

## **Report on the first conference of the EAST Jean Monnet network, Berlin 2019**

The first conference of the EU Asia Security and Trade (EAST) Jean Monnet network took place in Berlin on 17<sup>th</sup> and 18<sup>th</sup> January 2019, at Stiftung Wissenschaft und Politik. The conference brought together contributors based in Europe, as well as co-editors from Asia, to exchange ideas and discuss progress on the research that will be published in two volumes at the end of the project. The first day of the conference was dedicated to the security aspect of the network, while the second day focused on trade. By encouraging contributors towards both books to follow and comment on each other's research and presentations, the conference programme was designed to enable cross-referencing and ensure that the two parts of the project remain under the same umbrella.

### **Roundtable on current challenges and future outlook**

The first day of the conference was kicked off with a roundtable with distinguished guests that spoke from academic and practitioner points of view. In this roundtable, labelled “Current challenges and future outlook”, the panel set the scene for the later discussions by contextualising both the EAST project specifically and more broadly the practicalities of current EU-Asia relations. The state of multilateralism in global politics was a recurring point, with panellists arguing multilateralism is under a double threat. Firstly, the threat to multilateralism comes the United States' waning enthusiasm about multilateralism, and withdrawal from international institutions. Secondly, traditional multilateralism is under threat from Chinese pick-and-mix approach, including efforts to alter existing institutions or set up alternative ones.

With global politics shaped so heavily by these major actors, a discussion followed on whether the way of global politics may in fact be *multipolar* rather than *multilateral*, and whether this may in fact be the normal situation the world needs to get used to after stints of multilateralism. With a view to history, a stable world order cannot be created to dam up *against* others, but must incorporate competing views and positions. The debate then moved to identifying shared challenges and cooperation between the EU and Asia, which is central to EAST. While both regions share similar challenges in security, including instability and tension in neighbouring regions like Ukraine, the Caucasus, North Korea and the South China Sea as well as terrorism. Likewise, the uncertainty of the US administration is central to both

regions, having led to worries about a trade war with China and uncertainty about the US' Atlantic commitment. As two regions under heavy influence of great powers, it is unsurprising that the EU and Asia are emerging as champions of multilateralism.

A third crucial topic in the roundtable and indeed throughout the conference is that the EU and "Asia" are very different beasts – one is a clearly defined organisation with supranational decision-making capabilities, the other a fuzzy geographic definition of a vast portion of the world. This should not be taken to mean there cannot be EU-Asia cooperation, however, as there are institutional frameworks between the EU and ASEAN (Association of South East Asian Nations) with partners that include major players from across Asia, Europe and North America. In both these arenas and in informal settings, the relations between the EU and Asia are complex and deep. Talks are seldom only about trade without spilling into issues of security, and security cooperation necessarily have trade elements. In essence, mirroring the setup of the EAST project, security and trade should be seen as nexuses on the spectrum of political cooperation rather than two distinct silos.

### **Security 1: Traditional and non-traditional issues I**

In the first panel of contributors to the edited volume of security, the panellists discussed terrorism and organised crime, cybersecurity and regional security. When analysing the threat perception of terrorism in the two regions, there is significant overlap, with both suffering from the rise of IS, both directly through actions and indirectly through returning foreign fighters. Regarding organised crime, the overlap is smaller, with Asia having a great deal of difficulty because of the scale of illicit drug production, while the European organised crime problems are centred on finance. The EU has deep and coordinated anti-terror and organised crime fighting efforts, with increasing intelligence capabilities, while the limited Asian cooperation is highly bilateral. In Asia, some actors are fully up to speed, like Japan, while others have difficulty establishing such capabilities. Cooperation exists between the EU and, for example ASEAN, through the EEAS delegation in Jakarta, but there is unfulfilled potential for cooperation in combating radicalisation, support for global multilateral structures and establishing some operational activities.

Cyber security was discussed from a primarily European angle, and a background was given on the emergence of cyber threats moving from the field of economic threats to security

threats following the attacks on Estonia in 2007. While the threat perception was not discussed in detail, there is a large overlap in approaches to cyber from the EU and many Asian countries: certainly, Korea, Japan and Australia share the EU's normative approach of the internet as a public good with shared responsibility. Again the multiplicity and diversity of Asia poses an issue, however, as the Chinese approach for one is starkly different to European ones. While being like-minded helps, it does not guarantee concrete action and cooperation.

