

## The EU, China and ASEAN

By David Camroux

In its relations with the countries of the Association of Southeast Asian Nations the European Union, as a whole, and its member countries, individually, both share a number of common challenges with China, while at the same time also having a number of significant differences in approach. The common challenges spring from their shared quasi-existential status as significant players in a globalized world in which it is beholden on international actors to modulate their relations on three different levels: the multilateral, the bilateral and, increasingly, at an intermediate, regional level. A first common challenge arises from their historical legacies – in this case differing ones – in relation to the ASEAN countries of both China and the European Union and questions of geographical proximity in the case of the former. Finally, the European Union has, unlike China, in its relations with ASEAN the added problem of dealing with the imperious internal challenge of developing a common foreign security policy amongst its members nations, and to function itself as an international actor in a way that is more than the sum of its parts.

Both China and the European Union are perceived with a degree of wariness by ASEAN countries. Indeed one of the challenges for both Beijing and for Brussels and the member countries of the European Union is to develop forms of behavior at the multilateral, regional and bilateral levels which enhance their relations with Southeast Asia, are considered in a positive light within this region, yet advance national and European transnational interests. In the following chapter three different challenges are addressed, all being shared by China and the

European Union but the last complicated in the European case by the ostensible demands of interregionalism.<sup>1</sup>

### *Managing a Problematic Heritage*

While the independence of the nations of Southeast Asia is over fifty years old, in terms of the millennial history of these countries in a sense this is only yesterday. With the exception of Siam (Thailand) all of the countries of Southeast Asia were colonized and in all cases by Europeans.<sup>2</sup> Five of the present twenty-seven members of the European Union were involved in annexation of territory: chronologically Portugal, Spain, the Netherlands, Britain and France. While the colonial interregnum – with the exception of Spain in the Philippines and, incidentally Portugal in East Timor – was relatively short, dating from the last quarter of the nineteenth century to the end of the first half of the twentieth, it had a profound impact. The borders, administrative and political structures, education systems and modern economic foundations of the countries of Southeast Asia date from that period. Nevertheless it would be misleading to suggest that these were merely imposed. On the contrary it would be more appropriate to suggest a kind of symbiosis in which assimilation of what would be described in contemporary jargon as European norms – and adaptation to local conditions – occurred concurrently.

For China the centuries of contact with the peoples of Southeast Asia has left a significant legacy as attested by the major role played by communities of Chinese origin in the economic – and in certain cases – political life of ASEAN

---

<sup>1</sup> For an up-to-date discussion of interregionalism see Heiner Hänggi, Ralf Roloff & Jürgen Rüland (eds), *Interregionalism and International Relations*, London: Routledge, 2006.

<sup>2</sup> While Siam managed to maintain its independence by playing on Anglo-French rivalry so strengthening its role as a kind of buffer zone between the colonial possessions of these two powers, in economic terms, Siam became integrated into the imperial economies of these countries. Prior to the brief Japanese occupation during World War II, the United States, was the only non-European colonial power in Southeast Asia have replaced Spain in the Philippines in 1898.

countries. Moreover centuries of trading and tributary relations with the peoples of Southeast Asia continue to have an imprint within Southeast Asian consciousness, despite or perhaps because of the short-lived European presence. Yet the strong anti-Chinese strand of Vietnamese nationalism - one which bundles together the northern neighbour with France and the United States<sup>3</sup> as foreign aggressors from which Vietnam has managed to achieve its independence - would suggest that the rhetoric of national mobilization in a Southeast Asia, in which the pre-eminence of the national overrides the regional or multilateral, is quite indiscriminate in finding external adversaries. Throughout the twentieth century, most recently in Indonesia in 1998 in the midst of the Asian Financial Crisis and the fall of Suharto, periodic anti-Chinese pogroms occurred. As in the Great Depression in Siam in the 1930s it is all too easy for cynical political manipulators to designate the overseas Chinese as a scapegoat for domestic political ills. Mentioning this politically incorrect point is not to justify racist actions in any form but merely to point out the role of ethnicity in the political life of Southeast Asia in general<sup>4</sup> and the importance of a degree of equitable economic growth as an antidote for these excesses. Europeans have no particular lessons to be offered in this regard, for the struggle against racism in all its forms (antisemitism, islamophobia, etc.) is, or should be, another of our common challenges.

