

Europe's New Role in the Indo-Pacific

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The Indo-Pacific has emerged as the new geo-strategic and geo-economic theatre of the 21st century. The concept emerged as an alternative regional order of the Quad grouping vis-à-vis China's Belt and Road Initiative (BRI). At first sight, Europe seems to be largely absent from the Indo-Pacific except for France and the United Kingdom. But the European Union (EU) has strong economic and political interests in this region and has slowly developed a new global identity. Moreover, if connectivity will be the main arena in this competition, then Europe has clear advantages because the future contestation will be on soft connectivity rather than on hard connectivity. But despite its newly formulated ambitions to learn the "language of power", the EU's foreign policy remains fragmented between the European Commission and the member states. Hence, Europe will have to follow a multi-track policy both on the level of the EU and its member states in order to establish its footprint in the Indo-Pacific.

Introduction

The Indo-Pacific has emerged as the new geo-strategic and geo-economic theatre of the 21st century. This new concept can also be seen as a counter-narrative to China's Belt and Road Initiative (BRI). It was mostly propagated in Japan, Australia, India, and the United States,

and became the rallying point of their revived Quadrilateral meetings (Quad). Even if the four countries have diverging ideas about the contours of the Indo-Pacific and the rationale of the Quad, the common denominator is a very well-known challenge in their respective foreign policies: how to deal with China's rise and its political and economic implications on the regional and global level?

Although Europe seems to be absent from the Indo-Pacific at first sight, except for countries like France and the United Kingdom, the debate about China's rise is increasingly shaping discussions in Brussels and other European capitals. Hence, it is not difficult to argue that Europe has to play a more important role in the Indo-Pacific and may move from the 'periphery to the centre' (Institute of South Asian Studies 2019).

First, as the largest trading bloc, the European Union (EU) has massive self-interest in the Indo-Pacific as the global economic centre. Second, the new EU commission has made it clear that it aims at a larger geopolitical footprint for Europe. Finally, the competition over connectivity may change its focus from "hard" to "soft" connectivity. Because of its long experience in cross-border regulation, the EU has a clear advantage over other players in this field.

Europe's Economic Interests

No matter where the geographical boundaries of the Indo-Pacific will be¹, it is obvious from the already existing trade figures that no other region is as closely linked with the EU as the Indo-Pacific. In 2016, Asia, which included 60 percent of the global population, received 35 percent of EU exports and 45 percent of its imports came from Asia (European Commission 2018: 1). In 2018, nearly one third of EU exports went to Asia followed by North America (Eurostats 2020). This means that the EU and Asia have an annual trade of 1.5 trillion Euros (European Union External Action 2020). Moreover, many European companies are closely enmeshed in global value chains which originate from Asia.

These figures indicate that the EU and its member states will have an interest to be part of future power constellations in the Indo-Pacific. Therefore, it is not astonishing that the EU has always emphasized Asia's international importance, for instance in its Global Strategy in 2016. In the Asia Connectivity Strategy in 2018, the EU underlined the direct connection between its own prosperity and Asian security (Schoettli 2019).

Europe's New Geopolitical Identity

The changing geopolitical landscape, ranging from the anti-globalization agenda of the Trump administration to Brexit, the rise of nationalism in Europe to a more assertive China under president XI, has also started a new debate on Europe's future international role.

The perception of China underwent a dramatic shift in recent years, both at the level of the European Union (EU) and within its member states. The BRI, which aims to connect China with the European markets, was seen in the beginning mostly as an opportunity and as another instrument to further enhance the economic relations. The changes in the European perspective took place in the national,

the regional, and the international level.

On the national level, Chinese investment in sensitive infrastructure and growing concerns by European companies on Chinese trade and investment practices, especially with regard to technology transfer and intellectual property rights, and growing concerns over market access in China have contributed to the change. In 2018, the EU agreed on a new screening mechanism for foreign investments from third countries which came into force in 2019 (European Commission 2019a). On the regional level, China's new engagement in Southern and Eastern Europe created concerns in Brussels. With its 16 plus One format China has strengthened its position in the countries of the Western Balkans which are still not members of the EU. A stronger economic and political influence of China in these countries may also have repercussions for their accession negotiations with the EU.

