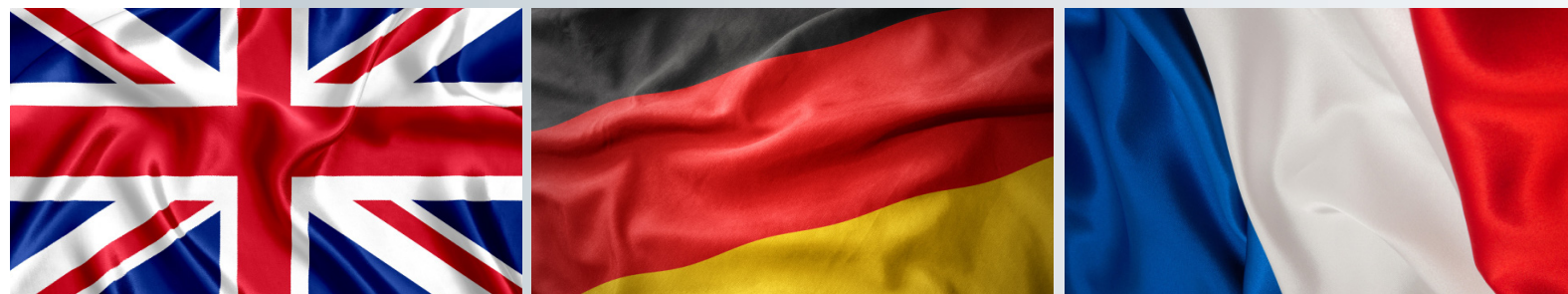


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The Dilemma of Middle Powers

How AUKUS Has Reshaped the Potential for E3 Cooperation in the Indo-Pacific



The Study
Committee on
Franco-German
relations (Cerfa)

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Marie KRPATA

In association with:



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The Cerfa

The Study Committee on Franco-German Relations ([Cerfa](#)) was founded by an intergovernmental treaty between the Federal Republic of Germany and the French Republic in 1954. It is funded in equal shares by the French Ministry of Foreign Affairs and the German *Auswärtiges Amt*. Cerfa's mission is to analyze the state of French-German relations on the political, economic and international scales; to emphasize questions and concrete issues posed by these relations on a governmental scale; and to present proposals and concrete suggestions to increase and harmonize the relations between these two countries. This mission results in the organization of encounters and debates on a regular basis gathering high-ranking civil servants, experts and journalists, as well as in research activities in areas of common interest.

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About this project

This is the second publication of a joint project between the Institut français des relations internationales (Ifri), Chatham House, and the Deutsche Gesellschaft für Auswärtige Politik (DGAP). Supported by the Hanns Seidel Stiftung, the project aims to establish a policy debate on the challenges and opportunities related to the E3 format, in the context of a post-Brexit UK, and to provide policy recommendations for meaningful E3 cooperation.

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Acknowledgments

This research paper aims to establish a policy debate on the potential for cooperation of the E3 format in the Indo-Pacific. Until the AUKUS agreement was made public, this region was unanimously considered as an ideal-case scenario for cooperation on issues where the United Kingdom (UK) is seen as an indispensable partner, and henceforth to facilitate coordination and action.

The authors gratefully acknowledge the financial support from the Hanns Seidel Foundation for this project. The views expressed in this paper do not necessarily reflect the positions of the foundation, or those of the Federal Republic of Germany.

This paper is based to a great extent on discussions held in the frame of a workshop organized by the Institut français des relations internationales (Ifri), Chatham House, and the Deutsche Gesellschaft für Auswärtige Politik (DGAP), gathering researchers and representatives of the Ministries of Defense and Ministries of Foreign Affairs from France, Germany and the UK. Additional discussions with relevant stakeholders provided helpful input for this paper.

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Executive Summary

The Indo-Pacific region is increasingly becoming the center of gravity of economy and geopolitics. It covers 60% of the world's population, triggers 30% of international trade and drains 60% of global gross domestic product (GDP).¹ Moreover, the world's biggest ports² and airports and 20 out of 33 megacities in the world are located in the Indo-Pacific.³ The Indian Ocean and the Pacific Ocean, subsumed in the concept "Indo-Pacific", have thus become a "vital commercial artery".⁴ The Indo-Pacific also hosts a high number of growth markets for European companies, as numerous emerging economies are increasingly catching up with their Western counterparts.

Referred to as a powder-keg, the Indo-Pacific has also become the subject of tensions and violations of international law. Of all regions in the world, the Indo-Pacific is certainly the region where geopolitical conflicts are the most acutely perceived. Any disruptions may have impacts not only on the region but also far beyond because of the interconnection of economic activities and supply chains around the world, as the Covid-19 crisis showed in a very edifying way.

It is also a region where US-China rivalry has become most visible following "the pivot to Asia" strategy initiated by Barack Obama ten years ago. Against the backdrop of this geopolitical complexity and because of the many challenges that confront the region, given the density of population, pollution, threat to biodiversity and climate-impacting activities – with consequences that extend even beyond the region – international cooperation is required.

The limited success of international organizations in finding adequate solutions has led to the emergence of new cooperation formats aimed at finding efficient, creative and long-lasting solutions. These formats gather middle-sized powers concerned by the negative effects of a looming bipolarization of the international system. One of

1. "EU Strategy for Cooperation in the Indo-Pacific", European External Action Service, April 19, 2021, available at: <https://eeas.europa.eu>.

2. While Rotterdam is Europe's biggest port and was the world's biggest port in the 20th century, it has been surpassed by the ports of Shanghai, Tianjing and Singapore. In: "Qui contrôle la mer ?", ARTE France & mano a mano, 1 hour 24' 53", July 28, 2015, available at: www.youtube.com.

3. "Leitlinien zum Indo-Pazifik", Die Bundesregierung (Federal Government of Germany), August 2020, p. 8, available at: www.auswaertiges-amt.de.

4. R. Medcalf, *Indo-Pacific Empire: China, America and the Contest for the World's Pivotal Region*, Manchester: Manchester University Press, 2020, p.4.

these formats is the E3, bringing together the UK, France and Germany. Despite these countries' differences in terms of footprint and strategic culture in the Indo-Pacific region, there may also be opportunities for cooperation, notably as far as security and environmental matters are concerned. The question remains whether the E3 as an entity could play the role of a “global broker” by proposing an alternative approach both to the United States (US) and to China, in cooperation with countries in the Indo-Pacific such as India, Japan as well as Indonesia, Singapore and Malaysia, with a view to upholding a rules-based order and answering the current and future far-reaching challenges posed notably by over-militarization and global warming.

However, recent developments, with the launch of the AUKUS partnership and the UK's alignment with the US, have put this format into question, and the UK seems to have lost its quality as a “global broker”. How far can Europe nevertheless play a role in the Indo-Pacific, and what actions would this ambition require from the European Union (EU)?

Table of Contents

INTRODUCTION	7
THE EU'S QUEST FOR LEGITIMACY IN THE INDO-PACIFIC: DIFFERENT APPROACHES TO TACKLE GLOBAL CHALLENGES AND STRATEGIC COMPETITION.....	8
The Indo-Pacific, Subject to Far-Reaching Challenges and Strong Competition.....	8
<i>Defense of International Law and security challenges.....</i>	<i>8</i>
Combining Environmental Security with a Legitimate Claim for Development	11
European Powers in the Indo-Pacific in Quest of Legitimacy.....	12
<i>France</i>	<i>12</i>
<i>The UK</i>	<i>14</i>
<i>Germany.....</i>	<i>15</i>
THE OVERALL GEOPOLITICAL CONTEXT REQUIRES ACTION ON DIFFERENT LEVELS	17
The Pivot Towards Asia in the Face of an Increased US-China Rivalry and the Risks Posed to the International Order	17
<i>A Pivot Engaged Ten Years Ago</i>	<i>17</i>
<i>The AUKUS Agreement Has Acted as an Accelerator and a Game-Changer</i>	<i>18</i>
The Indo-Pacific Illustrates the Dilemma of Middle Powers	18
<i>Time to Think Smarter, Not Harder?</i>	<i>19</i>
<i>Importance and Limits of Signaling Activities.....</i>	<i>20</i>
<i>Regional Ownership as Pillar of a European Strategy in Indo-Pacific</i>	<i>21</i>
POTENTIAL FOR COOPERATION IN THE INDO-PACIFIC FOR THE E3 AND THE EU	24
Key Points Towards an Agenda of Cooperation in the Indo-Pacific Region	24
Seizing Opportunities to Act	26
CONCLUSION	28
ANNEX	31

Introduction

The Indo-Pacific region is increasingly becoming the center of gravity of economy and geopolitics. It is home to three of the four largest economies outside the European Union (EU): China, India and Japan. The Indian Ocean and the Pacific Ocean, subsumed in the concept “Indo-Pacific”, have become a “vital commercial artery”. The region concentrates a number of challenges – from security to environmental issues – with a global dimension. Having become indispensable to the world’s economy, this region is also of paramount importance for the EU’s trade relations.

