, and the US in the period 2004-2009). The author

explains that he has also used the method of process tracing, which is a procedure designed to identify processes linking a set of initial conditions to a particular outcome.

Casarini has divided the book into three parts, which are headed "Evolution", "Balancing", and "Implications". Each part consists of three chapters, which begin with the analysis of the European position and thereafter discuss the Chinese perspective. Casarini invites to read the book in three ways: (a) as a work that analyses the development of contemporary EU-China economic, technological and political relations; (b) as an examination of the implications of the high-tech and security-related elements of the relationship for East Asia's major powers and the US; and (c) as a study tracing the process of the emergence of the EU as a novel strategic factor in East Asia.

In the first part of the monograph, "Evolution", the author examines the evolution of the EU-China relationship, the strategic reasons for the development of EU-China relations, and the relation between business and politics, bringing the reader from the Cold War constraints to today's possibilities.

Chapter I under the first part of the monograph sets the context by giving an overview of the first twenty years of Europe-China relations since the establishment of formal diplomatic relations between the European Community and the PRC in 1975, until the adoption by the EU of its first document on China and the ushering in a policy of constructive engagement with Beijing in 1995. The author *inter alia* discusses bilateral relations between China and other Asian states on the one side and individual EU member states on the other side. The latter relations influenced the European Commission to release in 1994 the Communication "Towards a New Asia Strategy", in the framework of which Strategy, in 1995, the European Commission released the Communication "A Long-Term Policy for China-Europe Relations," foreseeing China's economic, social, political, cultural, environmental and security integration into the international community, and declared the relations with China to be a cornerstone in Europe's external relations, both with Asia and globally.

Chapter II examines the EU's approach to integrate China, the European Commission's second document on China "Building a Comprehensive Partnership with China", and the changing notions of (economic) security that emerged both in Europe and China, the European Commission's policy papers on China pointing out that Europe's economic security was directly affected by the developments in China, in particular by Beijing's steady, sustained, and environmentally sustainable economic growth, recognising such growth as having been in the mutual interests of both China and the EU. The Chapter also discusses Europe's strategic importance for China.

Chapter III concentrates on the interplay between business and politics in EU-China relations, resulting in the *quid pro quo* between European business interests (backed by their respective governments) and Chinese political leaders. At the beginning of the Chapter, the author examines the Chinese internal economic position, as well as its economic position on the world's stage – namely its position in the WTO that has given China better access to European markets, the rapid growth of technology-intensive Chinese export that represents a major economic challenge for the EU. Although the EU Member States pursue economic ties with China, since the 1985 Trade and Cooperation Agreement (TCA), the Member States entrusted the conduct of economic negotiations with China to the European Commission. Also, the central actor in EU-China economic relations is the EU who is against granting China Market Economy Status (MES) that Casarini considers a political decision, caused by the wish to adopt anti-dumping measures in the framework of the WTO. Chapter III also discusses the EU-China dialogue on human rights, which has, since 1998, formally been held twice a year. Under this dialogue, the EU has considered useful to raise criticisms against China for human rights

violations, thereby undermining China's political prestige in the international arena. At the same time, the author demonstrates that the EU member states (France, for instance) have sometimes considered useful to exercise a different policy from the EU policy toward China.

In the second part of the monograph, "Balancing", the author concentrates on the establishment of the EU-China strategic partnership in Autumn 2003, explaining the techno-political aspects of that partnership, space cooperation, and the Chinese arms embargo affair, concomitantly trying to cast light on the reasons of these initiatives, which Casarini understands as "two sides of the same coin". Casarini views the establishment of the partnership initially as an extension at the level of international politics of the EU's determination to assume a greater and more autonomous foreign and security policy role.

Chapter IV of the monograph focuses on the techno-political aspect of the EU-China strategic partnership, *i.e.* the space and satellite navigation cooperation and the attempt to exploit commercial and defence-related opportunities by proposing to lift the EU arms embargo on China. In the framework of the space and satellite navigation cooperation, Casarini discusses the joint development of Galileo – the EU-led global navigation satellite system, which is an alternative to the American GPS. Here, the author understands the EU-China strategic partnership as a clear attempt by the EU and its member states, together with Chinese leaders, to challenge US primacy in key high-tech and defence-related industrial sectors, which could fit under the questions about new balancing order and the rise of Great Powers that could challenge American primacy having been raised by international relations scholars. The author examines the US countermeasure of including as many EU members and companies as possible in the Joint Strike Fighter Project with the aim to prevent the creation of an EU defence-industrial complex able to challenge the American dominant position in the defence sector. Casarini discusses the proposal to lift the EU arms embargo in China as an attempt to soft balance against US primacy in the defence sector, but also talks about hard balancing concerning the idea of promoting autonomy from the US in defence and security matters. Finally, the chapter discusses China's own high-tech programmes, and the development of EU-China knowledge-based scientific and technological cooperation.

