Europe’s Evolving Strategic Vision for the Indo-Pacific: Nine Perspectives

Foreword by Dr. Satohiro Akimoto

Introduction by Ambassador Kurt Tong
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SASAKAWA USA
Sasakawa Peace Foundation USA
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Cover photograph: Japan’s Defense Minister Nobuo Kishi (3rd L) disembarks from the deck of the German Navy frigate Bayern during a visit to the ship docked at the International Cruise Terminal in Tokyo on November 5, 2021. (Photo by DAVID MAREUILL/POOL/AFP via Getty Images)

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Foreword

Dr. Satohiro Akimoto

Sasakawa Peace Foundation USA (Sasakawa USA) is a non-partisan organization dedicated to deepening the understanding of and strengthening the relationship between the United States and Japan for the benefit of a free and open international community. Its activities focus mainly on security and diplomacy through exchanges, dialogue, analysis, publications, and networking.

In Europe’s Evolving Strategic Vision for the Indo-Pacific: Nine Perspectives, Sasakawa USA is pleased to bring together an excellent group of scholars and policy experts to analyze European approaches to the Indo-Pacific region. The European component is more important than ever as the U.S. and Japan have been increasingly working together to maintain and strengthen peace, security, and prosperity in the region based on common values such as democracy, freedom, rule of law, free enterprise, as well as on shared respective national interests. In fact, security policies of the U.S. and Japan toward the Indo-Pacific region have begun to converge based on their recently published national security strategies, and partnership with Europe is a part of these strategies.

European approaches to the Indo-Pacific region have been largely independent from approaches of the U.S. and Japan for a long time, despite the fact that Europe shares the same fundamental political, economic, and social values with the U.S. and Japan. Important elements for Europeans in the Indo-Pacific have been with regard to China, the vast geographical distance, deep economic interest in the region, and a lack of territorial challenges posed by China. As a result, Europe’s strategic approaches to the region have been largely detached from those of the U.S. and Japan, while the U.S. and Japan have been increasingly concerned with geopolitical and geoeconomic developments in the region.

In recent years, Europe has shown signs of altering its course in the Indo-Pacific. European leaders and policy makers seem to have adjusted their viewpoints on the Indo-Pacific region. Growing concerns for China’s activities detrimental to peace, security, and prosperity in the region have become regular subject matter of European leaders together with American and Japanese counterparts at the annual Munich Security Conference. European countries such as France, Germany, and the U.K. have sent their respective military vessels to the region in a symbolic gesture to signal changing attitudes to the Indo-Pacific. Now, European leaders openly express concern about China’s suspected military support for Russia in conjunction with the ongoing Russian invasion of Ukraine since February 2022.
Europe’s Evolving Strategic Vision for the Indo-Pacific: Nine Perspectives is designed to equip readers with an understanding of European strategic thoughts and approaches by presenting chapters on the E.U., France, Germany, U.K., Australia, India, ASEAN, Japan, and the U.S. written by scholars and policy experts who have deep knowledge of and experiences with policies of their respective countries and regions toward the Indo-Pacific. Sasakawa USA would like to thank the authors for their efforts and hopes that this book contributes to further academic and policy debates on European involvement in the region in coordination with the U.S. and Japan.
Introduction

Ambassador Kurt Tong

What a difference a few years can make. Europe’s approach to the Indo-Pacific region, and especially toward China, has seen more twists and turns in the past decade than in the previous three or four.

Not so long ago, European nations were courting closer ties to China as a top priority. Starting in 2012, China successfully convened eight annual “16+1” conferences, purposefully excluding the European Union, aimed at drawing close the growth-hungry nations of Central and Eastern Europe. As recently as 2015, China’s President Xi Jinping made a triumphal state visit to the United Kingdom, where Prime Minister David Cameron welcomed him for a pub visit with fish and chips amid talk of a “golden era” for U.K.-China relations. Western European powers clambered to join China’s Asian Infrastructure Investment Bank and to sign memorandums pledging support for China’s “Belt and Road” development programs. It very much appeared that Europe was intent on linking itself more tightly to the economic growth centers of East Asia, and that it saw the path for doing so going directly through—not around—China.

Now, a few years later, European leaders are proclaiming that any “golden era” with China is obsolete and are aligning themselves more closely with the United States and Japan in opposition to China’s rise. Over the past three years, friction surrounding the global response to COVID-19 became a predominant political emotion, especially in Europe—a trend exacerbated by hyper-nationalistic “wolf warrior” diplomatic statements out of China and Chinese bullying of small nations like Lithuania, in a way that guaranteed to raise hackles in European capitals. China’s crackdown on Hong Kong political activity in 2020, and imposition of a National Security Law on the city, severely frayed China’s ties with London and energized human rights organizations in other capitals, including Berlin. The European Union signed a Comprehensive Agreement on Investment (CAI) with China in December 2020 as part of outgoing German Chancellor Angela Merkel’s legacy policy aimed at cementing E.U.-China economic relations. But soon after the E.U. applied sanctions on China in 2021 in reaction to Beijing’s human rights abuses in Xinjiang, China retaliated by sanctioning members of the European Parliament, putting the CAI on ice for the foreseeable future. More than anything else, Russia’s sudden invasion of Ukraine in February 2022, and China’s decision to prioritize warm ties with Moscow despite that transgression, alienated Europe from China. In 2022, we saw NATO and G7 summits that included the leaders of
Japan, India, South Korea, and Australia, and focused heavily on calling out perceived threats to the global system emanating from China, in addition to the problem of Russia.

What does all this mean for the future of Europe’s involvement in Indo-Pacific regional affairs? The recent direction of change is clear. But exactly what will be the shape—and degree—of Europe’s contribution to the Indo-Pacific’s evolving economic, political, and security alignments? How will Asian perceptions of Europe’s role evolve? Leaders in both Europe and Asia are declaring that the fate of each region is now tightly tied to the other—but how is this all going to play out?

This volume’s collection of superb chapters provides a thoughtfully chosen range of expert views regarding Europe’s current and future role in the Indo-Pacific strategic picture. The authors explore Europe’s motives and capabilities for deeper involvement in the Indo-Pacific economy and regional diplomatic affairs. They also touch on Europe’s growing military contribution, weighing it against the dire and immediate threats coming from Russia. The authors examine the Asian reaction to Europe’s increased expressions of interest in Asian affairs, and they consider what aspects of European involvement will be most welcomed, and by whom.

In the view of the United States, Europe’s increased engagement in the Indo-Pacific region is welcome because Washington is confident that European powers will align themselves with the United States and its key allies—Japan, Australia, and South Korea. In this view, Europe and many Asian nations are being brought together by their shared concern about China and China’s “revisionist” approach to regional and global affairs—not to mention China’s rapid military investments, dominance of certain supply chains, market manipulation, and cross-border political influence efforts. Certainly, Europe and the United States’ allies in Asia are drawn together by a shared desire to defend global rules and norms for commerce, diplomacy, and military development. Japanese Prime Minister Fumio Kishida’s recent five-nation tour of Europe and North America provided a ringing endorsement of joint efforts to protect and promote global rules of fair play and mutual respect.

At the same time, many Asian nations see Europe as providing a distinct partnering option from the United States. They are attracted to Europe’s relative flexibility in building deep state-to-state economic ties—in contrast to the United States’ recently rediscovered protectionism—and they appreciate Europe’s more restrained rhetoric toward China. Indeed, even close U.S. allies like Japan appreciate Europe’s view that the rest of the world must simultaneously compete and “co-exist” with China—which feels different from Washington’s current policy, which to many is starting to feel akin to a Cold War-style “containment” of China. European states do not want to slip into a new Cold War with a united Russia-China bloc and may look to work with Japan to engage China to keep that from happening.
At the same time, many developing Asian nations are deeply attracted by Europe’s economic prowess—but also concerned about its regional staying power, and they question its depth of understanding about the region. Such Asian leaders generally do not share Europe’s impatience regarding human rights—and there is a risk that Europe’s vocal championing of human rights principles may drive away some key Southeast Asian partners. In the post-colonial era, Europe has seemed distant, and therefore European leaders will need to find ways to project sustained interest in the region’s development—especially its economic progress.

Among the most powerfully aligned nations—such as Japan, the United Kingdom, France, and the United States—there has in recent years been much rhetoric about how there should be no “division of labor” between the Atlantic and Pacific, but rather recognition that there is a set of common global challenges that all must tackle in concert. Building a strategy that maximizes the benefits (and minimizes the shortcomings) of Europe’s involvement in Asia, however, will require more thoughtful conceptualization than we have seen publicly from governments thus far.

There are some practical steps that could be taken to clarify and promote an integrated Atlantic-Pacific path forward. Japan and Australia, for example, could aim to bring not just the United Kingdom but also the European Union into the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) trade agreement. Australia and the United States could engage France, Germany, and the United Kingdom in a concentrated program of climate change mitigation and adaptation programs for the Pacific Islands and Southeast Asian nations, perhaps building on the preliminary structure of the Indo-Pacific Economic Framework (IPEF). Western European navies could be included in regular patrols of the seas surrounding China in a way that would increase the political cost to China of challenging regional security status quos.

If European governments can move beyond mere summitry and make meaningful contributions in the Indo-Pacific region, that may lead in turn to even greater contributions by Asia-Pacific powers such as Japan, Australia, and South Korea in response to Euro-Atlantic needs. In the future, we may see Asian powers reach back across the continent to increase their own economic and strategic involvement with Europe, without requiring leadership or coordination from the United States.

It seems that a new shared fate for Europe and the Indo-Pacific is being shaped today, in real time. The fine chapters in this volume provide a valuable framework for understanding the complexities involved in building a more integrated Atlantic-Pacific future. Please read on to better understand what is happening now and may happen in the future.
The Indo-Pacific, as a region, was not seen as a real top priority by the European Union as a whole until late 2020. Even in February 2021, the geographic priorities stated in the E.U.’s Trade Policy Review, lumped Asia-Pacific and South America together in last place, with limited ambition.


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4 Full title “High Representative of the Union for Foreign Affairs and Security Policy” is shortened here to “E.U. High Representative.”
of the Union address on September 16, 2021. How did this turnaround happen?

For some time, while other countries adopted their own versions of Indo-Pacific approaches, the E.U. tiptoed around using the term. The reason is that the term “Indo-Pacific” continues to have anti-China connotations. President Trump’s 2017 U.S. Indo-Pacific Strategy reflected the intensification of U.S.-China rivalry already underway. The E.U. did not wish to be dragged into battles it did not necessarily believe were in its interest at the time. Instead, the E.U. worked on different ways to keep transatlantic cooperation alive wherever it could during the challenging Trump presidency.

For many years, E.U. Member States also did not wish to antagonize China and risk killing what was perceived to be the “goose that lays the golden egg.” China’s narrative—that countries would be punished if they stepped on China’s many sensitivities—was believed even if China needed Europe, especially in technology and research and development (R&D), at least as much as Europe needed China.

Nevertheless, the change took place in March 2019 when the E.U. developed a more robust multifaceted policy towards China in its Joint Communication “E.U.-China: A Strategic Outlook.” Defining China as either a cooperative partner, a negotiating partner, an economic competitor or (increasingly) a systemic rival, depending on the policy area, brought a more “realpolitik” approach to E.U.-China relations. China itself created antagonism in European countries with its unnecessarily aggressive “wolf-warrior” diplomacy. This escalated into a blizzard of misinformation and disinformation on social media in an attempt to cover up the Chinese Communist Party’s responsibility for its initial suppression of information about the outbreak of COVID-19 in Wuhan which had led to the pandemic’s spread across the world. Rickety Western European public opinion towards China crashed to an all-time low in 2022. (See Figure 1 on next page.)

7 The Guardian newspaper reported that Chinese Ambassador to Sweden Gui Congyou had been summoned to Sweden’s Foreign Ministry more than 40 times in two years. He famously explained on Swedish radio in November 2019, “We treat our friends with fine wine, but for our enemies we have shotguns.”
European Public Opinion Favorability Ratings of China

Source: Data from Pew Research Center Global Attitudes Survey, https://www.pewresearch.org/

The ASEAN Indo-Pacific Outlook\(^8\) of June 2019, agreed by ten countries with very diverse views about their relations with China, and taking a broad perspective, helped detoxify the term “Indo-Pacific” somewhat. The first time the term “Indo-Pacific” appeared officially for the E.U. was in the joint E.U.-Japan statement on sustainable connectivity and quality infrastructure partnership in September 2019\(^9\) when the E.U. was grateful to the late Japanese Prime Minister Shinzo Abe for visiting Brussels for a second time that year. Then the word “Indo-Pacific” appeared in a more working-level joint statement with Australia. But not much more.

What really broke the ice was the election of Joe Biden as president of the United States. Keen to mend transatlantic ties after the Trump trauma, the European Commission and High Representative unveiled “The New E.U.-U.S. Agenda for Global Change” on December 7, 2021.

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2020, even before the formal inauguration of the new U.S. president. This advocated *inter alia* “increased E.U. focus on the challenges and opportunities in the Indo-Pacific region (which) will help deepen cooperation with like-minded partners in the region.”

At about the same time, France, Germany, and the Netherlands were already laying the groundwork for their E.U. Indo-Pacific approaches. France, as a Pacific naval power in its own right with 1.5 million citizens and 8,000 military personnel in the Indo-Pacific region, was first amongst E.U. Member States with its Indo-Pacific Strategy in 2018. France’s Indo-Pacific Strategy addressed, first and foremost, the security challenges of the region and was launched by President Emmanuel Macron at the Garden Island naval base in Australia. This was followed by Indo-Pacific strategies from Germany and the Netherlands in the second half of 2020 which were more broad-based, also given their significant trade and investment links with China and not having military assets permanently in the Indo-Pacific. In December 2020, these three E.U. Member States were joined by seven others in presenting an internal E.U. paper calling for a unified E.U. Strategy for the Indo-Pacific.

Once the E.U. Heads of State and Government had endorsed the new “E.U. Strategy for Cooperation in the Indo-Pacific” at their European Council meeting on October 22, 2021, the European External Action Service and European Commission started its implementation based on the broad scope of concrete actions enunciated in their Joint Communication action plan.

As its strongest backer, France used its six-month presidency of the European Union in the first half of 2022 to push the E.U.’s Indo-Pacific agenda forward. The E.U. Strategy was consolidated by a Ministerial Forum for Cooperation in the Indo-Pacific held on February 22, 2022, including partners invited from the region. It was a considerable achievement to have such a high-level turnout at a time when E.U. Foreign Ministers, in particular, were preoccupied with trying to prevent the Ukraine war, which started just two days later.

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Rationale, Principles, and Values

In the Indo-Pacific, the E.U. is the number one investor, top provider of development assistance, and among the largest traders in the region, which the E.U. Strategy defines as stretching from the east coast of Africa to the Pacific Island states.

The E.U.’s Strategy promotes diversification. It highlights the opportunities for Europe in partnering with the many economies of the region whose fast growth is expected to pick up fully once the worst of the COVID-19 pandemic is over. China hardly gets a mention in the E.U. Strategy. The E.U.’s approach is that the focus should be on the benefits the whole region can bring to the E.U., even at a time when existing supply chains were increasingly under strain and doing business with China was coming with growing risks.

The Strategy also recognizes that the security situation in the region is deteriorating with geopolitical competition, vulnerable supply chains, military buildup (especially China’s), climate change, increasing human rights abuses, malicious cyber activities, and increasing nuclear proliferation in the region. These developments increasingly threaten the stability and security of the region and beyond, thus directly impacting the E.U.’s own security, especially its economic interests. The E.U.’s reinforced presence in the region is aimed to be more a calming force for stability, even without a significant military presence of its Member States in the region apart from France.

To assuage those Member States concerned about offending China—and, therefore, to ensure unanimity amongst the 27 E.U. Foreign Ministers for the Strategy—the entire document emphasizes that the Strategy is inclusive and not against any particular country. “Cooperation” features deliberately in the title of the Strategy. However, the E.U. also says that it will deepen its engagement in the Indo-Pacific, in particular, with those partners that have already announced Indo-Pacific approaches of their own. In this way, certain partners are favored more than others—and China is not one of them as it does not have an “Indo-Pacific Strategy” termed as such.13

The Strategy also makes clear that the E.U. will adapt and build its cooperation according to specific policy areas where partners can find common ground based on shared principles, values, or mutual interest. This is an E.U. policy of “principled pragmatism,” first iterated in the E.U.’s Global Strategy of 201614 and leaves the door open for cooperation with partners

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such as Vietnam that are friendly towards the E.U. while not necessarily espousing the same values.\textsuperscript{15}

Human rights are inevitably a part of this Strategy, but they do not dominate it. The E.U. reiterates in its Strategy its commitment and position on the universality of human rights in the region and its willingness to use its new restrictive measures (sanctions) regime.\textsuperscript{16} But there is also a deep-down recognition within the E.U.—not stated in the Strategy—that autocratic China gives succor to authoritarian governments in the region to the degree that it is blunting the effectiveness of what Europe and the United States can do to sufficiently protect the human rights of people there. This is a serious issue that is still seeking an adequate answer, as is evident in Myanmar and Cambodia for instance.

**Implementation**

The E.U.’s Strategy plays to the E.U.’s strengths. The E.U. has no armed forces of its own and significant defense cooperation still has its limitations. However, the European Commission has a wide range of measures it can use to further E.U. policies abroad, including fostering the development of technological standards and regulations in line with the E.U.’s values and principles. The Strategy is in fact in many respects the externalization of internal E.U. policies, in particular, when it comes to climate change and digitalization, the top two E.U. forward-looking policy priorities back home.

Fortunately, the launch of the E.U. Strategy came at a time when the E.U. was in the process of programing the first four years of its next seven-year cycle of worldwide development assistance. Thus, the necessary steps had been taken to secure access to funding for the E.U.’s Indo-Pacific Strategy within that programing and using other available E.U. financial instruments. Additionally, the E.U. has pooled its resources together with its Member States into “Team Europe” initiatives, in particular when it comes to “greening” and digitalization. The E.U. and its 27 Member States are responsible for 43 percent of world development assistance.

The Joint Communication—focused mainly on implementing the Strategy—highlights seven priority areas for action:

\textsuperscript{15} That does not mean that the E.U. does not simultaneously try to improve human rights situations in partner countries through persuasion by Human Rights Dialogues and other initiatives.

\textsuperscript{16} On December 7, 2020, the European Union adopted a new instrument, a sanctions regime against human rights violations in the world, which makes it possible to sanction natural, legal, or State entities that have allegedly violated human rights.
1. Sustainable and Inclusive Prosperity

Despite the overarching importance of fighting climate change through the Green Transition, trade and investment top the list of E.U. actions for the Indo-Pacific. In addition to completing E.U. trade negotiations with New Zealand (concluded in June 2022) and Australia, the Strategy mentions Indonesia, as well as resuming trade negotiations and starting investment negotiations with India; completing an Economic Partnership Agreement with the East Africa Community; assessing the possible resumption of trade negotiations with Malaysia, the Philippines, and Thailand; and the eventual negotiation of a region-to-region trade agreement with ASEAN. There is much talk of an E.U.-India FTA being concluded in the next two years, however unlikely some observers think this may be. Nevertheless, the E.U. does not mention or engage itself with negotiating to join the regional Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) trade agreement.

Tacked on, as well, in the Strategy is the E.U.’s aim to “pursue its deep trade investment relationships with whom it does not have trade and investment relations, such as Taiwan.” Taiwan is highlighted again when it comes to cooperation on semiconductors (as are increasing tensions in the Taiwan Strait and other hotspots that have the potential to directly impact European security and prosperity).

The politically agreed E.U.-China Comprehensive Agreement on Investment continues to be indefinitely on ice, not least because of Chinese counter-sanctions on many E.U. politicians and other policy influencers coming after the E.U.’s limited and measured use of its new sanctions regime targeting four Chinese individuals and a Chinese corporation’s activities in Xinjiang in March 2021.

2. Green Transition

The Green Transition is the signature policy of the E.U., translated into external action in the region. The E.U. concluded its first high ambition Green Alliance with Japan in 2020 and is seeking other alliances and partnerships with as many countries as possible wishing to make a significant effort to limit climate change and environmental degradation. The support of Pacific and other island states will be critical in building support here. The E.U. says that at least around one-third of all its development funding will be “green.” However, the Green

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Transition might encroach on the interests of its partners in the Indo-Pacific, such as the new rules proposed by the European Commission in November 2021 to curb “E.U.-driven” deforestation18 which might, inter alia, impact Malaysia and Indonesia’s palm oil exports to the E.U.

3. Ocean Governance

The E.U. wants to ensure the sustainable management of the ocean’s resources and safeguard biodiversity.19 It is working with partners against illegal, unreported and unregulated (IUU) fishing in the region. It will expand its engagement with regional fisheries management organizations (RFMO), promote marine protected areas (MPA), and act against marine pollution.

