



# The EU Approach to Cooperation in the Indo-Pacific: From Strategy to Practice

Phase 3

The EU Indo-Pacific  
Strategy in a  
New Context

Detlef Briesen  
Nguyen Thi Thuy Trang  
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# The EU Strategy for Cooperation in the Indo-Pacific Region: New Developments and Challenges Since 2021

*Detlef Briesen, Nguyen Thi Thuy Trang and Pham Quang Minh*

International politics has changed considerably in recent years. For many observers, a value-based and rule-governed international system has become a distant prospect (not least due to the Ukraine conflict and its repercussions). Classical power and defence policy are experiencing a new boom that would hardly have been thought possible after the collapse of the Eastern Bloc in 1988. The global changes, for which the Ukraine conflict is only one indicator, albeit a much-noticed one, have simultaneously placed geopolitical projects such as Indo-Pacific strategies on new foundations and new challenges.

The original starting point for the Indo-Pacific initiatives of the EU and some of its member states was, according to our quintessence two years ago, on the one hand, the partial withdrawal of the US from global politics under Donald Trump or the very pointed redefinition of US policy within the framework of American immediate utilitarian considerations, especially in terms of an America First. On the other hand, the EU and countries such as France, Germany and the Netherlands had recognised that the Chinese government's Belt and Road Initiative not only had an economic policy background but would also have an impact on geopolitics or the power structure in a wide area, the Euro-Asian continent. Three years ago, the European side viewed China more as a primarily economic partner. For example, the new China strategy of the Federal Republic of Germany has shifted this view in the direction of competitor and system rival.

For our research project, this means that Indo-Pacific geopolitical strategies, on the one hand, must now be analysed from the perspective of much more massive international tensions and competitive relations than was the case at the beginning of our project more than two years ago. On the other hand, geopolitical concepts are much more important than they were in the Indo-Pacific region: Europe will not be able to avoid playing in the new concert of great powers if it wants to continue to be taken seriously as an international actor. Europe's central economic, security and defence interests are at stake in the Indo-Pacific region. Therefore, the European Union will have no choice but to focus on decisive global regions: Sub-Saharan Africa will suffer adverse consequences under this paradigm shift. However, this is only one of the hypotheses that can be developed from our study.

The research results of the project in 2023 all deal with the direct and indirect consequences of the process indicated here and ask what consequences this has for sub-areas of the Indo-Pacific strategy of the European Union, i.e. how such strategies are to be reclassified. There are indications of profound changes in world politics, new challenges for European security policy, questions of how connectivity and economic cooperation can be ensured and, finally, on what foundations European foreign policy can be based in the future.

We cannot yet showcase a real synopsis for all these important questions, but we can present important partial results found in the respective articles.

Detlef Briesen (The EU Strategy for Cooperation in the Indo-Pacific Region under New Global Political Conditions). A First Look at the Consequences of the Ukraine War) describes

in his article the current global situation that seems to be developing. New power blocs are confronting each other, probably five of which have similar or conflicting interests: two actual great powers (USA and China), two less significant great powers with high potential (Europe and Russia) and a tipping point, India. It is expected that these great powers will be able to form different coalitions in the medium term and that world politics will be structured less by idealistic and more by realistic approaches.

This competition offers advantages for the Indo-Pacific region or its core, Southeast Asia/ASEAN, at least as long as it is not to be pulled to one side. Looking at ASEAN, even after the outbreak of the Ukraine war in 2022, most member states have remained true to their foreign policy doctrines: Putting national sovereignty and strategic autonomy first. For example, Europe will have to participate in the race for cooperation with these countries through geopolitical concepts such as the Indo-Pacific strategies and the accompanying economic and security measures.

Margit Bussmann (in her article *New and Old Challenges for the European Security Architecture and Involvement in the Indo-Pacific: Between Multilateralist Cooperation and Geopolitical Competition*) argues similarly. Europe will face several challenges in the coming years and decades. European countries cannot avoid building new defence capabilities and investing more in armaments. Economic interdependence, seen as a development goal after the fall of the Eastern bloc, must be replaced by a diversification of economic relations; the countries of Europe, such as Germany, must become less dependent on the resources of Russia and China.

The arms races in the Indo-Pacific region also pose a potential challenge to the EU's economic interests. Bussmann also notes a return to power politics; Europe must avoid falling into the trap of geopolitical competition between the USA and China. Instead, it must develop its profile with core interests and values largely compatible with its transatlantic partners. Bussmann sees the establishment of new balances between economic and security interests, the fulfilment of Europe's normative power, and the promotion of human rights as further challenges to European politics. Given the security challenges in Europe's neighbourhood (i.e. in Africa and the Middle East), Margit Bussmann leaves open the extent to which Europe still has the potential to become involved in a region as decisive in world politics as the Indo-Pacific.

According to Bui Hong Hanh's analysis (*European Union's Connectivity Strategy in the Indo-Pacific Region: Opportunities and Challenges*), the EU's adoption of the Indo-Pacific strategy has so far been mainly symbolic, as a statement of will to increase economic, security and connectivity engagement in the region. However, in her view, the plan also indicates that the EU wants to reposition itself geopolitically. The author, nevertheless, also sees the EU's objective and subjective limitations. It would therefore be better to concentrate on certain regions. Bui Hong Hanh has identified the Indian Ocean as a priority target region.

For example, in a sub-region of the Indo-Pacific, the EU must focus on areas where it has capabilities, resources and instruments through trade policy measures or development cooperation. Therefore, economic issues, climate change, connectivity, etc., are fundamental for both the countries of the Indo-Pacific region and the EU. Such a connectivity strategy can lead to new results and impacts and would be oriented by realistic objectives and their fulfilment, as this would be the only way for the EU to avoid disappointment among potential partner states. A particular opportunity for the EU is to minimise the regional impact of competition between the US and China through its engagement.

Nguyen Van Dap (*Economic Cooperation of the EU with the Indo-Pacific Countries:*

Strengthening the Foundation of Engagement) also sees great potential for geopolitically based EU action in the Indo-Pacific. This is obvious to him as he looks at the traditional basis of European foreign policy and its essential instruments. Europe is a first-ranking global economic power, meaning it has always been perceived as such in the Indo-Pacific region and has also appeared in foreign policy.

The EU's economic power, in particular, would therefore enable it to take much stronger action than it has done so far on behalf of the EU's interests and position in the region, thus helping to ensure stability, security, prosperity, and sustainability in the region's development, including its economy and trade. All sides could benefit from cooperation in the following areas: Transitioning to a green and sustainable economy, focusing on the services sector, developing the digital economy, strengthening and securing global supply chains and development assistance.

In their contribution, Nguyen Thi Thuy Trang and Nguyen Thi My Hanh deal with the problem of a values-based foreign policy (The Values-based Approach of the European Union in the Indo-Pacific). At the outset, they rightly point out the hauteur of such a policy with moralising pretensions. Europe is not the only actor representing values internationally, and values-based approaches can be interpreted as neo-imperial presumptions in the former colonies.

In the further course of their argumentation, the two authors demonstrate that this value orientation has been a constant in the self-assurance of the European political elite since the beginning of the European project after the Second World War. In principle, it is primarily a matter of inner-European cohesion. While fear and scepticism had spread among the littoral states when a value-based geopolitical doctrine on the Indo-Pacific was proclaimed, recent developments show a return of European realistic calculations and visions giving way. For the states of the Indo-Pacific region, the main question is what priorities the EU will set given the problems in its geopolitical neighbourhood and whether it can continue to organise itself in the Indo-Pacific region as desired by almost all actors from the region.

How can the previous research results be summarised? As a first step, the research project in 2021 dealt with the contents of the European Indo-Pacific strategies and their reception in Vietnam. In a second step in 2022, an analysis of the perception of these strategies in a wide circle of littoral states and other important international actors followed. The research results presented in 2023 relate more to questions that go beyond the respective national perspectives: The system of great powers, EU security policy, connectivity, economic policy and value-driven foreign policy. The main conclusion that can be drawn from these recent articles is that all authors continue to have a consistently positive view of the EU Initiative. However, there are differences, especially about the core issues that are so crucial for the future:

- › Will the EU intensify its engagement in the Indo-Pacific or sub-regions (Indian Ocean, ASEAN) because of their overriding importance? Or: Will the EU focus more on addressing the challenges in its immediate neighbourhood (Russia, Middle East, Africa) due to a lack of resources?
- › Will the EU continue its characteristic combination of foreign economic policy with value-driven foreign policy approaches? Or: Will the EU's foreign policy, or that of its member states, be conceived more realistically in the future, and will the EU thus appear less pronounced than before as a moral international actor?

Answers to these questions are currently open. Following up on European initiatives on the Indo-Pacific region in the coming years will be an exciting task.

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# 1

## The EU Strategy for Cooperation in the Indo-Pacific Region under New Global Political Conditions

A First Look at the Consequences of the Ukraine War



## The EU Strategy for Cooperation in the Indo-Pacific Region under New Global Political Conditions A First Look at the Consequences of the Ukraine War

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*Detlef Briesen*

It is impossible to say that the world has become a better place in the last ten years. On the contrary, power-political tensions have increased considerably and have recently culminated in a war in Ukraine in which some major powers are more or less directly involved. Such changes in world politics also affect the framework conditions for our research project: As desirable as those conditions would be that Immanuel Kant already outlined in 1795 in his book *Zum ewigen Frieden* (*Perpetual Peace: A Philosophical Sketch*), perhaps realism is better.

This article, therefore, has a not easy task: it attempts to reconcile the previous findings of our research project on the EU Strategy for Cooperation in the Indo-Pacific Region (Council of the European Union 2021) and the corresponding strategies of France, Germany, and the Netherlands with the new developments in the international system. These have resulted from the outbreak of the Russian-Ukrainian War in February 2022, which, as is well known, began with a large-scale Russian military operation against the neighbouring state of Ukraine. Writing about topics such as current developments, changes in the international system, the transformed role of Europe, and, last but not least, the future of Europe's Indo-Pacific strategies is a major challenge. Therefore, much here remains rather in the realm of the thesis-like or even thought-experiments (Gomez/Ramcharan 2022).

*Firefighter in front  
of a Residential  
Building Destroyed  
by Shelling*

*Photo:  
David Peinado, Pexels*



Nevertheless, it is worth reflecting on the fundamental challenges posed by the transformations of the international situation and the resulting repositioning in the relationship between Europe on the one hand and the Indo-Pacific region on the other. In the course of our debates, Indo-Pacific has almost become a synonym for Southeast Asia or ASEAN; more precisely, it is exactly this region of the world that has not positioned itself in the new conflict between the great powers, which is being fought as a kind of proxy war over Ukraine. Perhaps this term does not fit since it originates from the Cold War, where the bipolar world order required clear assignments to the respective blocs.

The argumentation laid down here can be paraphrased with the following main assumptions:

- › There are indications that a new multipolar system of great powers could be in the making, with the USA and China in the top positions, Europe and Russia (or another country like Japan) in second place, and India as perhaps the coming tipping point.
- › The Ukraine war is not perceived in Southeast Asia (but also in India or on the African continent) in a way that would correspond to the interpretations of Europe and the USA.
- › This results in the necessity for states or communities of states with great power aspirations to draw the ASEAN states to their side by offering political, economic, and military cooperation. The Ukraine war has intensified the race for influence in the Indo-Pacific and especially in Southeast Asia.
- › On the one hand, Europe and its member states will not be able to avoid participating in the strategic race for the core zone of the Indo-Pacific, Southeast Asia, if it wants to be taken seriously as an important international actor. However, it is quite uncertain whether Europe or its active part in security and defence policy will be capable of mustering the will or the necessary resources to do so. On the other hand, given its military weakness, which became apparent in the Ukraine war, the EU may be forced in future to concentrate on the fields of conflict in its geopolitical neighbourhood (Africa, the Middle East, Russia).

*Protective Structure  
on Independence  
Square in Kyiv*  
Photo:  
Алесь Усцінаў, Pexels

## 1. A New Starting Position

The starting point of our research project was the strategies of the European Union, and some of its member states with a geopolitical concept that has been spreading for some years, the so-called Indo-Pacific region. Originally, we understood these strategies as attempts by the European side to define or enforce a stronger security policy autonomy or sovereignty, especially vis-à-vis the USA and China, but also other global and regional players. According to our thesis at the time, this became necessary or possible due to the extensive withdrawal of the USA from the role of the world policeman in the era of Donald Trump and the striking rise of the three (in part) large continental Asian states China, Russia, and India. With the Indo-Pacific strategy, we argue, the EU tried to participate more actively than before in the Great Game for the Euro-Asian region and, in particular, partly to counter China's Belt and Road Initiative.

At the beginning of the project, we saw this primarily as an attempt by the EU or important member states such as France and Germany to contribute to the maintenance of the post-1990 international order. According to our hypothesis at the time, it was characterised firstly by increasing multipolarities in the international system with extensive demilitarisation and secondly by inherent rules and values. According to the corresponding strategy papers of the EU, France, and Germany, they should be decisive for international and inter-state relations and even for the internal affairs of all countries, here in our example, at least in the Indo-Pacific region.



We had to revise these basic assumptions significantly because, on 24 February 2022, an extensive Russian military operation against Ukraine began as an attack operation on a broad front along the entire Ukrainian-Russian border as well as from Belarus. Above all, the commando action against the Ukrainian capital Kiev shows that the Russian side had planned a decapitation strike against the government of Ukraine followed by regime change. This first phase of the Russian war failed, and instead of a short special military operation, the Russian side has since had to fight a war of exhaustion for which no end is in sight. In this war, the EU's economic and military support measures, especially the USA for Ukraine, play a decisive role. The outcome and end of the war are open; at best, one could speculate whether the results of the next US presidential elections in 2024 could influence the USA's commitment.

As indeterminate as the future is, the developments of the last two years have already significantly changed the framework conditions for our research project, or perhaps better: they have also made visible to us how much the international system has changed in the last two decades, for example in comparison to the situation at the beginning of the US invasion of Iraq in March 2003 or before the annexation of Crimea by Russia in March 2014. In the following, we will first discuss some constitutive factors for these changes or scenarios for possible direction changes in the international system. We will then look for initial indications of how the relevance of Indo-Pacific strategies has changed from a European or Southeast Asian perspective or what resources Europe can still mobilise for these issues.

## 2. On the Way to an Anarchy of the International system or to a New Pentarchy?

If one looks at the international system, there is hardly any doubt among analysts from the so-called West that the Ukrainian war since 2022 is at least a high-level indicator of a deep process of transformation: the international system has (finally) changed (again), the dream of a rule- and value-based international order has been shattered; it seems that the foreign policy school of realism is again determining the assessment of the international situation.

In polemical exaggeration, 2022 could also be taken as the time marker for the end of a short dreamtime, those few years after 1988 in which the West finally believed it could create a world order that corresponded to its visions (or interests) or in which some followed Francis Fukuyama, who even rambled on about the end of history and the final victory of liberalism, democracy, and the market economy.

This ideal fiction of a norm-based international order was essentially grounded on two principles that also decisively shaped the Indo-Pacific strategy of the European Union. The first basic principle was far-reaching demilitarisation and, associated with this, the desired goal of making the world largely weapons-free, starting in Europe (Jäger 2004). The European continent, and especially Germany (which until 1988 was the most militarised area in the world), seemed particularly suitable as a model for this.

The military was to be replaced by economic power, or even more precisely: disarmament was to create a peace dividend. Savings in the military budget were to be used to promote the internal development of states (or, in the case of the EU, of communities of states). In short: after 1988, the military component of power lost importance, the military of Germany, for example, was restructured – from territorial and alliance defence to international policing and reconstruction missions.

The shift of power from the military to the economic sphere gave the EU, and especially the Federal Republic of Germany, a new role in the international system. This was implemented in a new type of economically grounded policy. Within the European framework, it was based on the direct transfer of wealth and, for all countries that could not be admitted to the EU, on programmes for economic development or economic integration.

On the one hand, this was linked to the hope that economic development would promote democracy and that economic integration would create a convergence of interests with the elites of the target countries of the aid programmes. The German government's new China strategy alone (McElwee/Mazzocco 2023), not to mention the Ukraine war triggered by Russia, shows that these hopes have not been fulfilled. They will again be highly relevant in this essay in considering the reaction of non-Western countries to the Ukraine war and especially concerning that of the ASEAN countries.

The second underlying principle was the effort to base the international order on rules, values, or norms and make these the actual underpinning of such relations. Adjectives such as rule- and value-based, and norm-led are also found in the corresponding Indo-Pacific strategies of the EU. Behind the secondarily inflationary use of these adjectives was the ideal fiction of entire humanity. It alone would be able to solve the gigantic problems facing us on a global scale, especially climate change and the feared consequences. Humanity was thereby concretised with civil society.

This is also the reason why many NGOs subscribed to this rhetoric – up to the ideas of today's climate activists who, for example, place themselves above constitutional political decision-making processes in the national framework in demands such as those for a societal council or for immediate action on climate protection even without democratic legitimacy. The basic idea was and is that humanity's tasks can only be accomplished in cooperation of all with all, even over the heads of governments.

The Federal Republic and the European Union sought cooperation with NGOs at the international level to ensure moral (ideological) legitimacy for their actions. After all, power politics based on economic strength has a certain skin that a moralising component can balance. The crux, unfortunately, was that this required a world government in the Kantian sense.

However, this did not exist before 2022: the UN was institutionally too weak, and the USA got bogged down or disgraced itself to the bone in the Middle East and therefore withdrew from this role under Trump. Joe Biden has essentially continued this repositioning. It became apparent that the US alone (and not even in cooperation with Europe) is unsuitable or no longer powerful enough to act as the guardian of a rule-and value-based international order, once disregarding the justified question of whether the USA has ever been this (Mann 2003).

