

V. TRANSATLANTIC SECURITY COOPERATION IN THE ASIA PACIFIC

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Introduction

Europe and the United States stand at a critical crossroads as regards their individual positions in the Asia Pacific, and the extent to which they might cooperate with respect to this region. Brussels and Washington, and the democratic polities that they represent, each strive to promote larger universal values, support international institutions and defend the postwar international system and global commons. Both welcome the success, security and prosperity of emerging powers in the Asia Pacific such as China, but also want to ensure that these nations act as stakeholders that build on the existing international system that both sides of the Atlantic have worked so hard to develop. These principles and norms are worth promoting and defending, but this will not happen automatically in Asia – indeed, the US-EU relationship in the Asia-Pacific region contains elements of competition as well as cooperation. Yet it would be a shame for Europe and America to turn inward and focus only on their parochial interests when they have both contributed so much to the postwar world, and when the international system and institutions that underpin international relations will not sustain themselves in a vacuum.

Many US scholars envision a scenario in which US engagement with China becomes more effective as the result of a closer partnership with Europe. It is also in every EU country's best interest to coordinate policies towards China with the US to some degree, despite temptations for Member States to make decisions at the national level. As the US has come to understand from recent experiences such as the Iraq War, disunity on foreign policy issues remains a fundamental challenge to greater cooperation with Europe.

US and EU responses to security developments in the Asia Pacific

Over the past twenty years, global defence spending has shifted eastward. The announced increases in the defence spendings of China, Southeast Asia and India have boosted aggregate Asian military spending above European defence spending for the first time in modern history.¹ And, while future projections are speculative at best, it is no secret that China's military spending growth rate is significantly higher than that of either the US or the EU.

1. 'Military spending in South-East Asia: Shopping spree', *The Economist*, 24 March 2012.

While US strategic rebalancing towards Asia has been perceived by some as the beginning of a gradual exit from Europe, many scholars have asserted cogently that evolving strategic focus does not equate to a ‘one-for-one’ tradeoff in which the majority of American contributions to European defence must be sacrificed in exchange for a greater Asia-Pacific presence. That said, America’s renewed focus on the Asia Pacific could be bolstered significantly with European support, and US policymakers must understand the significance of a cooperative Europe for engaging China.

While Europe is typically viewed as a latecomer to the Asia-Pacific region, its presence in Asia is in fact mature – it has consistently been involved in the Philippines, East Timor, Aceh, Afghanistan and Burma/Myanmar, as well as in counterpiracy and disaster relief operations throughout the region. Also, observers frequently overlook European states’ historical role as colonial powers in the Asia-Pacific, the residual effects of which are still lingering in states such as Indonesia. Yet while the US generally views twenty-first century Asia through a Sinocentric lens, it is clear that Europe continues to view Asia from a different standpoint, one that is less focused on China and more towards the Asia-Pacific as a whole. Discrepancies also exist among EU states with regard to the strategic prioritisation of China.

In addition, NATO’s recent operations in Libya and the Gulf of Aden demonstrate the growing awareness among its members that security is a global concept, and that instability in one region has significant economic and political consequences for the rest of the interconnected world. Indeed, Operation *Unified Protector* and Operation *Ocean Shield* could eventually become platforms of precedence for NATO’s entrance into the Asia Pacific. Admittedly, many European allies are likely keen on avoiding ‘mission creep’ by drastically reorienting NATO’s position towards the Asia Pacific when its traditional mandate is confined to the Western Hemisphere and when even various Middle East operations have been highly controversial within NATO policy debates. Indeed, many officials in Brussels may scoff at the notion of a European presence in the Asia-Pacific region, particularly given that the Libya mission was particularly taxing on several allies. But this certainly does not preclude a more subtle shift in strategic focus, particularly as Member States increasingly agree that it can be counterproductive to assess security threats in the global commons from a regional, rather than international, point of view. Individually, EU states have understandably been slower to prioritise China-related issues as a cornerstone of strategic planning. This is partially because of the nature of contemporary security, a dynamic concept inherently different from traditional combat-based national defence. Europeans may not sense that developments in Asia can impact the security of their borders, and are still learning that security developments in distant regions have major implications for their individual well-being.