4. Digital Governance and Partnership

Cooperation here is with “like-minded” partners to develop standards for emerging technologies, including areas such as artificial intelligence which the Strategy emphasizes should be “in line with democratic principles and fundamental rights.” In May 2022, the E.U. launched its first digital partnership with Japan.

On February 22, 2022, the E.U., Australia, Comoros, India, Japan, Mauritius, New Zealand, the Republic of Korea, Singapore, and Sri Lanka—later joined by the Philippines, Taiwan, and Thailand—signed a joint declaration on privacy and protection of personal data, moving towards a common approach.20

The E.U. Strategy also says the E.U. is seeking to “strengthen cooperation on research and innovation with like-minded regional partners under the ‘Horizon Europe’ program” and has identified countries it wishes to work with.21 The E.U. captured the full potential in this area with a special study commissioned on the subject.22

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21 Australia, Japan, Republic of Korea, New Zealand, and Singapore.
5. Connectivity

The E.U. always has been a significant player in the connectivity field, in particular in creating internal transport and other quality networks to help build its Single Market and link it with its neighboring countries. However, the E.U. has faced significant challenges to do more than it already does with its development assistance outside the E.U. and its neighborhood since its ambitious plan launched in 2018 to connect Europe and Asia in the fields of transport, digital, energy, and people-to-people.23

One success, at least, was the signing of the ASEAN Comprehensive Air Transport Agreement (CATA) on October 17, 2022, a smart way to achieve connectivity without governments’ having to spend money. But big inter-governmental partnerships such as the September 2019 Connectivity Partnership with Japan, have been very slow to get off the ground despite the best intentions of both partners to do so. Facilitating the mobilization of the necessary funding has proven exceedingly difficult. Nonetheless, the huge pressure from its Member States24 for the E.U. to do more led to its relaunch on an even bigger scale as Global Gateway in December 2021, enlarged to a worldwide remit.25 26

It remains to be seen if up to 300 billion EUR of public and private money for Global Gateway can really be raised and how much Ukraine’s unforeseen and huge reconstruction needs might soak up the E.U.’s infrastructure funding.27 It remains questionable whether the funds will be used strategically rather than spent on disconnected localized and regional projects, including whether the banks will be prepared to coordinate their project funding. E.U. funding is also very slow in coming once promised. Additionally, China’s Belt and Road Initiative, which already has been going for almost a decade, has targeted many strategic assets of countries and has mopped up much of the money available in partner countries for such projects.

The U.S., Japan, and India have joined forces with the E.U. with their own quality infrastructure initiatives. It is never too late, and the needs are great in the region, but this is perhaps not the best place—and a very expensive way—to convince partners that the West’s offer is considerably better than China’s.

27 Ukraine reconstruction costs were estimated at around USD 349 billion by the World Bank by June 1, 2022 – now substantially more. However, Russia may be forced to pay substantial reparations – it has about USD 300 billion foreign currency reserves frozen in the West.
6. Security and Defense

Despite its lack of military might, there is much the E.U. can achieve with its “like-minded partners.” For the first time, the Strategy called for E.U. Member States to have “a meaningful European naval presence” in the Indo-Pacific region. This translated into an agreement in February 2022 to extend for the first time a coordinated E.U. maritime presence into the Northwestern Indian Ocean. The sub-region was no doubt chosen as it was close to home in case naval vessels would need to be recalled because of the Russia-Ukraine war and also because the anti-piracy E.U. Naval Force (EU NAVFOR) Somalia Operation Atalanta already was operating there.

The E.U.’s Strategy certainly envisages more patrols and port calls in the region, building on the permanent French naval presence in the region. German and Dutch frigates deployed into the wider Indo-Pacific in 2021. However, the growth of such modest naval deployments has been heavily disrupted by the Ukraine war. No Member State naval ships did similar visits in 2022.

The E.U.’s Critical Maritime Routes in the Indian Ocean (CRIMARIO) capacity building project has been extended to the Southern Pacific. India, Indonesia, Japan, the Republic of Korea, Singapore, and Vietnam are pilot countries in an E.U. Enhancing Security Cooperation in and with Asia (ESIWA) project which covers counterterrorism, cybersecurity, maritime security, and crisis management. The E.U. is also looking at stepping up its involvement in the ASEAN security architecture.

This is all underlined by a restatement of commitment in the Strategy to a rules-based regional security architecture and secure, free, and open sea lines of communication with the legal framework of the United Nations Convention on the Law of the Sea (UNCLOS), language mirroring the international community’s stance in particular against China’s maritime grab in the South China Sea.

In March 2022, the French E.U. presidency gained agreement within the E.U. on a “European Strategic Compass” for its global security and defense which includes capability development, crisis management, resilience, and partnerships.

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28 Already in 2021, the German and Dutch governments had each made efforts in 2021 to send a frigate to the Indo-Pacific, including the South China Sea.
7. Human Security

The E.U.’s Indo-Pacific Strategy came about in the middle of the Covid pandemic. Intense rivalry had developed in particular between China, the European Union, Russia, and the United States, known as “vaccine diplomacy.” Not having been a priority in the past, the E.U. now says in its Strategy that it will aim to reinforce support to healthcare systems and pandemic preparedness for the least-developed countries in the Indo-Pacific region. This includes collaborative research through its Horizon Europe program.

Next Steps

The E.U.’s Strategy is described by some to be the “third way,” taking no sides, non-threatening, and therefore has been widely welcomed in the region. And the E.U. also has given its Asian partners a large palette for cooperation to choose from.

In all its seven priority areas, the E.U.’s Strategy identifies specific partners in the region which are the most aligned with E.U. policies to work with or continue working with, while not excluding others. Japan and India have also pro-actively approached the E.U. to offer specific areas of cooperation. There are plenty of ongoing dialogues to keep developing the collaboration, especially those partners with Indo-Pacific approaches of their own. These include regular E.U. summits with India, Japan, the Republic of Korea, and the United States, as well as other high-level interactions with more partners in the region. This does not exclude, of course, using the opportunity of the regular E.U.-China summit to search for common ground where possible, as well as at its biannual Asia-Europe Meeting (ASEM) summit—the E.U.’s main forum for dialogue with the region as a whole.

China, indeed, has been largely quiet about the E.U.’s Strategy, as was the case with the French, German, and the Netherlands Indo-Pacific Strategies when they were launched. China’s focus of concern is squarely with the United States and allies with significant naval power. However, China showed its general unhappiness with the E.U. by not replacing its ambassador in Brussels for almost all of 2022.

In a careful way, the E.U. also has offered cooperation with the Quad on what the Strategy calls “issues of common interest” and gives as examples climate change, technology, and vaccines. This naturally drew a favorable reaction from the Quad leaders’ summit on September 24, 2021, which welcomed the E.U.’s Strategy, looking forward to working

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30 The E.U. Delegation in Beijing held an event with Chinese think tanks to discuss the Indo-Pacific soon after the release of the Council Conclusions in April 2021.
together with the E.U. on infrastructure projects. However, it seems that agenda has not advanced a great deal at this stage.

E.U.-Australia relations were not helped with the announcement of the AUKUS agreement a day before the launch of the E.U.’s Strategy. The ensuing loss of the submarine contract by France also unnecessarily rocked the boat among the like-minded. Nevertheless, the E.U. Strategy’s implementation is now in full swing, awkward AUKUS or not. France and Australia are trying to patch things up. It is expected that the E.U.’s next FTA will be with Australia in 2023.

There is no sign that the E.U.’s appetite for political engagement with the Indo-Pacific has lessened because of the Ukraine war. Indeed, China’s declaration of its “friendship without limits” with Russia in February 2022 stiffened the E.U.’s resolve to diversify its relationships and support its other partners in the region. The E.U.’s pro-activity on Ukraine at the G20 Heads of State and Government meeting in Bali showed its determination to bind Indo-Pacific partners closer to its position on Ukraine. E.U. funding was programed for the region before the war started and remains unaffected so far. However, developments in Ukraine will largely determine to what degree limited E.U. Member State naval resources can be stretched deeper into the Indo-Pacific in 2023 and beyond.

**Conclusion**

It is clear that the E.U. has its Indo-Pacific Strategy about right, playing to its strengths in the region and using the opportunity to make some significant advances, especially on the trade and security side. The E.U. is, therefore, on steadier ground staying with its largely socio-economic and relatively light-touch, hard security approach which seeks to calm the increasingly choppy waters of the Indo-Pacific in its own way. Indeed, the E.U.’s Strategy has encouraged other countries, including the United States, to revise and broaden their strategies than just mainly dealing with security concerns.

The E.U. recognizes that it needs to show its commitment to the Indo-Pacific, also to earn the United States’ continued support as a NATO partner in Europe at this time of crisis. Twice-yearly E.U.-U.S. high-level consultations on the Indo-Pacific will help keep everyone in step. This cooperation should be durable enough to continue irrespective of who is in the White House.

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However, the E.U.’s new connectivity initiative Global Gateway still needs to prove itself. The E.U. needs to learn to be much more strategic and nimbler in the use of its economic and financial muscle, especially when it comes to its development assistance. People living in the Indo-Pacific, as well as European citizens, need to feel they are personally benefiting from the Indo-Pacific policy. Despite many expressing doubts concerning the E.U.’s ability to accomplish the mega-ambition of Global Gateway, European Commission President von der Leyen is determined to drive the process vigorously up to the end of her mandate in November 2024.

Japanese Prime Minister Fumio Kishida summed up his country’s reaction of the region to the launch of the E.U.’s Strategy for Cooperation in the Indo-Pacific in October 2021: “Considering the stability of the region, it is extremely important for European and U.S. countries to be interested and involved in Asia’s security environment.”
Back to Territorial Defense? France’s Indo-Pacific Strategy in the Context of AUKUS and Russia’s War against Ukraine

Dr. Mathieu Duchâtel

Background

France’s engagement in the Indo-Pacific is “part of the intangible elements of our sovereignty and our defense and security policy.” This was the message that the French Minister of the Armed Forces Sébastien Lecornu delivered at the Shangri-La Dialogue’s defense diplomacy summit in Singapore in early June 2022. This speech was the first from a senior French official after President Macron’s reelection—and the highest-level French statement on Indo-Pacific security since Russia launched its war of aggression against Ukraine in February 2022.

Historically the first European country to adopt an Indo-Pacific vision, centered on the defense of the French sovereign territories in the Pacific and Indian Oceans, France has been a strong advocate of a Europeanized approach. Can France lead Europe to become a more influential force in the Indo-Pacific? The European Union (E.U.) adopted in 2021 a Strategy for Cooperation in the Indo-Pacific, but at the cost of a loss of focus. Reaching a common European denominator has led to a dilution of the original hard security and maritime law

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components of the French approach and established a much broader framework that seeks to be as inclusive as possible. A broad framework like this is intended to create space and flexibility.

The Australia – United Kingdom – United States (AUKUS) trilateral security partnership and the ongoing war in Ukraine have provided a helpful reality check regarding Europe’s stated ambitions to contribute to the security of the Indo-Pacific. By choosing to inflict considerable damage to Franco-Australian security cooperation, the Biden administration essentially told the whole of Europe that it sees little value in a European role in the Indo-Pacific security environment—complicating French efforts to turn the E.U. into a significant security player in that region, to a point of no return at a time of persistent Russian military threat against Europe.

E.U. member states use the E.U. Strategy for Cooperation in the Indo-Pacific as a broad strategic guideline to diversify and step up their regional engagement, very often dominated by a legacy of magnetic attraction to the Chinese market. Diversification, in the form of deepened trade and investment ties with Indo-Pacific countries, is the best outcome that Europe can realistically achieve. How far this process of diversification will go—and whether it will materialize in a significant European contribution to the infrastructure development needs of the region—will be the main criteria against which to assess the success or the failure of the E.U.’s Indo-Pacific Strategy. This means that France will remain in a category of its own in Europe, as an Indo-Pacific resident power whose actions to defend its national interests contribute with shaping the regional security architecture. However, French leadership plans in Europe need some expectation management.
The Intangibles Stay

1.65 million French nationals in territories that include New Caledonia, French Polynesia, Wallis and Futuna, Clipperton Island, Reunion Island, Mayotte, and the French Southern and Antarctic Lands; 10.2 million square kilometers of Exclusive Economic Zone (EEZ), the world’s second largest; 7,000 deployed military personnel, including on French Indian Ocean bases in Djibouti and the UAE: these are the traditional sovereignty and territorial integrity issues that make France a “resident power” of the Indo-Pacific.

Those territories do not face immediate threats. However, territorial disputes generate long-term challenges to the integrity of 1 million square kilometers of its EEZ. In the Pacific Ocean, Matthew and Hunter Islands, administered by New Caledonia but claimed by neighboring Vanuatu, generate an EEZ of 350,000 square kilometers.37 One such example of direct challenge to French legal rights in the country’s EEZ is a 2004 case in which the French Navy intercepted a Taiwanese fishing boat, which claimed that it was in a fishing zone authorized by the government of Vanuatu.38 In 2017, France responded to an illegal campaign by Vietnamese fishing boats in the EEZ of New Caledonia, leading to three judicial condemnations in Nouméa.39 In the Indian Ocean, France has a territorial dispute with Madagascar regarding the Scattered Islands—four islands which generate a 640,000 square kilometers of EEZ for France in the Mozambique channel, and that were attached to French overseas territories by a De Gaulle decree in 1960, two months before the independence of Madagascar from France.40

Could China support Madagascar and Vanuatu in exchange for access to fishing rights? This is not entirely a theoretical question. In the Indian Ocean, Paris perceived the short-lived 2019 agreement between Madagascar and a Chinese company to grant fishing rights in the island’s EEZ as a serious challenge for fishing resources management, given the scale of the announced U.S.$2.7 billion (compared with €6.1 million paid by the E.U. to Madagascar as part of a 2015-2018 fishing deal).41 In the Pacific Ocean, the fishing industry is an area of

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booming cooperation between China and Vanuatu.\footnote{Marc Ati and Zhou Haicheng, “China, Vanuatu embark on new journey together,” \textit{China Daily}, March 22, 2022, https://www.chinadaily.com.cn/a/202203/22/WS6239227da310fd2b29e5265d.html.} French Polynesia manages its EEZ under a strict fishing resources protection regime that does not allow fishing activities by foreign vessels. Part of French Polynesia’s EEZ is located within the South Pacific’s tuna belt, which attracts fishing trawlers from East Asia. According to a 2022 report by the Cour des Comptes, a French supreme audit institution, the French state monitors foreign vessels fishing tuna in the vicinity of Polynesia’s EEZ. There was no reported intrusion by foreign vessels, even though 43 percent had Taiwanese registration, 33 percent Chinese registration, nine percent South Korean registration, and five percent Vanuatuan registration.\footnote{“La gestion et la protection de la zone économique exclusive de Polynésie française (The management and protection of the exclusive economic zone of French Polynesia),” Cour des Comptes (Court of Audit), February 7, 2022, https://www.ccomptes.fr/fr/publications/la-gestion-et-la-protection-de-la-zone-economique-exclusive-de-polynesie-francaise.} Cour des Comptes’ audit report nevertheless recommends improving communication networks between the local fishing fleet, naval forces, and Tahiti’s maritime surveillance hub in order to prevent future threats against the EEZ.

Given the temporarily weakened surveillance capacity of the French state in those maritime spaces, the absence of reported illegal fishing in recent years is notable but should not be taken for granted. A 2022 Senate report compares the current French maritime patrol capacity in its EEZ to two police cars surveilling the whole French metropolitan territory.\footnote{Philippe Folliot, Annick Petrus, and Marie-Laure Phinera-Horth, “Les Outre-Mer au cœur de la stratégie maritime nationale, (The overseas territories at the heart of the national maritime strategy),” Sénat (Senate), February 24, 2022, https://www.senat.fr/notice-rapport/2021/r21-546-notice.html.} In the early 2020s, the French military is decommissioning old systems and deploying new ones in the Indo-Pacific region. Falcon 2000 maritime patrol airplanes will replace Falcon 200 in La Réunion, but not until 2025. Six maritime overseas patrol boats called Patrouilleur Outre-Mer (POM) will replace the ten P400 of the French Navy deployed in New Caledonia, La Réunion, and Polynesia between 2023 and 2025—a replacement that creates a temporary capacity gap. The Senate report on French defense posture in the Indo-Pacific advocates additional POM deployments, and the use of surveillance drones to increase maritime domain awareness in the French EEZ. To close the gaps in maritime surveillance, France also will need to further increase satellite coverage. The recent signing of the Trimaran 3 contract between the French Navy and a consortium of space imagery companies is a step in the right direction.\footnote{“La Marine française développe ses outils de surveillance de son espace maritime (The French Navy is developing its tools for monitoring its maritime space),” \textit{Le Figaro}, June 8, 2021, https://www.lefigaro.fr/flash-eco/la-marine-francaise-developpe-ses-outils-de-surveillance-de-son-espace-maritime-20210608.} In addition, space-based maritime surveillance has the potential to emerge as a concrete area of cooperation between France and the Quadrilateral Security Dialogue (Quad), which announced in May 2022 a new satellite-based maritime domain awareness initiative.\footnote{Park Si-soo, “Quad nations unveil satellite-based maritime monitoring initiative,” \textit{SpaceNews}, May 24, 2022, https://spacenews.com/quad-nations-unveil-satellite-based-maritime-monitoring-initiative/.} The format of French naval assets deployed in the Indo-Pacific region indicates the absolute
priority placed on EEZ maritime security—and enables contributions to humanitarian assistance and disaster relief missions, such as in Tonga after the January 2022 volcano eruption. In the 2030s, the French Navy may deploy a new class of frigates equipped with surface-to-air and anti-ship missiles—a capacity currently lacked by French naval assets in the Indo-Pacific, which limits their mission options.

These national “intangibles” connect to a vision of the international security order. To paraphrase former Armed Forces Minister Jean-Yves Le Drian, challenges to the United Nations Convention on the Law of the Sea (UNCLOS) in the South China Sea pose a general threat to a maritime order based on international law everywhere, from the Arctic Ocean to the Indian Ocean—including to French sovereign maritime rights.

**Europeanization Progresses Slowly**

During the first half of 2022, France held the rotating presidency of the European Union. Accelerating the implementation of the E.U.’s Indo-Pacific Strategy was a stated priority, was this achieved? An international context of events was clearly not favorable for France’s goal. The E.U. presidency came immediately after AUKUS, through which the Biden administration undermined French Indo-Pacific leadership in Europe. The formation of AUKUS in September 2021 signaled to E.U. Member States that the France-Australia security partnership, a pillar of French engagement in the Indo-Pacific, was essentially an obstacle to be removed for the U.S. to achieve its own priorities in terms of military balance with China. A few months after the AUKUS shock, the French E.U. presidency also saw Russia launch its war of aggression against Ukraine, completely changing the national security debate in many European capitals.

Despite this context, France successfully raised the strategic
profile of the Indo-Pacific in Europe by hosting in Paris the first Ministerial Forum for Cooperation in the Indo-Pacific in February 2022, in cooperation with the External Action Service of the European Union. Held a day before the launch of the Russian invasion of Ukraine, the Forum represented an inflexion point for France’s policy towards the Indo-Pacific.

Departing from France’s traditional focus on the maritime security order, the Ministerial Forum established a political manifesto in favor of multilateral diplomacy. Paris hosted 27 E.U. foreign ministers (or their representatives), around 30 from the Indo-Pacific region, and representatives of regional organizations from both the Indian Ocean and Pacific Ocean. The decision not to extend an invitation to China (consistent with France’s previous approach) and the United States (more surprising) carried a political message: France seeks to lead Europe as a force opposing the transformation of the Indo-Pacific into a space defined by a bipolar U.S.-China rivalry. This coincided with the apparition of the term “third way” in Paris. As the term evokes the Bandung neutralism of the early Cold War, by reference to the 1955 Asian-African Conference held in the Indonesian city which led to the creation of the non-aligned movement, it misled some into thinking that France was calling for a non-aligned Europe. In fact, the Ministerial Forum was consistent with the French thinking regarding Europe having a special space and added value in offering alternatives to countries in the Indo-Pacific that want to avoid being locked into a binary choice between China and the United States.50

But what can Europe really offer? French diplomats described the Ministerial Forum’s political goal as reaching an “Indo-Pacific of concrete actions.” Turning the E.U. strategy into action at a multilateral forum is not an easy task, but several achievements deserve to be mentioned. The decision to open branches of the European Investment Bank in Nairobi, Jakarta, and Suva is a concrete step to support the implementation of the E.U.’s infrastructure investment plan (Global Gateway). The E.U.’s membership in the North Pacific Fisheries Commission is a step to play a greater role in regional fisheries management; protection of marine ecosystems; and the struggle against illegal, unreported, and unregulated (IUU) fishing. Finally, announcements regarding E.U. Critical Maritime Routes Indian Ocean (CRIMARIO) and the E.U. project for Enhancing Security Cooperation in and with Asia (ESIWA) matter. These two projects may be small in scale, but they enhance the E.U.’s profile as a maritime soft security actor, which promotes regional cooperation dialogues and has a maritime situational awareness offer for Indo-Pacific states: the Indian Ocean Regional Information Sharing (IORIS) platform, adopted already by some maritime law-enforcement

agencies—most recently, in the Philippines, and altogether by 19 national and regional maritime agencies from 12 countries and organizations in the Indo-Pacific.  