When addressing regional security, even the limits of "Europe" become very unclear, as the regional security complex does not align perfectly with EU membership. In Asia, lacking an institutional framework, this is all the more clear. The nature of these two regions are different as there is a different threat level (DPRK is a real, hard threat), the role of former aggressors (Germany central part of the EU, Japan not part of ASEAN), and the status of hegemons (China is a potential hegemon, Russia looks more like a threatening outsider). However, there is some similarity as both regions are noticing China's interest in regional processes, and the EU is starting to see a third party as a significant *other* in its eastern neighbour. The removal of cold war dynamics has allowed regional organisations to develop security dimensions.

### **Security 2: Traditional and non-traditional issues II:**

In the second panel, another three thematic fields were discussed, including climate and energy security, economic security and civil protection. In the climate and energy discussion, issues came to the fore about the breadth of that topic, as they are two distinct fields, certainly in Asia where climate is a tangible security threat. In many ways, Europe and Asia overlap in approaches to climate and energy security: both want to cut greenhouse gas emissions and adapt to the adverse effects of climate change, while in energy security both would like a secure and plentiful supply, though geopolitical conditions shape energy access. Perhaps an even more interesting focus is the intersection of climate and energy, focusing on the low-carbon energy transitions the EU and Asia both need to go through. The issue remains, however, how one compares and deals with energy transition, on an EU-ASEAN level or individual states that vary greatly, even within the EU. Opinions on this matter vary greatly in both Asia and the EU, and it seems difficult to identify a common European or Asian stance.

Analysing economic security for the EU is quite straightforward due to the relative homogeneity of member states. With very few exceptions, the EU member states are

externally reliant on raw material, high tech imports and the US securing trade routes. On a structural level, the EU is in favour of liberalisation, global governance and trade in services. Challenges include demographic issues, debt and maintaining cohesion. For Asia, the picture is vastly heterogeneous, with some economies largely sharing the EU's views and challenges, like Japan, South Korea and Singapore. Yet the difference in openness is vast between these economies and state-led ones like China and Vietnam, and in development levels compared to Indonesia and the Philippines. In essence, there are many Asias, particularly when taking the special cases of China, Australia and New Zealand into account. As a preliminary finding, it seems natural to expect a lack of convergence because of this diversity.

On civil protection, the heterogeneity of Asia is apparent again. In order to protect civilians against natural and manmade disasters, a lot of the cooperation between the EU and Asia is unidirectional – help comes from Europe, and is provided to partners in Asia. Once again, Japan and Australia are odd cases, where there is meaningful exchange, with mutual cooperation. As the role of national sovereignty in Asia is prominent, and is the core principle of ASEAN, the most significant regional integration framework in the region, there is significantly less intra-region cooperation on civil protection in Asia than in the EU, as witnessed in the ongoing crisis in Myanmar being largely swept under the carpet by ASEAN.

In the discussion on all these three panels, the difficulty of dealing with “Asia” as one unit featured heavily. In all these cases, there is significant heterogeneity in Asia, and in the case of climate and energy, also in the EU. A helpful way out of this that was proposed and discussed was clustering similar groups of countries. In many cases, this would also be meaningful in the EU, where sub-groups are more prevalent, and in cases where it is possible to see major internal differences, for example between Scandinavia, the Central-Eastern states and the Mediterranean.

### **Security 3: Bilateral security relations between the EU and key powers in Asia**

In the final security panel, the discussion shifted to investigating EU security relations with three key actors in Asia, namely Japan, ASEAN and China. The EU's relationship with Japan is perhaps its most institutionalised relationship with any actor outside Europe. In some ways, the two mirror each other's international role, as trade powers with considerable soft power and a comprehensive approach to security, including on the rule of law and a safe global

maritime order. As such, the two are natural partners with some similarities also in threat perceptions in their respective regions – both worry about the declining commitment of the US as a security leader – but here are also differences, like the threat status attached to Iran, Russia and refugees, which are highly salient in the EU but fade compared to North Korea and China in Japan. The responses of the two actors has also been somewhat different, where the EU has sought multilateral solutions and cooperation outside institutional frameworks, Japan has sought to increase its role in its alliance with the US, seeking to re-establish a serious military. The role of multilateral cooperation is more supportive of its role, through peacekeeping and anti-piracy missions. Japan has also sought a more appeasing role with China and Russia despite their deteriorating relationship with its ally, the US, and seeks to not rock the boat while the EU seeks strategic autonomy. Over time, the EU and Japan have however been converging, which came to fruition with the conclusion of the strategic partnership in 2018.