In the post-Brexit context, it made sense to consider the potential for cooperation of the E3 format in the Indo-Pacific, having in mind that this region could provide an ideal-case scenario to cooperate on issues where the UK is seen as an indispensable partner, to facilitate coordination and action. Such thinking also reflected the shared awareness of the growing importance of the Indo-Pacific region by countries such as France, the UK and Germany despite their differences regarding their footprint in the region and their respective strategic culture.

However, this act of balance was put in question by the AUKUS partnership, gathering the US, UK and Australia; first, because the UK chose to take sides, and, secondly, because the AUKUS suggested a diminishment in the EU’s geopolitical role, at least in the Indo-Pacific. The AUKUS acted both as an accelerator and a moment of clarification. It highlighted both the new intensity of the strategic rivalry between China and the US in the region, and the strategic isolation of Europe.

This paper underlines the importance of the Indo-Pacific region for global security and stability as well as for the success of a global strategy against climate change. It questions the potential added value of the EU in the region and identifies areas of cooperation – including with the UK – that may be mutually beneficial. The mere signaling approach, based on military and police operations to enforce international law, although of paramount importance, cannot be regarded as sufficient. More global action is required. Also, the challenges posed by the region – given the density of population and the potential to harm in terms of pollution, threat to biodiversity and climate-impacting activities – call for efficient, creative and long-lasting solutions.

The EU's Quest for Legitimacy in the Indo-Pacific: Different Approaches to Tackle Global Challenges and Strategic Competition

The Indo-Pacific, Subject to Far-Reaching Challenges and Strong Competition

The geopolitical context in the Indo-Pacific is growing tense, and the tradeoffs to be made between development and environment protection are highlighted by the most recent environmental disasters in the region. The many challenges to upholding international law and promoting environmental security should therefore be regarded as a call for action. Against the backdrop of increased tensions in the Indo-Pacific, the main interest for Europeans, and Western countries generally, is to ensure that economic growth, based on openness, stability, shared rules and security can be durably maintained.

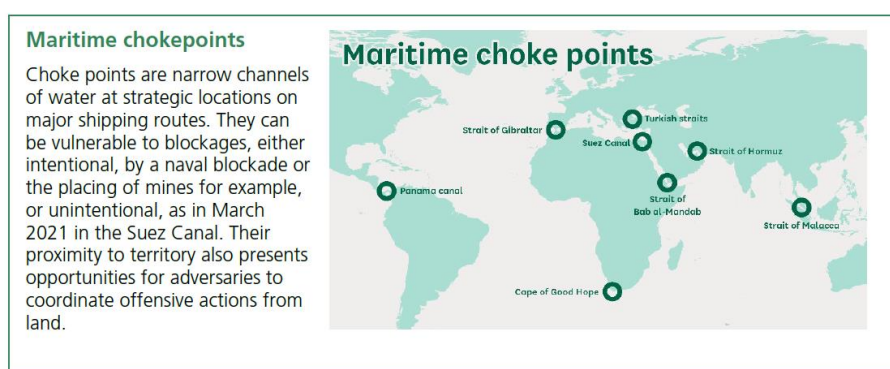
Defense of International Law and Security Challenges

As the economic shift toward the Indo-Pacific is taking effect and some of the regional players are growing in assertiveness, the universality of human rights and a rules-based order are increasingly being challenged. The strategic balance in the region is also frequently put to the test and can have a decisive impact as regards freedom of navigation as well as the definition of the respective zones of interest for the countries of the region.

On **trade law**, for instance, tensions are becoming increasingly visible. In 2012, China blocked exports of critical rare-earth minerals to many of Japan's technology firms. Also, Australian exports to China are restricted when it comes to wine, coal, barley, sugar, timber, copper ore and lobster.

Restrictions in freedom of navigation may have an impact on global trade too, considering that 90% of goods imports and exports happen via the maritime route⁵ and 30% of the trade between Asia and Europe goes through the South China Sea.⁶ Europe's dependency on geographical nodes such as Hormuz, Malacca and Suez may be weaponized by a dominant power. This would, however, represent a violation of the United Nations Convention on the Law of the Sea (UNCLOS) of 1982.

Illustration1: Maritime Choke Points



Source: L. Brooke-Holland, "Integrated Review: The Defense Tilt to the Indo-Pacific", May 11, 2021, p.3.

State sovereignty is regularly at issue in the Indo-Pacific, too, because of China's territorial claims in the South China Sea which opposes China, Vietnam, the Philippines, Malaysia, Brunei and Taiwan. Although the ruling of the International Court of Arbitration in The Hague rejected Chinese claims, China illegally built civil and military installations on the Spratley and Paracel Islands, thereby ensuring greater access to energy and fishery resources.

As regards **military matters**, the growing military presence⁷ and expenses in the region showcase the extent of tensions in the Indo-Pacific. From 2010 to 2019, military expenses in the region increased by more than 50% (Annexes 1 & 2)⁸, and in China alone by 85%.⁹ From 1997 to 2017, Chinese military expenses were multiplied by ten.¹⁰

5. "France's Indo-Pacific Strategy", French Government, French Ministry of Foreign Affairs, July 2021.

6. *Ibid.*

7. "China's Growing Military Confidence Puts Taiwan at Risk", *The Economist*, May 1, 2021, available at: www.economist.com.

8. W. Ischinger, J. S. Nye, Jr. *et al.*, "Mind the Gap: Priorities for a Transatlantic China Policy – Report of the Distinguished Reflection Group on Transatlantic China Policy", Munich Security Conference, July 2021, p.49.

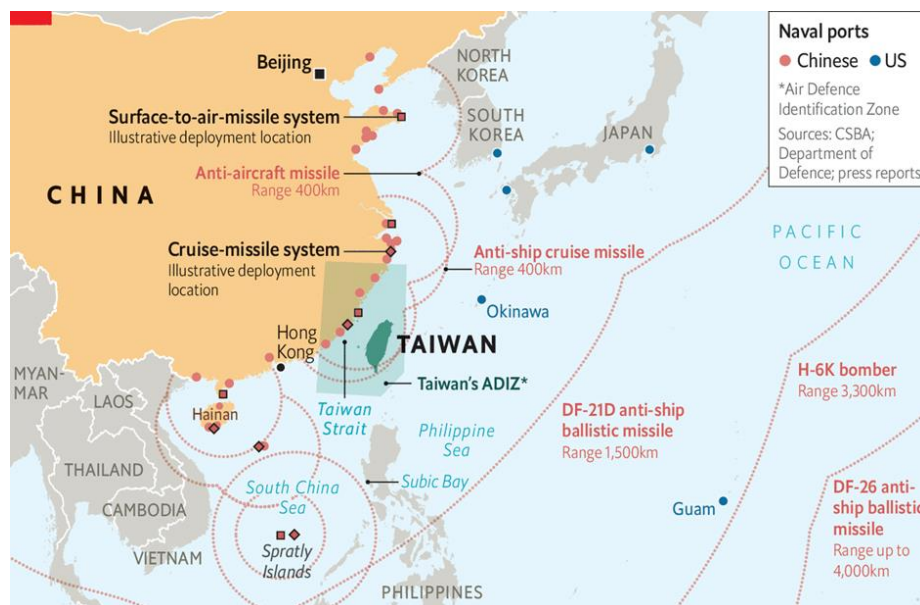
9. "Leitlinien zum Indo-Pazifik", Die Bundesregierung (German Federal Government), August 2020, p.35, available at: www.auswaertiges-amt.de.

10. "Le Dessous des Cartes – Australie", ARTE, 12 minutes 6, available at: www.dailymotion.com.

The rapid and continuous buildup of the Chinese navy particularly challenges US naval supremacy.

