

EU Centre Commentary Series

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Connecting Europe and Asia – Re-invigorating ASEM for Connectivity

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October is set to be a “very Asia-oriented month” in Brussels according to the European Union (EU) High Representative (HR) for Foreign Affairs and Security Policy and Vice President (VP) of the European Commission, Federica Mogherini as she revealed the EU Strategy for Connecting Europe and Asia. Brussels will be hosting the 12th Asia-Europe Meeting (ASEM) Summit on 18-19 October, and a series of related events – bringing together not only the heads of states and governments of ASEM partners, but also young leaders, labour and union activists and corporate honchos from Asia and Europe. At the sideline of the ASEM 12 summit, the EU and Singapore will sign three agreements marking the successful conclusion of the EU-Singapore Free Trade Agreement, the Investment Protection Agreement and the Partnership and Cooperation Agreement.

The EU HR/VP Mogherini expressed her hope that the recently revealed Europe-Asia connectivity strategy would be approved by the EU foreign ministers before the ASEM 12 Summit, as it is also part of the EU's contribution for the upcoming Summit.

Competing and Connecting - The EU Enters the Geo-Economics Race?

So, what is in the EU strategy for “Connecting Europe and Asia” and what is the rationale and objective behind the strategy?

The EU strategy for “Connecting Europe and Asia” is in part a response to the ASEM Connectivity agenda that has been pushed by China in recent Asia-Europe meetings which is perceived by some ASEM partners as part of the grand Chinese Belt and Road initiative (BRI). It is also perhaps the EU's geo-economic strategy to compete with other world powers for influence. According to Mogherini, however, this is simply a follow up plan on the 2016 EU Global Strategy, a section of which called for stepping up engagement with “a Connected Asia” through “economic diplomacy” and “a more politically rounded approach”.

Coming at a time close to the 12th ASEM Summit, and with the 2016 EU Global Strategy as a backdrop, it is quite clear that this is the EU's response to “China's connectivity drive westwards”. In fact, the EU said in its Communication on the Strategy that this forms part of the EU's contribution for the 12th ASEM Summit, “which will offer the opportunity to promote connectivity and advance cooperation with Asian partners”.

The Chinese should welcome this contribution as it faces some headwinds and pushback against its ambitious BRI, and hence also reservations on its push for ASEM connectivity as part of the BRI's overland Silk Road Economic Belt. China could draw from the EU's experience in projects such as the Trans-European Networks and in financing long term multilateral programmes, create synergies and find ways to work together. ASEM would be an ideal platform for EU and China to engage each other and other partners to strengthen cooperation and be engines of a more cooperative approach to world politics, global stability and economic prosperity.

ASEM – Truly a Platform for Connecting Asia and Europe

ASEM was launched in 1996 with lots of fanfare on the need to shore up the weak link between then Western Europe and East Asia, two of the three engines of global economic growth (the other being North America).

It has since developed and expanded to 51 partners from Asia and Europe, spanning the Eurasian landscape, and includes also two regional entities, the European Union (EU) and the Association of the Southeast Asian Nations (ASEAN), who were the drivers of the original idea of connecting Asia and Europe. The rapid expansion and the changing political and economic landscape have impacted the way ASEM works. For several years, ASEM has languished as other “exciting” fora

from BRICS to G20 proliferate. Its sheer diversity in membership and informal character also detracts it from any substantive cooperation. The focus was instead on working methods and getting leaders to turn up for the meetings. Sometimes more attention was accorded to the various bilateral meetings that took place at the sideline of the Summit than the Summit itself.

An agenda and plan for connecting Asia and Europe is just what is needed to re-invigorate ASEM, the “natural” platform for the ambitious connectivity strategy. Facing the risk of de-globalisation, increased protectionism, and a self-interested America, Asia and Europe need to seriously consider how to work together to sustain growth and development for its peoples.

Since the announcement of Xi Jinping’s ambitious BRI, the Chinese have relentlessly pushed the agenda, not only bilaterally through the various infrastructure projects that it undertook across Asia (such as the Gwadar Port in Pakistan and Kyauk Pyu pipeline in Myanmar), but also through multilateral forums such as ASEM. At China’s behest, Connectivity emerged as a central theme of ASEM from 2014-5. At the 20th anniversary of ASEM, the headline for the 2016 Summit in UlaanBaatar was “20 Years of ASEM: Partnership for the Future through Connectivity”. An ASEM Pathfinder Group on Connectivity was agreed upon, and the first meeting took place in Brussels in June 2017. Five meetings have since taken place with the 6th scheduled just before ASEM 12.