China's impact on EU policies can already be felt. In 2016, Greece, Hungary, and Croatia watered down an EU statement that criticized maritime and territorial claims in the South China Sea (Emmott 2016). In 2017, the Greek government prevented a joint statement of the EU in the United Nations that criticized human rights violations in China (Emmott, Koutantou 2017). These developments triggered alarm bells in Europe, and the former German foreign minister Gabriel warned that 'if we don't develop a [European] strategy regarding China, then China will succeed in dividing Europe.' (Hoffmann, Brinkbäumer 2018).

On the international level, the rising antagonism between the United States and both China and the European Union has fostered a rethinking of the EU's strategic priorities. The growing rifts with the United States have started a discussion on closer defence and security cooperation which may lead to lesser dependence on the United States. This has led to the creation of the Permanent Structured Cooperation (PESCO). The European Defence Fund was set up in 2017 and aims for better coordination of national defence research and greater interoperability between the armed forces (Pejsova 2019). The changing international constellations have also triggered

¹ The Indo-Pacific comprises roughly the geographies of East Asia, Southeast Asia, South Asia, Australia, and the Indian Ocean.

new strategic debates in Europe, for instance on the possibility of a ‘European strategic autonomy’ (Lippert, von Ondarza, Perthes 2019).

Europe’s new self-conception was highlighted in various official documents, for instance in the EU Global Strategy of 2016 (European Union 2016) or in the Connectivity Strategy on Asia in 2018 (European Commission 2018). In its strategic outlook of March 2019, the EU has called China a ‘systemic rival’ and a ‘strategic competitor’ (European Commission 2019b: 1, 5). The new President of the European Commission, von der Leyen, has clearly signalled that the EU is willing to learn “the language of power” in a radically changing geo-strategic environment.

With regard to the Indo-Pacific, the EU will put a much stronger emphasis on security cooperation with Asian partners. This is again a new development because previously the EU has mainly supported regional organizations. The EU has established strong links with the Association of Southeast Asian Nations (ASEAN) and has become a member of the ASEAN Regional Forum (ARF). Moreover, the EU is an observer to SAARC and IORA and one of the founding members of the Asia-Europe Meeting (ASEM). In May 2018, the Council of the EU decided to enhance security cooperation in Asia and with Asian partners especially with China, India, Japan, the Republic of Korea and ASEAN countries (Grare 2019).

The main focus will be on maritime security, cyber security, counter terrorism, hybrid threats, conflict prevention, the proliferation of chemical biological radiological and nuclear weapons and the development of regional cooperative orders (Council of the EU 2018). The EU has also increased its political and economic engagement with Asia. In 2017, the European Union attended for the first time the East Asia Summit. Moreover, the EU finalized the negotiations for “new generation” Free Trade Agreements with Singapore, Vietnam and Japan.

Europe’s Advantage: Soft Connectivity

China’s BRI seems to have triggered a new competition for connectivity, both in quantity and quality. Quantitatively, there has been a proliferation of new connectivity initiatives by various countries and regional institutions. In 2015, Japan launched its “Partnership for Quality Infrastructure” with a strong focus on economic efficiency, safety, resilience against natural disasters, considerations on environmental and social impact and a contribution to the local society and economy. The original plan included a budget of nearly 110 billion USD over the next five years. Moreover, Japan emphasized the need to cooperate with other partners like the Asian Development Bank (ADB) and to promote the participation of private companies. This was clearly projected as an alternative vis-à-vis China’s course of action, which is dominated by its state-owned enterprises and a unilateral approach.

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In summer 2018, the United States launched an Indo-Pacific Infrastructure Initiative. It initially included a 113 Million USD package with a focus on digital economy, energy and infrastructure (Kling 2018). In 2019, the United States established the Blue Dot Network in collaboration with Japan and Australia. The network tries to create a rating for infrastructure projects in order to ‘promote market-driven, transparent, and financially sustainable infrastructure development in the Indo-Pacific region and around the world’ (ABC News 2019).

