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**THE EU'S STRATEGY FOR THE  
INDO-PACIFIC**  
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## 1. INTRODUCTION

Europeans are mostly pre-occupied with ending the pandemic and how to plan the recovery. When they do consider foreign policy issues, they tend to focus heavily on Europe's volatile and contested neighbourhood, both to the South and East. This inward-looking and regional outlook is understandable. But it tends to miss wider changes in the global landscape. One mega trend in the world today is the power shift, from West to East and the rise in the strategic importance of the Indo Pacific.

It is high time for the EU to step up its engagement in and with this crucial region. Indeed, as a concept, the Indo Pacific is much en vogue these days. Policy-makers, diplomats, strategists and think tank analysts are all debating what the future holds for this dynamic region. I welcome this debate and believe that the EU has both a big stakes in the region and a big contribution to make.

The Indo Pacific is as much a strategic space as a geographical reality. As EU, we define it as stretching from East Africa to the Pacific Island States. It is becoming the world's centre of gravity, both in geo-economic and geo-political terms.

Let me give some figures to make this point: the Indo-Pacific creates 60% of global GDP and two-thirds of global growth. It is the second largest destination for EU exports and home to four out of the top ten EU trading partners. In addition, the future will only further increase the significance of the region. By 2030, the overwhelming majority (90%) of the 2.4 billion new members of the middle class will come from this region.

However, amid all this dynamism, regional stability is increasingly challenged: maritime and land disputes, internal crises and conflicts, and the US-China geo-political competition is intensifying. We see the consequences around the world, but most sharply in this region.

A clear sign is the strong regional military build-up. Here is another telling statistic: the Indo-Pacific's share of global military spending increased from 20% in 2009 to 28% in 2019 and is rising further. That means countries in this region are investing heavily in their militaries, as they are not sure what the future holds. It is a sign of a worsening regional security landscape.

In the midst of all this, democracy and fundamental freedoms are under attack, as we have seen most recently in Myanmar.

The distinct risk here is that politics and nationalism trump the economic development and cooperation, which have been the glue that have held the countries of the region together and lifted millions of people out of poverty.

Asia's security architecture and regional order remains work in progress. In and around Europe, there are certainly many security challenges too. I spend a lot of my

time trying to put out fires in our neighbourhood. However, over time, Europeans have developed strong institutional frameworks, such as the EU and NATO, but also the OSCE and the Council of Europe.

In Asia, we have ASEAN-centred organisations guiding security cooperation including the ASEAN Regional Forum, of which the EU is an active member. Increasingly we also see the development of other frameworks, led by China and the Quad for instance.

Already in 2013, the former Foreign Minister Marty Natalegawa said that the region had to move from a "trust deficit to build strategic trust". In recent years, this the trend has rather been the reverse.

In short, the Indo Pacific region is the future, but insecurity and tensions are rising, threatening the order and balance of this dynamic region. The key point to make here is that economic growth of this region rests on openness, on stable and shared rules, and shared security.

The EU's interest is precisely this: that the regional order stays open and rules-based. We can contribute a lot, which is recognised by our regional partners who view the EU a trusted and reliable actor.

In February 2021, the ISEAS research Institute in Singapore asked opinion-leaders and policy-makers in Southeast Asia who would be their most favoured and trusted strategic partner to handle the growing US-China strategic competition. Four in ten of the respondents picked the EU!

We are perhaps not as flashy as other partners, but we also do not zigzag. We have no hidden agenda. What you see is what you get. We are reliable and predictable. We can and do commit for the long-term.

The EU has demonstrated its credentials with our response to the pandemic. We are supporting our global partners to deal with the consequences with a €40 billion "Team Europe" package (bringing together the EU institutions and EU member states).

We favour vaccine multilateralism and believe that COVAX is the best way to ensure the access to vaccines by low and middle-income partner countries in this region. We put our money where our mouth is, and the EU is now the second largest contributor to COVAX with over EUR 2.4 billion.

In addition, we are world's largest exporter of vaccines. With over 440 million doses, we have exported around half of our production.

In our efforts to fight the pandemic, we deliberately chose a different path from others. We do not offer preferential treatment, nor do we seek political favours in return. Instead, we look for concrete cooperation, including with ASEAN.

## 2. THE EU'S INDO-PACIFIC STRATEGY

For all these reasons, the EU wants to expand its engagement in and with this region. This is why last April 27 EU Foreign Ministers adopted a new EU Strategy for Cooperation in the Indo-Pacific, after several EU member states had already done so at national level (France, Germany and the Netherlands).

The basic message is that the EU will deepen its engagement with partners in the Indo-Pacific to respond to emerging dynamics that are affecting regional stability. Concretely, we will advance joint work to boost, trade and investment, economic openness and a sustainable approach to connectivity.