As a direct consequence of maritime and land disputes in the Indo-Pacific, but also of internal crises and conflicts and growing Sino-American rivalry on the geopolitical scale, the US is also increasingly deploying its forces in the Indo-Pacific. “By 2019, the permanent assigned strength of the US Indo-Pacific Command was more than twice the European and Central Commands taken together.”¹¹ The US’s priority in the region is the Pacific Ocean, while it delegated military activities in the Indian Ocean to Australia. In terms of security threats, Taiwan may be a lingering flashpoint in the region (Annex 3). The number of countries recognizing Taiwan has progressively diminished as China increased its influence in the region. The total now amounts to 15 countries out of 193.

Illustration 2: Chinese and US Naval Ports in the Pacific



Source: “China’s Growing Military Confidence Puts Taiwan at Risk”, The Economist, May 1st, 2021, available at: www.economist.com.

Besides these tensions, which could escalate into high-intensity conflicts, there are also non-traditional security threats in the region such as crimes at sea including piracy, terrorism, trafficking (drugs, precious stones and wood, protected species...), Illegal, Unreported and Unregulated (IUU) fishing, polderization, hybrid warfare and cyber warfare.

11. “Between States of Matter – Competition and Cooperation”, Munich Security Report 2021, June 2021, p.57.

Combining Environmental Security with a Legitimate Claim for Development

There are also transnational security threats stemming from the negative impacts of climate change, natural disasters, and depletion of natural resources. The impact of these factors is aggravated because the Indo-Pacific concentrates a certain number of challenges such as high density in a context of high urbanization levels, inequality (Annex 4),¹² poverty, lack of social cohesion, minority issues (ethnic and religious conflicts), air pollution, coastal erosion and flooding which, in particular, affects small islands, causes loss of livelihood (Annex 5)¹³ and eventually migration.

In terms of demography, by 2050, the urban population is expected to rise to 65% in Asia, concentrating activities on a reduced space which will put infrastructures under additional strain.¹⁴ Poverty is also an issue: according to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), “[t]he region has an estimated 400 million people living in extreme poverty below the threshold of \$1.90 a day. At the higher international poverty line of \$3.20 a day, the number of poor rises to 1.2 billion, accounting for more than a quarter of the region’s total population.”¹⁵

As these countries beef up their industries to catch up with the West and remove millions of people from poverty to swell the ranks of the middle classes,¹⁶ the environmental impacts of these polluting activities may become devastating. This is particularly true regarding the use of coal power plants. Premature deaths are among the most striking negative externalities resulting from these developments (Annex 6).¹⁷

The stress on resources, notably water resources coming from the Ganges, the Brahmaputra and the Indus, is another important topic as 1 billion people depend on these rivers for water provisions. Any impact from climate change, such as droughts or flooding, may hence have tremendous consequences on people living in their vicinity.

12. “Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development”, UNESCAP.

13. *Ibid.*

14. K. Purvis, “2015 Challenges: Urbanization – Increasing Urban Populations Put a Strain on Resources and Leave Many on the Fringes of Society. What Can NGOs Do to Give Them a Voice?”, *The Guardian*, available at: www.theguardian.com.

15. “Why Can’t Dynamic Asia-Pacific Beat Poverty?”, UNESCAP, July 5, 2019, available at: www.unescap.org.

16. By 2030, 90% of 2.4bn new middle-class members will live in the region. In: “EU Strategy for Cooperation in the Indo-Pacific”, European External Action Service, April 19, 2021, available at: <https://eeas.europa.eu>.

17. “Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development”, UNESCAP.

Addressing these issues requires a “broad definition of security”. This could be informed by the model developed by the Organization for Security and Cooperation in Europe (OSCE),¹⁸ which reconciles the political and military aspects of security with an economic and environmental dimension as well as human rights issues.

European Powers in the Indo-Pacific in Quest of Legitimacy

The Indo-Pacific is seen as a remote and complex region for Europeans, who may question their legitimacy to act there. However, “[b]ecause the concept can also be seen as ‘an expression of global connectivity’ without definite geographical borders not all the Indo-Pacific’s chief stakeholders are necessarily resident or fully resident powers”.¹⁹ Hence, European countries are also concerned about developments in the region. Because of the many challenges and opportunities in the region, France, Germany, the Netherlands and the UK recently issued their strategies or guidelines relating to the Indo-Pacific, with France and the UK being particularly proactive. The question is whether they are able and willing to unite and find a joint approach.

France

France has a special interest in the region. It has possessions in the Indo-Pacific, such as New Caledonia, Wallis and Futuna, French Polynesia, Mayotte, Tromelin, Reunion Island, Crozet, the Kerguelen Islands and Clipperton. In fact, 1.5 million French citizens live in the Indo-Pacific.²⁰ Beside the imperative to protect citizens, France wants to uphold its economic interests, notably through its exclusive economic zone (EEZ), as three-quarters of the French EEZ – the world’s second largest – lies in the Indo-Pacific.²¹

France has also developed very close ties with some of the major actors in the region. This is the case for Japan, through acquisition and cross-servicing agreements (ACSAs), 2+2 meetings of foreign and defense ministers, and cooperation on military technology

18. “Leitlinien zum Indo-Pazifik”, Die Bundesregierung (German Federal Government), August 2020, p.2, available at: www.auswaertiges-amt.de.

19. A. Bendiek, M. Ålander and P. Bochtler, “CFSP: The Capability-Expectation Gap Revisited: A Data-Based Analysis”, *SWP Comment* 58, Berlin: Stiftung Wissenschaft und Politik, December 2020, doi:10.18449/2020C58, 1.

20. In comparison, the UK has 1.7 million nationals living in the Indo-Pacific region. See S. J. Harper, “A Very British Tilt: Towards a New UK Strategy in the Indo-Pacific Region – An Interim Report by Policy Exchange’s Indo-Pacific Commission”, Policy Exchange, 2020.

21. “France’s Indo-Pacific Strategy”, French Government, French Ministry of Foreign Affairs, July 2021.

development. Other partners in the region are Australia and the Association of Southeast Asian Nations (ASEAN).

With regard to economic ties with the region, they are rather limited, notably compared with Germany: the region accounts for only 18% of France's imports and 14% of its exports. Furthermore, in 2019, the region accounted for only 8% of France's direct investment.²²

France's Indo-Pacific Strategy is organized around four pillars: first, security and defense; second, economics, connectivity of physical and digital infrastructures; third, promoting multilateralism; and fourth, commitments to common goods, notably regarding climate and biodiversity requirements.

France has a broad network of diplomatic institutions in the region as well as other public agencies. Its military presence is deployed in the Indian Ocean to ensure the security of its territories. The total number of French soldiers in the region is 7,000.²³ France can thus be called an Indo-Pacific power. Its strategic positioning is similar to the UK's.

Illustration 3: France's Presence in the Indo-Pacific



Source: "Drops in the Ocean: France's Marine Territories", The Economist, January 13, 2016, available at: www.economist.com.

22. "France's Indo-Pacific Strategy", French Government, French Ministry of Foreign Affairs, July 2021.

23. *Ibid.*

The UK

The UK is very vocal in the Indo-Pacific because of its history²⁴ and also the need to redeploy its diplomatic and economic activities.

In its “Integrated Review”, the UK highlights the necessity for increased contact with and presence²⁵ in the region because of a wide array of reasons: China’s growing assertiveness and military modernization, military disputes in the South China Sea and East China Sea, the destabilizing effects of nuclear proliferation and climate change, and threats from terrorism and organized crime. The UK is also committed to the freedom of navigation, not least to preserve maritime trade. It intends to act at different levels, such as leveraging existing regional facilities and providing capacity-building and training, notably through military exercises. Alongside other allies, it participated in a Carrier Strike Group deployment in 2021. It plans to increase its maritime presence, notably through counter-piracy operations, but also in order to guarantee regional access through existing UK bases and access to allied facilities. It seeks to establish closer ties with the ASEAN member states and to deepen industrial relationships, notably with Australia, Japan, the Republic of Korea and India, with cooperation on science and technology as well as through defense and security exports.

Also, the UK intends to reinforce its commitment to the Five Power Defense Arrangements, gathering the UK, Australia, Malaysia, Singapore and New Zealand, which commits the five members to consult in case of an armed attack on Malaysia or Singapore. The UK’s Integrated Review promotes a return to “East of Suez”, which refers to the UK’s decision in the late 1960s to withdraw from South-East Asia and the Persian Gulf, which Boris Johnson when Foreign Secretary in 2014 called a “mistake”.

