



**COUNCIL OF
THE EUROPEAN UNION**



GUIDELINES ON THE EU'S FOREIGN AND SECURITY POLICY IN EAST ASIA

I. INTRODUCTION

1. East Asia is a region of especially dynamic change in which the EU has substantial interests. This paper briefly analyses the opportunities and risks for EU interests flowing from these changes. Proceeding from this analysis, and building upon the EU's Security Strategy of 2003 and the relevant Council Conclusions, the paper then recommends a set of guidelines for the EU's foreign and security policy in East Asia ¹. Accordingly, these guidelines are designed to provide a broad orientation for the EU's approach to East Asia, across the full range of its activities and, as such, are a contribution to the framework of the CFSP and ESDP in the region.

II. EU Interests in East Asia: Key Challenges and Opportunities

2. In East Asia as in the wider world, the EU has a broad approach to security:
 - The preservation of peace and strengthening of international security, in accordance with the principles of the UN Charter.
 - The promotion of a rule based international system.
 - The promotion of regional integration.
 - The development and consolidation of democracy, the rule of law, and respect for human rights and fundamental freedoms.
 - The promotion of cooperative and sustainable policies to meet global challenges such as climate change, energy security, environmental protection, poverty, economic imbalances, and health issues.
 - The promotion of non-proliferation of weapons of mass destruction.

¹ The paper addresses in particular the region of North-East Asia.

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Progress towards the achievement of these goals will contribute greatly to stability both at home and in the region.

3. The EU has major direct economic interests at stake in East Asia:

- East Asia is the home of some of the world's largest and fastest growing economies. Taken together, Mainland China, the Chinese Special Administrative Regions (Hong Kong and Macao), Taiwan, Japan, ASEAN and Korea now account for more than a quarter of the EU's global trade (in 2006) and this proportion is rising. Indeed, the EU is now China's largest trading partner, and China is the EU's second largest trading partner after the United States and represents the EU's largest bilateral deficit. East Asia offers substantial and rapidly expanding market opportunities for EU firms, while EU direct investment in the region is the key to both sides' global competitiveness. East Asian investment into the EU, notably by Japan, is already significant and also growing. As holder of the largest proportion of the world's foreign currency reserves China together with the East Asian economies have significant influence on world-wide financial stability. Regional economic cooperation initiatives could also significantly impact on EU interests.
- While European consumers benefit from imported Chinese goods, the current trend of trade imbalance between China and the EU is not sustainable in the longer term. Issues related to market access and intellectual property rights also persist.
- In all, the level of economic interdependence between the EU and East Asia has reached very significant proportions and is critical for the future growth prospects of both sides. This is reflected in the EU's starting of FTA negotiations with ASEAN and the Republic of Korea.

4. East Asian security and stability is a precondition for the region's continued economic success. The following threats to regional security therefore have a direct bearing on the interests of the EU:

- The DPRK's nuclear programme and the attendant risks of proliferation: This is a major threat facing the region. Successful progress at the 6 Party Talks (6PT), leading to denuclearisation of the Korean Peninsula, is central to regional security.
- The dispute across the Taiwan Strait: The EU supports all measures to deepen economic and people-to-people contacts between Taiwan and the mainland. However, underlying tensions exist, and miscalculation on either side of the strait could destabilise the situation.
- More generally, the potential for competitive nationalism in the region: With China's economic development and active diplomacy, the strategic balance in the region is shifting. Despite growing regional economic interdependence, the uncertainties generated by such geo-political changes, combined with unresolved historical and territorial disputes, have the potential to create tensions. Rising energy demand and the desire for energy security can compound these tensions.

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5. The attitude of the major East Asian players is also increasingly important to the EU's wider global agenda. The EU needs, and seeks to promote, multilateral solutions to global challenges. The EU is promoting an open and fair trading system and further liberalisation under the WTO and in its bilateral and regional agreements, including those currently being negotiated with ASEAN and the Republic of Korea. It works worldwide to promote human rights and good governance. It works to prevent the proliferation of WMD. It is engaged in the global fight against terrorism, and works to counter radicalisation and extremism. It seeks international cooperation on migration. It promotes socially and environmentally sustainable development, and action on climate change, in line with the Millennium Development Goals. The demand for energy arising from East Asia's emerging economies is increasing at a steady pace and raises new concerns on the world's energy security. This shared challenge requires collective response. The EU seeks stable, transparent markets in energy and resources. It intends to lay down the abovementioned cooperation in bilateral contractual relations, e.g. Partnership and Cooperation Agreements.