We will promote multilateral cooperation, working on global challenges, from the pandemic to climate change, from bio-diversity to ocean governance to the digital economy. And we will deepen our security engagement, seeking to make that cooperation as concrete as possible. Our new strategy aims to deepen regional integration. It is inclusive for all our partners in the region wishing to cooperate with the EU when our interests coincide. This includes China because we know that in important areas, like climate, fisheries and biodiversity, its cooperation is essential.

We do not aim to create rival blocs or force countries to take sides. We are committed to deepen our cooperation with democratic, like-minded partners. Here it is important to stress that the European Union's commitment to democratic rights and fundamental freedoms is very strong. Not because we see these as European or Western constructs, but because these values and principles are universal.

Many countries and certainly the people in this region share our view on democratic rights and fundamental freedoms: they want to determine their political future and have their rights protected.

ASEAN lies at the heart of the EU's Indo Pacific strategy while we will also develop closer relations with other regional organisations of the Indian and Pacific Oceans. We have long been ASEAN's number one development partner, but are also its third trade partner, and third investor. Our exports to ASEAN countries grew from €54 billion in 2010 to €85 billion in 2019 and imports from ASEAN countries grew even more, from €72 billion in 2019 to €125 billion. By 2050, ASEAN is set to be the world's fourth-largest economy.

Last year we finally launched the EU-ASEAN Strategic Partnership. It is a sign that both sides want to scale up and re-direct our cooperation. We do not just want to work on trade, investment and sustainable development, although they matter. But above all we feel the need to increase our joint work on strategic issues.

To give just one example, let's take maritime security. First of all, the region's security is very much on top of our mind. Also because around 40% of the EU's foreign trade passes through the South China Sea, making stability

in the region a shared concern and area of cooperation. For many years, we have had a dedicated dialogue on maritime security cooperation where the EU and ASEAN share best practices and lessons learned.

We are exploring options on how to enhance EU's maritime presence in the vast Indo-Pacific space. And we will extend the EU's Critical Maritime Routes project from the Indian Ocean to South East Asia.

Like ASEAN, the EU is committed to secure, free and open maritime supply routes in the South China Sea, in full compliance with international law, in particular the UN Convention on the Law of the Seas. We support the ASEAN-led process towards an effective and legally binding Code of Conduct for the South China Sea, which should not prejudice the interests of third parties.

Connectivity is another major plank of our Indo Pacific strategy. We favour a sustainable and rules-based approach to connectivity, built around transparency, local ownership and fiscal and environmental sustainability.

This is in line with what many of our regional partners want too. The EU and ASEAN have worked closely on Connectivity for years, reflecting the unique experiences of two regional integration projects, and both sides jointly committed to deepen this cooperation further. The recent conclusion of a region-to-region Comprehensive Air Transport Agreement (CATA) is another major milestone in this and in air connectivity.

In discussions around Connectivity and when looking at investment and financing, popular perceptions and reality are two different things. Here it is worth recalling some basic figures:

The EU remains the largest global investor, with a total stock of €11.6 trillion, compared to the US with €6.8 trillion, China €EUR 1.9 trillion and €1.5 trillion for Japan. We are also the biggest donor: our development assistance between 2013 and 2018 EU stood at €414 billion in grants. This is broadly comparable to what China offered on Belt and Road projects €434 billion but as loans.

I know it is not always easy with this type of figures to compare like-for-like. There is often a lack of transparency and everyone tries to 'spin' their record.

But the bigger point stands: the EU is an economic super-power. We have a record of economic openness and development assistance. And we are ready to continue on that path with our partners in the Indo-Pacific, to build a recovery that benefits people in both regions.

Despite the serious impact of the pandemic, ASEAN has some of the fastest-growing economies in the world. ASEAN's overall GDP stands at \$3 trillion and is set to grow by 6% this year. To illustrate: the latest growth forecasts of the European Commission foresee growth in the EU of 4.2% in 2021 and 4.4% in 2022.

The truth is we depend on each other's economic success. Here we also count on Indonesia's upcoming G20 chairmanship to work together to put the global recovery on a sustainable and inclusive footing, to reduce global inequalities and combat the climate crisis.

### **3. CONCLUSION**

In June I travelled to Jakarta to underline that, despite the pandemic and despite having so many security crises in our neighbourhood, the EU is ready to engage more in and with the Indo Pacific.

The word 'strategic' can be over-used sometimes but in this case it is really justified: the future of this region is a strategic priority for EU. So, we must do what we can to help keep the regional order open and rules-based. Concretely, we should go beyond the bilateral prism and strengthen cooperation on shared security, sustainable connectivity and global challenges.

In short, we need a strategically aware and strategically rounded EU approach to the Indo Pacific.

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