In terms of trade, in 2019, 18% of the UK’s imports came from the Indo-Pacific countries Australia, China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea, Taiwan and Thailand, and 19% of its exports went to these countries.²⁶ The share of ASEAN in UK’s FDI

24. Their strong ties with Hong Kong notably explain the strong condemnation of China’s Security law and subsequent sanctions against China. In: P. Wintour, “Dominic Raab Urges China to Heed UK’s Hong Kong Warnings”, *The Guardian*, June 11, 2020, available at: www.theguardian.com; “UK Arms Embargo on Mainland China and Hong Kong”, Government of the UK, December 31, 2020, available at: www.gov.uk.

25. The UK’s defense presence in the Indo-Pacific encompasses the following countries: Singapore, Brunei, Oman, the Persian Gulf, Diego Garcia. In: L. Brooke-Hollan, “Integrated Review: The Defence Tilt to the Indo-Pacific”, House of Commons Library, May 11, 2021.

26. “UK Total Trade: All Countries, Non-Seasonally Adjusted”, July 27, 2021, UK Office of National Statistics, available at: www.ons.gov.uk.

stock was only 1.9% in 2019. However, the UK has recently been investing more widely in Singapore, Indonesia and Malaysia.²⁷

France and the UK have relatively similar profiles in the Indo-Pacific, largely linked to history and their naval resources. They think of the Indo-Pacific in a slightly different way than Germany.

Germany

Germany is not a historic power in the region but its interest in it has increased, as underlined by German Defense Minister Annegret Kramp-Karrenbauer: “[T]he Indo-Pacific is increasingly becoming an arena of growing rivalries. We are witnessing unresolved territorial disputes and new armament efforts. We are seeing that freedom of navigation is being curtailed and that it is increasingly difficult to find common ground on issues of sovereignty and territorial integrity”.²⁸

In its guidelines for the Indo-Pacific, Germany calls for peace and security; for a deepening of relations with the countries of the Indo-Pacific in order to uphold democracy and values and reduce dependencies; for a multilateral approach in order to thwart bipolarization and for an inclusive approach counteracting any decoupling. It also stresses the importance of freedom of navigation and free trade, and highlights the importance of international organizations such as the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank (WB), as well as fora, such as the Alliance for Multilateralism, which provide for more flexible approaches. It equally upholds legal bases for international norms, conventions and treaties, such as the UNCLOS or the Non-Proliferation Treaty. While Germany’s involvement in the region cannot be compared with that of France or the UK, notably in deployment of military capacities, it is very active in terms of development aid and has been ASEAN’s biggest donor since 2005 within the EU and the fifth-biggest worldwide.

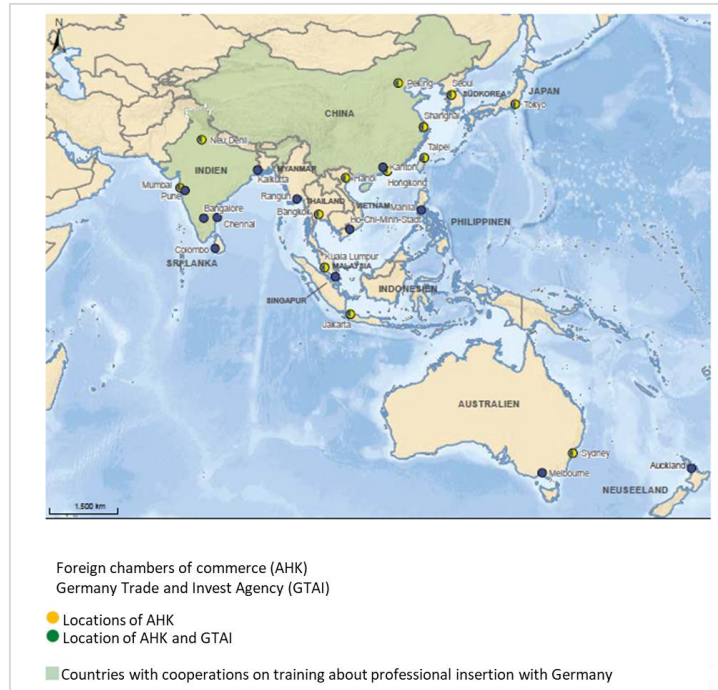
The share of countries in South Asia, Southeast Asia and East Asia as well as of Australia and New Zealand in German goods trade has increased constantly in recent years, amounting to 20% or €420 billion in 2019. About half of Germany’s trade with the Indo-Pacific is related to China.²⁹

27. S. Raga and D. W. te Velde, “Supporting UK Foreign Direct Investment in ASEAN”, Supporting Economic Transformation, June 22, 2021.

28. “Between States of Matter – Competition and Cooperation”, Munich Security Report 2021, June 2021, p.77; A. Kramp-Karrenbauer, “For Stability, Prosperity and a Rules-Based Order in the Indo-Pacific Region”, Berlin: Association of Southeast Asian Nations, December 9, 2020, available at: <https://perma.cc>.

29. “Leitlinien zum Indo-Pazifik”, *op. cit.*

Illustration 4: Germany's Trade Representations in the Indo-Pacific



Source: "Leitlinien zum Indo-Pazifik", Die Bundesregierung (Federal Government of Germany), August 2020, available at: www.auswaertiges-amt.de.

In the face of constant threats to multilateralism in the Indo-Pacific, contacts with the countries of the region and building partnerships seems to be paramount. Just like France, Germany is committed to multiplying and diversifying its partners in the region, notably regarding economic and development cooperation. These two countries – as well as other EU countries – are interested in maintaining the rules governing international relations and in preventing any conflict that may durably unbalance the strategic equilibrium and have far-reaching consequences even beyond the region. To this effect, they are increasingly privileging minilateral formats that are more flexible and enable quick decisions to defend a multilateralism increasingly under strain.

The Overall Geopolitical Context Requires Action on Different Levels

The Pivot Towards Asia in the Face of Increased US-China Rivalry and the Risks Posed to the International Order

A Pivot Established Ten Years Ago

In 2011, US President Barack Obama gave a speech in Canberra in that he anchored the US in the Pacific region through the following words: “The United States has been, and always will be, a Pacific nation”.³⁰ Under President Donald Trump, the Department of Defense defined the Indo-Pacific as its “priority theater”³¹ and one of the three key regions where the US was set to “deter aggression”.³²

This tilt is an acknowledgment of China’s increased role in world economics. China’s share in world GDP has risen from 4% in 2000 to 16% today. Since it joined the WTO in 2001 and with the unfolding of the economic and financial crises in 2008-2009, which diminished the West’s soft power and economic and financial strengths, China has become the world’s powerhouse. This has increasingly led to what may be described today as great-power rivalry between China and the US, the latter having become more inclined under the President Trump to put “America First” and to rebalance its economic relations with the former, albeit in a unilateral manner. The trade imbalance (Annex 7)³³ between China and the US was at the center of tough measures taken by President Trump against China, which seem to be maintained by his successor President Joseph Biden.³⁴

30. B. Obama, “Remarks by President Obama to the Australian Parliament”, November 17, 2011, available at: <https://obamawhitehouse.archives.gov>.

31. “The Department of Defense Indo-Pacific Strategy Report – Preparedness, Partnerships, and Promoting a Networked Region”, US Department of Defense, June 1, 2019, available at: <https://media.defense.gov>.

32. “Summary of the 2018 National Defense Strategy of the United States of America – Sharpening the American Military’s Competitive Edge”, US Department of Defense, 2018, available at: <https://dod.defense.gov>.

33. K. Buchholz, “U.S.-China Trade Deficit Keeps Growing Despite Tariffs”, Statista, May 10, 2019, available at: <https://lb-aps-frontend.statista.com>.

34. The new administration’s China policy is, however, likely to be more nuanced as it emphasizes the three “C” words with regard to China: competition, cooperation, and confrontation. In: Cheng Li, “Biden’s China Strategy: Coalition-Driven Competition or Cold

The AUKUS Agreement Has Acted as an Accelerator and Game-Changer

First of all, the AUKUS is a confirmation of the huge acceleration of time and intensity regarding the strategic importance of the Indo-Pacific region, and the hardening of the US-Sino rivalry. It is also a reminder to Europe that the world is not waiting for Brussels or the European capitals, and that the EU in its current state is not fit for the geopolitical competition.

Secondly, this shift – decided under Barack Obama and prolonged by Donald Trump – is being maintained by the Biden administration. Containment of China has become the priority of US foreign policy and has resulted in the US searching for new formats, such as the Quad or the AUKUS.