This raises the fundamental question of how the international system will develop and what role EU concepts on the Indo-Pacific region will take in this discourse in the future. Here, first of all, the further development of the international system. There are only initial hypotheses on this, and even without an extensive literature review, it can be said that probably all the forecasts that saw an American and (later) Chinese century approaching since the late 1980s were quite wrong. But the ideal of a multipolar rules-based world order has not necessarily proved to be correct either.

Therefore, the first hypothesis is that the emerging international system will be anarchic. The concept of anarchy in international relations is based on the idea that there is no supreme authority or sovereignty in the world, no hierarchically superior, coercive power



that could settle disputes, enforce the law, or order the system of multilateral political affairs. An anarchic state of the international system would hardly be a positive prospect for the future.

It is to be hoped that a second hypothesis will be more accurate. The theory of international relations also gives a reason for this. Although the anarchy briefly alluded to above is widely accepted in research as the starting point for the emergence of the international system, there is also empirical evidence that relations between states are structured anew and hierarchically in each case, even in the case of severe upheavals. Such structuring results from unequal distributions of power between states; great powers or their complex power hierarchies are formed (Mattern/Zarakol 2016).

Both are, therefore, factors of order in the international system (visible, for example, in the veto powers of the UN Security Council). Such hierarchies were first fully established in Europe with the Peace of Westphalia of 1648; later referred to as the European Pentarchy or the Concert of Europe, the five European great powers became increasingly significant on a global level in their conflicts, but also in their respective collaboration, until the outbreak of the First World War.

Admittedly, this is a Eurocentric view because in regions other than Europe, especially in East Asia, empires dominated until the 19th century, i.e. China, which did not recognise the sovereignty of other states. But at least a new pentarchy would be preferable to uni-, bi- or multipolar orders.

Perhaps with the deep changes that culminated in 2022, the system of pentarchy will return in a new way (Fischer 2022). The starting point could be that the two leading global powers today, the USA and China, are not strong enough if they stand alone. They cannot each unipolarly dominate the world, nor do even both of them together have the potential to establish a new bipolar world order like the one after 1945. According to this idea, Europe is moving much more strongly into the role of another great power than it did in the Cold War, but predominantly as a junior partner to the USA.

Russia, the former superpower, is in a similar position vis-à-vis China, as shown by its clear dependence on the Ukraine war. However, terms such as junior partner should not obscure the fact that there may not be considerable conflicts of interest between these and the respective first-ranking superpowers, such as between the EU and the USA or China and Russia. Such conflicts of interest are even inherent to the pentarchy model and can lead to the formation of new alliance constellations at quite short notice. The pentarchic is a flexible international system into which new powers can also be integrated as replacements for previous ones.

Historical analyses would also show that the balance of power between the great powers could change in such a system: after 1815, for example, the British and Russian empires were undoubtedly more powerful than France and Prussia; one hundred years later, Germany was stronger than Russia or Austria-Hungary. Such uncertainties are also reflected in the fact that in the incipient debate on the new pentarchy, former German Foreign Minister Fischer (2022) understands Japan as a current member of this system, whereas Münkler (2023) sees Russia.

A new pentarchy, to remain in this thought experiment, would, on the one hand, perhaps be a possibility to enable a better balancing of interests between the great powers at the global level (this happened reasonably well in the relatively war-free period between 1815 and 1914). However, the legitimate question would be how the interests of other actors in the international system could be secured. Moreover, whether this is a historical analogy

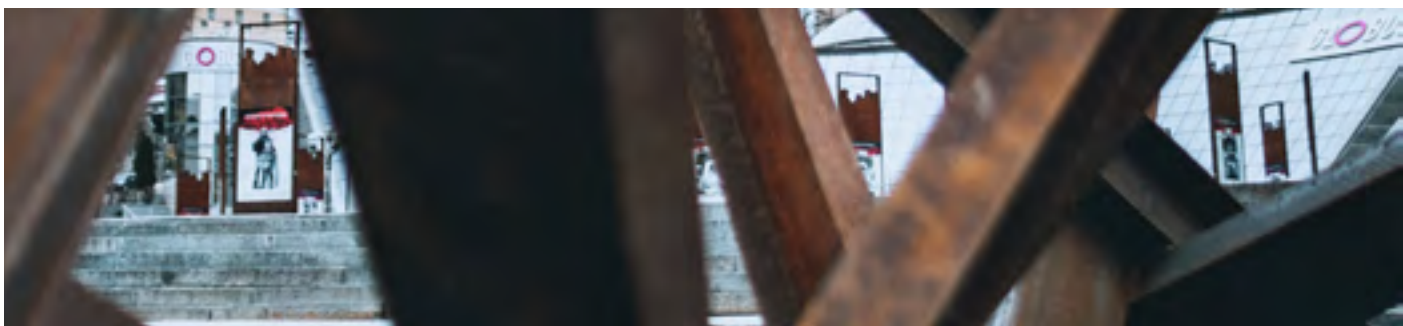
or an analytical model for scientific analysis is unclear.

From long-term observation, it can also be deduced that within the pentarchies framework, another weaker power tipped the scales. At present, with all the problems that exist, this can only be India. The most populous country on earth is, on the whole, ideologically, economically, militarily, and politically (thus in all forms of power according to Mann (1986–1993) weaker than the other great powers; however, the fact that India is, at least at present, on its way to becoming a more than regional power should not be questioned. With its complex positioning, India seems to be a prime candidate to tip the scales; India is the world's most populous democracy, at the same time, has traditionally good relations with Russia or stands in sharp antagonism to China and has long-standing divergences with the USA and Europe: this because of its conflicts with Pakistan and its likewise traditionally explicitly anti-colonial stance as a country that has claimed a leadership role for the global South as a whole for many decades.

If one follows such a line of thought further, then the other states or regions of the world would be areas in which the great powers, once again, as can be proven by many historical examples, try to exert control (and not, following Chomsky's ideas, security) or at least want to achieve influence. According to this reading, such regions would be Latin America, Africa and, in the case of interest here, South East Asia. Such a view would, at the same time, provide a new perspective on the Indo-Pacific strategies of the EU and its member states:

- › Firstly, Indo-Pacific strategies could evolve in such a way as to preserve much stronger control functions for the target countries than has been the case to now, which would go beyond the European combination of economic and ideological/cultural approaches that have prevailed so far. The restraint with which many states in Southeast Asia face European measures against Russia thus appears to be a rational strategy for defending national sovereignty.
- › Secondly, the suspicion in the target countries that not only cooperation is being sought through economic and cultural forms of power but that control is also being exercised is already being felt by value-oriented foreign policymakers such as German Foreign Minister Annalena Baerbock.
- › Thirdly, European foreign policy could be based on other logics than that of balancing economic strength and moral influence. Regarding its Indo-Pacific strategy, Europe will not be able to avoid a stronger security policy and military component, which will necessitate the rearmament of individual European states or further strengthening the EU's military component.
- › Fourthly, there are indications that European foreign policy will have to engage much more strongly than before with a new basic constellation in the international system. In place of those Western concepts that have dominated so far (rule- and value-based and norm-guided), international relations will again be much more characterised by a plurality of value concepts. They can appear in the respective context of other countries as national self-interest and legitimate insistence on sovereignty and autonomy. In the future, it will again become more necessary for the European side to avoid anything perceived as interference in internal affairs or even as moralising neo-imperialism or neo-colonialism.

*Photo:*  
Алесь Усцінаў, Pexels



### 3. Differences in Perception of the Ukraine War between Europe and the ASEAN States

Contrary to the hopes of Europe and the USA, the Russian attack on Ukraine did not lead to a clear reaction by the international community gathered in the UN or its decisive body, the UN Security Council. During the meetings in the latter on 25 and 27 February 2022, Russia voted against such a condemnation (which was hardly to be expected), but the People's Republic of China, India and the United Arab Emirates abstained. However, the subsequent vote on 2 March 2022 in the UN General Assembly still achieved the necessary two-thirds majority of 141 members in favour of draft resolution ES-11/1; but again, 35 states abstained, five voted against, and twelve did not participate. It was thus already one of the great disappointments for a values-based foreign policy that the voting results in the UN at the beginning of the Russian intervention were by no means as unanimous as had been hoped. Further disillusionment would come in the following months, as it became apparent that many military support measures for Ukraine or the comprehensive economic embargo imposed on Russia had been undermined (Konrad Adenauer Stiftung 2023).

A look at the Indo-Pacific, or rather its core region, the ASEAN states, shows the various manifestations of the ambivalences that come to light here. These can already be seen at the beginning of the Ukraine war (Saha 2022):

- › Singapore, Indonesia, and Brunei condemned Russia's actions immediately after the war began, but in quite different formulations. Singapore denounced any unprovoked invasion of a sovereign country under any pretext. Indonesia and Brunei condemned any action that violated a country's territory and sovereignty.
- › Vietnam, Malaysia, and the Philippines already showed fewer sharp reactions. These states generally referred to the need for self-restraint, dialogue, and peaceful solutions or, like the Philippines, declared that it was not their business to interfere in events in Ukraine.
- › On the other hand, the military government of Myanmar even declared its support for Russia's actions.

The ASEAN vote was also divided at the emergency session of the UN General Assembly on 2 March 2022. Most ASEAN countries supported the resolution, but Laos and Vietnam abstained. As far as the subsequent resolutions of the General Assembly were concerned, which were related to more concrete measures, it becomes clear how little support there was for Russia's isolation in the Southeast Asian region, which the USA and Europe pursued. Only the Philippines and East Timor (and the civilian government of Myanmar, which continues to represent the country at the UN) voted in favour of Russia's temporary exclusion from the UN Commission on Human Rights, Vietnam and Laos voted against it, and six other UN members from Southeast Asia abstained, including even Singapore, which had criticised Russia so harshly at the beginning of the crisis.

The ASEAN states have thus not committed to a unified line on the Ukraine war. Of them, only Singapore imposed its sanctions against Russia immediately after the beginning of the intervention, such as an export ban on goods of military use and restrictions on Russian banks and financial transactions. The reactions of the other ASEAN states were by no means in line with the West: they ranged from rather general expressions of concern or calls for peace and compliance with international law (Vietnam and Indonesia) to declarations of neutrality (Thailand and even the Philippines) to open support for Russia by Myanmar's military government.

How can such an ambivalent reaction to what the West sees as a rather clear breach of international law be explained?

The first obvious hypothesis is that such ambivalences are due to the interests of the ASEAN states about trade, direct investments and arms supplies with or through Russia. However, such factors should not be overestimated. For example, Russia's total trade with ASEAN in 2021 was only around 20 billion US dollars, and Russia's economic power is insufficient to make it a major direct investor in ASEAN. 2019 Russia was only ninth regarding direct investment in ASEAN (ASEANStatsDataPortal 2023).

In contrast, Moscow has been the largest arms supplier to the region, especially to Vietnam and Indonesia, but also to Malaysia, Thailand, even the Philippines and, hardly surprisingly, Myanmar's military government. However, even Russia's role as an arms supplier to the entire region should not be overestimated, as its sales were already declining before 2022 due to increasing competition from other countries or threats of US sanctions. Russia's arms exports to the region accounted for only 8.8 per cent of its global sales between 2015 and 2019 (Saha 2022). Other measures of Russian defence diplomacy, such as combined exercises and port calls of warships, are also considered less significant compared to those of powers such as the US or China.

Economic and military relations built up so far thus hardly seem to be directly suitable as explanatory factors for the ambivalent reactions of most ASEAN states. A second hypothesis is therefore aimed more at the foreign policy traditions of the region. Historically, Southeast Asia has been colonised by the major European powers (and later by the USA and Japan) since the 16th century, and since 1937, in addition to the anti-colonial wars of liberation, it has also been increasingly affected by conflicts brought in from outside, especially in the Indochina wars up to 1991.

This has contributed to an attitude among the political elites in the entire region of first paying attention to preserving their state independence or sovereignty and the self-determination of their political positions. In contrast, attempts are being made to limit interference from outside. In return, this means the ASEAN states' leaders should not interfere in the affairs of other powers or their conflicts, especially not in the case of geographically distant regions, such as where the Ukraine war is taking place, in faraway Eastern Europe. Governments in Southeast Asia have, therefore, always accentuated their national sovereignties and interests in recent decades and hardly ever interfered in the internal affairs of other states or external conflicts.

This strict policy of non-interference has even been pursued vis-à-vis the other members of ASEAN and can be interpreted as a strength of the Southeast Asian community of states, despite all the disadvantages to be considered (such as the lack of depth of integration). The argument also has limitations because the ASEAN states cannot isolate themselves from the rest of the world and are therefore connected internationally in many ways.

A third hypothesis therefore arises. Looking at what has been described in the previous section, I could suggest that a new race for global influence within the context of a new global power system has long since begun. Within this framework, it would be precisely the strength of the so-called secondary powers if they did not overthrow or become too dependent on the great powers or any of them. A high-ranking foreign policy goal could rather be to benefit from rivalries in the best possible way and to use the most diverse offers for one's interests. From this point of view, currently good or at least not bad relations with Russia would be trump cards in relations with other great powers or options for the time after the end of the Ukraine war.

For although Russia was not a dominant player in Southeast Asia until 2022, it has been involved in ASEAN as a dialogue partner since 1996 and has so far participated in all ASEAN-led forums, such as the ASEAN Regional Forum (ARF), the ASEAN Defence Ministers Meeting Plus (ADMM-Plus) and the East Asia Summit (EAS). In 2018, ASEAN-Russia relations were elevated to a strategic partnership. The latter is an important keyword as a key member of ASEAN, Vietnam has a whole range of strategic partnerships with states or communities of states with different domestic as well as foreign policy orientations, such as Australia, Korea, Germany, France, Malaysia, Russia, India, Indonesia, the Philippines, and South Africa. Vietnam thus stands as a paradigm for the tendency of ASEAN states not to commit themselves to fixed alliances in foreign policy. At the Sixth Eastern Economic Forum, which took place in Vladivostok in October 2021, Vietnam also proposed to link ASEAN more closely with Russia and the Eurasian Economic Union.

It can thus be assumed that most countries in Southeast Asia will not allow themselves to be drawn to one side in the Ukraine war. Rather, it is in their interest to maintain balanced political, economic, cultural, and military relations with the USA, China, the EU, and Russia. It remains to be seen to what extent the fifth potentially great power, India, will play a larger and even more independent role in the Indo-Pacific region or its core zone, South-East Asia, for instance, within the framework of its Look East Strategy.

In such a perspective, all activities emanating from the great powers appear in a different light. Without claiming to be exhaustive, new insights could be gained from this, not necessarily about the objectives, but about the regional reception of institutions such as the Regional Comprehensive Economic Partnership (RCEP for short), the Shanghai Cooperation Organisation, the Look East Policy, and the Quadrilateral Security Dialogue, and also the European Indo-Pacific Strategy. The Southeast Asian states are not only interested in profiting as much as possible from the initiatives of the major powers. There is also unease about being too narrowly defined on one side and the associated loss of national sovereignty and strategic autonomy.

#### 4. Europe and the Inevitable Changes in its Policies

The Ukraine crisis has posed significant challenges to the European Union and its member states. It is no longer surrounded by friends (a remark made by the then German Defence Minister Volker R  he in 1992); instead, a raging war has already claimed tens of thousands of lives not far from its eastern border. This has not (as some may have secretly hoped) been quickly settled in a Russian decapitation strike, which would have given time to replace the initial moral indignation with long-term effective military, political and economic measures. The war in Ukraine has developed into a material battle with, fortunately, mainly indirect participation by four of five major powers. Moreover, since the spring of 2022, it has been contained with some difficulty (also against the demands of Ukrainian President Zelenskyy), and at the time of writing, we can only hope this remains the case.

Looking at the EU, a rather astonishing development so far is that the Ukraine war has rather increased the cohesion of the 27 member states. A cynical view could attribute this to a well-known phenomenon, namely that a common enemy, or even its construction, can have an inclusive function.

After all, this was evident in the three packages of measures adopted by the EU at an informal meeting in Versailles shortly after the war began. So far, the EU and its member states have essentially not deviated from this course. At that time, EU leaders had agreed on three measures (Borrell 2022):



Firstly, a fundamental change in energy policy to reduce dependence on Russia in this area and, at the same time to curtail the financial sources of the Russian state. Three strategies were formulated to become more independent from Russia: A broader positioning of energy production, i.e. a more diverse mix of energy resources than has been the case in some member states up to now, an increase in energy efficiency and a more rapid expansion of renewable energies, although here there were differences of opinion from the outset between the broad majority of EU states and Germany on the preservation or expansion of supply through nuclear energy. In any case, the dependence on Russian gas, oil and coal imports should be ended as quickly as possible. This resulted in the need to mitigate the foreseeable substantial increase in energy prices for households and businesses in the EU. It can be said that this has by and large been achieved, but not in Germany, where households and businesses had to pay some of the highest electricity prices in a global comparison even before the Ukraine war. At the end of 2022, the industrial electricity price in Germany was by far the highest in the world (GlobalPetrolPrices.com 2022).

Secondly, the need for higher defence spending overall and a much stronger push than before for the EU's security and defence policy component. The war in Ukraine is forcing the EU member states to increase their defence budgets, or, as the supply problems of war material to Ukraine also proved, to rearm and fundamentally change their military doctrine: away from the concept of light infantry units to fulfil global humanitarian and police missions, back to the principles of territorial and alliance defence. On the one hand, this is to be achieved by realising that a two-per cent share of the defence budget in the gross national product had already been decided for some time within the framework of NATO. On the other hand, Josep Borrell, the High Representative of the European Union for Foreign Affairs and Security Policy and Vice-President of the Commission, had already worked out a defence policy strategic compass before the Ukraine war (Borrell 2022). Its realisation amounts to the emergence of a genuine military component of the EU, which is to use the increased financial resources efficiently and in a coordinated manner, thus creating a pillar of the EU that can complement NATO. It was also considered necessary to analyse, together with the European Defence Agency, the structures of military expenditure and the corresponding investment gaps and to propose new initiatives to develop the technological and industrial base of European defence.

