

Booming Asia and the EU after the Crisis: Economic Opportunity or Geopolitical Challenge?

International conference organized by the Association for International Affairs with the kind support of the Ministry of Foreign Affairs of the Czech Republic and the Ministry of Industry and Trade of the Czech Republic.

Prague, 31 May 2011

Venue: Ministry of Industry and Trade of the Czech Republic, Prague



**Asociace
pro mezinárodní
otázky**
Association
for International
Affairs

Executive Summary

The conference aspires to assess the foreign policy of the European Union from a novel perspective and present relevant academics and policy-makers with some groundbreaking ideas and recommendations for its possible future evolution. In particular, the conference's four panels will focus on the correlation between the European Union's economic power and its political influence in a world in which the EU faces increasingly complex challenges. In the context of both the recent economic crisis and growing competition from new centers of economic power in Asia, the distinguished speakers will evaluate future prospects for the EU's capacity to promote its geopolitical interests in the international community with a special emphasis on Asia.

The European Union has long maintained, owing to its quality of human capital, strong know-how and production of high-added value goods and services, the key position in international trade. Yet, this condition, which enables the EU to preserve its position as a key economic and political actor, is neither self-evident, nor constant. During the first decade of the 21st century, this fact has become increasingly obvious in light of the growing competition from the new centers of economic power, particularly in China, India and other parts of Asia.

The capacity of the EU and its member states, including the Czech Republic, to maintain its (their) pre-eminent position in international economic and political relations directly depends on future research and innovation, as well as the EU's competitiveness in the world markets. The key issue at stake here is whether the European countries will be able to deal with the challenge of increasing competition from the emerging new economic centers of Asia – this question is absolutely crucial especially if the EU is to continue to have the necessary resources and capacity needed to ensure stability and security of Europe. In this regard, it is symptomatic that some Chinese experts and officials perceive the recent financial and economic crisis as a manifestation of the increasing vulnerability of the West and the ongoing structural changes in the global balance of power.

In Europe and North America, China's rapid economic growth has given rise to the concerns about Beijing's increasing geopolitical clout. China's keen interest in the economic integration with the ASEAN (namely the China-ASEAN FTA, ASEAN +3 and ASEAN +6 formulas), which can be interpreted as Beijing's effort to cement its position as a regional power and to gain access to future lucrative markets, may potentially pose another challenge for the EU and its economic interests in Asia. According to some estimates, in 10-15 years a vast Free Trade Area (incorporating ASEAN, China, South Korea, Japan and possibly also Australia, New Zealand and India) based on free exchange of goods, services and capital may come to being. These integration efforts have been closely followed on both sides of the Atlantic.

After the EU-ASEAN FTA negotiations have been suspended, the European Commission opted for FTA bilateral negotiations with selected ASEAN countries. The EU and European companies, however, are eager to negotiate the FTA with ASEAN as a whole, especially in the face of the Japanese competition. In October 2009, the European Union signed an FTA with the Republic of Korea (which is part of the ASEAN+3) whereby the main motivating factor has been securing the access for European exporters to the Korean market. The ratification of the EU-Korea FTA represents a breakthrough for the European Union because it is a „new generation“ agreement that provides a basis for future FTA negotiations between the EU and its other major trading partners.

The EU member states, however, often fail to pursue a unified strategy in trade negotiations with their Asian partners as divergent economic interests come to play and given the lack of a strong common foreign policy capacity. Consequently, the Asian elites often perceive the EU as an internally divided, incoherent actor. Many Asian governments take advantage of this situation and choose to develop

Executive Summary

bilateral relations with different EU member states while seeking to postpone multilateral FTA negotiations. This situation harms the EU interests in the Asian region, thus significantly weakening its geopolitical position.