The Ministerial Forum format may become a regular multilateral platform for concluding Europe and Indo-Pacific deals. After some hesitation, the Swedish E.U. presidency has announced a second Ministerial Forum to take place in Stockholm during the first half of 2023.  

Under the Czech presidency, (second half 2022), steps were taken to continue actively supporting the implementation of the E.U.’s Indo-Pacific Strategy. A High-Level Dialogue on the Indo-Pacific took place June 13-14 in Prague, in preparation for the Czech Republic taking over the presidency of the E.U. during the second half of 2022. The involvement of NATO as a sponsor of this Prague Dialogue, along with the importance of bilateral ties with Taiwan for the Czech Republic, deliberately put in the spotlight the question of authoritarian threat to democratic systems, a political dimension relatively absent from the French approach to the Indo-Pacific. It suggests that the E.U. strategy is broad enough for states to emphasize their own political priorities.

But for all E.U. Member States, the most concrete stake is to use the strategic guidance of the Indo-Pacific vision to diversify trade and investment relations away from China and seize the opportunities to play a role to respond to the infrastructure needs of Indo-Pacific states. Table 1 shows how trade with China dwarfs trade volume with India, Japan, and ASEAN for the three upcoming presidents of the European Union, and three influential strategic players within the E.U. (Denmark, the Netherlands, and Poland). Foreign Direct Investment (FDI) stocks show a different picture. The cumulated stock of E.U. FDI in Japan, India, Australia, and Singapore exceeds E.U. FDI stock in China (including Hong Kong)—6.4 percent of the total, versus 3.8 percent. Those numbers, however, are incomparable with European FDI stocks in the U.S. and the U.K. (respectively 24.3 percent and 21.8 percent of the total) which points to the immense potential of the Indo-Pacific region to unlock growth for European companies at a time when political risk and unpredictability are on the rise in China.  

Table 1: Comparing the Trade Volume of Key E.U. Member States with China, India, Japan, and ASEAN (See Table 1 on next page.)

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<table>
<thead>
<tr>
<th>Country</th>
<th>Exports in Billion USD</th>
<th>Imports in Billion USD</th>
<th>Total Trade Balance in Billion USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>3.38</td>
<td>31.8</td>
<td>-28.42</td>
</tr>
<tr>
<td>India</td>
<td>0.666</td>
<td>1.86</td>
<td>-1.194</td>
</tr>
<tr>
<td>Japan</td>
<td>0.787</td>
<td>3.74</td>
<td>-2.953</td>
</tr>
<tr>
<td>ASEAN</td>
<td>1.647</td>
<td>4.996</td>
<td>-3.349</td>
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**Poland (2020 data)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports</th>
<th>Imports</th>
<th>Total Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2.469</td>
<td>28.3</td>
<td>-25.831</td>
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<tr>
<td>India</td>
<td>0.643</td>
<td>0.919</td>
<td>-0.276</td>
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<tr>
<td>Japan</td>
<td>0.986</td>
<td>3.074</td>
<td>-2.088</td>
</tr>
<tr>
<td>ASEAN</td>
<td>1.054</td>
<td>3.011</td>
<td>-1.957</td>
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**Czech Republic (2020 data)**

<table>
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<th>Country</th>
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<th>Imports</th>
<th>Total Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>9.55</td>
<td>30.3</td>
<td>-20.75</td>
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<tr>
<td>India</td>
<td>1.4</td>
<td>3.32</td>
<td>-1.92</td>
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<tr>
<td>Japan</td>
<td>2.9</td>
<td>2.51</td>
<td>0.39</td>
</tr>
<tr>
<td>ASEAN</td>
<td>3.342</td>
<td>8.88</td>
<td>-5.538</td>
</tr>
</tbody>
</table>

**Spain (2020 data)**

<table>
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<th>Country</th>
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<th>Imports</th>
<th>Total Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>0.339</td>
<td>9.02</td>
<td>-8.681</td>
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<tr>
<td>India</td>
<td>1.02</td>
<td>0.732</td>
<td>0.288</td>
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<tr>
<td>Japan</td>
<td>2.48</td>
<td>1.26</td>
<td>1.22</td>
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<tr>
<td>ASEAN</td>
<td>2.816</td>
<td>3.027</td>
<td>-0.211</td>
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**Sweden (2020 data)**

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<th>Country</th>
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<tbody>
<tr>
<td>China</td>
<td>5.81</td>
<td>7.52</td>
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<tr>
<td>India</td>
<td>0.576</td>
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<td>Japan</td>
<td>2.26</td>
<td>0.503</td>
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<tr>
<td>ASEAN</td>
<td>2.406</td>
<td>1.769</td>
<td>0.637</td>
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**Denmark (2020 data)**

<table>
<thead>
<tr>
<th>Country</th>
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<th>Imports</th>
<th>Total Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>15.6</td>
<td>64.9</td>
<td>-49.3</td>
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<tr>
<td>India</td>
<td>2.44</td>
<td>5.58</td>
<td>-3.14</td>
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<td>Japan</td>
<td>10.2</td>
<td>4.38</td>
<td>5.82</td>
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<tr>
<td>ASEAN</td>
<td>8.788</td>
<td>35.169</td>
<td>-26.381</td>
</tr>
</tbody>
</table>

**Sources:** For country to country breakdown, [OEC](https://www.oecd.org), 2020; for Czech Republic, [WIT](https://www.worldbank.org), 2019; for ASEAN statistics, [EC Europa](https://ec.europa.eu), 2021.
Next Steps

Since October 2022, Marc Abensour, former French Ambassador to Singapore, has taken over the position of the Paris-based French Ambassador to the Indo-Pacific. The choice of a senior diplomat with experience not only at French missions in China, the United States, and NATO, but also in technology transfers and export controls shows an intention to keep a firm political focus on the security/strategy nexus in the Indo-Pacific. The key question for France will remain to combine and balance this traditional focus with the new European emphasis on economic diversification in the Indo-Pacific. Looking ahead, France’s presence in the Indo-Pacific should develop around four main axes:

1. Accelerate the deployment of a stronger maritime-domain awareness and territorial defense capability in overseas territory. Cooperation with Australia, France’s neighbor in the Pacific Ocean, will be a crucial element of this effort now that the relationship is being reset post-AUKUS, with the government of Prime Minister Anthony Albanese.

2. Deepen defense and security cooperation with France’s five key partners in the Indo-Pacific: Australia, India, Japan, the United States, and (increasingly) Indonesia through arms sales. With Australia, India, Japan, and the U.S., the defense and security relationship should increasingly focus on operational jointness through combined exercises during French military deployments in the region.

3. Develop a robust infrastructure development leg, in addition to France’s Indo-Pacific footprint, through the European Union and cooperation with key partners—particularly with Australia, India, Japan, and the U.S. This will only work if the Europeans are able to mobilize the private sector in profitable projects and if communication around signature projects shows Indo-Pacific partners that France and Europe contribute to the region’s economic development.

4. Add a supply chain security element to the French/European policy towards the Indo-Pacific. The lack of European debate in regard to joining the Indo-Pacific Economic Framework is regrettable. If the E.U. is not ready to move forward, France should consider joining as an Indo-Pacific resident power.
**Conclusion**

The gap between the French focus on security and the maritime order, and a broader European focus on stepping up and diversifying engagement, will be a blessing in disguise if it leads all Europeans to play on their strengths in the Indo-Pacific. E.U. Member States should not be expected to play a significant role in the Indo-Pacific security architecture beyond the small-scale projects carried out by the E.U., such as CRIMARIO and Early Warning for Increased Situational Awareness (EWISA), and some naval deployments to demonstrate their commitment to the UNCLOS. Which European NATO countries provide direct military support to the United States as part of a coalition in case of war in the Indo-Pacific is a completely different question, for which the E.U. is not particularly relevant, except to reach common positions at the European Council. Therefore, France should be expected to remain lonely in its focus on territorial defense. This peculiarity will continue to make France a credible partner for countries in the region for which a maritime order based on UNCLOS matters directly and concretely.

Whether the Indo-Pacific will become a sea of opportunities for Europe depends on the capacity of E.U. Member States, the E.U., and European multinational companies to respond to the infrastructure development needs of the region. Enabling Indo-Pacific partners to remain in the best position in order to avoid the trap of excessive dependence and the risk of coercion is a solid political idea, but the real political issue today is the question of implementation of actual projects. There are some positive examples in the area of submarine cables. At the December 2022 summit of the E.U.-U.S. Trade and Technology Council in Washington, the two sides announced a project to support resilient digital connectivity and information and communication technology services in Kenya.56 As part of Global Gateway, its policy instrument to support connectivity infrastructure projects in third countries, the European Union announced in December 2022 €6.05 billion in financial guarantees to support 40 investment programs in Sub-Saharan Africa, Latin American, and Asia Pacific.57 But examples like this are too few and not sufficiently visible. Europe needs to prioritize signature projects that deliver fast results, in order to demonstrate to the Indo-Pacific region that it can support infrastructure development plans conceived locally. Multilateralism has a role to play in creating a positive dynamic, in generalizing agreements and consensus building in smaller formats, and also in keeping the focus on broad issues of global governance. While multilateralism provides a platform to conclude deals and send political messages throughout the world, it is however definitely not a silver bullet for Europe to make a real difference in the Indo-Pacific.

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Germany’s Strategic Vision for the Indo-Pacific 2.0

Dr. Angela Stanzel

Background

Since the German government's Indo-Pacific Guidelines were published in 2020, German policy has made important progress in deepening relations with existing and new partners in the Indo-Pacific region.58 The progress report on the implementation of the German Indo-Pacific Guidelines is an important guide to keep tabs on German engagement and a tool for understanding the federal government's current Asia and China policy, as well as its updates. Two progress reports have been published since the guidelines were presented in September 2020.59 The annual progress report is essentially intended to answer questions about how the guidelines have been implemented to date. This time, however, the report also addresses the question of where Germany is headed in the region in the future.

The 2022 progress report on the guidelines takes a geostrategic perspective for the first time, linking current foreign and security policy developments with Germany’s goals in the Indo-Pacific region. In contrast to 2021, the 2022 progress report includes a foreword. In addition, it takes stock of the challenges to the rules-based world order that have arisen as a result of the Russian war of aggression against Ukraine. For the first time, the report also mentions the Taiwan Strait, noting "that in the Taiwan Strait, a change in the status quo can only take place peacefully and by mutual agreement." The guidelines themselves (along with the first progress report) did not mention Taiwan, unlike the E.U.’s Indo-Pacific Strategy, which was published in September 2021.60 Finally, the 2022 report also names Oceania—the "blue continent"—as an individual territory for the first time.

The progress report clearly takes a geostrategic perspective, which is in itself an innovation. This chapter links current foreign and security policy developments with Germany’s goals in

the Indo-Pacific. Following the federal election at the end of 2020, the new governing parties in Berlin not only emphasized Germany's commitment to the Indo-Pacific region in their coalition agreement, but also announced their intention to draw up an initial German China strategy. The China strategy is likely to be published before mid-2023. This raises the question of what conclusions the China strategy will draw for the Indo-Pacific Guidelines. The second central question also concerns the future actions of the German government vis-à-vis its Indo-Pacific partners.

**China's Role in the Guidelines**

Germany’s Indo-Pacific Guidelines remain vague about China's role in the region. They speak of "inclusiveness" in the sense of inclusive, regional cooperation much like the official definition of Association of Southeast Asian Nations (ASEAN), which emphasizes inclusiveness and cooperation rather than rivalry and also deliberately sets itself apart from the U.S. narrative that opposes China's hegemonic claims in Asia. Nonetheless, it was Germany's perception that China's foreign and security policy was changing that provided the impetus for formulating an Indo-Pacific strategy during Angela Merkel's chancellorship. The rise of China under Xi Jinping, head of state and party, became a catalyst for geopolitical tensions that increasingly questioned the rules-based international order and regional security. In this context, from Berlin's perspective, German interests in the Indo-Pacific also were at risk. The new federal government shares this assessment. Since it seems to have less and less influence in Beijing itself, the German government now is examining how to shape China's environment.

Accordingly, China is looking with suspicion at new strategic approaches by the German government in the Indo-Pacific. One clear signal of this suspicion was Beijing's refusal to allow the German frigate Bayen to dock in a Chinese port when it transited the Indo-Pacific from August 2021 to February 2022. In Chinese discourse, as conducted by the country's media and think tanks, Germany's regional ambitions usually are seen as a consequence of efforts led by Washington to contain China's rise.

In fact, however, the focus of German policy toward China is still ambiguous. Although the German government is increasingly concerned about Beijing's growing influence in the Indo-Pacific, it always emphasizes that its growing engagement in the region is not directed against China. Germany is recognizably performing a strategic balancing act, especially since it is also trying to show its military colors alongside those partners who for their part are increasing their power projection capabilities vis-à-vis China in the Indo-Pacific, such as Australia, Japan, and the U.S. After the German Navy sent the Bayen frigate through the Indo-Pacific for the first time in two decades, the German Air Force deployed 13 military aircraft to the
region in August 2022—an operational first. The so-called "Rapid Pacific 2022" operation aimed to get aircrafts to the Indo-Pacific region within 24 hours. As part of this, the Air Force participated in September 2022 in the “Pitch Black” exercises, Australia’s largest air force maneuver, in which 16 other countries (including India, Indonesia, Japan, South Korea, the United States, and France) took part. Following “Pitch Black,” the aircraft units practiced together with the Singapore Air Force and visited allies in Japan and South Korea.

"Rapid Pacific 2022" had unambiguous geostrategic objectives, as the action signaled that Germany could have a rapid military presence in the Indo-Pacific, even in the face of security challenges in Europe owing to Russia's war in Ukraine. At the same time, Germany made it clear that the presence of the Bundeswehr was not directed against China. Thus, during their presence in the Indo-Pacific, neither the German Navy nor the Air Force crossed the Taiwan Strait. So far, Germany always has shown consideration for Chinese sensitivities in its Indo-Pacific policy, as in the dispute over Taiwan. For regional observers, therefore, the main question is to what extent German policy will reassess its own relations with Beijing as it shifts its focus to the Indo-Pacific—and, thus, what the region can expect from Berlin's China policy.

The German Guidelines from the Perspective of the Region

The German government’s initiative to seek a strengthening of exchanges with Indo-Pacific partners beyond China was particularly welcomed by those that have already institutionalized alliances to contain Beijing’s expansionist ambitions in the region. For example, this is the case for Japan and Australia, which are both part of the Quad with India and the U.S. Australia also signed the AUKUS pact with the United States and the United Kingdom to get assistance in acquiring nuclear powered submarines. The first mention of the Taiwan Strait in a document on German Indo-Pacific policy, for instance, may have been considered overdue by some foreign and security policy observers, especially in the United States, but also in Australia and Japan. After all, the security and stability of the region, in which Germany has a great interest, are increasingly threatened by the risk of military escalation over Taiwan. The fact that the island has been given greater consideration in the current progress report is, therefore, welcomed above all by countries such as Japan, which is increasingly concerned about tensions in the Taiwan Strait. At the same time, other Indo-Pacific countries share an inclusive approach and may hope that Berlin will become part of mitigating tensions between the two giants, the U.S. and China, rather than becoming part of the great power rivalry. This is, in particular, the case in Southeast Asia and within ASEAN.

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As far as expectations of Berlin as a military policy actor are concerned, they are still modest. After all, Germany is far from being able to assume the role of a security guarantor in the region due to its low military capacities, geographical distance, and lack of historical ties. Military actions such as the frigate deployment and "Rapid Response 2022" are welcomed by regional partners but are seen as mere security symbolism.

On his first trip to Asia in April 2022, Chancellor Olaf Scholz visited Japan rather than China, which was seen as a signal that Berlin was turning more towards its regional value partners. In Tokyo, Scholz agreed to hold regular government consultations starting in 2023—a format that Germany has maintained with China since 2011. However, the chancellor then visited China on November 4, 2022, which for several reasons was perceived by observers in and outside of Germany as a strong signal that the chancellor was seeking to further strengthen ties with China, in particular hoping for gaining economical profits. Scholz visited China immediately following China’s 20th Party Congress, which ensured Xi Jinping’s indefinite and iron rule over China. Scholz was the first Western leader to meet Xi personally since the outbreak of the COVID-19 pandemic, accompanied by a business delegation in the tradition of his predecessor Angela Merkel.

There was one German move that surprised regional partners: the visit by Foreign Minister Annalena Baerbock to the South Pacific island state of Palau in July 2022, which was the first visit by a German foreign minister in 120 years. She made her trip there after the G20 foreign ministers’ meeting in Indonesia and before a visit to Japan. In Palau, Baerbock focused on the dangers of the climate crisis, while at the same time paving the way for future cooperation with Pacific Island states. Germany is entering uncharted territory with this venture in the South Pacific and is deploying added resources for this purpose. Baerbock appointed a special ambassador for the region; even the establishment of diplomatic missions is possible, although probably not in the near future. These decisions alone will not make Germany a major player in the South Pacific. However, Baerbock’s efforts to forge new partnerships in the region were understood as a political signal. In 2018, Germany, together with the Pacific state of Nauru, founded the Group of Friends on Climate and Security at the United Nations. Now with several dozen member states, its intention is to help anchor the security implications of climate change more firmly as an issue on the UN Security Council’s agenda. Germany also may be able to count on the members of the Group of Friends when it applies for a non-permanent seat on the Security Council for the period 2027-2028.
Next Steps

While implementing the guidelines, Germany continues to pursue an inclusive approach, which is well accepted in the region. Scholz’s short visit of 12 hours in Beijing was a signal that Germans are still attracted to the Chinese markets and investments, but also it was a political attempt to establish personal ties with China’s leadership. As communication has been limited to telephone calls and online meetings, the interaction needed to pursue remaining common interests and cooperation that faded in recent years. This, in turn, contributed to worsening the relationship between Germany—and the European Union (E.U.) as a whole—and China since the pandemic began in Wuhan and the more Beijing isolated the country. If any progress can be made it has to be via personal exchanges. It is important to signal to China in this way that Germany is willing to continue its cooperation to date. However, it should be emphasized that effective cooperation is only possible if the framework conditions are also shaped in the E.U.’s interest. This means convincing China, as far as possible, of the advantage of rules-based behavior that follows the international understanding of the regional, as well as global order.

At the same time, Germany needs to work towards shaping the rules-based order according to its own interests, which are based on democratic norms and standards. Germany announced its intention to strengthen cooperation with its Indo-Pacific partners, both geographically and thematically. As such, the German government should first invest its resources in deepening foreign and security policy relations with traditional partners who, like Japan and Australia, in turn desire greater exchange with Germany and the E.U.

When it comes to bringing the implementation of the guidelines into line with the future China strategy, for example, consideration should be given to seeking exchanges with Indo-Pacific partners on the Taiwan issue. This should include a joint assessment of the risk of escalation and how an armed conflict over the island could be prevented. Germany's Taiwan policy, precisely because of its volatility, is a particularly striking example of the need to coordinate with the partners mentioned in the German Indo-Pacific Guidelines. It is essential to find out what expectations and interests the Indo-Pacific side has regarding Germany's engagement with China and Taiwan. Many countries in the region already have long established economic and cultural relations with Taiwan due to their geographical proximity (without crossing the threshold of state recognition).

In addition, it might be worthwhile to strengthen cooperation with Taiwan itself. One possible area for this would be Germany's presence in countering foreign influence and misinformation. In August 2021, the German government opened a "Regional Germany Center" in Singapore. Its task is to counter targeted disinformation with facts about foreign and security policy developments in the Indo-Pacific region. Cooperation with Taiwan, which often has to deal with deliberate misinformation from the People's Republic of China, could
benefit Germany with receiving knowledge and resources. A good model would be, for instance, cooperation with the Doublethink Lab—a civil society organization that has been trying since 2019 to strengthen Taiwanese democracy through better digital defense.

