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Prospects for Europe with the Indo-Pacific

Ten steps for action based on shared interests

For Europe to play a meaningful role in the Indo-Pacific, the European Union's and its member states' actions must be coordinated and in line with both the interests and needs that they share with countries in the Indo-Pacific. Alignment with the Global Gateway offers an opportunity, but relies on a whole-of-government approach, new financial instruments and enhanced engagement with the private sector. In the defence domain, naval missions to the Indo-Pacific region demonstrate commitment to the rule of law and foster greater willingness to cooperate in other fields as well, including disruptive emerging technologies and Europe's regional security. Mutually beneficial investments in economic security and resilience are a third line of action for EU and Indo-Pacific partners to act on their shared interests. Sector-specific multilaterals can address excessive dependencies by supporting companies in pursuing diversification. EU member states' divergent histories and policies are a source of strength, as they offer multiple potential entry points for very diverse Indo-Pacific partners. The consistent presence of leaders is required for the EU-Indo-Pacific Ministerial Summit to deliver on its promise of being a forum to build confidence and trust between the two regions, steering progress of tangible projects and initiatives into mutually beneficial directions.

From strategy to implementation

In February 2024, 70 leaders from the Indo-Pacific and Europe met in Brussels for the third EU-Indo-Pacific Ministerial Forum, following those in Paris (2022) and Stockholm (2023).¹ Three years after the launch of the European Union's Indo-Pacific strategy, the EU and its

member states are picking up speed with numerous projects and initiatives.

The Indo-Pacific is a macro-region of tremendous importance, with almost 60 per cent of the world's population and global GDP in 2021, as well as carbon dioxide emissions, and is at the forefront of the digital economy.²

The EU therefore needs the region to reach some of its key objectives, be it

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1 European External Action Service, [Third EU-Indo-Pacific Ministerial Forum in Brussels](#), accessed on 8 February 2024.

2 European Commission, [The EU strategy for cooperation in the Indo-Pacific: Joint Communication to the European Parliament and the Council](#), 16 September 2021.

guaranteeing economic security and economic competitiveness, succeeding in the energy transition, mitigating the impacts of climate change, or effectively combating pandemics.

Preservation of the open and rules-based international order, including freedom of navigation, and effective multilateralism in the Indo-Pacific are essential for Europe's security and prosperity. Surveys of elites in the Indo-Pacific region show an appetite for greater European involvement.³ Yet for Europe to play a meaningful and impactful role in the region, EU and member states' actions must be coordinated and in line with both the interests and needs that they share with countries in the Indo-Pacific.

This Policy Brief surveys prospects for European action to move from strategy to implementation, reflecting on past projects and suggesting potential future directions in the form of ten actionable steps.⁴ First, it investigates how the EU's Global Gateway strategy can achieve impact, moving from development to investment using new instruments. Second, it explores how a military presence and capability-sharing mutually reinforce each other in the field of defence and security. Third, the Policy Brief surveys how protecting, promoting and partnering helps Europe to advance its economic security and resilience, leveraging EU member state diversity. The Policy Brief concludes by proposing next steps for strengthened engagement. This includes a revamp of the Indo-Pacific Forum, a clear European narrative and realisation that Europe's Indo-Pacific policy should inform its China policy rather than the other way round.

3 Sharon Seah, Joanne Lin, Melinda Martinus, Sithanoxay Suvannaphakdy and Pham Thi Phuong Thao, [The state of South-East Asia: 2023 survey report](#), Singapore: ASEAN Studies Centre, ISEAS-Yusof Ishak Institute, 9 February 2023, p. 38.

4 The authors are grateful to participants of the Track 1.5 European Dialogue on the Indo-Pacific, co-hosted in January 2024 in The Hague by the Clingendael Institute, *Stiftung Wissenschaft und Politik* (SWP, Berlin) and the *Fondation pour la recherche stratégique* (FRS, Paris). This was the seventh edition of this policy-oriented, high-level dialogue, which was established following the launch of the EU-Indo-Pacific Strategy in 2021.

Much work is already being done, but much more can be done. To achieve concrete progress, we need to respond to the Indo-Pacific region's needs. However, as European governments and companies deepen their ventures into the Indo-Pacific, it is important to know what we can offer.

