



DEVELOPMENT

US focus on Asia will affect the EU

By Fraser Cameron

For the EU last week's APEC meeting in Honolulu sent a clear signal. The US was turning full speed towards the Asia-Pacific region which President Obama described as 'absolutely critical' to America's prosperity. As both the US and Europe revise their economic growth forecasts downwards to under one per cent for 2011 they can only dream of the six per cent average growth rates in Asia. Secretary of State, Hillary Clinton, was even more direct. 'The 21st century will be America's Pacific century.' The US has also welcomed the prospect of a Trans-Pacific Partnership (TPP) which would lead to free trade negotiations between nine APEC members. Most significantly was the decision of the new Japanese Prime Minister Yoshihiko Noda, to join the talks despite the traditional hostility of Japanese farmers to free trade.

This weekend the US will also attend the East Asia Summit in Indonesia for the first time. The EU is still trying to round up support to take a seat in the back row. These moves demonstrate Washington's commitment to deepen its ties with Asia. This change in strategy will have a number of implications for Europe.

First, the EU will only be taken seriously if it puts its house in order. The EU was always known as a trade power in Asia but in recent years, thanks to the strong euro and the regulatory impact of the single market, it was beginning to be regarded as an economic power. On the political and security front it was largely invisible. Now the sovereign debt crisis has thrown a huge shadow over the EU's pretensions to be a global actor. US Treasury Secretary, Tim Geithner, voiced the concern of all APEC members when he called on Europe 'to quickly put in place a strong plan to restore financial stability.' Chinese President Hu Jintao said that Europe must not become a brake on global growth. Other Asian leaders spoke in a similar vein.

Second, Europe will have to take more responsibility for its own security. Whoever wins the US election next November there will have to be significant cuts in defence expenditure. The Iraq and Afghan wars have been ruinous for the American economy. As Robert Gates told a stunned Brussels audience just before he left office it is by no means certain that future US leaders will recognise the added value of the transatlantic alliance if Europe is not pulling its weight. The UK and France took the lead in Libya but few other member states were involved. Overall there is damaging reluctance in Europe to prepare for a more efficient use of scarce defence resources. As America turns to face what could be an Asia-Pacific region



Chinese Foreign Minister Yang Jiechi (R) with US Secretary of State Hillary Clinton (L) during their bilateral meeting at the 44th Asean Ministerial Meeting in Nusadua, Bali, Indonesia on 22 July 2011. | EPAMADE NAGI

of increased tensions Europe will have to do more on the defence front. The US is increasing defence ties with Australia in what many experts view as a containment policy towards China. Clinton rejected such a view stating in Honolulu that China's economic, diplomatic and military rise should not be seen as a threat. 'We believe a thriving China is good for China and good for America', she said.

Third, Europe will have to become more engaged in Asia. Speaking in Zurich recently, EU President Herman Van Rompuy warned that the Asia-Pacific region was showing signs of militarisation that could lead to an arms race. He pointed to the significant arms build-up and 'confrontational psychology' in Asia. The EU, as a key trading partner to Asian countries had a significant stake in regional stability and through increased ties could contribute to promoting stability. Mr van Rompuy may have been exaggerating slightly but he had the right message – the EU needed to increase its engagement with Asia and not just on the trade front. Hillary Clinton made a point of attending the ASEAN regional Forum (ARF) meeting in Bali in July. Regrettably Catherine Ashton was not there.

Fourth, the EU must view Asia as wider than China. Too many ministers and Commissioners only visit China on their Asian trips. At least Ashton, after her recent visit to China, also visited Australia and Japan. But the EU needs to beef up not only its presence in Asia but also its bilateral relations with growing powers such as Korea, Indonesia, Vietnam and Malaysia, not to forget India. It was unfortunate that this year's EU-India summit had to be postponed until next February due to lack of progress in the

FTA negotiations. But David O'Sullivan, the Chief Executive of the EEAS, was in India this week seeking to accelerate progress on a range of issues.

There are some signs that EU leaders and senior officials are waking up to the importance of Asia. The next step is de-

veloping a strategy to deepen relations with the region that could soon account for half of global trade, GDP and investment. The EU has no time to waste.

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