Dimensions of common interest

By no means should observers mistake geographic distance for strategic irrelevance when it comes to Europe's presence in the Asia Pacific. All countries in the EU have a vested interest in the stability of the Asia Pacific maritime commons: any prolonged disruption of trade within the Asia-Pacific would have significant socioeconomic repercussions for states in the EU. Massive deindustrialisation within the eurozone has made Europe dependent on a variety of imported manufactured goods, the markets for which may witness significant shortages in the event of large-scale Asia-Pacific maritime conflict.

Besides economic policies closely linked to Asia-Pacific security, most US-EU security dialogues on the Asia-Pacific region have centred around the EU's arms embargo on China. Today the general consensus is that the embargo is unlikely to be lifted in the near future, and in reality is already quite porous.² Many observers have speculated that the EU members currently experiencing financial hardship such as Portugal, Ireland, Italy, Spain and Greece may be more likely to make concessions to China with respect to selling sensitive military technologies. This could be exacerbated if the US announces more 'Buy American' policies that create the threat of US economic sanctions on the European defence industry. Such a development, which could make many Europeans perceive the US defence industry as progressively excluding them, might present China as an increasingly attractive partner. That said, the EU's most advanced military and weapons systems are in the hands of the UK, France and Germany – all of which are relatively stable domestically and less likely to defer to Beijing. These nations do not want to undercut their own domestic defence industries by transferring technology and likely damaging the future market share of their domestic companies. They have also been some of the most active EU states in recognising the significance of Chinese military modernisation. The embargo certainly cannot be ignored, but also should not bottleneck other critical areas of US-EU strategic cooperation *vis-à-vis* China, such as security in the global commons.

For example, legal disputes in the South China Sea (SCS) are prime examples of the enormous potential for US-EU cooperation to uphold international security norms in the Asia Pacific. Both sides disagree with the PRC's legal stance on territorial claims in the South China Sea, which have contributed to growing tensions among various Asia-Pacific states. Here China contends that 'historic rights' trump UNCLOS laws on sovereignty rights based on geographic distance from shores. Beijing also essentially treats exclusive economic zones (EEZs) as territorial waters, creating headaches for the passage of military vessels in waters traditionally claimed by China. A longer-term issue for the US and EU is the risk that the international

2. 'Transfers since 1989 included among others British Searchwater radars in 1996 and Spey Turbofan (from 2004 – 2011, ordered in 1988), French helicopters (i.e. AS-565SA Panther, SA-321 Super Frelon, ordered in 1980/81) between 89 and 2011 and French marine diesel engines and German MTU marine diesel engines to be used in the Chinese Type 051 Luhai destroyers, Type 052 Luyang destroyers, Type 054 Jiangkai-series frigates, and Type 039A Song conventional attack submarines,' *China-Europe Relationship and Transatlantic Implications*, Hearing before the US-China Economic and Security Review Commission, 19 April 2012, p. 4.

norms they have developed could be undermined if China exploits 'legal warfare' and rallies support to pressure the UN to alter UNCLOS and other international security mechanisms over time.

US and EU strategic maritime engagement with China also occurs in regions outside the Asia Pacific. For example, US- and EU-led anti-piracy initiatives, such as the Combined Task Force (CTF), EU NAVFOR and NATO's Operation *Ocean Shield*, have all engaged in shipboard cooperation activities with the People's Liberation Army Navy (PLAN) in the Gulf of Aden. Recent evidence from anti-piracy experiences off the Horn of Africa demonstrates the benefits that alignment of US and EU security policy can produce with respect to Chinese contributions to global governance. For instance, Beijing was initially hesitant to cooperate with a primarily US-led force, but has been more open to broader multilateral anti-piracy coordination efforts that incorporate EU NAVFOR and other European naval forces. Cybersecurity represents an additional field in which improvements in US-EU policy alignment are increasingly imperative. A significant portion of past cyberattacks have been traced to China. Beijing has been accused of covertly sponsoring hackers to retrieve sensitive military and dual use technology, behaviour that is harmful to both the US and Europe. But US efforts to persuade China to enter a cybersecurity treaty have been fruitless, since it is difficult to trace cyberattacks to a specific government. More direct capability development cooperation between the US and EU countries would help both sides defend against future attacks, and NATO already has strong cyberintelligence capabilities which could potentially be shared with allies in the Asia Pacific.