Thirdly, the Ukraine war has been causing a massive influx of refugees into the European Union since its beginning. The issue of war refugees from Ukraine, particularly, has been met with remarkable commitment and solidarity by the immediate neighbouring states. At the same time, however, dealing with the war refugees presented the EU with the challenge of dealing with other migration flows, especially from Africa and the Middle East, differently and more uniformly (European Council/Council of the European Union 2023). It would be a daring undertaking to take stock at this point of whether this change has been successful for the EU or what partial successes have been achieved. However, It should be noted that after the end of the short dreamtime outlined above, those 25 years between 1988 and 2014, the EU will have little choice but to move towards stronger integration and cooperation in security and defence policy. In doing so, consider the following factors, among others.

Greater integration and the expansion of security and defence policy cooperation (this is not even necessary between all members of the EU) is a fundamental self-interest of the EU and its member states: In a world that has not necessarily become friendlier, the latter must arm themselves against crises in their neighbourhood (for example in Africa and the Middle East), and they must assert themselves more strongly against the other great powers; and especially against what is in principle the friendliest other great power to the European, the USA (Schirm2023). The EU must build up a military component if it wants to continue to be taken seriously as an international actor and protect its interests

*A Kid Protesting  
against the  
Ukraine War in  
Berlin, Germany*

*Photo:  
Matti Karstedt, Pexels*



(Von Daniels 2022). The current combination of economic and cultural-moral policies is insufficient because these, like economic sanctions in particular, only have an effect over longer periods. A military potential, on the other hand, has an immediate effect.

Such a necessity also arises from analysing the situation of the great power that is the USA's only real partner for Europeans today. To put it bluntly, the USA is no longer powerful enough to play the role of a protective umbrella as it did in the Cold War until 1988 or as the world policeman in the two decades after the collapse of the Eastern bloc. The USA may still be the most important military power, but its economic foundation is crumbling. While the USA still produced around 50 per cent of the world's industrial output at the end of the war in 1945 (albeit under conditions of wartime destruction in Europe), its share of world GDP fell from 25.2 to 21.8 per cent between 1970 and 2017, and that of the 28 EU states (including the UK) from as much as 35.2 to 23.5. China's GDP, by contrast, was 54 times higher in 2017 than in 1970 – starting from a much lower base (Bundeszentrale für Politische Bildung 2023).

Added to this is another factor, US domestic politics. The previous US president Trump was by no means just a will-o'-the-wisp; he managed to address a domestic policy problem that is important for the US: The de-industrialisation or decay of entire regions, visible especially in the so-called Rust Belt in the northeast of the country. Trump's electoral success was based on his addressing a fundamental attitude: Why should the US electorate pay for the betterment of other parts of the world when infrastructure was crumbling at home? This raises the serious question of whether US voters will vote for the aged President Joe Biden in the coming election year or rather for a politician like Ron De Santis, who is likely to have similar priorities on domestic policy as Trump. The EU needs to become more independent from the trials and tribulations of US politics.

## 5. Quo Vadis Europe in the Indo-Pacific?

What does all this mean for the EU or Germany, France and the Netherlands and their Indo-Pacific strategies?

Once again, it is important to point out how indeterminate further developments in the context of the Ukraine war or its impact on the international system are likely to be. The answer to this question depends on several, currently quite indeterminable factors, but not on whether there will not be further conflicts between the great powers within the framework of the new international system postulated above. The question is rather whether and to what extent Europe will succeed in continuing to appear as an important actor here. For the sake of argument, let us assume this will be the case. Then Europe will have no choice but to make a much stronger and different geopolitical appearance than in the past.

A first hypothesis would then be that Europe, as a smaller or only potentially great power, cannot afford not to be active in an important region of the world, the Indo-Pacific or the actual disputed core region, ASEAN, an area that is important simply because, as described above, it has so far successfully resisted unambiguous positioning; and that, as the other essays in this volume also show, it is not at all reluctant to cooperate with the Europeans – perhaps also because the Europeans (except the German foreign minister) would be expected to interfere less in its internal affairs. In this case, initiatives such as the European Indo-Pacific Strategy, if successfully implemented, would only be the beginning of a long-term development that would have to include security and military components much more strongly than in the existing concept. The EU (or new types of alliances between several members) would have to build up the potential for this in the first place. Moreover,

it would be necessary to implement such geopolitical partnerships in competition with other great powers (and even with the USA).

The counter-thesis would be that Europe already has a whole series of geopolitical problems to solve in its immediate neighbourhood, the instability in Africa and the Middle East, the basically immediate confrontation with Russia, and the complex relations with China. In addition, there is the problem of a stronger detachment from the USA and the assertion against imperial decrees or unilateral policies from Washington, for which numerous examples could be found, from George W. Bush to Donald Trump.

It is impossible to make a clearer statement here: too many factors are undetermined, and even the assumption formulated above that a pentarchy could emerge currently little more than a thought experiment. One can assume that Europe must remain active in the Indo-Pacific, more precisely in Southeast Asia, out of self-interest and to stabilise a region exposed to fierce competition between China and the USA. Whether Europe or its member states will have the cohesion, the will and, above all, the resources for this in the future is an open question.

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# 2

## **New and Old Challenges for the European Security Architecture and Involvement in the Indo-Pacific:** Between Multilateralist Cooperation and Geopolitical Competition



## **New and Old Challenges for the European Security Architecture and Involvement in the Indo-Pacific: Between Multilateralist Cooperation and Geopolitical Competition**

*Margit Bussmann*

*Photo:  
Guillaume Perigois,  
Unsplash*

European integration after the Second World War was driven to a large extent by the idea that trade and economic exchange would contribute to prosperity and peace. The founding fathers of the European integration project considered a common market and economic interdependence as a road to overcome animosities among former belligerents. This idea was also a driving force for the EU enlargement to the former Warsaw Pact countries after the end of the Cold War. The liberal peace thesis has been prominently advanced by academic scholars that argue, based on the ideas of Immanuel Kant, that economically interdependent countries are more likely to interact in peaceful ways, thus trade and foreign investment can offer means to break out of a vicious cycle that is promoted through the strife for power and a security dilemma in an anarchic world (Russett/Oneal 2001; Kant 1795/1991). A liberal trading peace has been observed among the former belligerents, and Europe has experienced a long period of peaceful cooperation and integration since the Second World War, but also for Asia, there has been empirical support for a long peace (Goldstein 2007). Economic interdependence among the EU member states, and other countries worldwide is at the core of the European project.

While the EU continuously has deepened its integration in economic and financial policy issues, it also has pursued a closer integration in matters of foreign, security, and defence policy (for a summary, see Briesen, this volume). In 2016 the EU global strategy was drafted and adopted under the impression of Islamist terrorism, the Russian annexation of Crimea in 2014, the war in Syria and the refugees crisis, and Brexit.

In light of these multiple crises and despite partly diverging national positions, the EU managed to converge on common positions and priorities in multilateral cooperation and other regional organisations worldwide (Tocci 2017). There have been important advances, but at the same time, the integration process in security and defence policy proves to be more difficult, and the member states are more reluctant to hand over power to a supranational institution in this domain. Added to this are somewhat different preferences among member states to which extent more power and resources should be attributed to the EU's defence institutions or to the transatlantic military alliance, NATO, that has been the main security provider in Europe for decades. Strategic cohesion became even more difficult after the EU and NATO enlargement rounds (van Hooft 2020). The situation has dramatically changed, and given the recent Russian aggression, defending Europe has become a priority for the EU and NATO, which work closely together in this deep international crisis.

The EU's grand strategy hinges on physical security, economic prosperity, and the projection of values (Smith 2011). This strategy, tailored towards protecting the EU's interests and values, has been challenged to the bone by the Russian attack against a sovereign state in Europe. A large-scale war came back to Europe. While the wars related to the dissolution of the former Yugoslavia in the 1990s also came with immense human costs, what is different with the Russian aggression against Ukraine is that it is an outright attack against a sovereign neighbouring state and thus demonstrated the vulnerability to all European states, in particular, to the countries in East and Central Europe which are near Russia. The threat from Russia, a major nuclear power, shifted the focus on security and defence policy in Europe, referred to as a watershed moment by the German Chancellor. The prioritisation of defence, together with a shift towards more protectionism and an inwards orientation for the European countries, runs the risk of a shift from a liberal trading world when states can get access to new markets and resources through international trade and economic exchange as opposed to a political-military world when states rely on territorial expansion and conquest with military means (Rosecrance 1986).

Russia is not the only challenge to the European model of prosperity and peace. An increasingly assertive China also poses considerable challenges, and the Europeans need to find their way to handling this renunciation from a rules-based international order that is founded on the Kantian pillars of democracy, economic interdependence, and international organisations as a way to reach eternal peace. For the EU and European countries, it is a major challenge to accommodate the traditionally strong focus on international interdependence and cooperation as a path to peace, the return of more geopolitical competition, and the need to get more independent from others. They need to accommodate close cooperation and strategic autonomy. As Simon (2022, 7) puts it about the EU's Indo-Pacific strategy,

*"Europeans must navigate the tension between their commitment to cooperation and inclusive forms of multilateralism on the one hand, and the salience of geopolitical competition and growing polarisation in the Indo-pacific on the other."*

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Simon (2022, 7)

The new international context will demand several developments. The EU has to enhance and improve its regional security in light of the Russian threat. This entails difficult decisions regarding defence spending in times of budget restraints. It involves improving its military

capacity to act independently if needed. In addition to more strategic autonomy, it is in Europe's interest to remain committed to NATO and its transatlantic allies. In exchange for US support in Europe, voices emerge that Europe has to return backing in emerging crises in the Asia-Pacific region and be a reliable ally there to the USA. However, this does not run counter European interests as the EU and its member states have a vital interest in the Indo-Pacific region's stability.

## 1. Enhancing European Security

The Russian aggression against Ukraine has fundamentally challenged the European security order. There is a strong commitment in Europe to continue on the path of multilateralism also in defence and security policy. Decisions in the EU's Common Security and Defence Policy have to be taken unanimously and thus reflect compromises in a slow decision-making process. Despite differences regarding the strength or independence of the transatlantic component in the European security architecture (Briesen, this volume), the European common defence policy project has received a boost through the Russian attack. The Russian attack generated a strong and united response by the European states in close alignment with their transatlantic allies. The EU members moved close together against the common enemy, Russia, despite previously different positions and threat perceptions concerning the assertive neighbour in the East. This difference is related to historical reasons and to geographic distance to Russia. The Baltic states and Poland are in close proximity, and as post-Soviet states or states in the former Soviet sphere of influence, had historically been extremely anxious about their large neighbour and felt threatened for some time already.

Other countries, for example Germany, had a relatively low threat perception and even risked being highly dependent on Russian energy through the Nord Stream pipelines. Given this heterogeneous set of countries, particularly after the EU and NATO enlargement rounds, some researchers suggested that cohesion in foreign policy and security positions became more difficult to achieve, especially concerning difficult tasks (Smith 2016).

The new members from East and Central Europe were considering the USA more of an insurance and more credible as a security provider and were less inclined to support European initiatives to advance the security architecture outside of NATO. In contrast, some West European countries were calling at least partly for alternatives to the transatlantic alliance (van Hooft 2020).

On the other hand, systematic studies of UN voting behaviour and co-authorships in drafting UN General Assembly resolutions show that the EU does very well in coordinating its member states in matters of foreign policy. The enlargement rounds led to a decline in cohesion but only for a decade. Since then, there is not much difference between new and old EU members, and the EU coordination works well again (Finke 2020). After February 2022, the threat perceptions of the European states converged, and solidarity with Ukraine is uniform among the EU member states.

However, there is a certain divide regarding the intensity and speed of assistance, particularly the Baltic states and Poland demanding constant support for Ukraine on all levels, whereas Germany (and the USA) are more cautious. Whether cohesion in the defence policy orientation is sustainable, for example, in case of a new economic crisis, will remain to be seen.

Given the Russian blunt aggression, Europe is expected to take an inward look, strengthen its defensive capabilities, and focus more on peace in Europe in the coming years.



European support to Ukraine in terms of military assistance, humanitarian assistance and assisting in the reconstruction of a war-torn economy will bind resources in Europe. The rising insecurity resulted in heavy investments in the defence budgets. European allies reacted to the war with an increase in military spending.

As reported by the Stockholm International Peace Research Institute, global military expenditures increased by +3.7per cent in 2022 if adjusted for inflation. Compared to the observed increase of +2.7per cent in Asia and Oceania, the increase of +13 per cent in Europe is massive, the largest since the end of the Cold War. It is largely attributed to increased spending in Russia (+ 9.2per cent) and Ukraine (+32per cent) due to the war. However, Western and Central European countries also observed a tremendous increase, with an exceptionally high rise, for example, in Finland and Poland. Germany announced the establishment of an extra-budgetary fund of 100 billion euros over the coming years to modernise its armed forces (SIPRI 2023).

The war in Ukraine also brought the topic of strategic autonomy/sovereignty back on the agenda. One central challenge for European states is to remain capable of acting independently and not having decisions imposed by an outside actor. It is crucial that it can act even if the USA does not (Briesen, this volume).

As a recent example, the overhasty withdrawal from Afghanistan demonstrated the weaknesses of the other countries having to quickly withdraw after the USA did. In the context of this failure and the experience of the Trump years, discussions on European autonomy or sovereignty in defence policy intensified. A future challenge will be to build up European defence and security capabilities so that they will be able to withstand Russian aggression also without a substantial contribution from the US, especially in case a future US administration is less committed to the protection of Europe and considering the US reorientation towards China and the Indo-Pacific. This will leave fewer resources for the European theatre (van Hooft 2020; Simon et al. 2020).

Despite some disagreements, the EU and USA are close and sustainable allies. They moved even closer together under the impression of a direct threat from Russia. The security partnership has been very robust in the past, and to the relief of many, especially East Europeans, the Biden administration remained strongly committed to the European theatre. The strong reliance on the US became even more evident with the Russian war in Ukraine. Germany and other European states are very eager to closely align their position with the USA, for example, about weapon deliveries to Ukraine. The responses to the war and the support of Ukraine that, for example, Germany provides, always occur in close consultations with the USA. The US and NATO's protective security umbrella became more attractive to Europeans again.

The question of how independent or integrated the EU as a security provider should be from NATO continues to draw attention. This has been a long-standing controversy among European states. Some countries, like Great Britain, Germany and the East European countries, are leaning towards stronger transatlantic ties and others, like France, are opting traditionally for Europe taking a stronger independent course from the USA in terms of security and defence policy (van Hooft 2020; see Briesen, this volume). Through the Russian attack on Ukraine, NATO got considerably strengthened and became increasingly attractive to non-members. The former neutral states in the North, Finland, and Sweden, expressed strong interest in joining the alliance right at the start of the war in Ukraine. The German government is strongly committed to both the EU and NATO:

*"Germany's security is indivisible from that of our European partners and allies. Our commitment to NATO and the EU is unshakeable."*

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*Federal Republic  
Germany  
(2023, 13)*

Reforming and improving the European security architecture and strengthening the European pillar of defence, within NATO and the EU, will be a task for the coming years. The increase in defence spending, in combination with the already strained budgets from the pandemic, will cause a major challenge in the future for European governments to accommodate the priorities of prosperity and security.

To what extent geopolitical concerns are to compete with the EU's interest in trade and economic exchange with the region remains to be seen. In any case, geopolitics returns, and competition and contestation to the liberal world order also challenge the EU's main policy positions, turning itself towards a more power-based orientation.

## 2. Protecting Trade Interests: Europe as a Global Actor in the Indo-Pacific

The war in Ukraine has consequences for the power distribution in the international system. Russia is likely to be considerably weakened, which will impact the relative strength of the other major actors, in particular the USA and China, but also on middle powers like India and the EU. Most important about reshaping the international system is China's role as a potential challenger to the established order.

The rise of China changes the power distribution in the international system significantly and challenges the established rules-based order. Discussions continue whether we find ourselves in a period of power transition where a challenger overtakes the hegemon and to which extent this challenger is dissatisfied with the current system and strives to change it, increasing the risk of a major power war (Organski/Kugler 1980).

Whether there is a transition in power from the USA to China in the foreseeable future is far from clear, and thus, it is also far from certain that China will be the new hegemon that reshapes the international system to its liking (Gilpin 1981). Some predict that China was already reaching its peak and is in decline, implying that the USA remains the hegemon. There are, however, altogether significant uncertainties about the liberal and rules-based international order and its future, and this poses substantial questions to other regional players like India and the EU. The EU might be caught in a dilemma having to balance between two poles, its close ties with the USA and economic interdependence with China (see Briesen, this volume).

Some European countries will face the challenge of having to become less economically dependent on China and diversifying their trade relations and energy and resource supplies. In particular, Germany initially saw the vast Chinese market as an opportunity for its trade-based economic model and a strategic partner. However, it increasingly also considers Chinese investments and company takeovers in Europe and the Chinese activities in European infrastructure projects as a threat to national interests in key industries. Uneasiness about Chinese assertive foreign policy increased significantly among European countries. France responded with a policy shift towards more political-military engagement (Mijers 2021), and the German approach of "change through trade" is considered to have failed while in the meantime China has not been contained through economic interests (Ulanowski 2022).

