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INTERNATIONAL



Be quick Europe, or miss out on the Asian century

Spring 2009

by Kishore Mahbubani

★★★★

As we advance into "the Asian century", Kishore Mahbubani expresses frustration at the EU's lack of engagement with Asia. His advice for European strategists is to accept the inexorable rise of the East and learn from examples like China's free trade agreements with its neighbours and ASEAN's cultural diversity

An enormous strategic opportunity has opened up for Europe to shape the Asian century, and help ensure it will be a peaceful and happy one. Among the many experiences that Europe could share with Asia is its great achievement of putting an end to war between any two EU member states. It could also share its experience of generating a high level of international co-operation and eliminating virtually all borders within the EU. In short, Europe has a lot of knowledge to impart at a time when Asia is keen to learn.

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Sadly, this is not likely to happen. For centuries, European nations demonstrated their geopolitical competence by collectively dominating the world. Today, the region has reached the other extreme of geopolitical incompetence. The aim of this article is to encourage Europe's strategic thinkers to focus once more on long-term geopolitical challenges. There are several steps they will have to take to achieve these goals.

The first step is that they need to understand and accept the reality of the Asian century. Several influential Europeans continue to raise doubts about Asia's rise, and indeed European intellectuals and strategic thinkers generally have little interest in Asia. But there are two critical facts of which European intellectuals and leaders need to take note. The first is that until 1820, China and India were consistently the two largest economies of the world, according to the distinguished economic historian Angus Maddison. So if by 2050 the four largest economies in the world are China, India, the U.S. and Japan, as Goldman Sachs has forecast, we will be witnessing a return to the historical norm rather than a deviation.

The second statistic of note was summed up by Larry Summers, the former U.S. Treasury Secretary who now heads Barack Obama's National Economic Council. He has compared the rise of Asia with the rise of Western societies, saying: "They called it the Industrial Revolution because there were noticeable changes in standards of living in a human life span - changes of perhaps 50%. At current rates of growth in Asia, standards of living may rise 100 fold, 10,000% within a human life span. The rise of Asia and all that follows it will be the dominant story in history books written 300 years from now with the Cold War and the rise of Islam as secondary stories". In short, the Asian nations are set to modernise their economies faster than the Europeans ever did.

The second step that must be taken by European thinkers is to understand the remarkable and still rising level of geopolitical competence in Asia. According to European theory and practice, which has been distilled from 19th century European history when several new European powers emerged, there should always be rivalries and zero-sum competition among rising powers. As all the major rising powers of the world are located in Asia, the Asian geopolitical theatre should now be seething with such rivalries. But what is truly remarkable is that suspicion between Asian nations is diminishing rather than rising, seen especially through the more open relations between China and Japan, and China and India.

Much of this is due to China's extraordinary ability in the geopolitical sphere. The Chinese leaders are aware that their country's rise in power could provoke discomfort both in Washington DC and among its own neighbours. Hence, in a pre-emptive strike against any potential American policy to contain it, China has decided to share its growing prosperity with all of its neighbours. Until recently, the largest trading partner for Japan, South Korea and several of the States grouped in the Association of South East Asian Nations, or ASEAN, was naturally the U.S. But a dramatic shift has taken place in recent years, and today China is the largest trading partner of both Japan and South Korea.

A useful way of measuring geopolitical competence is to compare Europe's developmental record with that of Africa, China and ASEAN. It should go without saying that Europe is more prosperous than North Africa, as the average per capita yearly income in the EU is almost \$31,000 and in the Maghreb countries it is just over \$6,000. A tiny pond called the Mediterranean Sea separates Europe from North Africa, while Europe's population is ageing and that of North Africa is youthful. Simple geopolitical common sense would dictate that Europe should share its prosperity with North Africa to prevent a flood of illegal migrants.



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HAS THE CRISIS SHOWN THAT "A EUROPEAN ECONOMY" IS JUST A PIPE DREAM?

Job losses in the EU, warns **BUSINESSEUROPE**, are expected to reach 4.5m this year, with Spain and the UK each accounting for almost 1m unemployed people. By 2010 Europe's unemployment rate could reach 10%. It will not strike every EU country equally, but it is clear that the majority of them will be faced with unemployment rates of over 10% by the end of this year. Forecasted unemployment in countries like Spain could rise to

Sadly, there is no such common sense in the EU's geopolitical thinking.

