

# A European Approach to the Indo-Pacific?

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As the world's strategic and economic center of gravity shifts to the interconnected Indian and Pacific Oceans, the concept of the Indo-Pacific is gaining currency. Japan, Australia, India, ASEAN, the United States, and others are formulating their own Indo-Pacific visions and strategies. Even China's Maritime Silk Road is in many ways a response to the economic and strategic importance of this region. Until now, Europe has remained at the sidelines of the debate. But given its economic dependence on and vulnerability to threats emanating from the region, it is in Europe's interest to formulate a European approach to the Indo-Pacific.

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# Executive Summary

The idea of an Indo-Pacific region is not new, but it has been revived by policymakers and the strategic community in Japan, Australia, India, Indonesia, and the United States into the geopolitical concept as we understand it today. It is a response to the changing balance of power in Asia and reflects how countries in the region are coming to terms with China's rise. The European Union (EU) and its member states are also affected by the transformations across the Indo-Pacific and yet the debate has not gained much traction in European capitals. This study identifies the regional expectations of Europe, analyzes why a European approach to the Indo-Pacific is necessary, and outlines what such a course might look like.

The Indo-Pacific concept denotes a shift of the strategic and economic center of gravity to the interconnected Indian and Pacific Oceans. The Indian Ocean, which carries two thirds of the world's oil shipments and a third of its cargo and exports, has replaced the Atlantic Ocean as the busiest and most strategically significant trade corridor on the planet. Moreover, the Pacific and Indian Oceans are traversed by the world's most important shipping lanes and crucial choke points, including the Straits of Hormuz and Malacca, through which 34 million barrels of crude oil and petroleum are transported every day in the direction of Europe and Asia.

Major changes in one part of the Indo-Pacific impact what happens in other parts of the region.<sup>1</sup> Therefore, it comes as no surprise that most countries in the region are formulating their own Indo-Pacific strategies. Even China's Maritime Silk Road, which seeks to establish trade links, investments and military presence across the two oceans, can be viewed as an attempt to develop an Indo-Pacific strategy.

## What Is the Indo-Pacific?

We can identify several key features of the Indo-Pacific as defined by countries like Japan, Australia, India, and others. First, it is a **multipolar system** in which regional order is determined not simply by one or two powers such as the US and China, but also by the interests and choices of others. Second, it is a **maritime system** in which developments in the maritime domain – particularly increasing competition and militarization – impact the security of the entire region. Finally, the Indo-Pacific has **regional as well as global features**, given its role as the main highway for commerce and energy flows between Asia, Africa, Europe, and the US. Consequently, even non-resident actors like the European Union are stakeholders in the region.

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1 Rory Medcalf, "Mapping our Indo-Pacific Future: Rory Medcalf's Speech," (speech, Policy Forum and National Security College, 21 May 2018), Policy Forum, June 5, 2018, available at <https://www.policyforum.net/mapping-our-indo-pacific-future-rory-medcalfs-speech/>.

Below are the crucial features and building blocks that are essential for understanding the Indo-Pacific:

- **Regional initiative:** The concept is historically rooted in Asia and the clearest versions of the Indo-Pacific are articulated by Japan and Australia. While the US' Indo-Pacific strategy talks of system-level competition with China, regional actors use their strategies to balance China's rise as well as to deal with the uncertainty of US engagement in the region.
- **Different borders, same values:** Policymakers in Europe often remark, quite correctly, that the Indo-Pacific has no clear geographical contours. For example, Australia and the US exclude the Western Indian Ocean, while India and Japan include the east coast of Africa. Policymakers in the region, however, view the geographical contours as less important and as a function of bureaucratic path dependencies. They believe that an agreement on the basic principles of multipolarity, rule of law, and inclusivity is the defining feature of the Indo-Pacific. The essence of the term is "more consequential, rather than the technical definition"<sup>2</sup>. Flexible geographies also allow for the engagement of multiple stakeholders, including Europe.
- **Main drivers:** One of the main drivers of the Indo-Pacific concept is an increasingly assertive China, which has been generating anxiety across the region by flouting international rules, whether in the South China Sea or the Himalayas. Another impetus is the rise of India as not only a potential counterweight to China, but also as a leading power in its own right. This is a factor in the long-term strategic calculus of several regional actors.<sup>3</sup> Finally, the uncertainty of US engagement under the Trump administration and the perception of declining US interest in Asia is another driver.
- **Containment or balancing:** The Indo-Pacific is often cast as an attempt at the containment of China, and most often so by official Communist Party of China (CPC) sources<sup>4</sup>. The notion of containing China is most prominent in the US' FOIP strategy, while other countries such as India focus more on creating an 'inclusive' region that is free of great power competition. Policymakers in the region argue that China is too big to contain, and that the Indo-Pacific is "not containment but a reality check."<sup>5</sup> There is an element of 'balancing' at work, wherein countries attempt to manage China's rise to make sure it operates within a multipolar, rules-based system. But a majority of those interviewed for this study stated that

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2 C. Raja Mohan, speaking on expert panel "India and the Indo-Pacific: Trade, aid & security" (event, December 12, 2018), Brookings Institution, <https://www.brookings.edu/events/india-and-the-indo-pacific-trade-aid-security/>.

3 The Lowy Institutes Asia Power Index projects India to be the third most important player in Asia on economic, defense and other resources by 2030 <https://power.lowyinstitute.org/>.

4 Dingding Chen, "What China thinks of the Indo-Pacific Strategy," *The Diplomat*, April 2018, available at <https://thediplomat.com/2018/05/what-china-thinks-of-the-indo-pacific-strategy/>.

5 Interview with Sarah Kirlew, Head of Indo-Pacific Division at the Australian Department of Foreign Affairs and Trade, Canberra, October 2018.

their Indo-Pacific strategies were as much about dealing with the uncertainty of US engagement, keeping the US interested in the region, and diversifying their partnerships beyond their respective bilateral alliance to the US, as they are about China.

- **Understanding ASEAN centrality:** The leading Indo-Pacific countries often refer to ‘ASEAN centrality’. The idea is partly to assuage anxieties among ASEAN countries that the shift from the Asia-Pacific to the Indo-Pacific might leave them out. Southeast Asia is also the site of geopolitical competition, especially with China exploiting fault lines within ASEAN. Therefore, most Indo-Pacific stakeholders view ASEAN as a crucial player and promote forums like the East Asia Summit (EAS) and the ASEAN Regional Forum (ARF), arguing that greater use of these multilateral bodies will help dilute competition and moderate Chinese influence in the region.<sup>6</sup>
- **Translating ideas into practice:** In practice, the Indo-Pacific concept has meant: (1) the strengthening of long-floundering regional institutions; (2) the creation of new bilateral, trilateral and minilateral platforms; (3) the deepening of security cooperation, including the capacity building of smaller countries in the areas of international law, maritime safety, and security; and (4) investment in infrastructure and regional connectivity. It is important to point out that the Indo-Pacific is often conflated, incorrectly, with the Quadrilateral Dialogue (Quad). The Quad is just one of many minilateral dialogues in the Indo-Pacific. Focusing only on the Quad misses the more important trend of partnerships, strategic dialogues and military coordination between multiple countries leading to shared worldviews.
- **An evolving concept:** Given that the Indo-Pacific is a fairly new idea, contradictions can be found across its various formulations. For the US, the Indo-Pacific strategy is about maintaining its predominance in the region, whereas for other stakeholders it is a bid to create a multipolar Asia whose future is not solely determined by the two major powers – the US and China. While rules-based order and respect for international maritime law are tenets that all stakeholders agree upon in principle, there is little agreement regarding what this order should look like and which countries’ rules matter most. For instance, there are different opinions among stakeholders on what constitutes freedom of navigation. Unlike other countries, India wants to exercise greater authority in its exclusive economic zone, including the control of foreign military operations. Meanwhile, the US has not even ratified the United Nations Convention on the Law of the Sea (UNCLOS).

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6 This point was reiterated by policymakers interviewed by the author in Australia and Japan in October 2018.

## European Engagement in the Region

Although Europe is not a ‘resident’ actor, it is an important stakeholder in the Indo-Pacific region. More than 35 percent of all European exports go to Asia-Pacific markets, and a majority of those (about 90 percent) transit through the sea lanes of the Indian and Pacific Oceans.<sup>7</sup> Four of Europe’s top-10 trading partners are located in the Indo-Pacific, and Asia-Pacific is the second largest market outside Europe for export-focused economies like Germany and the Netherlands.<sup>8</sup> In consequence, Europe is highly dependent on unimpeded maritime highways or sea lines of communication (SLOCs) that pass through the Indo-Pacific. While the South China Sea or even the Indian Ocean may, geographically speaking, seem far away from Europe, any conflict in the region will have an impact on European prosperity and security. Europe thus has an interest in maintaining a rules-based order in the region and in ensuring that militarization and competition do not escalate into conflict.

Fig. 1: Total Annual Trade Flows (Imports + Exports) Between ASEM Regions and Other World Regions



Source: World Economic Forum (2019)<sup>9</sup>

Given European interests in the region, it would be short-sighted to watch the Indo-Pacific debate unfold from the sidelines. Indeed, in recognition of the region’s importance, the EU and its member states are in the process of diversifying their partnerships in Asia. The EU also wants to be a security actor in Asia.<sup>10</sup> This study will show that: (1) Europe and countries in the region share the same geopolitical concerns, namely not to be caught in great power politics and US-China competition.

- 7 Garima Mohan, “Europe’s Response to the Belt and Road Initiative,” German Marshall Fund, March 30, 2018, available at <http://www.gmfus.org/publications/europes-response-belt-and-road-initiative>.
- 8 Three-fourths of Dutch exports go to other European countries, 10% to Asia, 5.4% to North America, and 2.7% to Africa. For more, see: Daniel Workman, “Netherlands Top 10 Exports,” *Worldstopexports*, June 24, 2019, available at <http://www.worldstopexports.com/netherlands-top-10-exports/>.
- 9 Ana Neves, “Explained, the economic ties between Europe and Asia,” World Economic Forum, May 14, 2019, available at <https://www.weforum.org/agenda/2019/05/ways-asia-and-europe-together-connected/>.
- 10 European Council, “Deepening EU security cooperation with Asian partners: Council adopts conclusions,” European Council, May 28, 2018, available at <https://www.consilium.europa.eu/en/press/press-releases/2018/05/28/deepening-eu-security-cooperation-with-asian-partners-council-adopts-conclusions/>.

(2) Nevertheless, there is no doubt that an assertive China is reshaping the region and posing a challenge to the rules-based international order. While the EU has been responding to the China challenge within its borders, it has yet to recognize that it must engage more actively in Asia and develop a broader strategic approach toward the region if it wants to defend the basic tenets of the liberal order. The EU Commission's 10-point statement on China recognizes the country as a negotiating partner, economic competitor and systemic rival,<sup>11</sup> but is unclear what this means for Europe's broader Asia policy. (3) Rather than asking which version of the Indo-Pacific to 'sign onto', European countries should put forth their own vision, based on their interests and capabilities.

