

Speech of Mr David O'Sullivan, Chief Operating Officer of EEAS

"EU Priorities in Asia"

Excellencies,

Ladies and gentlemen,

It is a real pleasure for me to welcome you today and speak about EU priorities in Asia.

1. Before I get into that, I would like to begin by setting out the wider context. How we see trends in and around the region and how these affect our policy options and choices.

The starting point for any discussion of this type has to be a recognition that the rise, or better the re-emergence, of Asia is one of the mega-trends shaping our world. Asia is home to the world's fastest growing economies; it is experiencing rapidly changing political dynamics and, as a result, it has rising global significance and influence.

As Vietnam knows well, this region is full of energy and confidence, on the back of a decade, and more, of producing ever more impressive statistics on growth, trade, investment, science and technology etc. You all know the list. The key driving force behind all this has been that ever larger number of people in Asia have been able to satisfy that core human aspiration: to shape your own life. The rise and changing shape of Asia is a systemic development. It is, quite literally, changing our world

But the striking thing in Asia are two parallel truths: Asia is characterised by deep economic integration (in terms of production and supply chains) but also by deep underlying, and indeed growing, political and security tensions. To this one must add the absence of an agreed and strong set of rules, norms and institutions to manage these growing tensions. Nationalism is on the rise everywhere. So too are arms sales. People are hedging. And there isn't as yet a robust and agreed set of rules and institutions to manage these political and security challenges.

2. All this directly affects European interests. Economically, through our trade and investment relations. As you know, the EU is the world's biggest market and trading bloc. What fewer people know is that Asia has surpassed NAFTA to become the EU's main trading partner, accounting for a third of total trade and this figure continues to grow. In terms of investment, arguably a better indicator of health and significance of an economic relationship, more than 26% of EU outward investment is going to Asia while inward investment is growing fast.

So Asia matters to Europe - and will do so even more in the future. We know that recovery at home depends on the ability to harness growth and open new markets many of which are in Asia.

But Asia also matters to Europe in political and security terms: we have 4 of our most important 'strategic partners' in the region; the engagement of the biggest actors in Asia will be essential if we are to tackle global challenges like climate change; piracy, non-

proliferation; freedom of navigation in South China Sea with 50% of world trade in tonnage passing through, all these issues and challenges affect EU interests.

3. So it is logical that the EU is building up its engagement in and with Asia. For the truth is that Europe also matters to Asia. Asia's future growth depends on access to our markets. Growth is returning to Europe and the EU remains the largest economy in the world, with a per capita GDP of €25 000 for its 500 million consumers. That represents a €12.6 trillion economy. The EU and its Member States also remain the largest overall donor of official development aid with around €53 billion per year. As Asia contains some of the world's poorest and most vulnerable, the enduring importance of Europe as a development partner is clear including for people here in Vietnam.

Now, it is true that we as EU don't have a leading role on the headline, hard security issues, given the absence of major military assets or bases in the region. But in a way this is perhaps also an asset. The region perhaps doesn't need another hard security player; our added value is different. We are seen as engaged but not threatening; active but without a geo-political agenda. Perhaps the greatest value of the EU is to act as a principled champion of rules-based, co-operative security. For all its faults - and they are many - the EU is seen by many as a model for reconciliation and regional integration.

I also think that as EU we have a good track record of innovative, integrated strategies on the new security issues that are increasingly dominating the international agenda. The way we operate internally and hence project externally is perhaps not very glamorous; our rhetoric is rarely stirring; we don't do shock and awe. But that's also the point.

We do things others sometimes find difficult. And we do things in a different way – our role is not to be another super-power but a super partner. Before comprehensive strategies or three Ds (defence, diplomacy, development) became fashionable, the EU was already doing it. Take our approach on piracy where we not only have a very successful naval operation, Atalanta, but are active both on and off-shore with training, capacity building, judicial reform, working with regional partners. So framing this kind of integrated solutions forms growing part of our engagement with and in Asia. Doing things differently; addressing security challenges the modern way.

4. If this is the bigger backdrop and the overall thrust of EU engagement, allow me to run quickly through current priorities and plans and there is a lot coming up in the months ahead:

- First of all, for the next two year the EU will be at the helm of **ASEM**. We notably look forward to hosting the **10th ASEM Summit** in Milan on 16-17 October. The theme of the Summit, "Responsible Partnership for Growth and Security", reflects the enlarging scope of the EU-Asia relationship. The meeting will provide a key opportunity to convey a strong message of commitment to Asia and to emphasise our interest to be seen as a constructive and reliable player in the evolving regional architecture. We should look at a substantive and meaningful agenda. In many respects, Asians may see the outcome of this Summit as a test of the EU's ambition to play a more active role in Asia.

- Second, we are working hard to scale up and redirect our partnership with ASEAN – and we do so in close cooperation with Vietnam as country coordinator inside ASEAN for

relations with the EU. We should host this year the **20th EU-ASEAN foreign Ministers' Meeting**. The meeting should consolidate the momentum in the rather unique relationship we have been able to build. We want a strong, united and self-confident ASEAN. This is a message we have conveyed recently to members of the ASEAN Coordinating Committee on Connectivity and ASEAN CPR during their recent visit to Brussels. This highly successful visit confirmed the extent to which we can learn from each other and the relevance of the EU sharing its experience with Trans-European Networks, the Single Market, public-private partnerships etc.