Making the Global Gateway work in the Indo-Pacific

Actionable steps

- Indo-Pacific action should be aligned with Global Gateway projects and promoted with a focus on a select number of two to three flagship projects, including the Copernicus earth observation programme.
- Coordinated joint action in the Indo-Pacific by development finance institutions and the private sector would be encouraged by targeted regulatory guidelines and strengthened by encouraging programmatic approaches rather than stand-alone projects.
- To stimulate the mobilisation of private capital, more can be done to build upon unique European strengths through capacity-building in partner countries' financial sectors.
- More coherent strategic communication requires a clearer strategic narrative and a high-level political representative to steer and align action and ensure visibility.

From development to investment

The EU's Global Gateway, launched in 2021, is picking up steam.⁵ After an initial phase of promoting visibility and integration by labelling existing plans, now is the time to progress to a truly strategic approach to project development

5 The number of flagship projects officially endorsed by EU member states totalled 225 as of November 2023. Most projects are in Africa, while the number of projects in Asia-Pacific is relatively few: 16 of 87 in 2023; and 18 of 138 in 2024. See European Council, [Global Gateway](#), accessed on 8 March 2024.

and activities. This requires enhancing Europe's engagement with the Indo-Pacific region to move from relatively small-scale development projects to unlocking investment that serves both sides. Opportunities for this lie in enhanced engagement by the European private sector and financial institutions in the region. That can help to manage – with a bottom-up approach – the geopolitical rivalry that is shaping approaches towards environmentally sustainable societies and economies underpinned by ever-more digital technologies.

The Global Gateway seeks to take European engagement – including with the Indo-Pacific region – from development to investment. This necessitates a turn to a **whole-of-government approach** that combines trade, investment and aid, while also engaging stakeholders in the private sector and civil society. Change in this direction is apparent in Brussels and in certain EU member state capitals. The challenge is to ensure that this turn encompasses all the relevant domains, including infrastructure, energy and digitalisation. The Netherlands is a frontrunner in the shift to a whole-of-government approach, although this has yet to expand fully to the new domain of digitalisation.⁶

While the EU does have a Digital for Development (D4D) hub, tailored financial instruments have yet to be developed. This lacuna hampers the Global Gateway's stated aim to use public funds as a factor-multiplier for private investment and perpetuates an unequal relationship structure. **Including the private sector** as part of one 'Team Europe' strengthens the focus on investment in projects of scale.

This entails tapping Europe's resilient and innovative ecosystem of small- and medium-sized enterprises (SMEs) by offering easy ways to be a part of Global Gateway projects. Even big companies could benefit from more centralised and unified provision of information. In order

to achieve this, a single point of contact for the private sector dedicated to the Global Gateway and as liaison for the Business Advisory Group is advisable.

This **coordinating office with a high-level political representative** could bring together the relevant sections in the various EU directorates-general. A dedicated commissioner or special envoy can rally all of Team Europe behind the Global Gateway, coordinate preparatory meetings involving lower-ranking EU member state officials and facilitate joint missions by ministers from different member states.

Such coordination is needed for the ambitious **Middle Corridor**, for example, which proposes to strengthen transport links between Asia and Europe via Central Asia. The European Commission in January 2024 committed €10 billion in support and investments for this project – also known as the Trans-Caspian International Transport Route (TITR). In addition, Brussels facilitated an Investors' Forum to unblock further funding for the development of key transport networks in Central Asia.⁷ If successful, this investment project will respond to the wishes of regional states, while signalling willingness to cooperate with China's Belt and Road Initiative (BRI) plans when in European interests, and serving Europe's own interests in supply-chain resilience through mobilising the expertise of its private sector.⁸

Stronger strategic communication needs to provide a straightforward rationale to attract the private sector, banks and Indo-Pacific partners alike. Stakeholders get lost in an abundance of flagship projects, as the EU and its member states often fail to promote projects convincingly. Meanwhile, China's Belt and Road projects garner much more attention. The strategic narrative accompanying these European projects

6 Maaïke Okano-Heijmans and Alexandre Ferreira Gomes, [Digital Global Gateway matchmaking: A Dutch case study to bolster European action](#), The Hague: Clingendael Institute, 30 November 2023.

7 European Commission, [Investors Forum for EU-Central Asia transport connectivity](#), 29 January 2024.

8 Konrad Popławski, Sandra Baniak, Adam Michalski and Marcin Popławski, [The Middle Corridor: A Eurasian alternative to Russia](#), Warsaw: OWS Centre for Eastern Studies, January 2024.

should present positive stories about Europe's strengths and centre on the practical impact on the ground, rather than attempt to join a losing battle with China for the largest numbers.