In order to live up to the claim of contributing to the preservation of the rules-based international order and international law, it is important to uphold a political signal to Indo-Pacific partners that Germany is seeking security engagement even given challenges at home brought by the war in Ukraine. Through a regular, even if merely symbolic, presence of Germany in the region, there is also a practical learning curve for the German armed forces. The “Rapid Pacific 2022” exercise, for example, gave the German Air Force the opportunity to test its interoperability with allies in unknown terrain and conditions, namely throughout the Indo-Pacific region (and included practicing air attacks and defense in larger formations).

Without doubt, considerably more commitment and resources are needed than the mere development of security capacities. German engagement with the Indo-Pacific region will only be credible if it continues to invest in civilian approaches. Germany has launched several initiatives in the Indo-Pacific and must now press ahead with them. Examples include projects to combat climate change through cooperation in the development of green hydrogen technologies (with Australia, among others), and projects aimed at promoting regional infrastructures in accordance with high international standards, such as the E.U.’s Global Gateway initiative.

**Conclusion**

The challenges that the war in Ukraine pose to Europe, and with effects felt throughout the Indo-Pacific region, are reflected in Germany’s geostrategic outlook for the region and the progress report of 2022. Germany now needs to pursue its geostrategic approach further, for instance, by bringing the implementation of the Indo-Pacific Guidelines in line with its future China strategy. Furthermore, the task and, at the same time, the opportunity for Germany is to work toward an effective and sustainable use of foreign and security policy resources. If it succeeds in this, Germany can remain credible with its engagement in the Indo-Pacific region, even at a time when it also must strengthen Europe's security and stability.
The U.K.’s Strategic Vision for the Indo-Pacific

Dr. Samir Puri

Background: the U.K.’s Indo-Pacific Tilt

A string of events took place in 2021 that have completely redefined Britain’s level of strategic ambition and engagement in the Indo-Pacific region. On March 16, 2021, the U.K. government published a major policy paper entitled “Global Britain in a Competitive Age: The Integrated Review of Security, Defense, Development and Foreign Policy.” Commonly referred to as the Integrated Review, it is the most comprehensive review of global British strategic ambition and associated resource alignments in a generation.62

A major policy priority was to prepare Britain for an era of strategic competition between Western powers and China, and the very first paragraph of the Integrated Review states that “We [the U.K.] must also do more to adapt to major changes in the world around us, including the growing importance of the Indo-Pacific region.” The Integrated Review set a clear level of ambition in this regard: “By 2030, we will be deeply engaged in the Indo-Pacific as the European partner with the broadest, most integrated presence in support of mutually-beneficial trade, shared security and values.”63 Given the post-Brexit domestic policy context in which the Integrated Review was compiled, one cannot fail to note the tone of good-natured competition between Britain and its erstwhile fellow E.U. member states in these lines.

The Integrated Review named China a “systemic competitor” and wrestled with the conundrum of balancing the U.K.’s trading interests with policies to hedge against China’s economic and military rise as posing threats to regional peace and security. Adopting a middle ground on this, the British identified strategic policy priorities in the Indo-Pacific as contributing to Indo-Pacific security and reaping the economic rewards of the region’s rise.


These interlinked motivations for U.K. engagement with regional partner states in the Indo-Pacific include Japan, Malaysia, Singapore, India, Australia, and New Zealand.

The next key event in the Indo-Pacific tilt occurred unexpectedly in the summer of 2021. Events transpired in Afghanistan that accelerated the rebalance of British strategic priorities away from the 9/11 wars to the Indo-Pacific. The decision by the U.S. to wind down its twenty-year military presence in Afghanistan caused a sudden rout of the Afghan National Army by the Taliban. Whereas the U.K.—just like the U.S.—had prepared for a gradual phasing out of its War on Terror commitments, the chaotic evacuation of remaining Western forces from Afghanistan sped up the transition. Defeat in Afghanistan marked a clear end of this era in Western war fighting. Ignominious though it was for the U.S., U.K., and their allies, it also freed them of a burdensome commitment and hastened the refocusing of strategic attention on the Indo-Pacific.

The U.K. heralded this new era later in 2021, when the Royal Navy dispatched the aircraft carrier HMS Queen Elizabeth II as part of a carrier strike group on its maiden operational deployment to the Indo-Pacific. On board were F-35B aircraft operated jointly by British and U.S. Marine Corps personnel. The Ministry of Defense advertised the deployment as showcasing “the U.K.’s ability to project global influence and send a powerful message about our ability, and our willingness, to act globally.” Visiting partner countries along the way, in early August 2021, HMS Queen Elizabeth II transited the Bashi Channel at the southern edge of Taiwan and sailed northward along waters off the eastern Taiwan coast, later docking in Japan. Similar to the U.S.’s naval deployments in the area, the U.K. was demonstrating that the waters around Taiwan were international. A scathing article in China’s English-language Global Times...

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fumed that the HMS Queen Elizabeth II’s voyage “will not bring the U.K. back to its former imperial glory,” indicating that China had taken suitable notice of the deployment.

The announcement of AUKUS in September 2021 capped off a major year in U.K. strategic engagement in the Indo-Pacific. AUKUS is a tripartite agreement in which the U.K. and U.S. announced a security agreement with Australia to help it build nuclear powered submarines, while enhancing cooperation in cyber security, advanced technology, and other areas. This was especially validating for post-Brexit U.K. foreign policy, which was seeking to deepen its engagement with fellow Commonwealth countries such as Australia. The historical and cultural links between the U.K. and Australia, given the latter’s origins as a nineteenth century British settler colony, were deep enough to make this a monumental deal. The Australia nuclear powered submarines would enter service in the 2040s, signifying the sense that the U.K. was in this for the long haul, and that the journey was as important as the destination. AUKUS would sustain defense cooperation and the exchange of military and technical personnel, providing a clear framework for the U.K. and U.S. to engage Australia with one eye on the deterrence of China.

The U.K.’s Imperial Pedigree as a Global Power

Whereas the U.S. always will be an Indo-Pacific power by dint of its Pacific seaboard, the U.K.’s claim to a role in the region resides more in history than in geography. The U.K.’s self-conception as a global power—despite its much smaller resource base than the U.S.—is inspired as much by its conception of living up to the legacies of its historic role as an engaging global imperial maritime trading power.

It is more than a mere historical curiosity that 2021 was the second time the U.K. had been simultaneously embroiled in Afghanistan and the Pacific. Uncannily, between 1839 and 1842, the early Victorians waged two notorious imperial campaigns: the First Anglo-Afghan War unfolded between July 1839 and October 1842; and the First Opium War was fought between September 1839 and August 1842. The former ended in ignominy and slaughter for the British at the hands of their Afghan foes. The latter ended in ignominy for China at the hands of their British foes and has shaped some Chinese attitudes towards Britain ever since.

The historical message this conveys around overstretched global ambition is ominous, but thinking about imperial history also has tangible implications for today. There is a narrative of a “free and open Indo-Pacific” around preserving sovereignty, trade, and competition that Britain regally voices to frame its actions today. However, the Chinese interpretation is that ever since the Opium War, Neo-imperial ambitions have replaced imperial Western ones.

rhetorical tussle that Britain finds itself engaged in with China speaks to their differing interpretations as to why Britain ought to still have an Indo-Pacific role.

One legacy arrangement from the end of the British Empire remains relevant to Indo-Pacific engagement by the U.K. The Five Power Defense Arrangements (FPDA) turned fifty in 2021: dating back to the immediate post-colonial period. The FPDA signatories are Australia, Malaysia, New Zealand, Singapore, and the U.K.; and the FPDA commits these countries to consult and coordinate their response in case of an armed attack on Malaysia or Singapore. The policy context of 1971, when various communist insurgencies were raging in Southeast Asia, has long since changed, but the FPDA has been retained as a useful mechanism for fostering regular defense talks. It is not a collective defense treaty like NATO but offers the U.K. another framework for influence and engagement in the region.66 Today, the FPDA, alongside the more significant AUKUS, fits the modern notion of “minilateralism,” in which smaller and selective groups of countries convene and cooperate to meet modern challenges.

How Sustainable is British Indo-Pacific Engagement?

This is clearly no longer the era of Pax Britannica. Should Britain still try to be in so many regions at once, making modest contributions in several regional theaters? The U.S. Defense Secretary Lloyd Austin was rather blunt when answering a question on this topic in late 2021, when asked about allied contributions to the U.S. presence in the Indo-Pacific: “As we look to balance our efforts in various parts of the world, we are not only looking to help each other in the Indo-Pacific but we are looking to ensure that we help each other in other parts of the world, as well.” Austin was pleased at the interoperability demonstrated between the U.K. and U.S. militaries from Europe to Asia, and by the “historic” deployment of HMS Queen Elizabeth II, but also spoke of scarce resources and asked rhetorically: “If for example, we focus a bit more here [in Asia], are there areas that the U.K. can be more helpful in other parts of the world.”67

In the later context of Russia’s invasion of Ukraine in February 2022, concerns escalated that the Indo-Pacific tilt of the U.K. and other European countries might have deprived resource and attention better spent on European defense. Indeed, no matter how important a theater the Indo-Pacific has become, the urgent need was to respond to Europe’s most serious interstate war since 1945. As the U.K. rose to the challenge of backing Ukraine’s embattled armed forces, government, and people with diplomatic and military support, would the U.K. also still be able to deliver its defense contributions in the Indo-Pacific?

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**Next Steps: Sustaining U.K. Indo-Pacific Engagement**

In 2022, the U.K. announced that it would deploy a “persistent presence” consisting of two Royal Navy offshore patrol vessels in the Indo-Pacific, with a Littoral Response Group to follow in 2023 which would include an amphibious assault ship and a frigate or a destroyer. Making use of the logistical support available in Brunei, Diego Garcia, and Singapore, these deployments would form the mainstay of the U.K.’s naval commitment to the region, allowing it to mount regular naval patrols.

Rather than by sending naval assets alone, the U.K. also would sustain its commitment through defense industrial cooperation. This plays to U.K. strengths since according to the Stockholm International Peace Research Institute (SIPRI), the U.K. was the seventh largest armaments and weapons exporter between 2017-2021 with 2.9 percent of the global market share—a tiny amount compared to the U.S.’s 39 percent, but significant due to the U.K.’s respected defense companies and associated research and development organizations.

Following AUKUS, in December 2022, the U.K. announced another tripartite defense project, this time with Italy and Japan, to jointly develop a sixth-generation fighter aircraft known as Tempest. U.K. Prime Minister Rishi Sunak signed an MOU with Japanese Prime Minister Fumio Kishida to cement the deal, in line with Japan stepping up its own defense ambitions under the shadow of the return of major interstate war in Europe and tensions in East Asia, notably around the flash points of Taiwan, the Korean Peninsula, and rising Chinese and Russian naval cooperation in the region.

The Tempest jet will enter service in the late 2030s, and with the AUKUS submarines set to arrive in the 2040s, these arrangements allow the U.K. to sustain its engineering and military involvement with key regional partners for the long haul, which also provides a framework for other kinds of cooperation, whether intelligence or diplomatic, that focuses minds and collective efforts around deterring possible Chinese military aggression in Taiwan.

The elusive catch for enhanced defense and trading ties remains India, a country that Britain has a complex relationship with given the Raj, Partition, and the non-alignment path of Cold War-era independent India. A defense cooperative relationship between Britain and India remains deeply sought after by London. But, as India’s ambivalent stance regarding Russia has reminded many, India still values its defense and diplomatic ties to Russia. Despite its membership in the Quad and rivalry with China, India remains resistant to following Western leadership and accepting autocracy versus democracy framings of Asian regional dynamics.
Conclusion

The U.K.’s self-conception is as a foreign policy power with modest resources and historically rooted global interests. In the Indo-Pacific, the U.K. aims to be a nimble contributor to regional security. The U.K. would clearly prefer that there is no flare-up of war in the Indo-Pacific—and to have contributed to this outcome—not least because it would be very bad for business in what is an economically thriving part of the world. The British would prefer to make money and not war; but for now, British efforts to bolster regional defense also feed positively into the British defense industry with good long-term growth prospects.

National self-interest is driving this engagement, just as it would for any country. It is not just concern for peace in the region for its own sake, but a British need to anchor its foreign and trade policies more globally following its departure from the E.U. Adding further momentum, the U.K. has applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), as growing its regional trade remains a British priority.

In the Integrated Review, among twelve stated global policy objectives for the conduct of the U.K.’s foreign and defense outlook, one is dedicated to the Indo-Pacific: “we [the U.K.] will pursue deeper engagement in the Indo-Pacific in support of shared prosperity and regional stability, with stronger diplomatic and trading ties. This approach recognizes the importance of powers in the region such as China, India, and Japan and also extends to others including South Korea, Vietnam, Indonesia, Malaysia, Thailand, Singapore, and the Philippines. We will seek closer relations through existing institutions such as ASEAN and seek accession to the CPTPP.” It now remains to be seen which countries the U.K. achieves the greatest traction with its engagement.

Given the sudden seismic development of the war in Ukraine, the Integrated Review already is being refreshed since its publication. The original Integrated Review also was published on the U.K. government website in multiple languages other than English and Welsh (in French, Spanish, Arabic, Russian, and Chinese). Clearly, His Majesty’s Government intended the document to be read by both allies and adversaries—including by the Chinese. Whether the revised Integrated Review strengthens its language around China remains to be seen, but it is clear already that Britain has articulated successfully its policy aims for the Indo-Pacific and is well underway in its implementation of this renewed engagement.
Australia’s Views of Europe in the Indo-Pacific: Potential for Balance

Ms. Susannah Patton

Australia’s view of Europe’s potential role in the Indo-Pacific has changed rapidly, driven by what Canberra views as a quickly deteriorating strategic environment. Australia wants to help maintain a favorable balance of power in its adjacent region—generally defined to include the Eastern Indian Ocean, Southeast Asia, and the Pacific.68 This concern has compelled Australia to re-evaluate the role that European countries can play in the region, making them more important partners. This re-evaluation has seen the Indo-Pacific become a central focus of Australia’s key bilateral relationships with European countries, including with the United Kingdom, France, Germany, as well as the European Union (E.U.). Russia’s February 2022 invasion of Ukraine reinforced the assessment that European security and defense policy will remain largely focused on challenges closer to home. Yet, at the same time, the global response to the war in Ukraine created new links and momentum in ties between Australia and Europe.

Background

Traditionally, Canberra has tended to see its relationships with European countries and those in the Indo-Pacific as existing on two separate tracks. Even as recently as 2017, Australia’s Foreign Policy White Paper described the importance of Europe to Australia primarily in terms of the rules-based international order and global issues, including terrorism, weapons proliferation, human rights, and sustainable development.69 Correspondingly, the White Paper makes no special mention of European partners in the context of Australia’s approach to the Indo-Pacific.

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Over the past five years, there has been a shift to “mainstream” relationships in Europe, especially with France, Germany, the United Kingdom, and the E.U., within Canberra’s overall Indo-Pacific-centric foreign policy agenda. In fact, official statements and discussions between Australia and these partners have shifted. For example, the joint statement from 2016 ministerial consultations between Australia and Germany addressed strategic issues in the Asia-Pacific as only one of several topics, whereas the statement from the 2021 ministerial consultations suggested a much more focused discussion on Indo-Pacific cooperation, an agenda also reflected in the Enhanced Strategic Partnership between Australia and Germany announced at the meeting.

Likewise, the Indo-Pacific was a clear central focus in several high-level Australian dialogues with Europe in recent years, under both Australia’s former Coalition government and the Labor government elected in May 2022. For example, 2021 Australia-France 2+2 ministerial consultations described the two countries’ strategic partnership as promoting an open and inclusive Indo-Pacific region, a message repeated in the joint statement between French President Emmanuel Macron and Australian Prime Minister Anthony Albanese in

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SASAKAWA USA
At the January 2022 Australia-United Kingdom Ministerial Consultations (AUKMIN), cooperation in the Indo-Pacific substantially rose to the top of the agenda when compared to the countries’ previous meeting in 2018.76

Upon further review, it is clear that both “push” and “pull” factors drive this shift: Australia is “pushed” by its strategic circumstances to seek partnerships from capable countries further afield, and “pulled” by a change in European countries’ own approach to the Indo-Pacific and relations with China.

Australia is “pushed” to seek greater European involvement in the Indo-Pacific by its concerns that the balance of power is being eroded by China’s regional revisionism and growing assertiveness. For the past two years, China has punished Australia for its policies, such as excluding Chinese vendors from Australian 5G networks, calling for an enquiry into the origins of COVID-19, and criticizing China’s human rights record. This punishment included a two-year freeze in diplomatic relations and trade sanctions which remain in place effectively banning the import to China of several important Australian exports.77 These actions predictably have sharpened Australian threat perceptions, at both the official and public level. A 2021 polling by the Lowy Institute showed that 75 percent of Australians now see China as likely to pose a security threat to Australia.78

At the regional level, Australia’s 2020 Defense Strategic Update was unusually explicit in its articulation of various concerns, including the pace of military modernization in the region; the potential for the establishment of new overseas military bases in the region; and “gray zone” coercive activities that undermine sovereignty, institutions, and existing habits of cooperation. The document also concluded that the risk of high-intensity conflict, while still low, was growing, and that Australia could no longer assume a ten-year strategic warning time for a major conventional attack on the homeland.79

However, concerns about China alone are not the sole source of Australia’s search for global partners in the Indo-Pacific. Increasingly, open acknowledgement that the United States is no

longer the peerless regional hegemon that it once was steers Australia’s motivation—and, in the words of one former Australian defense minister, cannot maintain deterrence alone.  As a result, Australia’s approach increasingly has shifted away from one which counts on U.S. primacy, and towards the goal of maintaining a “favorable balance”—that is, a region in which China’s influence is matched by a loose coalition of like-minded “balancers.” This rationale explains Australia’s enthusiasm for the Quad, a diplomatic group comprising the United States, Australia, Japan, and India, as a way of showing shared willpower among four influential regional countries.

Yet, Australia’s coalition-building strategy is broader than the Quad alone. European countries—with their economic weight, global commitment to a rules-based order, and well-established bilateral ties with Australia—are logically located high at the top of any Australian foreign minister’s call sheet.

Major European countries’ growing recognition of the challenges posed by China to the regional and global order and of the importance of a shifting balance in the Indo-Pacific to their own security and economic interests drives the growth in Australia-Europe Indo-Pacific cooperation.

Seen from Australia, Europe’s growing focus on the Indo-Pacific is evident in both official statements and concrete actions. The European Union adopted a September 2021 Joint Communication on an Indo-Pacific strategy, reflecting a push by heavyweight members for the E.U. to step up in the region. The United Kingdom’s 2021 Integrated Review included a framework to guide the “U.K.’s Indo-Pacific tilt.” The U.K. also has become a dialogue partner to ASEAN, conducted extensive ministerial travel to the region, applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and sent its Royal Navy Carrier Strike Group 21 to the region for a seven-month deployment in 2021.

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Germany adopted its own Indo-Pacific guidelines,85 deployed its frigate Bayern to the Indo-Pacific in 2021,86 and participated in the multilateral Pitch Black airforce exercise in Australia for the first time in 2022.87

Australia attaches priority to relations with France as a resident power in the Pacific. France’s own regional presence is deeper and more persistent than other European countries. Yet France, too, has made recent concrete statements and commitments demonstrating a fresh focus on the region, for example, revealing the deployment of a nuclear-powered submarine to the South China Sea.88 Australia’s relationship with France suffered after the 2021 cancellation of its submarine deal with the French Naval group. However, since its election in May, Australia’s Labor government has accorded high priority to France. Importantly, Albanese’s visit to France in 2022 flagged the possibility of the two countries establishing a reciprocal access arrangement, which would enable deeper defense cooperation between the two countries.89

Russia’s Invasion of Ukraine

The full impact of Russia’s invasion of Ukraine on European engagement in the Indo-Pacific is still uncertain. The invasion reinforced the assessment that European countries’ security focus will remain predominantly on the Euro-Atlantic area. Yet the invasion also has forced European countries to invest significantly more in their own defense and security, which some Australian commentators hope may enable the United States to focus more on the Indo-Pacific. The invasion also has drawn European countries’ focus to the challenge posed by the China-Russia partnership and by authoritarian regimes globally. This focus has led European countries to adopt a more “geopolitical” approach to engaging China,90 an approach more in line with Australia’s.

Australia has been among the strongest voices globally in condemning Russia’s invasion of Ukraine as illegal and unjustified. Australia also has provided Ukraine with approximately

AUD 655 million of support, most of this in the form of military assistance. This has created new contact and links with Europe, demonstrated by Anthony Albanese’s attendance at the 2022 NATO Summit in June and subsequent visit to France, as well as the first visit by a prime minister of Finland to Australia in November 2022. By making itself relevant on issues affecting global order and European security, Australia may increase its relevance to European countries as a partner in the Indo-Pacific in the future.

