CHAPTER 3

The European Union and North-East Asia: Recent Historical Context

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INTRODUCTION

This chapter is intended to outline the historical context for the European Union’s (EU) current relationship with North-East Asia. It is not so much a blow-by-blow account of how the EU’s bilateral relations with the countries of the region have developed, but rather an examination and highlighting of some of the events and trends that have helped shape the ways in which Europe views and reacts to North-East Asia and vice versa, and which continue to be of significance in the development of these relationships. The starting point is the Global Financial Crisis of just over ten years ago, which was a shattering blow to the self-esteem of the Western capitalist world and of the EU. It fundamentally changed how Europe interacted with East Asia, particularly China. It also marked the emergence of China as a major power in East Asia, and, increasingly, beyond. At the same time, the EU has responded by seeking a more structured and multifaceted approach to its relations with North-East Asia and with China in particular.
There have been longer-term trends in operation, most notably the increasing globalisation of the world economy and latterly the questioning of the value of that globalisation and a rise in populism and nationalism affecting countries in both Europe and North-East Asia. The increasing competition between the United States and China has come to dominate the strategic economic and political scene, and looks like it is becoming a permanent element in the politics and economics of the region, presaging long-term changes in regional dynamics. The after-effects of the coronavirus epidemic will contribute to further significant strategic and economic realignments.

Similar historical trends have affected Europe, but the experience and perceptions of at least some of these significant issues have been very different in Europe and North-East Asia. In its strategic outlook, Europe still looks much more to Russia as its primary strategic/security challenge and has been slow—at least from the perspective of the US and Japan and Korea—to recognise the extent of the challenge that China poses. While the financial crisis and its aftermath, together with other trends such as the rise of populism and nationalism, have done much to undermine Europe’s traditional links with the United States, it still tends to see North-East Asia as a second-order challenge, in contrast to the United States which clearly puts China in first place. Secondly, since the financial crisis, the EU has been heavily preoccupied with internal matters concerning the future of the EU. The EU like, but much slower than, the United States, has begun to shed its optimistic hopes that engagement with China would gradually lure China into acceptance of, and committed participation in, the existing international liberal system, and maybe even evolve towards a more democratic system domestically. The concept of encouraging China to become a “responsible stakeholder” in the international system, initially articulated by Robert Zoellick the US Deputy Secretary of State in 2005, gained significant traction in both the US and Europe. However, as time went by, the US felt increasingly irritated by China’s slow take-up of its presumed wider global responsibilities. The EU has always remained firmly committed to the international rules-based order but is becoming a bit of an outlier in this respect as the world’s two biggest economies, the US and China, seem ever more set on variously undermining, withdrawing from or reshaping that order.
Free Trade Agreements

One of the priorities of European diplomacy has been to establish a network of Free Trade Agreements (FTA), especially given the size and importance of the economies in the region and the commercial focus that the EU had always maintained in its relations there. Even so, this process is relatively recent and has moved comparatively slowly as genuine political constraints are operating in the region. This issue is also addressed by Michael Reilly in Chapter 10. It was, however, given a new boost in 2015 with the publication of the EU’s Trade for All policy. The introduction set the boosting of trade explicitly in the context of helping the EU emerge from the recession of the Global Financial Crisis: “Following a drawn-out and painful recession, the challenge for the EU is now to boost jobs, growth and investment. The Commission has placed this at the top of its political priorities. Trade is one of the few instruments available for boosting the economy without burdening state budgets.”² In North-East Asia, FTAs have been signed with the Republic of Korea and with Japan. The Korean FTA³ was signed in 2009 and was formally ratified in December 2015, after being provisionally applied from 2011. It was the first FTA signed with an Asian country and was seen at the time as going much further in lifting trade barriers than the EU had gone before. Its comprehensive nature was a powerful spur to Japan to negotiate an FTA of its own with the EU. Negotiations began in 2013, and the agreement, which had been upgraded to an Economic Partnership Agreement and thus something more than a simple FTA, was signed in 2018 and entered into force in February 2019. At the time, it was the most significant FTA in terms of combined GDP and was promoted as a powerful defence of multilateralism and the international rules-based trading order.⁴ It was in part also a response to the US withdrawal from the Trans-Pacific Pact and the administration’s much wider suspicion of the international trading order. An FTA with China would be a very different proposition and is beset with political problems, most obviously the problem with Market Economy Status (discussed below). Even the lesser object of a Bilateral Investment Treaty has proved intensely problematic, despite repeated affirmations in principle of its importance. Negotiations began in 2013 but it was only as this book went to press that an agreement appeared to have been reached. Any thought of a wider FTA remains highly aspirational and would need a major change of political will on both sides. This is unlikely to be forthcoming. The other major economy in the
region is Taiwan, again, for political reasons relating to China’s antagonism to Taiwan’s conclusion of international agreements, any substantial movement towards a formal FTA is unlikely.