The study will highlight policy recommendations for European engagement in and with the Indo-Pacific, including:



**1. From nomenclature to action:** Most debates in Europe have focused on the technical definition of 'Indo-Pacific', meaning its geographic contours and whether to use the terminology at all. Many policymakers are particularly wary of the term 'Indo-Pacific' because of China's opposition to its use. Nomenclature, however, does not change the critical importance of engaging with the region. Whether Europe ends up using the term or not, there remains an urgent need for internal deliberations on the dynamics in the region and their impact on Europe, both in individual member states and in Brussels.



**2. Focus on the Indian Ocean region:** If the Indo-Pacific seems intimidatingly broad as a region, the Indian Ocean may be an easier starting point. The Indian Ocean constitutes Europe's extended neighborhood and is of immense economic and strategic significance to the continent – a majority of European exports transit through the Indian Ocean.<sup>12</sup> If international commerce is disrupted and shipping costs rise, Europe will be massively impacted. The Indian Ocean has replaced the Atlantic as the world's busiest sea way, yet it remains one of the least-integrated regions in the world, with weak institutions even as it faces increasing competition, militarization, and a naval 'base-race' hastened by China's entry. Europe needs a plan for engagement in the Indian Ocean beyond Operation ATALANTA. And European engagement needs to acknowledge that threats in the Indian Ocean have developed beyond just piracy and require a response on several fronts – protecting sea lanes from disruption and providing security by working closely with countries like India, avoiding skirmishes through better maritime domain awareness, responding to non-traditional threats like illegal and unregulated fishing, and building capacity of smaller Indian Ocean states to not just protect their environment, but also safeguard their sovereignty in face of debt traps and political interference.



**3. Strengthening institutions and regional arrangements:** A core tenet of the Indo-Pacific idea is to bolster the rules-based order by strengthening weak and

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11 European Commission, "Commission reviews relations with China, proposes 10 actions," press release, March 12, 2019, available at [http://europa.eu/rapid/press-release\\_IP-19-1605\\_en.htm](http://europa.eu/rapid/press-release_IP-19-1605_en.htm).

12 For details on the strategic importance of the Indian Ocean region see Mohan, "Engaging with the Indian Ocean," 2017.

floundering institutions and regional arrangements. European member states like Germany, France and the UK should play a role in building up the Indian Ocean Rim Association (IORA) – the only organization including most Indian Ocean countries – and the EU should seek the status of dialogue partner. Both Germany and the Netherlands also have observer status in the Indian Ocean Naval Symposium (IONS), which is a forum for regional maritime issues and confidence building. Both the EU and its members also have a long history of cooperation with ASEAN. This takes greater significance especially as ASEAN grapples with China’s growing influence and becomes the center of US-China competition. The EU should sharpen the focus of its engagement with ASEAN on addressing these challenges.



**4. Capitalize on minilaterals:** As highlighted earlier, one of the ways in which Indo-Pacific visions are being translated into practice is through several bilateral, trilateral and minilateral dialogues in the region. For the EU and its member states, this is a relatively low-cost method of increasing visibility in the region, addressing common challenges with partners, and starting a dialogue about Europe’s role in the area. Both Germany and the Netherlands should consider instituting Track 1 and 1.5 trilateral dialogues with like-minded partners such as India, Japan, Australia, and Indonesia. These dialogues could serve as platforms for finding common avenues for strengthening the rules-based order and identifying which rules and what kind of order work best in the region. It is also an opportunity to sound out Germany’s and the Netherlands’ roles in the region, and to discover synergies with, for instance, the ‘Alliance of Multilateralists’ idea. Finally, these dialogues can highlight unique instruments that Europe brings to the table. For example, the Australia-UK-Netherlands trilateral dialogue on building Countering Violent Extremism (CVE) capacities in Indonesia was much appreciated by all partners. They can also be important venues for discussing common challenges, such as the 5G networks or influence operations, and for learning from other experiences.



**5. Focus on infrastructure and connectivity:** Even before ‘connectivity’ became a popular term, European companies and EU institutions had been investing in infrastructure in Asia, although China’s Belt and Road Initiative has come to dominate the regional narrative. Partners like Australia, India, Japan, and the US all see a potential for working with the EU and filling massive infrastructure gaps in Asia. Many regional initiatives aim not only to provide alternatives to BRI, but also to fill in crucial gaps in regulatory, hard and soft connectivity. The EU’s connectivity strategy, which focuses on transparency, fiscal and environmental sustainability, and a level playing field, resonates strongly with the connectivity visions coming from the Quad partners. The strategy and the recent EU-Japan Connectivity Partnership have indeed raised hopes that Europe can be an important partner on connectivity in the region, which needs a lot of investment in order to provide a viable and sustainable alternative to BRI.



**6. Improve burden sharing on security:** Since Europe is highly dependent on unimpeded sea lanes, regional partners expect it to play a larger role in securing these SLOCs and global commons. While European navies are presently suffering from low capacities, this is set to change in the medium to long term. The German

Navy, for example, expects its two F125 frigates to enter service by 2019. Two other ships are set to follow in 2020. As European navies regain some capacity, it would be useful to consider port calls in the Indian Ocean and participation in maritime exercises in Asia. Symbolic presence would have far-reaching effects, even if round-the-year operational deployment is not possible. Working with key states like India on maritime domain awareness and information sharing will go a long way in making the region more secure against both traditional and non-traditional maritime threats.<sup>13</sup> The Chief of the German Navy recently announced that, from 2020 onward, Germany will send a Liaison Officer to the Information Fusion Centre in Singapore. Steps like these are low-cost ways of increasing member states' contribution to maritime security.



- 7. Invest in capacity building:** Capacity building of small island countries in South Asia and partners in Southeast Asia is vital – whether on the rule of law, infrastructure, or the Blue Economy. South Asian countries are all targets of China's BRI. The constitutional crisis in the Maldives, ballooning debts in Pakistan and Sri Lanka, and the dual use of civilian ports in Myanmar and Sri Lanka are all by-products of BRI investment. There is a compelling need to strengthen the sovereignty of these countries and increase their resilience in dealing with great power competition. Building technical capacities of smaller countries may help them in negotiating better conditions within BRI. Some Quad partners have already seen results from this in Myanmar, for example. Similarly, capacity building on legal measures, common interpretations of international law, and freedom of navigation and dispute resolution, especially for countries in Southeast Asia, can help them withstand pressures from China. Europe can also support the training of coast guards, which can help smaller countries defend their EEZs against intrusions from Chinese maritime militias. Here, Japan could serve as a role model for European states, as it has played a crucial role in training coast guards in Southeast Asia.

## Long-Term Impact on Europe's Asia Policy

The aforementioned ideas are some initial steps that the EU and its member states can take to increase their engagement with the Indo-Pacific region and the unfolding conceptual debate. In the medium term, however, Europe would benefit from developing its own strategy toward the Indo-Pacific and perhaps from having an Indo-Pacific coordinator or Ambassador-at-large, either at the member states or the EU level. As shown above, in many ways the move toward an Indo-Pacific approach is a response to the rise of China. Most European member states are beginning to formulate their own China strategies, with the Netherlands being the first to do so and with several others in the works. But in order to be holistic and successful in the long term, Europe would be well-advised to consider China's impact not just in Europe, but also in Asia.

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<sup>13</sup> For more information and recommendations on European engagement in the Indian Ocean, see: Mohan, "Engaging with the Indian Ocean," 2017.

- First and foremost, Europe needs to conduct a better assessment of its core interests in Asia. Both the EU and its member states are engaged in Asia on several levels, either through free trade agreements, security partnerships, or in regional organizations like ASEAN. Having an Indo-Pacific strategy based on European interests and values in the region will help streamline these efforts and make them more effective. As part of an Indo-Pacific strategy, there is also an opportunity to create a mechanism for assessing threats and vulnerabilities emanating from Asia.
- Taken together, the new EU connectivity strategy, the strategy on China, the new strategy on India, and Council conclusions on greater security engagement with Asia constitute the building blocks of an EU strategy on the Indo-Pacific. Europe should not hesitate to deploy the term and to underline what it means – vis-à-vis Europe’s approach to the rise of China, the role of the US, and the position of Europe itself. This is an opportunity for Europe to create a positive agenda of diversified partnerships and chart its own course in Asia.
- To facilitate the articulation of European engagement with Asia, there should be closer coordination with EU delegations, coordination between ministries of defense and ministries of foreign affairs ahead of the Shangri-La Dialogue and other platforms, and better coordination for ensuring tangible European presence in Asia. Again, having a dedicated Indo-Pacific strategy can help guide this process and make it more efficient.

## Structure and Methodology

The scope and content of this study are guided by the following questions:

1. What are the different understandings of the Indo-Pacific, particularly among its key proponents, including Japan, Australia, the US, and India? What are the differences and similarities between their understandings of the concept and how do these countries translate their individual conceptualizations into policy?
2. What are the region’s expectations of Europe as an actor? What are the possible features of a European approach to the Indo-Pacific?

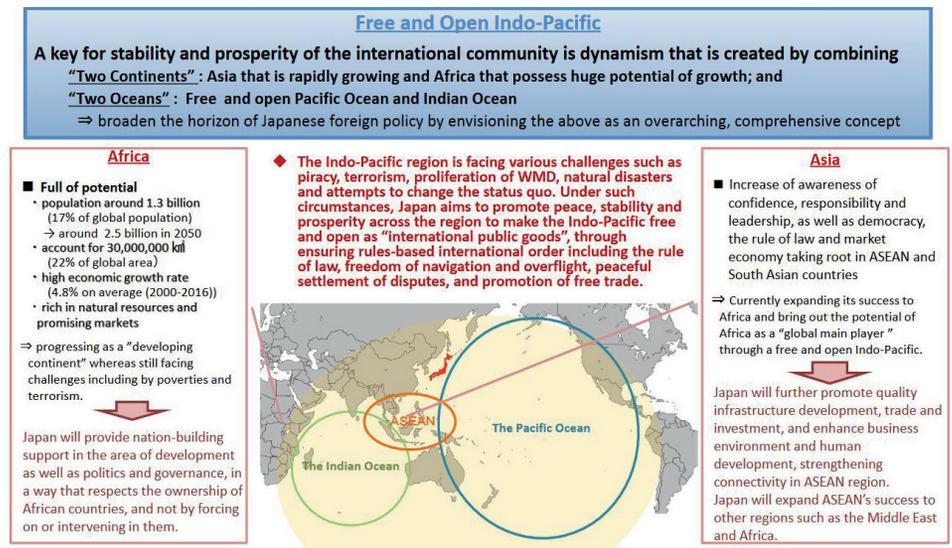
The **Executive Summary** outlines the key tenets of the Indo-Pacific concept across the region – what falls within and outside the parameters of the concept. It also provides a snapshot of what European engagement in the region might look like. **Sections 1 to 5** focus on how individual countries understand the Indo-Pacific and how they translate their ideas into policy. These sections also examine what each country expects of its European partners – both the EU and the member states, particularly Germany and the Netherlands. These sections are based on extensive interviews with policymakers and think tanks in Canberra, Tokyo, New Delhi, and Washington, DC, and supplemented by desk research as well as analysis of policy documents and white papers. **Section 6** discusses Europe’s interests in the Indo-Pacific and outlines policy recommendations for a European approach to the region.