Next Steps

While both “push” and “pull” factors make it natural for Australia and Europe to explore cooperation in the Indo-Pacific, many questions remain about the scope and ultimate impact of this effort. In considering next steps, Australia should consider three questions. What new resources will European countries bring to bear in the Indo-Pacific? When and how should Australia and European countries coordinate or combine efforts in the Indo-Pacific? Are there any risks or costs associated with greater Australia-Europe cooperation in the Indo-Pacific?

1. Will Europe Bring New Resources to the Indo-Pacific?

Whether European countries will bring significant new resources to bear in the Indo-Pacific will only be clear over time and will vary by country and issue area. This makes it challenging to assess the impact that Europe may have on future trends in the Indo-Pacific. For Europe, the Indo-Pacific is necessarily one of several global priorities, as reflected in the language of the E.U. Strategy for Cooperation in the Indo-Pacific. A parliamentary review recently criticized the modest ambition of the United Kingdom’s Integrated Review that explicitly states the “bulk” of the U.K.’s security effort will remain focused on the Euro-Atlantic area. Yet to shape the regional environment and promote deeper security cooperation, European countries will need to devote significant additional resources to maintain a consistent and reliable regional presence.

Seen from Australia, European countries may have greater potential for influence outside the realm of defense. At the 2022 ASEAN-E.U. Summit, Europe committed to providing Southeast Asian countries with greater investment and increasing trade and other economic

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linkages. Statements from Australia’s Foreign Minister Penny Wong suggest that Canberra sees economics as the critical domain for external partners to contribute value to the region, so this European approach will be valued by Canberra. The European Union’s Global Gateway program, existing partnerships with Japan and India, and the G7 Partnership for Global Infrastructure and Investment initiative all provide avenues for Europe to make enduring commitments to high-quality infrastructure development in the Indo-Pacific.

2. Areas for Greater Cooperation and Alignment between Australia and Europe in the Indo-Pacific

As European countries’ role in the Indo-Pacific grows, several opportunities for greater practical cooperation and alignment with Australia present themselves.

Cooperation on Institutional Engagement

First, Australia can help facilitate European countries’ greater involvement in existing regional institutions and groupings. While European countries for the most part remain outside Indo-Pacific multilateral institutions, Canberra has been an active and committed member of the regional architecture, making this a natural synergy for cooperation. For example, Australia has welcomed the United Kingdom’s application to join the CPTPP. The choice by the two countries to replicate many principles of their bilateral free trade agreement on the CPTPP also will help facilitate the U.K.’s entry into the CPTPP.

Australia could potentially go further in this facilitative role. Canberra appears to have softened its longstanding opposition to the European Union joining the East Asia Summit. For many years, Australia saw potential members such as the E.U. and Canada as likely to dilute the potency of the group as a forum for strategic dialogue. However, recent Australian policy statements have been more positive, and Australia has welcomed the European Union’s

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attendee at the East Asia Summit as an observer. ASEAN’s 2022 decision to allow Canada, the United Kingdom and France observer status in ASEAN Defense Ministers’ Meeting Plus working groups suggests the trend is for European countries to expand their presence in Asian regional architecture. Australia should embrace this and actively encourage the broadest possible range of external partners to engage in ASEAN-led regional institutions.

This facilitation can work in both directions. For instance, the U.K. prioritized major Indo-Pacific countries including Australia, India, and South Korea as additional invitees to its June 2021 Cornwall G7 Summit and Australia attended the 2022 NATO Summit as an observer.

Defense and Security Cooperation

Second, Australia could seek to deepen security and defense cooperation with European partners. It is already doing so with the United Kingdom through the AUKUS trilateral arrangement with the United States. Under this arrangement, the three countries will work to assist Australia to acquire nuclear-powered submarines and deepen cooperation on cyber capabilities, artificial intelligence, quantum technologies, and additional undersea capabilities. The U.K.’s own Defense Command Paper also cites the potential for increased cooperation with Australia, especially on defense industry and intelligence. As previously mentioned, Australia’s relationship with France has gradually become more positive since the September 2021 AUKUS announcement and, importantly, the Australia-India-France trilateral convened again in September 2022. Recent research published by the Australian National University flags the possibility of holding this trilateral meeting at the leaders’ level and notes a highly prospective joint agenda for the three countries in the Indian Ocean region.

Capacity-building Cooperation

Third, Australia and European countries could consider scope for cooperation on capacity-building issues, especially in Southeast Asia. European countries are already large aid donors in many of the strategically important countries in Southeast Asia, often far exceeding


SASAKAWA USA
Australia’s own relatively modest aid budget. For example, in Indonesia, Germany’s development assistance is around three times that provided by Australia. In Vietnam, both Germany and France together spend around seven times more than Australia. Yet there may be scope for European countries to better leverage development assistance for influence, for example, in providing technical advice on investment, infrastructure and technology issues, maritime security capacity-building, or in supporting regional adherence to international law. On these issues, it would be logical for Australia and European partners to share their experiences, deconflict, and resolve efforts.

3. Risks and Costs of Greater Australia-Europe Cooperation in the Indo-Pacific

Australia should not assume that increased cooperation with European countries is without risk or cost. Any increased investment in ties with Europe, for example, through ministerial or official travel and dialogues, has a cost, especially when Australia’s diplomatic resources are already thinly stretched.

More importantly, Australia has long sought to cultivate a distinctive diplomatic personality in the Indo-Pacific, which does not rely on caucusing with other western countries, but instead prioritizes close ties with regional countries, including those in Southeast Asia. Australia’s approach to human rights issues in the region reflects its diplomatic manner, with Canberra typically preferring to raise human rights issues in private, in the hope of achieving greater influence, rather than issuing public statements and adopting sanctions.

For example, in 2020, the European Union withdrew preferential access for Cambodian exports in response to the Hun Sen regime’s suppression of human rights and democratic freedoms. By contrast, Australia’s Foreign Minister said Australia “[judged] constructive engagement to be more likely to influence positive change than punitive measures.”

Likewise, in response to the February 2021 military coup in Myanmar, the E.U. imposed several rounds of targeted sanctions. By contrast, Australian foreign ministry officials have argued that Australia’s interests are best served by seeking direct influence, rather than

imposing sanctions.\textsuperscript{109} Australian Foreign Minister Penny Wong frames Australia’s approach to the Indo-Pacific primarily in terms of shared interests, rather than democratic values.

These diverging approaches reveal a difference in outlook between Australia and Europe. While Australia shares E.U. concerns about human rights issues in the Indo-Pacific, it worries that allowing human rights concerns to affect its bilateral ties with regional countries could risk ceding ground to China, as Beijing raises no such objections. Such divergences may have broader impacts: such as in 2020, Sweden ceased to provide development assistance to the Cambodian government, shifting its focus to partnering with civil society on human rights, democracy, and rule of law issues.\textsuperscript{110} By contrast, Australia continues to deliver much of its assistance through Cambodian government ministries.\textsuperscript{111}

Australian and European approaches to China and the United States also are likely to diverge at times. Even despite concern about Beijing’s support for Moscow, most European countries are more cautious than Australia about endorsing the United States’ more confrontational approach to relations with China, demonstrated in 2022 by responses to the Biden administration’s technology controls applied to China.\textsuperscript{112} As the fallout from the AUKUS announcement demonstrates, Australia also will need to navigate potential competition among European countries. For instance, the U.K. 2021 Integrated Review sets the goal of becoming the European country with the broadest and most integrated presence in the Indo-Pacific by 2030.\textsuperscript{113} From Australia’s perspective, it would be preferable if the U.K. benchmarked success by its impact on the regional balance, rather than in the context of competitors in Europe.

\section*{Conclusions}

Australia’s embrace of Europe is natural and likely will continue. Even so, it is not clear that Australia has conducted yet a thorough and objective assessment of the potential impact of this new cooperation with Europe, including in light of Russia’s invasion of Ukraine. The contribution that European countries will make to maintaining a favorable balance in the Indo-Pacific remains to be seen.


CHAPTER 6

Where Does Europe Fit in India’s Indo-Pacific Policy?

Dr. Garima Mohan

Background

The rapid speed with which the Indo-Pacific agenda has gained momentum within the European Union has taken its partners around the world by surprise. While individual strategies from Germany and the Netherlands created a few ripples in the Indo-Pacific, an E.U.-wide adoption carried enough weight for partners in the region to seriously consider where Europe could factor in and contribute to their Indo-Pacific approaches. This enhanced assessment of Europe’s role in the Indo-Pacific is expressed clearly in the Biden administration’s Indo-Pacific strategy which speaks of bridging Europe across the Atlantic and the Indo-Pacific.  

India was slow to warm up to this European interest. Beyond its strong bilateral ties with France, it was hard for New Delhi to imagine what a European role in the region would look like. However, since the E.U.’s adoption of its Indo-Pacific strategy in September 2021,  

India has made strong statements of support and now is beginning to see the Indo-Pacific as an expanded arena for E.U.-India cooperation.

In order to translate this strategy into action, the E.U., under the French presidency, organized an Indo-Pacific Ministerial Forum in February 2022, which announced several concrete projects the E.U. will undertake with partners in three broad areas of security and defense, infrastructure connectivity, and delivering common goods in the Indo-Pacific. All areas where, as the ambassador of France to India noted, “we believe India has an important role to play.”  

This Summit, however, coincided with Russia’s invasion of Ukraine. While Europe’s response to the war in Ukraine has demonstrated its ability to act as a strategic player, it has also raised questions about its ability and bandwidth to engage with the Indo-Pacific.

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This chapter will analyze the evolution of European strategies for the Indo-Pacific, how they have been impacted by the war in Ukraine, note India’s reaction, and review how E.U.-India cooperation in the Indo-Pacific is playing out in practice.

**India in the E.U.’s Indo-Pacific Outlook**

India figures prominently in the E.U.’s newly released Indo-Pacific strategy, alongside trusted partners like Japan. This document presents both a vision for the E.U. to increase its engagement with India and reflects the strides already made in the partnership so far. The E.U. strategy states its aim to “deepen engagement” with partners like India, Japan, and Australia, who “already have their own Indo-Pacific strategies.” This list of partners most obviously leaves out China and is an attempt by the E.U. to underscore who it views as its most important partners in the region.

In addition, India is mentioned as an existing or potential partner in all the priority areas listed in the E.U. strategy. For instance, the E.U. seeks to invest more in supporting green and digital transitions and aiding resilient and diversified value chains in the Indo-Pacific. Here, the E.U.-India agreement of May 2021 is highlighted as an example of partnerships the E.U. seeks to create. The document also mentions the resumption, after a decade in limbo, of the E.U.-India free trade and investment agreement negotiations as part of the broader E.U. strategy of deepening economic ties with the region. On digital partnerships, it highlights the E.U.-India agreement to deepen cooperation on emerging technologies ranging from AI, high performance computing (HPC), Quantum technologies, 5G, and public sector digitization. Japan and India are also the first two “connectivity partners” of the E.U. with whom it will work on providing alternatives to China’s Belt and Road Initiative (BRI).

On the defense and security components of the E.U. strategy, India figures prominently, as well. The strategy highlights security cooperation already instituted with India—for example, on maritime security, counterterrorism, cyber security, and crisis management. India is one of the few “pilot” countries where the E.U. has instituted cooperation focusing on these issues as part of a broader program of increasing security cooperation with and in Asia. Going forward, the strategy mentions the need to conduct more joint naval activities including exercises, port calls, and multilateral exercises with India to protect the freedom of navigation in the Indo-Pacific. And, finally, the E.U. strategy also accords a place of prominence to the Indian Ocean, which it calls the “gateway to the Indo-Pacific,” where India is a key actor, with the ambitions of becoming a net security provider. India will no doubt be an important actor as the E.U. builds its “network of partnerships” in the Indian Ocean region.

Beyond the bilateral partnership with India, the strategy also lists the potential of working with groups like the Quad, where India is a key member, on issues of common interest like climate change, technology, and vaccines.
India’s Reaction

While India figures prominently in all European strategies, how has New Delhi reacted to this increasing European interest in its region? Where does Europe fit, if at all, in India’s Indo-Pacific vision?

Two years ago, when individual European countries were releasing their Indo-Pacific strategies, there was considerable scepticism in New Delhi. France was considered a legitimate Indo-Pacific actor given its territories, citizens, and defense engagement with the region. It was harder for New Delhi to understand the interest or potential role countries like Germany, or the Netherlands could play in the Indo-Pacific. India also was keenly aware that this did not represent a unified European shift towards the region and assumed that since the E.U. has no unified position on China and was reluctant to even use the term Indo-Pacific in official interactions with India, that European interest in the region would continue to remain marginal.

The speed at which the E.U. adopted its Indo-Pacific strategy took New Delhi, like many other regional actors, by surprise. The strategy showed a European consensus towards engaging with the region. This combined with the historic E.U.-India Leaders’ Summit of May 2021, where the Indian Prime Minister Modi met with all 27 E.U. Heads of State for the first time, credibly demonstrated to New Delhi that Europe was serious about engaging more with the Indo-Pacific and diversifying its partners in the region beyond China. At the Indo-Pacific Forum in Paris on February 22, 2022, the Indian Minister of External Affairs Subrahmanyam Jaishankar made the strongest official statement yet on Europe’s role in the Indo-Pacific. “India appreciates the enormous contribution that Europe can make to world affairs,” with its “considered voice and mature capabilities.”

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India partnership had strengthened greatly and going forward, “the Indo-Pacific will certainly be an important area of its expression.”

Most importantly, India now seems to recognize that Europe has a stake in the stability of the Indo-Pacific. As the foreign minister noted, “France was among the first countries in the world to recognize this strategic geography. It is, of course, a resident power in the Indo-Pacific. And by extension, so too is the European Union.” This represents a major shift in tone from New Delhi. India, therefore, “welcomes the E.U.’s commitment to contributing to the region.” India and the E.U.’s “collective efforts can keep the oceans peaceful, open, and secure, and at the same time, contribute to conserve its resources and keep it clean.” This indicates that India envisions a European contribution to security—on both traditional and non-traditional challenges such as maritime safety, climate change, and pollution. India also noted the “economic heft and expertise” the E.U. brings to the Indo-Pacific and can promote economic development, infrastructure connectivity, and digital transformation especially through its Global Gateway initiative.

Policy makers in New Delhi also note the similarities between the E.U.’s and India’s Indo-Pacific visions as both seek to work on providing a positive agenda of solutions for the region rather than a logic of military confrontation. A key pillar of India’s Indo-Pacific approach is working with minilaterals or as India calls them, “plurilaterals” including with the Quad. The E.U., while not nimble enough to work in these small formats, specifically states its openness to working with the Quad’s working groups where possible. Individual E.U. member states are more open to engaging in these smaller formats. For example, France has a trilateral dialogue with India and Australia which was elevated to the Ministers’ level in 2021 and has resumed meeting after a brief interruption following the AUKUS announcement. Similarly, Italy, India, and Japan have instituted a trilateral dialogue which is currently at the track 1.5 stage and focuses on economic issues such as supply chain resilience.

India-E.U. Cooperation in the Indo-Pacific

As shown above, New Delhi has largely recalibrated its approach to Europe’s increasing interest in the Indo-Pacific, and now sees it in line with India’s policy priorities in the region. In practice, this also has translated into cooperation on security and defense, infrastructure connectivity, supply chain resilience and trade, and global health and pandemic response. This

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section will examine each of these areas to see where Europe fits into India’s policies for the Indo-Pacific.

**Maritime Security**

India has a strong partnership with France in the maritime domain, but also it has significantly stepped-up cooperation with the E.U., as well. As India’s Minister of External Affairs Jaishankar remarked at the address in Paris, “in security, France is already among India’s foremost partners” and he noted that with the E.U., India “now has an enhanced partnership and operational level of access.”

A major component of the India-France bilateral partnership is cooperation on maritime security in the Indo-Pacific. As the French Indo-Pacific strategy notes, both countries are working towards, “upholding the law of the sea in the region” particularly through joint naval exercises such as their annual “Varuna” drills. In May 2021, India joined the French La Perouse exercise for the first time in the Bay of Bengal, which also included navies from the other Quad members. The Indian and French navies also have participated in several multilateral exercises in the region. Both countries have a long-standing and regular maritime security dialogue which was instituted in 2016. There are frequent meetings between the national security advisors and defense ministers of both countries. In addition, France and India are cooperating within institutions such as the Indian Ocean Rim Association (where France recently gained membership with the support of India) and in the E.U.-led Indian Ocean Commission where India is a dialogue partner. On non-traditional security issues as well, India views France as a key partner. Both countries signed a roadmap on Blue Economy and Ocean Governance in February 2021, which includes cooperation on combatting illegal fishing, pollution, countering climate change, and promoting research and innovation. France also supports the marine resource pillar of India’s newly launched Indo-Pacific Oceans Initiative.

While the cooperation with France should come as no surprise to observers of Indian foreign policy, E.U.-India maritime cooperation also has seen a significant increase. As an issue, maritime security has moved from an area which was largely ignored to the E.U. and India establishing a high-level, annual maritime security dialogue. This covers Indo-Pacific initiatives launched by both sides, developments in maritime security and the environment.  

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and allows dialogue on the evolving strategic landscape in the Indo-Pacific. In June of 2021, the E.U. and India conducted their first ever joint military exercise in the Gulf of Aden.\textsuperscript{122} There is scope for improvement and the level of cooperation on maritime issues is not as sophisticated as with individual countries, especially given the limits of the E.U.’s mandate on security and defense. Given the announcement of the E.U.’s Coordinated Maritime Presence idea and a new zone of maritime interest declared in the North-Western Indian Ocean,\textsuperscript{123} there is potential for this cooperation to increase substantially. The E.U. Delegation in India also lacks a defense attaché even though the position has been created. Once in place, a defense attaché would facilitate greater engagement.

New Delhi sees more potential in working with the E.U. on areas like maritime domain awareness and information sharing, where the E.U. has well-established programs like the Critical Maritime Routes in the Indian Ocean (CRIMARIO). There have been regular workshops and exchanges between the Indian navy, India’s own Information Fusion Center – Indian Ocean Region (IFC-IOR) and CRIMARIO. India appreciates the E.U.’s Indian Ocean Regional Information Sharing (IORIS) program, which will consolidate information sharing mechanisms in the region and is much needed.

India has stepped-up cooperation with other European member states, as well. The port call by the German frigate Bayern in Mumbai opened doors for maritime security conversations between New Delhi and Berlin. The Indian foreign secretary suggested expansion of maritime cooperation and naval cooperation on defense technology and shared naval interests with Germany. With the dramatic changes in German foreign and defense policy “Zeitenwende” announced in the wake of the war on Ukraine, New Delhi will keenly watch how this will impact Germany’s position and posture in the Indo-Pacific.\textsuperscript{124}

**Infrastructure Connectivity**

Connectivity and providing alternatives to China’s Belt and Road Initiative (BRI) investments is a central element of India’s and the E.U.’s Indo-Pacific strategies. Even before the E.U. adopted its strategy, it had signed a connectivity partnership with Japan (September 2019) and later with India (May 2021). Both partners agreed to work on physical and digital connectivity projects in the Indo-Pacific and promote quality infrastructure based on sustainable growth, shared norms, and values. This also would include partnerships between public and private


sectors. India’s preferred approach to connectivity is to coordinate on strategic projects, rather than working on joint projects with partners like the E.U. in third countries. This stems from India’s experience of working with other government partners which can often get bogged down in bureaucratic delays.

**Critical and Emerging Technologies**

After the Huawei debate, a lot of attention has been focused on new and critical technologies. The E.U. and India set up a new Trade and Technology Council (TTC) in April 2022 to tackle challenges at the nexus of trade, trusted technology, and security. India is also part of similar groups with other partners including the Quad Working Group on Critical Technologies.

**Next Steps**

The sections above demonstrate the progress made on the Europe-India partnership in general and in the Indo-Pacific in particular. The war in Ukraine however has proved to be a major challenge for both partners. Europe has expressed disappointment at India’s muted response to the war and its refusal to criticize Russia publicly. It also has generated some questions on the like-mindedness of India as a partner for Europe. For New Delhi, managing the China threat is a bigger concern where an isolated Moscow playing junior partner to Beijing would be a larger concern. Therefore, India has kept channels of communication open with both Russia and Ukraine. For the time being, these differences have not impacted on-ground cooperation between the E.U. and India, but it has certainly created points of contention. Depending on how absorbed Europe is in its own neighborhood will limit its ability to engage with the Indo-Pacific. Although, for the time being, Europe’s engagement has not seen any drastic shifts.

As next steps, India and Europe will have to continue their conversations on both the Russia and China challenges. In practical terms, as outlined previously, Europe and India have launched a series of new initiatives and dialogues on the Indo-Pacific. The next challenge would be to continue the momentum, regularize exchanges, create new habits of cooperation, and focus on delivery. For example, posting a defense attaché to the E.U. Delegation in Delhi will help foster conversations on security challenges. The connectivity partnership urgently needs to identify and start working on strategic projects for it took the TTC almost a year after its creation to have its first meeting.

