



Summary: This brief explores the importance of Asia for two key European countries: the United Kingdom (U.K.) and France. Both the U.K. and France have long-standing historical ties to the Asia-Pacific and have shown signs in recent years of charting new strategies for regional engagement independent of the EU. More interesting, perhaps, is that the two countries' political, economic, and growing security concerns in the region put the U.K. and France in unique positions to provide a bridge for greater European engagement with Asia.

An Anglo-French “Pivot”? The Future Drivers of Europe-Asia Cooperation

by Anna di Mattia and Julia M. Macdonald

Introduction

The U.S. government's declared “pivot” to Asia has generated significant debate within Europe, not only over the nature of future U.S. political and economic priorities, but also over the extent to which Europe itself should raise its level of engagement with this increasingly important region of the world. While discussions have often centered on the lack of political unity and capability within Europe to forge a cohesive and comprehensive “Asia strategy,” there remains widespread consensus that a stronger commitment to the region is critical to securing future economic prosperity.¹

A number of recent policy briefs have looked at the importance of the European Union (EU) within this changing geopolitical context, detailing the constructive role that Europe can play in the Asia-Pacific to complement the

U.S. presence.² This brief builds on these discussions to explore in more detail the importance of Asia for two key European countries: the United Kingdom (U.K.) and France. Both the U.K. and France have long-standing historical ties to the Asia-Pacific and have shown signs in recent years of charting new strategies for regional engagement independent of the EU. More interesting, perhaps, is that the two countries' political, economic, and growing security concerns in the region put the U.K. and France in unique positions to provide a bridge for greater European engagement with Asia.

The following sections discuss each country's respective interests in Asia before turning to the role that both the U.K. and France can play in promoting future Europe-Asia cooperation.

1 Nicola Casarini, “The European Pivot,” European Union Institute for Security Studies, No. 3 (March 2013): 1-2; T.J. Cipoletti and Kathleen H. Hicks, “Transatlantic Forum: Rebalancing and Reinforcing the Transatlantic Bond,” Conference Proceedings, January 27-28, 2014, Center for Strategic and International Studies.

2 Phillip C. Saunders, “The Strategic Logic of the U.S. Rebalance to Asia and a Potential European Role,” GMF Policy Brief, Transatlantic Security Task Force Series, June 2013, <http://www.gmfus.org/archives/the-strategic-logic-of-the-u-s-rebalance-to-asia-and-a-potential-european-role/>; Frederic Van Kerrebroeck, “Europe's Eastward Gaze: How Far Should it Reach?” GMF Policy Brief, Young Strategists Forum, July 2013, <http://www.gmfus.org/archives/europes-eastward-gaze-how-far-should-it-reach/>.

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The United Kingdom in Asia

Asia has long been a region of historical importance to the U.K. Over recent years, however, the British government has shown a pronounced interest in increasing its levels of engagement in the region across a broad spectrum of issue areas. This renewed focus is in part the product of America's own rebalancing of priorities toward Asia, but can also be attributed to a widespread recognition of the importance of the Asia-Pacific bloc to future global economic growth.

Political Interests

The U.K.'s position in Asia is unique in several respects. Not only does the U.K. share special ties with a number of Asian countries due to its history of colonialism in the region, but it also remains an influential player within the EU and retains a "special relationship" with a re-energized Asia-Pacific power, the United States. Indeed, the U.K.'s regional engagement strategy has developed to take account of these key relationships. British government officials have been careful to frame their reinvigorated Asia strategy as comprising a set of partnerships among equals, characterized by a sense of "respect, and the desire to see opportunity and development for all."³ In addition, the U.K. has formulated policies that while complementary to those of the EU and the United States, are clearly independent, thus enabling the U.K. government some freedom of movement while also providing a potential bridge for EU, U.S., and Asian interests in the region.

