

The EU's Indo-Pacific Strategy – and what it means to the Region

Excellences, ladies and gentlemen,

I remember last year's Asia-Pacific Roundtable (APR) very fondly. It took place a bit earlier, in the beginning of July, and you gave me a great opportunity to introduce the main objectives and characteristics of the EU's Strategy for Cooperation in the Indo-Pacific. The feedback I received in a very lively, engaging panel has been highly useful. Today, there is one major difference: It is great to see you all and discuss with you in person. I am very glad the days of virtual conferences are over.

In substance, unfortunately the global outlook has not become much brighter. Quite the contrary. We continue to live in times of geopolitical upheaval. Last year, the theme of the APR was "Sustaining Cooperation amid Competition" – and you could actually have kept it for this year. It seems as if tension and competition were only increasing. I could dare to add "coercion". ASEAN and the EU continue to suffer from their "respective crises", whether linked to the unresolved conflicts in Myanmar, the tensions in South and East China Seas or the Russian invasion of Ukraine. I will argue today however that there is no such thing as "respective

crises”. Because any crisis in a globalised world has far-reaching tentacles and directly affects everyone.

When we read our respective Indo-Pacific strategies, the EU and ASEAN share a similar approach: Namely, our shared commitment to an open and inclusive Indo-Pacific cooperation and our refusal that geopolitical rivalries overshadow the need to tackle shared challenges.

From a European point of view, I would like to point out that we cannot ignore the geopolitical reality. I would characterise it by:

- the growing significance of the region for the global economy, and therefore for the EU’s prosperity (as top investor and major trade partner);
- the growing strategic and political rivalries, which are getting more acute and which play out in the region, making it a prominent playing field for global competitors and rivals. The future of the international order is largely being shaped here; it will affect our shared efforts in upholding the rules-based international order and overcoming global challenges, such as climate change;
- the display of force and tensions in regional hotspots (such as South China Sea, Taiwan Straits); which sometimes result in countries being buffeted

by attempts of economic coercion, disruption in supply chains, cyber-attacks and foreign interference.

The 2021 EU Strategy for Cooperation in the Indo-Pacific is the affirmation by the EU of the region's strategic importance. I will consciously repeat a few facts that I have mentioned to you last year: The Indo-Pacific region is the second largest destination for EU goods; the EU is the top foreign direct investment partner of the region; one-third of global trade goes through the South China Sea and so does 40 percent of EU trade. This is why our strategy is wide-ranging, covering the areas of sustainable and inclusive prosperity, green transition, ocean governance, digital governance and partnerships, connectivity, security and defence and human security. More importantly, it is inclusive for all partners who wish to cooperate with us. This element of inclusivity is a major commonality with the ASEAN Outlook on the Indo-Pacific.

In addition to our Indo-Pacific strategy, I shall mention the 2022 EU Strategic Compass, which guides our security and defence policy. It recognises the global competition and geopolitical tensions in the region, but also the need to collaborate with the region (and it very much puts ASEAN and its centrality at the forefront).

In the EU, sometimes it takes a crisis for us to integrate further. The Russian invasion of Ukraine is certainly an example for that. As EU, today we are doing things in security and defence that I would have considered impossible only two years ago. We have had to learn the hard way, but the EU is moving and adapting very fast.

The conclusion we have drawn from these two EU strategies is threefold:

- First, that the EU cannot separate economics from security;
- Second, that we now live in one geostrategic theatre so that the European security and the security of the Indo-Pacific are interwoven, as so is our prosperity;
- Third, that that the EU must reinforce its presence and strengthen its engagement in and with the Indo-Pacific.

As HRVP Borrell often says, there is no “faraway” in a globalised world. Therefore, we see partnership and inclusive cooperation at the heart of our approach to the Indo-Pacific. It is why our trade agreements, our digital and green partnerships are not merely sectoral or economic measures but important means to strengthen stability, security and the rules-based international order.

This forms part of our distinctive role in, and offer to, the Indo-Pacific under the Global Gateway Initiative, launched in December 2021 - our offer to help build diversified and secure supply chains and to unlock sustainable investments in partner countries.

I would like to emphasise that the Indo-Pacific countries can find in the EU a trusted partner willing to contribute to the stability and prosperity of the region and its people; a partner with principled and long-term engagement.

- *Principled*, because our cooperation is not designed as self-serving, it also serves priorities owned and driven by our partners.
- *Long-term*, because our attention to the Indo-Pacific will not suffer due to our focus on the Russian war against Ukraine, which we do not consider as “just” a European war because its consequences affect us all.

So what does it mean to the region? To ASEAN?

We welcome that Indonesia sees the Indo-Pacific as an important priority during its chairmanship of ASEAN this year and I look forward to seeing the results of the

planned events this autumn. The ones planned on the margins of the ASEAN Summit in September in particular might offer the opportunity to define more cooperation between the EU and ASEAN in the context of our Indo-Pacific Strategies.

In 2025, Malaysia will take over as ASEAN chair. Together with the Ambassadors of the EU Member States in Malaysia, we will engage at early stage with Wisma Putra to discuss what we can do together to address critical challenges and rising tensions.

Some of you might remember that a year ago, at the 35th APR I said that our Indo-Pacific Strategy was about concrete action, not just rhetoric.

