



Anti-dumping measure: It is deeply worrying that so much attention is being devoted to the solar panel dispute, however important it may be for some companies and some European countries. PHOTO: AP

It's time to start talks for an Asia-Europe FTA

By **TOMMY KOH** and **JOERGEN OERSTROEM MOELLER**

WE urge political leaders in Asia and Europe to launch negotiations for a free trade agreement (FTA) between the two continents. This is in line with the recommendations of the Asia-Europe Vision Group (1999).

In recent months, news have emerged that the Trans-Pacific Partnership (TPP), which includes the United States, has attracted the interest of Japan and possibly even China. The TPP is a stepping stone to an Apec-wide FTA, called the Free Trade Agreement of the Asia Pacific. It is an economic bridge linking Asia and the Americas.

Europe and the US have agreed to start negotiations for a North Atlantic free trade agreement. This is desirable and we support it. It will lift the global economy which is sorely in need of a boost. It will also serve as an endorsement of the virtue of free trade and resist the protectionist tendencies which are lurking in the background. Political will and leadership are put on the table. These are powerful arguments supporting a similar move between Asia and Europe.

The timing is good not only because of the other initiatives, but because trade and investment quarrels between Europe and Asia are rumbling more and more loudly. They must not be allowed to dominate the agenda. There is no better way to prevent that than by an FTA initiative.

It is deeply worrying that so much attention is being devoted to the solar panel dispute, however important it may be for some companies and some European countries. China's reaction to the European Union's imposition of anti-dumping measures clearly illustrates the risk of a downward spiral of retaliatory steps – detrimental to world trade and economic growth.

In a longer-term perspective, the issue of investment is certain to be of growing importance. Asia is gradually becoming a global investor, not yet in the same league of the US and Europe, but the trend favours Asia. Japan has, for

decades, built up multinational companies. China is now investing US\$50 billion abroad, of which a considerable amount goes to Europe. India is also investing in European enterprises. Singapore's investment funds are global players.

While Europe and America have been investing in Asia for generations, they are not used to Asian investments in their economies. As a result, the red flag of national security is often raised to block Chinese investments. We fear a possible backlash in Europe and the US, leading to a nationalist, even populist, movement to blame "foreigners" for their economic hardship.

It will therefore be wise to build an institutional framework to facilitate the flows of trade and investment between Asia and Europe.

We are aware of initiatives to negotiate agreements between the EU and some Asian countries. But what is needed is a transformative idea involving all 49 member countries of the Asia-Europe meeting.

Seventeen years ago, the leaders of Asia and Europe met in Bangkok and agreed to establish the Asia Europe Meeting process. They recognised that we lived in a trilateral world, with America, Europe and Asia as the three poles.

The time has come to build an economic bridge linking Asia and Europe. This will complement the economic bridges being built between Asia and America and between Europe and America. The next summit is scheduled for 2014 and there is ample time to prepare to launch such a visionary enterprise.

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