Space development is another strategic plane where the 'tyranny of distance' does not apply and where both sides have a stake in enhanced coordination. In 2007 China tested an anti-satellite weapon (ASAT) that according to NASA now accounts for 22 percent of all catalogued objects in low Earth orbit. This is one example of a broader trend in which China's technological and operational progress in the global commons is accompanied by ambiguity over whether such developments will bring greater universal prosperity or threaten to destabilise the current system. The longer-term issue of consensus building also surfaces, as Beijing has advocated a multilateral treaty focused on constraining in-space, but not ground-based, weapons deployment. This reinforces China's ASAT aspirations and simultaneously undermines current US and EU plans. Moreover, China's impressive development of remote sensing technologies reflects broader space progression. Recent developments demonstrate the EU's growing level of discomfort over signal overlaps of its Galileo satellite navigation system with China's Beidou/Compass system, which many European countries perceive as a security challenge.³ Nonetheless, despite uncertainty over China's space aspirations, many EU policymakers view Beijing as an ambitious and financially-capable partner.⁴ Brussels's space cooperation with Beijing has been

3. Peter de Selding, 'Europe, China at Impasse on Satellite Navigation', *Space News*, 20 January 2011.

4. The Council of the European Union, 'Toward a Space Strategy for the European Union that benefits its Citizens', COM(2011) 152, Brussels, 2011, p.10.

criticised by the US but Washington needs to critically reassess its performance and rethink its official policies towards sensitive space technology transfers.

China and the transatlantic partnership

Amid major differences in opinion over how to engage China in the various security dimensions, both sides still need to improve their understanding of emerging powers such as China. The sustained success of any future cooperation in the Asia Pacific depends directly on their understanding of Chinese society and Beijing's internal politics that shape its external development, particularly in the security realm.⁵ The CCP is not like other communist regimes that the US and EU have previously engaged: far from an ossified authoritarian regime, it is constantly adapting and drawing lessons from changes it observes in other countries, both socialist and democratic.⁶

In many cases the CCP has recognised the need to be flexible, and at times has been highly responsive to both internal and external pressures. For example, it is likely that major recent Chinese military developments, such as the commissioning of China's first aircraft carrier, will result in more international calls for China to play by the rules and be a transparent stakeholder. Pressure and persuasion will certainly be more effective if it is channelled in a coordinated and concentrated way. China often claims ignorance by stating that it does not understand how the EU functions. This allows Beijing to 'deal directly with big European capitals,' essentially 'bypassing Brussels', in order to work bilaterally where it gains more leverage than if it were to directly engage the EU.⁷ While this 'divide and conquer' approach is imperfect because many decisions in Europe are still consensus-based, such a policy is relatively desirable to Beijing. Broadly parallel but unorganised coordination of Asia-Pacific security policy by the US and EU may be similarly exploited by China.

Foundations of transatlantic security in the Asia Pacific

In many ways, the security challenges in the Asia-Pacific – specifically those produced by China – are only beginning. As such, both short-term and long-term transatlantic policy responses are needed: the former to address immediate security dilemmas, the latter to lay the groundwork that will allow the US and EU to deal with long-term interests in the Asia Pacific. The long-term approach requires a concerted focus on

5. This reality has been demonstrated in both China's 'Near Seas' and 'Far Seas'. Strong and persistent public pressure in China for Beijing to protect China's citizens and economic interests abroad helped spur the launch of the PLAN's Gulf of Aden anti-piracy mission.

6. See David Shambaugh, *China's Communist Party: Atrophy and Adaptation* (Berkeley, CA: University of California Press, 2009).

