

## [ Keynote Speech II ]

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## A Breakthrough for Security and Prosperity in East Asia

We are witnessing times of great uncertainty in the global political and economic order. Signs of trade protectionism have emerged; globalization is at stake. There is a sense of deterioration of the geopolitical environment. Several countries are preparing to increase military expenditures. Cyber threats have increased. Populism is gaining ground in several regions of the world. In this international context, peace, security and prosperity in Asia is a timely subject.

My question is the following: can the reinforcement of the relationship between the European Union and East Asia contribute to security and prosperity in the region? I think so. The European Union is the biggest economic area in the world, ahead of the United States, and it is the world's biggest trading power in terms of exports and imports. The European Union is the biggest export market for more than 100 countries. Not less important than the European Union as a whole is the Euro Zone, the core of Europe. 19 countries with a single Central Bank, sharing a single currency, the Euro, and a single monetary policy. It is a mistake to think that the Euro Zone is going to break up. The consequences for a country that leaves the Euro are so negative that I cannot envisage a government taking such a decision. The United Kingdom belongs to the European Union but not to the Euro Zone. Even so Brexit negotiations are going to be very difficult and the costs will be much higher for Britain than for the other 27 member states.

I am confident that in the future more member states will integrate the Euro Zone. Having been Prime Minister of Portugal during the first ten years of my country's membership in the European Union and having been at the core negotiations of the treaty that created the economic and monetary union, I am well aware how this great achievement is important to the international financial system.

The Euro is already a global payment currency used in parallel with the dollar. It has been clear that China wishes the European Union to be strong and the Euro to be an international currency. I think that it is in the Chinese interest that the European Union is an economic power with a voice on the international scene. It contributes to mitigate the weight of the United States as the western voice in world affairs.

In Europe, it was possible to create a regional order based on a large and coherent set of common interests and values. In Asia, there is not a coherent regional order grouping several countries. Bilateral relations are dominant. The extent of political dialogue and cooperation among East Asian countries is very limited and misunderstandings and friction emerge very often.

The North Korean nuclear question cannot be solved without coordination between the United States and China. Both want North Korea to abandon its nuclear program, but it has been difficult for them to agree on a strategy for cooperation to ensure sustainable security in the region. China has tolerated the provocative actions of the North Korean regime. But I am convinced that China has its own red lines as far as North Korean military provocations are concerned. China does not want its economic and social development and its ambitions of global leadership to be put at stake by a neighbor whose nuclear ambitions are condemned by the whole international community. In this context, it is my firm belief that enhanced cooperation between East Asian countries and the European Union may contribute to security and prosperity in the region.

It would be beneficial to make the European Union an integrated part of the balance of power in the East Asian region, joining the position that is already occupied by the United States. I am convinced that the European Union is a valuable asset to the region. The European Union is strongly committed to peace, freedom and democracy. As the major world producer of goods and services, the European Union has a voice in international politics. The European Union had a crucial role in the negotiations to achieve a nuclear deal with Iran.

The European Union is a defender of multilateral free trade and respects the rules of the World Trade Organization. The European Union is on the front line in supporting the implementation of the Paris Agreement on Climate Change. The European Union is a reliable partner. The economic and political relations between the European Union and the East Asian countries are already intense. The European Union and China have established a strategic partnership and the European Union is China's largest export market. A comprehensive investment agreement between the European Union and China is under negotiation.

The European Union has a strategic partnership and a free trade agreement with South Korea. The European Union is South Korea's third largest export market. In the current political circumstances, a more active role for the European Union in East Asia, apart from the United States, would make it easier for South Korea to have a stronger voice on the issues concerning security in the region. A free trade and strategic partnership agreement between the European Union and Japan are under negotiation. I am convinced that it is possible to do more, strengthening European Union partnership with China, Korea and Japan on major political and global issues and in this way contribute to transforming East Asia into a more cooperative system.