In order to establish a firmer footprint in the region, the U.K. has significantly increased its diplomatic engagement across Asia over the past few years. The reopening of the British embassy in Laos in 2012 established U.K. representation in each Association of Southeast Asian Nations (ASEAN) member state. An unprecedented flurry of high-level government visits to Southeast and East Asia has been accompanied by an announced intention to open a further eight new British diplomatic posts in Asia by 2015. Furthermore, the decision to open new diplomatic posts will be complemented by the deployment of 60 extra staff to China, 30 to India, and 50 across postings in Indonesia, Vietnam, Malaysia, the Philippines, Thailand, Burma, Singapore, Cambodia, Brunei, North Korea, South Korea, and Mongolia.⁴

³ Speech by William Hague MP, Secretary of State for Foreign and Commonwealth Affairs, "Britain in Asia," IISS Fullerton Lecture, Singapore, April 26, 2012.

⁴ Ibid.

In this context, Japan has emerged as an important strategic ally for the U.K. in the region, with both prime ministers acknowledging Japan and the U.K. as "each other's most important partners in Asia and Europe, respectively."⁵ Japan and the U.K. are similarly minded on a number of important international issues, and the bilateral relationship is firmly grounded in the two countries' shared commitments to democracy, the rule of law, human rights, and support for open and transparent markets. Frequent head of government visits in recent years and enhanced cooperation agreements in the field of defense and security have served to further invigorate the bilateral relationship.⁶

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Economic Interests

The U.K.'s economic interests in Asia are significant and are intricately connected to the EU's own regional economic activities. The EU and China are two of the biggest traders in the world. China is the EU's second largest trading partner behind the United States, and the EU is China's largest trading partner.⁷ In terms of non-EU trade, China recently overtook the United States as the U.K.'s largest source of imports, accounting for 18 percent of total non-EU imports. China and Hong Kong both rank third in terms of U.K. exports to non-EU countries, accounting for 8 percent of the total.⁸ China's economic growth will continue to have an enormous impact on global markets, and the U.K. will likely continue to work bilaterally with EU partners to engage its counterparts in Beijing in order to ensure continued cooperation with world trade regulations.

⁵ Prime Minister of Japan and His Cabinet, "Joint Statement by the Prime Ministers of the U.K. and Japan: A Leading Strategic Partnership for Global Prosperity and Security," April 10, 2012.

⁶ Ibid. See also, U.K. Foreign and Commonwealth Office Press Release, "Hugo Swire Hails Japan as our Closest Partner in Asia," January 14, 2013.

⁷ European Commission Trade Policy, "China," last updated May 5, 2014.

⁸ HM Revenue & Customs, "U.K. Overseas Trade Statistics with non-EU, January 2014," released March 2014.

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The U.K. has been a persistent voice in favor of global free trade and open markets, and it works within the Group of Seven (G7), the Group of 20 (G20), and the World Trade Organization (WTO) to promote trade liberalization. To achieve this end, the U.K. has been a leading advocate of free trade agreements (FTAs) between the EU and the Asia-Pacific region. The EU has concluded FTAs with South Korea and Singapore, and is hoping to negotiate additional agreements with Malaysia, Vietnam, and Thailand.⁹ ASEAN as a whole represents the EU's third largest trading partner outside of Europe,¹⁰ and the EU is ASEAN's largest trading partner after China and Japan, accounting for around 13 percent of total ASEAN trade. In addition, the EU is by far the largest investor in ASEAN countries, with European companies spending an average €13.6 billion annually in the region.¹¹

Once again, Japan has emerged as a key economic partner for the U.K. in the region, with Japanese foreign direct investment (FDI) in the U.K. comprising some \$26 billion a year.¹² At a bilateral level, the U.K. and Japan are committed to working closely together within the auspices of the G7 industrialized economies, and the EU and Japan hope to conclude a comprehensive EU-Japan Economic Partnership Agreement in 2015.¹³

Security Interests

While the British government's emphasis has been primarily on promoting economic and political engagement in the Asia-Pacific, London retains some important security interests in the region. The U.K. maintains a garrison in Brunei and naval facilities in Singapore to support regional operations as well as those of the Five-Power Defense Arrangement (FPDA), a military consultation agreement involving Australia, Malaysia, New Zealand, and Singapore. As a member of the FPDA, the U.K. is able to further its defense

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diplomacy in Asia by participating in annual military exercises.¹⁴