Finally, a number of the areas Europe and India are working on are also being discussed in other formats like the Quad and the E.U.-U.S. TTC. Bridging these conversations between like-minded partners to enhance synergies will be an important next step.
Conclusion

India has started envisioning a role for Europe in its broader Indo-Pacific strategy. Building on the remarkable momentum in the India-E.U. bilateral partnership, cooperation in the broader Indo-Pacific has increased. India has invested in partnerships with individual European member states including the Nordic countries and Central and Eastern Europe. This has benefitted Europe’s assessment of India as a strategic partner. A more geopolitical and united Europe, which is on course to emerge in the wake of the war on Ukraine, would undoubtedly be an important partner in the Indo-Pacific in the long run. Russia’s invasion of Ukraine, however, has also created serious obstacles for India-Europe partnership. India’s reluctance to openly criticize Russia and abstentions from UN resolutions condemning the Russian invasion of Ukraine has created serious problems for its partnership with Europe. For the European public and policy makers unfamiliar with India’s long-standing partnership with Russia and its dependence on Russia for crucial military equipment, India’s position on the current crisis is baffling, to say the least. In India, too, the Russia-Ukraine war and perceived pressure from partners in Europe and the U.S. to take a stronger position has brought to surface latent anti-western sentiment, which is still prominent across the political spectrum. Delhi’s position has evolved as the war worsens, and policy makers in India realize they do not want to be associated with Russian President Putin’s imperialist ambitions. But overcoming these lingering differences will ultimately determine the future course of E.U.-India cooperation in the Indo-Pacific.
A Larger Role from the E.U. in Southeast Asia: A Perspective from ASEAN

Ms. Dini Djalal

Background

Established in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand, the Association of Southeast Asian Nations (ASEAN) has become a grouping of ten countries in the region which now includes Brunei, Cambodia, Lao People’s Democratic Republic (LPDR), Myanmar, and Vietnam. In the five decades since its inception, the dynamism of the bloc has blossomed. The population has grown to more than 660 million people across 4.5 million square kilometers of busy metropolis, verdant mountains, and tropical islands.\textsuperscript{125}

The region also shares, in varying degrees and at different points, some of the world’s highest rates of economic growth. ASEAN members are a force for the global economy. In 2019, the region’s gross domestic product exceeded U.S.$3.2 trillion – double the amount a decade earlier. The bloc is now the world’s fifth largest economy.

For decades, trade has been a major growth engine for the region. Goods and services trade amount to more than U.S.$2.8 trillion and U.S.$844 billion, respectively – and the sum is the result of a four-fold increase over two decades.\textsuperscript{126}

ASEAN is also fortunate to be a hub for foreign direct investment (FDI), which has increased to more than U.S.$182 billion in 2019, despite an overall decline in FDI worldwide.\textsuperscript{127}

If the region’s confidence is infectious, it is for good reason. With growing manufacturing hubs, several digital “unicorns,” and a “can-do” attitude, ASEAN is a dynamic region with a


\textsuperscript{126} Ibid.

promising future. It is no surprise that the European Union (E.U.) strived for years to become an official “strategic partner” for ASEAN – and finally claimed that status in 2020.

That same year, members issued ASEAN Vision 2020, which reasserts the community’s outward orientation and focus on peace, stability, and prosperity.

The E.U.’s closer engagement with ASEAN is part of Europe’s strategy towards greater engagement in the Indo-Pacific region. Europe is not alone in embarking on an Indo-Pacific strategy. The United States is also continuing efforts to counter China’s growing influence, including with its own Indo-Pacific Strategy that it hopes to advance with a U.S.-ASEAN Special Summit in Washington, DC between U.S. President Joe Biden and leaders of ASEAN nations. Even before it began, ASEAN officials criticized the Special Summit as not allocating one-on-one meetings between President Biden and each ASEAN head of state. The outcome – a pledge of U.S.$150 million for special initiatives across a wide range of sectors, from clean energy to education – elicited an equally lukewarm response.

Southeast Asia’s policymakers also have extended a subdued response to the Biden administration’s Indo-Pacific Economic Framework, which sought stakeholder feedback in recent months – although official comments encouraged more engagement. With no further trade and investment relaxation in the framework, ASEAN’s reaction has been tepid.

Will overtures by the E.U. elicit a similar response? The answer remains uncertain to this question with ever higher stakes. In recent years, ASEAN has found itself increasingly in the middle of tensions between its two biggest partners, the United States and China. As the African proverb reminds us, when elephants fight, it’s the grass that suffers. As the rivalry between the U.S. and China intensifies – more so under the administration of U.S. President Joe Biden – many members are taking a typically ASEAN approach of “non-interference.” Stronger relations with the E.U., typically regarded as a more neutral party, may be just the buffer Southeast Asia needs. The offers of support for cybersecurity are particularly welcome in a region trying to catch up with increasing digitalization and ensuing security risks.

At the same time, European calls for a “free and open Indo-Pacific for all” that defends “values and principles to which we are committed” may narrow the number of eligible partners.

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128 “Biden should give Asean leaders more face time to improve ties: Cambodian minister,” Gulf Times, May 8, 2022, https://www.gulf-times.com/story/71676/Biden-should-give-Asean-leaders-more-face-time-to-


132 Ibid.
Indeed, if like-mindedness is the main measure of Indo-Pacific collaboration, participating economies may be those that already have strong relations with the E.U. Given the resurgence in recent years of repressive actions in Southeast Asia, the E.U.’s options are to relax its expectations or contend with the specter of continued geopolitical bifurcation.

**China’s Growing Presence**

Maintaining neutrality is challenging when economic engagement with China is intensifying. FDI from China is expanding; it has increased by 65 percent in the last ten years. In member states such as Cambodia and the Lao PDR, Chinese FDI represents the largest source of investment.\(^{133}\) From 2016 to 2020, China invested an average of U.S.$11.5 billion annually in the Belt and Road Initiative (BRI) – Beijing’s flagship platform for infrastructure investment. Seven of the BRI’s top ten destinations are the ASEAN nations of Cambodia, Indonesia, Lao PDR, Malaysia, Singapore, Thailand, and Vietnam.\(^ {134}\)

With the Regional Comprehensive Economic Partnership (RCEP) in effect as of January 2022, ten years after ASEAN first introduced the initiative, engagement with China will only strengthen. The size of RCEP alone is formidable; its fifteen signatories – ASEAN members plus Australia, Japan, Korea, New Zealand, and China – account for 30 percent of global GDP and a third of the world’s population. When all its members complete ratification, RCEP will be the world’s largest free trade agreement.

China is already ASEAN’s largest trading partner and has been so since 2009. In 2020, China’s trade with ASEAN exceeded U.S.$516 billion and ASEAN displaced the E.U. as China’s largest trading partner.\(^ {135}\)

That said, ASEAN’s trade deficit with China also continues to increase, rising from U.S.$10.4 billion in 2010 to U.S.$102.9 billion in 2019.\(^ {136}\)

Thus, while China looms large in ASEAN’s outlook, economic engagement between the E.U. and ASEAN has room to grow.

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134 Ibid.
136 Ibid.
E.U.-ASEAN Trade

The E.U. already has a key role in Southeast Asia. As the bloc’s third largest trading partner, goods traded between ASEAN and the E.U. amounted to €189 billion in 2020, while services trade in 2019 exceeded €93 billion. Overall, trade with the E.U. amounted to 10.6 percent of ASEAN trade.137

A free trade agreement (FTA) between the E.U. and ASEAN would take trade between the two economic giants into the stratosphere. Yet seven rounds of negotiations that started in 2007 ended two years later.138 If political disagreements over human rights records were the main obstacles to an agreement, this FTA will remain stalled for some time. In the years since, the “Myanmar problem,” as it was defined at the time, has only expanded to other nations.139

However, other FTA talks that have been on hold may soon resume. Indeed, the E.U. has been relatively successful in its pursuit of bilateral agreements in the absence of a region-wide deal. Officials in ASEAN states have been optimistic about resuming talks in Thailand, Indonesia, and the Philippines. Singapore and Vietnam already have signed bilateral pacts with the E.U.

The E.U.’s role in investment is even more vital. In 2019, E.U. investments worth €313 billion confirmed the bloc’s position as ASEAN’s largest investor.140 As the list of E.U. initiatives and support for ASEAN grows longer, the partnership looks set to become stronger.

A Stream of Partnerships

The formalization of E.U.-ASEAN’s strategic partnership took place as the Covid-19 pandemic paralyzed the global community. As a result, the initiatives have been constrained by travel restrictions and other government priorities. Recently, Russia’s invasion of Ukraine in February 2022 has created a political crisis in Europe of a magnitude not seen in decades. This protracted war may yet trigger a bigger crisis on which the E.U. would focus its attention.

139 Ibid.
However, several programs have started since the launch of the E.U.-ASEAN strategic partnership, and they reflect the stronger ties between Europe and Southeast Asia. Many of the plans focus on infrastructure and connectivity. For example, a deal was signed for the world’s first bloc-to-bloc partnership for air travel. Launched in 2021, the E.U.-ASEAN Comprehensive Air Transport Agreement seeks to ramp up and streamline passenger and cargo services between Europe and Southeast Asia. That same year, the E.U. also pledged their endorsement for ASEAN’s Digital Masterplan 2025 and reiterated their support for the ASEAN Smart Green Cities program, as well as the ASEAN Customs Transit System project.

Anticipation also is building in ASEAN for the E.U.’s Global Gateway program, which promises to channel €300 billion for investments in both hard and soft infrastructure. Viewed, perhaps unfairly, as Europe’s answer to China’s BRI, Global Gateway will bring together the bloc’s financial and development institutions such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), as well as their leverage with the private sector to encourage public-private investment. More financing facilities may be further down the pike as the E.U. hopes to establish and offer a European Export Credit Facility.

Of course, financial support is not without expectations. In exchange for grants, favorable loans, guarantees to de-risk environments, and capacity building, the E.U. hopes to promote higher standards for environmental management and what the bloc describes as “democratic values.”

Indeed, official E.U.-ASEAN documents describe the program as “values driven” and promoting “international stability and cooperation.”

The use of such terms would not have gone unnoticed in the world of diplomacy, especially in a political environment accustomed to obfuscation. If ASEAN issues a statement at all during moments of geopolitical tensions, the words will shy away from the impolitic—lest they agitate the elephants—China and the U.S.

**Clashing “Values”**

To be fair, the language of the Global Gateway program may not reflect the entirety of E.U. strategy. However, the reference to “values”—present also in the E.U.’s Indo-Pacific strategy —may remind ASEAN policymakers that both the goals and orientation of the two partners may not be completely aligned.

The asymmetry becomes evident at the sectoral level of policymaking. Consider the tussle between the E.U. and Indonesia and Malaysia, which together produce 85 percent of the world’s palm oil. Following the European Commission’s decision to ban biofuel imports by the year 2030 in order to reduce greenhouse gas emissions, both Indonesia and Malaysia filed complaints with the World Trade Organization. Consuming 7.5 million tons of palm oil annually, the E.U. is the second largest buyer of Indonesian and Malaysian palm oil.

The war in Ukraine may lead to a temporary reprieve of this confrontation. An acute shortage of sunflower and rapeseed oils, the majority supply of which is produced by Russia and Ukraine, has prompted one supermarket chain in Europe to reverse its palm oil ban. Indonesia’s decision to ban the exports of its palm oil in an effort to curb inflation has also helped Malaysia to regain its market leverage. Indeed, as Europe continues to consume Russian gas weeks after the invasion of Ukraine, even the E.U. is finding it difficult to fully abide by its “values driven” expectations.

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145 Ibid.
146 Ibid.
Other flashpoints between the E.U. and ASEAN have not reconciled, however. In February 2022, the European parliament voted to urge the Philippines’ government to “comply with its human rights obligations” and to start proceedings that may result in the country losing its zero tariff privileges on some 6,200 products, from fruits to textiles and automotive parts.\(^{151}\) The vote follows a similar motion in 2020, although that action failed to unwind the preferential trade scheme.\(^{152}\) Today, relations between the Philippines and the E.U.—the archipelago’s largest investor, with U.S.$14.4 billion of FDI stock as of 2019—are in a holding pattern as the country prepares for the presidential polls in May.\(^{153}\) A clearer picture of bilateral engagement, including the negotiations for a free trade agreement frozen since 2015, may emerge after the elections on May 9.

Similarly, Europe’s relations with Cambodia have been strained. Citing “serious and systematic concerns related to human rights,” in August 2020, the E.U. lifted duty-free access to Cambodia’s garments, footwear, and travel goods, which account for approximately 20 percent—or U.S.$1 billion worth—of the country’s exports to the European bloc’s 27 member countries.\(^{154}\) Once Cambodia’s largest trading partner, consuming some 45 percent of the country’s exports in 2018, the E.U. now competes with the U.S. and China for presence and influence.\(^{155}\)

It is worth discussing here the difficult nuances inherent in a discussion of “values.” In itself, a reference to “values” in proposals for investment carry negative insinuations. To propose that there may be an incompatibility of values is discouraging enough. Unless there are arguments to the contrary, policymakers in ASEAN perceive the call for “values-driven” action to imply that existing economic activity suffers from an absence of values. Many in ASEAN states and elsewhere in Asia, both in and out of government, are familiar with the derision that can accompany a debate about “Asian” values.\(^{156}\) In general, focusing on “values” has not proven productive and instead becomes a minefield rife with sensitivities.


\(^{155}\) Ibid.

Positive Public Perception

These examples of tensions between the E.U. and ASEAN play out against a background of relative unfamiliarity. A 2017 survey by the E.U., for example, reported that while 68 percent of Indonesians have heard of the European bloc, only 34 percent can recognize the flag. Furthermore, only nine percent of respondents said they were familiar with the E.U. However, more than half support more cooperation, even if they were unfamiliar with its substance.\textsuperscript{157}

Similarly, according to a 2021 public perception survey by the Institute for Southeast Asian Studies (ISEAS), the E.U. (and Japan) were the powers most trusted on a range of issues, from trade to governance and sustainability.\textsuperscript{158} The E.U. is regarded as more neutral than other superpowers, and individual ASEAN countries hoped for the E.U. to help ease increasing tensions between the U.S. and China. Some 47 percent of respondents in Thailand, for example, chose the E.U. as their preferred "third country" to hedge against the uncertainties of U.S.-China rivalry.\textsuperscript{159}

While the general public in Southeast Asia views the E.U. in a positive light, the optimism of E.U. businesses in ASEAN has fallen. A 2020 survey by the E.U.-ASEAN Business Council found that 73 percent of respondents expect trade and investment in ASEAN to grow in the next five years, compared to 84 percent in 2019.\textsuperscript{160} Furthermore, only 53 percent of respondents see ASEAN as the region with the best economic opportunity, compared to 63 percent in 2019.\textsuperscript{161} Comparatively, India, Africa, and North Asia have gained ground in attracting business interest. While still positive, European business sentiment is tempering in ASEAN member states.

Less interest in ASEAN reflects bigger or less challenging prospects elsewhere. Indeed, survey respondents cite lesser than expected regulatory reforms as a particularly discouraging factor. Only two percent of those surveyed are satisfied with the pace of the ASEAN economic community.\textsuperscript{162} The complaints from the business community are familiar to policymakers: less protectionism will improve economic prospects.

\textsuperscript{161} Ibid.
\textsuperscript{162} Ibid.
Yet protectionism is hardly the purview of Asia. We may debate about the extent of deglobalization, but increasing regulatory action is hard to miss. Brussels is preparing legislation that would stop “unfair competition” for big public procurement contracts unless reciprocal access is extended to European companies.\textsuperscript{163} Again, no nation or region is immune to the call of protectionism and, unsurprisingly so, nationalist calls win votes and domestic support.

\textbf{Next Steps}

ASEAN prefers a partnership of equals – even if, as is often the case in Asia, few words are spoken. If the E.U. seeks success in the next chapter of their relationship with ASEAN, the bloc will benefit from listening more to understand what is left unsaid. There could be more effort to align the priorities of the E.U.’s Indo-Pacific strategy with the priorities of ASEAN; for example, pandemic preparedness has climbed as a top priority for many economies in Southeast Asia. Feasible timetables that match ASEAN’s timelines—for example, for the blueprint for the ASEAN Economic Community 2025, which completed its mid-term review in April 2021—would also be welcomed.\textsuperscript{164} The more powerful partner of any collaboration is typically in a rush. Such a dynamic does not necessarily result in urgency for everyone else.

Additional surveys of Southeast Asia’s aspirations for Europe would help provide further guidance about how loud or soft the E.U. should voice its own aspirations. One such case is the E.U.’s reiteration to mainstream “human rights considerations” in all E.U. regulations and policies.\textsuperscript{165}

This incongruence between these two aspirations is the heart of the matter. If perceived “values” are the dealbreaker of any potential deal, what are the paths for dealmaking? The E.U. is making all the right moves in terms of economic overtures. It is the message accompanying the gift that may be left at the door.

Indeed, the mismatch of aspirations and actions that previously thwarted stronger partnership between the E.U. and Southeast Asia has not dissipated. Given its prominence in position papers, the E.U. is unlikely to forego its stated principles to placate potential allies. The E.U. can try to exercise more patience with further listening tours and diplomacy exercises. But if urgency trumps the day, the E.U. is more likely to settle with bolstering collaboration with existing strong partners in the Asia Pacific region.


Conclusion

As Europe—and, by extension, the United States—faces a protracted conflict in Ukraine, the European bloc may devote a large part of their attention on home soil. Yet if recent developments between the E.U. and India are any indication of what may lie ahead, an inward focus is not a certain outcome. On the contrary, European Commission President Ursula von der Leyen is actively pursuing the bloc’s Indo-Pacific strategy. Her recent visit to New Delhi confirmed that, despite or due to differing positions toward Ukraine, the E.U. and India are building on their relationship. A trade and technology council similar to the arrangement between the E.U. and the U.S. is in the works, and India’s trade minister is confident that an E.U.-India FTA will conclude in 2023.

Developments in India exemplify what the E.U. can accomplish in Southeast Asia. But the E.U. must remind themselves about their objectives. What are they seeking in Southeast Asia and why? Are they pursuing a geopolitical balance and stronger alliances? Or are there other factors influencing their actions?

Consider the E.U.-Africa Summit, which took place this February. The Summit, pitched as a stage for a “true partnership of equals,” also followed concerns in Europe about China’s growing influence in Africa. The Summit was Europe’s opportunity to regain its positioning on the African continent.

Yet, according to experts, asymmetry continued to mark the E.U.’s Comprehensive Strategy with Africa, as priorities proved to be mismatched. While the E.U. sought to highlight climate change and migration, Africa wanted to focus on mitigating the Covid-19 pandemic and economic growth. Ultimately, less developed economies need more investment, support, and opportunities to grow. And they prefer these opportunities to reflect their priorities.

The same holds true for Southeast Asia. ASEAN states welcome more engagement with the E.U. as it may provide a bigger buffer from the rivalling superpowers. A closer collaboration between ASEAN and the E.U. would strengthen the power of each partner and help ASEAN states maintain neutrality.

*This chapter was written in May 2022 and based on the situation at that time. There is some information that has changed since then.


Japanese-European Cooperation in the Indo-Pacific: Spurred by Global Challenges and Threats

Mr. Ryosuke Tanaka

Background

In August 2016, Prime Minister Shinzo Abe announced Japan’s Free and Open Indo-Pacific (FOIP) strategy in a speech and by 2019, the three pillars of 1) promotion and establishment of the rule of law, freedom of navigation, free trade, 2) pursuit of economic prosperity, and 3) commitment for peace and stability, have been established as a method of realizing the FOIP. Meanwhile, European countries and the European Union (E.U.) also have developed strategies for the Indo-Pacific. The E.U. launched Connecting Europe and Asia in 2018, and furthermore published the E.U. Strategy for Cooperation in the Indo-Pacific in September 2021.

The growing international importance of the Indo-Pacific has led to increased cooperation between Japan and the E.U. First, the Japan-E.U. Economic Partnership Agreement (EPA) and Strategic Partnership Agreement (SPA) entered into force in 2019, deepening economic ties. The E.U.-Japan Partnership on Sustainable Connectivity and Quality Infrastructure was also signed in the same year, and when the E.U. issued its Indo-Pacific strategy in September 2021, the Japanese government expressed its welcome in the Japanese Foreign Minister's Statement. It stated that Japan's FOIP and the E.U.’s Indo-Pacific strategy would develop

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together, as Japan was mentioned as a partner in various fields in the E.U.’s Indo-Pacific strategy.

