

The EU and India in Indo-Pacific: Partners for a Resilient and Cooperative Order

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The Indo-Pacific concept has gained traction in recent years and the European Union has joined other major players in preparing its own strategic outlook for the region. Yet, much of the discussions have focused on the U.S.-China rivalry, viewing it through the security prism, with the Quadrilateral Security Dialogue between the U.S., Australia, Japan, and India the most concrete example of such cooperation. This policy brief goes against the dominant perspective and suggests the strategic partnership between the EU and India can best be maximised in the non-security dimensions in the Indo-Pacific. It is argued that fostering development, investment, and connectivity can help create a resilient and cooperative order that capitalises on both the EU's and India's expertise and brings them maximum benefits.

The EU and India as active stakeholders in Indo-Pacific

Indo-Pacific is home to 65% of the world's population, 62% of its GDP, and over 30% of international trade.¹ Globally, India is the fifth-largest economy and a major power strategically located in the Indian Ocean. It is dependent, though, on sea lines of communication (SLOCs), including up to 95% of its trade in goods and energy resources. It is increasingly seen as a security provider in the Indian Ocean and promotor of regional cooperation through its initiatives like SAGAR (Security and Growth for All in the Region) or the Asia-Africa Growth Corridor, fostering connectivity, development, and lately, providing COVID19 vaccines.

The EU is a major extra-regional power. It is the largest trading partner and source of investment and development assistance to the majority of countries in the region. A large portion of its trade and 35% of its exports pass through the Indian Ocean and the Pacific. The Union's strong engagement and many links between European prosperity and the region's stability have prompted many experts to call for an independent EU vision of the Indo-Pacific.² India in many respects is a valuable EU partner.

As such, they have much at stake in the stability and sustainable development of the region. The EU and India share an interest in helping developing countries meet their Sustainable Development Goals and deal with climate change challenges by offering them investments in quality infrastructure or multidimensional connectivity. The two also want to strengthen multilateralism in a multipolar Asia. The post-pandemic recovery also brings a shared interest in diversification of supply chains to create "multilateral trade structures not centred on Beijing".³

¹ Indo-Pacific is still an evolving concept and there is no single definition of its geographic reach nor political significance. Here, it is used in a broad sense as an area from the eastern coast of Africa to the western shores of the Americas, encompassing the whole Pacific and Indian oceans and much of Asia. It is close to the term as understood by France in its vision of the region.

² See: E. Pejsova, "The Indo-Pacific A passage to Europe?", *Policy Brief*, EUISS, March 2018; P. Kugiel, "The European Union's Strategic View toward the Indo-Pacific", in: *Europe in the Indo-Pacific: Moving from Periphery to the Centre?*, South Asia Discussion Papers, Institute of South Asian Studies, Singapore, September 2019, pp. 10-17; G. Mohan, "A European Approach to the Indo-Pacific?", *Study*, Global Public Policy Institute (GPPI), December 2019; F. Heiduk, G. Wacker, "From Asia-Pacific to Indo-Pacific: Significance, Implementation and Challenges", *SWP Research Paper* 9, July 2020.

³ G. Mohan, "A European Strategy for the Indo-Pacific", *The Washington Quarterly*, 43:4, 2020, p. 172

Yet, despite similar views and interests with respect to Indo-Pacific, their cooperation so far has been limited, such as maritime security in the Indian Ocean (with the first Maritime Security Dialogue in January 2021) and regional cooperation (like EU-SAARC, EU-IORA). They seem to pursue a parallel strategic approach to the region but not joint approach. As the EU adjusts to the Indo-Pacific concept and terminology, an opportunity for more robust cooperation is opening.

What would a Strategic Partnership on Indo-Pacific look like?

There is a tendency to read the “strategic partnership” in mainly the security dimension, and the securitisation of Indo-Pacific in the U.S. strategy under President Donald Trump may have further strengthened expectation to view the EU-India cooperation in Indo-Pacific through a security prism. The growing interest in EU-India maritime security cooperation in the Indian Ocean is an example of this.⁴ Yet, to limit EU-India cooperation in Indo-Pacific to security is misleading about its potential and self-defeating for several reasons.

First, despite rising security profile and remarkable progress in building up defence competences, the EU is not a military power in Indo-Pacific and will not become one any time soon. It has limited military capabilities and these are intended to meet security challenges closer to home (North Africa, Middle East). Since Brexit, France is the only Member State with considerable military presence in the region that can play a security role in Indo-Pacific. The EU’s actions for now will be symbolic and political in significance. The Union must refrain, therefore, from making promises it cannot deliver.