6. The countries of East Asia, as their international economic and political weight increases internationally, are increasingly influential in the effort to achieve these vital global objectives. As the longest established free market democracy in the region, Japan is already an important partner in this respect, sharing many EU values. The policy choices of China, now emerging as a global player, are of strategic importance to the EU, which is developing a strategic partnership with that country. China has a strong interest in peaceful economic development. The achievement of this goal would make a major contribution to global stability. The EU has a big interest in encouraging China to take on its global responsibilities, notably in the political, economic, commercial and monetary fields as well as to play a constructive role in the promotion of effective multilateralism and the resolution of international and regional issues.

7. The EU has a more general stake in good co-operative relations between the region's major players, notably as regards relations between China and the US and China and Japan. In the longer term, the EU has a strong interest in deeper regional integration – in particular in continuing to support current processes of ASEAN integration - and the embedding of political cooperation among the region's major players.

8. The US's security commitments to Japan, the Republic of Korea and Taiwan and the associated presence of US forces in the region give the US a distinct perspective on the region's security challenges. It is important that the EU is sensitive to this. Given the great importance of transatlantic relations, the EU has a strong interest in partnership and cooperation with the US on the Foreign and Security policy challenges arising from East Asia.

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III. THE EU RESPONSE

9. The EU's essential interests are thus closely tied up with the security of East Asia, and with the foreign and security policies of the region's main players. The EU's economic presence in the region, and its unique experience of post-war reconciliation and political and economic integration, position it well to play an important role in helping to bolster regional security. A number of the EU's regional partners have signalled that they would welcome enhanced EU engagement in this respect.

10. The EU therefore needs a more developed, coherent and focussed foreign and security policy in East Asia, the purpose of which is to secure and advance the EU interests set out in section II.

The first step, already underway, is to intensify the EU's exchanges with the region's key players. The EU should:

- Deepen its strategic dialogue with China.
- Develop its strategic dialogue on East Asia with Japan.
- Develop its strategic dialogue on East Asia with the US.
- Deepen its political dialogue on regional issues with the Republic of Korea.
- Develop its exchanges on regional issues with other important players including: Russia, India, Australia, New Zealand and members of ASEAN.
- Deepen its engagement with ASEAN, and with regional fora such as ASEM and the ARF.

11. The dialogues will serve the EU's purposes in three ways. They will enrich the expertise of Member States, the Council Secretariat and the Commission on regional foreign and security policy matters. They will establish better channels through which the EU can deliver messages when it feels its interests are at stake. And over time they will help develop common analysis and approaches, allowing the EU to deploy its weight more effectively in concert with others.

12. As the EU develops a stronger voice on regional foreign and security policy issues, it should be guided by the following aims and principles:

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a) The Changing Balance in the Region and the Risk of Competitive Nationalism

13. The EU should use its influence to promote good co-operative relations among the key players in North East Asia and invite all sides to refrain from actions that could be misperceived by others in the region. The EU should:

- Promote Confidence Building Measures and encourage peaceful and cooperative solutions to China's, Republic of Korea's and Japan's disputes over territory and resources.
- Urge China to be more transparent about its military expenditure, doctrine and institutions.
- Encourage more military to military exchanges between the regional players and with EU Member States to increase transparency and reduce the risk of misperception.
- Be willing, if requested, to share lessons drawn from its own experience in post-war reconciliation.
- More generally, encourage political leaders on all sides to build on their excellent economic relations to establish better political relations and to lead their respective public opinions away from competitive nationalism and towards relations defined in terms of shared interests.
- Promote effective multilateralism (including through ASEM, ARF, EU-ASEAN, East Asia Summit) and regional integration.

b) East Asia and the EU's Global Agenda

14. As its interests expand, China is becoming more active around the globe. Japan is also becoming more active internationally. Other regional actors, such as the Republic of Korea, ASEAN and some of its members, also wish to be more active in support of international objectives.

