

ANTALL JOZSEF KNOWLEDGE CENTRE and EIAS Conference on the Changing Geopolitical and Geo-economic Dynamics in East Asia

EVENT REPORT

28 September 2021, EIAS, Brussels

On 28 September 2021, the Antall Jozsef Knowledge Centre and the European Institute for Asian Studies (EIAS) co-hosted a Conference on the current changing geopolitical and geo-economic dynamics in East Asia, with a particular focus on Japan, the Republic of Korea (ROK, Korea) and the People's Republic of China (PRC, China). The discussion was divided into two panels, chaired respectively by Norbert Miklós, International Relations Manager at the Global Office of the Antall József Knowledge Centre, and by Erik Famaey, EIAS Senior Associate. The opening remarks were addressed by Balázs Hamar, Head of the Brussels Office of the Antall József Knowledge Centre, and by Lin Goethals, Director of the European Institute for Asian Studies. Lin Goethals welcomed all guests to the in-person event, highlighting the conference's aims to address both the changing dynamics in the region and the EU role within it.

After introducing the topic, the chair of the first panel, Norbert Miklós, underscored the increasing assertiveness of China's geo-economic interests in the region, which is perceived as both a threat as well as an opportunity by Japan and Korea. The first panelist, Duncan Freeman, a Senior Research Fellow at the Brussels Diplomatic Academy of the Vrije Universiteit Brussel, maintained that China is the predominant geopolitical actor in East Asia, and that such a position reflects a relative immobility of geopolitical dynamics since historical times. He further stated that China's re-emergence –rather than emergence- is altering the economic roles and power in the region, thus marginalizing the role of external actors such as the EU. Despite that, he concluded by pointing out that relations among Japan, Korea and China are increasingly relevant to external actors as the world is ever more integrated into a global economy and a worldwide system of international relations.

The discussion continued with the second panelist, Wolfgang Pape, research fellow at the Centre for European Policy Studies, on the topic of the "Asian identity" problem. He began by explaining that prior to the European colonization of Asia there was no conception of a nation defined by clear borders as understood in the West and that it was introduced by European colonization. Nowadays the three Northeast Asian countries, in fact, display a strong sense of national identity, as translated for example by the Korean word *juche* (meaning self-reliance, independence). However, a sense of being Asian is not part of their identity, particularly in the case of China. Territorial disputes in the region are not affecting economic cooperation among the three countries, with positive trends in trade and FDI continuing. Dr Pape also outlined the shifting relationship between China and Japan from competition to cooperation and coordination in recent years, with an exception being made after the first Covid-19 outbreak, when Japan felt compelled to send help to Taiwan. Finally, he addressed the question of the QUAD as a security mechanism, being perceived by China as an attempt to contain its expanding soft power through the BRI. Dr Pape also added that China's membership application to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), initiated by Japan and the US, is very meaningful to Beijing, much more than RCEP. He explained that, as the CPTPP integration process is much more advanced, and as it dictates concrete competition standards regarding state-owned enterprises (SOEs), it could favor the domestic economy of China.

The Q&A session that ensued was opened with a question on whether decoupling between China and the US has affected the power dynamics in East Asia. Dr Freeman maintained that actual decoupling has not achieved its objective in rebalancing trade, as demonstrated by the role China continues to play in the global economy, by the US FDI flows to China and by the supply chain dependence between the world's two largest economies. However, he believed that decoupling does pose questions to Japan and South Korea due to their economic integration and interdependence with China. Wolfgang Pape agreed and mentioned the world's dependence on semiconductor production taking place in East Asia, making decoupling impossible to be realized. He added that South Korea is increasingly shifting towards China, particularly in terms of security vis-a-vis North Korea, despite its alliance with the US, as well as in terms of trade. The session continued with a short debate on whether Japan and Korea would be capable of catching up with China economically, and whether China can act as the “flying goose” in East Asia, i.e. as the driver of economic development followed by the others. Both panelists agreed that economic development in the region is also driven by Japan and Korea as in fact they are ahead of China in that regard, while economic integration is in fact centered on China, and that for now China does not sit in the driver seat of political developments.

After a short coffee break, the conference resumed with the second panel, addressing the question of how the European Union should adapt to the changing dynamics in East Asia. Moderator Erik Famaey, Senior Associate at EIAS, opened the discussion with a provoking statement, quoting and adapting a sentence of the United Nations Secretary-General Antonio Guterres' opening speech at the 2021 General Assembly: “I am here to sound the alarm, the EU must wake up” to the big shifts taking place in the Indo-Pacific. “The question for Europe, and to the panelists, is where does the EU stand, or maybe even, does the EU manage to keep standing at all, and what can the EU do best to make a stand.” Mr Famaey invited the panelists to consider three recent policy developments in the European Union. Firstly, the signing of the EU-China Comprehensive Agreement on Investment (CAI) dismissing a call from the new US government to consult. Secondly, the exit of Lithuania from the 17+1 cooperation platform, now 16+1, calling for a more unified EU approach and concrete action towards China. And finally, the release of the EU's joint Indo-Pacific strategy per by Joseph Borrell, EU High Representative for Foreign Affairs, which should have been the major event, but was drowned out by the chatter about the AUKUS spat. “Underlying suspicion is that, maybe the Indo-Pacific strategy proposal is too bland, or worse, it does not matter all that much since the EU's foreign policy is not made in Brussels but in the member state capitals?”

