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Reimagining Europe's partnerships with India and Japan: a new trilateral?

EU and Dutch policy towards Asia for many years revolved around little more than chiefly positive engagement of China. Attempting to manage disrupting transitions in Europe and Asia, the EU and its member states are nowadays seeking to deepen relations with so-called 'like-minded countries', such as Japan and India. This Clingendael Policy Brief discusses the context and key drivers of this shift in strategy and tactics in Brussels and in European capitals. It argues that success in reframing relationships with key partners in Asia requires a practical long-term vision, a reconsideration of political priorities and official language, as well as a willingness to make political trade-offs. European capitals have so far been unwilling to make most of these adjustments. In the months ahead, several test cases will show whether Europe can follow through on its intentions.

European policymakers have at last embarked on serious strategic thinking and tactical policy shifts to reckon with a world wherein Europe is relatively less influential and Asian countries continue to gain in economic, political and military strength. Thinking on Asia in the European Union and EU member states has long been about China, China and … China. This was by and large a positive agenda that aimed to reap the economic benefits emerging from the rapidly rising dragon. Critical discussions with Beijing on human rights – first in public, and in recent years more muted – were the obvious exception to this positive tune. In recent years, concerns and irritants have grown in bilateral ties with China, as it is becoming increasingly clear that the dragon has risen without socialising fully into the liberal international order that developed countries in the West have promoted since 1945.[1]

While China remains central and positive engagement the default approach of European countries, there is growing talk in Europe of strengthening relations with so-called 'like-minded countries' in Asia. The United Kingdom's Brexit vote and

1 Thorsten Benner, Jan Gaspers, Mareike Ohlberg, Lucrezia Poggetti and Kristin Shi-Kupfer, 'Authoritarian Advance: Responding to China's Growing Political Influence in Europe', *GPPi & MERICS Report*, February 2018, available online; and François Godement and Abigaël Vasselier, 'China at the Gates: A New Power Audit of EU–China Relations', *ECFR Report*, 1 December 2017, available online.

steps by Donald Trump's administration in the United States that undermine the multilateral, rules-based system – including within the World Trade Organisation (WTO) and US withdrawal from the Paris Climate Agreement – have added urgency and new challenges to this trend. After all, the United Kingdom and the United States as two of the traditional flagbearers of the liberal international order can no longer always be relied on as partners with whom to pursue interests. The EU-27 thus need to invest in new partners with whom to protect and strengthen the open, rules-based system and the liberal values that the EU embodies.

The prime example of this growing political will to strengthen ties with like-minded countries in Asia is the successful conclusion of the Economic Partnership Agreement (EPA) between the EU and Japan. On the eve of the G20 Summit in Hamburg in June 2017, the two partners announced their agreement in principle. This was symbolic of the EU's and Japan's shared concerns about Trump's economic nationalism and Chinese geo-economic activism in Asia.[2] Illustrative of the strengthening EU–India ties was the wide representation of European officials and experts at India's Raisina Dialogue in January 2018. As political leaders and experts from around the world gathered in Delhi to discuss foreign and security policy at India's premier international conference, high-level EU and Indian representatives voiced their intentions to deepen bilateral ties.

A Crisis of Authority

Are we facing a crisis of the liberal order, as policymakers and experts increasingly suggest? Hardly so, says South Korean expert Yul Sohn. Instead, the crisis is one of authority:[3] as Washington retreats, others are continuing (or even stepping up) efforts to uphold the rules-based liberal system. The successful agreement of the high-quality EU–Japan EPA and the reinvigorated Trans-Pacific Partnership (TPP) are cases in point. After all, even when the United States – the largest negotiating partner – withdrew from the TPP negotiations, the remaining eleven countries moved to TPP 2.0. In January 2018 an agreement was reached on what is now the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), and countries including South Korea, Taiwan and Indonesia have shown an interest in joining the deal at the next stage. Importantly, even the tactic of luring the United States back into the trade deal by moving forward after Washington left negotiations seems to have paid off, as President Trump at the World Economic Forum in Davos in January 2018 intimated a possible US return to the TPP.[4]

Many countries that adhere to liberal values of openness, transparency and a rules-based order thus still want to forge alignments and to protect and deepen the liberal order. However, this requires more out-of-the-box thinking today compared to earlier times when the United States and the United Kingdom were the natural go-to partners.

Like-minded Partners?