**Japan-E.U. Cooperation and the China Factor**

There are important similarities between Japan’s FOIP and the E.U.’s Indo-Pacific strategy. Both aim to build an open, inclusive, and rules-based regional order. Tokyo changed its FOIP from strategy to vision around 2017-2018. The reason for this was to position the FOIP as a vision shared with regional countries rather than a strategy for Japan, thereby lowering the hurdle for participation by Indo-Pacific countries. The E.U. also has developed an inclusive strategy for all partners wishing to cooperate with the E.U. based on “shared principles, values or mutual interest” when developing its Indo-Pacific strategy. The strategy, published in September, also lists sustainable and inclusive prosperity with regional countries as the first item on its agenda. In other words, Japan and the E.U. are open to any and all countries that share their values.

However, it is also often pointed out that the Indo-Pacific policy of the E.U. and Japan has been designed with the rise of China in mind. China launched its One Belt One Road and Asian Infrastructure Investment Bank around 2015-2016 and began to make its assertiveness more prominent in the South China Sea and elsewhere. These China factors may, in some respects, have facilitated the development of E.U.-Japan cooperation in the Indo-Pacific over the same period. On the other hand, with regard to the attitude towards China, the E.U. and Japan have a slightly different approach, as can be seen in the economic sanctions. That cause can be found in the following differences in the development of Japanese and European Indo-Pacific policies.

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It is often pointed out that Japan's current FOIP has developed under the implicit geopolitical objective of responding to the rise of China. On the other hand, as a neighboring country, Japan needs to pursue strategic stability in Japan-China relations. Therefore, since around 2018, there has been an improvement in Sino-Japanese relations, and there have even been mentions among the Heads of State that relations have returned to the normal track. The change in Japan's FOIP from strategy to vision may also have been driven by the need to avoid being perceived as a strategy towards China and to assert that it is a more expansive regional economic cooperation policy.

The E.U.'s Indo-Pacific policy, on the other hand, also has developed in the context of deteriorating relations with China. It goes without saying that since the global financial crisis of 2008, relations between Europe and China had been relatively favorable. Therefore, European involvement in Asia took the form of a vast regional policy of economic cooperation in East Asia, including China, and through cooperation with the Association of Southeast Asian Nations (ASEAN) countries. However, with China's assertiveness becoming more pronounced, Europe began to rethink its relations with China. Connecting Europe and Asia is clearly a counter to China's Belt and Road Initiative (BRI), and it is clear from the expression “Systemic Rival” in the 2019 E.U.-China Strategic outlook that the E.U.'s stance towards China has become stricter. The E.U.'s stance has been becoming increasingly normative and geopolitical, as evidenced by the inclusion of security and defense in the E.U.'s Indo-Pacific policy.

In essence, Japan's FOIP covers geopolitical thinking with broad regional economic cooperation, whereas the E.U.'s Indo-Pacific policy is a broad regional economic cooperation with an increasingly geopolitical perspective added to it. While both Europe and Japan have in common that they have developed their Indo-Pacific policies around the norm of liberal democracy, the direction of development of their policies has developed from opposite directions. This directional misalignment may be due to geography. Japan is a neighbor of China, and the response to a regional threat must be a top priority. On the other hand, for Europe, China remains neither a threat nor a priority. Briefly, “for Japan, the Indo-Pacific is

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innate, but for Europe, the degree of involvement in the region might still be a matter of choice.”

**Russian Invasion of Ukraine and Beyond**

2021 was a milestone year for the E.U. in terms of its Indo-Pacific strategy. However, since the end of that year, Russia increased its forces on the Ukrainian border, demanding Ukraine's non-accession to NATO and a return to pre-1997 NATO deployments. It is not surprising that NATO rejected such unrealistic demands backed by such force. Under these circumstances, the Russian government irrationally decided to launch a military invasion of Ukraine, which began in February 2022. Europe is currently in the midst of its biggest crisis since World War II.

In this situation, E.U. High Representative Josep Borrell's press remark in January, just before the Russian invasion, after meeting with Ukrainian Foreign Minister Dmytro Kuleba, was very impressive. His perception was as follows: the Biden administration came to power in the U.S. in 2021 and President Biden visited Europe in the summer of that year. As seen in the U.S.-Russia talks in Geneva in June 2021, Biden and Putin were in talks to build a stable and predictable relationship, since the U.S.'s main concern at the time was China. However, "now, everything is different," according to Borrell. He added that the response to Ukraine was important, stating that "The security of Europe and the security in Ukraine—because Ukraine is part of Europe—is something that first and foremost affects Ukrainians, and Europeans." This was the perception in January 2022, when Russia began making threats of force, and it is likely to have become even more so after February 24, when the invasion began.

Indeed, European countries are focusing on dealing with Russia, and that is what they should be doing. European countries have provided weapons to Ukraine, and even Germany has announced a considerable increase in defense spending. Sweden and Finland, which are neutral by their definition, have begun discussions publicly about joining NATO. Furthermore, Turkey and Greece have begun to work towards amending their relations. Russia

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178 Ibid.

179 Ibid.
started a war to try to prevent Ukraine from joining NATO, but this objective has backfired. Certainly, the situation and outlook in Europe have all changed.

Will the E.U.’s Indo-Pacific strategy change as a result? At first glance, it seems quite reasonable to believe that the E.U. has no time for involvement in the Indo-Pacific now that the Russian threat has moved beyond Ukraine and become a threat to Europe as a whole. This is certainly true: the E.U. and most of its member states are NATO members, and countries must focus on the defense of Europe. However, a free and open, rules-based Indo-Pacific is relatively more important than ever before in the face of the Russian invasion, a matter that has shaken the international order, and the E.U.’s role there appears to be rather intensified.

The meeting of foreign ministers of E.U. Member States and Indo-Pacific countries, named Forum for Cooperation in the Indo-Pacific, took place on February 22, just before the Russian invasion, and was symbolic. It was the first time that this meeting had taken place, bringing together foreign ministers from the 27 E.U. Member States and some 30 Indo-Pacific countries. The meeting set out to continue to increase cooperation between the E.U. and Indo-Pacific countries on security and defense, connectivity and digital, and global challenges.\(^\text{180}\) On this occasion, Nikkei reports that French Foreign Minister Le Drian, who holds the presidency, noted that "if we want to defend European values, we must also deal jointly with our Indo-Pacific partners," while High Representative Borell stated that "the Indo-Pacific is our future."\(^\text{181}\)

Russia-China relations will change significantly in the future. In terms of national power, China already overtook Russia a long time ago. Nevertheless, it was pointed out that China, as a rising superpower, tends to consider Russia as an existing superpower. However, since the annexation of Crimea in 2014, a closer proximity between Russia and China has been observed. Furthermore, Russia, which is isolated by its recent invasion of Ukraine, has no choice but to move even closer to China. In that case, the initiative in Russia-China relations will gradually shift to China. Although China and Russia are not allies, there will be more occasions when they will keep pace with each other in their foreign policy as anti-liberal democracy camps. There will be more occasions in the future when Sino-Russian relations will become a serious challenge to the rules-based Indo-Pacific.\(^\text{182}\) It is clear that the

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importance of cooperation between the E.U., the U.K., and Japan also will become
proportionally more important in order to meet this Russia-China challenge.

Next Steps

In this turbulent world, what kind of cooperation can and should Japan and Europe, as
guardians of liberal democracy, provide in the context of security? Put simply, it is preparation
for crisis. The following efforts should be made by Europe and Japan to prepare for possible
future crises in the Indo-Pacific.

The first is to facilitate the formation of a mutual understanding between Japan and Europe
on current international affairs through the G7 which includes Japan, the U.S., U.K., Canada,
Germany, France, and Italy, plus the E.U. The G7 summit in June 2021 included statements
on human rights issues in China and the Taiwan issue, both of these statements were a major
change.\textsuperscript{183} The trend seems to have been shaped by the U.S.-Japan summit in April 2021 and
the E.U.-Japan summit in May in the same year.\textsuperscript{184} In this way, first of all, a common
understanding makes sure that the perceptions of the U.S., the E.U., and Japan are aligned at
the document level is fundamental in security, as well.

In this regard, Japan's request to Europe would be to keep in step with the U.S. as much as
possible. The Biden administration, which took office in January 2021, has been working to
repair the rifts between the U.S. and Europe that had emerged under the Trump administration.
On the Indo-Pacific, however, the joint leaders of Australia, the U.K., and the U.S. announced
the establishment of AUKUS in September 2021, which provoked a fierce backlash from the
E.U., particularly France. This U.S.-European difference in the Indo-Pacific is likely due to
the differing degrees of urgency each feels towards the Chinese threat. For its part, Japan
welcomes both the E.U.'s Indo-Pacific strategy and AUKUS.\textsuperscript{185} What this means, of course,
is that it understands the differences in attitude between the U.S. and Europe but would like
to see a more concerted U.S.-European involvement in the Indo-Pacific.

Second, in the event of a crisis in the Indo-Pacific, Japan and Europe need to keep pace with
economic sanctions against the country or countries that caused the crisis. While Japan, the
U.S., and Europe are largely in step with regard to financial sanctions against Russia for its
aggression in Ukraine, there are concerns about the so-called boomerang effect of sanctions
on things that directly affect people's lives, such as energy, and these three players are not in

\textsuperscript{183} “Carbis Bay G7 Summit Communiqué: Our Shared Agenda for Global Action to Build Back Better,” G7 UK
2021, June 13, 2021, https://www.g7uk.org/wp-content/uploads/2021/06/Carbis-Bay-G7-Summit-Communique-

\textsuperscript{184} “Japan-US Summit Meeting,” Ministry of Foreign Affairs of Japan, April 16, 2021,
https://www.mofa.go.jp/page4e_001123.html; “The 27th Japan-EU Summit,” Ministry of Foreign Affairs of Japan,

\textsuperscript{185} “Press Conference by Foreign Minister MOTEGI Toshimitsu,” Ministry of Foreign Affairs of Japan, September
If a similar crisis were to occur in the Indo-Pacific and economic sanctions were to be imposed on the country that caused the crisis, efforts would be required to ensure that Japan, the U.S., and Europe are in step with each other on sanctions.

But if the sanctions target is China, the world's second-largest GDP country, would this be possible? Keeping pace between Japan (with China as its neighbor and the largest trading partner), Europe (which must continue to give top priority to dealing with Russia), and the U.S. (which must be vigilant in both Europe and the Indo-Pacific), will require more than extraordinary effort. The U.S. Indo-Pacific Economic Framework, Europe's Connectivity Strategy, and Japan's FOIP should work together to strengthen supply chains resilience, which means building a system that can withstand the backlash when economic sanctions are imposed.

Third, there is a greater need for Europe and Japan to increase their defense spending and capabilities respectively. So far, since 2014, NATO members in Europe have set a target of two percent of GDP for defense spending by 2024, and an increasing number of NATO countries have come close to this target. Moreover, even countries that have had little intention of reaching that target, such as Germany, will increase their defense spending in the coming years. On the other hand, in Japan, too, there are discussions of a considerable increase in defense spending in order to cope with the security environment, which is becoming more and more severe. In any case, there is no doubt that the direction of increasing defense spending and strengthening defense policy in both Japan and Europe is now an irreversible trend.

The strengthening of the defense policies of both Europe and Japan in terms of hard power has two aspects. One is to assist the U.S. military in burden-sharing. Already, it can be said that the quasi-war situation on NATO’s eastern flank has begun with the Russian invasion of Ukraine. If a similar crisis occurs in the Indo-Pacific, as described above, the U.S. military would likewise be forced to intensify its military deployment in the Indo-Pacific. In order to reduce the burden on the U.S. military, which will have to deploy a two-front operation, there is a clear need for Japan and Europe to increase their own defense capabilities.

Another aspect is the military involvement of European countries in the Indo-Pacific. Naturally, due in part to the tyranny of distance, it is almost clear that most Japanese do not expect European countries to fight alongside Japan and the U.S. in the Indo-Pacific. However, even if they do not reach that level, the presence of European countries in the Indo-Pacific would be significant enough in terms of making international alignment visible. To support

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this, it is important to ensure the continuity of European involvement in the Indo-Pacific by developing a framework and system for continuing joint exercises and other activities, for example, through the conclusion of a Reciprocal Access Agreement (RAA), which are under negotiation between Japan-U.K. and France is also expected to commence negotiation with Japan.188

Conclusion

The Indo-Pacific policies of Europe and Japan have much in common, including an emphasis on openness, inclusiveness, connectivity, and a rules-based order in the Indo-Pacific. Furthermore, China's foreign policy in recent years has brought Europe and Japan closer to cooperation in the Indo-Pacific. Nevertheless, the fact that the Indo-Pacific has been an innate focus for Japan, while it has been a selective focus for Europe in previous years, has led to differences in some actual Japanese and European policies towards China, such as in their stance towards sanctions. Also, there are concerns that Russia's invasion of Ukraine may reduce the momentum of Europe's Indo-Pacific policy.

It is true that, from a purely military perspective, it is quite natural for Europe to focus on the defense of Europe when it is in crisis. To sum up, however, the importance of cooperation between Europe and Japan in the Indo-Pacific will increase in the future. The Russian invasion of Ukraine in 2022 is, locally, a crisis for Europe, but in the bigger picture, it is the beginning of a world crisis. And the Indo-Pacific will be influenced by Sino-Russian relations in which Russia is in decline and China has the upper hand. In these circumstances, it is needless to say that cooperation between Europe and Japan, as the liberal democratic camp, will become even more critically important.

Already, for Europe, the Indo-Pacific seems to be moving from a selective phase to an innate phase. In particular, France's leadership has been more conspicuous in 2022. While planning to strengthen its own military readiness in the Indo-Pacific, France is leading the E.U.'s Indo-Pacific strategy during its presidency and is also the core of the Army and Air Force of NATO's response forces (NRF) this year. The U.K. is the core of the NRF Navy and has made plans to deploy assets in the Middle East and Indo-Pacific in 2023. Tokyo would expect a proactive U.K. stance in AUKUS and cooperation with the E.U. in the Indo-Pacific, fully understanding that European defense is a top priority for the U.K. also. Japan will continue to pursue wider cooperation with European countries in the Indo-Pacific, which will become ever more important.

*This chapter was written in April 2022 and based on the situation at that time. There is some information that has changed since then.


SASAKAWA USA
U.S.-European Cooperation is at a Crossroads in the Indo-Pacific

Mr. Max Bergmann

The Biden administration’s efforts to engage Europe on the Indo-Pacific began with a tweet. On December 21, 2020, incoming National Security Advisor Jake Sullivan tweeted blandly that “The Biden-Harris administration would welcome early consultations with our European partners on our common concerns about China’s economic practices.” However, the tweet caused a stir, as the E.U. was finalizing a long-awaited Comprehensive Agreement on Investment (CAI) with China. Despite Sullivan’s plea, the E.U., at outgoing German Chancellor Angela Merkel’s insistence, went ahead and signed the agreement on December 30. This was the crowning achievement of Germany’s E.U. presidency and was seen as Merkel’s last act on the European stage. It was also an ominous beginning to the Biden administration’s efforts to engage Europe on China. Yet CAI is all but dead today. Shortly after coming into office, the Biden administration convinced the E.U. to issue joint sanctions in response to Chinese human rights abuses. This prompted an aggressive Chinese response, including sanctioning members of the European Parliament, which at that moment was assessing whether to ratify the CAI.

The issue over the CAI demonstrates the conflicting forces at play within Europe in the Indo-Pacific. On the one hand, there are tremendous economic interests within Europe that are focused both on maintaining access to the China market, as well as encouraging Chinese investment into Europe. Many in Europe are wary about being blindly pulled into a new Cold War by what many see as an overly hawkish America. Yet on the other hand, there is growing European concern about over reliance on Chinese supply chains, market manipulation, and influence efforts. Many European countries, dependent on the U.S. for their security, are more than willing to support stronger efforts against China to maintain U.S. support. Additionally, European concerns about Chinese human rights abuses, as the CAI case attests, are significant.

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Lastly, there are significant structural challenges to forming a coherent European foreign policy. While Germany may want to expand economic engagement with China, it is the E.U. that handles trade policy for its member states. Similarly, while E.U. institutions are seeking to make the E.U. a stronger global actor, their ability to conduct foreign policy is often curtailed, as foreign policy remains the domain of its member states.

Since February 2022, the war in Ukraine has altered the balance of these conflicting forces. The German notion of “change through trade,” which held that engaging autocratic regimes economically would contribute to their liberalization, has been discredited by this war. As this was the main argument used to overcome human rights concerns, it is now more difficult to justify economic engagement with China. However, Europe, especially Germany, is facing an acute economic crisis instigated by Russia withholding natural gas and thus is eager to maintain access to the Chinese market.

The CAI case also demonstrates the Biden administration’s focus on China and a new desire on the part of the United States to coordinate policy with Europe on the Indo-Pacific. At his first address at NATO headquarters in Brussels, Secretary of State Antony Blinken mentioned China 12 times and Russia just four times. The U.S. made it clear to its European allies that it wants them to focus on China as well. But to what extent exactly is unclear. The United States has conveyed the importance of China, yet it has not offered a clear vision for the role it wants Europe to play in the Indo-Pacific.

This prompted some to argue that what is needed is a division of labor where the U.S. focuses on China and Europe on Russia. While elegant in theory, the reality is that Europe has tremendous interests, influence and capabilities to offer in the Indo-Pacific. Additionally, U.S.-E.U. cooperation has the potential to significantly shape the global economy and, therefore, the world order. The E.U.’s economy is the same size as the United States and China. The E.U. is a regulatory superpower, shaping the rules of the global economy. And Europeans, despite having underinvested in their militaries and facing a distinct threat from Russia, have military capacity that could aid the U.S. and other Indo-Pacific allies.

The Biden administration has rejected the notion of a division of labor and instead has sought to both strengthen the bilateral U.S.-E.U. relationship and develop the engagement between the U.S. and Europe on the Indo-Pacific region. This has challenged U.S. policy makers to engage Europe in new ways beyond its standard NATO-focused engagement. Two years into the Biden administration, significant progress has been made in resetting relations with Europe and setting up the diplomatic structures for deeper cooperation. Yet the question now is

whether these structures can actually deliver tangible outcomes. All the while, new issues emerge to complicate engagement on the Indo-Pacific, from the war in Ukraine, Europe’s energy and economic crisis, and the potential for new transatlantic trade disputes over clean energy industries.

This chapter assesses potential areas for transatlantic cooperation in the Indo-Pacific. The U.S. should seek to leverage Europe’s strengths: its relative openness to trade; its regulatory prowess; its commitment to climate, human rights and democracy; and its diplomatic potential. There are several areas where Europe has a comparative advantage over the United States in the Indo-Pacific, especially given the E.U.’s lack of recent history in the region and the perception that it is less focused on countering China.

**Background**

There is growing alignment between the U.S. and Europe on China. While the United States views China as the “pacing threat” and sees the threat of China more acutely than Europe, there has been a notable shift toward a more hawkish European stance. The E.U.’s release of an Indo-Pacific strategy and the description of China as a “systemic rival”\(^{192}\) reflects growing concern. In its new strategic concept,\(^ {193}\) NATO acknowledged that China’s “stated ambitions and coercive policies challenge our interests, security, and values.” As noted, the E.U. also adopted sanctions against China for its human rights abuses and is taking efforts to strengthen investment screening and counter market distorting practices. Yet there are a few challenges to closer transatlantic coordination and cooperation.

First, China is an incredibly important market for Europe. The economic importance of access to the Chinese market will grow in the near term, as Europe faces economic contraction instigated by soaring energy prices. German Chancellor Olaf Scholz was the first foreign leader to meet with President Xi Jinping following his coronation at China’s party congress. Just as his predecessor sought an E.U. economic agreement with China, Scholz clearly sought to maintain market access for German companies. The trip was widely criticized, not just in the United States, but in Europe, as well. Instead of demonstrating a united European or transatlantic approach, Scholz clearly looked out only for German core economic interests. Meanwhile, Germany’s decision to allow a Chinese company to buy part of the Hamburg port sets a precedent for more Chinese acquisitions of critical infrastructure across Europe. An economic downturn in Europe, may prompt China to make additional strategic investments, just as it bought the Port of Piraeus in Greece following the eurozone crisis.

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Second, there are concerns, especially in Paris and Berlin, about blindly following America into a new Cold War. While Paris is quite concerned about China and is an important player in the Indo-Pacific, President Macron still expresses wariness about following the direction set by the U.S. When Franco-American relations ruptured over the AUKUS submarine deal and Australia’s cancellation of its submarine acquisition from France in September 2021, the French rightly fumed that the U.S. had just undercut a key plank of France’s Indo-Pacific strategy and had severely undermined Franco-Australian relations.

