

# **Towards Meaningful Action: The Netherlands and the EU turn to the Indo-Pacific**

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## **Summary**

*In November 2020, the Netherlands became the third European Union (EU) member state to release an Indo-Pacific strategy, aiming to push forward a significant policy shift in Europe towards the Indo-Pacific. As competition intensifies over hard power projection, as well as influence over digital connectivity and leadership in standard-setting in new technologies and digital governance, the EU and its member states are increasingly adopting a foreign policy posture to reflect this emerging reality. With a focus on multilateral cooperation with like-minded partners, European actors hope to increase their involvement in ocean governance, traditional as well as digital connectivity projects, forge stronger economic ties, and safeguard liberal and democratic values in the Indo-Pacific.*

## **Introduction**

In November 2020, the government of the Netherlands took a decisive step towards a more active Dutch and European Union (EU) posture in the Indo-Pacific to defend and promote Dutch economic and political interests. The policy note, ‘Indo-Pacific: Guidelines for Strengthening Dutch and EU cooperation with partners in Asia’,<sup>1</sup> called for the Netherlands and the EU to step up their efforts in the Indo-Pacific and to develop a distinctive Dutch and EU vision of the region. It was the third such document released by an EU member state and, as such, an important building block towards the EU strategy that was announced six months later.

The policy note was positively welcomed by officials and experts abroad. In the Netherlands, however, it has thus far generated little debate beyond insiders in the Ministry of Foreign Affairs and Ministry of Defence – a telling indication of the vast challenges that lie ahead for the Netherlands (and the EU and member states more generally) to really act on their stated intentions.

While most attention goes out to European action in the maritime domain, ultimately, the EU and its member states could offer more in the hotly contested high-tech and digital domains. They can contribute to an open, safe and inclusive digital connectivity and engage with the thriving digital economies in the Indo-Pacific.

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<sup>1</sup> Ministry of Foreign Affairs, “Indo-Pacific: Guidelines for Strengthening Dutch and EU Cooperation with Partners in Asia”, Government of Netherlands, 13 November 2020. <https://www.rijksoverheid.nl/documenten/publicaties/2020/11/13/indo-pacific-eeen-leidraad-voor-versterking-van-de-nederlandse-en-eu-samenwerking-met-partners-in-azie>.

## European Interests in the Indo-Pacific

As reflected in the Dutch Indo-Pacific Guidelines, increased engagement with the Indo-Pacific, the world's primary growth region, is needed to adequately promote European interests.

For the Netherlands, the region 'extends from Pakistan to the islands of the Pacific', while the shipping routes through the Indian and Pacific Oceans are considered central to the concept. This is narrower in scope compared to some others, including Japan and the EU, which also include the east coast of Africa in their geographical demarcation of the region.

The Indo-Pacific is vital for economic growth of the EU and its member states, as it is home to three out of the four largest economies outside the EU (China, Japan and India) and by 2030, 90 per cent of 2.4 billion new middle income class members will come from the Asia Pacific region.<sup>2</sup>

Stability in the region is closely tied to stability within the EU. The stable and secure supply of critical goods depends on open maritime and trade routes. The strategic competition between the US and China that initially focused on tensions in the South China Sea has contributed to rising antagonisms and a larger great power military presence, as well as intensifying economic and technological rivalry that is further heightening tensions in the region.

In addition, cooperation with countries in the region is critical to tackling global challenges, such as climate, pandemics and poverty reduction. This also goes for a properly functioning international legal order.

Last but not least, the Indo-Pacific is a key region where standards are being set today: technological and market standards that shape the competitiveness also of European companies, as well as governance norms, where democracies increasingly compete with digitally empowered authoritarian states. For example, the secure and ethical use of smart city applications and data by authorities must be ensured, lest they contribute to far-going digital surveillance by states.

Thus, as per the Dutch Indo-Pacific Guidelines: "In a world where democracy, the rule of law, human rights, freedom, free trade and a properly functioning multilateral world order are increasingly under pressure, the Netherlands and the EU must join forces with like-minded countries in the Indo-Pacific region and with ASEAN [Association of Southeast Asian Nations]."<sup>3</sup>

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<sup>2</sup> "In 2020 Asia will have the world's largest GDP. Here's what that means", Praneeth Yendamuri and Zara Ingilizian, World Economic Forum Annual Meeting, 20 December 2019. <https://www.weforum.org/agenda/2019/12/asia-economic-growth/>.

<sup>3</sup> "Indo-Pacific: Guidelines for strengthening Dutch and EU cooperation with partners in Asia", The Government of the Netherlands, 13 November 2020. <https://www.government.nl/documents/publications/2020/11/13/indo-pacific-guidelines>.