Another major challenge for the EU stems from the fact that, following Beijing's relatively successful economic and investment offensive (not only) in Asia, China is now seeking to implement similar strategies in the EU's own backyard, particularly in Eastern and South-Eastern Europe. For example, in recent years China extended its influence – especially through bilateral cooperation in various strategically important infrastructure projects, energy and telecommunications – to most states in the Balkans. In light of the ongoing EU accession negotiations in some Balkan states and the existence of EU's direct economic and political interests in this region, it is paramount that Brussels pays close attention to the Chinese economic and diplomatic offensive in Eastern and South-Eastern Europe and its implications for the EU's long-term foreign policy strategy.

The upcoming conference will focus on selected aspects of the European Union's external economic relations that play a vital role in upholding the EU's pre-eminent position in the global economy. The main objective is to assess the EU's capacity to deal with various economic-security challenges and to define possible strategies, including effective economic diplomacy, needed to maintain its key position in contemporary international relations. The four panels will focus on the following main questions (outlined below).

Daniel Novotný,

Deputy Director of the Research Center, Association for International Affairs

Panels

Panel I: Integration processes in Asia as a challenge for the European Union: Economic, geopolitical and strategic implications

- What economic and political opportunities and challenges do integration processes in Asia constitute for the European Union?
- How do Asian political elites currently perceive the European Union's geopolitical and strategic position in this region?
- Should the EU redefine and revise its current foreign policy strategy towards Asia in light of the ongoing integration processes in the region?
- What are the limits of Asian integration processes in the context of the principle of non-interference/non-intervention?

Panel II: The effectiveness (of the instruments) of the EU economic diplomacy to promote its economic interests in Asia (FTA, export promotion, etc.)

- What are the benefits and risks (for the EU) of free trade agreements with states and regional groupings in Asia?
- To what degree is the EU capable of negotiating favorable terms for European exporters (the removal of trade barriers in trade and services, removing non-tariff measures and administrative barriers), while ensuring adequate protection mechanisms (rules of origin, protective clauses)?
- What are the differences in strategies of different member states and what „best practices“ could be adopted in the Czech Republic?

Panel III: Towards a united EU strategy (in penetrating the Asian markets) in the context of Asian countries' economic instruments (designed to promote exports and growth of their economies)

- What measures should the EU adopt to achieve a united approach in the Asian region?
- To what degree is the current EU strategy instrumental in promoting its economic and political interests in the region?
- How should the EU deal with the economic instruments and market conditions in different Asian markets which have a direct impact on European producers and their competitiveness (undervalued national currency, inadequate intellectual property protection, support for state enterprises, return duty drawback to domestic exporters, etc.)?

Panel IV: Chinese economic-diplomatic offensive in the EU (with an emphasis on Eastern and South-Eastern Europe) and its implications for the EU's long-term foreign policy and security strategy

- What are the motivations and objectives underpinning the growing Chinese economic and diplomatic-political presence in the region?
- What are the implications of the Chinese economic-diplomatic offensive in Eastern and South-Eastern Europe for the EU long-term foreign policy and security strategy?

Program

Prague, 31 May 2011

Venue: Ministry of Industry and Trade of the Czech Republic, Prague

8:30 - 9:00 **REGISTRATION**

9:00 - 9:30 **OPENING SESSION**

Opening speeches:

Tomáš Dub, Deputy Minister, Ministry of Foreign Affairs of the Czech Republic

Milan Hovorka, Deputy Minister, Ministry of Industry and Trade of the Czech Republic

9:30 - 10:50 **PANEL I: INTEGRATION PROCESSES IN ASIA
AS A CHALLENGE FOR THE EUROPEAN
UNION: ECONOMIC, GEOPOLITICAL AND
STRATEGIC IMPLICATIONS**

Chair:

Daniel Novotný, Research Center, Association for International Affairs

Speakers:

Xavier Nuttin, Directorate General External Policies, European Parliament, Brussels

Clara Portela, Singapore Management University, Singapore

Andrea Hyniová, Asia and Pacific Department, Ministry of Foreign Affairs of the Czech Republic