Thirdly, shortly after the withdrawal of allied forces from Afghanistan, where the EU was confronted with its dependence on the US in military matters, the launch of the AUKUS is another symbol of the EU's growing geopolitical insignificance. Europe faces the risk of becoming “a global strategic victim”³⁵ amid increased great-power rivalry.

The Indo-Pacific Illustrates the Dilemma of Middle Powers

Bipolarization has been increased by two main events: first, the presidency of Donald Trump in the US and, second, the Covid-19 pandemic.

“During the pandemic outbreak in 2020, as the Trump administration further withdrew Washington from multilateral frameworks and as US-China tensions continued to deteriorate, middle powers increasingly saw themselves as confronting an uncomfortable reality in which they could not really depend on either the United States or China to address pressing challenges like Covid-19 and climate change”.³⁶

War-Style Confrontation?”, Brookings, May 2021, available at: www.brookings.edu. Also, the Biden administration insists on the necessity of a rules-based order: “Actions by China, including in Xinjiang, Hong Kong, [and] Taiwan, cyberattacks on the United States, and economic coercion toward our allies [...] threaten the rules-based order that maintains global stability”, Antony Blinken, US Secretary of State, US-China Bilateral Meeting in Anchorage, Alaska, March 18, 2021, In: “Between States of Matter – Competition and Cooperation”, Munich Security Report 2021, June 2021, p. 73.

35. According to Retired Gen. Richard Barrons, In: E. Braw, “Europe Runs the Risk of Becoming a Global Strategic Victim”, Foreign Policy, August 23, 2021.

36. E. Brattberg, “Middle Power Diplomacy in an Age of US-China Tensions”, *The Washington Quarterly*, Spring 2021.

As multilateralism has weakened, the attempts to further multilateralism and a rules-based order unfolded through various formats spearheaded by middle powers “[r]eluctant to pick sides”³⁷ and run confrontational agendas. Countries such as Canada, Australia, South Korea, Japan, India and European powers like the UK, Germany and France can be considered as middle powers.

While the relationship between the US and China has been marked by unilateral tariffs and retaliatory measures, export controls and restrictions of access to the market, the establishment of “Entity Lists” and “Unreliable Entity Lists”, middle powers have increasingly feared the return of bipolarization.

Diverse formats were launched as a reaction to growing tension, putting at risk the international rules-based order. That is the case for the Alliance for Multilateralism created by Germany and France in 2019 during the UN General Assembly. This forum is set to deal with humanitarian concerns, cybersecurity, climate change and other transnational issues. It gathers 60 countries plus the EU. It is not intended to become institutionalized but provides for *ad hoc* cooperation to avoid power-based or unilateral moves.

Also, in the face of a weakened WTO following the US efforts to block appointments of judges to the WTO’s appellate body, coalitions formed under the appellation “Ottawa Group”, gathering Australia, Japan, South Korea, Singapore and the EU, to propose reforms, notably on public health, transparency and the digital realm.³⁸ Other examples are the Global Partnership on Artificial Intelligence (GPAI) to promote responsible use of AI grounded in respect for human rights and jointly initiated by France and Canada, and the Free Trade and Data Free Flow with Trust Initiative (DFFT) to promote global governance on cross-border data flows, upon which Japan engaged with the EU among others.³⁹

Time to Think Smarter, Not Harder?

Increasingly, European states reckon that “[a] clear-cut geographical division of labor – the US focusing on the Indo-Pacific while the EU takes care of the European neighborhood – is not a promising option”.⁴⁰ The EU is dependent on the US as regards defense even though it wants to take more responsibility, and commitments to burden-sharing are becoming more audible. It is therefore in the EU’s

37. *Ibid.*

38. *Ibid.*

39. *Ibid.*

40. T. Bunde, “Introduction: Between States of Matter – Competition and Cooperation”, Munich Security Report 2021, Munich Security conference, June 2021, p. 32.

interest to show political support toward its transatlantic partner while at the same time promoting “European strategic autonomy”.

Importance and Limits of Signaling Activities

In 2021, a Carrier Strike Group was deployed in the Indo-Pacific, involving the UK, France and the Netherlands. Germany sent a frigate but took special precautions so as not to appear threatening to any country in the region. German Defense Minister Annegret Kramp-Karrenbauer stated:

“The fact that we are sending a frigate to the Indo-Pacific is also seen as a signal in the United States: we are not only talking about freedom of sea lanes, which is being threatened by China, but we are also prepared to do something about it.”⁴¹

The warning of the Chinese Foreign Ministry spokesperson – that “the freedom of navigation ‘should not be used as an excuse to endanger the sovereignty and security of littoral countries’”⁴² – was well heard. The ambiguity of the German deployment resides in the fact that it is the result of pressure from Germany’s allies and less motivated by the intention to deter China. “[Germany] is therefore trying to square the circle of how to deploy a warship to the South China Sea without appearing to challenge China”,⁴³ which may be counterproductive as it gives the impression that Germany “has in effect asked China for permission, therefore strengthening rather than challenging Chinese claims over the South China Sea”.⁴⁴

However, Europe needs also to be clear-eyed and acknowledge that transient and episodic visits by warships have no deterrent effect. Defending the freedom of navigation merely demonstrates an upholding of values in accordance with the Convention on the Law of the Sea. Increased European assertiveness in this regard not only provides political signaling but, most importantly, provides reassurance to Europe’s partners in the region. Yet, although the EU acknowledges “that Beijing’s operations in the Indo-Pacific challenge the region’s stability, international rules and by extension Europe’s economic security [...] there is no clear consensus among member states how far the security cooperation with Indo-Pacific partners

41. M. Decker and E. Quadbeck, “Kramp-Karrenbauer im Interview: ‘China will die Weltordnung prägen,’” Redaktionsnetzwerk Deutschland, April 3, 2021, available at: <https://perma.cc>.

42. *Ibid.*

43. *Ibid.*

44. *Ibid.*

should go”.⁴⁵ As pointed out by the Mercator Institute for China Studies (MERICS), “[a] clear signal would have been a joint European maritime mission to the region”.⁴⁶ Although this would have given a signal of strength, it evidently is not sufficient, and a global approach should be aimed at. However, naval and sea power are not an adequate means to fight intrastate conflicts, maritime militia, or armed fishery.

Beyond that, increased European coherence in the Indo-Pacific could also represent a deterrent for Russia and China. Relations with the former cooled, notably from 2014 with the annexation of Crimea and the war in the Donbass, while relations with the latter are complicated as China is increasing its influence in the EU’s vicinity. Russian and Chinese military cooperation show that the two theaters, in the Atlantic and the Indo-Pacific, are linked.⁴⁷ That is why other areas of cooperation are to be sought.

Regional Ownership as Pillar of a European Strategy in Indo-Pacific

Any cooperation in a region with the size and complexity of the Indo-Pacific requires a collective approach by like-minded partners to be effective. In this context, the EU could make a collective difference in the region. Its leverage will depend on the capacity of Europeans to unite and find an approach that fits expectations in the region. It should be clear that cooperating with the EU does not constrain the countries of the region to make a choice between the rival great powers, while it also represents an alternative to over-militarization in the Indo-Pacific. The second prerequisite is to demonstrate to the Indo-Pacific that Europeans can think beyond economics, beyond what they can get out of the Indo-Pacific. What matters is upholding democratic values and a manageable international set of rules, but also contributing to the global fight against climate change and the pollution of oceans, and thus to the welfare of most of the world population.

45. G. Stec, “Briefing: Wolf-Warrior Diplomacy + Indo-Pacific + Montenegro”, MERICS, June 23, 2021, available at: <https://merics.org>.

46. *Ibid.*

47. “While experts disagree about the prospect of a durable China-Russia axis, it would be surprising if the two nations did not think about exploiting opportunities if they arose. Coincidence or not: when Russia massed troops at the Ukrainian border in April 2021, China sent a record number of fighter jets into Taiwan’s air defense identification zone. The transatlantic partners thus need to develop a global strategy, even if they may focus their attention on different theaters.” In: T. Bunde, “Introduction: Between States of Matter – Competition and Cooperation”, Munich Security Report 2021, Munich Security Conference, June 2021, p. 32.

This implies a need to focus on what the *region* wants, not what Europe *thinks* the region wants. Achieving Europe's strategic aims requires listening to the region and supporting its countries to build up capacity, including maritime, to respond to the security challenges they face, among which there are non-traditional threats (piracy, terrorism, impact of displaced people). Europe's intent in this regard is to grant reassurance through partnership in the region.