The European Union and its member states are thus looking to deepen ties with so-called 'like-minded countries', especially in Asia. Recent EU statements on Japan talk of the two sides as 'like-minded strategic partners and major economies sharing common values and principles'.[5] At the EU–India Summit in September 2017, European Commission President Jean-Claude Juncker was more specific: 'We are the world's two largest democracies. We are two of the world's biggest economies. We share the same values and the belief in freedom, equality, tolerance and the rule of law. Working together with a

2 Maaike Okano-Heijmans, 'Europe and Japan Should Look to Each Other amid Uncertainty about Trump and Xi', *Clingendael Policy Brief*, June 2017, available online.

3 Yul Sohn in the session 'Fragile World: Geopolitical and Geoeconomic Challenges', at the Raisina Dialogue, Delhi, 18 January 2018.

4 *Japan Times*, 'Trump Woos Davos with TPP Trade Deal Shift, Says US is "Open for Business"', 27 January 2018, available online.

5 European Commission, 'Statement by President Juncker at the EU–Japan Leaders Meeting', Speech, Brussels, 21 March 2017, available online.

like-minded partner like India simply makes sense. It is natural'.[6] However, EU–India like-mindedness appears less natural from the Rule of Law Index, which considers factors such as fundamental rights, constraints on government powers and absence of corruption.[7] Here, India ranks far closer to China (62nd and 75th position, respectively) than to Japan and European countries, for example the Netherlands or France (14th, 5th and 18th position, respectively).

Clearly, behind the lofty rhetoric lie realist political considerations and pragmatic diplomatic tactics. After all, and notwithstanding a certain degree of like-mindedness on basic principles, the democratic systems of EU member states, Japan and India are vastly different, and the three certainly differ in their understanding of some crucial issues, such as the death penalty and personal data protection. That said, the EU, Japan and India have much in common when compared to the country that is currently the single biggest force of the global shift in political, economic and military influence: China. Efforts to strengthen EU–India and EU–Japan relations should thus also be viewed as a form of indirect China policy and a scramble for viable alternatives to the Chinese market, which is losing the appeal it has held for several decades because of rising labour prices and growing (legal) impediments and insecurities. More than pooling together a group of countries that share similar approaches to a broad set of basic principles, 'like-mindedness' as a geopolitical concept thus serves to distinguish authoritarian powers like China and Russia from a group of countries that are all liberal democracies of some sort.

Set against this context, it is no surprise that Japan and India emerge today as Europe's Asian partners of choice. South Korea, Australia, New Zealand and Indonesia may also be included in this list. Put simply, European capitals are looking for partners that are willing to bind forces in protecting (and ideally, deepening) the rules-based international order – with its United Nations (UN)-based centrality in the field of security and WTO-based centrality in the economic realm.

Reinvigorated EU–Japan and EU–India relationships would bring Europe's relations with these countries in line with the strengthening regional profile of the two Asian countries. Despite being more of a promise than a reality in terms of regional power and influence today, India is becoming serious about raising its international profile. Since taking office in 2014, Prime Minister Narendra Modi has repeatedly voiced India's ambition to rise as a responsible power. If India is the great power-in-waiting, Japan is the only country that is willing and able today to offer real alternatives to Chinese actions and propositions – whether militarily in the South and East China Seas, or economically to China's Belt and Road Initiative (BRI). Tokyo and Delhi share between them key concerns about China's growing assertiveness in the region.

Japan, India and the Quad 2.0

Despite its relative economic decline and the bad press that it has received in Europe over recent decades because of its sluggish economic growth, Japan is certainly no spent force. Tokyo is offering Quality Infrastructure Partnerships to countries in Southeast Asia, emphasising standards such as social and environmental considerations, high-technology assistance, local job creation, and consideration for the financial situation of recipients. Tokyo also provides development assistance that bolsters these countries' naval military strength.

In a poll among Southeast Asian experts conducted in 2017 by Singapore-based think tank ISEAS, Japan was the only country to pass the 50 per cent threshold on the question of what country is expected to 'do the right thing' in contributing to global peace, security, prosperity and governance. The European Union – the biggest investor in the region – came in second with an

6 European Commission, 'EU–India Summit: Strengthening our Strategic Partnership and Moving Forward with our Common Agenda', Press Release, Brussels, 6 October 2017, available online.