China has taken a different approach, wisely deciding to share its prosperity with the ASEAN nations. Back in November 2001, when Chinese leader Zhu Rongji proposed a free trade area to ASEAN that came as a surprise. He also offered unilateral concessions to ASEAN countries in the form of an "early harvest" of tariff reductions on ASEAN exports to China. When this FTA comes fully into force in 2015 it will be the world's largest. The China-ASEAN free trade area has also motivated Japan and India to propose similar trade deals to ASEAN that have now been completed. In short, a large part of Asia stretching from India to Japan with almost 3bn people will be involved in a web of mutually beneficial FTAs.

By contrast, the EU has failed to share its prosperity beyond the 495m people inside its borders. The region's strategic thinkers must now reflect on why this is. How has Europe gone from being geopolitically competent to geopolitically incompetent?

Several factors could have contributed to this situation. At a meeting of EU and ASEAN foreign ministers in the early 1990s, the then Belgian foreign minister Willy Claes said that with the end of the Cold War, there were only two superpowers left in the world: the U.S. and the EU. Such hubris has turned out to be short-sighted.

Another reason is the fractured decision-making process in Brussels. Since all 27 EU countries have to be brought on board, decision-making is often driven down to the lowest common denominator. Instead of taking bold strategic steps to deal with a completely different world, the EU crawls forward at the pace of its slowest member. Witness the way one small member, Ireland, could bring the Lisbon treaty project to an abrupt halt. Henry Kissinger was absolutely right in highlighting the EU's biggest geopolitical handicap: there is still no single phone number to call.

Another example of the EU's flawed strategic thinking towards Asia is shown in the ASEAN-EU relationship. If Europe's policies towards Asia were influenced by long-term strategic thinking rather than short-term political posturing, the EU would by now have worked out a long-term policy of co-operation with the other of the two most successful organisations of regional co-operation in the world. ASEAN is in the driver's seat in many of the diplomatic initiatives shaping the new Asian regional architecture. The sooner Europe engages with ASEAN the better positioned it will be to help shape this new architecture in a way that will also advance its own interests. If it doesn't, the architecture will be established without Europe's active participation. Europe will be forced to accept prices instead of setting them.

So rather than taking a long-term view towards Asia, short-term political posturing in Europe has trumped long-term strategic thinking. The EU has put the media-friendly Myanmar issue at the centre of the ASEAN-EU relationship. The entire relationship has been distorted by this one issue because EU politicians wanted to look good in front of their domestic audience by taking a strong stance on Myanmar.

The EU picks on Myanmar because it is an easy target, with no political costs to itself. But in contrast to its willingness to condemn the regime in Myanmar, the EU bends over backwards to accommodate other more repressive countries with worse human rights records, such as North Korea. The EU maintains this double standard because it needs North Korean co-operation on nuclear non-proliferation and also because its policies are subservient to American policies on North Korea. In another important example, the EU failed to officially condemn America for its human rights violations in the Guantanamo Bay and Abu Ghraib prisons. Thus the EU showed that it demands high standards of human rights from weak and vulnerable countries, but not from strong and powerful ones.

Just as important, the EU has failed to see how the success of ASEAN could directly help it cope with its biggest long-term strategic challenge: its relationship with the Islamic world, at home and abroad. The first lesson the EU could learn from ASEAN is how to handle cultural diversity. The EU essentially remains a Christian club, failing so far with the spectacular example of Turkey to bring in a single non-Christian member. Conversely, no regional organisation can match ASEAN's diversity in effortlessly including Buddhist, Christian, Confucian, Communist, Islamic, Hindu and other cultures within its fabric.

The second critical lesson the EU should learn from ASEAN is how to handle the modernisation of Islamic countries. If the Islamic societies that lie at its doorstep, such as Algeria and Morocco, successfully modernise and develop they will enhance the long-term security of Europe. So far, with the possible exception of Turkey, three of the most successful Islamic societies are ASEAN members, namely Brunei, Indonesia and Malaysia, all three of which could serve as models of development for other Islamic societies, including those at Europe's door.

The saddest part of Europe's very limited strategic thinking is that not a single European leader has been able to articulate a long-term vision of how Europe and Asia can work together to enhance each other's security. To make matters worse, Europe's strategic thinking has become subservient to that of America. For all its so-called strength and power, Europe is unable to come up with an independent policy towards Asia.