15. The EU should:

- Develop its cooperation with all regional partners on a range of global issues, expanding dialogue and cooperation in new areas such as development assistance, environmental sustainability, climate change, non-proliferation of WMD, conflict prevention and peace support.
- Continue its engagement for the promotion and protection of human rights and fundamental freedoms in East Asia-including by encouraging Asian partners to adhere to UN human rights instruments and comply with their mechanisms - in order to narrow existing gaps in values which can hamper efforts to find common ground on some policy issues.
- Promote the development and consolidation of democracy and the rule of law, especially in countries with a serious lack of progress in this respect.
- Continue to promote cultural and civil society exchanges as a cornerstone of mutual understanding.
- Encourage and support the integration of countries in the region into existing multilateral non-proliferation and disarmament instruments and assist them in the full implementation of these instruments as well as in the establishment of effective export controls.

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- Step up its work in particular with China, stressing the need for progress towards rule of law, personal freedoms, and democracy, at the same time deepening its engagement in the many sectoral areas that concern economic and social reform.
- Encourage and support regional integration as a means for promoting prosperity and stability.

16. Because of its sheer size, how China develops and how well integrated it is in the region and in multilateral structures will have an impact both regionally and globally. The EU should work actively to foster China's emergence as a successful and fully engaged member of the international community. As strategic partners, the EU's approach should be one of frankness, more transparency, full reciprocity and enhanced bilateral ties, notably through the forging of a new EU-China Partnership and Cooperation Agreement. In addition to continuing to be guided by relevant Conclusions of the European Council on China, the EU should:

- Encourage and step up cooperation with China on non-proliferation, counter-terrorism, illegal migration, serious crime, conflict prevention and peacekeeping, encouraging China's involvement in international arms control and non-proliferation mechanisms.
- Encourage and continue to support China's adherence to its WTO commitments.
- Continue to seek to increase China's commitment to effective multilateralism, including the advancement of the multilateral trading agenda within the WTO framework and the involvement of China in global governance systems.
- Continue to monitor internal developments in China closely, and remain aware of the substantial internal challenges associated with China's fast economic growth.
- More generally, consistently promote transparent and rules-based international approaches that contribute to building China's confidence in, and engagement with, the international system.
- Engage with China systematically on its growing activities in the developing world, setting out clearly where the EU has difficulties or commonalities with China's approach, identifying possibilities for common development actions, especially in Africa, and urging China to apply policies which fully support the UN Millennium Development Goals and the principles of ownership, alignment and harmonisation as outlined in the Paris Declaration on Aid Effectiveness of March 2005.
- Develop its dialogue with China on energy and environment issues, encouraging China to have more confidence in international markets, and promoting a harmonised and co-operative effort to address the threat of climate change and the challenges of sustainable energy consumption and production.

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17. Japan and the Republic of Korea are natural political partners in Asia. Europe, Japan and the Republic of Korea have a close similarity in overall views and are 'like-minded' in many ways. Japan and the Republic of Korea are keen to extend and deepen cooperation. Furthermore, Japan plays an essential role in multilateral organisations and a key role in Asia. The EU should therefore intensify its dialogue and cooperation with Japan and the Republic of Korea in order to bring forwards its goals in peace and stability, the promotion of human rights, energy security and environmental sustainability.

c) Regional Security Architecture

18. The EU's long-term aim should be increasing regional integration and the emergence of strong regional institutions based on clear recognition of shared interests. These should embody closer cooperation on foreign and security policy objectives across East Asia in line with international norms.

19. The EU recognises that for the time being, the region needs to develop a system to address shared (regional) security concerns and that for the foreseeable future an essential element in the security architecture of the region is provided by the US's network of bilateral alliances and its associated military presence.