**A Strategic View of North-East Asia**

The EU has traditionally concentrated far more strongly on its commercial relationship with North-East Asia and with China in particular. Latterly, as the geopolitical map has changed, particularly through China’s rise, the EU has nourished ambitions to play a greater diplomatic and political role in North-East Asia and the region more generally. In 2016, the EU produced its first strategy paper on China in which it outlined the need for: “its own strategy, one which puts its own interests at the forefront in the new relationship; which promotes universal values; which recognises the need for and helps to define an increased role for China in the international system; and is based on a positive agenda of partnership coupled with the constructive management of differences.”

Nevertheless, it was in the business of developing what it saw as strategic relationships with North-East Asian countries before that, and the idea of strategic partnerships, though only hazily defined, became one of the key elements of European diplomacy not only with Asia but more widely. In North-East Asia, a strategic partnership had been initiated with China as early as 2003, when the two sides agreed on a description of the relationship as a comprehensive strategic partnership. There was clearly a congruence of language as China had been engaged on a busy programme of setting up a variety of strategic partnerships with a wide range of partners (and would continue to do so), and the idea of a strategic partnership suited the EU at the time. However, the concrete results have been relatively limited in any normal sense of the word strategic. There were clearly limits to a partnership where, despite some commonalities, there was a fundamental difference in world view. With more like-minded partners, there has been more success. The first of a series of political/strategic documents was signed with the Republic of Korea in 2010 and came into force in 2014. This was a wide-ranging attempt to move away from a purely commercial relationship—the preamble noted “the accelerated process whereby the European Union is acquiring its own identity in foreign policy and in the field of security and justice” indicating the direction the EU saw itself moving. The word strategic was not explicitly mentioned in the text. However, there was much emphasis
on the shared values between Korea and the EU, and it contained a provision for an ongoing political dialogue covering a multitude of issues, both bilateral and multilateral. The strategic relationship with Japan was slower to develop but has probably become more comprehensive and inclusive than any other. It is presented very much in terms of shared values. An EU parliamentary briefing paper on the Strategic Partnership Agreement, then still under negotiation, summed up the commonalities: “The EU and Japan share the same basic values, including on democracy, market economy, human rights, human dignity, freedom, equality, and the rule of law. They are both civilian powers that refrain from the use of military power as a means of achieving their goals. They share an interest in setting high standards in trade and labour rights. They are both in favour of nuclear disarmament.” The Strategic Partnership Agreement entered partly into force on 1 February 2019, the same day as the Economic Partnership Agreement. For obvious reasons inherent in the difficulty of establishing any form of political relationship with Taiwan, especially one enshrined in a formal document, there has been no similar attempt to engage in a formal strategic relationship with Taiwan.

The EU has seldom been able to deliver to the level of its own expectations and rhetoric. In reality, strategic relationships within East Asia, especially those with any serious security content, tend to revolve around China and the United States, and there is little room for a distinctive European approach. Nevertheless, it is essential to note that ambitions remain. The then President-elect of the Commission, Ursula von der Leyen, told the European Parliament on 27 November 2019 that: “Countries from East to West, from South to North, need Europe to be a true partner. We can be the shapers of a better global order…This is the geopolitical Commission that I have in mind, and that Europe urgently needs.” How this will square with China’s ambitions to shape a new global order remains to be seen. The Chinese have become increasingly dissatisfied with the existing international order and, in particular, have objections to the Western values on which they feel it is based. This can be seen most clearly in their efforts to undermine and redefine concepts of human rights. Much of this is antipathetic to the values espoused by the European Union. And herein lies much of the difficulty in establishing a meaningful strategic relationship with China, in contrast to the shared values forming some of the building blocks of the strategic relationship with Japan and, to a lesser extent, Korea.
GLOBAL GOVERNANCE ISSUES

The post-Second World War settlement and the institutions established have been coming under increasing pressure as they fail to cope adequately with the new challenges faced by the world. The rules-based international order—so beloved of Europeans—does not have the attraction it once did, and international bodies and organisations are increasingly being side-lined in an era where great power politics and interests seem to be taking the fore. In particular, the decline of the liberal rules-based international order and of liberal values more widely is regularly commented upon, together with a rise in populism and nationalism in many states, leading to a feeling that the Western-inspired international order is under threat. The new concept of “Westlessness”\textsuperscript{13} embodies this with great clarity, lumping together all that is seen as wrong with the failures of the liberal international order and globalisation. There is a general feeling of malaise affecting the West following the challenges to and dissatisfaction with globalisation. This has opened up opportunities for China to put itself forward. In the light of President Trump’s “America first” policies and its withdrawal from or side-lining of international institutions, China early on seized the opportunity to present itself as a new champion of globalisation\textsuperscript{14} in contrast to the increasing isolationism of the United States. This issue is also discussed by Robert Wang in Chapter 4. Indeed, on both globalisation and on climate change—where China was once seen as the villain of the piece, following the collapse of the negotiations at Copenhagen—China was able to seize the moral high ground and becomes the perceived defender and promoter of sensible, beneficial policies as opposed to the increasingly anarchic and autarkic behaviour of the United States under the Trump administration.