7. Fredrik Erixon, 'When Sisyphus met Icarus: EU-China Economic Relations during the Eurozone Crisis,' *Stockholm China Forum Paper Series*, The German Marshall Fund of the United States, April 2012.

pooling resources to allow both the US and EU to further their understanding of the underpinnings of Chinese society that shape Beijing's security strategy.

The focus of a transatlantic engagement *vis-à-vis* China and the Asia-Pacific region at large should be on quality rather than scale, especially as US and European defence spending faces constraints in the coming years. Yet while the US appears poised to maintain a primary leadership role in Asia-Pacific security, Washington should take care to work with its European allies in ways that allow them to guide regional security rather than simply 'assist' with America's strategic rebalancing. Any US-EU cooperation in the Asia Pacific would be most effective if both sides recognise that they are complementary.

Of course, the US has much work to do itself if it desires greater EU security cooperation in Asia. As new challenges to both its national security and the stability of the global commons grow in both quantity and complexity, Washington needs to 'get its own house in order' with respect to the international laws and norms that it prescribes. In the Asia-Pacific region, perhaps the most important example at present is maritime law, specifically UNCLOS, the cornerstone of many maritime territory and sovereignty disputes involving China. Both the US and EU are keen to make substantial contributions to maritime governance over such issues. Of course, the benefits from cooperation on lower-profile issues, such as antipiracy and other transnational security initiatives, should also not be overlooked, especially since these operations typically affect the immediate economic and security interests of all states involved, making it easy to identify common interests and coordinate baseline levels of cooperation.

Conclusion

It will be vitally important to continue to engage with Beijing on issues of mutual interest. Meanwhile, European and US strategic differences in the Asia Pacific are much less significant than shared interests between the two sides. At the same time, China's economic and political challenges to collective US and EU interests across the security spectrum can no longer be ignored. Working together to address these challenges will produce a result greater than the sum of its parts, and given the contemporary manifestation of security challenges, domestic austerity does not have to preclude meaningful and effective cooperation between nations across the Atlantic *vis-à-vis* China and the Asia Pacific.

It is essential that the US and its NATO allies do not simply pursue a 'division of labour' scenario in which the US handles the Alliance's Asia-Pacific duties while EU members essentially concentrate resources in regions closer to home. In fact, from an EU perspective it may be desirable to develop a more direct presence in the Asia Pacific to help ensure that the US remains committed to the Alliance's security interests in other regions that are traditionally perceived as more vital to European security.

Both sides should work to align their support of international organisations and norms to prevent recourse to the use of force to resolve disagreements. A powerful example of this is UNCLOS, the key international forum in which maritime law is being shaped. The US adheres to compatible customary international law, but should ratify it as soon as possible so as to ‘reinforce Europe and US common positions’ and enhance credibility *vis-à-vis* other international players.

The US and EU should allocate resources to areas within the maritime security realm such as improving international laws on transnational, non-traditional emergencies and contingencies, as well as increasing the frequency and intensity of military exchanges with the PLAN, in particular through each sides’ respective staff colleges.

The US also needs to be honest with itself regarding technology transfer in the space industry as well as in other security-related fields. If it seriously wants to engage the EU on adjusting the current state of dual-use transfers of space technology to China, it must first systematically evaluate its current policies with respect to technology transfer in the global commons.

In order for US-EU policies to complement each other, it is critical that both sides engage in high-levels of information sharing with regard to PLAN developments in the global commons. While the EU has been criticised for ‘free-riding’ off US-gathered information in recent decades, it is time to formally establish a comprehensive transatlantic framework that ensures policies on Asia-Pacific security issues from both sides will be formulated based on parallel threat perspectives and levels of information.

Look East, Act East: transatlantic agendas in the Asia Pacific

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FOREWORD

Since this publication project was launched, several developments have occurred that have a bearing on the Asia-Pacific region. While the democratic transition in Burma/Myanmar has accelerated its pace and peace has made headway in Mindanao, bilateral tensions, territorial disputes and nationalism have flared up in the South and East China Seas – thankfully, without major consequences. The American presidential election has been followed by the Chinese leadership succession. The ASEM summit in Laos has marked its expansion to 51 members. And the US ‘rebalancing’ towards Asia has regained visibility and momentum – after losing some steam since the ‘pivot’ idea emerged a couple of years ago – with President Obama’s recent trip to the region.