The EU's role with ASEAN is very different, despite their status as strategic partners. The relations between the EU and ASEAN are inherently uneven and have been asymmetric, with the EU influencing ASEAN largely unilaterally. The cooperation between the two international organisations has grown from the 2000s onwards, in part because ASEAN is seen as an international platform that matches the EU in the south-east Asian region, that may counterbalance against the China-EU rivalry on the world order, and is an appropriate platform to tackle non-traditional security threats. With major events like 9/11 and the Bali bombings, EU-ASEAN security cooperation tightened, and partnerships were pushed closer by disasters like the Boxing Day tsunami. The EU is more preoccupied with non-traditional security threats emanating from its neighbourhood than from South-East Asia, where the EU is more interested in maintaining a stable order. Thus security issues in the neighbourhood are prioritised with military missions and finances, while help to ASEAN seems to centre on normative language, stressing a rights-based approach that has little resonance in ASEAN. In part this comes from a latent view of ASEAN from the EU as quite deficient, lacking institutional rules and supranational power; a view that is mirrored by ASEAN, which sees the EU as a lumbering, inflexible collection of increasingly reluctant states. This is evident in the case where EU-ASEAN relations on the surface seem close, like in counter-terrorism. There is cooperation between the two actors in name, but by and large aid is carried out by state

forces with an EU flag stuck on it. In the few fora where the EU and ASEAN meet as organisations, there is little money and staff. The more important role is rather ASEAN's ability to bring in both European partners and its non-member neighbours in Asia to broad platforms like the ASEAN Regional Forum. The capability-expectations gap seems to exist, but in the reverse way of what we normally think of: ASEAN and the EU both have low expectations of each other, but their capabilities might in fact be greater.

The final discussion of the security section of the conference was perhaps the elephant in the room, where EU's relationship with China was discussed. The two partners seem like opposites on the surface. While the EU is concerned with terrorism, refugee flows and the instability of its neighbourhood, China is preoccupied with controlling its borders and its ability to project power to the "lost territories", rivalling the US as a key power in the Asia-Pacific. In terms of policy responses to threats, the EU has focused on cyber, energy security and anti-terrorism, while China is bolstering its military capability, strengthening (or creating, depending on who is talking!) islands in the South China Sea. Recently, however, there is increasing convergence as the EU is pressed to take a stronger position in traditional security with the upcoming departure of the UK and the deteriorating Atlantic relationship, while China is increasingly needing to counteract terrorist activities both within and outside its borders. Despite largely different situations, there is some cooperation between the EU and China, for instance anti-piracy in the Gulf of Aden, the Iran non-proliferation deal, on counter-terrorism and weighty commitments by both to fulfil their climate pledges.

Perhaps this level of cooperation is low, but seen in context, this is significant – some cooperation is far better than none, or even worse, than outright hostility. China is hostile towards the US and Japan, the EU is suspicious of Russia, but the EU and China somehow see eye to eye on some issues, and may be pressed closer by suspicion of Russian hybrid activities and a potential fallout between the EU and the US. In the discussion, this was questioned, whether this cooperation may simply be a result of China not seeing the EU as a threat. Both the EU and Japan seem to play second fiddle and rely heavily on the US, which remains a state with capacity to shape the global system.

### **Trade 1: Translating complex interdependence into formal trade agreements**



The second day of the conference focused on the trade element of the EAST project, with introductory remarks by the co-editors, the presentation of an analytical framework and preliminary findings from a chapter on most-favoured nation principles as well as a handful of bilateral chapters. The complex interdependence between the EU and Asia serves as the background of the book. The two regions are connected horizontally – the EU negotiates across the world, and has partners with own negotiations across the world – and vertically through multiple platforms, chiefly WTO. The presentation of the book outline sparked a very constructive debate, as the bilateral chapter section does not feature chapters on China or Japan. In the conception of the book, these are rather seen as parts of global supply chains and several other parts of the book, while the complex trade agreements emerging with other Asian states is a focal point.

The backdrop for the study on EU-Asia trade relations is to adhere to a political economy approach, investigating the international level of trade relations rather than getting stuck in the detail of law and economics. This means trade policy is not independent from, but rather deeply embedded in the changing international system, where multipolarity is overtaking multilateralism and the taboo attached to realist, mercantilist ideas is fading. Once again, binary, zero-sum games dictate logics of trade, with threats of trade wars and withdrawals from WTO.

Multi-layered negotiations do however always have effects on other negotiations and agreements, and no agreement can be seen in isolation. This also hints to the framework of the trade project, where key variables for each chapter is to assess levels of ambition and economic and political goals for agreements, state preferences, multi-levelled bargaining power and ultimate consequences for the multilateral system. Some major themes in the volume will therefore be the deepening of the trade agenda against the return of geopolitics. By setting standards and precedence, agreements have the potential to influence future negotiations, which is another theme in EU-Asia trade relations, as the EU is finalising trade agreements with some parties, other states look to these and have own expectations. This leads to the competitive nature of trade agreements. As competing and complimenting sets of global and regional trade emerge, a question to address is what the role of great powers like the EU, the US and China is, and who benefits in this competition. To investigate these themes, and to make use of the international nature of the EAST project, EU authors will look

on an inside-out perspective, whereas Asian authors will take an outside-in perspective, looking at how the international level affects domestic levels.