The U.K. has also established bilateral defense and security links in the region. The U.K. has a "strategic dialogue" with Beijing, which is complemented by the training of Chinese military officers and military exchanges, high-level visits, as well as port calls and joint naval search and rescue exercises.¹⁵ In addition, the U.K.-Japanese "strategic partnership" is forming a key part of the Europe-Asia interaction on security. Japan and the U.K. agreed to a Defense Cooperation Memorandum in July 2013 to increase collaboration in equipment development and finalize a mechanism for sharing classified information on a government-to-government basis.¹⁶ With a similar island status, pronounced dependence on maritime trade routes, and constrained defense budgets, there is increasing potential for Japan and the U.K. to benefit from defense industrial collaboration.

In multilateral forums, the U.K. military works frequently with countries in Southeast Asia to address global terrorism threats. London also cooperates with Singapore and other ASEAN powers to address piracy in the Malacca Straits.¹⁷ The U.K.'s continued commitment to regional defense engagement was confirmed at the annual Australia-U.K. ministerial meeting in March 2014, when the U.K. Minister

9 Talks are also ongoing between the EU and India.

10 The United States and China are the EU's first and second largest trading partners.

11 European Commission Trade Policy, "Association of South East Asian Nations (ASEAN)," last updated May 26, 2014.

12 U.K. Foreign and Commonwealth Office Press Release, "Hugo Swire Hails Japan as our Closest Partner in Asia," January 14, 2013.

13 Ministry of Foreign Affairs of Japan, "U.K.-Japan Joint Statement: A Dynamic Strategic Partnership for the 21st Century."

14 International Institute for Strategic Studies, "The Military Balance 2014: Chapter 4, Europe," Volume 14, No. 1 (2014): 59-160; Carlyle A. Thayer, "The Fiver Power Defence Arrangement: The Quiet Achiever," *Security Challenges* 3, No. 1 (February 2007): 79-96.

15 Nicola Casarini, "The European Pivot," European Union Institute for Security Studies, No. 3 (March 2013): 1-2.

16 U.K. Foreign and Commonwealth Office Press Release, "Foreign Secretary Signs Groundbreaking Defence and Security Agreements with Japan," July 4, 2013.

17 Hague, "Britain in Asia."

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of Defense, Philip Hammond, acknowledged the likelihood of more frequent defense visits to Asia in the future.¹⁸

France in Asia

Like the U.K., France also has historical ties to Asia that serve to shape its regional political, economic, and security policies.¹⁹ Under the presidency of François Hollande, Paris has launched an Asia-wide initiative in an attempt to halt declining trade figures and to improve its political position within the region.²⁰ To achieve these goals, France has looked beyond the confines of regional multilateral frameworks to focus on the development of stronger bilateral ties with key Asian partners. The hope is that these relationships will yield new markets as well as valuable political and security partnerships.

Political Interests

While the French mainland is remote from the Asia-Pacific, France is considered a regional Pacific power with overseas territories comprising New Caledonia, Wallis and Futuna, French Polynesia, and Clipperton Island.²¹ Until recently, these territorial interests have served to limit France's political engagement with the Asia-Pacific, with French economic and aid policies directed exclusively toward its territorial holdings in the region. France's nuclear testing program in the Asia-Pacific — long a point of contention both overseas and at home — placed further limits on France's ability to broaden its engagement. President Jacques Chirac's decision in 1996 to cease nuclear testing in the Asia-Pacific marked a turning point for the French government and served to invigorate its relationships with key regional partners.²²

In recognition of the growing importance of Asia, French government officials have made an unprecedented number

18 Europe Asia Security Forum, "Australia and U.K. Agree Measures to Cement U.K. Pivot to Asia," March 15, 2014.

19 As in the U.K., the growing importance of Asia for France was highlighted in its 2013 White Paper on defense and national security. See Présidence de la République, "The French White Paper on Defence and National Security," April 29, 2013.