Pavel Hnát, Department of World Economy, University of Economics, Prague

10:50 - 11:10 **COFFEE BREAK**

11:00 - 11:15 **KEYNOTE SPEECH**

Martin Tlapa, Deputy Minister, Ministry of Industry and Trade of the Czech Republic

11:15 - 12:30 **PANEL II: THE EFFECTIVENESS (OF THE
INSTRUMENTS) OF THE EU ECONOMIC
DIPLOMACY TO PROMOTE ITS ECONOMIC
INTERESTS IN ASIA**

Chair:

Fusako Tsuchimoto, Charles University Environment Centre, Prague

Speakers:

Petr Adrián, Ministry of Industry and Trade of the Czech Republic

Hanns Günther Hilpert, Stiftung Wissenschaft und Politik, Berlin

Program

Shada Islam, Friends of Europe, Brussels

Richard David, Asia and Pacific Department, Ministry of Foreign Affairs of the Czech Republic

12:30 - 13:10 **BUFFET LUNCH**

13:10 - 14:30 **PANEL III: TOWARDS A UNITED EU STRATEGY
(IN PENETRATING THE ASIAN MARKETS)
IN THE CONTEXT OF ASIAN COUNTRIES'
ECONOMIC INSTRUMENTS**

Chair:

Vilém Semerák, CERGE-EI, Prague

Speakers:

Michal Mejstřík, National Economic Council (NERV), Government of the Czech Republic

Carsten Dannöhl, Business Europe, Brussels

Hosuk Lee-Makiyama, European Centre for International Political Economy (ECIPE), Brussels

Miroslav Okrouhlý, Australia and Pacific Department, Ministry of Industry and Trade of the Czech Republic

14:30 - 14:50 **COFFEE BREAK**

13:10 - 14:30 **PANEL IV: CHINESE ECONOMIC-DIPLOMATIC
OFFENSIVE IN THE EU (WITH AN EMPHASIS
ON EASTERN AND SOUTH-EASTERN
EUROPE) AND ITS IMPLICATIONS FOR
THE EU'S LONG-TERM FOREIGN POLICY AND
SECURITY STRATEGY**

Chair:

Ivana Karásková, Asia Program, Association for International Affairs

Speakers:

Jonas Parello-Plesner, European Council on Foreign Relations, Brussels

Kerry Brown, Chatham House, London

Vilém Semerák, CERGE-EI, Prague

Andrea Hyniová, Asia Department, Ministry of Foreign Affairs of the Czech Republic

16.10-16.30 **WRAP-UP SESSION**

The final session will seek to address the main questions raised during the preceding four panels.

Speakers

Petr Adrián

Petr Adrián graduated in Economics and Management of International Trade from University of Economics in Prague and holds an MBA in International Business from Rochester Institute of Technology, New York. Prior to his appointment at the Ministry of Industry and Trade in 2002, he had been involved in various business companies and lectured at a number of universities (Open University, University of Economics in Prague, Czech Technical University in Prague). Head of Czech Delegation in a working group on EFTA affairs in 2002-2008, Petr Adrián was appointed Secretary of the Minister for EU Presidency (2008-2010) and then Advisor to the Deputy Minister. Since April he is performing as a specialist in charge of the Czech export strategy.

Kerry Brown

Kerry Brown is Head of the Asia Programme at Chatham House, and leads the Europe China Research and Advice Network (ECRAN). Educated at Cambridge, London and Leeds Universities, he worked in Japan, Australia, and the Inner Mongolian region of China before joining the Foreign and Commonwealth Office in London. He worked in the China Section and in 2000-2003 served as First Secretary in Beijing, then as Head of the Indonesia East Timor Section at the FCO from 2003 to 2005. He is Research Associate of the Centre for International Studies and Diplomacy, at SOAS, and currently sits on the board of the Great Britain China Centre. He completed his PhD at Leeds University in Modern Chinese Language and Politics in 2004. He sits on the Board of China Dialogue.