The EU's Indo-Pacific strategy, presented in mid-September, defined potential fields of cooperation, fitting this approach, namely: sustainable and inclusive prosperity, green transition, ocean governance, digital governance and partnerships, connectivity, security and defense, and human security.⁴⁸

The added value of France, Germany and the EU overall may hence reside in their capacity to play the role of a global broker and to be accepted in this capacity. A necessary precondition is that France "accept that in foreign policy, just like in other areas, it has become a middle-sized power", as Garvan Walshe, a former national and international security policy advisor to the British Conservative Party, puts it.

"If France is not to be reduced, as Britain was, to a symbolic power on the world stage, it needs to choose. The solution is to take European strategic autonomy seriously. [...] But Paris must start with the understanding that Europe, not France, is the autonomous subject. Instead of employing a strategy to merely cloak taking Europe in a French direction, France needs to become the basis for a genuinely European, independent foreign and security policy".⁴⁹

However, the EU member states do not seem to agree on how to interpret the AUKUS and its consequences for the EU, especially regarding strategic autonomy and endeavors to increase the EU's capabilities in terms of defense. "Most of them, especially those near the Russian border, are happy to rely on America's security guarantee. Few share France's willingness to splurge on defense, or its expeditionary military culture. (Germany, especially, does not.)", as *The Economist* writes in its issue of September 25.⁵⁰ France could be seen as "leverage[ing] their own interests"⁵¹ and end up "isolating

48. "Joint Communication to the European Parliament and the Council – The EU Strategy for Cooperation in the Indo-Pacific", European Commission, September 16, 2021.

49. G. Walshe, "How France Can Avoid Being Reduced to a Symbolic Power", September 24, 2021, Foreign Policy, available at: <https://foreignpolicy.com>.

50. "France's Humiliation by America Will Have Lasting Effects", *The Economist*, September 25, 2021, available at: www.economist.com.

51. R. Niblett quoted in: S. Erlanger, "The Sharp U.S. Pivot to Asia Is Throwing Europe Off Balance", *The New York Times*, September 17, 2021, available at: www.nytimes.com.

[themselves]”⁵² if other European countries do not follow suit. As suggested by Michal Baranowski, in countries such as Poland for instance, where the US decision to ease the finalization of the Nordstream 2 pipeline caused concern, the AUKUS may be interpreted as the “U.S., with the British and the Australians, getting serious about China and also defending the free world”⁵³ and not as a pivot away from Europe. If the EU is to play a role in the Indo-Pacific, it is therefore crucial that France’s mindset adapts to its European partners and common ground is found, especially with the countries in Central and Eastern Europe.

Fruitful cooperation includes also staying open to dialogue with the UK – notably within the G7 and G20 – by following a global and cross-cutting approach, including issues pertaining to non-military cooperation. This is a possibility that has recently been regarded with some reluctance as tensions caused by the unexpected signing of the AUKUS partnership rose. However, the EU’s positioning in the Sino-US rivalry, which cannot be defined as being equidistant, requires a careful analysis of cooperation partners according to the identified fields of cooperation.

52. S. Erlanger, “The Sharp U.S. Pivot to Asia Is Throwing Europe Off Balance”, *The New York Times*, September 17, 2021, available at: www.nytimes.com.

53. In: S. Erlanger, “The Sharp U.S. Pivot to Asia Is Throwing Europe Off Balance”, *The New York Times*, September 17, 2021, available at: www.nytimes.com.

Potential for Cooperation in the Indo-Pacific for the E3 and the EU

A. Key Points Towards an Agenda of Cooperation in the Indo-Pacific Region

An **inclusive and integrated approach** is necessary to tackle global challenges in the Indo-Pacific. Topics such as guaranteeing maritime security, combating economic warfare and fighting climate change require a broad understanding of the concept of security and a great array of measures promoting stability and building confidence. The EU countries can make a collective difference in the region provided they are able to act in a “smarter” and not in a “harder” way.

- **On military matters:** enforcing the freedom of navigation or addressing other challenges to the law through consistent and multi-layer postures. Political signals can be sent by showing presence through warships in joint operations including partners, to ensure capacity-building and information-sharing. Coordinated Maritime Presence, which has been tested in the Gulf of Guinea, needs to be applied in the Indo-Pacific too, as this would be a proof of reliability for the countries of the region and provide the opportunity to share awareness, analysis and information and to coordinate, with naval and air assets remaining under the national chain of command. Co-basing projects such as the one currently deployed within Permanent Structured Cooperation (PESCO) could be further extended to other facilities and partners.
- **On security issues:** The Organization for Security and Cooperation in Europe (OSCE) is a format the EU can draw from, since it emerged from a tense bipolarized world that presents some similarities with today’s context. With regard to traditional security matters, the US and its Five Eyes partners (Australia, Canada, New Zealand and the UK) alongside South Korea, Japan and France have a responsibility in the enforcement of United Nation Security Council (UNSC) resolutions 2375 and 2397 — designed to deter and punish North Korean ballistic missile and nuclear tests by limiting its import and export of petroleum, coal, iron, lead and other raw materials.

- Combining **environmental matters and sustainable use of resources and development** are crucial to address the increasing needs of the Indo-Pacific economies and their growing populations. In order to do so, some of the Indo-Pacific countries have committed to ambitious climate targets. Especially, **India's commitment will be key**. But it needs to be backed by Western countries – for instance, through financing by G7 countries.⁵⁴ India is increasingly looking to develop nuclear, wind and solar capacities, and should be given the opportunity to benefit from the EU's experience with these technologies (notably through the Solar Alliance with France). The International Energy Agency may also be mentioned as a provider of good practices in this regard.
- **Creating an International Minerals Agency**⁵⁵ to share best practices on extraction, production and refinement of minerals. Given there is a high concentration of resources in the Indo-Pacific region, notably of rare minerals that are becoming increasingly critical in disruptive technologies, such an agency would have an important role to play. It would address environmental, social and economic standards and provide for security of access. The goal of creating such an agency would be to avoid the mistakes made using resources as a political lever, as was the case with hydrocarbons in the 20th century. Organization for Economic Co-operation and Development (OECD) countries, some of which are highly dependent on these raw materials, would benefit from such an institution, while countries in the Indo-Pacific would benefit from sustainable extraction and working processes.
- **Helping countries to adapt and become more resilient to climate change** through sustainable engineering and urbanization, including via infrastructure investments and advice on legislation. One of the focuses should be on providing adequate living standards for people living in slums and mitigating negative impacts from tropical cyclones, flooding, heatwaves and emerging new diseases. The EU's Connectivity Agenda (recently rebranded as the "Global Gateway" by Ursula von der Leyen, in her speech about the state of the Union), the Blue Dot Network, and the Build Back Better World (B3W) Initiative could provide adequate solutions.⁵⁶ It may also be noted that institutions such as the

54. M.-A. Eyl-Mazzega, "Addressing the Climate Emergency – Closing 1,000 Gigawatts of Coal Plants by 2035", *Briefings de l'Ifri*, Center for Energy & Climate, Ifri, April 2, 2021, available at: www.ifri.org.

55. M.-A. Eyl-Mazzega, "Critical Metals: The Need for an International Minerals Agency", Ifri, *YouTube*, September 6, 2021, 9'36", available at: www.youtube.com.

56. "Germany's Merkel Hopes for G7 Infrastructure Plans in 2022", Reuters, June 13, 2021, available at: www.reuters.com.

OECD⁵⁷ and the World Bank⁵⁸, which are increasingly taking into consideration climate issues, could contribute.

B. Seizing Opportunities to Act

There may now be momentum for the EU, together with its partners, to act in the Indo-Pacific region on subjects of common interest.

- The **G7**, to which Germany, France and Italy belong, increasingly recognizes the importance of upholding maritime security in the Indo-Pacific. This issue was raised by the G7's foreign ministers and mentioned in the Declaration of Lübeck in 2015.⁵⁹ This year, the British G7 presidency even brought together, beyond the G7 members, countries from the Indo-Pacific such as Australia, India and the Republic of Korea. They addressed foreign threats to democracy, including disinformation, and reiterated the importance of “maintaining a free and open Indo-Pacific, which is inclusive and based on the rule of law”. The importance of peace and stability in the Taiwan Strait and of peaceful resolutions of cross-Strait issues were recalled.⁶⁰
- The **COP26** taking place in Glasgow in November 2021 provides an important opportunity to link development issues and combatting climate change. It is important that the COP26 not only agrees to end new government support for coal power, as was decided in 2021,⁶¹ but also give directions to the market by furthering green tech and renewables, and that these can produce a return on investment. Similar discussions are to be expected at the G7 meeting next year. For the rollout of the German G7 presidency in 2022, the advancement on the B3W initiative is to be put under scrutiny. Financial support of \$100 billion annually had been pledged by the G7 members for developing countries to support them in their fight against climate change.⁶² The implementation of these plans would be crucial.