The first empirical chapter presented in the trade day of the conference was on most-favoured nation clauses, an ancient principle that dates to mediaeval city states, and that has carried on to be a cornerstone in both GATT and subsequently in WTO. From a principle of being guaranteed best conditions with a trading partner, it gradually became a matter of preventing discrimination: as a third state receives better trading conditions, countries with an MFN clause are entitled to the same treatment. This type of clause is increasingly common in regional trade agreements, as a form of future-proofing, and appears in all but five of the EU's free trade agreements. The salient challenge with MFN clauses today is that it is becoming less of an automatic deepening tool, and more of a discouragement to signing agreements with third countries because it would lock states in a spiral towards potentially less favourable conditions. MFN is making a comeback as a mercantilist tool, for example in EU clinches with the BRICS for market access to African, Caribbean and Pacific (ACP) countries. As a topical reminder, MFN may become a difficult obstacle to concluding a future EU-UK trade deal. The future research on what MFN clauses may incur in EU-Asia relations remains to be done, and will be particularly interesting in the multi-dimensional, multi-level interest formation game where private actors and companies are heavily involved.

## **Trade 2: Overlapping and rivalling negotiations between the EU and Asia**

Like with the previous day on security, thematic research was followed by a handful of case studies on trade relations. In Berlin, three highly different, and highly salient, trade relationships were examined, namely with Indonesia, Korea and Singapore. Indonesia is a large, chiefly agricultural market with a central role in ASEAN. The EU's trade relations with Indonesia witness a complex balancing act between sustainability and trade development. Following the EU's biodiesel mandate in 2009, a demand for palm oil and rapeseed biofuel emerged, which was met largely by Argentinian and Indonesian exports. Following an anti-dumping case targeting the palm oil industry in 2013, imports declined by 99 %, which sparked Indonesia to take the EU to the WTO, where the EU failed to justify its palm oil ban while rapeseed and sunflower was not banned. The geographic location of Indonesia means it has access to major markets with less environmental concerns in India and China, which puts



a question mark next to the EU's power in the region. Indonesia seems to challenge the EU's sustainability approach – a trade agreement is being negotiated despite concerns over deforestation and human rights violations. In the developing EU-Indonesia trade relations, it will be interesting to see how parallel negotiations in Singapore and Vietnam may serve as a template for other ASEAN states.

A more quantitative discussion followed on the EU's trade with Korea, with which an agreement already exist. Following the signature of the agreements, the bilateral trade increased, expanding Korean export to the EU. However, when taking trade intensity, that is the relative importance of the trade relationship in shares of total trade, the EU is underrepresented despite its size. While the EU-Korea agreement was an early and impressive relationship, it is important to acknowledge that tariff liberalisation between the two partners has been asymmetric, and that there is far greater liberalisation in the industrial than in the agricultural sector. With both partners facing different, but highly salient threats internally from centrifugal forces in the EU and externally from Korea's unstable neighbour, the cooperation should be seen as a positive step towards a multilateral policy, even if it may not be the model many expect it to be, lacking features of the Japan relationship.

Singapore, while a small state, is a significant trading power in the Asian region, with an interest in liberalising trade. In the EU's external relations with Singapore, it seems like Singapore has been able to press the EU towards a hard commercial rather than a rights-based agreement. Some reasons for this exist internally in the EU's external relations, for example due to a highly technocratic process with little saliency, and the amount of parallel trade initiatives and negotiations. Some parallel negotiations that capture a lot of the attention are Chinese and US American trade initiatives, EU negotiations with Malaysia and Vietnam and trade negotiations between the EU and other global powers like Canada. With little politicisation came very little resistance to the commercial orientation within the EU, and Singapore was able to shift the trade agreement towards commercial bilateralism rather than a values-based one. Another reason may be the fact that Singapore was an early ASEAN partner, and an attempt to establish a commercially ambitious FTA would set the benchmark for future negotiations. Zoomed out, the EU's seeming undermining of its own normative foundations in negotiations with Singapore sets precedence and opens up an opportunity for South-East Asian states to drive hard commercial bargains without much consideration of

values such as environmental protection or workers' rights – a pattern recognisable in the commercially-driven disputes with Indonesia. At the next conference in Singapore in April, it will be important to supplement the EU-focused analyses from this conference with Asian perspectives.