A prime example of a flagship programme that ought to receive far greater exposure is the **Copernicus earth observation programme in the Philippines**. As part of its Digital Transformation and Connectivity Initiative, the EU offered – among other things – US\$37.2 million in grants to develop a national site for Europe's world-class earth observation satellite system to help the Philippines with climate change and disaster management.⁹ The Copernicus programme can be expanded from the Philippines into the Association of South-East Asian Nations (ASEAN), potentially unlocking economic opportunities and scientific benefits for Indo-Pacific countries at the national and regional levels. This large-scale programme, undertaken with the European Space Agency as a partner, fulfils real local needs and builds upon unique EU capabilities.

New instruments

New instruments and bodies are needed to accelerate the Global Gateway initiative – and with that, Indo-Pacific action. This includes appropriately staffing the European Commission and EU governments' points of contact, as well as better alignment of the existing financial instruments of the EU and its member states. In addition, this should also include new financial instruments for the private sector and enhanced budgets for development finance institutions (DFIs), to expand their capacities and strategic initiatives.

One area where Team Europe can help is by reducing investment risks. The European Development Finance Institutions (EDFI) already coordinate among EU member states' DFIs.

The recent changes to rules for **investment guarantees by Germany**, to encourage a focus on the development of new markets,¹⁰ show that governments can shape the way in which banks target their financing through regulatory guidelines and requirements. Further steps could entail encouraging programmatic approaches that add cohesion and focus to the many stand-alone projects pursued until recently in a sometimes rather uncoordinated fashion by a plethora of European players. Such an approach would also allow the risks associated with individual projects to be offset within one programme.

It will never be possible to fill the financing gap with public money alone. Cooperation between DFIs and commercial partners is also necessary to bring in the expertise as well as to get the players going. One successful example is **the European Fund for Sustainable Development Plus (EFSD+) guarantee programme**, which provides combinations of financial guarantees and grants to encourage public and private investment.¹¹

To achieve synergy, it is necessary to go beyond European instruments and **support capacity-building within partner countries' financial sectors**. Helping bring in local investors is an approach not offered by BRI projects, which rely on state-directed Chinese policy banks. True transfer of skills requires not only training officials and professionals, but also seconding officials and professionals from Europe to help build up knowledge within governments in the region.

9 International Partnerships, European Commission, [Digital transformation and connectivity initiative in the Philippines](#), accessed 27 January 2024.

10 China.Table, ['Habeck redirects investment guarantees'](#), *Table.Media*, 11 November 2022.

11 Directorate-General for Neighbourhood and Enlargement Negotiations, ['EU agrees 24 new guarantee programmes to boost investments in enlargement and neighbourhood regions'](#), European Commission, 25 January 2024.

Defence and security

Actionable steps

- Naval missions by EU member states to the Indo-Pacific region are not only appreciated demonstrations of commitment, but also ways to foster greater willingness in the region to cooperate in other fields, including on disruptive emerging technologies.
- Naval presence and capacity-building – including through projects like CRIMARIO – can be used to reinforce each other mutually, as employing hard and soft options in tandem enhances European credibility by signalling broader commitment to the region.
- The give and take of involving Indo-Pacific partners in Europe's security could be expanded further to build ownership and demonstrate that both sides have a stake in each other's security.

Presence

Various EU member states – in particular France, Germany, the Netherlands and Italy – have in recent years increasingly invested in their commitment to regional security and freedom of navigation in the Indo-Pacific, especially through naval presence and the provision of air assets.

Officials and experts from the Indo-Pacific region appreciate the European presence, which they say contributes to a strategic narrative about protecting the status quo from revisionists rather than the China–US tussle for supremacy. Materiel commitments also serve as catalysts for practical diplomatic and economic outcomes, both through providing EU member states with credibility and occasions for other exchanges.

Complementing regular French naval visits to the Indo-Pacific, in 2021 the Dutch frigate **HNLMS Evertsen** joined the British *Queen Elizabeth* Carrier Strike Group in a deployment to the region. This productive example of renewed European engagement, sensitive to local needs, was followed by Germany's deployment of the

frigate *Bayern* later in 2021. Such visits offer a welcome training opportunity, facilitating military diplomacy and high-level exchanges with Indo-Pacific countries, and encouraging economic interests. Such missions can be part of package deals, involving exercises with partners in the region, reaching out to think tanks and cooperation with other ministries.