The Asian century is just beginning, and now is the time to act. If Europe makes the right strategic investments at this stage, it could reap rich dividends. If it does not it will miss many golden opportunities and, worse still, damage its own long-term security. Both regions will benefit from a closer partnership. Asia is ready to look towards Europe. But the big question we face in the 21st century is whether Europe is ready to look east.

16-19% by December. Has the crisis shown that "a European economy" is just a pipe dream?

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4 COMMENT(S)

Re:Be quick Europe, or miss out on the Asian century

Well, Kishore, you're indeed provocative (carrying such a noble Indian nome de plume!).

In EW, my first comment was on India - ASEAN FTA and impending one with mainland China. I also pointed out the strategic value of FTA development in Asia with Japan and S Korea following with similar trade and development links with mainland China.

So you're absolutely right in pointing out EUs inability to muster any strategic contribution to Asean FTA developments. Yet, as far as I know, there has been a lot of discussion on the theme in EU think-tanks.

What's the problem? Why is EU-27 unable to foster closer cooperation with Asean bloc.

As a Swede, I can tell you when Sweden takes over EU Chairmanship, in July, some of these strategic outlook will be considered. However there is no guarantee Sweden, as a major exporting OECD/EU country, will be able to get the focus of the rest of the EU-block. Sweden's Carl Bildt (FM) was in Hanoi at the last week regional conference to more or less sort out the policy priorities.

I personally think it is a geopolitical perspective which EU-27 cannot easily define - given their current internal diversity and policy priorities. Asean/FTA is the last thing on the minds of policy decision-makers from Eastern Europe. Their priority is to join the Euro and avoid being marginalized inside EU-27. Global financial crisis has also inadvertently re-focused EU-27 on their internal market and its weaknesses, as far as the implementation of single-market goes under The Maastricht Treaty. So expect them to be very pre-occupied with internal discordant policy and fiscal issues.

Race is another factor, I suspect, which enters the equation. The example of Magreb (Morocco, Tunisia and Algeria) states is a good example. Outside of France and Spain, there is no real policy interest in Magreb countries inspite of the recently approved Mediterranean basin development programme approved by EU under France Chairmanship. The Barcelona/Mediterranean programme was there in my time in the Commission. But not much regional development was achieved for various reasons.

It could be that indigenous Europeans don't consider Asian or Asean developments central to their political-economic life. At least not yet! China and India will however muster a lot of attention - whether strategic or otherwise. China is moving forward to consolidate its trading links with EU inspite of anti-dumping laws and whatnot under WTO regime. China is becoming familiar with WTO dispute settlement rules and regulations, and we should expect Chinese to (also) instigate trade complaints against both EU and US on anti-dumping legislation in the not too distant future.

Cultural disparity however may be central to understanding Asean developments. A lot of responsibility for such political disparity must also lie with Asean governments because there is very little or no effort by them to liaise with their counterparts in EU-27 on priority sectoral trade and investment issues. Also EU media carries little in-depth analysis on Asean developments. So, I think, there is a lot that can be done by Asean side, first, to promote their regional sectoral trade and development programmes inside EU-27.

Finally, during the next annual EU/Asean meeting, it would be useful if the agenda was not so crowded with preperal issues - instead it should focus on strategic policy issues that require decision-making on both sides. One way to muster such political focus would be somehow to diffuse the impasse on Burmese/Myanmar regime.

By hari on 5/30/2009 18:10

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Re:Be quick Europe, or miss out on the Asian century

To be realistic and rationalist to form any strategic european policy towards Asia we must accept that european culture is commercial one and for any EU leader Asiatic perspective is market oriented. Secondly Asia is not developing independently, due only to aqn internal pressure - in contrary a development push is just response to the Western demands. Recent China and India growth have been initiated by US and Europe creating there in result two pararel economies (in Nobel prized economist Lewis' meaning of this description - one modern, second, much bigger, traditional). India IT sale is directed almost in 100% to the West, chinese commerce more deversified but is in general an industrial products supplementation mainly to the West market demands for labour intensive and low high tech products thus enabling Europeans and North Americans to focus on science intensive products. Look at structure of trade statistics EU - Asia in the last twenty years. This is EU strategy.

