

Article on visit to China and Japan December 2009.

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As the second decade of the 21st Century unfolds, the focus of many leading politicians will be firmly set on when the General Election will be called and which party will win. Justifiably so in a local context, but let's consider for a moment that we are past the election date and looking forward over the next 5-10 years. Should the environment be our major concern? Or demography with our ageing population or should the rise of Asia be more prominent in our minds?

Why not focus our minds for a moment on the rise of Asia. Many people have predicted that the 21st Century will be when Asia reasserts its' dominance in the global system. Some experts believe that by 2050, China and India will share up to 50% of global GDP. Nice to think that that could occur in 40 years' time: not really my problem...

Regrettably, it is everyone's problem as the speed which China is becoming a major global player, as witnessed recently at the climate talks in Copenhagen, is truly remarkable. The global order changed fundamentally in 2009 with the introduction of the G20 to help resolve the global financial crisis resulting in 3 of China's banks reaching the top 5 in the world.

A few weeks ago, I travelled with a small delegation of European and American policy makers and officials to China and Japan to discuss prospects for global governance with thinktankers, foreign ministries, businesses, journalists and others.

In Beijing, gone are the 9 million bicycles of Katie Melua replaced by motorways filled with buses and cars. Always courteous, surprisingly open and willing to discuss ways in which to face global challenges together. Barring major internal problems ahead, they basically recognise the need to assume their role as a global super power. But would prefer not to do so yet....they still feel their place is to represent the concerns of developing countries, contrasting markedly with their financial power. "Be patient" is the message and help the Chinese with their problems. Thus, China is a rising superpower, likely to overtake Japan in economic size very shortly.

In Tokyo, there was a different message. A rich country with a well-developed infrastructure, with a deeply rooted democratic tradition... But one going through a fundamental transition with a new Government in power since last August, overturning a long period of single party rule. Vital decisions remain to be taken but signs of unease with the US/Japan relationship are evident with discussions over one of the US bases there.

Although its ageing population and its inward lookingness are drawbacks in the battle to be globally competitive, their willingness also to engage in discussions on prospects for future governance show that they do not rule out a resurgence of their economy based on its technological strengths, playing a more important regional role than hitherto, developing an East Asian Market with China and Korea in the long term.

What does this mean for the Transatlantic relationship? Still the major economic powerhouse of the global economy for the next decade or so, there are signs that the US wants to retain its role as a major Pacific power for obvious reasons. The real question is whether Europe wishes to be a major player, shaping the global economy of the 21st Century or will it be reluctant to look beyond its near abroad such as the Balkans or the Ukraine?

Looking at Europe through an Asian perspective, there are great opportunities today for European businesses to sell their products in China where the economy which is likely to continue growing at around 8% growth per annum for at least the next 5 years or more...(as reported in *Business in China, The Daily Telegraph* supplement, published in December 2009). The EU has just started a fellowship scheme to encourage young business people to learn over a 6 month period how to do business in China; but much more needs to be done.

First, we need to change the context of our domestic debate from being obsessed about European Institutions and learn how they can be useful to us in helping to promote our interests in a rapidly changing global environment. We must look outwards to the global challenges ahead rather than looking backwards into the past.

Second, we must not just think strategically about the environment and climate change in isolation. We should learn that looking at long-term trends - as the US does - helps identify problems faster and thus a give a better chance of solving them quicker, whether it be related to demographic trends or the speed with which the digital economy allows Asia to become more competitive, more rapidly than hitherto.

Thirdly, we should understand that the emergence of a multi-polar world does not mean that we have to deal with every partner equally. Some are more equal than others...as are the US and the EU. Time to take up the offer of developing a strategic partnership on global challenges with the US? The Chinese have already done so....time Europe did so too.