## Towards an EU Strategy

The Netherlands' Indo-Pacific paper followed earlier official statements by the French<sup>4</sup> and German<sup>5</sup> governments. From October 2020, these three countries pushed the debate in Brussels for an EU strategy by putting forward a confidential non-paper calling for EU engagement with the Indo-Pacific. In January 2021, Japanese Foreign Minister Toshimitsu Motegi addressed the EU's Foreign Affairs Council on the topic. An EU Strategy for Cooperation in the Indo-Pacific was subsequently announced in the EU Council Conclusions<sup>6</sup> of April 2021, with a comprehensive Joint Communication of the EU High Representative and the European Commission expected to follow in September 2021.

Thus, with unprecedented speed by EU standards, it is about to join the ranks of a growing list of countries that have adopted dedicated Indo-Pacific approaches in recent years.<sup>7</sup>

## Seeking to avoid One Dominant Power in the Region

European engagement with the Indo-Pacific should be considered in its proper context. It may be thought of as the other side of the coin of the Europe's reorientation in a world in which China's political, economic and military influence has grown rapidly and is transforming the Indo-Pacific region as well as the global system.

Several years ago, the Netherlands was an EU frontrunner in reconsidering its China strategy. It was the first EU member state to put out a China policy note in May 2019, shortly after the publication of the EU-China Strategic Outlook.

If these documents set the contours of Europe's policy of "dealing with China" directly, the Indo-Pacific Guidelines may be considered a push for more comprehensive and assertive indirect China policy that seeks to balance and restrain – but not to constrain – China's growing role and influence in the region as well as on the multilateral stage. After all, a concert of powers in the Indo-Pacific is also in Europe's interests, as the EU's economic growth, political and military stability is closely intertwined with that of the region.

Turning points for European engagement with the Indo-Pacific came in 2019 and 2020, when the concept was mentioned for the first time in an official EU document: the EU-Japan Connectivity Partnership. For the Netherlands specifically, the adoption by ASEAN of the

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<sup>4</sup> Ministry of Europe and Foreign Affairs, "France's Partnerships in the Indo-Pacific", Government of France, April 2021. [https://www.diplomatie.gouv.fr/IMG/pdf/en\\_a4\\_indopacifique\\_16p\\_2021\\_v4\\_cle4b8b46.pdf](https://www.diplomatie.gouv.fr/IMG/pdf/en_a4_indopacifique_16p_2021_v4_cle4b8b46.pdf).

<sup>5</sup> Federal Foreign Office, "Germany – Europe – Asia: Shaping the 21st Century Together", Government of Germany, 1 September 2020. <https://www.auswaertiges-amt.de/blob/2380514/f9784f7e3b3fa1bd7c5446d274a4169e/200901-indo-pazifik-leitlinien--1--data.pdf>.

<sup>6</sup> European External Action Service, "EU Strategy for Cooperation in the Indo-Pacific", European Union, 19 September 2021. [https://eeas.europa.eu/headquarters/headquarters-homepage/96740/eu-strategy-cooperation-indo-pacific\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/96740/eu-strategy-cooperation-indo-pacific_en).

<sup>7</sup> Brigitte Dekker, Karthik Nachiappan and Maaïke Okano-Heijmans, "Fostering digital connectivity in and with the Indo-Pacific region: Opportunities for the EU", Scoping paper for the European External Action Service (European Commission), April 2021, p.9. [https://www.clingendael.org/sites/default/files/2021-04/Report\\_Digital\\_Connectivity\\_IndoPacific\\_April\\_2021.pdf](https://www.clingendael.org/sites/default/files/2021-04/Report_Digital_Connectivity_IndoPacific_April_2021.pdf).

ASEAN Outlook on the Indo-Pacific was instrumental, as it showed the possibility of engaging with the Indo-Pacific without a politicised or confrontational approach.

As such, what is really significant today is that the Netherlands and the EU are willing to accept the Indo-Pacific as a political construct. They were hesitant to do so earlier, when only France – with its particular set of assets, interests and capabilities in the region – started to engage with the concept and when the Japan-initiated Free and Open Indo-Pacific vision became more confrontational towards China as the United States (US) under President Donald Trump got on board with the concept.

While the Dutch and European approaches to engagement with the region are not conflictuous, they are not value-neutral. Both documents call for effective (rules-based) multilateralism and are generally inclusive in tone. But specific approaches and actions mentioned show clear preferences. The Dutch Indo-Pacific Guidelines call for closer cooperation with like-minded democracies and countries with open market economies, stating that “partnerships will take different forms in different countries depending on the extent of shared interests and the degree of like-mindedness.”<sup>8</sup> The Council’s conclusions state that this “renewed commitment to the region is inclusive of all partners wishing to cooperate with the EU”, and that the EU is to “build its cooperation according to specific policy areas where partners can find common ground based on shared principles, values or mutual interest.” Furthermore, the EU will deepen its engagement on the Indo-Pacific in particular with those partners that have already announced Indo-Pacific approaches of their own of which China is not obviously not one.