7 World Justice Project, *WJP Rule of Law Index 2017–2018*, 2018, available online.

admirable 45 per cent, albeit quite a distance from Japan's 62 per cent.[8] By contrast, 70 per cent of respondents to this same poll expressed little or no confidence that Beijing will 'do the right thing'. Concerns have grown among Southeast Asian experts about China building artificial islands in the South China Sea and its construction of airstrips and docks on disputed islands and reefs, as well as about Chinese BRI projects also leading to flows of illegal migrant workers and drug smuggling from China. In addition, Beijing's increasingly widespread use of economic levers such as unofficial import restrictions and tourist boycotts are a growing concern.

In an overt attempt to offer an alternative to China's ambitious Belt and Road Initiative, Japan and India in September 2017 launched the Asia–Africa Growth Corridor (AAGC)[9] – a collaborative vision to promote development, connectivity and cooperation between Africa and Asia as part of a 'liberal and value-based order'. A month later, US Secretary of State Rex Tillerson confirmed Washington's alignment with these countries in a speech in Delhi, followed by similar remarks by President Trump himself on the sidelines of the annual East Asia Summit in Manila in November 2017.[10] This led to a quick popularisation of the concept 'Indo-Pacific' to refer to Asia, rather than Asia-Pacific.

First coined by the United States, Indonesia, Japan and Australia in the early 2010s, Trump's recent reference to the Indo-Pacific immediately made it – again – a politically charged concept. The term does not merely refer to a geographical region or a geo-economic reality,[11] but includes a geopolitical agenda that responds to China's growing influence. Similarly political a term, the so-called 'Quad' – an informal strategic partnership of Japan, India, the United States and Australia – was reinvigorated in late 2017, after its first short-lived manifestation in 2007–2008: the Quadrilateral Security Dialogue. Australia effectively squared the Quad 2.0 with its Foreign Policy White Paper of November 2017 – its first in fourteen years – which largely focuses on the challenges presented by China's rise and states that Australia is 'open to working with our Indo-Pacific partners in other plurilateral agreements'. Next to security cooperation, the Quad 2.0 is taking on also a geo-economic angle, as illustrated by talk of cooperation on the Blue Economy and coordination of joint financing for regional infrastructure projects.

Shared Destination, Distinct Approaches

There can be little doubt that the EU and its member states share ideas on the end goal regarding China with many countries in Asia. All wish for China to develop as a country that respects and conforms to standards enshrined in today's open, rules-based liberal international order. Fundamental differences exist, however, in how much of a priority China is to the EU and its member states, and to Japan, India and ASEAN countries. Obsessed with its immediate neighbourhood, Europe has long been oblivious to the fact that China poses the long-term challenge to the international system. By contrast, relations with China are vital for all Asian countries in political, economic and security terms. In addition, ideas diverge between European and Asian capitals on the preferred approach and timing of policies, the preferred language and the acceptable level of trade-offs. Seen in this context, like-mindedness as democracies and the shared desire to maintain the rules-based order and market-capitalism provide a thin base for real cooperation to work smoothly.

8 'Iseas Poll Shows Low Trust for China in Region', *Today Online*, 4 May 2017, available online.

9 Jagannath P. Panda, 'Asia–Africa Growth Corridor (AAGC): An India–Japan Arch in the Making?', *Focus Asia*, No. 21, August 2017, available online.

10 Rex W. Tillerson, *Remarks on "Defining Our Relationship With India for the Next Century"*, Center for Strategic & International Studies (CSIS), Washington, DC, 18 October 2017, available online; and C. Raja Mohan, 'Donald Trump's "Indo-Pacific" and America's India Conundrum', *ISAS Insights*, No. 476, 13 November 2017; available online.

11 Rory Medcalf, 'The Indo-Pacific: What's in a Name?', *The National Interest*, Vol. 9, No. 2, 10 October 2013, available online.

Consider, for example, the fact that to Japan and India, China's encroachment on geographical boundaries poses an immediate challenge. Since 2010, Japan and China have clashed in a growing number of incursions involving warplanes, ships and fishermen in the East China Sea. For its part, as recently as summer 2017, India faced a military stand-off with Chinese soldiers on the Doklam plateau – territory claimed by both China and Bhutan. By contrast, European concerns with China's growing assertiveness and reach have been much less tangible, as they are mostly economic in nature, rather than territorial and military.

This difference in direct exposure to Chinese shows of force between Japan, India and other Asian countries on the one hand, and European countries on the other, reinforces a second divergence: a clash of cultures in the concepts used. In Asia, sovereignty and nationalism are very much part of today's reality. They are not relics of the nineteenth century, as many in Europe conceive them to be.