# Section 1: Japan's Free and Open Indo-Pacific

Japan's FOIP represents a search for alternatives to a potentially unipolar Asia and a China-led order.

As early as 2007, Japan became the first country in the Indo-Pacific region to revive the geopolitical concept in response to the changing balance of power in Asia. In his speech to the Indian parliament, Prime Minister Abe mentioned the “confluence of the two seas”, and later proposed the notion of an Asian “democratic security diamond,” wherein Japan and India, along with Australia and the US, would play a greater role in maintaining peace and security in the region.<sup>14</sup> In 2016, Abe announced Japan's Free and Open Indo-Pacific strategy at the 6th Tokyo International Conference on African Development (TICAD) in Nairobi, Kenya. The location is significant, given that Japan views the Indo-Pacific as covering not only Asia, but also the Middle East and Africa.

Fig. 2: Japan's Definition of the Indo-Pacific



Source: Japanese Ministry of Foreign Affairs<sup>15</sup>

The strategy consists of three pillars, as enumerated by Foreign Minister Taro Kono: (1) the promotion of freedom of navigation and rule of law; (2) the improvement of connectivity between the Indian and Pacific Oceans and continents; and (3) capacity building for regional stability. Since then, Japan has actively promoted its FOIP

14 Shinzo Abe, “Asia’s Democratic Security Diamond,” *Project Syndicate*, December 27, 2012, available at <https://www.project-syndicate.org/commentary/a-strategic-alliance-for-japan-and-india-by-shinzo-abe?barrier=accesspaylog>.

15 Available at <https://www.mofa.go.jp/files/000430632.pdf>.

strategy, both in the region and in Europe. But Japanese policymakers stress that the Indo-Pacific as envisioned in the FOIP remains an evolving concept and does not constitute a ‘take it or leave it’ deal. Their goal is to increase multilateral engagement in the region.

The **key driver** of Japan’s FOIP strategy is the changing balance of power in Asia – specifically, an increasingly assertive China, a potential decline in US engagement in the region, the economic and political rise of India, an increase in geopolitical projection and military competition, and the decline of a rules-based order “without a clear replacement.”<sup>16</sup> FOIP is a long-term strategy that seeks to respond to these trends. Though Chinese analysts see FOIP as an attempt to ‘contain’ China, Japanese policymakers argue that Asian countries need a strategy for coping with a rising China. The FOIP, then, represents a search for alternatives to a potentially unipolar Asia and a China-led order.

The FOIP seeks to maintain US engagement in the region just as much as it seeks to ‘balance’ China. Japan was arguably hit hardest by the Trump administration’s withdrawal from the Trans-Pacific Partnership (TPP), compelling it to spearhead the subsequent movement to salvage the treaty in the form of TPP11. Japan has also taken the lead in promoting free trade in the region, while building partnerships that would complement its alliance with the US. Policymakers emphasize that the Indo-Pacific is not an exclusive club and is open to any country that respects international rules. The FOIP has also allowed Japan’s long-term policy calculus to take a rising India into account. Consequently, in just the last few years, the **Japan-India partnership** has taken on new economic and strategic significance.

## Translating the Idea into Practice

Japan has undertaken several activities as part of its Indo-Pacific strategy, including the diversification of its partnerships, the establishment of physical connectivity by investing in ‘quality’ infrastructure, and the promotion of maritime security to ensure that the Indo-Pacific remains free and open. Its key initiatives are as follows:

**Increased diplomatic engagement:** Japan has been on a diplomatic offensive in the region and in Europe, with a focus on two key issues: (1) the promotion of its FOIP strategy, and (2) the establishment of new partnerships beyond the US-Japan alliance. Japan is also active in several trilateral and minilateral dialogues in the region, including the US-Japan-Australia dialogue, the Quad, the India-Japan-Australia trilateral, and the India-Japan-US trilateral.

**Economic engagement and investments in connectivity:** Policymakers in Japan understand that competition over infrastructure investments and development models is shaping the region. Therefore, investments in connectivity initiatives constitute a major pillar of the FOIP. Japan is a key investor in infrastructure initiatives in the Indo-Pacific, through its Official Development Assistance (ODA) and Partnership for Quality Infrastructure (PQI), through multilateral instruments like the Asian Development

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16 Interviews with Japanese officials and academics, conducted by author in October 2018.

Bank (ADB), and with partners like ASEAN and India.<sup>17</sup> In regions like Southeast Asia, Japan has been the top source for infrastructure investment, amounting to USD 367 billion, while China's investments are around USD 255 billion.<sup>18</sup> Japan also ranks ahead of Beijing in terms of reputation, local impact and engagement, and transparency.<sup>19</sup>

**Competition with BRI:** Japanese policymakers downplay perceived conflict with initiatives like BRI. They argue that Asia's infrastructure needs are so vast that several complementary initiatives are required to address them. While Japan does not officially participate in BRI, it has made efforts to engage with the initiative. In 2018, public-sector and private-sector players from Japan and China met in Beijing and agreed to cooperate on specific projects, such as the Thai high-speed rail project and the solar panel projects in third countries.

**Securing the Indo-Pacific:** Japan's primary objective is to promote a maritime region with freedom of navigation and overflight for legal commercial activities. To do so, Japan seeks to advance the rule of law through capacity building of smaller countries, the establishment of strategic ports and the development of anti-submarine warfare capabilities. In support of freedom of navigation, Japan has increased the frequency of its high-level port visits<sup>20</sup> and has sent two of its largest naval vessels through the South China Sea. It has also been playing an important role in capacity building, particularly in Southeast Asia. This includes trainings in maritime law enforcement, Humanitarian Assistance and Disaster Relief (HADR) operations, and maritime domain awareness. Japan has also been providing capacity building assistance to coast guards in Asia since the Regional Cooperation Agreement on Combating Piracy and Armed Robbery (ReCAAP). For countries with claims in the South China Sea, such as the Philippines and Vietnam, coast guard capacities and patrol planes are crucial for preventing incursions from Chinese maritime militia. Japan is also furthering defense exchanges with countries in Southeast Asia.<sup>21</sup>

**Evolving strategic partnership with India:** A key pillar of the FOIP is the assumption that India will play an important role in ensuring regional peace and stability in the long term. Japan and India have established a "special strategic and global partnership"<sup>22</sup> that features political, economic, and security cooperation, as well as cooperation with

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17 Important projects include the East-West Economic Corridor, the Yangon-Mandalay Railway, the Bay of Bengal Industrial Growth Belt Initiative, the Delhi-Mumbai Industrial Corridor Project, the Mumbai-Ahmedabad High-Speed Rail Corridor, and the Mombasa/Northern Corridor and Nacala Corridor in Africa. Japan is investing in both hard and soft connectivity initiatives.

18 "Japan still leads in Southeast Asia infrastructure race, even as China ramps up belt and road investments: report", *South China Morning Post*, June 23, 2019, available at <https://www.scmp.com/news/asia/south-east-asia/article/3015732/japan-still-leads-southeast-asia-infrastructure-race-even>.

19 Nyshka Chandran, "Japan, not China, may be winning Asia's infrastructure investment contest," *CNBC*, January 23, 2019, available at <https://www.cnbc.com/2019/01/23/belt-and-road-japan-not-china-may-be-winning-investment-contest.html>.

20 In 2018, Japanese helicopter carrier JS Kaga traversed the Indo-Pacific for two months for defense exchanges.

21 For example, then Japanese Defense Minister Itsunori Onodera agreed to further defense exchanges and signed a memorandum of understanding to increase military communication and collaborate on defense equipment with Malaysia.

22 Named thusly in the vision statement issued by Japan's Ministry of Foreign Affairs. See: Prime Minister of Japan and Prime Minister of the Republic of India, "Japan-India Vision Statement," October 29, 2018, available at <https://www.mofa.go.jp/files/000413507.pdf>.

third countries. In the 2018 Japan-India joint statement, the countries detailed their common vision of the Indo-Pacific, which includes partnership with third countries to promote “economic growth and development in the Indo-Pacific.” Japan and India have together established the Asia-Africa Growth Corridor, and they are cooperating on infrastructure projects in Sri Lanka, Myanmar and Bangladesh. Meanwhile, the India-Japan Business Forum aims to develop industrial corridors and networks in the region.<sup>23</sup> The countries have also deepened their security cooperation through several dialogues.<sup>24</sup> The Japanese Maritime Self-Defense Force (JMSDF) and the Indian Navy have been increasing interoperability through bilateral and multilateral military exercises (e.g., JIMEX-18, Malabar Exercise, PASSEX), expanding maritime domain awareness and working toward a logistics support agreement.<sup>25</sup>

**Increased focus on Southeast Asia:** Frequent visits by Prime Minister Abe and Foreign Minister Kono to individual Southeast Asian countries over the last two years demonstrate the region’s crucial importance for Japan’s FOIP strategy. One observer notes that “geopolitically, Southeast Asia is where several aspects of the vision Japan is advancing will be tested – whether standards around investment or the advancement of rule of law in the maritime domain with the South China Sea disputes.”<sup>26</sup> Japan and Indonesia have been coordinating on maritime security in the face of Chinese military build-up in the South China Sea. Japan is contributing to infrastructure projects in Indonesia, including development of remote islands and rail projects linking Jakarta and Surabaya. Through economic and strategic assistance to the Philippines, Japan has been providing capacity building in the areas of maritime security and the countering of illegal drugs. Similarly, with capacity building on maritime law enforcement activities to Vietnam, Japan and Singapore have also expanded their bilateral cooperation on connectivity, innovation and technology.