In the case of Sino-ASEAN relations a further complicating factor was one of an ideological nature, for in the early Cold War period overseas Chinese communities were perceived of – or rather were labelled – as some kind of fifth column. While clearly this is no longer the case the distinction between a China, still proud to wear the Communist label, and a largely non-Communist Southeast Asia still is a cause of some friction despite the

---

<sup>3</sup> It would be a useful exercise for political leaders in China understandably concerned by Japanese school textbooks to look at the image of China portrayed in the textbooks of their Southern neighbours. The image, say in Vietnamese history textbooks is hardly flattering

<sup>4</sup> The seminal study of this phenomenon is David Brown, *The State and Ethnic Politics in Southeast Asia*, new edn, London: Routledge, 1996.

acceptance of the rules of global capitalism throughout East Asia. Coming from a French intellectual tradition in which the “non dits” (the unsaid) should be examined as seriously as the “dits” (said), it would seem to be important to underline that, while the Communist /non-Communist dichotomy in Asia may be totally devoid of any real substance in terms of governmental practice, labels continue to exist. In Europe, with the exception of the rump of the French Communist Party, all of the former European communist parties have undergone not only name changes, but also changes of political practice. One of the challenges within China – and one with consequences in relations with its southern neighbours – is to realign the Communist Party’s contemporary political practice with its rhetoric and nomenclature (in both senses of the term). Basically this will require acknowledging that, while Chiang Kai-shek and the Quomintang definitively lost the (civil) war they have definitively won the battle concerning a State directed model of capitalist development.

For Europeans, familiarity with their former colonial territories has been undoubtedly an advantage in fostering economic and political contacts today. The cases of British investment in Malaysia or that of French companies in Vietnam could be cited in this regard. Nevertheless the impact of these “privileged relations” in today’s world can be very easily be exaggerated. On the one hand, European investors are merely competitors in a global market very often finding themselves in third place after those from Japan and the United States, as evidenced say in the place of European automotive multinationals in the Southeast Asian market. On the other hand the number of European countries with an historic experience in Southeast Asia is quite small: five out of the present twenty-seven members of the EU and still only one third of the previous pre-enlargement fifteen member EU.

In contemporary terms the impact of these historical contacts is a double-edged sword. On the one hand it clearly provides individual European countries – Britain in Malaysia and

France in Vietnam with a favourable environment for investment. Both London and Paris have sought to reinforce this position through significant investment in the education in students from these countries. Yet, “familiarity can breed contempt”, to cite the old adage. To be precise the possibility for the colonial past to be dragged up as a negative element in contemporary relations is ever present. The “Buy British Last” campaigns of former Malaysian Prime Minister Mahathir Mohamed in the early 1980s were but the most flagrant example of this tendency. Reference to the abuses of the colonial past remains clearly an element say in Franco-Vietnamese negotiations or those between the Netherlands and Indonesia. In political terms this makes a great deal of sense given say in the French case that a certain kind of discourse on the “Vietnam as France’s back door to China” still has its supporters 130 years after Garnier’s fruitless exploration of the Mekong to find a riverine trade route into the Middle Kingdom.