This new confidence about China’s position derived in part from the fallout from the Asian Financial Crisis of 1997 and particularly from its role in the global financial crisis. In both cases, China managed to be seen as a centre of stability and reliability when things were crashing down around it. China, unlike some of its neighbours such as South Korea, emerged relatively unscathed from the Asian Financial Crisis. Moreover, its interventions on behalf of the Hong Kong dollar were seen as stabilising and beneficial at the time. This was well before China had become such an important player in the world economy as it is now, but even then, it did stand apart from the international financial institutions in the generally positive and supportive way in which it reacted. Nevertheless, it
was the global financial crisis of 2007/2008 that really changed things for China. While Western institutions struggled to be effective in the light of the crisis, much international agenda-setting seemed to shift away from groupings such as the G7 industrialised nations to the G20 where China was playing a central role. China’s substantial domestic investment programme and the stimulus it gave to China’s economy were widely seen as one of the key factors in keeping global GDP positive and avoiding world recession. In response to these new circumstances, some commentators in the United States began to float the idea of a G2 whereby China and the United States, which were by then the two largest economies in the world, could somehow work together to provide leadership in dealing with the manifest problems affecting the world in the aftermath of the financial crisis. The suggestion made some sort of superficial sense in that China as the rising power had been seen to provide much-needed reassurance to the global system. Moreover, if those economies worked together, the force of their example would be an immensely powerful one. The idea did not appeal in either Washington or Beijing, but the underlying idea of the overwhelming joint influence of the United States and China has stuck and resurfaced both in its original form from time to time. It has also been adapted to suggest that China and the EU might make a more beneficial G2 given the apparent withdrawal of the US into a more isolationist stance. In its anti-matter state, that of consistent rivalry between China and the US, it is now seen as one of the fundamental elements affecting the current international situation. At the same time as China was being lauded for its contributions to stability, the effect of the twin crises and especially the aftermath of the global financial crisis were seriously undermining both to the international financial institutions and the credibility of the European Union itself which found itself enmired in crises affecting the Eurozone. The heady optimism of the EU’s expansionist phase when the Europeans were able to believe that they had a model of governance that had much broader potential applications and attraction gave way to the processes of self-doubt and more seriously a lack of credibility in East Asia that led to the “Westlessness” diagnosis.

Europe is seen as very much as part of the Western alliance and Western mindset when it comes to North-East Asia. Two of the US’ most committed allies, Japan and the ROK, are in North-East Asia. Europe both contributed to and benefitted from the current international order and feels strongly committed to it. The EU itself is an institution born of the reordering of the world after the Second World War. For China,
and to a lesser extent Japan, the current order is outdated and in need of revision. The classic instance of this is the Permanent Membership of the UN Security Council, which clearly no longer reflects the geopolitical realities of the modern world. Japan has long aspired to a permanent seat. Reform of the UN Security Council is confined to the too-hard box for many complex reasons, but China has made it clear that it is strongly opposed to Japan getting the seat it desires and that has effectively consigned the whole reform project to limbo. China sees some value in the current international system as one which can help protect it by mitigating the power of the US to act unilaterally. It has undoubtedly benefitted considerably from its engagement with the international order and at the same time views it as a construct of the US and its allies in which China had little or no say and is all too often exploited by them to China’s detriment. Joining both the United Nations—and more recently, the WTO—was a long and traumatic process for China which has contributed to its suspicion of international institutions. A particular example might be the debate over Market Economy Status in the WTO which China believed should have been granted by the EU as a sign of political goodwill (as Australia and others did at a relatively early stage) and anyway should have been awarded automatically in 2016 under the terms of its accession agreement. As has often been the case with contentious issues handled by the EU, some EU politicians, seeking to improve their national standing with China, appeared to promise their good offices in support of China’s position. This has still failed to materialise despite various senior EU politicians pledging their support for the principle. For example, the UK Prime Minister David Cameron promised in 2010 that he was prepared to lobby on China’s behalf for preferred status within the European Union if it further opened its borders to trade with British and continental European companies. Angela Merkel, the German Chancellor, also expressed her support in principle for Market Economy Status on more than one occasion. This issue is also discussed in Summers’ chapter. Nonetheless, to China’s disappointment, this has not so far materialised, and China eventually backed down from a WTO case that it had lodged against the EU and the United States on the issue. Member States and the Commission have regularly taken the view, largely on technical grounds, that there is no justification for describing the Chinese economy as a market economy. However, while the EU sees MES as a technical and commercial matter, the Chinese—though clearly
having strong economic motives in seeking MES—choose to see its withholding as largely a political manoeuvre whereby the EU and the US seek to constrain China and prevent the resumption of its proper place in the world.

