



Written by Viktor Buzna, Research Fellow, HIIA
Péter Goreczky, Senior Research Fellow, HIIA
December 17, 2024

The EU's Indo-Pacific Strategy: Hungarian Perspectives

The European Union launched its official Strategy for Cooperation with the Indo-Pacific in 2021. The Indo-Pacific framework, which has a long history but has become particularly relevant over the past decade, is well-founded from both political and economic perspectives for joint management by the European Union. The potential of the region is difficult to argue as the Indo-Pacific produces around 60 percent of global GDP and has an outstanding population growth. However, the EU had already been engaging the Indo-Pacific but there was plenty of room to enhance collaboration in the domains of security and defense, digital governance, connectivity, and green transition.

The Hungarian EU presidency is committed to strengthening relations between the EU and countries in the Indo-Pacific region. Peace and prosperity in Asia have a direct impact on European stability and competitiveness, making it essential to maintain dialogue and mutually beneficial cooperation with all partners in the region. The presidency prioritizes enhancing trade, investments, and connectivity between the two continents. To achieve this, implementing EU initiatives related to the region, such as the Indo-Pacific Strategy and the Global Gateway regional projects, is considered particularly important. The presidency seeks to promote free trade and partnership agreements, aiming for constructive and stable relations with leading countries like China and India. It also supports deepening the EU's strategic partnerships with South Korea and Japan and fostering closer cooperation with ASEAN and its member states.

The European Union's considerations in the region were based as much on geopolitical factors as on economic ones. To better understand the logic of how the EU's official strategy approaches the region, it is worth comparing it with the USA's vision of the Indo-Pacific. The Biden administration officially released its Indo-Pacific Strategy in February 2022, but American politics has long turned its focus to the region. Not later than 2007, when Japanese Prime Minister Abe Shinzo coined the "Free and Open Indo-Pacific" (FOIP) concept emphasizing the strategic and economic integration of the Indian and Pacific Oceans as a core for regional stability and prosperity.

The main driver behind a new American regional approach was China's growing economic, military, and geopolitical influence. According to the 2022 document, it seeks to counterbalance Beijing's assertiveness and ensure a free and open Indo-Pacific: the primary purpose of the strategy is to strengthen alliances, deepen regional partnerships, and promote a rules-based international order. Key initiatives include bolstering security cooperation, advancing economic ties, and supporting so-called democratic resilience across the region.

The Ursula von der Leyen-led European Commission saw the opportunity in the American approach. It provided a good environment for European countries, where the block could appear in an emerging region under the American umbrella, and appear as the more reasonable Western partner when it comes to dealing with China. The EU's common approach also got support from strong member states, especially France.

When it comes to the EU and the Indo-Pacific region, it is visible that the EU does not position itself as a global superpower. Washington's strong security-focused vision aims to maintain the peace and stability of the Indo-Pacific via the conservation of the current regional status quo while any change to that is rather seen as a zero-sum game. The US vision is strongly against a multi-polar Indo-Pacific in which China is one of the major poles. On the contrary, the EU's strategy suggests that it is feasible to create a new balance of existing and emerging powers in the region. The EU's regional strategy reflects the perspective that amending the current status quo is not necessarily a zero-sum game. The EU's willingness to increase engagement with the region is not a China-driven aspiration – at least not for now. The root of the difference between the US and the EU's approach to the region is the fact that the USA is an Indo-Pacific power while the EU is not. The United States has considerable military capacities and interests in the region, while the EU has only a symbolic naval presence and operates through occasional port diplomacy. Therefore, the intention to 'securitize' other dimensions of cooperation with the region is completely missing from the EU strategy. Peace and stability of the region is not a direct military interest for the European Union, but rather a prerequisite for the normal operation of East-West supply chains and the whole global economy.

As the brief comparison shows, the EU's original intention was to position itself as a 'good cop' in the age of growing great power rivalry in the Indo-Pacific region. Three years later it is clear that the EU's 2021 vision is far from being fulfilled. The first reason for this failure is the dramatic change in

Europe's security landscape, namely, Russia's attack on Ukraine in 2022. The direct military threat has profoundly restructured Europe's priorities, leaving fewer resources for the Indo-Pacific. Implementation has hardly started in any field, the EU's limited engagement in the Indo-Pacific is primarily concentrated on the Indian Ocean. Also, EU member-states have quite different perspectives on many of the important issues. Their divergences mainly arise from differing views on China. For some countries, including Germany, trade and economic interests have traditionally predominated. The EU member-states have very different understandings of the aim of the EU's Indo-Pacific strategy, with some viewing it as a way to show Europe's strategic autonomy by pursuing an independent European approach to the region, others as a tool to be used against China, and others as a means to manage the transatlantic relationship and more or less explicitly align with the US.

Given the expected persistence of geopolitical challenges, the EU's opportunities in the Indo-Pacific are likely to diminish further. The war in Ukraine may extend beyond the optimistic projections of Western European elites, diverting resources and attention away from the Indo-Pacific. Additionally, the intensifying US-China rivalry is poised to escalate, complicating the EU's position. The EU's current China policy, including the imposition of tariffs on Chinese electric vehicle companies, does not align with its stated goal of maintaining a balanced approach in its Indo-Pacific strategy. Overall, it can be stated that while the EU's Indo-Pacific strategy has faced unexpected geopolitical challenges, it was already grappling with shortcomings during its planning stages. As a result, it has lost resilience in the face of unforeseen external impacts.

As for Hungary, building economic relations is the main driver of orientation towards the region. The country's perspective on the focus points of cooperation with the Indo-Pacific is mainly in line with those declared in the official EU strategy. The country is keen on developing relations with the region not only at a bilateral level but also via the toolbox and joint actions of the EU. From Hungary's perspective, the EU's added value and comparative advantage in the Indo-Pacific could be the ability to build bridges in the region and to offer an alternative amid great power rivalry. Hungary recognizes the risks associated with growing tensions or armed conflicts in the region and articulates that it is a common interest to maintain peace and stability in the region and to secure the uninterrupted operation of supply chains. This would contribute to the diversification of trade and investment opportunities between the EU and the Indo-Pacific, which could increase both regions' resilience to economic shocks. This aligns with the fundamental principles of Hungary's

foreign policy, such as connectivity and economic neutrality. From this perspective, the EU's presence in the region supports Hungary's overarching strategic objectives.