20 François Godement, "France's 'pivot' to Asia," European Council on Foreign Relations Policy Brief, May 2014.

21 France also holds territories in the southern part of the Indian Ocean, with the islands of Mayotte, La Reunion and the Scattered Islands, and the French Southern and Antarctic Territories. Taken together, French departments and territories in the Pacific and Indian Oceans encompass 1.5 million people. See Ministère de la Défense "France and Security in the Asia-Pacific," April 2014.

22 Elke Larsen, "France: The Other Pacific Power," CSIS Pacific Partners Outlook, Volume II, Issue 12, December 2012.

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of visits to the Asia-Pacific over the past few years, trying to reinforce links not only with large Asian powers, but also smaller regional partners.²³ France and China overcame strained relations in the early 1990s over human rights issues and French arms sales to Taiwan to declare a "global partnership" between the two countries in 1997. In declaring this partnership, France and China agreed to "engage in stronger cooperation, promote progress toward multipolarity, support efforts to create prosperity and well-being, respecting plurality and independence."²⁴ This comprehensive partnership has served to raise the Franco-China bilateral relationship to new levels and has been sustained in recent years through regular high-level visits.²⁵

Like the U.K., France and Japan also share similar views on many international issues and France is supportive of Japan's bid for a permanent seat on the UN Security Council. In recognition of this close relationship, Japan and France announced a joint statement on bilateral cooperation in 2013 in the areas of politics, security, economics, and culture, and agreed to a five-year roadmap for putting this declaration into action.²⁶

ASEAN has also assumed greater importance in France's "pivot" to Asia and is increasingly viewed as a key pillar of stability in the region. After a number of years of neglecting Southeast Asia in favor of bilateral relationships with the likes of China, India, and Japan, Paris is now attempting to rebalance its regional portfolio by establishing closer ties

23 Godement, "France's 'pivot' to Asia."

24 Elaine Kurtenbach, "China, France Declare a Global Partnership," Associated Press, May 16, 1997.

25 The French Ministry of Foreign Affairs, "Country Files, China: Political Relations," last updated on March 27, 2013.

26 Ministry of Foreign Affairs of Japan, "Regional Affairs: State Visit by French President François Hollande," June 11, 2013.

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with the Southeast Asian bloc. To demonstrate France's renewed commitment to the ASEAN member states, President Hollande has made four visits to the region since his election in May 2012, including to Laos for the Asia-Europe Meeting (ASEM) in November 2012, when he met all of the ASEAN heads of state. Engagement with ASEAN is increasingly viewed as an important means by which France can bolster its presence in the Asia-Pacific.²⁷

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Economic Interests

While France is one of the ten leading exporters in the world, it trades predominately with other European countries who collectively account for more than 60 percent of France's total exports.²⁸ In 2013, France's top five export partners were Germany (16.4 percent), Belgium (7.7 percent), Italy (7.1 percent), the U.K. (6.9 percent), and Spain (6.8 percent). By contrast, China accounted for just 3.5 percent of total French exports and Japan 1.9 percent.²⁹ In total, only 12 percent of French sales are to Asian countries.³⁰ In terms of imports, China is the only Asian country to place in France's top ten trading partners, comprising 8.1 percent of the French total.³¹

27 Speech of French Minister of Foreign Affairs, Laurent Fabius, ASEAN Headquarters, August, 2, 2013.

28 HSBC Global Connections, "France Trade Forecast Report," March 2014.

29 China ranks eighth. Note that if EU member states are counted together as one trading partner, China ranks third in terms of total exports. In this case, however, the EU becomes France's most important trading partner, comprising 60 percent of French export trade, while China accounts for just 3.5 percent. For France's top import and export partners, see Alpha Bank, "France: Trade Profile," last updated June 2014, http://www.alphainternationaltrade.com/en/choose-your-markets/country-profiles/france/trade-profile#classification_by_country.

30 Godement, "France's 'pivot' to Asia."

31 China ranks second behind Germany, which in turn accounts for 17.1 percent of total French imports. See Alpha Bank, "France: Trade Profile."