However, representing the EU alongside raising the national flag during such missions would also benefit the clarity of Europe's signal to the Indo-Pacific region. Beyond invoking mechanisms such as the Coordinated Maritime Presences, this could take the shape of embedding officers on each other's ships during transits of the region. For EU delegations to support military presence, they need to be staffed with officers providing the necessary military knowledge.

Military presence, however, also works the other way. For example, Japan has joined a **Lithuanian-led demining coalition for Ukraine**. Just as China now exercises with Russia near Japan and around Europe, so Japan takes an interest in return. South Korea has become an important arms seller to Ukraine and Poland. The give and take of involving Indo-Pacific partners in Europe's security builds ownership and demonstrates that both sides have a stake in each other's security.

Capabilities

The possibilities for European military deployments are limited by distance, challenges at home and the size of European militaries. Europe's substantial capacity-building potential can compensate for the obstacles to long-range missions. Presence and capacity-building are mutually reinforcing, as employing hard and soft options in tandem enhances European credibility by signalling broader commitment to the Indo-Pacific region. Even more so, sharing expertise at the time of naval transits further enhances the ways in which European deployments contribute to regional security.

EU member states can build on the investments by frontrunner countries and initiatives in this field, both bilaterally and through the Enhancing

Security Cooperation In and With Asia (ESIWA) project. The Philippines is the first ASEAN country to be included in the EU's maritime capacity-building initiative: **CRIMARIO, originally Critical Maritime Routes Indian Ocean**, which was broadened in 2020 from a focus on the Western Indian Ocean to the Indo-Pacific more broadly. Given the importance of law enforcement in countering the threats to the Law of the Sea in the South China Sea, training the Philippines' coast guard and other maritime services is in the interest of both parties.¹²

Partners with advanced militaries, such as Japan and South Korea, show interest in the capacities of the North Atlantic Treaty Organisation (NATO), such as the **centres of excellence** or space force exercises in France.¹³ Excessively highlighting Europe's transatlantic connections, however, makes it more difficult to present Europe as a third party. At the same time, the degree of alignment with the US differs for each EU member state. This diversity is also a strength for the EU, since Indo-Pacific countries' appetite for alignment with the US also differs.

Monitoring and managing cyber risks, as well as underwater drones and cables, is a promising terrain for mutual cooperation with countries sharing similar risk perceptions. Partners in the region – such as Japan, South Korea and Taiwan – are willing to learn and, most importantly, share their lessons. Military training in the Indo-Pacific can also be appealing, as shown by the Netherlands' talks with the Philippines and Indonesia, and agreement with South Korea.¹⁴

12 Daniela Braun, Marie Antoinette de Jesus and Sophiya Navarro, '[Chartering a course for peace: EU-Philippines maritime security cooperation](#)', 9DASHLINE, 14 September 2023.

13 Mailys Pene-Lassus, '[Japan and South Korea join France, space force drills for first time](#)', *Nikkei Asia*, 8 March 2024.

14 Korps Mariniers, '[Mariniers bespreken samenwerkingsmogelijkheden en ontwikkelingen met collega's uit Indo-Pacific](#)', *LinkedIn*, 4 December 2023; and Dutch Ministry of Defence, 'Netherlands and South Korea want to cooperate more militarily' (in Dutch), 13 December 2023.

Economic security and resilience

Actionable steps

- EU and Indo-Pacific partners acting on shared interests in economic security through sector-specific multilaterals would enhance mutual resilience.
- European governments can profit from mutual learning and cooperation with Indo-Pacific partners to reduce unwanted strategic dependencies and support companies as they pursue diversification.
- EU member states' divergent histories, economic weights and views on ties with the United States and China offer alternative entry points for engagement with even more diverse partners in the Indo-Pacific.

Protecting, promoting and partnering with the Indo-Pacific

Economic security is high on the agenda of governments in Europe and the Indo-Pacific alike. Resilience and technological leadership are key objectives, as governments seek to reduce one-sided dependencies. This involves, among other things, ensuring stable and secure supply chains and ownership of key technologies and choke points.

Europe depended on China for 21 per cent of its imported goods and 9 per cent of its export goods in 2023.¹⁵ The importance of economic ties with China is even greater for China's neighbours. The unrealistic pursuit of decoupling has therefore never been a serious option. Instead, the EU's aim to de-risk provides opportunities for engagement with Indo-Pacific countries that are eager to benefit from trade with all comers.