## Expectations of Europe

Japanese policymakers and analysts argue that Europe has an important role to play in the Indo-Pacific. “We expect Europe to engage as a moral and normative power in strengthening a rules-based order in the region,” a Japanese Ambassador in the region stated during an interview for this study.<sup>27</sup> They outline the following role for Europe:

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- 23 For the full list of projects, see this note by the Prime Minister’s Office: PMIndia, “India-Japan Fact Sheets: India-Japan Development Cooperation in the Indo-Pacific, including Africa,” October 29, 2018, available at [https://www.pmindia.gov.in/en/news\\_updates/india-japan-fact-sheets-india-japan-development-cooperation-in-the-indo-pacific-including-africa/](https://www.pmindia.gov.in/en/news_updates/india-japan-fact-sheets-india-japan-development-cooperation-in-the-indo-pacific-including-africa/).
  - 24 These include the Annual Defense Ministerial Dialogue, the National Security Advisors’ Dialogue, and staff-level dialogue between Coast Guards.
  - 25 Both countries have begun negotiations on an Acquisition and Cross-Servicing Agreement (ACSA) that would grant their armed forces reciprocal access to each other’s bases and military facilities. For example, it would allow India to access the Japanese base in Djibouti, whereas the Japanese Maritime Self-Defense Force (JMSDF) would get access to India’s installations in the Andaman and Nicobar Islands, close to the crucial Malacca Straits.
  - 26 Prashanth Parameswaran, “ASEAN’s Role in Japan’s Indo-Pacific Strategy,” *The Diplomat*, February 13, 2018, available at <https://thediplomat.com/2018/02/aseans-role-in-japans-indo-pacific-strategy/>.
  - 27 Interview with Japanese officials, in Brussels, November 2018.

1. **Support the underlying rules, if not the concept per se:** Japanese policymakers argue that FOIP is a concept in the making, and that they are open to suggestions from European partners on how to make the strategy more concrete. “Whether Europe uses the term Indo-Pacific or not, it does not change the urgent need for engagement with the region,” a Japanese official said. The region is in particular need of European support for freedom of navigation, the maintenance of a rules-based regional order, sustainable infrastructure, and the avoidance of great power competition.
2. **Burden sharing in the Indo-Pacific:** Japanese policymakers argue that the oceans are global commons, since all countries are heavily dependent on SLOCs for their exports and imports. But there is a need for better burden sharing to ensure freedom of navigation in the oceans, particularly since the responsibility currently rests on only a few countries. They argue that greater European involvement is crucial for maintaining the stability and security of the Indian Ocean. Europe can certainly do more in the Eastern Indian Ocean, engage with crucial states like India, and work with India in improving capacities of smaller Indian Ocean island states.
3. **Engagement on connectivity and high-quality infrastructure:** The launch of the Euro-Asian Connectivity Strategy in Brussels has led countries in the Indo-Pacific region to see Europe as a player in infrastructure development in Asia. Japanese policymakers expect both the EU and its member states to work with partners in the region to provide more options for infrastructure development. Japan would also like to work with European partners in developing international standards for infrastructure development.<sup>28</sup>

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28 The EU’s Connectivity Strategy and Japan both focus on sustainable, comprehensive, and rules-based connectivity. In 2017 and 2018, Japan and the EU co-hosted a UN General Assembly High-Level Side Event called “Promoting Quality Infrastructure Investment” to explore areas of common interest and collaboration.

# Section 2: Australia and the Indo-Pacific

The concept has found particular resonance in Australian foreign policy and strategic thinking, given the country's two-ocean geography and its proximity to crucial sea lanes.

The Indo-Pacific is not just a policy concept for Australia. It is also a critical lens through which the country sees the world and its place in it. As Rory Medcalf states: the “Indo-Pacific is Australia’s region. It is literally where we are – between the Indian and Pacific Oceans – and where we see ourselves to be.”<sup>29</sup> As one of the key proponents of the concept in the region, Australia considers itself a thought entrepreneur for the Indo-Pacific. And it was the first country to introduce the Indo-Pacific as the official formulation of its strategic environment.

The concept has found particular resonance in Australian foreign policy and strategic thinking, given the country’s two-ocean geography and its proximity to crucial sea lanes. Australia first introduced the concept in its 2013 Defense White Paper under the Labor government of Julia Gillard. The paper identified the Indo-Pacific as Australia’s region of strategic interest. Subsequently, the 2016 Defense White Paper and the 2017 Foreign Policy White Paper outlined a strategy based upon this concept.

Australia’s Indo-Pacific policy is not exactly anti-China, but it possesses clear elements that seek to balance a risen China. It is also driven by uncertain US engagement in the Indo-Pacific, leading Australia to diversify partnerships and push for the creation of a multipolar order in the region. In interviews, Australian analysts argued that their vision of the Indo-Pacific is more pragmatic and objective than the FOIP strategy advocated for by Japan and the US, as it allows scope for cooperation with diverse partners holding distinct interests and priorities.

## Translating the Idea into Practice

The Indo-Pacific was not designed as an action plan, but rather as a way of thinking about Australia’s place in a changing world. A more concrete Indo-Pacific strategy, however, began to take shape in the 2017 Foreign Policy White Paper. In practice, Australia seeks to establish an open, inclusive and rules-based order, based on open markets, free flow of trade, investment, and ideas.<sup>30</sup> The Department of Foreign Affairs and Trade (DFAT) has also established an Indo-Pacific division to translate this vision in practice. The following can be considered as key elements of Australia’s Indo-Pacific policy:

**Increased regional diplomacy:** Australia’s Indo-Pacific strategy aims at diversifying partnerships and actively engaging in several regional formats. Australia seeks to embed

29 Rory Medcalf, “Mapping our Indo-Pacific Future: Rory Medcalf’s Speech” (speech, Policy Forum and National Security College, 21 May 2018), Policy Forum, June 5, 2018, available at <https://www.policyforum.net/mapping-our-indo-pacific-future-rory-medcalfs-speech/>.

30 Interviews with officials in DFAT, conducted by the author, in Canberra, October 2018.

itself in a wider set of regional partnerships and “smaller groupings.”<sup>31</sup> The Foreign Policy White Paper states that Australia’s goal is to engage with all major Indo-Pacific countries, including Japan, India, Indonesia, and France.<sup>32</sup> Meanwhile, the term “small groupings” refers to the various bilateral, trilateral and quadrilateral arrangements in which Australia is active. As DFAT Secretary Frances Adamson stated, “a region in which all the major powers are actively engaged – the US, China, India, Japan and Indonesia, for example – will help support a long-term balance favorable to our interests.”<sup>33</sup> Canberra’s trilateral strategic dialogue with the US and Japan is already well established. The quadrilateral dialogue with the US, India, Japan, and Australia has been revived after its first, not-so-successful run. Australia also has several new trilateral dialogues involving, in various configurations, India, Japan, Indonesia, and France. Its trilateral format with Japan and India operates at the foreign-secretary level. A new trilateral with India and Indonesia is also taking shape and will cover a wide range of issues, including strategic dynamics and economic integration.

**Seeking continued US engagement:** The uncertainty of US engagement in the region is a key driver of Australia’s Indo-Pacific strategy. However, the strategy is also a way to ensure continued US engagement, which must operate “not just on security aspects, but also in the economic dimension.”<sup>34</sup> Policymakers also emphasize that the US approach to the Indo-Pacific must outlast the Trump administration.

**Underscoring ASEAN centrality:** Increasing attempts by China to divide ASEAN are raising alarm bells across the region, which makes Southeast Asia especially important to Australia’s Indo-Pacific policy. Australia views Indonesia as “one of [its] most important relationships” and Jakarta as a key player in the Indo-Pacific. In 2018, the two countries elevated their partnership to a Comprehensive Strategic Partnership, which features five pillars of action: (1) enhancing economic and development partnership; (2) connecting people; (3) securing the countries’ and the region’s shared interests; (4) maritime security; and (5) contributing to Indo-Pacific security and prosperity. Australia sees the East Asia Summit (EAS) as the most important diplomatic forum for Indo-Pacific powers and is pushing for it to be the primary forum for engagement in the region, along with multilateral bodies such as the ASEAN Regional Forum (ARF). A greater use of such bodies would help dilute and moderate China’s power in the region.<sup>35</sup>

**Balancing Chinese power:** The Indo-Pacific concept is often assumed to be an attempt at containing China. However, as repeatedly stated by Australian analysts and policymakers, China is “too big to contain.” In fact, their Indo-Pacific strategy has elements of balancing and dealing with the consequences of a risen China. Moreover, Australian policymakers characterize their engagement with China as wide-ranging

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31 Australian Department of Foreign Affairs and Trade, “The Commonwealth of Australia’s 2017 Foreign Policy White Paper,” November 2017, available at <https://www.fpwhitepaper.gov.au/foreign-policy-white-paper>.

32 Ibid, p. 37.

33 Secretary of the Department of Foreign Affairs and Trade, Frances Adamson, “Shaping Australia’s role in Indo-Pacific security in the next decade,” speech delivered at Australian National University, Canberra, October 2, 2018, available at <https://dfat.gov.au/news/speeches/Pages/shaping-australias-role-in-indo-pacific-security-in-the-next-decade.aspx>.

34 Interview with DFAT, conducted by the author, in Canberra October 2018.

35 Interviews with Australian officials and academics, conducted by the author in Canberra, October 2018.

and “just short of an alliance.”<sup>36</sup> There is no doubt that China will play a vital role in “continuing stability and prosperity in the Indo-Pacific,” whether it chooses to accept the term Indo-Pacific or not. But the impact of Chinese assertiveness on the regional power balance and rules do require a policy response from other countries in the region.

**Strengthening regional maritime security:** The Indo-Pacific is primarily a maritime domain. Maritime security and stability – with a focus on the key principles of freedom of navigation and overflight – “remain essential to safeguard the key trade routes on which Australia relies,” as Secretary Adamson puts it.<sup>37</sup> The Indo-Pacific region, per Australia’s conception, features several sub-systems, including the Indian Ocean region and the Western Pacific. Each comes with different security challenges. The goal is to create a regional balance that protects the interests of all states, big or small.

**Securing the South China Sea:** Australia argues that it “will be more secure in a region characterized by respect for international law and other norms and where disputes are resolved peacefully.”<sup>38</sup> While Australia has not undertaken Freedom of Navigation Operations (FONOPs) in the South China Sea, it remains a strong critic of China’s unilateral efforts to challenge international law. The Royal Australian Air Force (RAAF) maintains surveillance flights over international waters and the Australian Navy is a part of several multinational naval exercises in the region. Australia also continues to stress, in various forums, the need for China to respect UNCLOS.

**Supporting maritime security in Southeast Asia:** According to the 2016 Defense White Paper, Australia’s key strategic defense interests include supporting maritime security in Southeast Asia. The ASEAN-Australia Special Summit announced that the two partners would work together to: strengthen civil maritime and border protection; increase maritime domain awareness, maritime law, and its applications; and protect regional fish stocks.

**Free trade and investment on connectivity:** Key aspects of Australia’s Indo-Pacific strategy are the promotion of free trade and investment as well as the improvement of infrastructure connectivity in the region. This is partly a response to challenges posed by BRI. Canberra has established a new geo-economics section in DFAT that engages across thematic areas. It will continue pursuing FTAP and other strands, including regional free trade agreements, Asia-Pacific Economic Cooperation (APEC), trade liberalization through the TPP-11, and strengthened regional trade structures.