Also in 2018, ASEAN set up an Infrastructure Fund in collaboration with the ADB with the special focus to promote green and inclusive infrastructure (Asian Development Bank 2018). In the same year, the EU passed its new

Connectivity Strategy with Asia. Its main focus is to strengthen networks in transport, energy, digital and the human dimension. Again, it was framed as a counter-model vis-à-vis the BRI and highlighted a ‘sustainable, comprehensive and rules-based connectivity’ (European Union External Action 2019). The EU also highlighted that the strategy aims to strengthen bilateral, regional and international partnerships based on commonly agreed rules and standards. In September 2019, the EU and Japan signed an infrastructure agreement, which will intensify the collaboration between the two sides. The deal has a global reach and aims ‘to build sustainable, rules-based connectivity from the Indo-Pacific to the Western Balkans and Africa’. The new EU Asia Connectivity Plan will have a volume of 60 billion Euros, provided by the EU, development banks and private investors (Emmott 2019).

These new connectivity initiatives have also fostered new forms of cooperation, for instance the Blue Dot Network. The EU Connectivity Strategy will not only intensify cooperation with individual countries but also aims at closer collaboration with regional organizations like ASEAN or the South Asia Association for Regional Cooperation (SAARC).

Qualitatively, there has also been a remarkable shift in the discourse on connectivity. In the beginning the focus was mostly on the size of Chinese investments. But meanwhile China has received a lot of criticism for its BRI. Many Western governments have criticised Chinese investment because of the long-term debt sustainability and the problem of political dependencies. Hence, it is not astonishing that countries like Japan, the U.S. and entities like the EU and ASEAN have emphasized a different normative framework for their projects in order to offer a better alternative to the BRI. This debate has also resonated in many recipient countries like Malaysia and Sri Lanka, which have demanded new negotiations for Chinese investments. The Chinese government took up some of this criticism in the second Belt and Road Forum in 2019, when it emphasized the need for greater transparency, inclusiveness and sustainability of its projects.

Generally, the proliferation of infrastructure projects also marks a shift in the debate from hard to soft connectivity (Asian Infrastructure Investment Bank 2018). Hence, if connectivity is part of the strategic competition in the Indo-Pacific, then it is also very likely that the main struggles will not necessarily be fought over ‘hard connectivity’, i.e., roads, ports, power stations, but more over issues of ‘soft connectivity’ that include questions of governance, i.e. cross-border regulations and coordination (Mohan, Vater 2019: 9). This is an area where the EU clearly has an advantage over many other players, given its achievements in the process of integration in Europe. Or, to put it shortly: the EU will bring not only money but, more importantly, ‘norms and knowledge’ (Jaishankar 2019: 29).

Prospect: Europe in the Indo-Pacific

The Indo-Pacific will certainly be a “test case” (Kugiel 2019: 17) for the global ambitions of the EU. It has the economic interest, the political will and new instruments to become a much more important player in the Indo-Pacific. It can also partner very easily on different levels with the Quad members, as it shares many of the normative foundations of this grouping. The EU sees China as a strategic competitor and a systemic rival with regard to global governance, promotes a rules-based international system and shares therefore the interest in a free and open Indo-Pacific with the Quad members. And if connectivity is the decisive arena which will shape the future structures of the Indo-Pacific, then the EU will play a decisive role because of its experience as “regulatory power”, its ability to deal with non-traditional security challenges, and as a promoter of regional security constellations (Pejsova 2018). The political and economic commonalities between Europe and the Quad members should be the starting point for greater cooperation and coordination between the different countries (Mohan 2020).

However, it should also not be overlooked that the EU continues to face structural weaknesses compared to other players. Despite the Commission’s claim for a larger global role, foreign policy remains a domain of the member states. Hence, decision-making requires

unanimity and remains a complex endeavour. Military support for external missions will remain dependent on the capacities of the individual member countries.

One way out of these problems may be a more pro-active role by individual member countries, for instance France, which has always been an Indian Ocean power because of its territories there. France proposed the European Intervention Initiative (EI2) which includes 12 EU members, but also non-EU members like Great Britain and Norway. Such a flexible approach may pave the way for a closer collaboration among different European countries and middle powers in the Indo-Pacific (Baruah 2019). The French navy has already conducted various freedom of navigation operations in the South China Sea. Sometimes these operations included also military service members from other EU countries in 'EU FONOPS' (Parello-Plesner 2018). Hence, Europe will have to follow a multi-track policy both at the level of the EU and its member states in order to establish its footprint in the Indo-Pacific.

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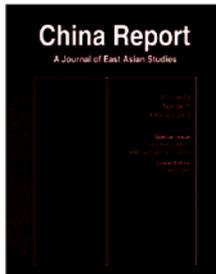


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