The economic resilience of both EU and Indo-Pacific countries stands to benefit from enhanced government cooperation and

15 Eurostat, '[EU trade in goods with China: Less deficit in 2023](#)', 4 March 2024.

coordination through platforms such as supply-chain forums, chip collectives and critical mineral alliances. Recent moves by China to control the exports of critical minerals show that securing natural-resource supplies is just as important as the higher end of the supply chain.

Sector-specific minilaterals can complement the bilateral partnerships that the EU has forged in recent years with Japan, South Korea and Taiwan.

Governments can help reduce unwanted strategic dependencies by **supporting companies pursuing diversification**. Building connections with India, South-East Asia and Taiwan can complement ties with a changing Chinese economy. The semiconductor industry, for example, is expanding in Singapore and Malaysia, while Taiwan's TSMC is courted for friend-shoring in countries such as Japan and Germany.¹⁶ Hydrogen cooperation with Japan and South Korea can help Europe to acquire the necessary technology. In this way, the Global Gateway serves both economic security and climate agendas.

Leveraging European strengths and diversity

Economic security remains a national competence of EU member states. It also remains up to the member states to encourage diversification by spreading investment guarantees more broadly throughout the Indo-Pacific region – that is, moving beyond China to other markets too. Collaboration with the private sector is needed to mobilise the funds needed for enhanced investment. Government support should nudge European companies to expand their presence in critical Indo-Pacific states. Digital infrastructure and sustainable energy rely on investment in networks where European public-private partnerships would be effective providers.

These approaches need to take business concerns seriously, without giving in to them unthinkingly. The same applies to the concerns of partners in the Indo-Pacific. Due diligence and regulatory standards help Europe to shape the Indo-Pacific region through its engagement, but also risk burdening businesses and triggering memories of foreign interference in the region's partner countries.

The diversity of EU member states contributes to strengthening the resilience of EU ties with the Indo-Pacific. Central and East European countries can play a role in helping the private sector to operate in partner countries in compliance with regulatory requirements, **by sharing the lessons from their accession experiences**. At the same time, the different approaches that EU member states take to the great-power struggle offer Indo-Pacific partners different entry points to choose when building ties with Europe.

Towards enhanced engagement

The annual Ministerial Forum on the Indo-Pacific is important not only as a platform to exchange views, but also as an opportunity for the EU and its member states to raise the EU's flag, and to monitor and steer tangible action. **High-level representation** at this meeting from European capitals signals that the Indo-Pacific region matters to Europe. Unfortunately, too many European leaders have been absent from recent meetings. Serious effort needs to be made to show up at meetings that the EU hosts for leaders from the Indo-Pacific region, as well as in the region itself. Showing respect also includes consistent visits by Europe's national leaders to the region, even when they are consumed by pressing matters at home.

The Ministerial Forum holds value as a platform for meetings and exchanges among leaders. This could be leveraged by associating it with forums relevant to the Global Gateway. Linking with a **development bank forum** the day before or the day after, as was done in Paris in 2022, is a good

¹⁶ Jonas Lammertink (ed.), [Dutch interests and the politicisation of the Asian semiconductor industry](#), Leiden: LeidenAsiaCentre, 9 February 2023.

example. In addition, **Working Groups** that bring together relevant policymakers from EU and Indo-Pacific member states should be established to **ensure progress between the leaders' forums**, which can then focus on setting benchmarks and monitoring results.

In general, what is needed is an **overhaul of the communication** around the European strategy. This starts with strategic clarity: geopolitical tensions will not go away, so must be managed. The focus should be on long-term interests. This requires sustained commitment and going beyond simply stressing what is new. The aim is not to compete with other powers on size, but to show that the EU and its member states offer added value and staying power.

While engagement with the **private sector as a partner** is getting underway, **civil societies** remain conspicuously absent in the discussion. This goes for both non-governmental organisations and citizens of the various countries. Reinforcing people-to-people exchanges is another important element in moving away from a purely strategic top-down logic towards a truly cooperative one.

Overall, the EU and its member states must invest in a European voice of their own – that is, a specifically European narrative. A shared strategic approach helps to line up the European Commission and EU member states and improve ownership. It also requires taking the Indo-Pacific region seriously in its own right. Our Indo-Pacific policy should inform our China policy, rather than the other way round.

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