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Hearing on  
U.S.-European Cooperation on China and the Broader Indo-Pacific

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Chairs Keating and Bera, Ranking Members Fitzpatrick and Chabot, distinguished Members of the Committees. Thank you for this opportunity to speak to you today about U.S. and European cooperation on China and the broader Indo-Pacific.

I will focus my testimony on recent European strategy discussions about the Indo-Pacific, how those discussions factor into the Europe-China relationship, and what this all means for U.S.-European cooperation on China and the Indo-Pacific. My testimony will highlight these key findings:

- European policymakers, both in the EU and in the UK, have increasingly focused on the Indo-Pacific region in recent years. In 2021 alone the EU and the UK have issued strategies outlining their priorities and goals in the region.
- The origins of the EU's focus on the Indo-Pacific go back to 2019 and a series of policy documents from countries like France, Germany and the Netherlands, all of which emphasized the importance of the region for European economic, security, values, and diplomatic interests.
- The timing of heightened European focus on the Indo-Pacific also overlaps with increased American emphasis on the strategic importance of the region in recent years. European policy discussions of the Indo-Pacific also reference policy frameworks generated from American allies and partners in the region itself, including from Japan and ASEAN.
- The timing of European statements about the importance of the Indo-Pacific coincides with an overall recalibration of Europe's relationship with China, officially encapsulated in the EU's tripartite formula designating China as simultaneously a "partner", "competitor", and "systemic rival". Yet European statements about the Indo-Pacific are

explicit in not framing their approaches to the region as targeting, or meant to exclude, China.

- Increased European focus and interest in the Indo-Pacific underscores a number of areas of potential cooperation with the U.S in the region, including on regional stability and security; human rights and democratic values; supply chain resilience; infrastructure and connectivity (including energy and digital); as well as combatting climate and health risks.
- Yet enhanced U.S.-European cooperation on the Indo-Pacific also faces a number of challenges and limitations, including European resistance to framing any such cooperation as part of a broader anti-China bloc; limited European interest and capabilities in focusing on military and traditional security issues in the region; and the potential for competition among U.S and European industrial policies in the Indo-Pacific.

### **Europe's Focus on the Indo-Pacific**

Europe's rising focus on the Indo-Pacific, including a series of recent country and EU-level strategy documents, comes in the wake of a growing focus on the region among important European partners such as the US, Japan, ASEAN, Australia and India. At the country level, France has been in the lead in promoting a focus on the Indo-Pacific. Beginning with a speech in Australia in 2018, French President Emmanuel Macron has been at the forefront of efforts to articulate a coherent French as well as EU-level Indo-Pacific strategy. Beginning with a series of policy documents from the French Ministries of the Armed Forces and Foreign Affairs in 2019 and 2020 and culminating with an updated, summary document issued in April 2021, French foreign policy officials have argued that the Indo-Pacific is a crucial region of overlapping French interests. At the core of French interests in the region is the presence of French territories and citizens stretching from the western reaches of the Indian Ocean all the way to the South Pacific.

Following France, Germany was next to articulate its Indo-Pacific "policy guidelines" in September of 2020. Rather than emphasizing Germany's sovereignty-related interests in the region, the German Indo-Pacific policy document highlights the region's economic vitality and the imperative of ensuring peace and stability in an increasingly volatile region. Especially noteworthy in the German Indo-Pacific strategy is its explicit openness to cooperation with China, including on climate, as part of the region.

Inside the EU, the most recent member state Indo-Pacific strategy document was published by the Netherlands in November 2020. The Dutch Indo-Pacific "guidelines" emphasize that "the geopolitical and geo-economic balance of power is shifting rapidly" and that the Indo-Pacific is the "world's primary growth region". The Dutch Indo-Pacific approach also underlines the importance for the Netherlands and for the EU of cooperation with "like-minded democracies and countries with open-market economies" while also arguing that sustainable regional trade will contribute to peace and stability. In line with Dutch identity as an open, maritime trading nation, the Dutch strategy also places particular emphasis on strengthening the international legal order, including related to maritime disputes in the South China Sea, in the region.