The recently released German national security strategy describes China as

*"a partner, competitor and systemic rival" and also acknowledges that "the elements of rivalry and competition have increased in recent years, but at the same time China remains a partner without whom many of the most pressing global challenges cannot be resolved."*

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Federal Republic  
Germany  
(2023, 13)

The strategy paper recognises that economic and financial relations carry security risks stressing that dependencies on energy and natural resources must be diversified. A similar tone can be found in the speech of the European Commission's president Ursula von der Leyen, in March 2023, acknowledging the remarkable development and economic growth that China underwent in the past decades at the same time, she expresses very plainly concerns regarding China's global power ambitions and assertive actions abroad and repression at home.

For the EU, she claims the *"need to focus on de-risk – not de-couple"*, thus, to continue open communication with China and continue to work together with one of the EU's largest trading partners but at the same time taking measures to reduce risks in investments in sensitive and dual-use technologies. She announces an economic de-risking strategy that *"will help strengthen our supply chain resilience and diversify our trade"* (European Commission 2023) with new and revised trade agreements for countries such as Japan, New Zealand, Australia, India, and the ASEAN partners.

Thus, the EU needs to engage in the region to pursue its interests and is confronted with the challenge of diversifying its ties with partners that share similar values in security cooperation, particularly with countries such as Australia, Japan, and South Korea. Taking a pragmatic approach, the EU stresses the need to continue cooperation also with countries that have different values, or as the president of the European Commission put it, *"We must always be ready to talk and work with those who see the world differently."* (European Commission 2023)

European interests in the Indo-Pacific are manifold and considerable. Many observers agree and repeatedly emphasise for quite some time that the centre of gravity in international geopolitical competition has moved from Europe to Asia and the Indo-Pacific (Simon 2022). This is reflected in the release of various national Indo-Pacific strategies by European countries, like the UK, France, Germany, and the Netherlands, and eventually the EU Strategy for Cooperation in the Indo-Pacific (Ulatowski 2022). For the EU strategy, the interest is in maritime security, mainly to

*"promote an open and rules-based regional security architecture, including secure sea lines of communication, capacity-building and enhanced naval presence in the Indo-Pacific."*

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(European Commission 2022)

Different European nations have different levels of engagement in the Indo-Pacific. Some countries, particularly France, with regional territories, have long-standing commitments. Others, like Germany, have close economic ties and reiterate in their national security strategy that, besides Europe and geographically closer regions, an interest in the Indo-Pacific spheres of influence:

*"In global terms, the Indo-Pacific, too, remains of special significance to Germany and Europe."*

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Federal Republic  
Germany  
(2023, 13)

European engagement in the region has relied mostly on economic cooperation and multilateralism. The EU and many European countries are still the foremost economic powers with a development path heavily oriented towards international trade and interdependence. Germany's national security strategy, similar to the EU strategy, explicitly lists as one of its core interests:

*"maintaining an open, rules-based international economic and financial system with free trade routes and a secure, sustainable supply of raw materials and energy."*

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Federal Republic  
Germany  
(2023, 13)

European countries are trading with and investing heavily in the Indo-Pacific. As the European Commission stresses in the EU Strategy for Cooperation in the Indo-Pacific

*“The EU and the Indo-Pacific are highly interconnected”, and both regions are economic powerhouses that together “hold over 70per cent of the global trade in goods and services, as well as over 60per cent of foreign direct investment flows.”*

(European Commission 2022)

This means that the EU has very high stakes and interests in a peaceful and prosperous Indo-Pacific region, the same as the other way around, peace in Europe is important for Asian development. Tensions in the Indo-Pacific can significantly impede trade, be it a piracy threat or interstate conflict. As the EU’s factsheet on the strategy pointed out, 40per cent of the EU’s foreign trade passes through the South China Sea (European Commission 2022).

The EU is firmly committed to increasing cooperation in matters of security and choses a multilateral approach for this. Enhanced cooperation and exchange on matters of security takes place, for example, within the EU-ASEAN Strategic Partnership (<https://euinasean.eu/the-eu-asean>) and the ASEAN Regional Forum of which the EU is a founding member and with the Pacific Island Forum (see Briesen, this volume; Simon 2022).

### 3. Military Presence as Contribution to Counter-Piracy and Sanction Monitoring

Flourishing trade relations requires maintaining security and open seaways. The EU is firmly committed and, since 2016 member of the United Nations Convention on the Law of the Seas. For the EU, it is a declared aim to promote open and secure transportation routes and maintain a naval presence in the Indo-Pacific. This includes conducting multilateral exercises together with regional partners and port calls in the region *“to fight piracy and protect freedom of navigation in the region.”* (European Commission 2021)

Piracy is a particularly persistent problem in the Indo-Pacific. The Strait of Malacca and Singapore are very busy sea lanes and the area most affected by piracy and armed robbery. From a total of 172 incidents in 2021 reported to the International Maritime Organization, 69 incidents took place in the Straits of Malacca and Singapore and an additional 16 incidents in the South China Sea, 5 incidents in the Indian Ocean and 19 incidents in the Pacific (South America) (International Maritime Organization 2021).

An effective counter-piracy strategy cannot be solved at the national level only but require multilateral efforts. Efforts go beyond the littoral states, and states and organisations like the EU with strong security and economic interests in the region can contribute. Numerous institutions and multilateral agreements, such as the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia, are active (with Germany, Netherlands, UK, Norway, and Denmark being contract members) but also ASEAN. Through its department Reunion, France is a member of the Djibouti Code of Conduct, which targets piracy in the Western Indian Ocean and the Gulf of Aden (Menzel 2018).

The EU gained considerable experience in leading the counter-piracy mission at Atalanta, the Horn of Africa, which was conducted in cooperation with NATO and proved quite effective. The ongoing multilateral mission is the EU’s first maritime operation and protects the waters off the coast of Somalia. The EU committed substantial resources to protect its trading routes, and attacks on commercial ships could be significantly reduced (Dombrowski/ Reich 2019; Smith 2016). However, it has been a task close to European ports, and the EU could still demonstrate the capacity to conduct such an operation away from its shores. Whether the European Union Maritime Security Strategy to the Indo-

Pacific can be extended to protect the EU's interests of secure trade routes far from home ports must be considered. Extending its reach to become a global naval security player will be one of the future challenges.

The EU and individual European states are actively involved in the region to contribute to maritime security. Several European countries participate in multilateral military exercises in the Indo-Pacific. Multilateral exercises can serve several purposes, ranging from deterrence of a potential aggressor and assurance for weaker alliance partners, but are often conducted to just practising interoperability and for training purposes.

They can also serve as a measure to enhance trust or confidence-building and reduce uncertainty among potential rivals and strategic competitors (Wolfley 2021; Bernhardt/Sukin 2021). Especially France, as the only EU country with territory and military bases in the Indo-Pacific, has strengthened its political and military presence in the region, including participating in several military exercises and organised exercises in the South Pacific (Meijer 2021).

A number of joint naval exercises under EU command were held with India, Japan, and the Republic of Korea in the Indo-Pacific region. Various initiatives and strategic partnerships, such as with Japan, extended the European maritime security architecture and enhanced closer security cooperation and exchange of information (Simon 2022). Although no longer member of the EU, the UK is still an important partner in security cooperation. While in particular considered by France initially as an affront, the founding of the new military alliance AUKUS (Briesen, this volume) will also contribute to regional security and is thus in Europe's interest.

European countries that were not active in the region before also got more involved. Germany, for example, sent a frigate in 2021 to the Indo-Pacific to show the flag and visit several ports in the region, including the South China Sea, but also to train together with the navies of Australia, Japan, and Singapore (<https://www.bundeswehr.de/en/organization/navy/news/indo-pacific-deployment-2021>).

With such a deployment, it was to demonstrate that it can be an actor with global reach. However, as Ulanowski (2022) points out, the German frigate remained in international waters, only avoiding any confrontations and not wanting to be on top with diplomatic disputes with China. During the Shangri-La-Dialog, a regional security conference in Asia, the German defence minister announced the deployment of another frigate to East Asia in 2024 (Reuters 2023; <https://www.reuters.com/world/germany-send-two-warships-indo-pacific-2024-amid-south-china-sea-tensions-2023-06-04/>).

Military presence can also help to monitor the imposition of sanctions. Economic sanctions are a standard foreign policy tool that the EU uses increasingly, often together with the United States, in the absence of a UN Security Council mandate. While the US is more successful in altering target states' behaviour through the mere threat of sanctions, the EU sanctions are more successful once the EU agrees to impose them. This is largely due to the multilateral character of EU sanctions when a heterogeneous set of countries have to agree, but once this agreement, which needs to be unanimous, is reached, sanctions are more efficient. Multilateral sanctions have a more substantial effect on the target. At the same time, they are more difficult to monitor and oversee (Weber/Schneider 2020). Sanction monitoring and enforcement will be a challenging endeavour for the EU in the future. Sanctions can only be effective if they are actually enforced. This is easier for smaller international institutions, such as the EU (compared to large ones like the UN) which can better constrain their individual members and prevent them from undermining the sanctioning effort (Early/Spice 2015).

Sanctioning effect also depends on the support of third-party states. Sanction-busting, or the deliberate disregard of sanctions, is a major concern, and there is a strong indication that states allied to the target might circumvent sanctions, for example, through continuous trade or the provision of economic aid (Early 2015). In anticipation of sanction-busting, sanction senders can aim for support from international institutions as this will increase economic costs further but also will increase compliance and reduce sanction-busting, provided the sender has sufficient economic power to induce the member states of the international institution to support the sanctions (Jeong 2023). A stronger military and navy presence can improve compliance and detect sanction violations. Several European countries participated with other countries in the Enforcement Coordination Cell based in Japan to collect information on vessels violating the UNSC sanctions against North Korea (Simon 2022). Given the large EU sanctions program against Russia, such monitoring is necessary for sanctioning to be an efficient foreign policy tool.

#### 4. Conclusion

Europe will face several challenges in the coming years and decades. The Russian war in Ukraine demonstrated that European countries are vulnerable and need to concentrate on and invest more in their defensive capabilities. Furthermore, economic interdependence has become a security-related issue. Some countries urgently need to diversify their economic ties to be less dependent on resources from Russia and China. Europe's interest in a rules-based order and a multilateral cooperative approach to solving global problems has become even more evident.

Maritime security in the Indo-Pacific will be impeded by great power competition. Arms races in the region, asymmetric power relations and growing conflict around Taiwan and the South China Sea pose potential challenges to the EU's economic interests in keeping sea lanes open to trade. If conflicts escalate to a militarised level, transportation routes might be disrupted, and uncertainty will generally rise, all factors that impede trade and economic exchange and thus threaten the EU's economic model (Simon 2022).

With the return of power politics, Europe must avoid becoming trapped in the geopolitical competition between the USA and China. Instead, it needs to continue developing its own profile with its core interests and values largely compatible with its transatlantic partners. Given its economic development and trade, Europe is interested in open and secure seaways free from militarised disputes and piracy. There are additional challenges related to nuclear proliferation or hybrid threats and cybersecurity. Countering these threats are important future challenges and can best be solved through multilateral efforts and international engagement instead of national solutions.

Finding the right balance between economic and security interests and fulfilling Europe's normative power and the promotion of human rights has always been a difficulty and will be so in the foreseeable future. A continuing challenge is to walk the line between value-based and interest-based policy if they are in opposition. Examples are plentiful where this balance has been shaky.

Besides the challenge of assuming a global role outside the economic sphere, the EU will also contribute to security and stability in the close surroundings. The shifting centre of gravity and increasing orientation towards the Indo-Pacific means that the USA will be less involved in other regions. With a withdrawal of other regions, e.g., from Sub-Saharan Africa and increasingly from the Middle East, other actors, such as Russia or China, are moving into voids that the USA leaves behind. These regions are geographically close to Europe and of special strategic interest for several reasons. In this sense, Europe will face

another challenge by providing security and stability in its adjacent neighbourhood. Its limits in projecting military power globally speak for a concentration on stabilising regions that are in geographical proximity (Smith 2016).

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# 3

## **Economic Cooperation of the EU with the Indo-Pacific Countries: Strengthening the Foundation of Engagement**



## **Economic Cooperation of the EU with the Indo-Pacific Countries:** Strengthening the Foundation of Engagement

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*Nguyen Van Dap*

*Photo: Pixabay, Pexels*

Economic cooperation is currently and must continue to be an important pillar in the relationship between the EU and the countries in the Indo-Pacific region despite the increasing geopolitical competition. For the relationship with the EU to remain important in the decisive considerations of Indo-Pacific countries, it needs to deepen economic cooperation as guided by the EU's Indo-Pacific Strategy. Based on assessing the current situation of cooperation, needs and capabilities of the two sides along with the shifting trends of the common context, the article makes appropriate recommendations and proposals for the EU's economic cooperation with the Indo-Pacific region in the future.

The economic prosperity of the Indo-Pacific region is closely linked to the world's prosperity. This is a clear fact as the region has contributed to the growth engines of the world economy for more than two decades. At the same time, that prosperity increasingly ties the region to external connections: investment capital flows, technological know-how, high-quality human resources, and modern production and management methods. One of the important departures for these resources is the European Union (EU). Through a centralised production process from countries in the Indo-Pacific region, goods reach consumers worldwide through global supply chains.

However, the fluctuations in global economic growth due to the effects of wars and conflicts, geopolitical fluctuations, pandemics, potential opportunities, and threats have greatly influenced the economic relations of the EU and its member countries with countries in the Indo-Pacific region over the past two decades. The EU's economic presence and role in the region is more contested than ever before.

Faced with this uncertain context, the EU has published an overall, highly directional Indo-Pacific Strategy in 2021 to guide EU actions in the region. Economic ties are considered one of the five most important pillars of the EU's Indo-Pacific Strategy, which *“aims to contribute to the region's stability, security, prosperity and sustainable development.”* To fully assess the prospects for economic relations between the EU and countries in the region, it is necessary to first consider the parties' current backgrounds, needs and capabilities and major trends affecting this relationship before considering the promising areas in the economic relations between the two sides.

## 1. Existing Foundations of Economic Relations

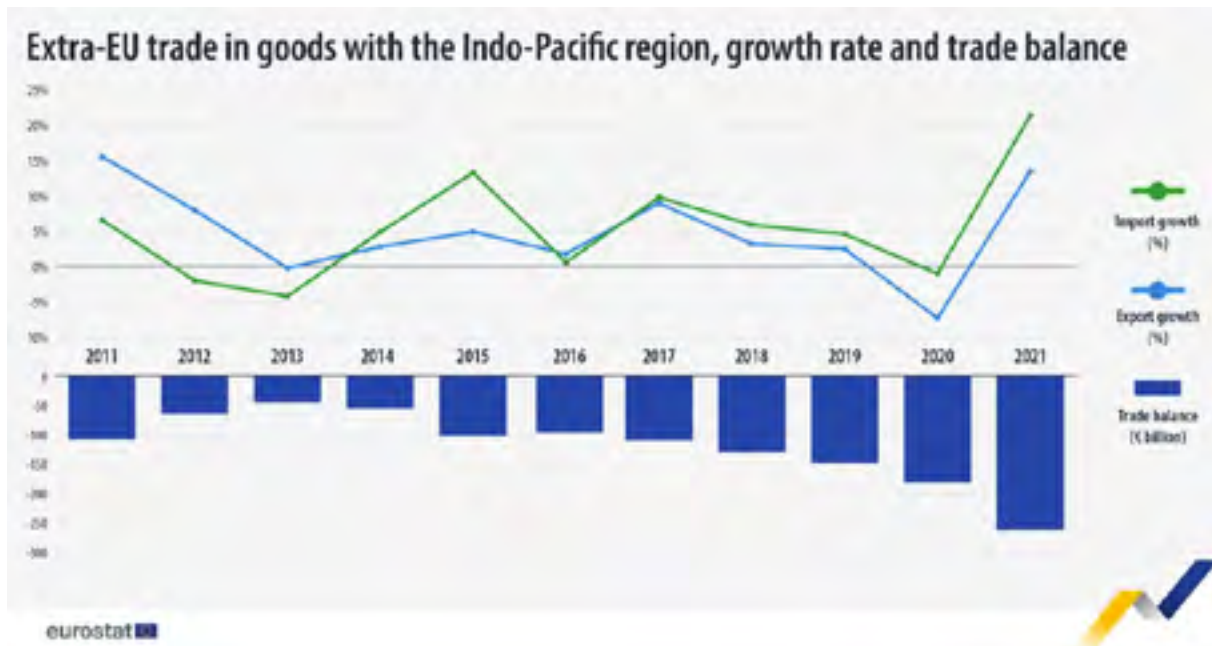
Today, the Indo-Pacific is a vibrant economic region that accounts for 60 per cent of global GDP, with three of the world's four largest economies outside the EU (China, Japan, and India) contributing two-thirds of the world's economic growth. In less than a decade, by 2030, 90 per cent of the 2.4 billion people entering the middle class will come from the Indo-Pacific (EEAS 2022). Of the 20 economies with the largest goods import and export activities, half are in the Indo-Pacific region. The situation is similar to the service import and export sector. Not only in terms of size, but Indo-Pacific also plays an important and promising role as the region is the centre of global value chains, international trade, and investment flows, as well as the forerunner of the digital economy and technological development. In the opposite direction, generating nearly 15 per cent of global GDP (purchasing power parties), the EU is one of the leading investors and providers of development aid and a major trading partner of countries in the region. Therefore, it can be said that for the EU, the Indo-Pacific region is essential for its economic growth.

### The situation of bilateral trade and investment relations

For decades, trade and investment have been central to Europe's approach to the Indo-Pacific and have driven Europe's relations with the countries of the region (Grare/Reuter 2021). The total value of bilateral trade reached 1.5 trillion euros (equivalent to 1.66 trillion USD) in 2019 (Europarl 2022). The Indo-Pacific is the EU's second-largest export destination and home to four of the EU's 10 largest trade partners in goods, including China, India, Japan, and South Korea. On the other hand, the EU is also among the leading trading partners of most countries in the region. This implies that the presence of the EU in the Indo-Pacific region is greater than that of Indo-Pacific countries in the EU.