Chapter V examines in detail the aims of EU-China space and satellite navigation cooperation, the nature of such cooperation (civilian or military), and the strategic implications of such cooperation (China being the most important non-EU partner in Galileo) for US space primacy, focusing on the questions: "Why did the EU invite China to cooperate in the joint development of Galileo?", "What would EU and Chinese policy-makers like to achieve with this kind of cooperation?", "What would be the strategic implications for the United States and its Asian allies?". Chapter VI examines the debates surrounding the proposal to lift the Chinese arms embargo in the East Asian States (specifically Japan and Taiwan) and the US (which saw the lifting as a problem for the US as potentially modifying the military balance in an area where the US has very strong security interests), the norms regulating arms sales to China, and the changing perceptions of the EU among East Asian policy-makers. The author explains that the EU member states decided to postpone the lifting of the embargo at the Brussels European Council in June 2005, notably on the basis of China's failure to improve its human rights record, but also with the strong opposition from the US and its Asian allies.

In the third part of the monograph, "Implications", the author focuses on the implications of the cooperation under the Galileo satellite system for East Asia's major powers and the US, discusses the EU and East Asia's strategic balance, the decision of the European Space Agency and the European Commission to exclude China from the second phase of Galileo.

It also questions the possibility of a global concert of democracies and estimates the status of the EU as a global actor.

Chapter VII under the third part of the monograph examines Europe's traditional involvement in East Asian security affairs, including the Asian states and their links to China, and the tensions between China and Taiwan, to demonstrate the balance of power in Asia. The Chapter links the relations with the novel EU space and defence interests in China and estimates the potential implications of the novel developments for the East Asian region.

Chapter VIII observes the influence of the EU's novel foreign and security policy in China and East Asia on the position of the US and its Asian allies following the stay of the proposal to lift the Chinese arms embargo in summer 2005, while the related novelties resulted in the Guidelines on the EU's Foreign and Security Policy in East Asia. The author has also indicated the 2005 US Department of Defence Report on the Military Power of the People's Republic of China and the concern of American and Japanese policy-makers over China's growing military spending and power projection in East Asia.

Chapter IX examines the process leading to the political readjustment in July 2008 of EU-China satellite navigation cooperation with the decision to exclude China from the second phase of Galileo. This development together with the shelving of the proposal to lift the arms ban means a re-evaluation of the priorities in EU-China relations. In this Chapter, the author describes the survey conducted in eighteen countries among ca. 1000 participants, who were asked whether China represents a threat or an opportunity. The large majority of those questioned in the US (59 per cent) considered China to be a threat. However, the survey seems unreasonable, as long as there is no data available about how the questioning of random people, including people not specifically educated in highly strategic issues, could determine highly techno-political issues. Setting the attempts to weaken China aside, the solution offered by Casarini at the end of the book is to recognise the world as complex interdependence, where it cannot be escaped that it is necessary to cooperate with China.

The monograph contributes to the discussions on the emerging global order and the EU's and China's respective status in it. It is particularly significant when considering that relatively little has been written about EU-China relations to date.

Book Review

Robert S. Ross, Øystein Tunsjø and Zhang Tuosheng, eds (2010)

US–China–EU Relations: Managing the New World Order

Abingdon: Routledge

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Faced with the decline of unipolarity and the rise of new global powers, scholars have devoted much energy in recent years to the effort of drawing scenarios on the nature and characteristics of an emerging new world order. Because of the sheer size of their military, economic and political power, the United States, China and the European Union stand out as perhaps the most obvious candidates to hold key roles in shaping the future of the international system. The main argument put forward by Robert Ross, Øystein Tunsjø and Zhang Tuosheng in editing *US–China–EU Relations* is that the interactions between these three power centres and their “converging and diverging views (...) of the international order” will be crucial in determining the nature of international relations in the years to come.