In East Asia, the post-war settlement signally failed to deal clearly with several territorial issues following the defeat of Japan. The major territorial disputes in which China has serious claims: Taiwan and the South and East China Seas, were not adequately addressed at the time, and all remain areas where China pushes claims that have at best a flimsy foundation in international law and practice. Particularly in the case of Taiwan, this is behind the position long taken but no longer openly acknowledged by some Western states that the status of Taiwan is undetermined. Similarly, Japan’s long-standing dispute with Russia over the Northern Territories dates back to the end of the Second World War. As the old order begins to unravel, many of these questions are assuming a considerably higher profile than they did in the past, and China, in particular, is taking more and more assertive action to further its claims, contributing to a wider sense of instability in the region.

In recent years, China has begun to take a much more activist role in the development of international institutions and norms. Particularly under Xi Jinping, with his long-term project of the revival of the Chinese nation, China has been readier both to air more criticisms of international institutions (particularly the international financial institutions) and to seek to gain greater influence within them. China has been successful in getting Chinese nationals appointed to a significant number of UN bodies and has been particularly effective in the Commission for Human Rights in pushing a Chinese view of human rights in contrast to the Western one. In the Asian context, the Chinese initiative to set up the Asian Infrastructure Investment Bank was seen by some as an attempt to set up a Chinese alternative to international financial institutions. The UK was quick to sign up to it, and this spurred on other Europeans to participate, despite US antipathy to the new institution. In practice, the AIIB was not such an innovation as feared and has tended to behave and be constituted in a very traditional fashion.

**The Influence of Competing Visions of History**

North-East Asia is obsessed with its history and competing interpretations of that history. Differing interpretations of and understanding of history are one of the cornerstones of the complex relationships between Japan,
Korea and China. Much of this centres on issues relating to Japanese colonialism and its war guilt. Nevertheless, it is by no means confined to Japan. Chinese historical claims affecting the Korean peninsula have been equally inflammatory. Neither the European Union nor Europe more widely figure largely in these narratives which are concerned mainly with inter-regional interactions, certainly in the context of post-Second World War developments. Nor does European colonialism, which impinges on much of Europe’s relationships with other parts of Asia, have such a prominent place in European relations with North-East Asia, where it is the legacy of Japan as the colonial power that still has the greater resonance. There are no obvious outstanding questions left over from history for the Europeans—with Hong Kong as a prominent exception. In contrast, the historical roots of most of the current security flashpoints in Asia (Taiwan, the Korean Peninsula, Chinese ambitions in the East and South China Seas) are still very much part of the currency of contemporary debate. Europeans were involved, on both sides, in the Korean War and its aftermath, but that does not weigh heavily on current perceptions of any role that Europeans might play in future and does not appear to have severely affected Europe’s relations with the Republic of Korea. The big exception to this is China with its narrative of the 150+ years of humiliation at the hands of foreign powers, primarily European and first among them the British. While this forms part of the learning that every Chinese schoolchild imbibes, it also informs official Chinese attitudes to its interactions with Europe and the West more generally. There remains a tendency for China to view Western actions through the lens of this history and to ascribe to them deeper historical motivations or processes. Even apparently insignificant actions such as the wearing of poppies by the British Prime Minister’s party in Beijing, which for the British side were a natural and proper marking of Armistice (Veterans’) Day, were seen in China as deliberate provocation harking back to the Opium War.

Hong Kong has become a particular point of interest in 2019 with the ongoing protests against perceived Chinese involvement in the political life of the territory and manifest incompetence of the Hong Kong Government. The years after the handover in 1997 had seen a generally successful implementation of the “One Country, Two Systems” formula for the governance of Hong Kong with Hong Kong apparently enjoying the high degree of autonomy it had been promised. Successive British Government reports on Hong Kong until recently all concluded
that, with perhaps some qualifications, “One Country, Two Systems” continued to function well.\textsuperscript{18}