Carsten Dannöhl

Carsten Dannöhl is Senior Adviser in the International Relations Department at BUSINESSEUROPE. He deals with a number of multilateral and bilateral trade issues, notably the WTO, EU-China relations, EU-Japan relations, EU-India relations, and European customs policy. Before this position he had been in charge of BUSINESSEUROPE's press relations. He has studied political sciences, European integration, economics and intercultural communications in Munich and Paris.

Richard David

Richard David spent a great part of his professional life in publishing. After 1990, he worked as the manager of subsidiaries of the British publishing houses Reed Publishing Group and later Heinemann Publishing in Prague and was responsible for their operations in Central European region. In 1999-2000, he looked after the operations of the Israeli publishing house Q Group in Central Europe, Russia, Germany and Switzerland. In 2001-2002, he worked for the company ARP (nowadays a part of CzechInvest). He joined the Ministry of Foreign Affairs in September 2002 and shortly after he left for India where he was posted as the Commercial Counselor of the Czech Embassy in Delhi. Since his return to the Ministry of Foreign Affairs in 2008 he has been working in the Department of Asia and Pacific.

Speakers

Hanns Günther Hilpert

Hanns Günther Hilpert is currently performing as Senior Associate in the Research Unit Asia at the Stiftung Wissenschaft und Politik (SWP) in Berlin. Previously he worked for the German Institute for Japanese Studies (DIJ) in Tokyo and also for Ifo Institute for Economic Research in Munich. He is the author and publisher of numerous books and articles concerning Japanese economy and Asian trade and economic integration. His current research focuses at various policy-oriented economic issues of East Asia. The recent publications included: “Auf dem Weg zu einem asiatischen Währungsfonds”, together with Howard Loewen (Stiftung Wissenschaft und Politik, 2010), “Chinas globale wirtschaftliche Herausforderung. Für eine kohärente Außenwirtschaftspolitik Europas” (Stiftung Wissenschaft und Politik, 2009), “Freihandelsabkommen mit Korea. Chancen für die europäische Politik und Wirtschaft” (Stiftung Wissenschaft und Politik, 2009).

Pavel Hnát

Pavel Hnát works as Assistant Lecturer at the Department of World Economy, Faculty of International Relations, University of Economics in Prague and as a research fellow at this Faculty. He finished his PhD studies in 2009 with specialization in European Studies. His dissertation “Global Political Economy of New Regionalism and the European Union” was awarded Best PhD thesis of the Faculty of International Relations in 2009. Pavel Hnát graduated with Honors from University of Economics in Prague at the Faculty of International Relations in 2004 - International Trade and European Integration and holds Certificate of European Studies issued by the Centre of European Studies at University of Economics in Prague.

Andrea Hyniová

Andrea Hyniová is currently performing as Deputy Director of the Department of Asia and Pacific of the Ministry of Foreign Affairs in Czech Republic. Prior this position, she was the Head of Ambassador’s Office of Permanent Representation of the Czech Republic to the European Union in Brussels, Antici, where she specialized in agenda of the EU institutional issues (including implementation of the Lisbon Treaty), external relations, economic and trade agenda, justice and home affairs. Andrea Hyniová holds a PhD from Charles University Faculty of Social Sciences. She also teaches External Relations of the European Union at University of Prague in New York (UNYP).

Shada Islam

Shada Islam is Head of the Asia Programme at Friends of Europe, a leading independent think tank in Brussels. She is responsible for developing and implementing a strategy for promoting stronger Asia-Europe relations through the publication of policy briefs and the organization of conferences, seminars and roundtable discussions. Before joining Friends of Europe, she worked as Senior Programme Executive at the European Policy Centre. She is also an experienced journalist, columnist, policy analyst and communication specialist with a strong background in geopolitical, foreign, economic and trade policy issues involving Europe, Asia, Middle East, Africa and the United States. In addition to working at Friends of Europe, she is a regular contributor to Asian, African and Middle Eastern publications, including DAWN Newspaper (Pakistan), Business Times (Singapore), YaleGlobal (USA) and Bulletin (Belgium).