### **Finding a Balance between Political, Economic and Cultural Relations**

Both China and the European Union are players in an international community whose contours are largely determined by other actors and a global environment which has developed its own momentum. The United States as the only remaining superpower is the only actor capable single-handedly of determining the international agenda.<sup>5</sup> As the tragedy of the war in Iraq has demonstrated, while the United States may have a capacity to single-handedly initiate, it does not have the capacity to single-handedly determine outcomes. Moreover in areas where other forms of power than military ones are at play, the United States finds itself in a position of being perhaps able to block change, but not necessarily to be able alone to determine the course of change. A good example of this situation is in the

---

<sup>5</sup> A recent study which provides a nuanced examination of the US role in relation to Asia and Europe is Peter Katzenstein, *A World of Regions : Asia and Europe in the American Imperium*, Ithaca NY : Cornell University Press, 2005.

negotiations of the Doha Round of the World Trade Organisation. The United States finds itself in a similar position to the European Union, as well as a China allied with major countries such as Brazil and India, in being able to block progress, i.e. to react, but not to be able to act alone in a pro-active way. In this multilateral setting – a point to be returned to later – any hegemon finds its influence limited.

In this regard, the end of the Cold War has had two paradoxical consequences. On the one hand it left the United States as the only remaining superpower with its military supremacy unchallenged. On the other hand, by removing the common enemy as a focus for its leadership, the ability of the United States to mobilize coalitions in its favour, that is its ability to lead, has been diminished. While the so-called war on terrorism did provide after 9/11 a new focus for US leadership, once again as the war in Iraq demonstrated, the US’s ability to find allies in both the Asia-Pacific and Europe has been rather limited. In relation to the countries of Southeast Asia, while a discrete presence of the Seventh Fleet, may be even more acceptable today than previously, by refusing - unlike Japan and even Australia, and now France - to sign the Treaty of Amity with ASEAN, the US finds itself, at least symbolically, estranged. Only in the case of the Philippines has a limited military presence been reaccepted one related to dealing with ethnic/religious insurgencies in Mindanao.

The Cold War context itself was a significant factor in the economic transformation of much of Southeast Asia. As Richard Stubbs has demonstrated in his reappraisal of the Asian Miracle<sup>6</sup>, security and economic questions were intimately related in terms of aid provision, foreign investment and access to Western markets for the countries of the region. The end of the Cold War led to the diminishing of the importance of strategic and security factors in relations with the countries of Southeast Asia. By the

---

<sup>6</sup> Richard Stubbs, *Rethinking Asia's Economic Miracle*, Basingstoke: Palgrave Macmillan, 2005.

turn of the century the economic status of most of these countries had changed from being recipients of Western aid to becoming important actors in their own right in the global economy.<sup>7</sup> As a result geo-economic concerns have replaced geopolitical ones as the focus of relations with external powers. It is precisely this situation that presents a challenge for both China and the European Union.

As explained in the first part of this chapter China's ostensible peaceful rise is perceived in economic terms as both an opportunity and a threat for the countries of Southeast Asia. Over the last few years ASEAN exports to China have grown significantly while the tourist industry in Southeast Asia has benefited from a new wave of tourists from China. Suppliers of raw materials and energy, such as Indonesia, are benefiting from the enormous needs of a China with a 10% average growth rate over the last four years. On the other hand foreign direct investment in the ASEAN countries has remained stable while FDI in China has increased substantially. In certain areas there has clearly been a reorientation of investment away from Southeast Asian countries to China. Furthermore Chinese competition has led to changes between Southeast Asian countries, for example in the present movement in FDI into Vietnam rather than Thailand.

In the economic sphere Europe and China will find themselves increasingly in competition in Southeast Asia as increasingly sophisticated Chinese products enter the market and Europe loses its technological lead in certain sectors. China will also become a serious competitor in supplying foreign investment in Southeast Asia and as a donor country in development aid. In theory this Sino-European competition should be beneficial to the ASEAN countries. In practice however, there is a potential for a stronger China to be to the detriment of ASEAN members or at least to the citizens of ASEAN countries. For example by its willingness to lend and provide aid without (or with weakened)

---

<sup>7</sup> Laos and Cambodia still remain to a greater extent in an aid recipient status, while the Burmese regime has chosen to further isolate this country.

environmental and political conditionalities a short term gain for recipient countries could well be in the long term a loss. In supporting the junta in Burma/Myanmar through, for example the provision of \$1 billion of weapons, the Chinese government has not only not helped the other ASEAN countries in bringing about political change there through their process of constructive engagement, it has also prolonged the suffering of the Burmese people. On this question the European Union has taken a decidedly different tactic through the imposition of sanctions. A challenge for the European Union in relation to ASEAN will be to find a more effective policy in dealing with the Burmese problem. Cooperation between China and the European Union in pursuing a common objective in bringing about political change in Burma/Myanmar should be a priority in EU-China cooperation.