57. “Climate Change”, OECD, available at: www.oecd.org.

58. “Climate Change Action Plan (2021-2025) Infographic”, June 22, 2021, The World Bank, available at: www.worldbank.org.

59. “G7 Foreign Ministers’ Declaration on Maritime Security in Lübeck”, German Federal Foreign Office, April 15, 2015, available at: www.auswaertiges-amt.de.

60. “Carbis Bay G7 Summit Communiqué – Our Shared Agenda for Global Action to Build Back Better”, G7, June 11-13, 2021, available at: www.consilium.europa.eu.

61. “G7 Agrees to End New Gov’t Support for Coal Power by End of 2021”, *Reuters*, June 14, 2021, available at: www.reuters.com.

62. “Germany’s Merkel Hopes for G7 Infrastructure Plans in 2022”, *Reuters*, June 13, 2021, available at: www.reuters.com.

- The following G7 presidency will be held by Japan in 2023, in parallel with India's **G20** presidency, which most certainly will provide the opportunity to closely follow more closely the development of international cooperation in the Indo-Pacific region.
- Also, an increasingly **transversal view** is necessary, such as treating climate initiatives and the protection of biodiversity in parallel. The UN Biodiversity Conference, held from 11 to 24 October 2021, in Kunming, China, was a first occasion to follow this path, as the first ever joint report⁶³ by the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), published this year, may suggest. As regards singling out countries in relation to their biodiversity protection efforts, it may be noted that, under President Emmanuel Macron, France pledged at the International Union for Conservation of Nature in September 2021 to protect 30% of its earth and sea by 2022, while China, is in the course of adopting a frame to stop the erosion of biodiversity. There hence seems to be momentum in this regard.⁶⁴

63. "IPBES-IPCC Co-Sponsored Workshop – Biodiversity and Climate Change Workshop Report", available at: <https://zenodo.org>.

64. P. Mouterde, "À Marseille, Emmanuel Macron promet de mieux protéger les mers françaises", *Le Monde*, September 4, 2021, available at: www.lemonde.fr.

Conclusion

The initial decision to consider the potential for cooperation of the E3 format in the Indo-Pacific perfectly fitted with the idea that this region could provide an ideal-case scenario to cooperate on issues where the UK is seen as an indispensable partner, and henceforth to facilitate coordination and action.⁶⁵ It also reflected awareness of the growing importance of the Indo-Pacific region by countries such as France, the UK and Germany, despite differences in their footprint in the region and their respective strategic cultures.

Against the backdrop of the realignments triggered by the hardening of Sino-US rivalry, the AUKUS agreement (gathering the US, the UK and Australia) has acted both as an accelerator and a game-changer. It has revealed the intensity of the strategic competition between the US and China in the region and the realignment it triggers between the different stakeholders both within and outside the Indo-Pacific. This realignment cuts across the E3 countries and brings to the fore several issues, which should help these countries to clarify their respective options, in a rapidly changing world:

As regards the UK, it questions its capacity to play a distinct global role and to position itself as “the broker of solutions to global challenges”,⁶⁶ a concept presented to fit with the future role of post-Brexit UK. To achieve this goal, the EU and its member states were initially identified as being the most closely aligned with Britain despite Brexit.

The AUKUS agreement has reshaped the potential for E3 cooperation in the Indo-Pacific and more generally between the European Union (EU) and the UK. It leaves France and Germany with three main options:

1. Join the AUKUS, characterized by a confrontational approach to China, under the leadership of the US. Such a move would imply two major consequences:⁶⁷

■ Admit that the EU is not fit for the geopolitical competition and

65. Alice Billon-Galland and Richard G. Whitman, “Towards a strategic agenda for the E3 – Opportunities and risks for France, Germany and the UK”, Chatham House, Research Paper, Europe Program, April 2021.

66. Robin Niblett, “Global Britain, global broker, a blueprint for the UK’s future international role”, Research Paper, Chatham House, January 2021.

67. Robin Niblett, “AUKUS reveals much about new global strategic context”, Chatham House, September 18, 2021.

therefore cannot play a distinct role in the new strategic constellation in the region.

- As a consequence, France, Germany and their EU partners would be committed to a transatlantic approach in the Indo-Pacific.

2. Try to keep away and muddle through the deteriorated relationship between the US and China, thus risking being caught by surprise in the case of heightening tensions in the region, which would affect supply chains and security of shipments in Europe, but which could also be accompanied by movements of populations, local tensions between communities and destabilizing activities. In this case, how long would France, Germany and their EU partners be able to maintain this approach, given the rising price of strategic ambiguity?⁶⁸

3. In this context, the EU and its “toolbox” could make a collective difference in the region. Its leverage would depend on the capacity of Europeans to find an approach that is appropriate for a region of the size and complexity of the Indo-Pacific. The first prerequisite would be for the EU to be recognized by local governments as a legitimate interlocutor, provided it is able to demonstrate consistency and commitment, as well as strategic nuancing. Cooperating with the EU does not constrain the countries of the region to make a choice between the rival great powers. It also represents an alternative to over-militarization in the Indo-Pacific. The second prerequisite is to demonstrate to the Indo-Pacific countries that Europeans can think beyond economics, beyond what they can get out of the Indo-Pacific. What matters is upholding democratic values, and a manageable international set of rules, but also contributing to the global fight against climate change and the pollution of oceans, and thus to the welfare of most of the world population. In the end, the success of policies implemented in the region will greatly condition their success at a global level.

From a broader perspective, the positioning of France, Germany and the UK but also Australia in the Indo-Pacific after the AUKUS illustrates the dilemma of **middle-power diplomacy**.⁶⁹ In today's context, middle-power diplomacy is based on the capacity of these countries to mitigate the effects of escalating US-China tensions by shaping a more robust and sustained defense of effective multilateralism.

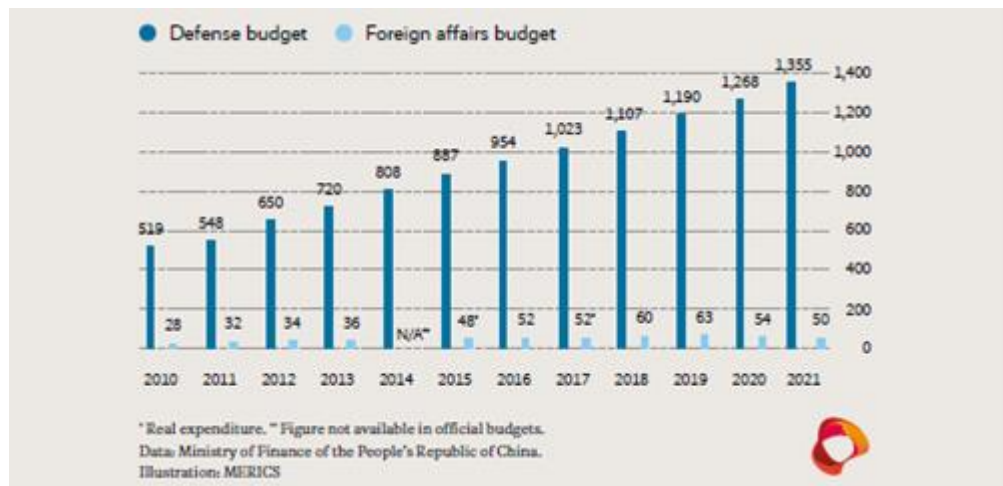
68. Noah Barkin, “Germany is caught in the middle of the Australian submarine saga”, German Marshall Fund of the United States, September 21, 2021.

69. Erik Brattberg, “Middle Power Diplomacy in an Age of US-China Tensions”, The Washington Quarterly, Spring 2021.

The question, then, is whether France and Germany are willing and able to assert themselves as middle powers, and what kind of role the EU is ready to play in this regard.