We believe there is something special about the partnership between EU and ASEAN: despite all the differences, regional integration is our common DNA; both are big believers in multilateralism. Both know the strategic imperative of integration but also the great difficulties of actually making it work.

ASEAN has many Dialogue Partners but the EU plays a unique role because of decades of rules-based integration. More than anyone else we are sincere in wanting ASEAN to succeed. More than anyone else we can help them with the regional integration building.

At the EU-ASEAN Ministerial in Brunei in 2012, we agreed to forge a more ambitious, more political relationship. Let me touch on a few core EU priorities:

- **In the political/security cluster**: maritime security is clearly a common interest. On the situation in the South China Sea, the EU has principled position; we don't take a position on sovereignty (which rocks/islands belong to whom) but we are clear in calling for peaceful and cooperative solutions, based in international law in particular UNCLOS. We also hope for an early agreement on a Code of Conduct between ASEAN and China. But we also want to work in tangible manner and that's why we organized the first-ever EU-ASEAN High Level Dialogue on maritime security last November in Jakarta. This was a very positive meeting, where we exchanged lessons learned on different aspects of maritime security. We should make this an annual fixture and focus follow up work on some concrete areas for example port security; maritime surveillance and the joint management of resources (both fish and oil and gas).

- **Crisis response and disaster management** is another important area where the EU is a strong supporter of the ASEAN Humanitarian Action Centre (AHA Centre) and its links with national centres.

- Two weeks ago we organized an orientation course on security and defense, which was open to all members of the **ASEAN Regional Forum** and where we discussed how we can enhance our cooperation on security issues including with the EU's crisis management operation. Not a lot people knew that the EU today has more than 7000 people deployed on different military and civilian operations. We included a field visit to the integrated European Air Command in Eindhoven to showcase a practical example of European defense collaboration.

Right now we are co-chairing with Myanmar the ARF's Inter Sessional Group on confidence building measures and preventive diplomacy and we are partnering with Brunei to mount a dedicated training module on preventive diplomacy. We see this very much as part of our

effort to enhance our engagement in the ARF – to make the ARF more result oriented - and thus also to the emerging security architecture.

Apart from our work with ASEAN and the ARF we of course also are very busy deepening our bilateral ties with the countries of SE Asia.

Let me begin with **Vietnam**: In 2012 we signed the Partnership and Cooperation Agreement, which is a useful instrument to upgrade and broaden our relationship. While the ratification is taking its course, we have already started to implement the PCA in jointly agreed priority areas: in environment, human rights, security and crisis management to name just a few. We shall make every effort to finish the FTA negotiations by the end of this year. An ambitious but feasible objective.

Indonesia, the largest Muslim majority democracy, is a key partner in the region and shows increasing willingness to shoulder responsibility in the region and we are ready to nurture this important relationship. We shall continue the dialogue on **crisis management** with **Indonesia** and **Vietnam** which we started already in 2012.

The EU will maintain its support for the ongoing transition in **Myanmar/Burma**, building upon the outcome of the first EU-Myanmar Task Force meeting of November 2013 and preparing for the all- important elections in 2015. We continue to engage with **Thailand and Cambodia**, where unstable political situations or fragile post-conflict reconciliation may call for particular attention. Fostering interfaith dialogue in **Southern Thailand** as well as confidence building measures in the **South of the Philippines** and community building in **Timor Leste** are a few concrete examples for our activities on the ground.

- Managing our **Strategic Partnerships** – with China, Japan, South Korea and India - will be hugely important to advance both bilateral cooperation but also to work together on regional and international issues. With **China**, a key priority will be to sustain cooperation on the basis of the *Agenda 2020* agreed at the last EU-China Summit. President Xi's visit to EU institutions (31 March), a first-ever of its kind, will probably set the tone for future relations with the EU. This should include strong commitments on the joint management of future trade disputes, stronger cooperation on challenges of global concern, getting tangible signs of progress on human rights and the rule of law, and an intensification of our engagement on security and defence. We should also look into the EU's interests in China's proposal to develop cooperation along a "New Silk Road" corridor.

For **Japan**, the EU will work to wrap up the Strategic Partnership Agreement negotiations, as well as FTA negotiations, and to deepen cooperation in security and defence. To this end, the EU-Japan Summit with PM Abe on 7 May in Brussels will be an important opportunity.

The absence of a **consistent high-level dialogue** and the **persistent mistrust** between China, Japan and Korea remains an issue of concern. We shall continue to encourage such a dialogue in order to avoid that some of the parallels, which are sometimes a bit hastily made between 2014 and 1914 in the media don't prove right in any respect. While we should continue to perform a balancing act and maintain equidistance in our relations with all key players, Japan should be encouraged to manage carefully the implications of its new defence doctrine. There is a role for the EU to play in encouraging Japan to deploy its

capabilities beyond the region and in a way that helps to address global concerns (e.g. counter piracy, peace-keeping in Africa).

There are many other areas of EU engagement and initiative in and with Asia that I could mention (India, Afghanistan, Pakistan, Australia and New Zealand etc. or global issues such as climate change or non-proliferation or cyber security).

But above all I would like to leave you with the message that we "get" the rise of Asia and the Pacific and that we give it the place it deserves in EU foreign policy. As you see, there is a lot going on – and yet more to come, with Vietnam, with ASEAN and the wider region as a whole.

Thank you for your attention.