This is even though from 2011 to 2021, imports of goods from the Indo-Pacific region to the EU increased more significantly than exports, which also showed steady growth. Imports increased from 515 billion Euro (\$570 billion) in 2011 to 844 billion Euro (\$934 billion) in 2021 (+64 per cent), while exports increased from 407 billion Euro (\$450 billion) to 583 billion Euro (\$645 billion) in the same period (+44 per cent). With non-EU imports growing more than exports, the EU's trade deficit with the Indo-Pacific region reached 261 billion Euro (\$289 billion), the highest value since 2011, 109 billion Euro (\$120.6 billion) (Eurostat 2022) (see Figure 1).

**Figure 1:** Trade volume between EU and Indo-Pacific countries



The growth rate of imports and exports from the Indo-Pacific region in total imports and exports outside the EU slowed down during the peak of the COVID-19 pandemic (-1 per cent and -7 per cent in 2020 compared to 2019, respectively). However, they recovered in 2021, compared to 2020; +21 per cent for imports and +13 per cent for export. In 2021, the Indo-Pacific region accounted for a significant share of total imports and exports outside the EU (40 per cent) and exports (27 per cent).

Source:  
<https://ec.europa.eu/>

In 2020, the EU's FDI outflows accounted for 20.9 per cent of the globe, slightly higher than the second largest source of FDI, the US, with 20.7 per cent (Eurostat 2022), far ahead of the next FDI sources at less than 6 per cent. However, the main destinations of the EU's FDI flows are non-EU European countries and North America, with nearly two-thirds of the total amount of FDI outside the bloc. On the other hand, the EU receives an equal amount of foreign direct investment from these countries. In other words, the EU's investment relations are mainly with non-EU European countries and two North American countries, the US and Canada, the Indo-Pacific countries are not yet major investment partners of the EU. Even so, the EU remains the leading investor in some regional economies, such as ASEAN countries.

### Multilateral economic cooperation platforms

The EU, in general, and its member countries in particular, and regional countries and organisations in the Indo-Pacific have established inter-regional economic cooperation and dialogue mechanisms such as the Asia-Europe Meeting (ASEM). They also jointly participate in multilateral mechanisms with a focus on economic ones, such as the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), or, more recently, the Group of 20 advanced and leading emerging economies (G20). For these multilateral mechanisms, in addition to the participation of key member states, the EU also has its representatives. ASEM is an inter-regional dialogue mechanism formed relatively early in the post-Cold War context. The OECD includes South Korea, Japan, Australia, and New Zealand. G20 has the participation of China, Japan, South Korea, an ASEAN country, Indonesia, Australia, and India.

The EU strongly promoted a global trade structure based on the reform of WTO rules; however, the actual failure of the Doha Round in 2008 caused the EU to shift direction towards achieving a common trade and investment framework with the Indo-Pacific as a good alternative (Grare/Reuter 2021). However, the EU has not made any significant progress in this direction. As a result, the EU turned to an approach based on existing regional agreements in the Indo-Pacific and a bilateral approach.

*“The EU will need to strengthen its strategic trade position and level the playing field in the Indo-Pacific, given recent significant regional agreements, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).”*

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(EU 2021)

### **The bilateral platforms: EU's FTAs with Indo-Pacific countries**

*“It will continue to explore and negotiate ambitious trade and investment agreements in the region, such as those concluded with Japan, the Republic of Korea, Singapore and Vietnam. It will aim to conclude free trade agreements with Australia, Indonesia and New Zealand and take further steps towards the Comprehensive Agreement on Investment with China. The EU will continue to explore deepening economic relations with India.”*

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(EU 2021)

Currently, the EU has signed and is negotiating a total of 26 trade and investment agreements with partner countries/organisations of various types, such as: Free Trade Agreements (FTA), Deep and Comprehensive Free Trade Agreements (DCFTA), Investment Agreements (IA), Enhanced Partnership and Cooperation Agreement (EPCA), Partnership and Cooperation Agreement (PCA). In particular, for the Indo-Pacific region, the EU currently has 16 agreements, equivalent to 55 per cent of the bloc's trade and investment agreements, at levels from negotiation to signing pending ratification and implementation, except for the agreement with Myanmar (see Table 1).

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Source:  
European  
Commission  
(2023)

**Table 1:** List of EU's trade agreements with Indo-Pacific countries

No.	Parties	Type of agreement	Adoption
1	EU-Vietnam	Free Trade Agreement	In place
2	EU-South Korea	Free Trade Agreement	In place
3	EU-PNG	Cooperation and Partnership Agreement	In place
4	EU-Sri Lanka	Cooperation and Partnership Agreement	In place
5	EU-Singapore	Free Trade Agreement	In place
6	EU-Japan	Economic Partnership Agreement	In place
7	EU-New Zealand	Cooperation and Partnership Agreement	Adoption
8	EU-China	Cooperation and Partnership Agreement	Adoption
9	EU-ASEAN	Cooperation and Partnership Agreement	Being negotiated
10	EU-Indonesia	Free Trade Agreement	Being negotiated
11	EU-Philippines	Free Trade Agreement	Being negotiated
12	EU-India	Cooperation and Partnership Agreement	Being negotiated
13	EU-Australia	Cooperation and Partnership Agreement	Being negotiated
14	EU-Thailand	Cooperation and Partnership Agreement	On hold
15	EU-Malaysia	Cooperation and Partnership Agreement	On hold
16	EU-Myanmar	Free Trade Agreement	On hold

### **The main actors: governments, corporations, and communities**

Attracting the participation of the private sector is considered a strength of European countries. In the context of China's presence and expansion of economic and financial influence in the region through state-owned or state-supported economic corporations, the public-private partnership model of EU partners offers an important experience in promoting the resources of countries in the region. In particular, the EU is using a financing model characterised by grants, low-interest loans, and guarantees aimed at promoting investment from the private sector. (Kuoman, 2023)

Large European multinational corporations soon had a solid presence in the Indo-Pacific region with financial, scientific, and technological potential and the ability to penetrate and operate in international markets, both in most civil and military fields. At the same time, small and medium enterprises are also encouraged by EU countries to internationalise their operations.

One-fifth of the expatriate communities in the EU are now from the Indo-Pacific region, including, in order of greatest number: China (including Hong Kong), India, Afghanistan, Pakistan, the Philippines, Bangladesh and Vietnam. This is one of the critical economic connection channels between the EU and countries in the Indo-Pacific region through remittances, investment, or human resources.

### **EU's Strategy to Indo-Pacific on economic cooperation**

With the situation as analysed above, in its Indo-Pacific Strategy, the EU identifies issues of principles, methods and objectives as follows:

*"The EU will continue to promote key EU economic interests, principles and objectives including on sustainable development towards ensuring a strong, balanced, and inclusive socio-economic recovery and growth as well as sound macroeconomic policies, institutional capacity building and support for regional integration. The EU will foster dialogue with likeminded countries of the Indo-Pacific region by crafting forward-looking growth enhancement strategies for a resilient and sustainable rebound of our economies."*

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(EU 2021)

In particular, after experiencing severe disruptions due to the COVID-19 pandemic as well as in the context of fierce strategic competition in the region, the EU emphasises supply chain issues:

*"Diversification of supply chains should contribute to the resilience of the European economy, especially for the most sensitive industrial ecosystems, and to the reduction of strategic dependencies on critical raw materials. The EU will also cooperate with Indo-Pacific countries to reform the WTO towards a sustainable and effective multilateral trading system."*

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(EU 2021)

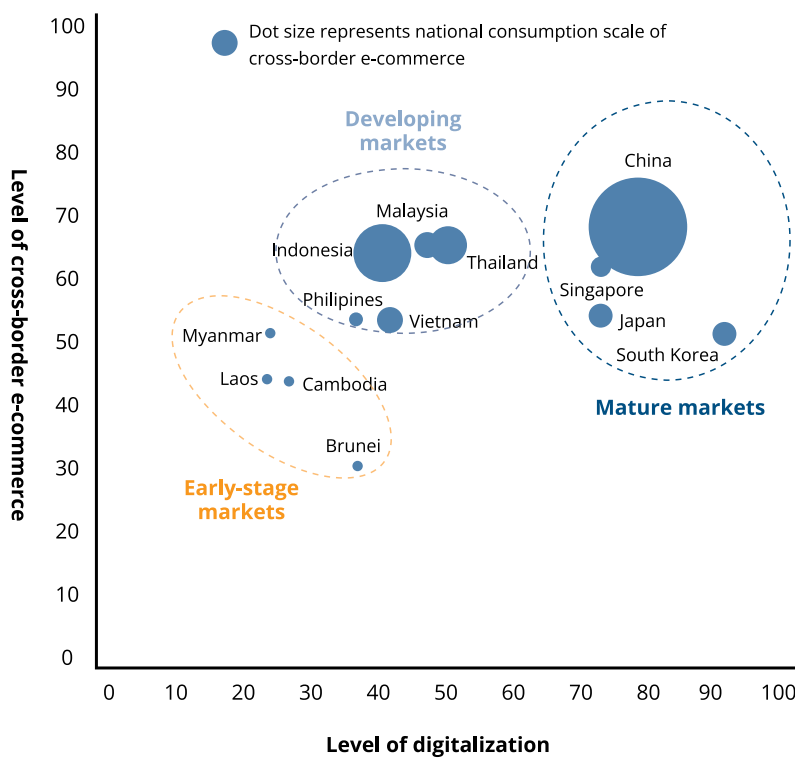
## **2. Mega Trends Impacting Economic Cooperation**

### **Digitalisation in economy**

The trend of digitising the economy has been accelerating in recent years, especially as the world experiences the COVID-19 pandemic with the disruption of physical supply chains. At that time, e-commerce, as a leading field in the digital economy, was given more impetus to explode in many countries worldwide. For the Asia-Pacific region, 62.6 per cent of global e-commerce revenue will come from this region in 2020 and it is forecast to remain the largest market over the next decade (Reddington 2022). Other aspects of the digital economy are also experiencing rapid developments (see Figure 2).

Digitisation is both an important context and an urgent need for countries in the region to avoid falling behind in the context of the Fourth Industrial Revolution.

**Figure 2:** Electronic trade and digitisation of several Indo-Pacific economies



**Comparison of Three Types of Markets in Terms of Development of Cross-border E-commerce and Digitalization**

Source: <https://www2.deloitte.com/>

Note: As China’s consumption scale of cross-border e-commerce is much larger than other countries, its dot is downsized for the purpose of overall display effect as the cross-border e-commerce markets in Myanmar, Cambodia, Laos and Brunei are immature, there are no data on consumption scale of cross-border e-commerce of such countries for the moment. The dots only represent the positions of such countries in the coordinate system.

**Green transition**

Like digitisation, greening the economy is not only a desire but has become a task of countries to achieve the anti-climate change goals set for the 21st century. Accordingly, to fulfil the commitments, countries need to change the energy structure to increase the proportion of clean and renewable energy sources while reducing the fossil energy supply. In addition, improve resource efficiency by moving from a linear economy to a circular economy.

The ambitious goals to combat the rapid deterioration of climate change that countries committed to during the recent Conferences of the Parties to the United Nations Framework Convention on Climate Change (COP) have posed significant challenges for countries in the region, especially developing countries.

**Transformation of economic structure and growth model**

Most of the economies in the Indo-Pacific region are experiencing a strong structural shift in the direction of increasing the proportion of the industrial and service sectors. China and India are two emerging economies with a service sector share exceeding 50 per cent of GDP in 2015 and 2019. Except for Japan and Singapore, most of the emerging economies in the region have a service share of 40–55 per cent of GDP. Meanwhile, the industrial sector (including construction) currently accounts for 25–40 per cent of GDP in most countries in the region. Compared to 1990–2010, this sector decreased by about 10 per centage points (WB 2023).

Another notable trend is that the region’s economies are shifting from a growth model based on production for export to a growth economy based on domestic consumption combined with exports. This is very important, especially in the case of the world’s factory – China, because “every per centage point of growth in this country leads to 0.3 per centage points of growth in other Asian economies.” (Georgieva, 2023) Meanwhile,

China's economy is slowing down and adjusting to structure after decades of a two-digit growth rate. One expected positive effect of this shift is the ability to meet climate goals, as a reduction in energy demand leads to reduced greenhouse gas emissions and relieves energy pressures (Georgieva 2023). However, this shift in China also means that other countries in the region will gradually replace China in energy consumption, especially India and Southeast Asian countries.

As a driver of growth, the outcome of these shifts in the Indo-Pacific economies will have a major impact on the medium-term economic outlook in the region and globally. At the same time, they will directly affect the movement of international supply chains.

### **Increasing geopolitical rivalry**

This is considered the biggest external challenge for the prospects of economic relations between the EU and countries in the Indo-Pacific region. The fact that Russia put troops into control of Crimea and the Donbas region in 2014 opened a war with Ukraine that continues today. The United States and Western countries have responded harshly directly to Russia through international sanctions and indirectly through support for Ukraine. Meanwhile, the hidden rivalries between China and the US have revealed themselves openly under US President Donald Trump (2017–2021), corresponding to the second term of Chinese President Xi Jinping (2012–present). The sanctions imposed on Russia and the trade war against China have put the US and Western countries in a confrontational position with two members of the BRICS bloc.

Due to the context of strategic competition, the US established monolateral mechanisms on politics and security in the region without the participation of the EU or member states such as: together with Japan, Australia and India established QUAD, together with the UK and Australia AUKUS and together with Japan and Australia Blue Dot Network (BDN). In addition, the economic sector also has fierce competition between economic initiatives promoted by the US and China in the region such as the Indo-Pacific Economic Framework (IPEF), which is currently in the negotiation stage, preceded by the Trans-Pacific Partnership (TPP), and the Regional Comprehensive Economic Partnership (RCEP). While the US has called on its businesses, its allies, and partners to retract from China as the world's factory for the last three decades, China has gradually moved up the ladder in the global value chain. Therefore, economic separation and finding alternatives will require much time and resources.

In line with its interests, the EU strives to maintain a certain degree of strategic autonomy in the context of the growing geostrategic rivalry between the US and China. Despite their emphasis on different focuses, EU countries see the Indo-Pacific Strategy as a way to "manage the trans-Atlantic alliance" (Grare/Reuter 2021) or the EU-US relationship. At the same time, the EU also considers that "EU-China relations are multifaceted, in which China is a cooperative partner, but also an economic rival and a systemic opponent in some areas." (Europarl, 2022) This also poses significant challenges to the EU's economic presence in the Indo-Pacific region. However, the EU has many challenges in promoting economic relations in the region due to the dispersion of resources and the deepening of economic divisions.

## **3. Highly Competitive Cooperation Fields**

### **Transition to green and sustainable economy**

The scale of green investment opportunities in the Indo-Pacific region is substantial. Among the major emerging markets by region, the Indo-Pacific accounts for three-quarters of investment (Fuhrmann 2021). As a result, the region offers many opportunities for



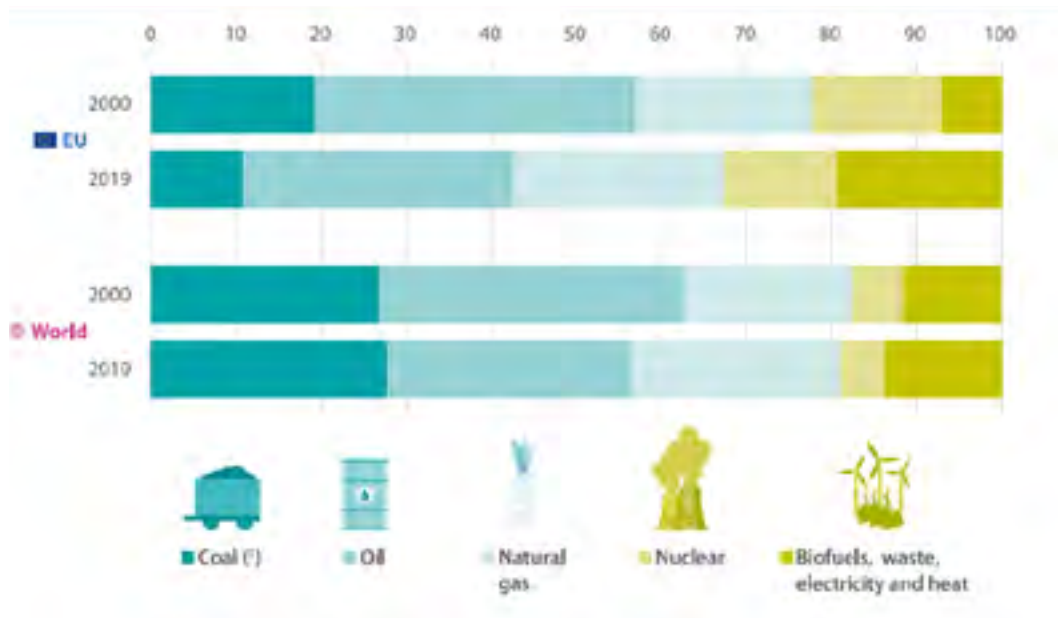
activities for European governments and companies. Key areas include urban transport, municipal waste treatment, decarbonisation of heavy industry, renewable energy, climate change-responsive agriculture, low-carbon transportation, etc.

Especially with its technical advantages, the EU has great potential to provide partners with technical solutions for clean energy development for Indo-Pacific countries. Nuclear technology for civilian use is one of the obvious strengths of many EU member states, especially France and Germany (only before it completely phase-outed nuclear power on April 2023). In 2019, nuclear energy share accounted for 30.5 per cent of the whole EU, higher than fossil energy sources. Meanwhile, the share of energy produced from biomass, waste, electricity and heat is 43.4 per cent (Eurostat 2022) (see Figure 3).