However, this has become much more questionable recently. Moreover, China has made it clear that in its view developments in Hong Kong are a purely internal matter and that no foreign country (in particular the United States and the United Kingdom) has any right to comment on them. That being said, the colonial ghosts are never far below the surface. The protestors who invaded the Legislative Council (LegCo) in July 2019 draped the colonial Hong Kong flag over the LegCo podium. This was probably not nostalgia for the past but a deliberate attempt to infuriate Beijing. Chinese official sources have regularly used the colonial meme in defending the Chinese Government’s position and criticising the UK and US governments’ interventions. In a press conference Liu Xiaoming, China’s Ambassador in London, said pointedly that “Hong Kong was an internal affair of China. It is not what it used to be under the British colonial rule.”\textsuperscript{19}

Europeans are required by the countries concerned, particularly China, to take a stand on some of these historical questions. The most obvious is Taiwan, where any country or organisation seeking to have formal diplomatic relations with the PRC must sign up to a form of the PRC’s interpretation of Taiwanese history and current status, a “One China” policy in some form or other. Moreover, it is not just governments that are subject to these requirements; companies and international organisations are increasingly being pressured to observe the niceties of the PRC’s “One China” position over Taiwan. As China has become more powerful and confident, it has been prepared to push its interpretation and its demands that others follow them or face retaliatory consequences. More directly, even though most Europeans have scrupulously avoided taking any formal position over competing sovereignty claims in areas such as the East and South China Seas, the nature of those claims does sometimes have more wide and immediate effects. The most obvious of these are the implications of the PRC’s island-building in the South China Sea for the international law of the sea and freedom of navigation, both of which are important to Europeans in different ways. Moreover, there is a European historical dimension in case of the South China Sea islands, both France and the UK once had their own claims in the region, and these can still form part of the historical arguments supporting the various claims.
Security Issues

The Cold War solidified the security arrangements in North-East Asia, particularly after President Nixon’s opening to China in 1972 where common hostility to the Soviet Union provided a foundation and rationale for a decade and more of cooperation, including with China. North Korea was increasingly left out of consideration (before it started developing a nuclear capability) and the economic development that followed, especially after China’s reform and opening up of the early 1980s became for Europeans the principal motivating factor in developing relations in the region.

Europe is seen as very much as part of the Western alliance and Western mindset when it comes to North-East Asia. Two of the US’ most committed allies, Japan and the ROK, are in North-East Asia. Europe both contributed to and benefitted from the current international order and feels strongly committed to it. The EU itself is an institution born of a similar reordering of the world after the Second World War. For China, and to a lesser extent Japan, the current order is outdated and in need of revision. China sees some value in the international system as one which can help protect it by mitigating the power of the US to act unilaterally and at the same time views it as a construct of the US and its allies in which China had little or no say and is all too often exploited by them to China’s detriment. Joining both the United Nations, and more recently, the WTO, was a long and traumatic process for China, which has contributed to its suspicion of international institutions. Fundamentally however it is becoming clear that China is seeking substantive changes in the international governance structures that better reflect its voice and position.

The EU Arms Embargo caused much heart-searching in the early 2000s as the EU came under enormous pressure from China (and internally) to lift it—on mostly political grounds—and from the US to refuse to do so—on security (and political) grounds. Various attempts by the EU to strengthen existing arms control measures were viewed as unsatisfactory by the US. Eventually, the EU dropped the matter, partly because of tensions over Taiwan, along with the passing of China’s Anti-Secession Law. This gave the EU a graceful ladder to climb down from what was becoming an awkward position to maintain. Thus, the embargo remains in place to residual dissatisfaction on the part of the Chinese. At a practical level, the Arms Embargo itself had comparatively little effect and was
anyway subject to interpretation by the Member States to act on it as they saw fit. Member States continued to sell military equipment of various kinds to China (though China’s big purchases during this period were from Russia). But the whole issue has had a lasting effect on EU relations with China where China continues to nurse disappointment over this (and over Market Economy Status) where it feels that the EU has failed to demonstrate proper consideration of or respect for the Chinese side’s position and has, under the excuse of technical problems, taken what was actually a clear political decision to disadvantage China. The technical problems are none the less real. The whole issue of an appropriate arms control regime remains both a necessity and a matter of considerable contention within the EU, not just for China but globally. As late as 2012, the Chinese Prime Minister Wen Jiabao was continuing to lament the failure to lift the embargo. China’s disappointment was compounded by the intervention of senior European politicians, most notably President Chirac of France and Chancellor Schröder of Germany who had both indicated to China that they were in favour of lifting the ban. The Chinese felt strongly that the embargo was discriminatory and treated China on a par with countries like Zimbabwe which were also subject to EU Arms Embargos, and China was the only P5 member subject to such an embargo. They had a point, and the decision to continue with the embargo, while it was doing no more than reaffirming what was actually the status quo, was taken very much more on political than technical grounds.