Third, coordinating with Europe in the Indo-Pacific will require the U.S. develop a close relationship with the European Union. The United States has not historically had particularly robust relations with the European Union. The U.S. has preferred to work with individual European countries through NATO. This has meant U.S.-E.U. relations have been characterized by zero-sum disputes over parochial trade issues. Thus, one major challenge is to make the U.S.-E.U. a more strategic relationship. The U.S. and E.U. have established a Trade and Technology Council (TTC), as well as dialogues on China and security. These create an important venue for positions and approaches and help develop working relationships. Furthermore, the strong U.S.-E.U. sanctions response to Russia’s invasion of Ukraine has demonstrated the value in U.S.-E.U. cooperation.

Fourth, the E.U. will struggle to have a coherent unified approach, especially given the parochial economic interests of Europe’s member states. There is often a tension between E.U. foreign policy and the foreign policy of its member states, especially over who speaks for Europe. The E.U. has been susceptible to Chinese “salami-slicing” tactics that seek to cultivate relations with a few select E.U. countries that can serve to block or prevent a common E.U. position. The E.U., for instance, has struggled in the past to put forth resolutions condemning Chinese actions in the South China Sea due to a veto from Hungary. While China has sought to develop its bilateral relations through formats, such as the 16+1 arrangement, that cut out the E.U. and states hawkish on China.

Fifth, Europe will remain intensely focused on Russia, while U.S. attention is likely to shift to the Pacific. Transatlantic relations are likely at a high-water mark, as the U.S. has significantly focused on Europe since the war in Ukraine. But attention is starting to shift back
to Asia, as demonstrated by the release in October 2022 of the U.S. National Security Strategy (NSS) and National Defense Strategy (NDS) which both prioritize China. As U.S. attention shifts, Europeans will likely become more on edge.

Lastly, Europeans are nervous about the future direction of the United States and may seek to hedge their bets. The Trump years were fairly traumatizing for many European leaders. Europeans fear Trump may return to the White House in 2024 or that America will have another president, who adopts a belligerent approach toward both Europe and China. Thus, there is an inclination to avoid blindly following the U.S. on China policy and for Europe to maintain some distance and independence from Washington.

**Next Steps**

To navigate these challenges, the U.S. needs to prioritize cooperation with the E.U. U.S. engagement should put Chinese human rights issues front and center, as well as make China-Russia cooperation a major topic in its engagement with the E.U.

**Economic**

U.S. and E.U. cooperation on economic issues in the Indo-Pacific fundamentally requires first strengthening transatlantic economic cooperation. If transatlantic economic relations are consumed by acrimonious trade disputes or bitter regulatory battles, it is unlikely there will be progress. Conversely, if the E.U. and U.S. are economically aligned, setting regulatory standards, cooperating on supply chains and clean energy standards, this will have an impact on the Indo-Pacific. The U.S., E.U., and China are roughly of equivalent economic size, which means U.S.-E.U. alignment has global effect.

This was the main motivation in Washington behind its embrace of the U.S.-E.U. Trade and Technology Council (TTC). The TTC is an effort to get the U.S. and E.U., two huge complex federal unions, more aligned and to try to resolve problems before they fester into wider disputes. The TTC, which launched in the fall of 2021, was motivated by the need to, as the White House press release\(^{194}\) stated, write the “rules of the road for the 21st century economy.” For Washington, the TTC was not so much about strengthening transatlantic relations but to address China. By getting on the same page, the U.S. and E.U. could use their market size and heft to push back on growing Chinese influence. The E.U. is a regulatory superpower that is leading the way in regulating advanced technology, such as AI. The E.U. takes pride in the so-called “Brussels effect” whereby E.U. regulations tend to set the rules of the global economic road.

The TTC is clearly highly valued by the White House. The newly released U.S. National Security Strategy assesses that “The newly established U.S.-E.U. Trade and Technology Council is coordinating approaches to setting the rules of the road on global technology, economic, and trade issues based on shared democratic values.” The Biden administration also put the TTC in the same category with the Quad and AUKUS, demonstrating its significance to broader U.S. strategy.

Furthermore, U.S.-E.U. joint action on sanctions has proved increasingly potent, whether directed against Russia, Iran, or China. Joint sanctions and export controls are far more impactful if done jointly. However, the recent export controls directed against China’s semiconductor industry caught European allies by surprise. The U.S. has now asked the E.U. to consider following suit. But the E.U. is unlikely to do so, given splits within Europe over the issue and concerns about “buy American” provisions in new U.S. climate legislation.

**Climate**

The E.U. and U.S. have both undertaken significant steps this year to accelerate the clean energy transition. The question is whether the E.U. and U.S. can align their decarbonization efforts. If they can align, it could have significant implications on the Indo-Pacific.

The E.U., long a global climate leader, is now undertaking a tremendously rapid energy transition. Spurred by the need to decouple from Russian gas, the European Union is doing whatever it takes to get through the next few winters. And this includes massive investments in renewables, which are likely to accelerate the energy transition. For instance, the number of solar panels imported from China rose from U.S. $1 billion a month to U.S. $2.5 billion a month. Thus, one side effect of Europe’s decoupling from Russian gas may be greater reliance on China’s green industrial capacity. Furthermore, European acquisitions of liquified natural gas (LNG) has raised prices globally, putting greater strain on LNG importers in Asia.

Additionally, having prioritized a rapid clean energy transition, the E.U. will strongly encourage others to do the same. Through its Carbon Border Adjustment Mechanism (CBAM), essentially a carbon tariff, the E.U. will impose additional costs on the imports of goods from countries that lack carbon pricing and are from certain carbon intensive sectors. Thus, the E.U. will use the power of its market to incentivize climate action.

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The U.S., long a climate laggard, has recently adopted historic legislation with significant geopolitical implications. The Inflation Reduction Act will spur tremendous federal investment in the energy transition and in developing America’s clean energy industries. However, the E.U. is currently angered by the “buy American provisions” in the Inflation Reduction Act. The intention of these provisions was to prevent U.S. taxpayer subsidies from going to Chinese businesses. But because there is no free trade agreement with the E.U., the legislation could also lock out European companies from the American market. This has the potential to lead to a new trade war, with the E.U. taking retaliatory actions. The E.U. is mulling its own “buy European” provisions and could potentially use CBAM to retaliate. The E.U. has already said it sees these provisions as a violation of World Trade Organization rules.198

These climate issues are critical to the Indo-Pacific. Whether the U.S. and E.U. relationship descends into acrimony over climate or whether they cooperate and create a robust transatlantic market in clean technologies will have a tremendous global impact. Should the U.S. and E.U. succeed in both developing vibrant clean energy technologies, U.S. and European companies also will look abroad for business. Moreover, both the U.S. and E.U. will be looking to secure supply chains and critical minerals needed for the energy transition.

The potential for U.S. and E.U. climate cooperation was evident at the United Nations’ 2021 COP global climate conference. There, the U.S. and E.U. announced a Green Steel Deal, which would in effect jointly raise tariffs against dirty Chinese steel. However, there has been little discussion of this agreement in the last year, demonstrating the difficulties in getting both the U.S. and E.U. on the same page.

Trade

The E.U. should be encouraged to deepen its trade ties with the Indo-Pacific. The U.S. departure from the Trans-Pacific Partnership (TPP) left a significant gap, with the loss of a major market to anchor the agreement. The E.U. could potentially offer such a market, as the E.U. has not turned against trade as forcefully as the United States and has recently reached agreements with Canada in 2017 and Japan in 2019.

The Biden administration has not pursued new free trade agreements, in no small measure due to the lack of congressional support. Thus, the U.S. has turned to other mechanisms like the TTC and the newly created the Indo-Pacific Economic Framework (IPEF). However, IPEF is

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viewed as a “second-best option”\textsuperscript{199} compared to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). IPEF is not a trade agreement and is instead intended to foster cooperation through workstreams in multiple areas such as trade, supply chain resilience, infrastructure, decarbonization, tax, and anti-corruption. But whether IPEF can make significant advances is uncertain. As an April 2022 CSIS study\textsuperscript{200} found, “Many Indo-Pacific governments remain particularly frustrated by the U.S. government’s unwillingness to offer greater market access in the United States, a position that U.S. officials have reiterated again and again.”

There is an opening for Europe in the Indo-Pacific on trade. A Lowy Institute report\textsuperscript{201} concluded that “The European Union (E.U.) is the only global actor with the trade preferences and requisite economic heft to provide a similar anchoring function for market-orientated trade as was envisioned for the United States in the CPTPP.” The Lowy Institute report went on to assess that “The E.U. has the potential to become a regional trade policy counterweight to China… Adding a trading bloc the size of the E.U. would significantly increase the coverage of the CPTPP, solidify its liberal and global character, and strengthen CPTPP members’ ability to maintain the agreement’s high standards and inclusive nature in possible accession talks with China.”

The E.U. may be reluctant to join CPTPP as this was originally a U.S. negotiated trading agreement and the E.U. is loath to join trade arrangements it has not led or shaped. Joining CPTPP would, therefore, be a substantial bureaucratic lift and there are sectors, such as data privacy that could be significant obstacles. But Japanese researcher, Jo Tamura, argues\textsuperscript{202} that the E.U. would have significant bargaining power with other CPTPP signatories should it seek to join. Patrick Allard and Frédéric Grare from the European Council on Foreign Relations also note\textsuperscript{203} the strategic opportunity it presents for Europe. “If it [the E.U.] does not join, the E.U. will face the opportunity-cost of being a mere witness to East Asian or Indo-Pacific integration rather than being an actor playing a part in it.”


\textsuperscript{200} Ibid.

\textsuperscript{201} Peter Draper and Naoise McDonagh, “The missing anchor: Why the EU should join the CPTPP,” Policy Brief, Lowy Institute, October 20, 2021, https://www.lowyinstitute.org/publications/missing-anchor-why-eu-should-join-cptpp.

\textsuperscript{202} Jo Tamura, “Can the EU Save the CPTPP?” The Diplomat, June 8, 2022, https://thediplomat.com/2022/06/can-the-eu-save-the-cptpp/.

The Biden administration should encourage the E.U. to consider joining the CPTPP in high level engagements with both E.U. officials and other European leaders. The U.S. can also help play the role of matchmaker by encouraging its Asian partners to engage the E.U., as well.

**Diplomatic Engagement and Regional Security Cooperation**

The U.S. should seek to leverage the diplomatic, economic, and military strengths of its European partners. There are several countries in the Indo-Pacific that are wary of the United States and are cautious about cooperating with the U.S., especially on defense and national security. The history of American engagement can create limitations on the depth of cooperation. For instance, India remembers the imposition of nuclear-related sanctions in the 1990s, as well as long standing U.S. support for Pakistan, including during the genocidal war between West and East Pakistan. In Vietnam, the U.S. fought a long, bloody war that it is still cleaning up. In the Philippines, the U.S. has a defense treaty and also a legacy of colonialism. The U.S. often struggles to give away its security assistance in Southeast Asia, as it would provide significantly more military aid to countries like Indonesia or Vietnam if there was the willingness amongst these partners.

These are all relationships with limits when it comes to cooperation with the United States that could create openings for Europe. India, for instance will look to diversify away from its dependence on the Russian defense industry. But India is not going to simply pivot to a dependence on the United States’ defense industry. It will look to a diverse set of arms suppliers and will seek to develop its own industry. Thus, India will look to countries like France or Germany, where there is not a long history of relations, and may have an important comparative advantage in developing a defense industrial relationship. The E.U. is, thus, very well placed in engaging the Indo-Pacific, since it was only formed in 1993 and is not well understood in the region. The E.U., for instance, has established a trade and technology council with India and German Chancellor Scholz hosted Prime Minister Modi in June 2022.

The U.S. should, therefore, encourage other European countries to prioritize developing relationships in the region and should coordinate these efforts, creating an informal diplomatic division of labor. Certain European countries could prioritize engagement with particular Indo-Pacific countries. Thus, one could see in a few years’ time a strong Franco-Indian relationship, while the E.U.-Indonesian relationship greatly develops, as does German-Vietnamese relations.

**Defense and Security**

There remains uncertainty over what the U.S. wants from Europeans militarily in the Indo-Pacific. It is clear the United States wants Europe to focus more on China and the threat it poses. NATO’s strategic concept, which was released at the Madrid Summit, addressed China for the first time. There have also been efforts to expand connections between Europe and the
Indo-Pacific, as demonstrated by Australia, Japan, Korea, and New Zealand all attending NATO’s Madrid summit in June 2022. But it is not clear what the U.S. and Indo-Pacific partners should ask of Europeans militarily, especially as there is a war raging in Europe.

One line of thinking in Washington is that there should increasingly be a division of labor, with Europe focusing on Russia and the U.S. on China. These arguments have grown following Russia’s poor military performance in Ukraine. Europe, it is believed, could deter Russian aggression and now has time to build up its forces, allowing the U.S. to focus on China. This line of thinking would take a dim view of European efforts to demonstrate presence in the Indo-Pacific. For instance, European navies have made a point of conducting freedom of navigation operations (FONOPs) through the South China Sea. Notably, Germany sent a frigate. France and the U.K. are also quite active. These signaling exercises matter but perhaps should not be the focus of European militaries.

The Biden administration has rejected notions of a division of labor, rightly noting that European security is vitally important to the U.S. But perhaps wrongly insisting that the U.S. can focus on both theaters simultaneously. Any stark dividing line in division of labor is just impractical, given European interests in Asia—France after all has French territories in the Indo-Pacific, the U.K. has extensive relationships and military presence, and the overall importance of Indo-Pacific trade. Instead, the U.S. should seek to leverage Europe’s newfound focus on security to strengthen security in the Indo-Pacific.

The massive investment that is currently underway in rebuilding European defense capacity will have more impact on China and the Indo-Pacific than a handful of FONOPs. Investments by Europe in fighter aircraft, missile defense, and critically ready and deployable forces will significantly boost Europe’s military credibility. These military capabilities could enable the U.S. to redeploy assets from Europe to the Indo-Pacific and not lose confidence in Europe’s ability to defend itself. But these military assets should also be seen as contributing to America’s overall combat capacity in the Indo-Pacific. Should a crisis erupt in the Indo-Pacific, it should be expected at least some European countries would send forces and capabilities to augment allied forces in the Pacific, just as NATO forces deployed to Afghanistan.

In either case, what is critical is that Europe is part of the thinking, strategizing, and planning for Indo-Pacific contingencies. Including Europeans in these discussions will better prepare the transatlantic alliance should there need to be an abrupt pivot away from Europe. The Biden administration strongly encouraging Europe to think more about Indo-Pacific security is an important first step.

But the United States also should be urgently pressing Europeans to develop redundancies in equipment capabilities where the United States military is stretched and where the U.S. may
need to move precious assets to the Indo-Pacific. These include critical enabling capabilities, such as strategic air lift to transport forces; air tankers to refuel fighter jets; high altitude drones for intelligence, surveillance, and reconnaissance (ISR); and missile defense. Investing in these capabilities will make Europe more “strategically autonomous,” but also will make Europe a more useful partner to the U.S., as well as countries in the Indo-Pacific.

Additionally, there is great potential in expanding defense industrial ties between Europe and the Indo-Pacific. The war in Ukraine has exposed the hollowness of the allied industrial base. The U.S. is having difficulties ramping up production. In Europe, the situation is even worse where there is an urgent need to ramp up production, but also new opportunities. The Polish decision to procure Korean tanks and artillery should, therefore, be seen as a positive step. Not only will this support Korea’s defense industry, but also it will provide a frontline European state with high quality NATO-compatible equipment. European-Asian defense trade should be encouraged, as arms sales help build diplomatic ties between countries and increase understanding. This is a major diplomatic motivation for American arms sales and a big reason why European states, particularly in Eastern Europe, buy American. But while the U.S. industry benefits financially from sales to Europe, defense sales to Europe provide marginal diplomatic benefits to the United States, since the U.S. already has robust diplomatic relations with Europe through the NATO alliance. There is, thus, much more to gain strategically for the United States in encouraging increasing defense trade between its European and Asian allies, where the relationships are much shallower.

**Conclusion**

There is tremendous potential for both the U.S.-E.U. relationship and for Europe’s engagement in the Indo-Pacific. The two are in fact tied together. The stronger U.S. and E.U. relations become, the more these two democratic unions will do together in the Indo-Pacific.

While the Biden administration has used its first two years to successfully reset relations with Europe and lay the foundation for a strong U.S.-E.U. partnership, there are challenges ahead. Europe is uncertain about being pulled into an American-led new Cold War with China, especially as the direction of the U.S. may be significantly altered by the 2024 presidential election. After Ukraine, Europe realizes the need to reduce dependence on autocracies. But, at the same time, the economic headwinds also will create opportunities for China to pull Europe in and divide it. The U.S. and E.U. have successfully moved beyond the acrimonious trade disputes that roiled relations during the Trump administration. Although, new trade disputes are emerging when it comes to clean energy.

The Biden administration will need to navigate these issues with energy and dexterity. It also will need to show results from its efforts—both to Europe and to a Washington still skeptical.
about E.U. engagement. There is tremendous potential for the U.S. and E.U. to cooperate, to become more aligned economically and on climate, and to coordinate its diplomatic efforts. Europe’s renewed increase in defense spending also will make it a more potent geopolitical actor and partner in the Indo-Pacific. The U.S. and E.U. now see the great opportunity to be had in strengthening relations. The hard part will be seizing it.
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Ambassador Kurt Tong is managing partner at The Asia Group, where he leads the firm’s work in Japan and Greater China. He also serves as chair of the National Association of Japan-America Societies and chair of International Student Conferences Inc, while serving on the boards of other non-profit organizations, teaching at Georgetown University, and maintaining advisory affiliations with the Sasakawa Peace Foundation USA, the Hinrich Foundation, the Center for Strategic and International Studies, and Geodesic Capital. Tong was an American diplomat for 30 years. He was consul general and chief of mission in Hong Kong and Macau in 2016-19 and deputy chief of mission and chargé d’affaires at the U.S. Embassy in Tokyo in 2011-14. Tong also served as principal deputy assistant secretary of state for Economic and Business Affairs, the most senior career role handling economic diplomacy, and he was ambassador for Asia-Pacific Economic Cooperation (APEC) in 2009-11, including when the United States chaired the organization in 2011. Tong was director for Asian Affairs at the National Security Council in 2006-2008. In addition to Hong Kong and Tokyo, Tong’s overseas postings included Beijing, Seoul, and Manila. He speaks and reads Japanese and Mandarin Chinese.

SASAKAWA USA
Abbreviations

ADMM-Plus: ASEAN Defense Ministers’ Meeting Plus

APEC: Asia-Pacific Economic Cooperation

ASEAN: Association of Southeast Asian Nations

ASEM: Asia-Europe Meeting

AUKMIN: Australia-United Kingdom Ministerial Consultations

AUKUS: Australia, the United Kingdom, and the United States

BRI: Belt and Road Initiative

CAI: Comprehensive Agreement on Investment

CATA: Comprehensive Air Transport Agreement

CBAM: Carbon Border Adjustment Mechanism

CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership

CRIMARIO: Critical Maritime Routes in the Indian Ocean

EBRD: European Bank for Reconstruction and Development

EC: European Commission

EEZ: Exclusive economic zone

EIB: European Investment Bank

EPA: Economic Partnership Agreement

ESIWA: Enhancing Security Cooperation in and with Asia

E.U.: European Union

E.U. NAVFOR: European Union Naval Force

EWISA: Early Warning for Increased Situational Awareness

FDI: Foreign direct investment

FOIP: Free and Open Indo-Pacific

FONOPs: Freedom of navigation operations
FPDA: Five Power Defense Arrangements
FTA: Free trade agreement
HPC: High performance computing
IFC-IOR: Information Fusion Center – Indian Ocean Region
IORIS: Indian Ocean Regional Information Sharing
IPEF: Indo-Pacific Economic Framework
ISEAS: Institute for Southeast Asian Studies
ISR: Intelligence, surveillance, and reconnaissance
IUU: Illegal, unreported, and unregulated
LNG: Liquified natural gas
LPDR: Lao People’s Democratic Republic
MPA: Marine protected areas
NATO: North Atlantic Treaty Organization
NDS: National Defense Strategy
NRF: NATO’s response forces
NSS: National Security Strategy
OECD: Organization for Economic Cooperation and Development
POM: Patrouilleur Outre-Mer
Quad: Quadrilateral Security Dialogue
RAA: Reciprocal Access Agreement
RCEP: Regional Comprehensive Economic Partnership
R&D: Research and development
RFMO: Regional fisheries management organizations
SIPRI: Stockholm International Peace Research Institute
SPA: Strategic Partnership Agreement
TPP: Trans-Pacific Partnership
TTC: Trade and Technology Council

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