In this context, the *Look East, Act East* report explores possible avenues for closer co-operation between the EU and the US in the wider region. Is it possible to think (and act) ‘transatlantic’ in the Asia Pacific? Are there concrete opportunities to ‘square the triangle’, so to speak, rather than move separately and work at cross-purposes, especially in times of economic crisis and stagnation?

This publication offers facts, figures, maps and ideas to better understand regional dynamics and identify common interests and shared platforms. Above all, it tries to explain that the rise of the East should not divide the West, and that investing more (economically, politically and strategically) in the Asia Pacific is not a zero-sum game but a win-win scenario at the global level – for both the EU and the US.

Antonio Missiroli

Paris, December 2012

INTRODUCTION

We are pleased to present the final report prepared in the framework of the research project 'Look East, Act East: transatlantic strategies in the Asia Pacific' carried out at the EU Institute for Security Studies since January 2012. The aim of this project was to explore the possibilities for developing a more strategic EU involvement in Asia – both inside and outside the transatlantic partnership. To this end, the EUISS organised a series of meetings with policy makers, diplomats and members of the research community from Europe, the United States and Asia. We also conducted a survey which resulted in the analysis entitled *Transatlantic strategies in the Asia Pacific. Findings of a survey conducted among EU and US foreign policy experts* (available on the EUISS website).

The report concludes that, on the whole, the transatlantic partners share similar objectives with regard to the Asia Pacific: nuclear non-proliferation and disarmament, free navigation and protection of the global commons, trade liberalisation and multilateralism. Nevertheless, history and geography, as well as differences in perceptions, contribute to forging two distinct stances *vis-à-vis* the region. Europe's focus is on issues related to trade, financial regulation and global imbalances. The United States views the region through different lenses, giving precedence to security and trade issues. The challenge, therefore, is to identify areas where those two positions intersect and could potentially serve as a basis for an effective pursuit of common EU-US interests in the region.

To fill this gap, we have asked a group of American and European experts to identify those issues which, in their view, play an important role in framing transatlantic cooperation in the Asia Pacific. Following their analysis, the argument we make is that both the European Union and the United States need to find a way to remain relevant in a world where the balance of power is increasingly shifting eastwards. In such a world, leveraging individual components of 'power' (military and/or economic) unilaterally matters less than combining forces across borders and between like-minded actors (trade and/or military ties). A possible way to develop this 'network power' potential is the reinforcement of network diplomacy mechanisms.

In that spirit, the report highlights nine priority objectives for a shared transatlantic agenda in the Asia Pacific:

- **Maintain peace and stability** through the expansion of confidence-building measures and application of international law as a basis for dispute resolution and inter-state relations
- **Shape the emerging economic landscape** by mutually reinforcing policies at transatlantic level and through a more comprehensive approach to the Asia-Pacific region, beyond China

- **Support global trade liberalisation** through assistance for achieving market economy status and coordination of trade and investment strategies
- **Embrace Asia as a third ‘pillar’ of global governance** by favouring Asian governments’ engagement in multilateral diplomacy and strengthening the role of ‘middle’ powers
- **Promote Western values and norms at global level** through better coordination in international institutions and a more intensive transatlantic dialogue on future global governance
- **Ensure resource security (energy and raw materials)** through support for alternative resources and/or production methods and dialogue on security implications and changing patterns of global dependencies
- **Reduce the region’s environmental footprint** through trilateral coordination with regard to the energy/electricity mix, clean development mechanisms, clean coal, and sustainability
- **Promote trade and security integration in the region** by reinforcing ASEAN’s role (and ASEAN-based processes) as its cornerstone and strengthening expertise on Asia and people-to-people exchanges
- **Build a constructive relationship with China** by establishing sectoral dialogues *with* it and having a more regular transatlantic conversation *on* China.

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