**Geo-economics and investment in infrastructure:** Much of the competition in the region is playing out in the development of infrastructure and ‘connectivity’. Australia, the US and Japan have recently announced a trilateral partnership to “build infrastructure, address development challenges, increase connectivity, and

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<sup>36</sup> Interview with DFAT, Canberra, October 2018.

<sup>37</sup> Secretary of the Department of Foreign Affairs and Trade, Frances Adamson, “Shaping Australia’s role in Indo-Pacific security in the next decade,” speech delivered at Australian National University, Canberra, October 2, 2018, available at <https://dfat.gov.au/news/speeches/Pages/shaping-australias-role-in-indo-pacific-security-in-the-next-decade.aspx>.

<sup>38</sup> Ibid.

promote economic growth.” During the 2019 Raisina Dialogue in New Delhi, Australia announced its new South Asia Regional Infrastructure Connectivity Initiative (SARIC), with \$25 million worth of investments in regional energy and transport infrastructure.<sup>39</sup> Moreover, Australia helped fund a communication network in the South Pacific to prevent it from being built by Huawei. Given China’s growing influence in the Pacific, along with problematic practices leading to debt traps, Australia is revising its approach to foreign aid by focusing more on infrastructure investment. For a more strategic approach, it has moved its aid agency to DFAT.

## Expectations of Europe

Australia sees a clear role for European engagement in the Indo-Pacific. Europe could help underscore the multipolar nature of the region and check great-power competition. While France is quite visible in the region, its approach is often seen as primarily commercial.<sup>40</sup> Australia recognizes the capacity constraints of EU member states like Germany and the Netherlands, but it believes that signaling and symbolic presence matter. Below are Australia’s expectations for European engagement:

- 1. Military engagement and cooperation on security:** Australia recognizes the capacity limitations of most European navies. But there is an expectation for burden sharing, especially in Europe’s ‘near abroad’ and particularly the Indian Ocean.<sup>41</sup> There is also hope for stronger European statements condemning violations of international maritime law, particularly in the South China Sea. Europe could also undertake diplomatic initiatives to preserve the internationalization of the South China Sea, such as by reporting incidents or monitoring declining fish stocks.<sup>42</sup>
- 2. Investment in infrastructure and connectivity:** Given the vast need for infrastructure development in the region, Australia expects European companies and EU member states to play a greater role through investments, capacity building, and development assistance. The EU’s connectivity strategy has raised hopes across the region, even though there are questions regarding its financing.
- 3. Non-military instruments of regional engagement:** Such instruments include capacity building and development assistance. Given the concerns regarding China’s expanding influence and security presence in Australia’s South Pacific neighborhood, Australia would welcome a growing and sustained European role in this sub-region. Similarly, Australia would like European states to do more on promoting a rules-based order in the region, particularly through capacity building of smaller Southeast Asian countries in the areas of rule of law, international maritime law, and dispute settlement.

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39 Hon Marise Payne, Australian Minister for Foreign Affairs, Minister for Women, “Australia invests in South Asian connectivity,” media release, January 9 2019, available at [https://foreignminister.gov.au/releases/Pages/2019/mp\\_mr\\_190109a.aspx](https://foreignminister.gov.au/releases/Pages/2019/mp_mr_190109a.aspx).

40 Interview with defense officials conducted by the author, Canberra, October 2018.

41 Ibid.

42 Ibid.

# Section 3: The US' Strategy - Free and Open Indo-Pacific

Unlike Japan and Australia, the US' Indo-Pacific policy is primarily about confronting the China challenge.

The Obama administration had noted the interconnected challenges and opportunities of the Asia-Pacific and Indian Ocean regions, and it had even used the term 'Indo-Pacific'<sup>43</sup>, but the concept did not gain official currency until the Trump administration. Since 2017, the administration's Free and Open Indo-Pacific (FOIP) policy has been articulated and expanded upon in a series of speeches, beginning with then US Secretary of State Rex Tillerson's speech on US-India relations.<sup>44</sup> The FOIP policy was subsequently included in the National Security Strategy (NSS) and the National Defense Strategy (NDS). It was even reflected in the renaming of the US Pacific Command to Indo-Pacific Command (INDOPACOM) – a strong indication that the idea is here to stay. In June 2019, the US Department of Defense released its Indo-Pacific Strategy Report, which articulated the US approach and strategy to the region.

Unlike Japan and Australia, the US' Indo-Pacific policy is primarily about confronting the China challenge. Tillerson's speech referred to Chinese "predatory economics" as the biggest challenge facing the US and its partners. Both the NSS and the NDS point to a system-level competition with China, for the country's economic and military rise is seen as a threat to US pre-eminence in the region. As stated in the NSS, "China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor."<sup>45</sup> With that in mind, the 'free' in the name of the US strategy refers to freedom from the kind of coercion and political influence that China often exercises through BRI, while

43 Then US Secretary of State Hillary Clinton had used the term in 2010. See: Hillary Rodham Clinton, "America's Engagement in the Asia-Pacific," remarks, U.S. Department of State, October 28, 2010, available at <https://2009-2017.state.gov/secretary/20092013clinton/rm/2010/10/150141.htm>.

44 The term was first employed in Tillerson's October 2017 speech on US-India relations (Rex Tillerson, "Defining Our Relationship with India for the Next Century: An Address by U.S. Secretary of State Rex Tillerson," Center for Strategic and International Studies, October 18, 2017, available at <https://www.csis.org/analysis/defining-our-relationship-india-next-century-address-us-secretary-state-rex-tillerson/>); next, in President Trump's speech at the APEC CEO Summit in Vietnam in November 2017, which described a "Free and Open Indo-Pacific" (see Donald Trump, "Remarks by President Trump at APEC CEO Summit, Da Nang, Vietnam," The White House, November 10, 2017, available at <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-apec-ceo-summit-da-nang-vietnam/>); next, in Secretary of Defense James Mattis's speech at Shangri-La in 2018 (James N. Mattis, "Remarks by Secretary Mattis at Plenary Session of the 2018 Shangri-La Dialogue," U.S. Department of Defense, June 2, 2018, available at <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1538599/remarks-by-secretary-mattis-at-plenary-session-of-the-2018-shangri-la-dialogue/>); and finally, in Vice President Mike Pence's speech at the 2018 APEC Summit, which stressed the 'inclusive' nature of FOIP (Mike Pence, "Remarks by Vice President Pence at the 2018 APEC CEO Summit, Port Moresby, Papua New Guinea," The White House, November 16, 2018, available at <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-2018-apec-ceo-summit-port-moresby-papua-new-guinea/>).

45 President of the United States, "National Security Strategy of the United States of America," The White House, December, 2017, available at <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

‘open’ refers to abiding by international rules – thus no forced technology transfers, no favoring national champions, and no intellectual property theft. In practice, the US has declared the Indo-Pacific as a priority theater. It plans to increase not just defense engagement but also economic connectivity in the region. However, the focus on investments and developing infrastructure stands in stark contrast to the policies of economic protectionism currently embraced by the Trump administration and highlights some of FOIP’s contradictions.

## Translating the Idea into Practice

The US’ FOIP vision has been gaining in clarity, particularly with the release of the Department of Defense report; however, there remains little consensus on how to translate these ideas on the ground. The following measures are the practical results of the FOIP strategy thus far:

Fig. 3: Areas of Responsibility for US Combatant Commands in the Indo-Pacific



Source: US National Security Strategy (Council on Foreign Relations)<sup>46</sup>

**Indo-Pacific diplomacy:** A key US goal is to develop a network of allies and partners in Asia to contain and push back on Chinese revisionism.<sup>47</sup> At the same time, through renewed diplomatic efforts, the US aims to mitigate its allies’ concerns that it is an unreliable partner in the region.

46 Available at <https://www.cfr.org/expert-brief/us-indo-pacific-strategy-needs-more-indian-ocean>.

47 President of the United States, “National Security Strategy of the United States of America,” The White House, December, 2017, available at <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

**Strengthened ties with India:** Though US-India ties have been on the upswing since the George W. Bush administration, the challenge posed by China also helps explain the US' renewed interest in India as a security partner and regional counterweight. The US and India have witnessed a strengthening of diplomatic ties and of security and defense cooperation, although friction over trade issues may impact the upward trajectory of the partnership. The Trump administration even granted India a six-month waiver from Iran sanctions, and US officials cited the Indo-Pacific policy to urge Congress to give the president waiver authority and to limit the impact of the Countering America's Adversaries Through Sanctions Act (CAATSA) on partners like India.<sup>48</sup>

**Support for regional mechanisms:** Another interesting development has been renewed US interest in forums like ASEAN, which had long been ignored but are now central to the US' FOIP policy.

**Security cooperation:** Historically, the US has been the primary guarantor of security in the Asia-Pacific. Although its force projection has gone down in absolute numbers, the US remains the main security provider in the region. The renaming of the US Pacific Command to INDOPACOM is a symbolic gesture that underscores the region's importance. In addition, the US is gradually moving away from the current hub-and-spoke model to expanding a networked security architecture that would be "capable of deterring aggression, maintaining stability and ensuring free access to common domains."<sup>49</sup> Mechanisms like the Quad are one such example. The US is moving toward increasing its security assistance in the Indo-Pacific and aiming at enhanced partner capabilities, humanitarian assistance, and disaster response.

**Infrastructure investment for connectivity:** A US strategy on regional infrastructure investment that provides an alternative to BRI is slowly taking shape. Its investments in South Asia are indicative of this broader trend and are unprecedented in US policy. US Foreign Direct Investment in the Indo-Pacific region currently stands at \$1.4 trillion – more than all Chinese, Japanese and South Korean investments in the region combined. Washington sees infrastructure development as the site of great-power competition in the region, which has led to growing emphasis on infrastructure investments with the aim of providing an alternative to BRI. As Vice President Mike Pence remarked at the APEC Summit, "we don't drown our partners in a sea of debt. [...] We do not offer a constricting belt or a one-way road."<sup>50</sup>

The US has announced various plans for funding infrastructure in the Indo-Pacific. This includes a \$113 million grant announced by Secretary of State Mike Pompeo. The bipartisan Better Utilization of Investment Leading to Development (BUILD) Act has paved the way for an Infrastructure Development Finance Corporation (USDFC)

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48 See: Tanvi Madan, "The U.S., India and the Indo-Pacific," *Seminar*, no. 715, March 2019, available at [http://www.india-seminar.com/2019/715/715\\_tanvi\\_madan.htm](http://www.india-seminar.com/2019/715/715_tanvi_madan.htm).

49 U.S. Department of Defense, Summary of the 2018 National Defense Strategy of the United States of America, 2018, available at <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.