However, China’s competition in this field is very strong because it soon implemented a strategy to develop renewable energy, especially wind and solar energy, and has accelerated the development of construction technology and power system management. On the other hand, electricity infrastructure development projects in particular and energy in general within the framework of the Belt and Road Initiative (BRI) not only help China have great influence in the region but also accumulates a lot of experience in implementing large projects in many countries worldwide.

The EU produces 3.9 per cent of the world, while China is the largest producer with 17.9 per cent. The United States and Russia are also the two leading energy producers in the world, with a share of 15.7 per cent and 10.5 per cent of total global energy, respectively (Eurostat 2022). However, while the US and Russia are the world’s top energy exporters, the EU and China are the world’s top energy importers and depend on external partners.

**Figure 3:** Structure of EU’s energy, in comparison with the world (2019)



Source:  
Eurostat  
(2022)

**Emphasising the service sector**

Currently, trade in services is increasingly accounting for a larger proportion of trade relations between the EU and countries in the Indo-Pacific region. As analysed above, these fields are becoming increasingly important along with the shift in the structure of the countries' economies. For the EU, the service sector now accounts for almost three-quarters of the bloc’s total annual value added (Eurostat 2022). The EU’s non-EU service exports now account for 20 per cent of the total value of global services exports, ranking first compared to other individual economies.

Therefore, it can be said that the fields of financial services, banking, high-quality education, health, and tourism are the most promising sectors. Currently, investment in the financial sector accounts for 57 per cent of the total EU foreign direct investment (FDI). EU financial institutions have an efficient international network with high standards that are highly competitive in the Indo-Pacific region and worldwide.

Regarding the health sector, with the current ageing population and life expectancy at 80.1, EU countries have a high demand for workers in the healthcare sector. The cost of the EU healthcare sector currently stands at 10 per cent of GDP, or \$1.7 trillion (Eurostat 2023). Meanwhile, most of the emerging and developing countries in the Indo-Pacific region have a young and abundant labour force, which is a potential source of human resources for this field. Regarding education, one-third of the population over 25 years old has a university or postgraduate degree. If high school education is included, the rate is up to 80 per cent (Eurostat, 2022).

As a result, universities in the EU have a strong incentive to address non-EU needs, while the Indo-Pacific region has a young population, rising living standards and a thirst for knowledge. For the health and education sectors, the EU's high quality continues to attract international students, including in the Indo-Pacific region and is a trusted choice for patients from many different countries. A significant barrier to access to these two sectors in the EU is the issue of cost. In tourism, the resources of both sides are rich and diverse. The tourism industry in Indo-Pacific countries has also developed explosively in recent years, opening up many new opportunities for bilateral relations. From 2007 to 2019, the EU welcomed 40–42 per cent of the world's annual international tourist arrivals (Eurostar 2022). Meanwhile, the Indo-Pacific region has top destinations such as China, Hong Kong, Thailand, Macao, Malaysia, and Japan.

### **Developing the digital economy**

Information and communication technologies are ubiquitous worldwide regarding both accessibility and cost. The digital economy is entering a boom phase in many countries in the Indo-Pacific region, bringing about a major shift in the economic structure of these countries as well as in cross-border economic relations with partners inside and outside the region.

The Global Gateway initiative, in effect an extension of the EU's 2018 Eurasian Connectivity Strategy, is expected to be an alternative to the Digital Silk Road (DSR) initiated by China. "The Global Gateways will support the deployment of secure and sustainable infrastructures, promote the sustainability of global supply chains, and strengthen the decision-making autonomy of EU partners." (EEAS 2022) However, in the Indo-Pacific region, it is clear that GG will have to compete fiercely with DSR.

In addition, the EU established a digital partnership with Japan, Singapore, and South Korea in late 2022/early 2023. Digital partnerships are non-binding cooperation tools focusing on the digital transformation of the economy and society and deepening bilateral trade and investment relations. In the future, the EU can continue to expand the network of digital partner countries in the Indo-Pacific region.

### **Strengthening and securing the global supply chains**

Through global value chains (GVCs), the degree of economic integration of the Indo-Pacific countries, including ASEAN, is the cornerstone of the Indo-Pacific economic architecture. In the context of the production shift away from China, India and Southeast Asian countries emerged as the leading alternatives and indeed, the shift is taking place in this direction. However, in the short term, China will remain a huge emerging market in the Indo-Pacific region and worldwide despite the slower and weaker post-pandemic recovery than

forecasted. As a result, the world's leading EU manufacturers and suppliers will still need to go further into this market. This can be facilitated by the market coherence of countries through RCEP, where China plays a central role. An Indo-Pacific trade and economic cooperation plan must consider China and face the inevitable supply chain integration between ASEAN and China, the European Union (EU) and China, among others (Prakash 2023).

#### **Development assistance**

The EU is well known to date as the leading donor among industrialised countries providing development aid to the Southern Hemisphere countries through bilateral channels or multilateral international financial institutions such as the World Bank (WB), the International Monetary Fund (IMF) and the Asian Development Bank (ADB).

Through grants, the EU continues to have effective channels to assist countries in the region in making “reasonable macro policies, building institutional capacity and supporting regional integration.” (EU 2021)

#### **4. Conclusion**

The birth of the EU's Indo-Pacific Strategy in the context of great fluctuations in the region and the world is essential to be able to orient actions for the interests and position of the EU as well as to contribute to ensuring stability, security, prosperity, and sustainability in the region's development, including economic and trade aspects.

The EU has relatively solid foundations for promoting economic relations with countries in the Indo-Pacific region. These are relatively clear and complete frameworks to attract the participation of the parties as well as the results achieved in the trade and investment relations between the two sides. Major trends shaping the EU's economic relations in the Indo-Pacific region include digitalisation, green transition, economic restructuring and growth patterns, and increased geopolitical competition.

In addition to the existing solid foundations, and based on general and individual advocacy trends, there are many positive prospects for the EU's economic relationship with the region in the future in five areas: transition to a green and sustainable economy, focus on the service sector, development of the digital economy, strengthening and securing global supply chains and development aid.

*Windmills on  
Seashore in  
Vigan City, Ilocos  
Region, Philippines  
Photo:  
Jem Sanchez, Pexels*



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# 4

## **European Union's Connectivity Strategy in the Indo-Pacific Region: Opportunities and Challenges**

*Photo: Maxim Hopman, Unsplash*



## European Union's Connectivity Strategy in the Indo-Pacific Region: Opportunities and Challenges

*Bui Hong Hanh*

*Photo: dabatepatfotos, Pexels*

Connectivity is a term originally used in information technology and internet connection. However, now it has been widely applied in the realms of politics and international relations, especially after efforts to establish connections between the continents of Asia and Europe in the 1990s. In July 1994, the European Commission announced Towards a New Asia Strategy, and shortly after, with rapid movements from both sides, the Asia-Europe Meeting (ASEM) was officially established in 1996, serving as a vivid testament to the concept of connectivity. Building upon this foundation, in September 2018, the European Union (EU) issued a statement called Connecting Europe and Asia – Building Blocks for an EU Strategy, commonly known as the EU Connectivity Strategy. The EU commitments were to create favourable conditions for connectivity development extending from Europe to Asia. Since then, connectivity has become a common keyword in EU policy planning. It is also considered an essential part of the EU's strategy for the Indo-Pacific region, which was announced in April 2021. The prospects and challenges of the EU's connectivity strategy are analysed based on examining its concept and content, as well as the practices and realities of its implementation until now and aim to conclude the prospects and challenges for this strategy in the Indo-Pacific region.

## 1. Comprehension of the European Union's Connectivity Strategy

### The Concept of Connectivity

This is a relatively new concept as a term used in international relations or political science. Although many scholars have been discussing this concept recently, there is still no official definition of connectivity. Amid various distinct geographical factors, cultural heritage, market mechanisms, political systems, and international relations practices, this concept has driven efforts towards comprehensive systematisation (Sommerer/Tallberg 2019, 399–433). In 2017, ASEM reached a consensus on the definition of connectivity. Accordingly, connectivity generally means bringing together countries, people, and societies. The concept includes hard connectivity (infrastructure projects) and soft connectivity (human-to-human or digital connections), encompassing all types of connections: land, sea, air, internet, and educational connections, as well as customs cooperation, facilitating a favourable environment for trade. ASEM also agreed that connectivity should adhere to international standards based on transparency, sustainability, and quality standards, such as implementing the Sustainable Development Goals (ASEM 2017). Building on this perspective, Ries defined “connectivity as all the methods in which countries, organisations, and societies are linked and interact globally,” including material flows, information flows, hard infrastructure, soft governance measures, or socio-cultural links (Ries 2019).

On the other hand, Stec and Jakóbowski view connectivity as a way to shape “globalisation flows through strategic investments in infrastructure.” (Stec/Jakóbowski 2020) Some scholars even elevate connectivity to a historical idea, like freedom or capitalism, as a concept that has evolved and transformed over time, driving contemporary changes. Therefore, connectivity is not just a tool but an impetus (Stec/Jakóbowski 2020). In the article *Connectivity and Order: An Analytical Framework*, the authors present a conceptual framework for connectivity dividing it into six areas:

*“infrastructure, economy, institutional framework, knowledge exchange, socio-cultural exchange, and security. Their argument about connectivity also covers six issues: cooperation, replication, cushioning, disputes, prevention, and coercion.”*

(Gaens/Sinkkonen/  
Vogt 2023)

In conclusion, connectivity is a multi-layered concept, combining cooperative aspects with competitive geopolitical factors and significant opportunities and challenges. For the EU, connectivity primarily involves networks that bring people, places, and opportunities closer together, with a particular focus on transportation, energy, digital connections, and human-to-human interactions (European Commission 2018).

### The European Union's Connectivity Strategy

In 2018, the Europe-Asia Connectivity Strategy was developed amidst President Donald Trump's declaration of the America First policy and China's implementation of the Belt and Road Initiative (BRI). This strategy adopts an approach based on three fundamental principles: sustainable connectivity, comprehensive connectivity, and connectivity based on international law. The objectives of the strategy include:

- (i) establishing transport links by air, road, or sea;
- (ii) establishing energy connections to ensure energy security with new, clean, and renewable energy sources;
- (iii) leveraging the economic role and influence of the EU in Asia;
- (iv) contributing to the creation of a sustainable development environment in the Eurasian continent through promoting mutual cooperation and understanding; and
- (v) facilitating the economic development of Asian countries, contributing to poverty eradication, poverty reduction, and sustainable growth;
- (vi) enabling better management of goods, people, capital, and service flows;
- (vii) improving resource mobilization, enhancing the utilization of EU financial resources, and strengthening international partnership relations (European Commission 2018).



Based on that, the EU will cooperate with neighbouring countries and Asian partners in three directions:

- › First, contributing to effective connectivity and networks between Europe and Asia through prioritized transportation corridors, digital links, and energy cooperation to serve the people and respective economies.
- › Second, by establishing partnership relations, create connectivity based on common agreed rules and standards to enable better management of goods, people, capital, and service flows.
- › Third, contributing to addressing significant investment gaps by improving resource mobilization, enhancing the utilization of EU financial resources, and strengthening international partnership relations (European Commission 2018).

In the 2021 Indo-Pacific Strategy, connectivity is one of the EU's seven priority areas for this region, even though the essence of connectivity can be found in the other six priorities. Essentially, the comprehension of connectivity in 2021 inherits the principles, objectives, and comprehension of the EU's 2018 Connectivity Strategy. In the context of the COVID-19 pandemic, the EU emphasised investment in digitalisation to better connect with partners in the Indo-Pacific region. Additionally, the EU has mentioned a range of specific projects, tools, and methods to promote connectivity with this region, such as the EU Data Gateway, the Neighbourhood, Development, and International Cooperation Instrument (NDICI), also known as Global Europe, European Connectivity Fund, Horizon Europe, InvestEU etc. In this strategy declaration, the EU also highlights its ongoing efforts to engage and connect with partners and organisations in East Africa and the Indian Ocean region, seeking combined strength over north-south links and continuing its involvement in sustainable ASEM connectivity (European Commission 2018).

Therefore, it is evident that the EU's 2018 Connectivity Strategy forms the foundation for the connectivity strategy outlined in the 2021 Indo-Pacific Strategy declaration. This demonstrates a clear determination to implement connectivity efforts in this region. Successfully implementing this connectivity strategy can potentially boost the EU's political and normative power on the international stage.

## 2. The Implementation of the European Union's Connectivity Strategy in the Indo-Pacific Region

The EU's approach to implementing the Connectivity Strategy is based on three core principles, also known as the European way, which include sustainable connectivity, comprehensive connectivity, and connectivity based on international law. Accordingly, investments in connectivity need to align with environmental, social, economic, and financial sustainability. On this basis, the EU first develops a soft connectivity approach to promote consistent rules and standards and ultimately aims to ensure that hard connectivity projects meet desired expectations. Therefore, the EU primarily focuses on policy support, legal advice, and technical assistance for partner countries. To promote the adoption of the established standards, the EU actively engages at various levels, from overall policy aspects to specific projects. This is also the framework through which the article examines implementing the EU's strategy.

At the overall policy level, the EU seeks to promote and implement its soft connectivity standards primarily through relations with regional bilateral partners. The implementation of the EU's Connectivity Strategy began immediately after its declaration in 2018. First, the EU focused on promoting connections with key partners in the region, with a particular emphasis on signing agreements with key partners within the region.

In September 2019, the first partnership in connectivity between the EU and Japan was completed, known as the Sustainable Connectivity and Quality Infrastructure Partnership (European Commission 2018). This was followed by the Comprehensive EU-India Connectivity Partnership Agreement in May 2021, aimed at supporting “adaptive and sustainable connectivity projects” in India and other regions such as Africa, Central Asia, and the Indo-Pacific (European Commission 2018). Additionally, in a joint ministerial statement issued in December 2020, the EU and ASEAN outlined the goal of promoting connectivity between the two regions. The EU and other regional actors also leverage its normative power by emphasising the importance of quality standards and sustainability through regional multilateral platforms, such as the ASEM forum (D’Ambrogio 2021).

The EU’s connectivity strategy revolves around four pillars: energy, transportation, digital, and people-to-people connections, focusing on sustainability, security, and smart connectivity (D’Ambrogio 2021). This strategy also aims to enhance trade and investment within established rules and standards (D’Ambrogio 2021). The EU also introduces specific initiatives and directions to achieve these goals at the level of specific projects. The EU seeks to connect its Trans-European Transport Network (TEN-T) with corresponding networks in Asia. For energy connectivity, it promotes the efficient transition from a market-oriented approach to clean energy, contributing to the objectives of the Green Deal. By promoting digital connectivity, the EU aims to upgrade digital infrastructure and address cybersecurity risks, fostering socio-economic development in remote areas and safeguarding personal data and human rights in cyberspace. For people-to-people exchanges, activities include expanding academic mobility, exchange programs, and mutual recognition of qualifications (European Commission 2018).

To fund projects and activities related to the strategy’s implementation, the EU introduced the new Multiannual Financial Framework (MFF) for 2021–2027 (European Commission 2018). Most of the funding will be allocated through NDICI, with a total budget of 79.5 billion euros (European Commission 2018). NDICI funds all EU cooperation activities with third countries, providing additional support for geographical programs (neighbouring regions) with 60.38 billion euros, thematic programs with 6.36 billion euros, quick-reaction activities with 3.18 billion euros, and an unallocated contingency fund of 9.53 billion euros. For geographical programs, at least 19 billion euros are intended for the EU’s direct neighbouring region, with approximately 8 billion euros potentially allocated for the Asian and Pacific regions (European Commission 2018).

After declaring the Indo-Pacific Strategy in 2021, the EU established the EU-Indo-Pacific Forum of Ministers. The forum, first organised in February 2022 in Paris, serves as a platform for foreign ministers from EU member countries, countries in the Indo-Pacific region, EU organisations, and other regional partners to connect, exchange ideas, and discuss practical regional cooperation issues in the region. More recently, on May 13, 2023, the second forum was held in Stockholm, co-chaired by the EU High Representative for Foreign Affairs and Security Policy, Josep Borrell, and the Swedish Minister for Foreign Affairs, Tobias Billström (as Sweden holds the EU Council Presidency). The forum focused on three aspects:

- › Building sustainable and comprehensive prosperity together;
- › Pursuing green opportunities and addressing global challenges in cooperation; and
- › Facing the ongoing security context in the Indo-Pacific. This forum represents one of the regular models of operation that the EU frequently uses and exploits in the process of implementing its strategies.

Regarding the practical implementation of the connectivity aspect of the Indo-Pacific Strategy in 2021, due to the short time frame and the challenging recovery period after

the COVID-19 pandemic and the complex conflict developments in Ukraine, it is difficult to assess the progress of the strategy's implementation at this time (2023). Therefore, the discussion only focuses on the practical application of the EU's Connectivity Strategy in Vietnam as a case study, serving as an example of the EU's connectivity strategy implementation in the region.

For Vietnam, the EU divides its relations into nine main areas, of which at least six relationship areas (development cooperation, civil society cooperation, science, technology, and digitalisation, gender equality, fair energy transition partnership, and Erasmus+ program) are closely related to the four key focus areas of the connectivity strategy (transportation, energy, digital, and people-to-people connections).

In the field of development cooperation, the EU has adopted a new 7-year Multi-Annual Indicate Programme (MIP) from 2021 to 2027, with three priority areas:

- (i) Circular economy for climate change adaptation; (ii) Responsible business spirit and skill enhancement for decent work; (iii) Enhancing governance, rule of law, and institutional reforms, with a total planned funding of 210 million euros for the 2021–2024 period in the form of non-reimbursable aid European Commission (2020b).