So, one year later, what has the EU done? Allow me to cite some concrete examples of what we have achieved since my presentation last year.

In December, the EU signed the Partnership and Cooperation Agreements with Malaysia and Thailand.

We have opened new trade and investment opportunities, including:

- The conclusion of the negotiations on a Free Trade Agreement with New Zealand.
- The ongoing Free Trade Agreement negotiations with Australia.

- The resumption of negotiations on a Free Trade Agreement with India.
- Free Trade Agreement negotiations have been relaunched with Thailand, and are ongoing and intensifying with other Indo-Pacific partners, including Indonesia and Kenya. Philippines will be next, and I hope that Malaysia will also follow soon.

Last year, we established digital partnerships with Japan, the Republic of Korea, and Singapore.

In October, we signed the EU-ASEAN Comprehensive Air Transport Agreement, which is a major achievement for the connectivity among us – the first bloc-to-bloc air liberalisation agreement worldwide, which will open up many new commercial opportunities for our companies, thus expanding our trade and people-to people-contacts.

Connectivity is not only a key word. It is a strategic concept.

That is why, as mentioned before, we launched the EU Global Gateway - a plan to boost EU engagement in the region and provide strategic investment in the development of infrastructure. We have launched about twenty Global Gateway priority projects, which will be implemented across the Indo-Pacific region: from hydropower and solar energy plants to transport

infrastructure. ASEAN is central to our work on green transition and connectivity, where the EU stands ready to support ASEAN through the recently adopted Green Team Europe Initiative and the Team Europe Initiative on Sustainable Connectivity. At the Global Gateway Forum in Brussels in October this year, we aim to have important announcements with regard to the 10 billion € pledged for ASEAN at the EU-ASEAN Commemorative Summit last December.

The EU is also contributing to regional security in the Indo-Pacific. We have a naval operation – known as ATALANTA - which is now covering a larger spectrum of tasks in a much larger theatre. It was initially conceived to fight piracy in the coast of Somalia, but now it has developed into a maritime security provider along the African coast and beyond. We have conducted successful joint naval exercises with Indo-Pacific partners such as Djibouti, India, Indonesia, Japan, Republic of Korea, Oman, and most recently with the United States. We are developing a Coordinated Maritime Presence in the North Western Indian Ocean to optimise the use of assets that EU Member States are deploying in the region.

I am also glad to see that our partners are having increased expectations from the EU in the security field, one of the seven priorities of our Indo-Pacific strategy.

The EU is active on maritime security primarily through our CRIMARIO project, supporting regional partners in better governing their respective maritime spaces. CRIMARIO developed IORIS, a maritime domain awareness system, facing growing success and used by 33 countries, including Indonesia and the Philippines, and 10 regional organisations. We are now reaching out to Pacific countries so they consider this offer, which is interoperable with other systems, and rather depoliticised in the context they face.

Malaysia has recently become a partner country in a regional project called ESIWA – Enhancing Security in and with Asia. I am happy to share that the initial reception has been very positive – first joint activities in areas such as cybersecurity or preventing violent extremism have been highly successful.

This brings me back to my initial comments about the current geopolitical upheaval. I have mentioned that Europe and Asia have a direct stake in each other's security and that we have to work together in order to avoid a confrontation in the region.

Our economic links continue to increase. Every day, a stunning 2000 ships transport goods across the Indian Ocean and the South China Sea to Europe and back. However, at the same time our security landscape is becoming more and more dangerous.

There is less trust among the main players; less respect for international law and multilateral agreements; force and coercion are on the rise. We are living in times in which anything can be weaponised. It is not law, but force, which is increasingly shaping our world.

Against such backdrop, unsurprisingly, all major players expand their military spending. Why? Because Nations and people are insecure. They are afraid because they face challenges. And since they face challenges, they buy arms. The figures illustrate this course of global rearmament very clearly.

World military spending last year grew to an all-time high, reaching 2.2 trillion USD. Is it because of Russia's war in Ukraine? Yes, it has definitely an effect. The military expenditure of countries in Europe is today 30 percent higher than in 2013, before the Russian illegal annexation of Crimea. Nonetheless, here, in Asia, the trend of your military expenditure is even greater.

Last year, the military expenditure in Asia and Oceania was 45 percent higher than in 2013.

Therefore, in the last ten years, our regions have increased our military expenditure by 30 percent and by 45 percent, which shows clearly that we live in a dangerous and uncertain world.

Therefore, to stand by and passively observe how “An Age of Strategic Uncertainty” unfolds, to quote the title of this year’s APR, is not an option. We need new, trusted partnerships, we need solutions, and we need commitment to manage the repercussions of strategic uncertainty. We need to join efforts to fight against the scourge of disinformation and misinformation and the daily cyber threats that we are all subject to. We need to help collectively our societies fathom that our prosperity is in danger and that we need to overcome past misconceptions to face the challenges that lie ahead. As the great Athenian historian, Thucydides said, “knowledge without understanding and courage is useless”. This ballroom today is full of knowledge but also understanding and courage! I believe we have a great starting point for finding solutions and remedies.

It has been a real pleasure to update you on the EU’s sturdy commitment to be part of inclusive solutions, together with ASEAN. Thanks for listening to me, and enjoy your lunch!