The volume is a collection of essays written by some of the most reputed scholars in the field, ensuring a wide representation of both Chinese and Western views. The key theme through which the editors try to bring together this wealth of material is the notion of ‘diplomatic triangle’, with a strong emphasis on the word ‘diplomatic’. According to their view, the US–China–EU triangle differs from triangular relationships of the past, such as the ‘strategic triangle’ connecting the United States, the Soviet Union and China. A ‘diplomatic triangle’ is one that incorporates elements of both cooperation and competition and which – unlike the Cold War ‘strategic triangle’ – is not characterised exclusively as a zero-sum game, but rather allows for absolute gains and collective efforts in facing international problems.

The book is divided into four parts. The first part consists of three chapters – written respectively by Robert Art, Zhang Tuosheng and Hanns Maull – discussing American, Chinese and European preferences and conceptualisations of the international system. Art’s chapter is particularly interesting insofar as it relates US particular interests and preferences for the future of world order to those held by the other two actors. Zhang and Maull, on the other hand, deal more exclusively with China and Europe, the former by outlining China’s vision of a ‘harmonious world’ and the latter by focusing on the European Union as a civilian power striving to promote a shift to a ‘civilised’ international order. The main picture emerging from these three chapters is one in which the European Union’s emphasis on multilateralism and pooled sovereignty contrasts with the multipolar visions held by China and the United States.

The second part of the volume looks at bilateral ties within the US–China–EU triangle. The section is opened by three chapters on German, British and French relations with China, authored respectively by Gudrun Wacker, James Gow and Jean-Pierre Cabestan. The editors warn against “the dangers of treating the European Union as a single actor”, but in fact the absence of a chapter on the relationship between China and the European Union as a whole is somewhat surprising, especially considering that the relevance of the EU dimension for national China policies is amply recognised by all these authors. Member states are still key players in EU-China relations, and in this sense the wealth of details provided by these three chapters is certainly welcome, but the book could have provided a better picture by integrating them with an essay on the EU’s China policy. This section also includes a chapter by Robert Sutter on US–China relations which outlines the potential for cooperation and conflict between the two countries, highlighting the role of American public opinion; and a chapter by Wu Baiyi on Chinese views of the United States and Europe, providing an interesting discussion of the “sources of Chinese cognition” on issues ranging from the 2008 financial crisis to the value-oriented diplomacy pursued by the West.

The following section consists of two chapters presenting Chinese and Western views on the triangular relationship. Wang Yizhou is the author of a rather diverse and comprehensive chapter on China’s relations with the West, widening the analysis to cover the implications for US–China–EU relations of the roles played by other actors, such as the Islamic world, Russia and the rest of the BRICs. Rosemary Foot compares EU and US approaches to China, focusing specifically on different conceptions of world order and on the way China perceives its two interlocutors, and providing a brief case study on Western attempts to influence China’s nuclear non-proliferation policies.

The two chapters in Part four set out to investigate the role played by China in the transatlantic relationship. Andrew Walter analyses the macroeconomic and currency policies pursued by the United States, Europe and China, and how they affect global economic imbalances. His chapter highlights how US-China currency dynamics have damaged the eurozone and widened Europe’s trade deficit, and it shows how the financial crisis has increased the mutual dependence between the United States and China. Finally, Bates Gill discusses differences between EU and US approaches to security issues in their relations with China, advocating a strengthening of transatlantic, as well as trilateral, cooperation.

As noted by Wang, “the relationship between China, the United States and the European Union is not an equilateral triangle”. In fact, despite the graphic appeal of the notion of a diplomatic triangle, the reader can easily have the impression that the main focus of the book is on two separate bilateral relations: between China and the US on the one hand, and between China and the EU on the other. This is quite understandable, considering how much closer the United States and Europe are to each other than they are to China, however it does detract a little from the main argument of the book. Furthermore, while the wide range of topics covered in the volume is certainly commendable, its structure and the way the chapters would fit within a unified framework are not always self-explanatory. In spite of these minor shortcomings, the book is certainly thought-provoking and it provides a considerable wealth of information. It should be wholeheartedly recommended to anyone interested in US–China–EU relations, and indeed in the future of world order.