The Burma/Myanmar conundrum is but one example of where economic, political, social and cultural relations - and increasingly questions of protecting the environment - most be pursued in a holistic way. By its responsible behaviour in helping the ASEAN countries to deal with the Asian Financial Crisis of 1997, and by its willingness to pursue a China-ASEAN FTA, the Chinese government has demonstrated its ability to act as a responsible economic actor in the region. However economic, security and other political questions are so intimately interlinked that it would be misguided to feel that economic relations can be dealt with in an isolated way. Agreement on a series of common minimum objectives in the political, social, cultural and environmental fields would open an opportunity for China and the European Union to cooperate in meeting common challenges in Southeast Asia.

### **Balancing bilateralism, multilateralism and interregionalism**

The pre-eminence of the geo-economic over the geopolitical conditions the possibilities of bilateral, multilateral and interregional initiatives for both China and the European Union. With the potential failure of the Doha Round in bringing

about further trade liberalisation the European Trade Commissioner Peter Mandelson announced in October 2006 that the European Union would end its moratorium on negotiating preferential trade agreements and negotiate such individual agreements with China, Japan and all of ASEAN. The choice of an inter-regional agreement in the case of ASEAN is significant. While negotiations with Mercosur have been going on for almost a decade these have not produced tangible results. However Chinese – and to some extent Japanese – success in negotiating with all of ASEAN could provide a model for European action.

If a strengthened more coherent ASEAN does eventuate this will require of the European Union to develop a more interregional approach. Part of the basis for this form of action has already been laid: during the last decade the number of European Commission delegations in Southeast Asia has expanded considerably with representation in virtually all of the ASEAN member countries. As well those EU countries without an embassy in a particular ASEAN country rely on other European embassies to ensure such a presence. Finally consultative mechanisms between European embassies ensure some minimal degree of co-ordinated action. This type of action within particular Southeast Asian countries complements EU activity on the international stage that has led to an increased visibility of the European Union in Asia.

In countries which still retain some status as aid recipients (Indonesia, the Philippines and Vietnam) the profile of the EU is even greater for aid directly from Brussels overshadows aid of from individual European countries. Nevertheless in the business sector the EU's profile is somewhat diluted by bilateral chambers of commerce competing with European Union-wide ones. Furthermore EU member countries with privileged bilateral links dating from the colonial period with certain Southeast Asian countries (Britain in Malaysia, France in Vietnam and Cambodia, Spain in the Philippines, etc.) are understandably reluctant to see these relations watered down in a larger European Union space.

Unlike China, the European Union has thus a further challenge in developing interregional relations between Europe and ASEAN, namely that of developing a common European policy towards all of Southeast Asia amongst its member countries. In this regard enlargement has been detrimental to the strengthening of EU-ASEAN relations for two reasons. On the one hand, Asia in general is largely “absent from the radar screen” of many new members<sup>8</sup> who lack not only an historical memory of colonial ties but also the kind of academic competence on Asian affairs to be found in the older members. More importantly the new member country's first economic priority is integration into the European single market: not only is a concern with export to non-European markets something for the future but they are net investment recipients rather than investors, lacking the major multinational companies that are at the forefront of European activity in Asia. The one exception to this picture is Vietnam where countries like the Czech Republic and Poland can build on political ties established during the Cold War. Thus a challenge for all of the European Union – one that is an integral part of the European project of an ever closer union - is to involve all its members in developing relations between a highly institutionalised Europe and an ASEAN, seeking through the establishing of an ASEAN Charter, which is at last tackling the task of establishing its own club rules.

---

<sup>8</sup> In a recent Polish Foreign Policy White Paper the term Asia was mentioned just once and ASEAN not at all.