

# Asia Europe Meeting in Laos marked by economic and strategic tensions

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On November 5 and 6, political leaders representing 52 governments from Asia and Europe gathered in Laos for the 9<sup>th</sup> annual Asia Europe Meeting (ASEM). The meeting occurs during the worst global economic crisis since the great depression and in the midst of sharply escalating political and military tensions in the region, brought about by the Obama administration's calculated policy of encircling China with its so-called 'pivot' to Asia. These two facts set the tone for the entire summit.

Those attending included Japanese Prime Minister Yoshihiko Noda, Chinese Premier Wen Jiabao, European Council President Herman Van Rompuy and European Commission President Jose Manuel Barroso. The gathering was held in Vientiane and chaired by Laotian Prime Minister Thongsing Thammavong.

On the agenda was the need, expressed repeatedly by European leaders, for Asian countries to step up their demand for European goods as a mechanism for easing the escalating economic crisis in the euro zone. French President Francois Hollande bluntly stated: "Asians have gained a lot from our growth. Now it's time for them to boost our growth with their demand."

This demand found concrete expression in the numerous free trade agreements (FTAs) that the European delegates were pushing. EC President Barroso stated at the conclusion of the summit: "Europe is pursuing a new generation of FTAs benchmarked on the South Korean agreement. It is important for Asia to move away from protectionism as well because we are the largest market and have fostered development through rejection of protectionism ... The EC wants to remove protectionism to have as level a playing field as possible. It is important for countries to avoid the temptation to look inward."

The heads of the euro zone are looking for their Asian counterparts to open up their countries' economies completely, removing any regulatory or tariff barriers. This also encompasses enacting drastic austerity

measures. In a joint op-ed written on the ASEM summit, Barroso and Van Rompuy declared: "The EU is taking steps needed to reduce public debt, ensure a healthy banking system and lay the foundations for sustained growth and a stable common currency. But, also others need to do their part. In particular we look to Asian countries to consolidate their public finances, to rebalance their growth model as appropriate and work with us to support a sustained global recovery."

This should be read as a sharp warning to the Asian working class. This is precisely the language used to impose the savage austerity cuts that are currently ravaging countries like Greece and Spain. European finance capital is seeking to foist new burdens on workers in Asia to help alleviate the European sovereign debt crisis that is already devastating workers in Greece, Spain and Portugal and throughout Europe.

Asian leaders responded with concern that there were "substantial remaining uncertainties and downside risks for ASEM partners" posed by the European debt crisis, as was summed up in the final draft statement.

Demand from China and the rest of Asia cannot solve European financial woes, and the leaders at ASEM know this. The economic crisis that began in 2008 is global and it is systemic, rooted in the fundamental contradictions of capitalism itself. Stagnation and recession in the EU and the United States have had profoundly negative consequences on the export industries of China and other Asian economies. Barroso acknowledged this when he stated "we don't see trade as a panacea for the Euro crisis."

Despite the absence of any top US policy makers at the ASEM summit, Washington played the key role in formulating the agenda and the conclusion of the summit, which was conducted in two days of closed-door plenary sessions.

The summit's basic program was laid out on July 12,

2012 when US Secretary of State Hillary Clinton met in Phnom Penh with European Union (EU) High Representative for Foreign Affairs and Security Policy Catherine Ashton. The conclusions to their discussion were published as the “Joint EU-US statement on the Asia-Pacific region.”

The statement declared: “Both sides plan to work with Asian partners on increasing maritime security based on international law as reflected in the United Nations Convention on the Law of the Sea.” The statement explicitly mentioned the need for a Code of Conduct in the South China Sea in this context.

The push for such a code has been the wedge used by the US to force Washington’s interests upon disputants within the region. China has called for unilateral negotiations between itself and each of the rival claimants to disputed waters. Washington has insisted on a code of conduct based on multilateral negotiations, in which the United States would play the main coordinating role.

Washington’s intervention has dramatically escalated tensions in the South China Sea, by encouraging countries like Vietnam and the Philippines to more aggressively pursue their territorial disputes with China. Having generated the regional friction, the US has criticised China for its supposed intransigence and boosted its own position by offering to mediate.

The call for a Code of Conduct was taken up verbatim in the concluding 2012 Vientiane Declaration issued by the ASEM Summit. The Association of South East Asian Nations (ASEAN) will convene its annual summit in Cambodia in two weeks. President Obama will attend and also travel to Burma and Thailand. The groundwork laid at the ASEM summit will be used by Washington later this month to sharply tighten the economic, military and political pressure on China, further heightening regional tensions and the danger of conflict.



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