



# The European ‘pivot’

by Nicola Casarini

The US ‘pivot’ – or rebalancing – towards Asia has generated debate in Europe not only about the alleged eastwards shift of American political and military focus, but also about whether (and to what extent) the EU, too, should upgrade its presence in the region. There is a widespread belief that the EU lacks the necessary capabilities – as well as the political unity - to engage effectively in this distant but increasingly important part of the world. However, closer examination shows that the EU and its member states already began their own rebalancing towards Asia roughly a decade ago. Although this development has gone largely undetected, it could well warrant the label of a European ‘pivot’.

The focus of the European ‘pivot’ is primarily on economic, monetary, technological and soft-power issues, and much less on increasing a military presence and forming security alliances. It does include defence-related elements, but mainly in the form of military dialogues, exchanges, joint exercises, and arms sales.

The European ‘pivot’ is rooted in the realisation that Asia has become central to global prosperity and to the EU’s own growth prospects. By the mid-1990s, EU-Asia trade had surpassed EU-US trade in terms of volume. Moreover, Asia has now become the largest buyer of euro-denominated assets as well as the most promising market for a European aerospace and defence industry that increasingly depends on exports for the bulk of its revenues.

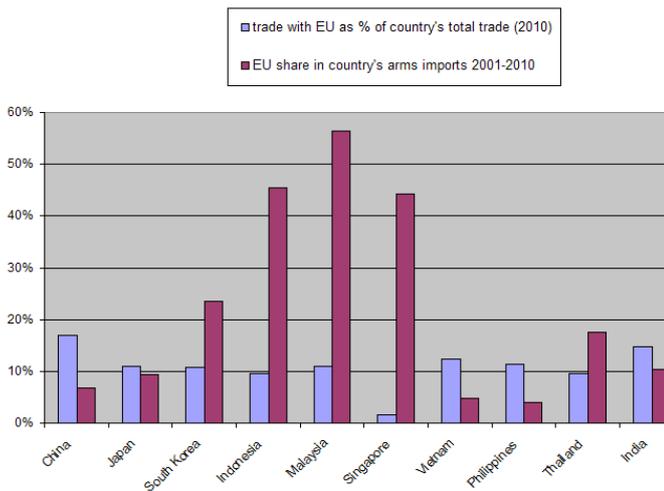
Today the Asian market is the destination for almost one-third of EU exports and offers rapidly expanding market opportunities for European firms, who are also among the biggest foreign investors in the region. The share of euros in the foreign exchange portfolio of Asia’s major central banks has grown dramatically: by the end of 2012, euro-denominated assets accounted, on average, for around 25-27% of the holdings of Asia’s major economies, reaching 30% and above in China (the world’s largest holder). This makes the euro the second most important reserve currency in Asia - after the dollar, but ahead of the yen.

The European ‘pivot’ also entails high-tech and space technology cooperation with Asia’s major powers. Europe is jointly developing Galileo (the EU-led global navigation satellite system) with China, India and South Korea, providing the Union with a foothold in Asia’s evolving space-related power relations.

## The security dimension

Europe contributes to Asia’s regional security by supporting multilateral initiatives. The EU is a member of the ASEAN Regional Forum and, through the Asia–Europe Meeting (ASEM), it has initiated a ‘track-two’ security dialogue on various levels. The Union is also a member of the Korean Energy Development Organization (KEDO), created to implement the process of denuclearisation on the Korean peninsula. Most significantly, over the past decade the EU has

EU share of country's arms imports compared to EU share of country's total trade



SOURCE: EUISS RESEARCH USING DATA FROM THE EUROPEAN COMMISSION (DG TRADE) AND THE SIPRI DATABASE.

assisted in the establishment of democratic governments in Cambodia and East Timor; ensured the implementation of the peace agreement between Indonesia and the Free Aceh Movement; more recently, contributed to the solution of the conflict between the Muslim population in Mindanao and the Manila-based central authorities in the Philippines – and may soon support civilian capacity-building initiatives in Burma/Myanmar.

The Union is also the largest provider of development aid and humanitarian assistance in the region. It has supported regional integration more consistently than any other international player: for instance, it was in the context of ASEM that consultations between the ten members of ASEAN and the three main countries of North-East Asia (China, Japan and South Korea) eventually led to the creation of the ASEAN + 3 - which now is the main institutional framework promoting regional integration.

While the EU as such does not have troops in Asia, some EU members have retained a certain level of military involvement in the area. Great Britain is still a member of the Five-Power Defence Arrangements (FPDA), a military consultation agreement with Australia, Malaysia, New Zealand and Singapore. France has an operational military presence in the Indian Ocean and the South Pacific, with troops which can be deployed in Asia at relatively short notice.

Some EU member states have established defence dialogues and military links with Asian allies of the US such as Japan, South Korea, Australia and New Zealand (in framework of NATO), but also with China itself. France, the UK and Ger-

many have each set up a 'strategic dialogue' with Beijing, complemented by the training of Chinese military officers and exchanges of high-level visits. Sino-French and Sino-British cooperation also include port calls and joint naval search and rescue exercises.

EU countries continue to sell military equipment in the region. Competition exists among European defence companies, of course, but even more so between EU and US defence manufacturers for acquiring shares of Asia's buoyant procurement budgets. Europeans have developed a strong market presence in South and South-East Asia, especially in sales of naval units (submarines, frigates, corvettes) and jet fighters. European defence companies benefit from around 7% of China's defence procurement budget, notwithstanding the persistence of the 1989 arms embargo against Beijing. According to SIPRI, Asia imports almost 20% of its armaments from Europe and 29% from the US.

### A fair player

The market and political value of this 'lesser pivot' (compared to the US) should not be summarily dismissed. It allows the EU to make its presence felt across the whole policy spectrum, thus becoming – albeit inadvertently – an Asian (minor) power. It also grants Asian elites the possibility to play the European 'card' – be it the common currency, a free trade agreement (FTA), collaboration on space technology, or the purchase of a weapon system – against the US and their regional neighbours.

The European 'pivot' provides a broadly complementary - rather than alternative – political presence to that of the US, in particular in promoting sets of multilateral-based rules and standards. Yet there is a major difference between the two: Washington's rebalancing towards Asia seems primarily aimed at keeping China in check: by focusing on strengthening its security alliances in the area, the US pivot risks (if not properly managed) causing increased polarisation and the emergence of zero-sum 'great games'. The European pivot, by contrast, is untrammelled by binding military alliances and is not aimed at/against any particular country in the region. It is no coincidence that it is in places like Beijing, Seoul, Delhi and the ASEAN Secretariat that the European pivot has found some of its strongest supporters.

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