Speakers

Ivana Karásková

Ivana Karásková pursues her PhD in International Relations at the Faculty of Social Sciences, Charles University in Prague. In her PhD thesis she focuses on energy security of China and the link between perception of security by Chinese elites and the foreign policy-making. She studied and conducted research at Tamkang University and Chengchi University in Taiwan (2005/2006, PSSI scholarship in November 2007) and East China Normal University and Fudan University in China (teaching scholarship in 2007, CSC scholarship 2008/2009). From September 2009 to June 2010 she was a Fulbright-Masaryk scholar at the Weatherhead East Asian Institute at Columbia University in New York. Since 2007, she has been China Analyst at AMO.

Hosuk Lee-Makiyama

Hosuk Lee-Makiyama studied at London School of Economics, University of Stockholm Law School, Stockholm School of Economics and Harvard Kennedy School. He is Co-Director of the European Centre for International Political Economy (ECIPE). His research areas include trade in services, technology, intellectual property, WTO and the Far-East. Prior to joining ECIPE, he was the Senior Advisor on WTO issues to the EU Presidency of Sweden, serving in Geneva as EU chairperson on services, intellectual property, customs-technical issues and their related UN/WTO-bodies. He represented the EU in World Intellectual Property Organisation (WIPO) and also served on the executive committee of the UN Economic Commission for Europe (UNECE). He also worked in the private sector for strategy consultancies.

Michal Mejstřík

Professor Michal Mejstřík studied econometrics at University of Economics in Prague, and was awarded the title of Candidate of Sciences (CSc.) in Economics for his academic research in the field of project evaluation, completing his studies at London School of Economics. Since 1997 Michal Mejstřík has been Professor of Economics at Charles University in Prague, where he lectures on banking and finance. He is a member of the Société Universitaire Européenne de Recherches Financières (SUERF). Over the last 18 years he has repeatedly been engaged as an external consultant for international organisations (USAID, the World Bank, the European Commission in Central and Eastern Europe and Asia), the Czech Government, and a number of corporations, either independently or through the company EEIP. In October 2010 he was elected the Chairman of the International Chamber of Commerce of the Czech Republic (the ICC-CR).

Daniel Novotný

Daniel Novotný is Deputy Director of the Research Center at the Association for International Affairs and teaches at Metropolitan University Prague and Anglo-American University. He holds a PhD from University of New South Wales, Sydney, Australia. He has recently published a monograph entitled "Torn between American and China: Elite Perceptions and Indonesian Foreign Policy". He specializes, in general, in international relations and security of the Asia-Pacific and the EU foreign policy strategy. In the past, he has held fellowships and appointments at The Habibie Centre, Jakarta, Institute of Defense and Strategic Studies and Institute of Southeast Asian Studies in Singapore, and Monash University and Deakin University in Melbourne.

Speakers

Xavier Nuttin

Since 2005 Xavier Nuttin is Senior Asia Analyst in the Policy Unit of the Directorate General for External Relations of the European Parliament. His main responsibility is to provide tailor-made political analysis of Asian countries and advice to the President of the European Parliament and to parliamentary bodies such as the Foreign Affairs Committee. Prior to holding this position, Xavier Nuttin was an official of the European Commission from 1993, working in the Asia Directorate and afterwards the Directorate covering Russia and the Caucasus. He was successively posted at the European Commission headquarters in Brussels, at the EC Delegation to Thailand and then to the EC Delegation to Vietnam. He has also been based in Bangkok in the late seventies/early eighties working on education and health programmes in several countries in Asia for Unesco, Unicef and the World Bank.