Lastly, and while no longer part of the EU but still part of Europe, the UK has also recently articulated clear arguments about the importance of the Indo-Pacific for British interests. In its March 2021 “Integrated Review of Security, Defence, Development and Foreign Policy”, the UK sought to distinguish itself from its EU counterparts by announcing that “By 2030, we will be deeply engaged in the Indo-Pacific as the European partner with the broadest, most integrated presence in support of mutually-beneficial trade, shared security and values.” Yet for all these efforts to portray itself as leader of Europe in the Indo-Pacific, the UK’s emphasis on economics, security and principles also largely lines up with EU priorities.

In the EU itself, the French, German and Dutch Indo-Pacific policy documents from 2019 and 2020 were all aimed at pushing for a broader, coordinated, EU-level strategy. This coordinated push culminated with the European Council’s own April 2021 “Conclusions” for an “EU strategy for cooperation in the Indo-Pacific”. The document highlights six priority areas:

- 1) “working with partners in the Indo-Pacific region”
- 2) “supporting the international community’s global agenda”
- 3) “advancing our economic agenda and protecting our supply chains”
- 4) “playing our part in the field of security and defence”
- 5) “ensuring high quality connectivity”
- 6) “advancing our collaboration in the field of research, innovation and digitalization”

The April 2021 document does not yet represent the conclusive EU strategy for the Indo-Pacific, and a potentially updated “Joint Communication” is scheduled for September, but the broad outlines are now in place. Within the six main priority areas, the EU’s draft Indo-Pacific strategy provides a wide range of even more specific goals, but it is worth noting that China appears only once in the document and in the context of support for the EU’s troubled “Comprehensive Agreement on Investment” with China. Yet the broad list of priority issue areas, as well as the relative absence of references to China, are unsurprising given the need to accommodate the interests of all 27 EU members.

### **Europe and the Indo-Pacific: The China Question and Implications for U.S.-Europe Cooperation**

Two key questions emerge from this brief overview of emerging European Indo-Pacific strategies.

- 1) What does growing European interest and focus on the Indo-Pacific mean for Europe-China relations?
- 2) How will Europe’s focus on the Indo-Pacific affect U.S.-European cooperation on China and in the Indo-Pacific?

To answer the first question, growing European interest in the Indo-Pacific takes place in the wake of a broad rebalancing of Europe-China relations. Dating back to at least 2016, there has been an increased emphasis in a number of European capitals, including in Brussels, on the

need to balance the benefits of economic engagement with China with the risks and challenges of interdependence with China. A key part of this recalibration has been rising European concern about China's authoritarian trajectory at home and abroad. In its 2019 "Strategic Outlook" on EU-China relations, the EU expressed this new balance with a tripartite formula: "China is, simultaneously, in different policy areas, a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance." This balance among China as a partner, a competitor, and a systemic rival continues to set the tone for EU-China relations and is important for understanding the EU's growing focus on the Indo-Pacific.

On the one hand, as the EU and different countries in Europe seek to strike a balance in their relations with China, a focus on the Indo-Pacific region underscores the importance of other countries in the region as economic and political partners for Europe. For example, a key feature of the various European Indo-Pacific strategies is an emphasis on the economic vitality of ASEAN and the need to build on existing, or create new, bilateral or multilateral trade agreements that also leverage Europe's standard-setting power. Southeast Asia, along with Japan and Korea, also feature prominently in European discussions about options for enhanced supply chain resilience. With an eye toward China, there is also an emphasis on working with like-minded partners in the Indo-Pacific to strengthen democratic governance, the rule of law, and defense of human rights.