The growing economic importance of Asia to global trade has meant that France, like other nations, is searching for new markets and investments to improve its external trade balance and to diversify its economic relationships. This pragmatic strategy — termed "economic diplomacy" — has led France to adopt a bilateral approach toward its Asian partners, focused on developing stronger economic relations with a number of key regional countries.³² For example, Paris has joined the race to attract greater Chinese investment in order to boost Asian capital inflows to France.³³ The French government's economic relationship with Japan is also changing. The French-Japanese joint statement on bilateral cooperation in 2013 noted both countries' commitment to creating environments conducive to public and private investment. To this end, Japan has recently granted France two breakthrough Japanese government contracts, notoriously difficult for Europeans to access.³⁴ In addition, the two countries have begun negotiations on a joint arms development agreement, which would make France only the second country after the U.K. to engage in collaborative arms development with Japan.³⁵

In addition to focusing on larger markets, Paris is also showing interest in developing economic relationships with some of the smaller countries in ASEAN, such as the Philippines and Laos. The smaller size of these economies makes them more scalable for French companies and more conducive to one of France's goals of finding niche markets. Paris is thus highly supportive of an EU-ASEAN FTA, which it views as creating further trade and investment opportunities upon which France can capitalize.³⁶

Security Interests

France sees itself as a major maritime and naval power in the region.³⁷ Since the mid-1990s, France has heavily re-engaged with the Asia-Pacific and joined forces with like-minded countries to face a series of common security

32 Godement, "France's 'pivot' to Asia."

33 Ibid. At present, Asian investment officially represents only 20 percent of France's total FDI inflow.

34 Ibid. These contracts include one for Airbus airplanes and another on signaling for a railway line, a sector previously closed to foreign industry.

35 Japan Daily Press, "Japan, France to Start Talks on Joint Weapons Development," June 3, 2013. France's recent arms sales to China may prevent further progress in this area, however.

36 Godement, "France's 'pivot' to Asia."

37 French Ministry of Defense, "France and Security in the Asia-Pacific," April 2014.

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threats.³⁸ As a nation with a presence in the Indian and Pacific Oceans, a permanent member of the UN Security Council, as well as a U.S. ally, France is directly concerned with security in Asia.³⁹

French commitments in the Asia-Pacific are becoming increasingly complex. The current French defense budget is \$50 billion, the sixth largest in the world after the United States, China, Russia, Saudi Arabia, and the U.K.⁴⁰ In the last two decades, France established high-level dialogues and “strategic partnerships” with Japan (1995), China (1997), India (1998), Indonesia (2011), Singapore (2012), Australia (2012), and Vietnam (2013). France also shares a close strategic defense relationship with Malaysia.⁴¹ In addition to these partnerships, France holds regular military exercises with India, South Korea, Australia, and New Zealand.⁴²

Defense cooperation with Japan has shown especially remarkable progress. France and Japan have established cooperation in the field of weapons and arms exports and they continue to work together to ensure maritime security in the Malacca Straits. Committed to freedom of the seas, the two countries have expressed interest in further naval cooperation in the South Pacific.⁴³

The French approach to security in the Asia-Pacific is characterized by pragmatism. Caught in a complex web of bilateral and multilateral relationships, France is moving closer to sub-regional organizations, like ASEAN, to help achieve its security interests.⁴⁴ France has indicated an interest in becoming part of the ASEAN Defense Ministers Meeting-Plus dialogue, which provides a forum for ASEAN defense ministers to meet with their foreign counterparts. France also supports the role of the European Union in the ASEAN Regional Forum and has communicated its wish to play a more active role in other regional security organizations.⁴⁵

38 Ibid.

39 Présidence de la République, “The French White Paper on Defence and National Security,” April 29, 2013.

40 International Institute for Strategic Studies, *The Military Balance: The Annual Assessment of Global Military Capabilities and Defence Economics* (London: IISS, 2013).

41 Présidence de la République, “The French White Paper on Defence and National Security,” April 29, 2013.

42 Godement, “France’s ‘pivot’ to Asia.”

43 Ibid.

44 Ibid.

45 Présidence de la République, “The French White Paper on Defence and National Security,” April 29, 2013.

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Conclusion: The Future Role of the U.K. and France in Asia

Moving forward, how can the U.K. and France best capitalize on their positions within Asia to benefit not only themselves, but also their allies within Europe? One obvious avenue for further cooperation between Europe and Asia draws directly on the European experience with regional organizations. The U.K. and France could leverage their involvement in the EU and NATO to help facilitate, advise, and encourage debate within East Asia on the institutionalization of security issues to ensure continued peace and stability. Not only does the European experience provide a useful model for cooperation, but the U.K., France, and their European allies might be better placed to offer advice on security issues than the United States or other regional actors who may be viewed with more suspicion.