Second, while the security threats in Indo-Pacific are important, they are just some of the many challenges confronting the region. For most states, underdevelopment, poor infrastructure, the shortage of jobs, or the effects of climate change and health crises constitute more pressing, existential threats. Weak regional institutions, poor regulations in some areas, and the need for post-pandemic recovery are all areas of “strategic” importance to many countries in the region. Thus, the “strategic partnership” is not a “security partnership”, as many different areas can be considered “strategic” to any one partner. In this broader sense, the EU has strategic assets to help build a more resilient Indo-Pacific.

Third, closer security cooperation only accelerates the superpower competition in the region. Though both the EU and India are seriously rethinking their China policies, it is not in their interest to further alienate or exclude it from the Indo-Pacific, as this is both impossible—China being the biggest power in the region—and undesirable—China would attempt to undermine such a system. Therefore, Indian view of Indo-Pacific as “inclusive, open” and “not directed against any country” presented by Prime Minister Modi in 2018⁵ is similar to the EU proposal of “regional cooperative orders” exposed in the EU Global Strategy 2016. What the EU and India both need is not a zero sum game in the region and rivalry of powers but a guarantee that all parties play by the rules and obey international

⁴ See: S. Saran, E. Pejsova, G. Price, K. Gupta, J-J. Wilkins, *Prospects for EU-India Security Cooperation*, Observer Research Foundation, 2016; N. Casarini, S. Benaglia, S. Patil (eds.), *Moving Forward EU-India Relations: The Significance of the Security Dialogues*, Istituto Affari Internazionali (IAI), Gateway House: Indian Council on Global Relations (GH), 2017; L. Klossek, S. Set and T. Lukaszuk, “Breaking the Glass Ceiling? Mapping EU-India Security Cooperation,” *ORF Issue Brief No. 410*, October 2020, Observer Research Foundation.

⁵ Prime Minister’s Keynote Address at the Shangri La Dialogue (June 01, 2018), Ministry of External Affairs, Government of India, 1 June 2018.

law. Moreover, the Indo-Pacific region needs established norms to be respected and new ones created in areas unregulated thus far, such as in digital trade or artificial intelligence. Hence, the EU is well equipped to build a cooperative Indo-Pacific.

The Way Forward and Policy Recommendations

Indo-Pacific is set to become an important element of EU external relations and a key region for the EU-India Strategic Partnership. While the nascent and emerging trends in EU-India security cooperation in Indo-Pacific must continue and be nurtured, the EU added value to the region lies, however, in its civilian, economic, and regulatory power. Therefore, it is crucial that the two sides focus on areas where they have the competences, resources, and political will to act. They should prioritise non-security areas of strategic importance to the region. The EU and India could strive to build a resilient and cooperative Indo-Pacific. In this regard, the following steps may be considered:

- 1) The EU and India should include Indo-Pacific as priority area for their discussion at various levels. In particular, they could consider establishing a temporary high-level Dialogue on Indo-Pacific. Though there are already many bilateral mechanisms within which this topic could feature, this additional format would help streamline the talks exclusively on Indo-Pacific, underline the shared commitment to the region, and signal third partners. It could help forge mutual understanding and a common approach, possibly paving the way for joint initiatives in the future.
- 2) The EU could invite India to set up a joint special Trust Fund for a Resilient and Cooperative Indo-Pacific to finance strategic projects in the region. The initiative could be financed from the new NDIC Instrument planned in the next MFF 2021-2027, and open to Member States, financial institutions (including EBI), and third partners (Japan, U.S.), which would pool resources to supply regional public goods. Depending on its size, the fund could focus on 1-2 areas of critical importance to the region, including climate change, connectivity, the “blue” economy, human capital, or others. This would help address the huge development needs in the region, offer alternative financing to China, promote good-quality projects, and give the EU visibility and credibility to project itself as a decisive actor in Indo-Pacific.
- 3) The EU and India could support the creation of a special Track 1.5 dialogue on Indo-Pacific involving experts, academics, and professionals from Europe and Asia. As Indo-Pacific is still an elusive and sometimes controversial concept, this mechanism would help diffuse misperceptions and lead to a common vision while feeding into discussions at the official level. This format could be open to Chinese participants, so it could address the fears and suspicions in China regarding the concept.
- 4) The EU and India must revive interregional cooperation and support regional organisations by providing special instruments for capacity-building and exchanging experiences (with ASEAN, BIMSETEC, SAARC, IORA).
- 5) The EU may consider reshaping organisational structure within the EEAS to create a strong Indo-Pacific Division (based on the Asia-Pacific Division) to form a comprehensive view of the region and align it with the new Indo-Pacific Division in the Indian MEA created in 2019.

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