When China first announced its BRI comprising the Silk Road Economic Belt linking Asia to Europe and the Maritime Silk Road covering Asia, Africa and Europe in 2013, it was generally welcome and received with cautious optimism. There was general recognition of the need for more infrastructural investments in Asia. However, attitudes towards China in general have been shifting, and reservations about the BRI and Chinese investments have become louder as projects are pursued with haste and seemingly without much studies on their viability. This is the case not only in Europe, but also in much of Asia. Hence, some ASEM partners may want to look at the EU’s Connecting Europe and Asia strategy as a push-back and competing vision vis-à-vis the Chinese BRI. This to me, would be short-sighted. The two initiatives need not be viewed only in a competitive sense but should also be seen from a broader perspective of complementarity and common efforts towards strengthening Asia-Europe cooperation.

The Way Forward – Pragmatic Recalibration and Principled Pragmatism

The full potential of Asia-Europe cooperation has yet to be unleashed. There is much that EU, China and its ASEM partners can do to unlock these potential and opportunities. This must, however, be done in a rules-based, responsible, cooperative and sustainable way that contributes to inclusive growth, create jobs, and improve the lives of peoples.

In the Chinese BRI, the priorities are on transport – rails, roads and container ports; energy – power grids and pipelines; and digital connectivity. The EU’s strategy on Connecting Europe and Asia also encompasses “Transport, Energy, Digital” but adds the important “Human Dimension”.

The latter was also in the objectives of the Chinese BRI expressed as building “people to people bonds” together with four other objectives – Policy Coordination, Facilities Connectivity, Unimpeded trade and Financial integration.

On paper, both the EU’s strategy and Chinese BRI look rather similar in emphasis – though the scale and ambition in terms of funding made available is different. The EU has said that it will put aside €60 billion in the 2021-2027 Multiannual Financial Framework to support the implementation of its connectivity strategy whereas Beijing is willing to back the BRI with trillions of dollars thanks to its enormous reserves.

However, as the Chinese economy faces challenges from Trump’s tariffs to increasing non-performing loans, and other headwinds, it is time perhaps for China to recalibrate and rethink its outwards investments and overseas infrastructure projects. And as mentioned earlier, with increasing reservations with regards to the debt sustainability and economic viability of some of the earlier exclusively Chinese led-BRI projects in countries from Sri Lanka to Laos, China may want to take a pause and look at how to “multilateralise” its BRI projects and promote responsible borrowing and ownership on the part of recipient countries before making any large scale investment commitment.

The EU’s principled pragmatism would guide it to work with different partners – understanding the strategic environment that challenges the EU, but also being able to seize upon specific opportunities that the EU can leverage to promote a rules-based global order and advance a better world. The EU through its bilateral frameworks such as the EU-China Connectivity Platform, and recently concluded EU-Japan and EU-Singapore free trade agreements; its inter-regional EU-ASEAN partnership and multilateral forum such as ASEM can deliver on comprehensive and rules-based connectivity to help sustain the functioning of an increasingly multipolar world. This is crucial at a time when the US is pursuing a short-sighted, self-interested strategy of “America First”.

About the EU Centre

Established in 2008, the EU Centre in Singapore was a joint project funded by the European Union (EU), the Nanyang Technological University (NTU) and the National University of Singapore (NUS). From 2017, the Singapore Management University (SMU) has also become a partner in contributing to the operations of the EU Centre. The EU is now a joint partnership of these three local universities.

The primary mission of the EU Centre is to promote knowledge and understanding of the EU, its policies and development of its relations with Singapore and Southeast Asia through research, publications and different outreach programmes.

The EU Centre is the Coordinator of a 3-year Jean Monnet Network grant (Sep 2016 – 2019). The Network comprising the EU Centre, University of Indonesia, University of Malaya and Maastricht University, will be jointly organising a series of programmes and activities tied to two research themes on Multiculturalism and Multilateralism.

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