Indeed the shift in power to Asia and importance of the region to European economic interests underscores the need to ensure regional stability and prevent the occurrence of any major regional conflict. To this end, France and the U.K. could capitalize upon their military presence in the region and use their naval bases to establish a more firm European security presence. The U.K. could forward deploy one or more offshore patrol vessels to Brunei or Singapore and increase its level of activity within the FPDA, while France, with a relatively large defense budget,⁴⁶ is particularly well positioned to use its military assets for increased regional engagement in the Asia-Pacific. At a more general level, the U.K. and French naval presence provides EU allies with the opportunity to participate in joint naval exercises

46 International Institute for Strategic Studies, *The Military Balance: The Annual Assessment of Global Military Capabilities and Defence Economics* (London: IISS, 2013).

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with regional partners, thereby building links between Europe and Asia while also creating confidence-building measures for regional actors involved in maritime disputes.

Yet in order for the U.K. and France to achieve their political, economic, and security interests in Asia, they will need to carefully coordinate their activities in order to avoid competition. This is especially worrisome in the economic realm, where France and the U.K. are both in search of new export markets and each is trying to attract a greater share of Asian capital. In addition to coordinating with one another, the U.K. and France will also need to work closely with the United States given its own declared pivot toward the Asia-Pacific. Interestingly, the heavy military focus of the U.S. pivot, compared to that of the U.K. and France, may lessen concerns of competition between the European countries and their powerful ally and open up greater potential for increased cooperation in the region. More specifically, the United States, U.K., and France could work together with Asian partners through the NATO framework to address common security challenges, including the proliferation of weapons of mass destruction, international terrorism, maritime piracy, and more. On a smaller scale, U.K. and French military assets could be incorporated into U.S. exercises in the region. Such joint activities would serve to showcase the European military presence in the Asia-Pacific while also enabling the United States to cultivate a softer, more inclusive image.

Of course, this constitutes just a small sample of possibilities available to the U.K. and France in promoting increased Europe-Asia engagement. More attention should be devoted to the unique positions of both countries in Asia and to the range of activities that can help facilitate greater cooperation between the two continents in the future.

About the Authors

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About the Young Strategists Forum

The Young Strategists Forum aims to develop a new generation of strategic thinkers in the United States, Europe, and Asia through a combination of seminars, simulations, and study tours. The project is led by Senior Advisor, Daniel M. Kliman and Program Officer, Sharon Stirling-Woolsey, with non-resident senior fellow Aaron Friedberg serving as faculty. The Young Strategists Forum is convened annually in Japan with the support of the Sasakawa Peace Foundation. This initiative is part of GMF's Asia Program, which addresses the implications of Asia's rise for the West through a combination of convening, writing, strategic grants, study tours, fellowships, and partnerships with other institutions.

About GMF

The German Marshall Fund of the United States (GMF) strengthens transatlantic cooperation on regional, national, and global challenges and opportunities in the spirit of the Marshall Plan. GMF does this by supporting individuals and institutions working in the transatlantic sphere, by convening leaders and members of the policy and business communities, by contributing research and analysis on transatlantic topics, and by providing exchange opportunities to foster renewed commitment to the transatlantic relationship. In addition, GMF supports a number of initiatives to strengthen democracies. Founded in 1972 as a non-partisan, non-profit organization through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has offices in Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, and Warsaw. GMF also has smaller representations in Bratislava, Turin, and Stockholm.

About The Sasakawa Peace Foundation

The Sasakawa Peace Foundation (SPF) is a private non-profit organization established in September 1986. It seeks to contribute to the welfare of humanity and the sound development of international community, and thus to world peace, through activities that foster international interaction and cooperation.