This program follows the Multi-Annual Indicate Programme 2014–2020, which contributed to Vietnam's socio-economic development, including support in various areas such as energy transition, climate action, sustainable green development, economic governance, including public financial management, digital transformation, promoting the rule of law and access to justice, etc. (European Union delegation to Vietnam 2023).

Regarding science, technology, and digitalisation, the EU's Global Gateway Strategy strongly promotes digital transformation to foster connectivity. In Vietnam, the EU Delegation cooperates through the Team Europe approach, together with EU member countries, to promote Digital for Development (D4D). Key areas include enhancing digital skills for circular economy platforms; enhancing circularity in the value chains of digital and electronic devices; smarter energy transitions, etc.; advanced, secure, and cyber-safe digital connections; broadband internet connections via fibre optics or satellite; digital infrastructure, etc.; and E-governance and digital literacy building.

The Just Energy Transition Partnership (JETP) Political Statement with Vietnam was signed on December 14, 2022, during the EU-ASEAN Summit in Brussels, between Vietnam and the International Partners Group (IPG), co-chaired by the EU and the United Kingdom. JETP aims to support Vietnam in achieving net-zero emissions, accelerating the peak of greenhouse gas emissions, and transitioning from fossil fuels to clean energy. JETP will mobilise an initial financial amount from the public and private sectors, amounting to USD 15.5 billion over the next 3 to 5 years European Union delegation to Vietnam (2023).

Regarding gender equality, the EU recently funded the Green Women's Leadership Partnership between the EU and Vietnam to establish a strategic cooperative relationship with Vietnam's political and social organisations. The EU will also provide non-reimbursable aid for women-led initiatives on climate change adaptation and resilience, digital, and circular value chains. The EU expects these initiatives to promote women's leadership roles and participation in decision-making processes and empower women economically in Vietnam.

Cooperation in education is becoming an important tool for implementing the EU's connectivity strategy, promoting cross-cultural understanding and interregional connectivity, knowledge transfer, and sustainable development. The Erasmus+ 2021–2027

program supports projects, partnerships, events, and academic exchanges in education, training, youth, and sports. The program also focuses on social inclusion, green, and digital transformation while promoting youth participation in democratic life. In Vietnam, Erasmus+ funds three types of activities: Individual academic exchanges – scholarships for students and staff; Cooperation for innovation and exchange of good practices – funding for EU-Vietnam cooperation projects and some scholarships for individual students; Policy reform support primarily targeting European organisations, but Vietnamese organisations can participate as partners. The Jean Monnet program also provides funding for initiatives promoting higher-level teaching and research in the EU (European Union delegation to Vietnam, 2023).

In the areas above of cooperation, the EU has implemented numerous activities and projects, including both specialised and multi-sectoral ones. Among them, there are several energy projects such as Technical Assistance for the Implementation of the EU-Vietnam Energy Facility (2018–2021) (EVEF), the Energy Sector Policy Support Programme to enhance access to sustainable energy in rural areas of Vietnam (2017–2021), Civil society meets Renewable Energy & Energy Efficiency (RE&EE) – training, seminars, and communication skills to boost RE&EE as a key tool for sustainable development and green growth strategy in Vietnam (E-Enhance) (2017–2021), etc. Furthermore, the EU Delegation in Vietnam has been actively and successfully involved in people-to-people connections, such as organising the annual Europe Days in Vietnam with various festival activities or hosting European film festivals. In May 2022, the EU Delegation in Vietnam launched the EU Alumni Network. It was introduced in a short time and has quickly gained attention by organising various activities like the Christmas Fair in 2022. The Good Leaves Protect The Worn-out Leaves (Cấp lá yêu thương) charity event, and recently, a series of talk shows on Personal Data Protection in Cyberspace.

### 3. Remarks

The EU's connectivity strategy has not been formulated through a sole legal document. However, it has evolved through various statements, including the Global Strategy for the EU in 2016, Connecting Europe and Asia – Building Blocks for the EU's Strategy in 2018, the Indo-Pacific Strategy in 2021, and most recently the Global Gateway Strategy. Each statement reflects the EU's response to different contexts and times. The EU's approach to connectivity appears to lack a systematic and coherent framework and seems more like a patchwork (European Union delegation to Vietnam, 2023). Thus, it can be observed that the EU is developing a new global connectivity concept. However, the Indo-Pacific have become focal points in the EU's connectivity strategy and may serve as a basis for expanding global connectivity.

The concept of connectivity is not exclusive to the EU. In recent years, many actors within and beyond the Indo-Pacific region have also put forth their connectivity concepts. For instance, China announced the Belt and Road Initiative (BRI) in 2013, together with commitments by India, Japan, the United States, South Korea, and ASEAN to enhance connectivity in Asia and the Indo-Pacific. The diversity of participating actors in the region has created a context of competitive connectivity strategies. Meanwhile, a single country cannot meet the demand for investment in infrastructure and other development areas in this region. The competition arises from both sides, with major powers as the suppliers and from the demand side, with their corresponding strategies. This presents opportunities and challenges for the EU's connectivity strategy. Multiple strategies and various cooperation options may lead to conflicts arising from competition, one of the EU's major challenges.

It would be an opportunity if the EU's connectivity strategy aligned with the countries in the region and both sides found common ground. Another advantage in this situation is the EU's presence and experience as an investor in the region, making it an attractive cooperation partner. As one of the leading actors with normative power (European Union delegation to Vietnam 2023), the EU always promotes EU values, standards, and norms through policy documents, a consistent theme in its connectivity policies. Moreover, based on the foundation of normative power, the EU's connectivity projects will be built on cooperation and empowerment rather than coercion. To make cooperation advantageous, some understanding of how connectivity operates (the standards, norms, and values applied) must be shared to some extent between the EU and its connectivity partners. This is something that the EU has been working on through multilateral (with ASEAN, ASEM) as well as bilateral relations. If this strength can be harnessed, the EU will have a special advantage compared to other actors, especially when the EU's connectivity strategy includes areas where it holds a competitive advantage (e.g., security). Therefore, countries in the region recognise that the EU's role has the potential to contribute to the stability and development of the Indo-Pacific regions (European Union delegation to Vietnam, 2023).

Alongside opportunities, implementing the EU's connectivity strategy will also face challenges from both sides. First, the context of regional competition mentioned earlier creates challenges in applying EU values to practical projects, especially when the recipient countries have weaker institutions, low transparency, and different standards (European Union delegation to Vietnam, 2023). Therefore, the successful implementation of these practical projects will be crucial, especially in countries facing systemic challenges in meeting the standards defined in the strategy.

Secondly, internal obstruction within the EU in maintaining and promoting consensus among member states. Is this another factor affecting the EU's connectivity strategy's clear definition and measurable goals? While this allows policy planners within the EU to maintain flexibility in decision-making and linkages with the strategy, it can also complicate the operational and monitoring processes for the effectiveness of the EU's connectivity efforts. Applying the Indo-Pacific strategy in particular and the broader connectivity strategy, in general, will be significant because it reflects the widely accepted viewpoint of the 27 member states. EU member states require a unified and coherent approach in building the action plan (European Union delegation to Vietnam 2023).

Perhaps the EU's connectivity strategy for the Indo-Pacific region is just the beginning of its global connectivity strategy. At the end of 2021, the EU announced the Global Gateway connectivity initiative, planning to invest 300 billion euros by 2027 (European Union delegation to Vietnam 2023). This initiative continues the EU's connectivity strategy since 2018. However, compared to the previous strategy, Global Gateway is more specific in its funding plan. Additionally, while the 2018 strategy focused specifically on Asia and the Indo-Pacific, the Global Gateway has much wider scope.

Consequently, implementing the EU's connectivity strategy in the region will have to confront resource allocation issues. Therefore, financial commitments are considered one of the most critical challenges the EU must overcome. Completing and allocating financial and other resources for the action plan will need to be addressed through discussions with various organisations and stakeholders within and outside the EU. Thus, the success of the connectivity strategy will largely depend on the EU's management's ability to attract additional funding from international and multilateral organisations and private sector entities.

Another factor hindering resource allocation and prioritising the EU's recent strategy is the situation in Ukraine. Although EU representatives assure that the war will not limit the

organisation's involvement in the Indo-Pacific, it will draw the focus of political attention and EU resources, at least in the near future.

#### 4. Conclusion

The EU's adoption of the Indo-Pacific strategy has been primarily symbolic, demonstrating political will to enhance engagement with the region in economy, security, and connectivity. The plan reveals a clear purpose of positioning the EU in global and emerging regional governance structures, focusing on strategic autonomy, comprehensiveness, and a rules-based order. However, due to objective and subjective limitations, it would be better for the EU to concentrate on prioritised areas according to sectors and geographical regions instead of engaging in all sectors and the entire region. Thus, the Indian Ocean is a reasonable choice due to its geographical proximity, trade significance, and the EU's activities in the region. Out of the seven priority areas outlined in the Indo-Pacific Strategy, the EU needs to concentrate on areas where it possesses capabilities, means, and tools through trade policies or development cooperation. The EU's priority is to support partners in creating conditions for economic growth and addressing development challenges. Hence, economic issues, climate change, connectivity, etc. are fundamental concerns for Indo-Pacific countries and the EU. The connectivity strategy can bring about new results and impacts.

To enhance the attractiveness and influence of the EU's normative power in the connectivity strategy, the EU's commitments in the Indo-Pacific must be based on a realistic assessment of the EU's capabilities, interests, and goals as a way to increase the EU's visibility in the region and avoid creating disappointments that it may not meet (e.g., in the security realm). The strategy's success and the EU's credibility as a participant in the region must be coordinated with important regional partners, leading to the subsequent complementing of their initiatives. Countries in the region also expect the EU's engagement to help minimise competition between the US and China while stabilising the regional order based on international law.

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# 5

## The Values-based Approach of the European Union in the Indo-Pacific

*Photo: Adam B, Pexels*





## The Values-based Approach of the European Union in the Indo-Pacific

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*Nguyen Thi Thuy Trang and Nguyen Thi My Hanh*

Values-based approaches to foreign policy have no longer been exclusive to the West, i.e., America and European countries. Many countries worldwide, on all continents, seem to gradually recognise the role of cultural, historical, normative, legal, or even religious values in building foreign policy and gaining national power. However, the link between values and the EU's internal and external policies still has its ambivalences and is more commonly discussed. Part of the reason for this is perhaps because values, although in many cases quite abstract and undefined, are always things that Europeans think inherently belong to them, coming from Europe in a very natural way and responsible for spreading those values to the rest of the world. Many factors have shaped this perception throughout the development of Europe and the world. Among those values, some are universal, and it is difficult to explain why Europeans have always assumed that they are responsible for universalising those values to the whole world. The second reason is the need to unite and create a common identity in the process of European integration.

The process of integration from economic to political requires leaders to build cohesion, solidarity, and common responsibility among the people of the Union, in other words, to form European citizenship in the member countries. Creating a common share of values also helps EU officials justify their public policy. The recent enlargements of the Union and

*Traditional Folk Dancers in Thira Costumes during a Festival in Kerala, South India*  
Photo:  
*Ravi Mittal, Pexels*

the constitution-making process were also structures of opportunities for claims to define shared values. The third reason is to demonstrate the EU's role and participation in world affairs through external or foreign policy. The first President of the European Commission, Walter Hallstein, once said,

*"One reason for creating the European Community [was] to enable Europe to play its full part in world affairs."*

(Hallstein 1962, 79)

In promoting political integration and formulating a common foreign policy, values are the basic elements shaping the EU's identity and instrumental factors in approaching partners and realising specific foreign policy goals.

This article analyses the values-based approach in the EU's foreign policy in its cooperation strategy in the emerging Indo-Pacific region. The article consists of three parts: the first part is presented in chronological order, overviewing the history of the formation of the EU's common foreign policy with values as one of the constitutive factors; the next part analyses the values-based approach in the EU's common foreign policy; and the third part focuses on the values-based approach in EU's cooperation strategy in the Indo-Pacific region in the context of many ups and downs, especially the ongoing conflict in Ukraine.

## I. History of the EU's Common Foreign Policy/External Policies

The early European community did not have a common foreign policy. It can be said that the foundation for the EU's foreign policy is the European Economic Community (EEC) and especially the European Political Cooperation (EPC).

The European Economic Community (EEC) represents its members in foreign trade issues and plays several roles in relations with the outside world, such as promoting international trade, building free trade areas or establishing the European Development Fund. In the early 1960s, the EEC took the first steps to formulate a development policy. In 1963, the Yaoundé Convention was signed by the EEC and eighteen former colonies of six member countries. In 1969, the convention was extended for another five years. Originally, the Convention was essentially a policy for Francophone countries in Africa (Bindi 2016, 16). After the expansion of the EEC in 1973, the Convention included African members of the British Commonwealth and other former colonies in the Caribbean and Pacific. The Yaoundé Convention (1963–75) maintains the system the Treaty of Rome introduced: aid allocations over five years, channelled through the European Development Fund (EDF), and a reciprocal preference-based trade mechanism.

The European Political Cooperation (EPC) was the precursor to today's EU Common Foreign and Security Policy (CFSP). The EPC was formed in 1970 and functioned until 1993 after the CFSP was created under the Maastricht Treaty. With the EPC, the member states of the European Community then developed a system of informal cooperation on foreign policy. The main purpose of the EPC was to protect and even strengthen the influence of European countries in the international arena as global political and economic interdependence increased. At the same time, the EPC was often seen as an approach that promoted the political side of the European integration process. During the 1950s and 1960s, the EC member states twice tried to add an external dimension to the domestic market, but both failed.

In 1954, efforts to promote the European Defence Community (EDC) failed. Eight years later, the Fouchet Plan proposed a form of intergovernmental political union that suffered the same fate. The issue of political integration was stalled until the late 1960s, when the

growth of political and economic activities in countries outside Europe forced members to reconsider their external policy. And the 1969 The Hague Summit gave new impetus to Europe and paved the way for implementing the EPC. The Davignon Report (also known as the Luxembourg Report), adopted by the Foreign Ministers on October 27, 1970, in Luxembourg, has a particularly important role in shaping European foreign policy. The report stipulated regular meetings of EEC foreign ministers, meetings of heads of state, regular consultation activities on external affairs between member states and regular meetings of political leaders of member countries.

It was the Davignon/Luxembourg report that led to the formation of the European Political Cooperation (EPC) (Bindi 2016, 19). After that, the Copenhagen Report of July 23, 1973, specified the role and operating mechanism of the EPC. According to the report, the EPC establishes *“a new process in international relations and Europe’s first step towards achieving a coordinated action.”* (European Communities 1973, 6) The Copenhagen Report specifies that foreign ministers will meet four times a year and whenever they deem necessary; it emphasises the role of the Political Committee as the body tasked with the preparation of ministerial meetings and the establishment of the *“Group of Correspondents”* and the system of European telex (COREU).

Transatlantic relations became strained in the 1970s. Overall, the United States remained supportive of European integration until the end of the Kennedy administration (Bindi et. el. 2005). This changed in the late 1960s and early 1970s when the United States began to regard the EEC as an economic competitor and blamed the bloc for the balance of payments deficit the United States encountered. On the one hand, the US insisted that Europe contribute more to NATO expenses; on the other hand, President Richard Nixon always affirmed the American leadership over this organisation. The US also always emphasised its global responsibilities and interests, while Europe’s interests were only regional in scope (Bindi 2016, 21). In response, on December 14, 1973, in Copenhagen, the Foreign Ministers of the EEC adopted the Declaration on European Identity. The goal of the Declaration is to clearly define the EEC’s relations and responsibilities with the rest of the world, as well as their position in global affairs (Bindi 2016, 21). In the statement, the nine-member states asserted that:

*“European Unification is not directed against anyone, nor does a desire for power inspire it. On the contrary, the Nine are convinced that their union will benefit the whole international community ... in world affairs and to thus ... positions to contribute more that international relations have a just basis... In pursuit of these objectives the Nine should progressively define common in the sphere of foreign policy.”*

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(European Community 1973b)

On 13 October 1981, the then ten member states adopted the London Report, further outlining the functions of the EPC in internal and external issues. Subsequently, the Stuttgart Declaration of 19 June 1983 expanded the scope of action of the EPC to include *“the political and economic aspects of security”* (Point 3.2). The Declaration also calls for *“progressive development and definition of common principles and objectives [and] the possibility of joint actions in the field of foreign policy”* (Point 3.2) (European Communities 1983), and for concerted action on *“international problems of law and order”* – later known as Justice and Home Affairs (Bindi 2016, 24). In December 1984, the European Parliament approved a draft treaty, calling for creating a European Union with legal status and allowing closer coordination between the EPC and foreign affairs. Under the draft treaty, the European Council could also expand foreign policy coordination on defence issues and the arms trade.

In the late 1980s, dramatic changes in the international system had a major effect on Europe, bringing both hope and fear about Germany’s future. European leaders wanted

a solution of a united Germany in a stronger Europe. With the reunification of Germany, the EEC leaders decided to convene an intergovernmental conference to establish the European Monetary Union (EMU). In June 1990, the European Council continued to convene two intergovernmental conferences: one to debate monetary union and the second to discuss political union, including a common foreign policy. The two conferences lasted in 1991. On 7 February 1992, the Treaty of Maastricht or the Treaty of the European Union (TEU) was signed.

The Maastricht Treaty establishes a Common Foreign and Security Policy (CFSP) for the European Union, replacing the European Political Cooperation (EPC). The TEU Treaty is the second of the three pillars of the EU (European Communities 1992, Title V). The text of the Treaty guides a wide range of values to which the EU is obligated (and will uphold and promote). CFSP has the objective of protecting the common values, fundamental interests, and independence of the Union; strengthening the security of the Union and its member states by any means; maintaining peace and strengthening international security; promoting international cooperation; developing and strengthening democracy and the rule of law, respecting human rights and fundamental freedoms, as outlined in article J.1.2 of the TEU (European Communities 1992, J. 1.2).