On the other hand, while China looms large in the background of European approaches to the Indo-Pacific, the EU and individual European countries have been keen to emphasize that their approach to the region is meant to be inclusive. For example, the EU's April 2021 Indo-Pacific strategy document clearly states that the EU's "renewed commitment to the region is inclusive of all partners wishing to cooperate with the EU." Moreover, the EU strategy emphasizes the need for "cooperation" in the Indo-Pacific and expresses concerns about "intense geopolitical competition" in the region that "threaten[s] the stability and security of the region and beyond, directly impacting on the EU's interests". In other words, European Indo-Pacific strategies are *not* being framed as part of a broader anti-China coalition and instead emphasize concerns about the potentially destabilizing effects, and their negative impact on European interests, of increased U.S.-China rivalry in the region.

With such important considerations in mind, increasing European attention on the Indo-Pacific region should produce a wide range of opportunities for cooperation with the U.S., including on China-related issues. Issues with the most potential for cooperation include the following:

- **Regional stability and security** – while the UK and France are the two European countries most likely to commit to naval and other traditional security cooperation in the Indo-Pacific, the EU and countries like the Netherlands are keen to emphasize maritime rule of law for the maintenance of stability in the region.
- **Human rights and democratic values** – amidst already increased Transatlantic coordination on human rights and values with respect to Xinjiang and Hong Kong, a joint

U.S.-European focus on the Indo-Pacific could also pave the way for greater coordination on the ongoing political and humanitarian crisis in Myanmar.

- **Supply chain resilience** – while there is little appetite in Europe for full-scale decoupling, there is a growing recognition of the need for greater coordination with the U.S. and other countries in the Indo-Pacific on enhanced supply chain resilience. The EU-U.S. Trade and Technology Council, launched in June 2021, provides a possible platform for cooperation in the Indo-Pacific.
- **Infrastructure and Connectivity** – in the wake of the recent G7 summit and proposed Build Back Better World (B3W), there is momentum for enhanced U.S.-European cooperation on infrastructure financing and construction in the Indo-Pacific, including in the areas of energy and digital infrastructure. The EU's stalled "connectivity" strategy is also showing signs of life after a push from German and European Council officials; therefore, the time is ripe for U.S.-European coordination on infrastructure standards and on financially and environmentally sustainable infrastructure. Joint U.S.-EU-Japanese cooperation on next steps of the B3W agenda in the Indo-Pacific offers a potential starting point.
- **Climate and Health** – in the wake of dual health and economic crises triggered by the Covid-19 pandemic, and as the impact grows in the Indo-Pacific, there are multiple opportunities, and imperatives, for enhanced U.S.-European cooperation.

While there are clear opportunities for deeper U.S.-European cooperation within the framework of a joint focus on the Indo-Pacific, there are also some important limitations and risks, including as they relate to China. Most clear among these are:

- **Explicit focus on China** – Any effort by the U.S. to emphasize Indo-Pacific collaboration with the EU or individual countries in Europe as part of an explicit alignment against China is likely to fail. Even though China is the elephant in the room on all the issue areas where the U.S. and Europe could collaborate within the framework of a shared focus on the Indo-Pacific, any obvious effort to frame such collaboration as exclusive of, or directly targeted against, China will likely not receive an enthusiastic reception in Europe.
- **Emphasis on military cooperation** – If a key facet of increased American emphasis on the importance of the Indo-Pacific region in recent years has included a focus on military and traditional security cooperation in the region, then the U.S. is likely to find limited European appetite for military-focused cooperation in the region. With the noted exceptions of the UK and France, and despite increased NATO focus on China and the Indo-Pacific, the emphasis of European interest in regional stability and security in the Indo-Pacific region is likely not to be on military issues, per se, but instead on strengthening rule-based governance and minimizing instability that might result from increased U.S.-China rivalry.
- **Competition as well as cooperation** – for all the possibility of greater U.S.-Europe cooperation within an Indo-Pacific framework, it's clear that European interest in the region is also about enhancing European economic and diplomatic competitiveness

there. Whether it's about a greater role for European green energy technology or shoring up supply chains that could be disrupted by either Chinese or U.S. policies, European officials and business leaders will keep a close eye on protecting their own interests and enhancing their own competitiveness. As the U.S. and Europe look for opportunities for enhanced cooperation in the Indo-Pacific, they also need to be wary of the risks of mutually exclusive and competing industrial policies.

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