There are some similarities to the Arms Embargo in the way the Huawei’s involvement in 5G is being handled in Europe. There has been considerable pressure from the US for Europeans and others to preclude Huawei’s involvement in the construction of their 5G networks. Nevertheless, the outcome so far has been rather different than in the Embargo case. Europeans have proved less susceptible to US pressure, partly because of their feeling of a lack of consistency in the US policy-making process and their reluctance to be drawn too overtly into what they might see as a manifestation of the US trade war with China. But there is in some cases a dangerous mixture of belief in their ability to avoid any threats to security through technical means (the British leading in this), and a desire still to be seen as good friends to China at a political level. The EU has remained on the whole cautious and not fully committed either way, but it is clear that it is not willing to take US urgings that seriously, despite growing evidence of the seriousness
with which the US is taking the issue both in statements from the US Government and in US pressure on Chinese telecoms companies in their operations in the United States. For China, the willingness of the UK (mainly because of its close intelligence and security relationship with the United States—the so-called Five Eyes relationship) to break ranks with the US is a valuable lever. The early 2020 decision by the UK government to allow Huawei into “non-core” elements of the network was gratefully received in China. But the decision faced a potential challenge in Parliament, when the House of Commons Defence Committee announced an enquiry into the security of the UK’s 5G network and Huawei’s involvement therein, and under continued pressure from the US government, London later changed its stance.\textsuperscript{22}

The Chinese applied their usual mixture of carrot and stick. There were explicit threats from the ambassador in London, Liu Xiaoming, that Britain would lose out if the decision went the wrong way, and there was then the coincidental Chinese decision to buy British Steel, no doubt much to the relief of the UK Government in terms of the preservation of jobs. The deal was announced in November 2019\textsuperscript{23} but not confirmed until after the decision on Huawei had been announced. The deal, of course, illustrates the continued openness of the UK in the Brexit era, but it was also perhaps related to the discussions over Huawei which was being reviewed by the British Government at the same time. In an article in the Sunday Telegraph in January 2020, Liu Xiaoming suggested that if the UK did not go with Huawei in its 5G network, then “The image of Britain as an open and inclusive partner for cooperation would also bear the brunt. So would the confidence of foreign investors and the cooperation between China and the UK.”\textsuperscript{24} In a similar vein, he was quoted a month later saying that Britain can only “be great when it has own independent foreign policy. I hope the Prime Minister will stay with the decision because I think it’s in interest of the UK and maintaining Britain’s image as most open and free-market economy in the world.”\textsuperscript{25}

In terms of hard security, Europe has comparatively little to offer in the East Asian context. UK and French warships have conducted Freedom of Navigation exercises in the South China Sea after China’s island-building push. But otherwise, Europe is mostly absent from any serious involvement in the key flashpoint issues in the region. There was a limited involvement by Europe in supporting the long-defunct Agreed Framework for the reduction of North Korea’s nuclear capabilities, as Europe joined KEDO (the Korean Peninsula Energy Development Corporation)
in 1997 and agreed to provide 75 million ECU over five years to support the project (roughly equivalent to the US input). But it all came to nothing, and KEDO was disbanded in 2005. The EU was not a member of the subsequent 6 Party Talks on the Korean peninsula and has not had an active role in the North Korean nuclear issue since then. Nonetheless, the EU has been careful to maintain a position on the issue.

**Values and Models**

The promotion of values, particularly relating to criticism of China over human rights issues, took a decidedly secondary position in the early years of engagement with post-Mao China. This changed after 1989 with the fall of the Soviet Union changing much of the security rationale behind the relationships, and particularly the Tiananmen crackdown in China which brought human rights briefly right to the forefront of Western diplomacy with China. The EU Council in Madrid adopted six measures in response to the action of the Chinese Government, including the Arms Embargo. Most of the measures fell quite swiftly by the wayside as governments sought to re-establish commercial and political relations with China. But human rights remained comparatively high on the agenda, and perhaps because it was determined to be more fully accepted in the international community, China was willing to be open to discussions on human rights. For several years, the EU sponsored a resolution in the UN Human Rights Commission criticising China’s record. This was usually defeated by a procedural no-action motion but came to a formal vote once where it was narrowly defeated. But the lack of progress in the HRC led to a growing feeling that it was ineffective as a means of putting pressure on China to change its ways and was serving only to alienate the Chinese. Meanwhile, the Chinese were pursuing a new strategy of offering regular dialogues on human rights both with the EU and bilaterally with a number of European nations. These seemed to offer the governments concerned a useful means of climbing down from positions of principle at the UNHRC while demonstrating that they were not only taking human rights and values issues seriously but were developing effective means of promoting them in China. Sadly, as China became stronger and more confident in the ensuing years, its interest in the dialogues, which had primarily been to use them as a method for deflecting criticism, waned, and consequently, the dialogues themselves petered out into occasional affairs with little substance. Rights and values
remain important rhetorical issues for Europeans and have been highlighted once again by the EU’s declared support for the democratic aims of demonstrations in Hong Kong. Still, practically very little is done to confront the Chinese Government over such issues. This, in turn, has contributed to the increasingly dismissive way in which China responds. Perhaps the most egregious example at present is the behaviour of the Chinese in Xinjiang, presented to the outside world as a defence against terrorism, where the Chinese have mainly managed to escape criticism. It is by no means unique to the China context, but the ability of the EU to deliver consistent messages on human rights is limited. There remains a strong and constant tension between the desire to be seen to be standing up for the democratic and human rights values on which the EU is founded, and commercial pressures and the desire to cultivate improved political relations with Beijing which are generally considered to be incompatible with too outspoken a position on human rights.