Beyond geographical challenges that result in military confrontations, sovereignty issues also feature in the economic realm. Sri Lanka's sovereignty, for example, became disputed when its government – struggling to pay its debt to Chinese banks – handed over the strategic port of Hambantota to a Chinese state-owned enterprise on a 99-year lease in December 2017. Such debt creation when used to create dependency also threatens countries' economic sovereignty. In this form, sovereignty issues may have already reached European borders, as the example of Chinese loans to EU candidate member Montenegro testifies.[12]

This brings us to a third divergence, which concerns the difference in foreign policy priorities. As illustrated by diplomatic activities and speeches, bilateral statements and conference programmes, the primary challenges for Japan and India are North Korea and terrorism, respectively. These issues also feature on the agenda of the EU and its member states, but in very different ways: Pyongyang is relatively less of a priority for Europe – because it is not an immediate threat[13] – and the problem definition and desired approach to tackling (counter-)terrorism are quite distinct in Europe and India. Specifically, European countries are concerned about accusations of human rights violations regarding India's methods in combating extremism. This gap in prioritisation and approach obviously complicates practical, on-the-ground cooperation on these issues.

The Road Ahead

In the Asian region, the United States is more willing and able to speak and act in ways that conform with the mind-set of Japanese and Indian counterparts. In conferences such as India's Raisina Dialogue, for example, the European Union and EU member states' governments would organise sessions dealing explicitly with the EU or the EU's relations with another country. Doing so risks an excessive focus on EU internal affairs and may keep away an audience that does not have a profound interest in Europe. This is particularly problematic, as many Europeans are still oblivious to the fact that lots of Asians look at the EU as a shaky grouping, a region in trouble, or – back in 2017 when several European cities experienced terrorist attacks – even as a 'war frontier'.[14] The smarter way of engaging like-minded countries in Asia may be that of US and Japanese companies, foundations and governments. Their approach is to stimulate

12 The huge cost of the Bar–Boljare motorway – of which €689 million out of €809 million is funded by a China Exim Bank loan – compared to Montenegro's small economy has raised concerns among international financial institutions and rating agencies about driving up Montenegro's debt burden. See Clare Nuttall, 'China Rising: Chinese Funded Highway Drives Up Montenegro's Debt Burden', *IntelliNews*, 10 July 2017, available online.

13 Sico van der Meer, 'The EU and North Korea: Sanctions Alone are Not Enough', *Clingendael Alert*, October 2017, available online.

14 Several sessions at the Raisina Dialogue in January 2018, as well as other exchanges with experts from East Asia in 2017.

discussion on a specific topic – for example, innovation or climate change – that deliver their own views, interests and objectives more subtly, with government officials taking a back seat.

Without suggesting that the EU adopts the talk and priorities of Asian countries (or of the United States, for that matter), a key issue to be addressed is whether the EU and its member states are willing to engage in some best-practice learning from the region. One such example is to come up with a framework for cooperation that incorporates a long-term vision with concrete action points for cooperation. This serves the purpose of linking abstract rhetoric about shared values with practical, on-the-ground cooperation. After all, pragmatic cooperation that brings local, visible and quick(er) solutions to practical challenges will have greater effect if they are part of a shared narrative on dealing with bigger issues such as regional power shifts and the acceptable (financial and political) costs of reaching this objective. India and Japan's Asia–Africa Growth Corridor offers a good example in this regard.

Track 1.5 or Track 2 dialogues between generalists as well as specialists may contribute to identifying avenues for such joint action at both the long-term visionary and the short-term practical levels. There has been a dearth of investment in such people-to-people exchange in EU–India and EU–Japan relations. Institutionalising intellectual exchange may also foster greater recognition of the actions of Japan and – to some extent – India in Europe and our backyard, and vice versa. How many policy makers and experts in EU capitals are aware, for example, of the Western Balkans Cooperation Initiative, which was established by the Japanese government in January 2018, and of the fact that the EU as a whole is the single biggest investor and key trading partner of Southeast Asian countries and India?

Test Cases for Europe

Whether the EU and its member states succeed in truly deepening their relationship with 'like-minded countries' in Asia will also depend on their willingness to make trade-offs. Such trade-offs may include adjustments in their political prioritisation or understanding of particular policy issues, or they may risk upsetting China. Test cases of such preparedness are found in the security and political–economic fields.

