



Policy Notes



Discussing EU Strategy: Concepts of the Indo-Pacific and Connectivity

The Indo-Pacific concept is emerging on the global political agenda. In recent times, the term 'Indo-Pacific' has been complicated by the apparent retreating of the United States (US) and concurrent rise of China in the region. It is evident that the clearest Indo-Pacific concepts originate from India, Indonesia, Australia and China – nations which have signalled interest in the region. However, there is still no broad consensus among stakeholders regarding boundaries and formal strategies for the Indo-Pacific. For the European Union (EU), the Indo-Pacific presents a clear opportunity to increase engagement and connectivity with the region. As such, the EU should develop a clear Indo-Pacific strategy and look to increase its regional footprint. This Policy Note provides a summary of the presentations and discussions on the day.

The emerging Indo-Pacific challenge

On 4 October 2018 a forum was held at the ANU Centre for European Studies with international experts to discuss wide ranging concepts of the Indo-Pacific and potential areas for EU connectivity in the region. The event, conducted under Chatham House rules, was aimed at discussing avenues and opportunities for concrete policy initiatives for the Indo-Pacific. The constructive dialogue included a debate around differing conceptions of the term 'Indo-Pacific' as well as the policy implications of these varied approaches.

Session One focused on the Indo-Pacific concept itself, identifying areas of common interest for the EU and its partners in the region. Interests include: further engagement with international institutions, the promotion of economic prosperity and security in the region. The debate over whether the 'Indo-Pacific' indicated a geographic region or more of a broader regional approach was also central to the discussions. The forum further discussed the competing regional approaches of India, China, Japan and the US. There was a general consensus among participants that increased EU interest in the Indo-Pacific region is not only welcome, but necessary in the current political and economic climate.

Exploring strategy within the 'Indo-Pacific' region requires a clear understanding of the concept itself. With regards to its origin, the term 'Indo-Pacific' is neither new nor an American invention.

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The UK has been using the term since the 1950s, which has guided part of its foreign policy as highlighted by its established naval base in Singapore and presence in the region. In a domestic policy setting, Western Australia was using the term in the 1980s in policy documents and the Australian Federal Government started referencing the term as early as 2005. Today, the Indo-Pacific concept is cited regularly at East Asia summits. Thereby, it is evident that the US is more of a follower rather than a leader in this area. Trump only used the term for the first time in November 2017, by renaming the 'US-Pacific Command' to the 'US Indo-Pacific command'.

Beyond rhetoric, the Indo-Pacific is both a geo-economic and strategic concept. Analysts have used it to describe the geo-economic and security links between the Indian and Pacific Oceans. However, the geographical 'borders' or 'boundaries' of the region remain contested. Such a debate is diplomatically useful, as it does not imply the exclusivity of concepts like 'The Quad', which only included India, Japan, Australia and the United States. In this sense, the geographical ambiguity of the Indo-Pacific can be used strategically. The term also reflects a recent power shift, with the economic rise of major actors in the region including China, India and Japan. This increasingly multipolar landscape has meant that the term 'Indo-Pacific' has also taken on an important strategic dimension for great power politics.

Within this context, actors have begun to adjust and establish new strategies. India is currently leading the region in terms of having a clear Indo-Pacific strategy. Emphasising a 'free and open' region, the Indian Prime Minister Narendra Modi has expressed a desire to strengthen its global engagement through this paradigm. China is also developing its own vision, most recently highlighted

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by the Belt and Road Initiative. Japan is also eager to play an increased role in the Indo-Pacific, looking to promote cooperation via greater participation in international institutions. Tokyo is currently assisting with infrastructure projects and programs to smooth connectivity in the region with a focus on digital connectivity and information society links.

The current US approach to the Indo-Pacific on the other hand is unclear. At times, there seems to be a strong interest and commitment to the region, highlighted by increased defence spending and freedom of navigation exercises to ensure the easy flow of goods and services. However, US actions have at times, led to questions around its commitment to the region. In addition to a lack of diplomatic personnel, the recent withdrawal from the Trans-Pacific Partnership has led to a growing sense of uncertainty around the US's Indo-Pacific strategy. As a result, the Trump administration has seen a drop-in levels of confidence from some of its closest partners in the region.

The Indo-Pacific and the EU: Areas of common interest and joint action

Within this context, an agenda setting role may prove to be the EU's central duty in the Indo-Pacific. By clearly defining its aims and priorities in the region and working with 'like-minded' states, the EU can take the lead in promoting a rules based global order. This will provide a more conducive environment for stability and economic prosperity.

The Indo-Pacific presents several opportunities and avenues of engagement for the EU, particularly in areas where the EU may have a comparative advantage. For example, the EU could take a lead role in communications technology, with the prospect of a 5G network rollout on the horizon. Along with Japan, an increased involvement in international institutions such as ASEAN is also likely to be high on the agenda. In this area, the EU is well placed to set a strong example of the benefits of deep regional integration.