By diliwalla on 6/5/2009 13:15

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Europeans elections

This elections for the Europe parliament is a test for all leaders as president or prime minister or politicals in UE27. At least two remarks: first the abstention is the most point and principle ,origin of all difficults for give a good future of this Europe in building. But also,the abstention is mean ,the citizens are in the psychology situation other the real or real polticy and,the sanction for his own leaders express in all election and squarely in this Europeans elections more, all deputy for external country and send everybody in Strasbourg,from where ,the second remark the electors send the extreme party or original party,so in the Netherlands the extreme right party go with 4 seals in Strasbourg...in the other hand,European's laws are directives is first before nationals

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...include the Mediterranean "brand" which the author brought in. An FTA is in the throes of being built around the Mediterranean. In the same way Asian neighbours would naturally be giving priority for Asian countries although we see that certain Asian countries see the US or Europe as more important than their neighbours. Next to its neighbours, the US will be its next important partner.

One can ask legitimately how important Asia is to the EU. For trade and investment, there is no doubt that Asia is very important to the EU. However, we see also that the EU has strategic partnerships with China, Japan and India apart from Russia, if it is also seen as an Asian power, mentioned in its security strategy. Such partnerships with China and India may leave behind the rest of Asia. In fact, S.E. Asia/ASEAN from where the author comes from will have to compete to gain the attention of the EU if it considers the EU important. The author may be actually thinking of his region of Asia in speaking of the EU's lack of engagement with Asia. China in particular is the talk of the day on the Brussels's EU circuit not S.E. Asia. The EU, of course, supports ASEAN's integration as it is its policy to support regional integration world-wide and has shared and is sharing its experience of integration with ASEAN. It has done much to support ASEAN even being the biggest donor to ASEAN's activities. In recent years, EU-ASEAN relations have been on the upturn generally. The greatest challenge to EU-ASEAN relations is the EU-ASEAN FTA which is in pause at the moment.

It is well and good if suspicions between Asian nations are diminishing rather than rising. The EU is a good example of how enemies have become friends, how suspicions and misconceptions of one another are overcome and what present suspicions and misconceptions that exist are faced up to. To what extent has reconciliation taken place in N.E. Asia? To what extent suspicions have disappeared in S.E. Asia? Which Asian countries are able to face up to suspicions, misconceptions and perceptions across the table rather than put under the carpet? Go at a pace of comfort levels has in the way of ASEAN. Territorial disputes and frontiers remain contentious which can raise tensions. The Code of Conduct in the South China Sea is an advance but does it stop nevertheless the occupation of those islets?

As to the fractured decision-making process of Brussels, no doubt with 27 Member States, decisions are not easy to take and make but to say that it is always the lowest common denominator is not always true too. Was sending an Aceh Monitoring Mission, the lowest common denominator? Of course, on some issues, it is the lowest common denominator and even disagreement of positions over Iraq. No doubt the EU has to demonstrate that it is not subservient to the US not just in security but in other policies and in some cases it has led like in the field of the environment and climate change. But one cannot make a blanket statement. How about decision-making processes in ASEAN? Consensus it is said but consensus too is the way decisions are taken and made in the EU falling back on votes when there is no other way. But the EU does proceed to implementation. How to explain the legally binding ASEAN Charter? Isn't it the way also to make sure that ASEAN states implement what they decide and commit themselves to do. European integration is in the making so also ASEAN integration at different speeds, the former further down the road.

Of course, the EU can learn about handling cultural diversity from ASEAN. The EU's motto is "unity in diversity" which is also that of ASEAN. But how has cultural diversity played itself out in reality in ASEAN? Has it always been that the different cultural and ethnic communities live in harmony and peace? Do they just live side by side or is there a constant social and cultural inter-course between them? Isn't there dominant cultures to which the rest have to adapt too or integrate with? The same questions can be posed to European countries. In fact, one fears that in wanting to integrate non-European peoples, it is to accept the dominant culture. The EU and ASEAN can share their experiences on how to handle cultural diversity.

It is not for the EU to propose that Brunei, Malaysia and Indonesia as models of development for Europe's Muslim and Arab neighbours. It is they who should decide who they see as models. It would be more effective for Brunei, Malaysia and Indonesia to dialogue with Europe's Muslim and Arab neighbours in the context of the OIC about development.

On Myanmar/Burma, here the EU behaves from a high moral ground as it has little to lose but where its interests lie, its push for human rights and democracy become more tempered. Just note its attitude towards China. With North Korea, it is the biggest aid donor to that country. It tries to open up that country. There are dialogues with it. It wants to stop proliferation but it is not part of the four-party talks. It makes statements on nuclear proliferation even with ASEAN but both sides cannot do more.

By pjplim@gmail.com on * 6/8/2009 * 15:30

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