In October 1997, the Treaty of Amsterdam (officially known as the Treaty of Amsterdam, amending the Treaty on the European Union, the Treaty establishing the European Community and several related acts) was signed and created. Under the Treaty of Amsterdam, member states have agreed to transfer certain powers from national governments to the European Parliament on various areas, including immigration policy, through civil law and criminal justice, promulgating a common foreign and security policy (CFSP), as well as implementing institutional changes to expand as new member states join the EU (European Communities 1997). The Treaty sets out new principles and responsibilities in common foreign and security policy, emphasising expressing EU values to the outside world, protecting its interests and reforming EU policies.

The Lisbon Treaty that entered into force in December 2009 removed the separate structures of the three pillars, clearly and specifically demarcating the EU's jurisdiction over policy areas. For the first time, the EU was given the legal status of *"inheriting and replacing the legal status of the European Community."* It also created the presidency of the European Council and the EU's high representative for diplomacy and security (vice-president of the European Council). The CFSP's role as a pillar also ends here. To ensure coordination and consistency in EU foreign policy, the Treaty of Lisbon created a High Representative of the Union for Foreign Affairs and Security Policy, de facto merging the post of High Representative for the Common Foreign and Security Policy and European Commissioner for External Relations and European Neighbourhood Policy. Since December 2011, the High Representative (HR) has been in charge of the European External Action Service (EEAS), which the Treaty of Lisbon also created. It is intended to be a common Foreign Office or Diplomatic Corps for the European Union.

The EU employs a variety of diplomatic instruments, such as political dialogue, Council conclusions, European Council statements and formal diplomatic representations of official views, known as *démarches*. Crisis management missions and operations and restrictive measures against third countries, namely sanctions, are among the more tangible measures available to the CFSP.

The European External Action Service (EEAS) assists the High Representative in preparing the EU's external action and ensuring its coherence and coordination. The Council of the European Union may appoint EU Special Representatives (EUSRs) with a special mandate to assist the High Representative. Several EUSRs have been mandated to represent the

EU in crisis and conflict areas outside the EU. They enable the EU to have an active and comprehensive role in conflict resolution. There are nine EUSRs, of which eight have a regional mandate and one has a thematic focus.

In 2016, the EU promulgated the European Union Global Strategy (EUGS), which replaced the European Security Strategy (adopted in 2003). The EUGS highlighted the importance of strategic autonomy for the EU and stressed the need to enhance its credibility as a global player. Key aspects covered were to improve internal and external security; stabilise fragile states on the EU's perimeter; develop an integrated approach to conflict and crises; promote peace and integration; display a commitment to multilateral systems; and promote sustainable development and respect for human rights (European Union 2016).

## II. Values in EU's Foreign Policy

From the foundation history of the European Union's foreign policy, the values in the EU's external policy play both the constitutive element of the EU's identity and a key instrument for the EU to achieve specific goals, especially those related to security.

The phrase European values emerged as a new political term in the 1980s, in the context of accelerated European integration and the gradual formation of the European Union. The European Values Study first popularised the phrase. This large-scale, long-term transnational research program began in 1981 and is carried out every nine years in several European countries to provide insights into the ideas, beliefs, preferences, values and attitudes of citizens across Europe (European Values Study). Since then, the values that are the basis of defining the common identity and formulating external policies are mentioned in different ways, European Values, our values, common values, or values of Europe" (Calligaro et. al. 2016, 10) and are interpreted differently. Article 2 of the Treaty of the European Union (the TEU) lists the values on which the EU is based:

*"The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail."*

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(European Union 2012)

Article 3(5) of the TEU links these values to the EU's common goals in interacting with the rest of the world:

*"In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter."*

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(European Union 2012)

Article 21 of the Treaty expresses the common goal of external actions:

*"The Union's action on the international scene shall be guided by the principles which have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law."*

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(European Union 2012)

The key objectives of the European Union's Common Foreign and Security Policy (CFSP) include safeguarding the EU's common values, preserving peace, consolidating democracy and respect for human rights, fundamental freedoms, and the rule of law, as well as strengthening the EU's internal and external security (European Union 2012, Article 21). The instruments available to the Common Foreign and Security Policy (CFSP) include political and economic instruments and military and civilian crisis management instruments.

Although not always clearly defined, human rights, democracy and the rule of law are central to the EU's common values and have become an increasingly important part of the Union's internal and external policy-making process (Cremona, 2004). Commitment to promoting human rights, democracy and the rule of law as common EU values in its foreign policy approach is linked to a perception of a normative power, a great power acting according to its values and seeking to present its rules to the outside, of the European Union (Manners 2002). In addition, coherence and consistency are key concerns of policymaking in the EU, including foreign policy.

It is difficult for the EU as a *"supranational actor"* to react quickly to international events and thus to do strategic planning to use the means at its disposal (Muguruza et al. 2018). Thus, promoting democracy, human rights and the rule of law are long-term strategies to address the underlying causes of vulnerability, conflict and insecurity. The EU's focus on the rule of law, as a shared value and as an instrument to promote democracy, dates back to the 1990s when EU institutional actors attempted to democratise the institutional framework not only for the democracy of the EU but also for its role-playing in the world. Against this background, the EU's legitimacy as a *"norm power"* seems to rest on its ability to translate universal norms into more concrete policies (Bickerton 2011, 35). Both one of the EU's fundamental values and an objective of EU foreign policy, the rule of law has been invoked as a *"means"* and *"objective"* to develop and legitimise a range of domestic and foreign policies (Calligaro 2016, 21).

Besides interpreting the basic values, values in EU foreign policy are sometimes divided into categories according to their own characteristics and functions. An example is the division of values into five groups: social-cultural values which are the underlying drivers of foreign policy; political values, including the trinity of human rights, democracy and the rule of law; economic values that characterise the nature of the economic system; Earth values referring to the inclusion of environmental concerns in foreign policy; and *"International order values"* characterising the international outlook of actors, hereby according to the EU the value of international order is *"principled pragmatism"* (Damen 2022, 3). In recent years, values have often been seen as part of strategic autonomy and some EU policies, such as EU enlargement, trade policy, or a combination of these policies. Several observations point to differences in the value-based approach to EU foreign policy with different countries and according to the types of values involved. For example, when cooperation on political values does not seem to work for some countries, the EU continues its efforts with economic or Earth values (Damen 2022, 3).

The EU has worked to develop a sense of its identity based on core values, which are reflected in the way the EU wants to be perceived from the outside and in its foreign policy. The process of defining the EU's common identity can also be seen as the result, as well as the cause, of foreign policy. Of course, other factors affect this process, but the demand to demonstrate and conceptualise the role of human rights, the rule of law and democracy in the EU's external policy has led the EU to see and define itself from the perspective of values concerning the world as well as to their own people.

Although integrated and affirmed in many official documents and discourses of organisations and leaders, the values-based approach in EU foreign policy faces many

challenges. Many, both from inside and outside, are sceptical and even critical of the role of the EU as a driving force in foreign policy in recent times. The critical arguments focus on the following key issues:

Firstly, considering the values as the foundation of European integration in general and the EU's foreign policy agenda, in particular, is the idea of some countries, and the other reluctant members have been convinced. This can be visualised relatively easily for members joining in later expansions of the Union. However, the members of the EU have never come together to specifically discuss any foreign policy doctrine or precise criteria for developing such a policy driven by values. Although values-based foreign policy is not limited to statements of intentions or goals of the Union, the difficulty of achieving unity of strategy and action within an intergovernmental political system will undermine the role of the EU.

Secondly, the institutions and individuals empowered to represent the EU externally do not have enough authority over issues that are inherently within their jurisdiction, as provided for in the EU's Treaties. One example is the role and authority of the EU High Representative for Foreign Affairs and Security. On February 4th–6th, 2021, Josep Borrell was the first high-ranking EU official to pay a visit to Russia since 2017; however, the visit was said to be a failure. Most member states, especially Germany, were not interested in giving Borrell the authority he needed to craft a strong foreign policy. Therefore, Borrell's visit to Russia was said to lack strategy and direction. Following Borrell's visit, Russia expelled three EU diplomats. On his blog, Borrell wrote upon returning from Moscow that his visit was inherently opposed by some member states (Dempsey, 2021).

The third point is the conflict between values, principles and the core interests of the EU and its member states. On the one hand, the EU considers a model of normative power with universal values; on the other hand, it wants to maximise benefits for the Union, its member states and its people. The EU's promotion of values parallel with further engagement with third countries on key interests creates a dilemma. The EU's failure to counter (despite its critical attitude) the 17+1 Forum of China and a group of Central and Eastern European and Balkan states to advance their economic and political interests is an example, showing that the 12 EU member states participating in this forum do not take seriously the meaning of values in EU policy (Dempsey 2021). The EU's criticism of China's human rights situation or Beijing's actions in the South China Sea has been partly softened by Hungary and Greece, who are fond of achieving large Chinese investments in their infrastructure. Several other major members, including Germany and Italy, prioritise economic interests in their bilateral relations with China (Raik 2020).

### III. Values-based Approach to Cooperation in the Indo-Pacific

On 16 April 2021, the Council of Europe Union issued the Conclusion of the EU's Strategy for Cooperation in the Indo-Pacific region, the geographical area from the east coast of Africa to the island nations of Asia-Pacific.

The EU's Indo-Pacific strategy must be viewed in the context of the Union's foreign and security policy developments. 2016 the EU issued the European Union Global Strategy (EUGS). The strategy emphasises the direct link between European prosperity and Asian security because European and Asian trade and investment depend on regional stability (European Union 2016). About 80 per cent of goods entering the EU transit through the Indian Ocean, and therefore the security of routes, freedom of navigation and the rule of law are crucial to the bloc (Luthra 2021).

The European Union Maritime Security Strategy (EUMSS) was adopted in June 2014 after much deliberation, with an action plan agreed in December 2014 in five key areas: External action; Maritime awareness, surveillance, and information sharing; Capability development; Risk management, protection of critical maritime infrastructure and crisis response; and Maritime security research and innovation, education and training (Council of the EU). The Action Plan was revised in June 2018 to include regional responses to global challenges in the maritime sector. The EUMSS and accompanying action plans are important in integrating maritime aspects, where maritime security is a high priority, in EU policies and its commitments to other regions, especially in the western Indian Ocean. The EU's new Indo-Pacific strategy is an evolution of the EUGS, EUMSS and other sector-specific strategy documents. The Indo-Pacific Strategy emphasises that the EU will strengthen its strategic focus, presence, and actions in that region. It highlights the need for a long-term perspective while maintaining appropriate flexibility. It highlights seven priority areas: Sustainable and inclusive prosperity; Green transition; Ocean governance; Digital governance and partnerships; Connectivity; Security and defence; and Human security (Council of the EU, 2021).

Such a strategy is generally expected to advance EU interests, from both bilateral and multilateral relations, in the economic, trade or security domains. However, the EU may differ from other countries' Indo-Pacific strategies, as Europe's interests are largely normative (Kliem 2022, 57). As outlined in the EU's foreign policy documents, including the Global Strategy 2016 and as analysed above, these benefits include strengthening the rules-based order, human rights, democracy, the rule of law, and sustainable development:

*“The Council considers that the EU should reinforce its strategic focus, presence and actions in the Indo-Pacific with the aim of contributing to the stability, security, prosperity and sustainable development of the region, based on the promotion of democracy, rule of law, human rights and international law.”*

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(Council of the EU 2021)

The dynamics of the Indo-Pacific concept for regional actors must be candidly re-assessed. The core driving force of this concept is neither the economic or social importance of the region nor a simple definition of geospatial. The central feature of the Indo-Pacific concept is a shift in the geopolitical order with the rise of an increasingly assertive China (Kliem 2022, 58). The first reason actors like the US, Japan, Australia or even ASEAN endorse the idea of the Indo-Pacific is not to expand trade relationships and partnerships but to redefine their strategic space and priorities as the US-led order ends. It can be said that the Indo-Pacific is the dismantling of Asia's status quo, underpinned by America's liberal hegemony (Ikenberry 2004).

The Indo-Pacific is gradually replacing previous conceptualisations of the region such as Asia-Pacific or East Asia. Supported by key players in the region, especially former Japanese Prime Minister Abe Shinzo and former US President Donald Trump, the concept of a free and open Indo-Pacific (FOIP) specifically symbolises a strategic reorientation to focus resources on the challenges posed by China's growing confidence and assertiveness in the region (Goldstein 2020). Research on the views of key regional actors in the second phase of this research project agrees that the Indo-Pacific has become a concept/area of competition among major regional powers in a new era.

As a result, Indo-Pacific policies are primarily not instrumental to exploiting opportunities in the region but rather to containing Chinese power and influence (Kliem 2022, 58). And the Indo-Pacific debate is primarily a re-establishment of its denial of hegemony, which attempts to limit the extent to which China can expand its military and geo-economic reach in the region (Colby 2021). The United States and its regional partners seek to establish a new balance of power. What is most worrisome for the region's small and medium-



sized players is being caught up in this geostrategic power competition or being forced to choose a side.

In this context, the fact that an engagement of an actor who identifies itself as a normative power in the Indo-Pacific debate is remarkable and perhaps is welcomed by many regional entities. Of course, the EU is interested in increasing and expanding market access in Asia, and many EU members are interested in maintaining free trade routes and stability on the important shipping routes. However, the EU had almost all that before considering and announcing its Indo-Pacific Cooperation Strategy. The key point that makes the important members of the bloc, i.e. France, Germany and the Netherlands, and the EU Commission and Parliament, realise the demand to present and participate in the region is the geopolitical shift that is taking place in this region. The EU announced its strategy for the region relatively late compared to some other important actors. But the EU Strategy represents two goals of ambivalences: first, to strengthen the Transatlantic relationship with the US through engagement and play a role in a region that the US considers a strategic priority; and second, to affirm the Union's role and participation in global affairs, counterbalancing the US's FOID strategy.

The value-based approach helps the EU better represent a normative actor's role in the region. In relations with China, the strategy text shows that the EU manages to avoid strategic competition with China by seeking dialogue and cooperation with all partners, including China. For other actors, the EU promotes an open, multilateral, and rule-based regional order through a normative approach to connectivity (based on sustainability, standards, shared values and a level global playing field) and technology (people-centred). The EU affirms that it will promote human rights and democracy and continues to use all available disposals: dialogue and consultation on politics and human rights, trade preferences and integration of human rights considerations in all EU policies and programmes. At the same time, the EU also endorses a tough stance, such as restrictive measures (sanctions) against individuals, organisations and agencies responsible for, participate in or are involved in serious human rights violations and abuses (European Commission 2021, 1).

The EU intends to strengthen its role as a cooperative partner in the Indo-Pacific, bringing added value to the relationship with all partners in the region through comprehensive cooperation across multiple development sectors towards achieving the United Nations Sustainable Development Goals, addressing the devastating human and economic impacts of the COVID-19 crisis in many countries, and the need to ensure sustainable and inclusive socio-economic recovery while improving the resilience of health systems (Council of the EU 2021). The EU's values- and rules-based and multilateral approach supports its relationship with important regional entities, including China and ASEAN. Of course, as analysed above, when values conflict with interests, in some cases, the EU or its member states may be willing to push the former backwards if necessary.

#### IV. The New Context

The conflict between Russia and Ukraine that began in early 2022 resulted in tremendous changes in the international system. The large-scale war caused problems beyond the imagination of the people of Europe and the world. It also reveals many problems of actors in the current international system. A new world order with a changing role of key players may be taking shape.

The conflict started less than a year after the EU had announced its Indo-Pacific Cooperation Strategy as ones have just seen the prospect for the participation of a normative actor in

areas of interest to many countries in the region, anxiety, and scepticism about the future of strategy emerged. At present, expectations of a foreign policy and an international order based on values, rules or norms must give way to more realistic calculations and visions. The EU's and its members' concerns are the ongoing conflict in its neighbouring region, economic recovery and energy security. Regarding the approach based on values asserted by the EU so far, two scenarios can be pointed out as follows:

The first scenario is that the EU will continue to consider the Cooperation Strategy in the Indo-Pacific as a long-term strategy to affirm its role as an important international actor and keep applying its values- and rules-based approach to present as a normative actor until the crisis is over. In this case, the EU will likely change its approach to the region based on what it has experienced since the conflict in Ukraine. The EU and its member states may have to consider promoting cooperation activities to enhance security and strengthen geostrategic roles.

The second scenario is sadder, that the EU has to cope with too many problems emerging from surrounding areas such as Russia, Eastern Europe, the Middle East, and Africa. In this case, discussing the prospect of maintaining cooperation and investment for other regions, such as the Indo-Pacific or Asia, is difficult.

In the current context, it is too early to say which scenario is more likely to happen because the course of the conflict is very complex, and many involving factors can influence decisions and actions. Regardless of the actual scenario, one thing for sure is that security will be one of the top priorities for the EU for the foreseeable future. In addition to increasing its military and economic potential, the EU will need to find ways to reduce its dependence on Russia, counter China's influence, and become more independent in its relations with the United States.

However, a study conducted in April 2023 by the Friedrich Naumann Foundation with the participation of 2,752 citizens in 10 EU member states produced rather optimistic results. Most people participating in the study said that the EU should focus on security, human rights and freedom and promote a common foreign policy on Ukraine and other issues. The study shows that from the perspective of Europeans when faced with problems caused by the military crisis in Ukraine, the EU needs to unite, coordinate with each other, and focus on affirming the core values of the Union (Friedrich Naumann Foundation 2023).

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