China's Belt and Road Initiative also provides an excellent opportunity for the EU to increase its interest and presence in the region. It opens up economic opportunities as well as the chance to work more closely with one of the major rising powers in the region. In terms of strategy, defence procurement was proposed as a great way to establish stronger partnerships. It was suggested that the EU could also look to work more closely with Malaysia and Indonesia to manage the Malacca Straits. These opportunities will allow the EU to increase its presence in the Indo-Pacific and strengthen its relationships with key partners in the region.

EU regional engagement: How many belts and roads?

Session Two's discussion focussed on the current and potential strategies of EU engagement in the Indo-Pacific. Since the formation of ASEAN, there has been a plethora of connectivity plans and activities. However, these plans have often failed due to a lack of commitment and funding. Potential investors have been scared away by the prospect of low returns and the lack of confidence in the region. This can be considered a domestic problem as investment in infrastructure is key to economic competitiveness.

More recently, the desire for 'connectivity' in the Indo-Pacific region has been primarily driven by the economic growth of

some of the major powers in the region, including China and Japan. China in particular have been successful in creating a working model of development, partly as a consequence of an intra-regional focus. Following this success, there has recently been a reorientation of Indo-Pacific trade towards adopting an intra-regional model in order to take advantage of its newfound status as the world's biggest market. In the pursuit of this strategy, one challenge will be matching up stakeholder interests with the interests of the state.

The EU's connectivity strategy is intended to promote deeper links between Europe and Asia in the Indo-Pacific. In particular this includes linkage building through transport, support of a rules based international order and a focus on the digital economy. For the EU however, two challenges emerge within this context.

The imposition of Chinese standards on the Belt and Road Initiative remains a major challenge. Second, the EU should not (nor does it currently) try to match Asia's manufacturing dollar for dollar. Hard infrastructure is not one of the EU's strengths. However, in terms of the digital economy, the EU could be of use for Indo-Pacific connectivity initiatives. Growth in EU-Asia links provides an excellent opportunity for cyber security capacity building. This would help to ensure telecommunications security in the Indo-Pacific region and provide a window of opportunity for the EU to become more involved in the region. The EU should, however, keep in mind that they cannot do everything in such a big region. Furthermore, the EU should consider their lengthy bureaucratic process when dealing with Indo-Pacific endeavours.

As one of the most important players in the region, it is also vital to understand India's role in the Indo-Pacific. As it stands however, India does not currently have a clear Indo-Pacific strategy. The world's largest democracy indeed offers a pervading lack of strategic coordination in the region. Despite this, there is a convergence of EU and Indian interests, mainly the promotion of multilateralism and a rules-based global order.

Furthermore, India shares concerns with the EU in regards to the Chinese Belt and Road Initiative. India is particularly concerned about the Belt and Road Initiative passing through the disputed areas of India and Pakistan. Thus, India views the Belt and Road Initiative as heightening the foreign policy discussion and believes it needs to be strongly considered when discussing strategies for connectivity in the Indo-Pacific region.

The challenges of an EU-China relationship also dominated the discussion around strategies within this region. The EU should take a normative approach and carefully consider the potential economic benefits against the potential reputational costs when investing in these countries. Another challenge that may arise however, is the fact that smaller states are seemingly losing confidence in Beijing. For example, Philippine President Duterte has recently expressed anger towards China for not following through on its deals. In Malaysia, Prime Minister Mahathir has been outspoken about poor investment deals with the Chinese. However, China is learning from its actions and is slowly shifting its strategic approach in the Indo-Pacific. Regardless of China's stance toward politics and human rights, it is evident that it still cares about its international reputation and this may provide a pathway to cooperation.

More generally, the EU's strategy in the Indo-Pacific calls for a better understanding of what is happening 'on the ground' in

Asia. It could seek to deepen connectivity in the Indo–Pacific through the promotion of standards and regulations rather than influencing government regimes. In this area, the EU has already joined the Asian Infrastructure Investment Bank, which provides an opportunity for the EU to develop lending practices and promote transparency.

With a look to the future, the EU could sell its intellectual property on engineering models for the Belt and Road Initiative. This is one way in which the EU could compete with China. It also has the potential to contribute high quality communication standards through the International Telecommunication Union (ITU). Creating digital networks and a stronger partnership with India, as well as a soft regulatory infrastructure have been proposed as useful strategies of engagement. In the area of law enforcement, the EU has supported ASEAN's push for a cross-national enforcement body. This could promote greater cooperation and dialogue in the region, bringing Asian nations closer together.

Conclusion

It is evident that challenges remain for conceptualising the Indo–Pacific and avenues for engagement in the region. Building upon existing partnerships in the region, developing a clear concept of the Indo–Pacific is a strategic priority for Brussels. Continuing dialogue with partners in the Indo–Pacific region is an important first step to conceptualising the EU's role in the region.

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