In the field of security, one thing to watch is whether the EU and its member states will start talking about the 'Indo-Pacific' in the foreseeable future. Theoretically, using the term 'Indo-Pacific' makes sense to Brussels and European capitals, as it references the part of Asia that is most geographically close and that links Europe to Asia: the Indian Ocean. Considering the implicit geopolitical agenda ingrained in the concept, however, it is in practice quite a political leap to introduce the term in official discourse. After all, 'Indo-Pacific' takes 'like-mindedness' one step further: both implicitly reference China, but 'Indo-Pacific' is directly related to the regional (security) order in Asia. This runs counter to the EU's approach of strengthening regional solutions and cooperation in Asia. So far, only France and the United Kingdom have indicated interest in the quasi-military alliance that the 'Indo-Pacific' and the Quad involve.[15] Hence, while countries including India and Japan, as well as the United States, will welcome an EU shift to talking about 'Indo-Pacific', it would probably be less popular with policymakers in Beijing.

Second, will the EU and its member states be willing and able to move closer to the Indian and Japanese foreign policy priorities, namely terrorism and North Korea? In rhetoric, this is already occurring – as is apparent from the opening paragraphs of EU–India and EU–Japan summit statements. But what about real action in, for example, a trilateral or regional setting?

15 The French and British navies are stepping up their presence in the Asia–Pacific region, and France's ministry of defence makes broad reference to the term 'Indo-Pacific' in official documents; see French Ministry of Defence, *France and Security in the Asia–Pacific*, June 2016, available online.

The EU lost relevance in shaping inter-Korean security after the Korean Peninsula Energy Development Organisation (KEDO) effectively became redundant in late 2002. That said, a positive example of practical action was the interception in January 2018 by Dutch authorities of a shipment of generators destined for North Korea in accordance with UN sanctions over its nuclear and missile programmes. In relations with India, European concerns over India's approach to combating extremism have resulted in a lack of trust between the two sides, which in turn is an impediment to cooperation in the sensitive dimension of sharing intelligence data.[16] Here, shifting the rhetoric from terrorism to radicalisation in EU–India relations is one way to further debate and practical cooperation on the topic.

In the political-economic field, one test case may lie in whether the EU or individual EU member states will cooperate on the Asia–Africa Growth Corridor, proposed by Japan and India, and complementing their involvement with China's Belt and Road Initiative. The political sensitivity of such a move should be small, as Europeans have until now engaged in a wide range of connectivity initiatives, rather than with China's BRI alone. The real question here may be whether Europeans are willing to put their money where their mouth is. In other words, are they willing to spend money on infrastructural projects that may be undertaken under this flag?

Another test of the willingness of the EU, India and Japan to commit political and financial capital to deepening ties concerns the creation of a High-level Strategic and Economic Dialogue. European Commission Vice-President for Jobs, Growth, Investment and Competitiveness Jyrki Katainen proposed such a platform in Delhi in November 2016, but the Indian response was muted and the initiative was not pursued. As geo-economic issues – including connectivity and global value chains, economic and financial governance and trade diplomacy – rise in importance, more institutionalised cooperation on economic and financial governance is hardly a luxury. Discussions should be held on mini- or multilateral efforts to protect and maintain the rules-based order, transparency and (financial) standards related to government procurement and state subsidies. Although the EU is a key trade and investment partner of many countries in Asia, such issues have not been on the agenda in a structured setting.

To conclude, the EU and its member states should be credited for their renewed efforts to broaden and deepen relations with so-called 'like-minded countries' in Asia, including Japan and India. A mature relationship takes these affiliations beyond the fields of trade and investment, to include also practical cooperation in the security, political and geo-economic realms. This can only succeed if European capitals are willing to move out of their comfort zone. The values-driven approach referencing 'like-mindedness' with countries in Asia needs to be complemented with a greater degree of geopolitical, interest-driven, strategic balancing. A practical long-term vision that bridges on-the-ground cooperation with rhetorical like-mindedness is an important step in this regard. Furthermore, what is needed is a reconsideration of political priorities, official language and a willingness to make political trade-offs – steps that European capitals have so far been unwilling to make.

16 Patryk Kugiel, 'EU–India Counter-Terrorism Cooperation: Limitations and Prospects', *Bulletin PISM*, No. 5 (1076), 15 January 2018, available online.

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