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Navigating The Indo-Pacific

The EU's Strategic Outlook

Abstract

In April 2021, the European Union (EU) adopted its Indo-Pacific Strategy, signalling a pivotal shift in its approach to the region. This strategy aims to deepen engagement with Indo-Pacific countries, fostering a partnership that upholds the rules-based international order, addresses global challenges, and promotes rapid, sustainable economic recovery for long-term prosperity. Built around seven key priorities, the strategy has guided the EU's efforts over the past three years to enhance cooperation in the region.

Through initiatives like the Global Gateway, the EU is bolstering security and defence collaboration, advancing sustainable connectivity projects, and reinforcing resilient supply chains, all while adhering to the legal framework of the United Nations Convention on the Law of the Sea (UNCLOS).

Introduction

Aiming to create a sustainable, green, digital, free, and open Indo-Pacific in full compliance with international law, the EU launched its strategy document for the Indo-Pacific in April 2021, followed by a joint communication in September 2021.

According to the EU strategy for cooperation in the Indo-Pacific 2021, the region of the Indo-Pacific extends from the East Coast of Africa to the Pacific Islands.¹

Home to 60 per cent of the world's population, accounting for approximately 60

per cent of Global Gross Domestic Product (GDP), 37 per cent of Natural sites of the World Heritage Sites² and increasing economic development in the region make the Indo-Pacific unique.

Trade data from Eurostat underscores the region's importance to the EU: Imports from the Indo-Pacific rose from €515bn in 2011 to €1,120bn in 2022 (a 117 per cent increase), while exports grew from €407bn to €645bn (a 59 per cent rise).³

China stands out as the EU's largest trading partner in the region and a key destination

for Chinese manufactured goods. However, growing geopolitical tensions — between China and the U.S., as well as between China and other Indo-Pacific nations — coupled with the EU's economic reliance on China, prompted Brussels to launch this strategy. The EU aims to diversify its economic dependencies, reduce its overreliance on China, and enhance its strategic presence in the Indo-Pacific by engaging India, Japan, and Australia.

The EU actively engages with India, Japan, and Australia to diversify trade and counterbalance China's influence in the Indo-Pacific. They pursue deeper partnerships by leveraging India's economic growth, Japan's technological expertise, and Australia's critical resources to strengthen strategic autonomy. This approach mitigates risks from geopolitical tensions and fosters a resilient economic presence.

EU's Principles of Engagement

The EU's engagement in the Indo-Pacific is guided by a commitment to a free, fair, and inclusive region. Its core principles include:

- Defending rules-based international order committed to respecting democracy, human rights and rules of law;
- Promoting social development by defending women's rights and gender equality, eliminating violence, child and forced labour;
- Promoting sustainable development in the region, like increasing digital and green connectivity;
- Addressing security-related concerns like cyber threats, counter-terrorism, misinformation, pirates, etc., by focusing on maritime security and cyber security;
- Strengthening economic ties with countries that share the same values and interests; and
- Promoting multilateralism and regional cooperation through organisations like ASEAN and Pacific Islands Forums (PIF).

Evolution of the EU's Strategic Approach

At the turn of the 21st century, the EU's focus on Asia was primarily economic, centred on the East Coast of Africa and the Indian Ocean. Significant investments were directed towards the Indian Ocean Commission, targeting capacity building, training, and information-sharing in the Western Indian Ocean. The EU's naval presence was evident through operations like EUNAVFOR Operation Atalanta, launched in Somalia in 2008, and joint efforts with U.S. and NATO-led task forces. However, strategic advancements in defence, connectivity, and relations with Asian countries remained limited during this period.

Table 1 Timeline of EU Engagement in Asia and the Indo-Pacific

Sl. no.	Year	Official Documents/Strategy on EU's engagement
1.	1994	Towards a New Asia Strategy
2.	2001	Europe and Asia: A Strategic Framework for Enhanced Partnership
3.	2003	European Security Strategy (ESS)
4.	2007	Initiation of Free Trade Agreement with Asian Country
5.	2012	EU Joins the ASEAN Regional Forum (ARF)
6.	2014	European Union Maritime Security Strategy (EUMSS)
7.	2016	EU Global Strategy (EUGS) - A Connected Asia in the EU's Global strategy
8.	2018	EU Strategy on Connecting Europe and Asia
9.	2019	EU-Japan Connectivity Partnership
10.	2020	EU-Vietnam and EU-Singapore FTAs
11.	2021	EU Strategy for Cooperation in the Indo-Pacific
12.	2021	EU Global Gateway

The EU is deepening its partnership with India in the Indo-Pacific, recognising India's vital role as a strategic voice for the Global South. Collaborating on maritime security through joint naval exercises, advancing green technology via the EU-India Trade and Technology Council, and aligning on shared democratic values to promote a rules-based order strengthens mutual commitment to a stable, sustainable region.