Miroslav Okrouhlý

Miroslav Okrouhlý studied international trade at University of Economics in Prague, international economic relations at University of London, London School of Economics, and international law at the Faculty of Law, Charles University in Prague. He is presently Head of Asia, Australia and Pacific Department at the Ministry of Industry and Trade of the Czech Republic. He has held various positions in international trade and the banking sector. He was also posted with the Czech diplomatic mission abroad as Commercial Counselor in the United States, Economic Counselor and Trade Commissioner in Canada as well as Chief Banking Representative for South East Asia based in Bangkok.

Jonas Parello-Plesner

Jonas Parello-Plesner works as Senior Policy Fellow with the European Council on Foreign Relations covering relations between China and the EU. He served as Denmark's Senior Advisor on China and North East Asia from 2005-2009 and has engaged in numerous diplomatic exchanges with China including the negotiations for a Strategic Partnership between Denmark and China in 2008. He was also one of the chief architects in elaborating a Danish Strategy on China as a whole-of-government exercise. Jonas was also Denmark's Capital representative on Asia affairs (COASI) in EU's Council of Ministers for four years. He is on the editorial board of RAESON, a Danish magazine on international affairs. He lately co-authored the section on China as part of the European Council on Foreign Relations Scorecard on EU's foreign policy in 2010.

Clara Portela

Clara Portela is Assistant Professor of Political Science at Singapore Management University. She holds a PhD from European University Institute in Florence and an MA from Free University of Berlin. She is the author of the monograph "European Union Sanctions and Foreign Policy" (Routledge 2010) and of several articles on foreign and security policy of the European Union. She has held visiting positions with the EU Institute for Security Studies (France), Carleton University (Canada), the Stiftung Wissenschaft und Politik (Germany) and Australian National University (Australia). She is fluent in Spanish, English, German, French, and has conversational Italian.

Speakers

Vilém Semerák

Vilém Semerák studied at University of Economics in Prague, London School of Economics, and Charles University. He obtained his PhD from University of Economics in Prague in 2003. He teaches at Charles University and the Prague branch of New York University, and also works as a researcher for the CERGE and IDEA think-tank. He also worked in China at Shandong Economic University and East China Normal University. Vilém Semerák specializes in international trade theory, economics of transition and Chinese economy.

Martin Tlapa

Martin Tlapa graduated from University of Economics in Prague in 1989 and completed his MBA study at Czech Technical University in Prague and Hallam University in Sheffield in 2002. He began his career at the Institute of External Economic Relations in 1989, he worked for the Federal Ministry of Foreign Trade from 1991 to 1992. He had been the Trade and Economic Secretary of the Czech Embassy in Canada till 1996 and after that he was acting as General Director of the CzechTrade agency till 2004. Since June 2004 Martin Tlapa has held the position of the Deputy Minister at the Ministry of Industry and Trade.

Fusako Tsuchimoto

Fusako Tsuchimoto is a research fellow at the Charles University Environment Center in Prague. She obtained B.A. degree in Law at the University of Tokyo in 2004 and M.A. degree in Economics from CERGE-EI. She expects Ph.D. degree in Economics from CERGE-EI in the year of 2011. Her field of interest is Environmental Economics, Law and Economics and Political Economics. She has an experience of teaching undergraduate and M.A. level course in the field of Development Economics at the Department of Environmental Economics, University of Economics, Prague and Faculty of Social Science, Charles University.

Team

Daniel Novotný



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Association for International Affairs

Association for International Affairs (AMO) is a preeminent independent think-tank in the Czech Republic in the field of international affairs and foreign policy. The mission of AMO is to contribute to a deeper understanding of international affairs through a broad range of educational and research activities. Today, AMO represents a unique and transparent platform in which academics, business people, policy makers, diplomats, the media and NGO's can interact in an open and impartial environment.

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- formulate and publish briefings, research and policy papers
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- present critical assessment and comments on current events for local and international press
- create vital conditions for growth of a new expert generation
- support the interest in international relations among broad public
- cooperate with like-minded local and international institutions

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