

EUROPE AND THE INDO-PACIFIC: A VISION FROM INDIA

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Good morning. It is really wonderful to be here this morning with all of you. Let me begin by really thanking Berta Fuertes, Cristóbal Alvear and Mikel Herrera for facilitating the visit of me and my wife. I've been working with them very closely over the last one month. It has been wonderful coming here, thank you for the warm and wonderful hospitality, and putting together such a fine programme where we can engage with this distinguished audience and the institutions that they represent to promote a greater engagement between Spain and India in the coming years. We can blame the Pope for giving the East to Portugal, but now I believe there is a lot more possibility for Spain to engage and befriend India and undertake a much larger role in Asia and its waters along with Europe.

Let me also thank a whole lot of you here: Mr. Raimundo Pérez-Hernández, Director of Fundación Ramón Areces; Mr. Juan Ignacio Entrecanales, President of the Spain-India Council Foundation; Mr. Javier Salido, Director General at the Ministry of Foreign Affairs; HE Ambassador Dinesh Patnaik; Mr. Ramón Moreno, who is my

friend —he hosted me 10 years ago in Barcelona—, thank you again for the generous introduction today. Let me also congratulate Cristóbal Alvear for starting the Spain-India Observatory.

I looked at the Concept Paper that the Observatory has presented; it is truly an impressive paper. Everything that you want to know and were afraid to ask about the Indo-Pacific and India, it is all there, at once comprehensive and insightful. I would strongly recommend all Spanish friends to look at the Paper because it lays out the broader framework that is necessary to understand the current dynamic in the Indo-Pacific. What I thought I will do in the next few minutes is to offer some context in which today Spain and India are beginning to engage, and more broadly assess the nature of the interaction between Europe and the Indo-Pacific geography.

If you look at the world today, we are at an inflection point, at a moment where many of the traditional assumptions are beginning to unravel. If somebody's told us two years ago that Europe would be seeing a conventional war of such ferocity, of such brutality that we are seeing in Ukraine, no one would have believed us. But today there we are coping with a horrible war right in the heart of one of the world's richest civilizations and one of the most advanced societies. Meanwhile, I believe, the war in Ukraine has accelerated many geopolitical and geoeconomics trends that had come to surface in recent years.

For one, we are beginning to see the breakdown of the great power relations. For nearly 30 odd years, since the collapse of the Soviet Union, we actually had relative harmony among all the major powers, like US, China, Japan, Russia and Europe. Everyone seemed to get along with everyone else, and the focus was on business. Today that period of harmony between the major powers has dissipated into actual war in Europe and a potential armed conflict in Asia, where China might want to emulate Russian aggression. If Russia certainly gets away with it in Europe, I would certainly bet that it could be quite an incentive for China to take over Taiwan. I think along with the return of great power rivalry, warfare as a serious option between the major powers in the international system has reemerged.

A second trend that was already visible during the pandemic and before that for the last decade is the tendency to de-globalize. For nearly 30 odd years, all of us believed

that globalization was irreversible, ineluctable and it was only a matter of detail how different countries and regions adapted to this supra-natural force of globalization that would crush everything together into a single kind of order both geo-economic and geopolitical. But what we have seen happening in the last 10 years, and I think it is going to be accelerated after the war in Ukraine and the pandemic, is the beginning of—I wouldn't say total deglobalization, but—a more measured form of economic interaction with reduced interdependence in critical areas.

For example, globalization was focused on efficiency, that you move production to where the costs are lowest, and the rest did not matter. It was a question of opening to free movement of capital and labour across the boundaries of nation-states. The belief was that this efficient distribution of capital and labour would bring prosperity to ever larger number of people. It was also believed that trade and economic integration would produce peace. But today we are moving from an emphasis on efficiency to resilience. We saw the weaponization of globalization and interdependence by China during the pandemic and Russia's attempt to use its role as an energy superpower to divide the West. Today we are focusing on resilience and not just efficiency. There will be cost associated with this shift but for societies, for politicians, for leaders across the world resilience is as important today as efficiency was in the last three decades.

We are moving again from what we used to call “Just-in-Time Delivery” of production to “Just in Case” contingencies. There is a recognition today that we must insure against events that disturb the supply chains. There are new ways of thinking about collaborations across borders. Until recently we bet that it did not matter where we produced, as long as the supply chains operated. Today the emphasis is on trusted partners, reliable supply chains, and ‘friend-shoring’.

A third feature in the current context is the weakening of international institutions. We know that when one of the permanent members is at war, the UN Security Council can do very little. We have two of them together, that is Russia and China; today they have an alliance. That is going to make it a lot harder to believe that the Security Council can produce outcomes that are in favour of the entire world.

The belief in 2000 was that the WTO would transform the global economy through deeper economic integration. Today there are many groups, within the Western world, who feel that globalization has only benefited the developing world at the expense of the working people in the developed world. In the past those of us in the developing countries used to say: “North is imposing WTO on us”. But today lot of people in the United States —we saw that in Britain, and in Europe as well— feel that globalization has had deep negative consequences. Therefore, the world trading system of the kind that we imagined in the early 90s —certainly after China’s entry into the WTO during 2001—does not appear possible.