The Indo-Pacific's geopolitical landscape has shifted dramatically over the past decade, with 80% of goods entering the EU market transiting through the Indian Ocean.⁴

China's rise, particularly after joining the World Trade Organisation (WTO) in 2001, and the EU's growing trade ties with Beijing, underscored the region's importance. The COVID-19 pandemic further exposed vulnerabilities in the EU's reliance on Chinese supply chains, catalysing a strategic pivot. All of these developments are evident in the policy documents that came after 2016 (Table 1).

Post-2016 policy documents reflect this shift, with the 2021 Indo-Pacific Strategy explicitly naming the region and coinciding with the launch of the €300bn Global Gateway initiative (2021-2027) to enhance global connectivity, though not exclusively for the Indo-Pacific.

Key Priorities of the 2021 Indo-Pacific Strategy

The EU's 2021 strategy outlines seven focus areas: Sustainable and inclusive prosperity, green transition, ocean governance, digital governance and partnerships, connectivity, security and defence, and human security. This strategy document encompasses several core components.

Economic Engagement

The Indo-Pacific accounts for 37 per cent of EU imports and 25 per cent of exports, making it vital for economic resilience. As the region's top investor, the EU is working to diversify its economic dependencies amid geopolitical turbulence. Free Trade Agreements (FTAs) with countries like India, Indonesia, Malaysia, the Philippines, and Thailand are in progress, alongside efforts to conclude deals with Australia, New Zealand, and the East African Community. Comprehensive trade agreements with Japan, South Korea, Singapore, and Vietnam are already in place, while Pacific Economic Partnership Agreements and New Zealand's inclusion in Horizon Europe highlight ongoing progress.

Defence and Security

In line with promoting open and rules-based regional security architecture by legal frameworks like the UNCLOS, the EU has shifted their West Indian Ocean-centric approach to the Pacific Ocean. Pre-2021 efforts emphasised capacity building and training missions, but post-2021 priorities include naval deployment, maritime security, and defence partnerships with like-minded countries.

Capacity-building missions now target maritime security, cybersecurity, and

misinformation to counter emerging hybrid threats. The EU is more focused on increasing its Naval force in the region to secure trading routes and the hybrid threat that is emerging in the region.

The EU is increasing its naval presence to secure trade routes and address regional challenges, with initiatives such as Critical Maritime Route in the Indian Ocean (CRIMARIO I and II), Enhanced Security Cooperation in and with Sea (ESIWA), and the Global Action on Cyber Crime Programme. To tackle rising counter-terrorism threats, the EU is enhancing cooperation between Europol and the law enforcement agencies of partner countries. Robust security architecture is essential to supporting the EU's growing connectivity projects in the region.⁵

Digital and Green Transition

The Pacific Islands Forum (PIF) 2015 declaration identifies climate change as “the single greatest threat to the livelihood, security, and well-being of the people of the Pacific.” By 2030, the Indo-Pacific is projected to account for 70 per cent of global energy demand, with seven of the world's top-ten coal consumers located in the region.

Technologically underdeveloped, the Indo-Pacific requires partners like the EU to address these challenges. The EU has prioritised long-term collaboration to mitigate climate change, adapt to its impacts, and combat biodiversity loss, pollution, and environmental degradation. The strategy includes partnering with China on climate issues.

For digital advancement, the EU seeks to foster a safe and secure digital space

through Global Gateway initiatives such as the EU-Japan and Republic of Korea Digital Partnerships, the EU-India Trade and Technology Council, the Digital Economy Package for Kenya, and negotiations for Digital Trade Agreements with Singapore and the Republic of Korea.

Green transition efforts under Global Gateway include the Team Europe Initiative, the Green Blue Alliance for the Pacific and Timor Leste (supporting hydropower in Fiji), Green Team Europe Initiatives on green and clean energy transitions with ASEAN, Bangladesh, Djibouti, Madagascar, Mozambique, Cambodia, Indonesia, Lao PDR, the Philippines, Sri Lanka, Vietnam, and Tanzania, a Green Alliance and Memorandum of Cooperation on hydrogen with Japan, a Green Partnership with the Republic of Korea, a Green Economy initiative in the Philippines, Just Energy Transition Partnerships with Indonesia, Vietnam, and South Africa, and support for transport decarbonisation in the Indo-Pacific, including maritime and air transport.⁶

Connectivity

Before the 2021 strategy, the EU launched connectivity projects for Asia (Table 1). The current strategy emphasises sustainable connectivity and common standards. Per the Indo-Pacific Ministerial Forum, the Global Gateway feeds into this vision by boosting green, modern, and resilient investments in infrastructure and regulatory frameworks.