Another crucial new element which has been thrown into the mix has been China’s promotion of its Belt and Road initiative. This has been billed as mainly a developmental programme concentrating on investment in infrastructure, and in some ways, it has appeared consistent with the EU’s stress on building connectivity with Asia which is the key theme of its 2018 strategy for Asia. Europe is after all at one end of the new Silk Road in a geographical sense. But the political overtones of constructing a China-friendly political grouping particularly in central Asia and of spreading China’s version of development which is considerably less careful of the environmental and other impacts of development have been unwelcome in old Europe and the EU as an institution. The Chinese have nonetheless had considerable success in getting several of the EU Member States, including Italy, to sign MOUs of support of the project. Meanwhile, the EU and Japan, another confirmed sceptic about the BRI, signed their own infrastructure project to promote connectivity between Europe and Asia in 2019, clearly covering similar ground to the BRI but governed by very different principles.27

Rise of China and Competition with the US

The rise of China as an economic power hardly needs documenting. But particularly under the leadership of Xi Jinping, China has presented itself much more forcefully on the international stage. The era of biding its time which had been in place for almost twenty years was comprehensively
over. In its place, Xi Jinping spoke of the China Dream and the rejuvenation of the Chinese nation, both of which were predicated upon China resuming its rightful place as a world power. There were already alarm bells being sounded in Washington and elsewhere about the increasing “assertiveness” of Chinese foreign policy in the later years of the Hu Jintao leadership, and there was a recognition by the US that the diversion of its focus on to Afghanistan and Iraq meant a degree of neglect of Asia, and of the potential challenge of China in particular. There were also growing questions—particularly in Asian countries that had traditionally been close to the US—about the degree of political commitment of the US to the region. In particular, its willingness to support friends and allies in any potential confrontation with China was coming under re-assessment. This was first addressed by the US through the so-called pivot to Asia in 2012, which had a large military element but was also accompanied by a renewed US diplomatic push to strengthen its relations and presence in the region. The US also began to compete directly with China over the Free Trade Agreement game. This had become a particular feature of Asian and East Asian economic diplomacy with complex networks of Free Trade Agreements being set up and an apparent rivalry developing between those with China as a member which tended to be laxer in their membership terms and those favoured by the more developed economies. In these countries, the terms were much stricter and implicitly at least made it hard for China to become a member. The Trans-Pacific Partnership (TPP) was first mooted in 2005 and was signed in 2016. But the withdrawal of the United States under President Trump meant it could not enter into force in its original form. The EU has not been party to the TPP or its successor, but it does have free trade agreements with South Korea (2015) and more recently Japan (2019).

Conclusions and Historical Lessons

1. The last ten years have seen significant shifts in the economic, political and strategic scene in Europe and North-East Asia. Asian economies, and that of China, in particular, have generally performed better than those of the old developed world to the extent that the twenty-first century is often seen as being the Asian century. Similarly, respect for and the efficacy of the global and institutional order set up after the Second World War has declined. Where China was once seen as content, by and large, to
go along with (and benefit from) accepted international norms and institutions, it is now seen as seeking a much more revisionist role.

2. Europe has been slow in acknowledging that the world has changed at least from an Asian perspective. A decade and more ago, there was huge confidence in the EU model through its achievements in helping to bring lasting stability to a region of historical turbulence. There was a belief in the EU as a potential supra-national model in global affairs and governance. But the EU’s own record is looking a lot less solid now, tensions within the EU itself have emerged, Brexit has happened, Turkey is moving, for the moment at least, away, there is slower progress in the Balkans and strongman behaviour in some of the Eastern European States. The global financial crisis and its aftermath have further reduced the attraction of the Western-oriented international order, though its resilience should not be underestimated. The implication here is that there is a considerably more significant challenge for Europe in dealing with—and also cultivating a greater knowledge and understanding of—North-East Asia.