50 Mike Pence, "Remarks by Vice President Pence at the 2018 APEC CEO Summit, Port Moresby, Papua New Guinea," The White House, November 16, 2018, available at <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-2018-apec-ceo-summit-port-moresby-papua-new-guinea/>.

with \$60 billion funding to be used globally.<sup>51</sup> As an agency, USDFC aims to provide new modes of development finance and to mobilize private capital for countering BRI. The US is also partnering with Australia and Japan on infrastructure development and connectivity in the region as part of the Blue Dot network – “a multi-stakeholder initiative that brings together governments, the private sector, and civil society to promote high-quality, trusted standards for global infrastructure development in an open and inclusive framework”<sup>52</sup>.

Washington is also bringing diplomatic and financing resources to the Indian Ocean region, with infrastructure projects in Bangladesh and Nepal as well as a Millennium Challenge Corporation Compact that is currently under negotiation with Sri Lanka. This is in addition to \$39 million in defense equipment to enhance Sri Lankan maritime security. But these investments alone are not enough to provide a viable alternative to BRI. The US strategy is missing the regional trade dimension. TPP was crucial to competing with China’s growing economic influence and underlining US commitment to the region. The Trump administration has not only withdrawn from TPP, but also focused on reducing bilateral trade deficits and imposing tariffs on many partners.

## Expectations of Europe

Polymakers in the US argue for greater transatlantic coordination on Asia and Indo-Pacific policy. While socializing partners into using the term ‘Indo-Pacific’ is important for US policymakers, they believe that the rules and norms that underpin the concept are more important for cooperation. Below are their expectations of European partners:

- 1. Common projects:** US policymakers are keen to engage with EU member states in undertaking common projects in the region, such as infrastructure development, capacity building, maritime security, and the strengthening of institutions. US policymakers argue for aligning development cooperation along similar goals. Both USAID and USDFC are very interested in reaching out to European partners and finding synergies with the EU’s Connectivity Strategy. They view the EU as an important partner in developing a counter-narrative to BRI as well as in providing sustainable, transparent and quality infrastructure funding.<sup>53</sup>
- 2. Strengthening the rules-based order:** This is a key priority for the US and its partners. Building the capacity of countries in Southeast Asia and the Indian Ocean on international maritime law, UNCLOS, and dispute settlement mechanisms is seen as critical, as it places persuasive and dissuasive pressures on China. Since the US

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51 Joint statement by Pence and Abe in November 2018. See: Shinzo Abe and Mike Pence, “Remarks by Vice President Pence and Prime Minister Abe of Japan in Joint Press Statements,” The White House, November 13, 2018, available at <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-prime-minister-abe-japan-joint-press-statements/>.

52 “The Launch of the Multi-stakeholder Blue Dot Network”, OPIC Press Release, November 4, 2019, available at <https://www.opic.gov/press-releases/2019/launch-multi-stakeholder-blue-dot-network>.

53 Conversation with US officials, at the India Trilateral Forum in Stockholm, June 2019.

has not ratified UNCLOS, it sees European states, particularly Germany, as playing a bigger role in legal capacity building in Southeast Asia. The US would also like to see stronger European statements against the violation of international norms in the South China Sea as well as more European observers on US- and UK-led FONOPs. German Chancellor Angela Merkel's February 2019 speech in Tokyo included an expression of strong commitment to multilateralism in the region. To translate this into practice, US policymakers argue that EU member states should point out China's violations of norms and rules with greater explicitness, especially in inter-governmental consultations.<sup>54</sup>

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54 Interviews with US officials in Washington DC, Berlin and Brussels, February 2019.

# Section 4: India's Vision of an Inclusive Indo-Pacific

The Indo-Pacific debate shows an India that is ready to engage with global norms and rule-making processes.

Over the last two years, the Indo-Pacific idea has emerged as an increasingly important aspect of Indian foreign policy and diplomacy. This underscores a shift in Indian foreign policy away from its non-aligned past toward “an aligned state – but based on issues.”<sup>55</sup> The Indo-Pacific debate also shows an India that is ready to engage with global norms and rule-making processes. In fact, India's Foreign Secretary Vijay Gokhale argued at the 2019 Raisina Dialogue that India's future will be shaped by the kind of role the country manages to play in the Indo-Pacific.

The concept of the Indo-Pacific is not new in Indian strategic thought. Indeed, the 2004 Indian Maritime Doctrine referred to the “shift in global maritime focus from the Atlantic-Pacific combine to the Pacific-Indian.” For some time now, India has considered the Indian Ocean as well as the Western Pacific to fall within the ambit of the country's security interests. For India, the Indo-Pacific is an opportunity to position itself as an integral part of the regional architecture. At the 2018 Shangri-La Dialogue, Prime Minister Modi presented a vision of an Indo-Pacific that was not only free and open, but also, quite significantly, “inclusive.” This focus on inclusivity is meant to indicate that India is not joining a bloc or coalition that might be seen as overtly anti-China. As Modi remarked at Shangri-La, “no other relationship of India has as many layers as our relations with China.”

Indeed, India's Indo-Pacific strategy represents a cautious attempt to avoid direct confrontation with China and to strike a delicate balance in the country's relations with Beijing, while simultaneously working closely with the US and other partners to build regional structures that are inconsistent with Chinese expectations. While this makes the concept of an Indo-Pacific highly appealing to regional partners, the strategy might prove unsustainable or too difficult of a balancing act for India over the long term.

## Translating the Idea into Practice

In April 2019, India's Ministry of External Affairs (MEA) established an Indo-Pacific division, reportedly as part of Foreign Secretary Gokhale's policy priorities.<sup>56</sup> The

55 Foreign Secretary Gokhale, speaking at the Raisina Dialogue 2019. See: “Raisina Dialogue: India an aligned state based on issues, says Vijay Gokhale,” *Business Standard*, January 10, 2019, available at [https://www.business-standard.com/article/news-ani/raisana-dialogue-india-an-aligned-state-based-on-issues-says-vijay-gokhale-119011001464\\_1.html](https://www.business-standard.com/article/news-ani/raisana-dialogue-india-an-aligned-state-based-on-issues-says-vijay-gokhale-119011001464_1.html).

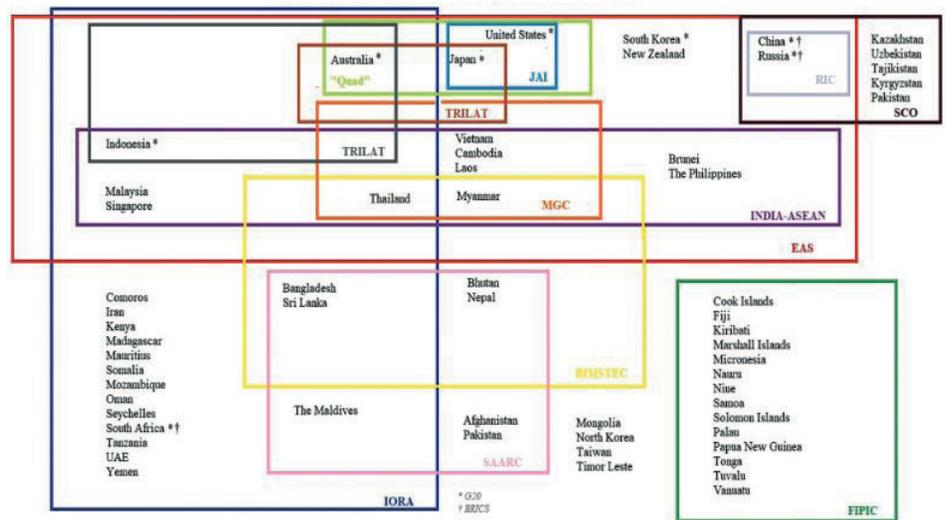
56 The division is currently headed by Joint Secretary Vikram Doraiswami. For more, see: Indrani Bagchi, “In a show of intent, external affairs ministry sets up Indo-Pacific wing,” *The Times of India*, April 14, 2019, available at [https://timesofindia.indiatimes.com/india/in-a-show-of-intent-external-affairs-ministry-sets-up-indo-pacific-wing/articleshow/68880720.cms?utm\\_source=twitter.com&utm\\_medium=social&utm\\_campaign=TOIDesktop](https://timesofindia.indiatimes.com/india/in-a-show-of-intent-external-affairs-ministry-sets-up-indo-pacific-wing/articleshow/68880720.cms?utm_source=twitter.com&utm_medium=social&utm_campaign=TOIDesktop).

division aims to formulate a coherent architecture for India's Indo-Pacific policy. In addition, the following steps can be seen as part of India's Indo-Pacific vision and strategy:

**Diversifying partnerships:** India's Indo-Pacific strategy involves the careful balancing of multiple partners and stakeholders.

**Changing India-US ties:** The India-US relationship has progressively grown closer and the Indo-Pacific is an important factor behind this momentum. Although Indian and US objectives and approaches to the region are not the same, they share many convergences on basic norms and ideas.<sup>57</sup> In its FOIP, the Trump administration identified India as a crucial player, which has led to increased US interest in defense and security cooperation with India in the region. This can be seen in the marked increase in senior defense and diplomatic engagement between India and the US, regular working-level meetings, progress in technology transfers, interoperability agreements, military exercises, and capacity building initiatives in third countries. India and the US are also coordinating, alongside other partners, in multilateral forums – for example, on the removal of BRI endorsements in United Nations documents and support for the restoration of democracy in the Maldives.<sup>58</sup>

Fig. 4: India's Multilateral Partnerships in the Indo-Pacific



Source: Dhruva Jaishankar / Brookings India<sup>59</sup>

57 See: Tanvi Madan, "The U.S., India and the Indo-Pacific," *Seminar*, no. 715, March 2019, available at [http://www.india-seminar.com/2019/715/715\\_tanvi\\_madan.htm](http://www.india-seminar.com/2019/715/715_tanvi_madan.htm).

58 Ibid.

59 Dhruva Jaishankar, "Acting East: India in the Indo-Pacific," Brookings India, Impact Series, October 2019, available at <https://www.brookings.edu/wp-content/uploads/2019/10/Acting-East-India-in-the-INDO-PACIFIC-without-cutmark.pdf>.

**Upgrading partnerships with Japan, Australia, France, and ASEAN:**

Overcoming its long-established reluctance of engaging with extra-regional powers in its neighborhood, India has ‘upgraded’ its partnerships with countries like Japan, Australia and France, which have clear interests in maintaining stability in the Indian Ocean region. The reason behind this policy shift is the increase in Chinese engagement and military presence, which is altering the South Asian landscape and has been a major cause of concern for New Delhi. India’s partnership with **Japan** has emerged as one of the most important diplomatic partnerships under the Modi government. The strategic dialogue with Japan has been elevated to the ministerial level. India conducted the first air-forces and ground-forces exercises with Japan, and staff talks have expanded to the three services. The Asia-Africa Growth Corridor (AAGC) concept allows India and Japan to provide alternative infrastructure development to countries in the region, including ongoing projects in Bangladesh and Sri Lanka.<sup>60</sup>

India-**Australia** security and diplomatic ties have also improved significantly in the past two years. This can be seen in the initiation of a 2+2 dialogue, military-to-military contacts (particularly in the form of AUSINDEX naval exercises and Australia Hind army exercises), Australian participation in India’s MILAN naval exercise, regular port visits, and staff talks. India’s Act East policy has focused on not only the improvement of economic ties and further integration with ASEAN, but also on strategic engagement. The 2018 India-ASEAN Summit focused on maritime security. India’s cooperation with individual countries like Vietnam has included a \$500 million line of credit for defense spending.