Post-2021 initiatives include the Comprehensive Air Transport Agreement (CATA) between the EU and ASEAN, the ASEAN Sustainable Connectivity Package (covering transport, energy, digital, people-

to-people, trade, and economic sectors), a Horizontal Agreement on air services with Japan, increased partner access to the Copernicus programme's earth observation data, the EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure, the EU-India Aviation Summit under the EU-India Connectivity Partnership, and the First High-Level Transport Dialogue with the Republic of Korea.⁷

Challenges Persist with Opportunities

The EU's approach to the Indo-Pacific has evolved from a narrow Asia-Pacific focus to a comprehensive Indo-Pacific strategy, shifting its geographic emphasis from the Western Indian Ocean to the Pacific. While this opens avenues for cooperation with like-minded partners, challenges remain.

- Managing the diverse interests of its 27 member states poses a challenge to cohesive decision-making and resource allocation, particularly for ongoing and upcoming projects like CRIMARIO II and ESIWA+. This lack of unity risks delaying critical initiatives.⁸
- The €300bn Global Gateway initiative, while substantial, is not specifically earmarked for the Indo-Pacific, diluting its impact in a region with high investment demands. Timely funding for projects remains uncertain, threatening their sustainability.
- The EU lacks a traditional military alliance in the Indo-Pacific and relies heavily on France's naval deployments, with limited contributions from other member

states like Germany. This constrains its ability to secure trade routes and counter hybrid threats effectively.

- The EU has not fully shifted its strategy towards the South China Sea, wary of confrontation with China. This cautious approach limits its influence in a critical area of regional tension and trade.
- Despite economic and security efforts, the EU has not sufficiently invested in cultural and educational exchanges, which are vital for building trust and aligning its values with those of Indo-Pacific partners.

Way Forward

To tackle these challenges and fortify its Indo-Pacific Strategy, the European Union must adopt a series of targeted, pragmatic measures. Drawing on its established frameworks and partnerships, the EU can transform obstacles into opportunities for deeper regional engagement.

- **Harmonise Internal Coordination:** To address the misalignment among its 27 member-states, the EU should create a dedicated Indo-Pacific task force. This body would align national priorities, expedite decision-making, and guarantee prompt resource allocation for key projects such as CRIMARIO II and ESIWA+. By fostering unity, the EU can present a coherent and decisive front in the region.
- **Secure Dedicated Funding:** The EU should earmark a specific tranche of the Global Gateway's £300bn — potentially £50-70bn — for Indo-

Pacific initiatives. This commitment, paired with transparent budgeting and regular progress reports, would meet the region's pressing investment demands and sustain momentum. Such clarity would signal the EU's resolve to its partners.

- **Strengthen Defence Collaboration:** To counter its limited military presence, the EU must forge a coordinated naval strategy. This involves expanding joint exercises with trusted partners like Japan, Australia, and India while encouraging broader contributions from member states beyond France. Additionally, the EU should deepen its involvement in the ASEAN Regional Forum to bolster its security credentials and influence.
- **Engage Strategically in the South China Sea:** To overcome its geopolitical caution, the EU should pursue a balanced yet assertive stance in the South China Sea. By enhancing its diplomatic efforts and maritime presence — through multilateral initiatives like joint patrols with ASEAN nations — the EU can reinforce UNCLOS and secure vital trade routes without provoking confrontation with China.
- **Foster People-to-People Connections:** To build stronger ties, the EU should expand programmes like Erasmus+ to offer Indo-Pacific-specific scholarships and cultural exchange opportunities. These initiatives would nurture enduring goodwill, bridge cultural divides,

and align the EU's values with the aspirations of the region's diverse populations.

foothold, and deliver a more impactful Indo-Pacific Strategy that resonates with both its principles and the region's needs.

Through these steps, the EU can address its current shortcomings, enhance its strategic

Endnotes

- 1 https://www.eeas.europa.eu/eeas/joint-communication-indo-pacific_en
- 2 https://youtu.be/FmzugLUmdH0?si=bEafz4J_INPyZ15m
- 3 <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240201-1>
- 4 <https://www.orfonline.org/research/an-assessment-of-the-european-unions-indo-pacific-strategy>
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