All in all, the documents evidence a new phase in geopolitical thinking on the part of the EU and member states. The Netherlands and EU seek to protect their interests and strengthen their strategic position as a balancing power, while avoiding to be forced into a binary choice between the great powers. Additionally, they are intent on assisting others to also maintain their ability to act autonomously. In doing so, they wish to present an alternative to what China and the US are offering, especially as divergences arise with the latter on digital governance and economic policies. However, Europe must ensure that it remains clear that there is no equidistance from the US and China, as the shared beliefs and strong political, economic and cultural links to the US run closer and deeper.

## **What is New?**

As with the Dutch-China policy note, the Indo-Pacific Guidelines serve a key purpose of furthering debate – in the Netherlands, the EU and beyond – on the need for a new policy direction. The guidelines are innovative in tone as well as in action that is proposed. This is particularly evident in the following three points.

Firstly, there is clear and occasionally strong wording. For example: “The EU must also not be afraid of realpolitik. It should actively pursue its strategic interests, an endeavour in which power politics and principles can go hand in hand.”<sup>9</sup> This signals a fundamental shift

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<sup>8</sup> “Indo-Pacific: Guidelines for strengthening Dutch and EU cooperation with partners in Asia”, op. cit.

<sup>9</sup> Ibid.

in Dutch thinking and action that will appeal to countries in the region that have been confronted with a more assertive China for much longer.

Secondly, there is a call for more engagement with the region, and for EU countries to speak out “more often and more forcefully” about international law (and breaches of international law), including with respect to the United Nations Convention on the Law of the Sea and the South China Sea, either through the EU or as part of a smaller coalition including Germany, France and preferably a number of other like-minded countries. In other words: a more outspoken response to destabilising Chinese actions in the region, including incursions of the Exclusive Economic Zones of countries.

Thirdly, the EU and its member states have adopted a more active posture in regards to security concerns in Asia. This follows from the acknowledgement that “it is also in the interests of Europe, including the Netherlands, to work with the countries of the Indo-Pacific region in order to safeguard *peace and security*, reduce tensions on trade issues, promote maritime security and unhindered safe passage on shipping routes, and combat economic and cyber espionage and cyberattacks on vital infrastructure.”<sup>10</sup> Countries in the region, including India and Japan, have been calling for greater military presence of European countries, and the Netherlands is now seriously considering the possibilities for this.

## Next Steps

Naval presence in the Indo-Pacific of the Netherlands and other European militaries or of the North Atlantic Treaty Organization remains contested. For one, the Dutch government decided to send the frigate HNLMS *Evertsen* to accompany a United Kingdom Carrier Strike Group on its mission to Japan – departing in May 2021. This shows that the Netherlands Ministry of Defense is now also on board with Indo-Pacific engagement after initial hesitation. The decision to contribute to “naval signalling” is based on the sober assessment that Europe will have to deliver where the demand is the greatest if its engagement with the Indo-Pacific is to be taken seriously.

While it is important that the EU promotes maritime security and unhindered safe passage on shipping routes, European actors have an interest in thinking beyond the maritime and traditional security realm as they consider actionable steps. The Netherlands and the EU can also do more to contribute to connectivity projects and infrastructure development in the Indo-Pacific to encourage sustainable development in the region. Expanding on the policies outlined in the EU-Asia Connectivity Strategy would greatly improve Europe’s presence in the region. European actors also have plenty to offer in other highly contested domains – that is, on digital and high-technology. Even if globally operating European Big Tech companies are still relatively few, Europe’s influence in the digital sphere is significant. The extraterritorial effects of the General Data Protection Regulations (GDPR) have been surprisingly significant: many countries look at the GDPR as they devise data protection regulations domestically. The EU is now trying to repeat this success in the field of artificial intelligence regulation.

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<sup>10</sup> Ibid.

Digital connectivity is important, as China currently dominates the digital economy in the Indo-Pacific, which is expected to grow threefold in the coming five years. While this brings economic benefits to consumers, it also means that democratic norms, the rule of law, human rights, freedom, free trade and a well-functioning multilateral world order are under pressure. China has been active in exporting its brand of “digital authoritarianism” through programmes like the Digital Silk Road and Western democracies should not overlook this crucial area of competition.

Therefore, as the EU embarks on its own distinctive strategic outlook to the Indo-Pacific region, it should look to contribute to open, safe and inclusive digital connectivity and engage with the region’s thriving digital economies to ensure democratic standards are upheld.

Considering the economic capacity and influence of Europe and the Dutch expertise in the cyber domain, action in the digital domain more broadly seems natural. The Dutch Indo-Pacific Guidelines call for the strengthening of cooperation and dialogue in the field of cyber (security) and digital connectivity, including digital development assistance. But much more can and needs to be done in this field, for example, as concerns regulation of data in the platform economy. In the long term, a common digital market – to promote shared norms and standards – should be feasible because the technology conflict between the US and China is a shared concern, and the fast-growing digital economy a shared opportunity.

In addition to discussions with international partners, the Dutch Indo-Pacific Guidelines and the EU Strategy must also promote discussions in various parliaments, and also with the public about the politically sensitive strategic choices that are required as the EU and its member states move from written intentions to meaningful action in the Indo-Pacific.

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