The panelists joining the discussion were the Ambassador of the Republic of Korea to the European Union, H.E. Soongu Yoon; Richard Griffiths, Professor Emeritus of International Studies at Leiden University; and Philipp Gross, Deputy Head of the Division for Japan, Korea, Australia, New Zealand and the Pacific in the European External Action Service (EEAS).

H.E Ambassador Soongu Yoon was given the floor first, commending the co-hosting institutes for the timely and useful event addressing the emergence of the Indo-Pacific as a hotspot and as one of the world's most important developing regions of today. He believes that, as the EU's second largest exporting partner, the region still offers room for collaboration with the European Union, and therefore welcomed a further expansion of cooperation such as under the newly announced EU Indo-Pacific strategy. Analogously to Korea's own 2017 New Southern Policy (NSP), Ambassador Yoon highlighted that the EU Strategy focuses on engagement, cooperation and coordination to create a people-centered community of peace and prosperity, while emphasizing a rule-based international order, transparency, inclusiveness and openness. In addition, he stressed that EU-Korea's alignment on common principles and values allows for an extension of partnership agreements over several priority areas, including trade, diversification of supply chains, environment and climate action, and research and innovation. H.E. Soongu Yoon recalled that Korea was the first country to conclude a free trade agreement (FTA) with the European Union, and underscored that the two remain strategic partners in security matters. In addressing the issue of climate action, the Ambassador stated that Korea pledged to reach carbon neutrality by 2050 guided by the implementation of the Korean

New Deal, in line with the EU's Green Deal. However, he warned that the Carbon Border Adjustment Mechanism (CBAM) as a new measure introduced by the EU to tackle climate change may be perceived as a trade barrier, and a means to implement protectionism. H.E. Soongu Yoon affirmed that Korea and the EU will jointly contribute to shaping an inclusive world order based on shared values and global commitments.

After a clarification by the Ambassador on the importance of Korea's strategic membership to regional security fora (such as the ASEAN Regional Forum), and the country's willingness to contribute to mechanisms sharing the core values of transparency, inclusiveness and openness, the floor was given to Professor Griffiths. He opened his speech by emphasising the disappointment and the mutual lack of trust that emerged from the 11th Round of China-EU High-level Strategic Dialogue held on 28 September 2021, which he related to the increasingly polarized state of US-China relations. Professor Griffiths's speech addressed three core remarks. He first took a stance against the weaponizing of trade and investments, and asserted that sanctions are completely ineffective. Secondly, he disagreed on taking a moral high ground when addressing the questions of aid or infrastructural provision, as it mostly affects the poorest. He finally expressed that it should come as no surprise that new actors such as China are willing to fill the vacuum left by the EU, as was the case of infrastructure projects in Iran abandoned after the second round of US sanctions on European firms. He also expressed his disillusionment in achieving the goals set by the Paris Agreement, adding that in such critical times political posturing and irritations might just prevent coordination towards collective actions instead of solving common environmental problems. Platforms for cooperation on infrastructure that involve China, such as the BRI and the AIIB, should be used to extend the provision of energy and address climate change actions, instead of adopting a national perspective to solve such problems. Moreover, companies should be considered among the drivers for climate change along with nations.

The third and final panelist, Mr Philipp Gross, Deputy Head of Division for Japan, Korea, Australia, New Zealand and the Pacific of the EEAS, commenced his speech by stating that historically the EU has maintained continuity in its strong ties with Japan and Korea, which are considered like-minded strategic partners. With them, the EU shares values such as the rule of law and human rights, and cooperates through a significant number of political dialogues. He expressed his considerations on the systemic differences that affect the nature of EU relationships with China, with which the EU pursues a policy mix, whilst remaining important partners. Gross agreed that China's rise has indeed changed the regional state of play. As for the EU's Indo-Pacific Strategy, he explained how it formulates a response to the changing dynamics in the region, and that it contains the implementing actions to engage in cooperation with other regional actors. The objectives of the EU Strategy include, among others, creating significant strengths in supply chains, promoting a rule-based international order, and spurring innovation and connectivity, while favoring a more inclusive space for all actors. Mr Gross underscored that the document outlines an approach of 'cooperation not confrontation', and it proposes an intensification of dialogues and cooperation in domains such as security and defense, especially in the fields of counter-terrorism and cybersecurity.

A lively and interactive Q&A session followed the panel discussion, involving the active participation of H.E. Ambassador Soongu Yoon. Addressing a question on whether Korea has not yet joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership due to the presence of Japan or its relations with China, the Ambassador explained that at present Korea has extensive trade agreements with other Asian countries. He also stressed that, while the membership to CPTPP is not a strategic issue yet, Korea is seriously taking into consideration a potential future accession. With regard to a question on the status of commercial exchanges between North and South Korea, H.E. Soongu Yoon clarified that most transactions have stopped since the beginning of the pandemic, with some exceptions in unspecified areas. As for Korea's trade relationship with China, the Ambassador explained that China owns a bigger share of Korea's international trade than the EU and the US combined, and that the two countries maintain a meaningful dialogue in order to solve relevant issues, such as maritime borders. Nevertheless, Korea remains one of the four strategic partners to the EU. This was ensued by an intervention by the Ambassador of the Philippines

to the EU, H.E. Mr Eduardo José A. de Vega, commending the strong support of Korea to ASEAN, stating that ASEAN members share common values, with due different internal situations just like among EU member states.

A last question, on whether international investments in Korea are protected in the case of global or regional issues, was answered by H.E. Ambassador Yoon, stating that EU investments are rightly protected according to relevant international laws and regulations.