**New trilateral and minilateral forums:** India has instituted 2+2 dialogues and trilaterals with the US, Japan, Australia, France, and Indonesia. Malabar and other naval exercises signify an attempt to improve strategic coordination and interoperability with partners. The increased diplomatic activity and security engagement are new for Indian foreign policy and signal the country’s desire for a bigger role in the region.

**Maritime security cooperation with new partners:** Given that the challenges in the Indo-Pacific largely fall into the maritime domain, India has increased its maritime exchanges with partners, including the Quad countries, France, Vietnam, and Singapore. India is also one of the key states upholding norms in the maritime domain, as seen in its upholding of the ruling of the UN tribunal in its maritime boundary dispute with Bangladesh. India sees regional maritime exercises as a way to enhance interoperability and develop a common understanding of the region’s security challenges with partners. In the last year (2018–19) alone, India participated in 20 exercises and four coordinated patrols with partners.<sup>61</sup>

**Net security provider in the Indian Ocean:** Given China’s increasing economic and military intrusions into the Indian Ocean, India has increased its own engagement and declared the region a key priority. India seeks to enhance maritime domain awareness

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<sup>60</sup> See Section 1 for more information.

<sup>61</sup> Admiral Sunil Lanba, “Address by the CNS at International Institute of Strategic Studies (IISS), London 12 Mar 19: Maritime Strategy and Its Contribution to the Indo-Pacific and Global Commons,” available at <https://www.iiss.org/events/2019/03/india-uk-maritime-strategy>.

of the Indian Ocean region “through an array of cooperative endeavors,” including the establishment of Coastal Radar Surveillance Systems, which allow for the mutual sharing of information through White Shipping Agreements with 20 countries and one multinational construct. To enhance maritime safety and security, India has set up an Information Fusion Centre (IFC) with partners and international agencies. The IFC will build capacity in the region as well as coordination for incident response and disaster relief. Eventually, it will also allow countries to share submarine safety information. India’s focus on information sharing and on positioning itself as a key security partner in the Indian Ocean is evident in the India-Singapore maritime agreement, the negotiations toward an India-Japan logistics agreement, security agreements with the US (e.g., Communications Compatibility and Security Agreement [COMCASA], Logistics Exchange Memorandum of Agreement [LEMOA]), and regular mission-based deployments in the Indian Ocean. The near-continuous presence of the Indian navy allows it to be the first responder to any contingency in the region, particularly disaster relief operations and civilian evacuations.

**Engagement beyond the Indian Ocean:** While India is unlikely to join US patrols and FONOPs in the South China Sea, the Indian navy recently participated in a multilateral sail through the South China Sea, along with the US, Japan and the Philippines.<sup>62</sup> A first for India, this demonstrated coordination among like-minded Indo-Pacific countries. In May 2019, India and Singapore conducted a naval drill in the South China Sea, again signaling a crucial shift in India’s focus beyond its immediate waters and into the wider Indo-Pacific.<sup>63</sup>

**Investments in infrastructure and South Asian integration:** Conflicts between neighbors, including India and Pakistan, have often hindered regional integration in South Asia. Having realized the importance of economic connectivity for the region’s growth, and partially in response to China’s BRI, India has increased its efforts to increase connectivity in the region. India has played a key role in reviving previously dormant institutions such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), in order to ensure linkages between India’s North East and neighbors like Bhutan, Myanmar and Thailand. Since India-Pakistan ties often act as a spoiler to connectivity in the west, Indian efforts are increasingly directed toward the east and ASEAN. India and Japan are undertaking joint infrastructure projects in Bangladesh and Sri Lanka. India’s aid programs to Pacific islands predate the Indo-Pacific concept, as the country had already begun outreach around 2007 and 2008. India is shifting its approach to foreign aid from lines of credit to infrastructure in order to respond to the immense infrastructure needs in the region as well as to make its aid approach more strategic.

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62 Ankit Panda, “US, India, Japan, Philippine Navies Demonstrate Joint Presence in South China Sea,” *The Diplomat*, May 11, 2019 <https://thediplomat.com/2019/05/us-india-japan-philippine-navies-demonstrate-joint-presence-in-south-china-sea/>.

63 “India, Singapore conduct naval drill in South China Sea,” *The Economic Times*, May 19, 2019, <https://economictimes.indiatimes.com/news/defence/india-singapore-conduct-naval-drill-in-south-china-sea/articleshow/69402571.cms>.

## Expectations of Europe

India has two key expectations of Europe and both concern the Indian Ocean region, the area prioritized by India's Indo-Pacific strategy. For years, India was reluctant to work with partners in South Asia and its neighborhood. However, with China's entry into the region, this has changed dramatically, creating a new window of opportunity for India-Europe relations. India's expectations of Europe are as follows:

- 1. Security cooperation in the Indian Ocean:** With the exception of France, India did not traditionally view the EU or its member states as security actors in the region. However, these perceptions are slowly changing. Given the vast challenges in the Indian Ocean, India expects both the EU and its member states to play a greater role in securing the sea lines of communication, increasing maritime domain awareness, and strengthening coordination beyond the Western Indian Ocean.
- 2. Capacity building in South Asia:** India greatly appreciated the EU's engagement in the crisis in the Maldives and its support for democracy. India expects the EU and its member states, particularly Germany and the Netherlands, to practice closer coordination in building the capacity of smaller South Asian countries and in strengthening their sovereignty, especially in the face of Chinese investments and political influence. This also extends to joint India-Europe connectivity projects in third countries in South Asia.

# Section 5: The ASEAN Outlook on the Indo-Pacific

*In contrast to the organization's initial reluctance to adopt the term, ASEAN countries are now actively shaping the Indo-Pacific debate.*

ASEAN proposed its Outlook on the Indo-Pacific (AOIP) long after other countries in the region had done so. At the 34th ASEAN Summit in June 2019, ASEAN countries agreed upon a common vision of the Indo-Pacific. Given the centrality of ASEAN within its multiple iterations, this marked a critical moment in the evolution of the Indo-Pacific idea. The vision proposed at the summit was largely driven by Indonesia, which wrote the initial white paper and took the lead in pushing it through the organization. Indonesia's attempts ran into opposition from Singapore, resulting in a vision that, in its final form, is quite broad and falls short of what many forward-leaning Southeast Asian states had hoped for. Nonetheless, ASEAN's official recognition of the concept is a major development and evinces far-reaching support for the Indo-Pacific idea in the region. In contrast to the organization's initial reluctance to adopt the term, ASEAN countries are now actively shaping the Indo-Pacific debate. Below are the key elements of the ASEAN vision:

- Like other stakeholders, AOIP situates ASEAN as the “center of these dynamic regions” as well as an important “conduit and portal” to them. It recognizes the importance of ASEAN-led mechanisms (e.g., the East Asia Summit), which can serve as “platforms for dialogue and implementation of Indo-Pacific cooperation.” It also situates ASEAN's vision in terms of other regional and international organizations and frameworks, including the Indian Ocean Rim Association (IORA) and the UN's Sustainable Development Goals.
- ASEAN countries recognize the great-power competition unfolding in the region and do not want to find themselves caught up in a US-versus-China binary. The Indo-Pacific vision is a way to assert ASEAN's agency and shape the countries' interaction with other players in the region. It seeks to shape the Indo-Pacific into a “region of dialogue and cooperation instead of rivalry.”
- In many ways, the AOIP is similar to other Indo-Pacific visions in how it stresses the importance of the maritime domain, focuses on promoting development and prosperity, and envisions the strengthening of regional architectures to check competition and promote cooperation.

## **Expectations of Europe**

The AOIP identifies clear – if rather broad – areas of cooperation for external partners, including Europe:

- 1. Maritime cooperation:** AOIP highlights the “peaceful settlement of disputes” and the promotion of “maritime safety and security” as two key areas it seeks to work on with external partners. In interviews, Indonesian policymakers stressed that European partners can play an important role in maritime disputes, which, left unresolved, can lead to open conflict. The EU-ASEAN High Level Dialogue on Maritime Security is an excellent venue for discussing many of these issues. European member states can also work with smaller ASEAN countries in building their legal capacity in case of maritime disputes.
  
- 2. Connectivity:** The ASEAN vision clearly identifies connectivity as a crucial area of cooperation. While many Southeast Asian countries are critical of BRI-related projects due to their lack of sustainability and transparency as well as related corruption, there is simply no other alternative available. Investments by European partners and companies in crucial sectors will go a long way in increasing the bargaining power of these countries within BRI projects. It will also allow them to walk away from BRI projects that are seen as unviable. In addition, AOIP points out people-to-people, digital and soft-connectivity areas in which Europe can and should take a larger role.
  
- 3. Economic and other areas of cooperation:** Trade facilitation, logistics infrastructure, digital economy and the facilitation of cross-border data flows, climate change, and disaster risk reduction are additional areas highlighted in the AOIP that neatly fit the EU’s competencies.

# Section 6: Policy Options for Europe

Europe would be well-advised not to watch the Indo-Pacific debate unfold from the sidelines, but to actively engage with it.

The Indo-Pacific region is crucially important for Europe – both economically and strategically. More than 35 percent of all European exports go to Asia-Pacific markets and a majority (about 90 percent) transit through the sea lanes of the Indian and Pacific Oceans.<sup>64</sup> Four of Europe’s top-10 trading partners are located in the Indo-Pacific. For export-focused economies like Germany and the Netherlands, Asia-Pacific is the second largest market outside of Europe. In consequence, Europe is highly dependent on unimpeded maritime highways or sea lines of communication that pass through the Indo-Pacific. While the South China Sea or even the Indian Ocean may, geographically speaking, seem far away from Europe, any conflict in the region will have a clear impact on European prosperity – and eventually on its security as well. Europe has an interest in maintaining a rules-based order in the region and ensuring that militarization and competition do not escalate any further into full-blown conflict.