3. By and large, Chinese policymakers pay considerably more attention to historical aspects of contemporary questions than do European ones. The Chinese are constantly made aware both of the historical background (in particular the still strong narrative of China’s shame at the hands of the imperial powers) and of more recent political history which colours their responses to contemporary issues. There is much greater preparedness in China to question and examine longer-term motivations—usually seen as attempts by the West to undermine the legitimacy and status of China. Europe’s interactions with other East Asian partners tend to be viewed by China through a similar lens of the historical experience. In formulating policy towards China and towards North-East Asia (which has a similar obsession with historical issues), this needs to be taken into account. Europeans tend to be less sensitive than they might be to the historical roots of many of the relationships in North-East Asia.

4. There is still both among Member States and in the Commission a lack of appreciation of the long-term ambitions of China (which are now becoming more apparent) and an unwillingness to stand up for important things. This applies not just to the values debate but includes the failure (and it is mutual) to act with the US on
issues such as IP and access to Chinese markets, where joint pressure might have proved mutually beneficial. Much policy still seems to be formulated on a background of European superiority. This is becoming increasingly toxic in a Chinese context. As Wang Yi said at the Munich Conference: “the West also needs to eschew the subconscious belief in the superiority of its civilisation and abandon its prejudices and anxieties regarding China. It needs to respect the choices of the Chinese people and accept and welcome the development and rejuvenation of a major country in the East, one with a system different from the West.” Therefore, global institutions, which mean a lot to Europeans, are being undermined by the activities of states such as China and the US, all the while professing to be the true upholders of them. There is still a competition among Europe’s leaders to be China’s best friends and to be cavalier not only with wider European interests but also with their own national interests, in the pursuit of short-term political gains in the relationship with China. The Chinese cannot but be aware of this and the scope this gives for undermining European unity and resolve in dealing with China. They are adept in finding ways to make inroads into European unity. The 16 (now 17) + 1 arrangement is a classic example of this. Other North-East Asian countries can see this, and this undermines the EU’s credibility in their eyes.

5. In dealing with sensitive issues with China in particular, Europe has a poor track record, usually managing to extract the worst of outcomes. During the last 20 years, human rights, the Arms Embargo, Market Economy Status in the WTO and latterly Huawei have all figured largely in the EU’s exchanges with China. All have depressingly similar elements: the ease with which European consensus can be broken up—the way in which the lure of commercial advantage with China tends to subvert positions of principle.

6. Will Brexit make a difference? The answer is that it will probably have not much effect on the general trend of relations between Europe and North-East Asia. The EU will continue to seek to increase its engagement with the region and to develop its existing bilateral relationships. In their more bombastic moments, the Chinese can be sneeringly dismissive of the influence of the UK. However, they have always made it clear that, from an official government perspective, the UK was seen as an essential voice in EU
foreign policy discussions and the Chinese certainly valued the UK’s free-market philosophy which generally encouraged and enabled greater Chinese investment in Europe. But the lure of Chinese investment is now probably strong enough of itself to enable China to penetrate wider into Europe, without the need for champions. The UK often led the way in taking decisions which worked in the Chinese wider interest and set useful precedents for China in its dealings with Europe and the wider world. Decisions such as the purchase of Chinese nuclear power technology, joining the AIIB and possibly Huawei fall in this category. Britain’s departure from the EU may actually encourage it to take more such decisions, and its withdrawal from the EU is not likely to weaken the power of its example for other Europeans seeking to make their mark with China.

7. The big question for the future is whose side are you on, that of China or the US in the growing competition between the two. Traditionally, the Europeans and the non-Chinese Asians have tried to avoid having to answer that question directly, preferring to find a middle way that cultivates profitable relationships with both of them. But it is cropping up in more and more places and areas of activity. Furthermore, for countries like Japan, South Korea and especially Taiwan, the US defence commitment to maintaining something of the security status quo and being prepared (should the last resort be reached) to maintain the security umbrella is matter of vital national security to which the answers are much less clear than in the past. For the Europeans, the commercial lure of China is strong and often over-rides political or security qualms. But that is perhaps because Europe is still behind the times in coming to a clear evaluation of the challenges that China poses. There is no real sign of a consistent European strategy towards China (despite numerous strategy papers) much less a North-East Asian one. That would appear to be an essential prerequisite for a consistent European policy in North-East Asia which hitherto has all too often been opportunistic and ad hoc.

8. Coronavirus and the reactions to it have changed everything. There has already been discussion around this, but there seems to be an emerging consensus that what we are seeing is going to be an acceleration of existing trends rather than a radical break with past practices.
Notes

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