20. The EU should:

- Develop, through its strategic dialogues with key partners, its understanding of the existing security framework, and its ability to engage increasingly with the key actors to help ensure that their policies do not undermine stability;
- Recognise that the credibility of US defence guarantees in the region is essential at present for the region's stability;
- Seek to develop the authority and effectiveness of the regional organisations and fora so that over time they can make a more effective contribution to regional security, promoting outward-looking models which recognise EU interests and equities in the region;
- In particular, work to build up the activities of the ARF and ASEM, through the membership of the EU and its Member States; strengthen its relationship with ASEAN including through accession to the ASEAN Treaty of Amity and Cooperation; seek further contacts with the Shanghai Cooperation Organisation; encourage the development of the East Asia Summit in an open and inclusive way, with the EU involved as closely as possible; encourage and support track two processes notably within the framework of ARF and ASEAN;
- Make clear its willingness to cooperate in the context of a broader Northeast Asia peace and security mechanism which may be defined in due course;
- Look for opportunities to add value to regional organisations through direct involvement in the region with specific initiatives;
- Encourage greater involvement of regional players in multilateral peacekeeping operations.

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d) Cross-Strait Relations

21. The EU has a One China Policy and supports the peaceful resolution of the Taiwan issue. It has a significant stake in the maintenance of cross-strait peace and stability. It fully understands the sensitivity of this issue on both sides of the Taiwan Strait, and for China's relations with the US and Japan.

22. In due regard to its One China Policy, the EU should be ready to:

- Encourage initiatives aimed at promoting dialogue, practical cooperation and confidence building.
- Welcome positive developments.
- Work for an inclusive process of dialogue that involves all concerned parties.
- Encourage both sides to pursue pragmatic solutions to questions regarding the position of Taiwan with regard to specialised multilateral fora, especially where Taiwan's practical participation is important to EU and global interests.

23. When circumstances dictate, the EU should also be ready to:

- Underline to Beijing and Taipei that when stability and peaceful dialogue are threatened, the EU also sees a threat to its own interests.
- Express its concern, privately or in public, when it sees a risk of destabilising unilateral action aimed at changing the status quo in the region, or provocative behaviour, or recourse to coercion.
- Within the parameters of its one China Policy, use its channels to Taipei to deliver messages when necessary.

24. The EU should also, in consultation with all partners, deepen its understanding of the military balance affecting the cross-strait situation; of the technologies and capabilities which, if transferred to the region, could disturb that balance; of the related risks to stability including the risk of miscalculation; and factor that assessment into the way that Member States apply the Code of Conduct in relation to their exports to the region of strategic and military items.

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e) The Korean Peninsula

25. The DPRK's nuclear programme and risks of proliferation represent a serious challenge to regional and global stability. The EU should:

- Maintain its support for peace and stability on a nuclear-free Korean Peninsula, and to that end maintain its insistence on the verified full dismantlement of the DPRK's nuclear weapons.
- Continue to call on DPRK to fulfil its international obligations, in particular by coming into compliance with UNSCR 1718. Continue to call on DPRK to return to the NPT and sign and ratify CTBT. Support the integration of DPRK into the non-proliferation regime and explore the potential for EU assistance activities to this effect.
- Continue to express its willingness to gradually deepen and widen relations with the DPRK as progress is made on EU matters of concern referred to above.
- Stress its continuing support for the 6 Party Talks (6PT), building up dialogue on the issue of broader stability on the Peninsula, on the humanitarian situation and human rights in the DPRK, and on practical areas in which the EU could provide assistance.
- Encourage all the parties in the 6PT to continue to seek solutions for lasting stability in the region.
- Express its support to the inter-Korean dialogue as a way to facilitate the work of the 6-Party Talks and as the framework to promote economic interaction and cooperation on the Peninsula.
- Maintain close cooperation with the key players in the 6PT, keeping fully abreast of developments.
- Commend China for its continued role in chairing the 6PT.
- Reiterate its position that onward proliferation is a serious threat to global security, and can have a particularly damaging and destabilising effect in sensitive regions, especially the Middle East.
- Urge the DPRK not to pursue irresponsible sales to countries of concern, and encourage appropriate international cooperation to prevent such sales taking place.
- Build up dialogue with the players, especially the Republic of Korea, on the issue of the broader stability of the Korean Peninsula, on humanitarian assistance to the DPRK and on human rights and on practical areas in which the EU could provide assistance.

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