Given Europe’s interests and the fact that the most important geopolitical competition of the 21st century will play out in the Indo-Pacific, Europe would be well-advised not to watch the Indo-Pacific debate unfold from the sidelines, but to actively engage with it. Indeed, in recognition of the region’s importance, the EU and its member states are in the process of diversifying their partnerships in Asia, with a focus on additional partners that are not China. The EU also wants to be a security actor in Asia.<sup>65</sup> As shown throughout this study, there are a number of reasons for European engagement in the Indo-Pacific:

- 1. Europe and countries in the region share the same geopolitical concern – not to be caught in great power politics and US-China competition.** This is why countries like India and Indonesia have put forth an ‘inclusive’ Indo-Pacific vision. Japan’s and Australia’s conceptions, too, are a way of offsetting the uncertainty caused by US policy in the region, while simultaneously balancing a risen China. Indo-Pacific countries and middle powers in the region are keen to engage China, to ensure that it plays by the rules, and to avoid direct confrontation. This is similar to the approach Europe is gravitating toward – diversification of its relationships in the region as a strategy to create space for maneuvering and developing new opportunities for cooperation.
- 2. At the same time, there is no doubt that an assertive China is reshaping the region and posing a challenge to the rules-based international order.** It is

64 Mohan, “Europe’s Response to the Belt and Road Initiative,” 2018.

65 European Council, “Deepening EU security cooperation with Asian partners: Council adopts conclusions,” press release, May 28, 2018, available at <https://www.consilium.europa.eu/en/press/press-releases/2018/05/28/deepening-eu-security-cooperation-with-asian-partners-council-adopts-conclusions/>.

openly flouting international rules and norms, whether in the maritime domain or through the BRI. While the EU has been responding to the China challenge within its borders, it has yet to recognize that it will also have to engage more actively in Asia if it wants to defend the basic tenets of the international liberal order. The EU and its member states have to develop a broader strategic approach toward the region – one that goes beyond the China focus.

**3. Rather than asking which version of the Indo-Pacific to ‘sign onto’, Europe should put forth its own vision, based on European interests and capabilities.**

The Indo-Pacific is an evolving idea and there is no one coherent Indo-Pacific vision. The common thread running through the various Indo-Pacific visions detailed above is an attempt by the region’s middle powers to preserve a rules-based order and strengthen multilateralism. These are also core tenants of European foreign policy. This is an opportunity for Europe to shape the debate in the region, create new partnerships based on common interests, and position Europe as a relevant actor.

As mentioned in the preceding country sections, all regional partners see a role for Europe in the Indo-Pacific. Based on these assessments as well as on European interests and capabilities, below are recommendations for European engagement with the Indo-Pacific. These can be grouped into two categories: 1) areas of convergence where European interests intersect with those of Indo-Pacific countries (for example, on the need for sustainable infrastructure, on strengthening maritime security, the diversification of partnerships, etc.); and 2) areas of contestation where Europe needs to develop a stronger position (for example, regarding respect for international law, rules and standards as well as on checking geopolitical and geo-economic competition):



## Move from Discussions of Nomenclature to Action

Most debates in Europe have focused on the technical definition of the ‘Indo-Pacific’, i.e., its geographic contours and whether to use the terminology at all. Many policymakers are particularly wary of the term Indo-Pacific because of China’s opposition to it. Nomenclature, however, does not change the critical importance of engaging with the region. Whether Europe ends up using the term or not, there remains an urgent need for internal deliberations on the dynamics in the region and their impact on Europe, both in individual member states and in Brussels.



## Focus on the Indian Ocean Region

If the Indo-Pacific as a region seems intimidatingly broad, then the Indian Ocean seems an easier starting point. The Indian Ocean constitutes Europe’s extended neighborhood and – with a majority of European exports transiting through the Indian Ocean – is of immense economic and strategic significance to the continent.<sup>66</sup> If

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<sup>66</sup> For details on the strategic importance of the Indian Ocean region see Mohan, “Engaging with the Indian Ocean,” 2017.

international commerce is disrupted and shipping costs rise, Europe will be massively impacted. The Indian Ocean has replaced the Atlantic as the world's busiest sea way; at the same time, it remains one of the least-integrated regions in the world, with weak institutions even as it faces increasing competition, militarization, and a naval 'base-race' hastened by China's entry. Europe needs a plan for engagement in the Indian Ocean beyond Operation ATALANTA. What is more, European engagement needs to acknowledge that threats in the Indian Ocean have developed beyond just piracy and require a response on several fronts – protecting sea lanes from disruption and providing security by working closely with countries like India, avoiding skirmishes through better maritime domain awareness, responding to non-traditional threats like illegal and unregulated fishing, and building the capacity of smaller Indian Ocean states to not just protect their environment but also safeguard their sovereignty in face of debt traps and political interference.



## Strengthen Institutions and Regional Arrangements

A core tenet of the Indo-Pacific idea is to strengthen the rules-based order by bolstering weak and floundering institutions and regional arrangements. European member states like Germany, France and the UK should play a role in strengthening the Indian Ocean Rim Association (IORA) – the only organization including a majority of Indian Ocean countries – and the EU should seek the status of a dialogue partner. Both Germany and the Netherlands also have observer status in the Indian Ocean Naval Symposium (IONS), which is a forum for regional maritime issues and confidence building. Both the EU and its member states also have a long history of cooperation with ASEAN. This takes greater significance especially as ASEAN grapples with increasing Chinese influence and becomes the center of US-China competition. The EU should sharpen the focus of its engagement with ASEAN on addressing these particular challenges.



## Capitalize on Minilaterals

As highlighted earlier, one of the ways in which Indo-Pacific visions are being translated into practice is through several bilateral, trilateral and minilateral dialogues in the region. For the EU and its member states, this is a relatively low-cost method of increasing visibility in the region, addressing common challenges with partners, and starting a dialogue about Europe's role in the region. Both Germany and the Netherlands should consider instituting Track 1 and Track 1.5 trilateral dialogues with like-minded partners such as India, Japan, Australia, and Indonesia. These dialogues could serve as platforms for finding common avenues for strengthening the rules-based order and identifying the rules and kind of order that work best in the region. It is also an opportunity to sound out Germany's and the Netherlands' roles in the region, and to discover synergies with, for instance, the 'Alliance of Multilateralists' idea. Finally, these dialogues can highlight unique instruments that Europe brings to the table. For example, the Australia-UK-Netherlands trilateral dialogue on building Countering Violent Extremism (CVE) capacities in Indonesia was much appreciated by all partners. They can also be important venues for discussing common challenges, such as the 5G issue or influence operations, and to learn from the countries' experiences.



## Focus on Infrastructure and Connectivity

Even before ‘connectivity’ became a popular term, European companies and EU institutions had been investing in infrastructure in Asia, although China’s Belt and Road Initiative has come to dominate the regional narrative. Partners like Australia, India, Japan, and the US all see a potential of working with the EU and filling the massive infrastructure gaps in Asia. Many regional initiatives aim not only to provide alternatives to BRI, but also to fill in crucial gaps in regulatory, hard and soft connectivity. The EU’s connectivity strategy – which focuses on transparency, fiscal and environmental sustainability, and a level playing field – resonates strongly with the connectivity visions coming from the Quad partners. The strategy and the recent EU-Japan Connectivity Partnership have raised hopes that Europe can be an important partner on connectivity in the region, which needs a lot of investment in order to provide a viable and sustainable alternative to BRI.



## Improve Burden Sharing on Security

Since Europe is highly dependent on unimpeded sea lanes, regional partners expect it to play a bigger role in securing these SLOCs and global commons. While European navies are presently suffering from low capacities, this is set to change in the medium to long term. The German Navy, for example, expects its two F125 frigates to enter service by 2019. Two other ships are set to follow in 2020. As European navies regain some capacity, it would be useful to consider port calls in the Indian Ocean as well as participation in maritime exercises in Asia. Symbolic presence would have far-reaching effects, even if round-the-year operational deployment is not possible. Working with key states like India on maritime domain awareness and information sharing will go a long way in making the region more secure against both traditional and non-traditional maritime threats.<sup>67</sup> The Chief of the German Navy recently announced that, from 2020 onward, Germany will send a Liaison Officer to the Information Fusion Centre in Singapore. Steps like these are low-cost ways of increasing EU member states’ contribution to the Western Indian Ocean.



## Invest in Capacity Building

Capacity building of small island countries in South Asia and partners in Southeast Asia is also vital – whether on the rule of law, infrastructure or the Blue Economy. South Asian countries are all targets of China’s BRI. The constitutional crisis in the Maldives, ballooning debts in Pakistan and Sri Lanka, the dual use of civilian ports in Myanmar and Sri Lanka: these are all by-products of BRI investment. There is a strong need to strengthen the sovereignty of these countries and increase their resilience in dealing with great-power competition. Building the technical capacities of smaller countries

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<sup>67</sup> For more information and recommendations on European engagement in the Indian Ocean, see: Mohan, “Engaging with the Indian Ocean,” 2017.

may help them negotiate better conditions within BRI. Some Quad partners have already seen results from this in Myanmar, for example. Similarly, capacity building on legal measures, common interpretations of international law, freedom of navigation and dispute resolution – especially of countries in Southeast Asia – can help them withstand pressures from China. Europe can also support training of coast guards, which can help smaller countries defend their EEZs against intrusions from Chinese maritime militias. Here, Japan, which has played a crucial role in training coast guards in Southeast Asia, could serve as a role model for European states.

## **Long-Term Impact on Europe's Asia Policy**

The aforementioned ideas are some of the initial steps that the EU and its member states can take to increase their engagement with the Indo-Pacific region and the unfolding conceptual debate. In the medium term, however, Europe would benefit from developing its own strategy toward the Indo-Pacific and perhaps appointing an Indo-Pacific coordinator or Ambassador-at-large, either at the member states level or the EU level. As shown above, the Indo-Pacific is in many ways a response to the rise of China. Most EU member states are beginning to formulate their own China strategies, with the Netherlands being the first to do so and with several others in the works. But in order to be holistic and successful in the long term, Europe would be well-advised to take into account China's impact not just in Europe, but also in Asia.

- First and foremost, Europe needs to conduct a better assessment of its core interests in Asia. Both the EU and its member states are engaged in Asia on several levels – through free trade agreements, security partnerships, or in regional organizations like ASEAN. An Indo-Pacific strategy based on European interests and values in the region will help streamline these efforts and make them more effective in serving European interests in the region. It also presents an opportunity to create a mechanism for assessing threats and vulnerabilities emanating from Asia.
- Second, having such a strategy will allow Europe to formulate its own position on key developments in Asia and to avoid being caught up in US-China competition.
- Taken together, the new EU connectivity strategy, the strategy on China, the new strategy on India, and Council conclusions for greater security engagement with Asia constitute the building blocks of an EU strategy on the Indo-Pacific. Europe should not hesitate to deploy the term and underline what it means – vis-à-vis its approach to the rise of China, the role of the US, and the role of Europe itself. This is an opportunity to create a positive agenda of diversifying partnerships and charting its own course in Asia.
- To facilitate the articulation of European engagement with Asia, there should be closer coordination with EU delegations, coordination between ministries of defense ahead of the Shangri-La Dialogue and other platforms, and better coordination for ensuring tangible European presence in Asia. Again, having a dedicated Indo-Pacific strategy can help guide this process and make it more efficient.

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