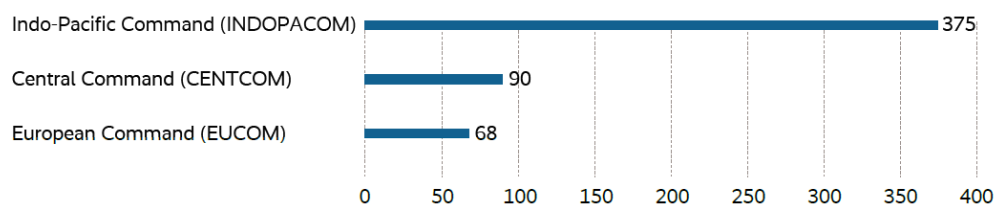
Annex

Annex 1: China's defense budget continues to increase as geopolitical tensions rise (China's official defense and foreign affairs expenditures in CNY billions, 2010-2021)



Source: W. Ischinger, J. S. Nye, Jr. et al., "Mind the Gap: Priorities for a Transatlantic China Policy – Report of the Distinguished Reflection Group on Transatlantic China Policy", Munich Security Conference, July 2021, p.49.

Annex 2: US military posture, personnel in selected commands, 2019 (in thousands)



Data: US Senate Armed Services Committee.

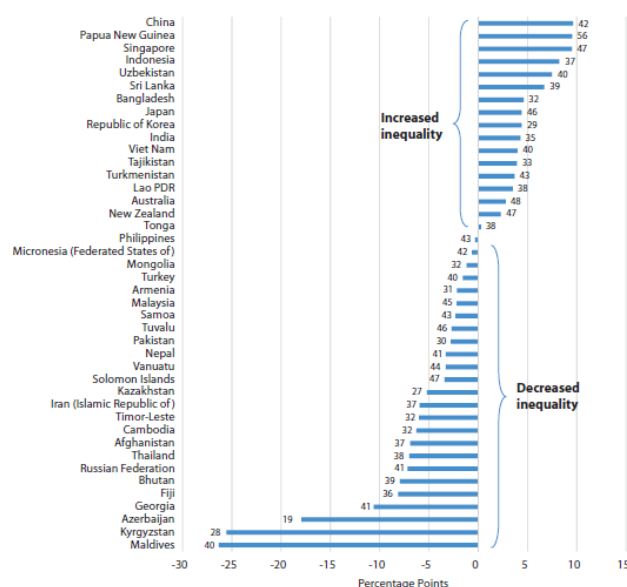
Source: "Between States of Matter – Competition and Cooperation", Munich Security Report 2021, June 2021, p.57.

Annex 3: China increases military pressure on Taiwan (large-scale PLA maneuvers and drills around Taiwan, 2015–2020)



Source: W. Ischinger, J. S. Nye, Jr. et al., "Mind the Gap: Priorities for a Transatlantic China Policy – Report of the Distinguished Reflection Group on Transatlantic China Policy", Munich Security Conference, July 2021, p.49.

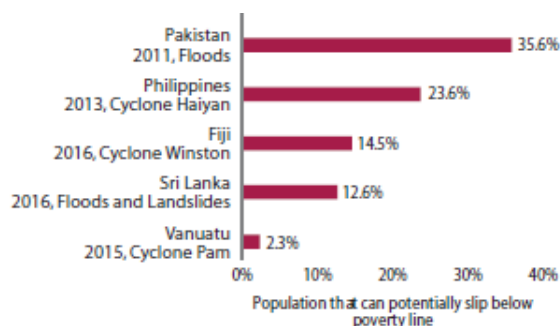
Annex 4: Changes in income inequality by country, 1990 and 2014



Source: ESCAP. See Annex 1.1.
Note: Labels next to each bar show each country's average market income Gini coefficient for 2010-2014. The Gini coefficient of each country was calculated as the simple average of the available Gini coefficients within each 5-year period (1990-1994 and 2010-2014).

Source: "Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development", UNESCAP.

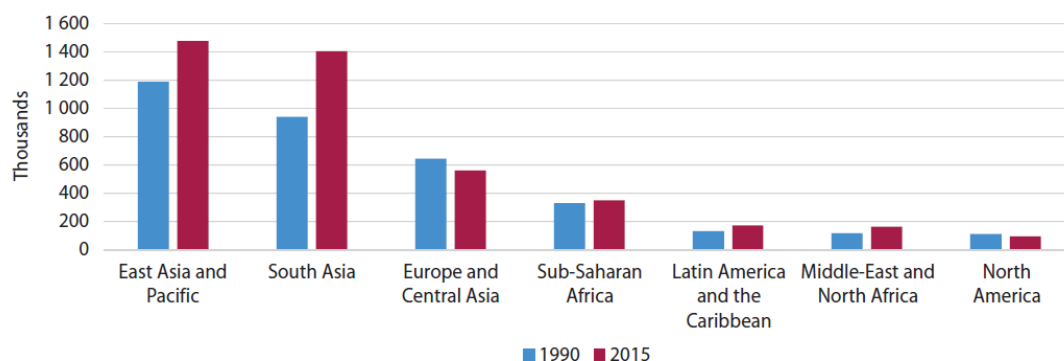
Annex 5: Impact of recorded disasters on poverty rates, selected Asia-Pacific countries, 2011–2016



Source: ESCAP (2017g) based on the ESCAP statistical database and country post-disaster damage assessments.

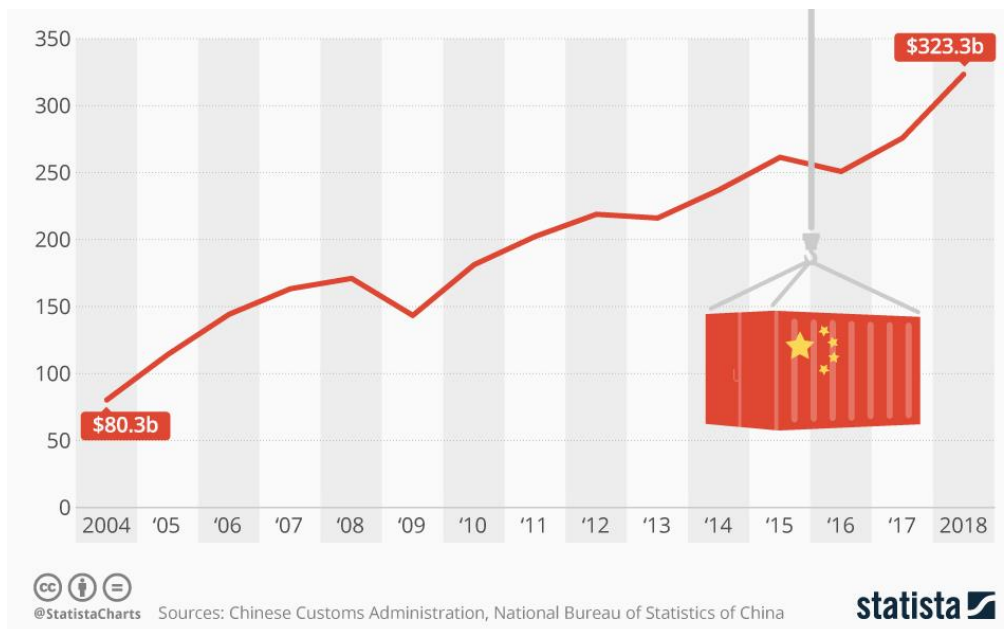
Source: "Inequality in Asia and the Pacific in the era of the 2030 Agenda for Sustainable Development", UNESCAP.

Annex 6: Premature deaths from ambient air pollution by world region, 1990 and 2015



Source: "Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development", UNESCAP.

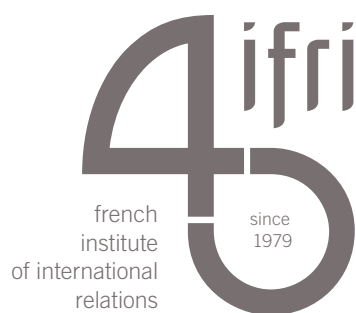
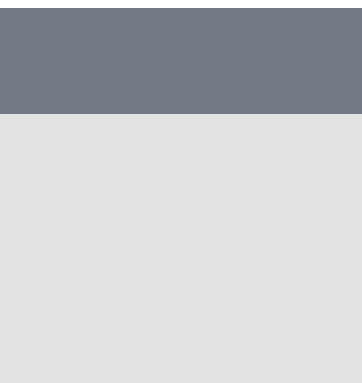
Annex 7: US-China trade deficit keeps growing (Chinese trade surplus with the US in billion US dollars, 2004–2018)



Source: K. Buchholz, "U.S.-China Trade Deficit Keeps Growing Despite Tariffs", Statista, May 10, 2019, available at: <https://lb-aps-frontend.statista.com>.

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