That brings me to the future of the Indo-Pacific. Institutional weakness, measured de-globalization and renewed great power contestation are some of the broad features of a vast region that has become the principal strategic theatre in the world. But should Europe be bothered about the Indo-Pacific when you have a war going on right in the middle of Europe? But here in Madrid, in the summer of 2022, we had the NATO Summit, which was attended by four Asian countries for the first time. You had the Prime Minister of Japan, the President of South Korea and the Prime Ministers of Australia and New Zealand coming all the way from Asia to attend for the first time a NATO Summit. The Madrid Summit’s declaration talks about the growing importance of the Indo-Pacific for European security. Asia is not some faraway place, and Europe no longer has the great luxury of looking inwards as it did in the last 30 years. Nor is it enough for Europe to simply focus on business — mostly in China—. The realization that Europe has to deal with the challenges presented by Asia or the Indo-Pacific has indeed begun to dawn.

The Biden Administration’s National Security Strategy Document issued in late 2022 has a definitive formulation on the hierarchy of security threats from Europe and Asia. It says that Russia is a short-term threat while China is the long-term challenger to the West and its institutions. Europeans have to come to terms with this. I am quite happy to note that both the European Union and —before that— many European countries individually have issued guidelines on the Indo-Pacific. Of course, France is a resident power in the Indo-Pacific, they are active in the region; we saw Germany, the Netherlands and other countries issue their own versions of the Indo-Pacific strategies. We had the European Union itself outlining an Indo-Pacific strategy in early 2022. Since then, Brussels has sought to step up its engagement with the region and its institutions. Earlier in 2018, the EU had issued

an India strategy. In many ways, Europe is going to be more deeply engaged with Asia and the Indo-Pacific, including India. Meanwhile, India too is paying serious attention to Europe. Our current foreign minister Subrahmanyam Jaishankar has devoted considerable diplomatic energy to engaging Europe. There is a growing recognition in Delhi that Europe is quite central to India's own security and prosperity.

Let me now outline five broad ideas on the Indo-Pacific that might add to the insights already highlighted by the concept paper prepared by the Observatory.

One is the concept of the Indo-Pacific. I think many friends are surprised, even in Asia—I lived in Singapore for many years—that India is part of the Pacific. They ask: "Look, how have they've got "Indo" into the Pacific?—Many ASEAN friends, the Chinese and the Russians of course go ballistic when I mention the Indo-Pacific. They believe the Indo-Pacific is an artificial construct and are far more comfortable with the nomenclature of Asia Pacific. It is worth then to look at the concept of the Indo-Pacific and examine how it has emerged. Second, we will look at the nature of the changing balance of power in the region. Third, we will focus on the shifting institutional framework of Asian security. Many existing institutions like the ASEAN are unable to cope with the new challenges; new institutions, like Quad or AUKUS are reshaping the regional landscape. Fourth, we will talk about the growing salience of India in the new Indo-Pacific order. Finally, I will conclude with a broad assessment of how India and Europe can work together for the long-term security of the Indo-Pacific.

Firstly, the term Indo-Pacific. It is widely believed that geography is constant and unchanging. Nothing though is fixed these days thanks to our appreciation of climate change. More importantly, names of regions and how we describe them are not fixed but vary over time because they are politically constituted. When Britain was the centre of the political universe many regions in our part of the world were known as 'near east', 'middle east' and 'far east'. But the way we think about these regions has evolved over the last eighty years. Terms like East Asia and West Asia too are also new. For example, the word South East Asia was first used only in 1943, when Britain lost Singapore and Malaya and they set up this so-called 'South-East Asia Command' to drive out the Japanese invaders. Until then, there was no term called

South-East Asia; there was India, there was 'Further Indies' (representing modern Indonesia), and there was Indo-China (covering the French colonies of Vietnam, Cambodia and Laos that strong imprint both Chinese and Indian influence).

Let us now turn to the term 'East Asia'; when did this gain acceptability? We knew there was South-East Asia, there was North East Asia, those were coherent in themselves. But where did East-Asia come from? One major moment when East Asia gained currency as a geography was with the publication of a report by the World Bank in 1993 titled "The East Asian Miracle". It took a look at the economic growth in North East and South East Asia as a whole. Then we get the term "Asia-Pacific"—which was an invention in the late 1990s when the integration between the US and Chinese economies began to deepen. But many in East Asia are sceptical about the term "Indo-Pacific". They wonder what India has to do with the Pacific.

That begs the question, "If we can have the west coast of Latin America as part of Asia-Pacific, why is it so shocking to have India in the Indo-Pacific? If we go back to the Second World War, there were two million Indian soldiers in the Second World War. The participation of many non-Western troops—especially from the British Indian Army—made the European conflict a truly global war. In the Second World War, the Indian Army had hand-to-hand combat with the Japanese in the jungles of northeast India, pushed the Japanese out of Burma. The Japanese troops surrendered to the Indian army in Rangoon, Singapore, Jakarta and Hanoi. The centrality of India and Indian resources in stabilising Asia was an accepted reality until the Second World War. The Indian army had also contributed more than a million soldiers to the First World War.

India, which played such a pivotal role in the two World Wars, however, turned inwards after independence. In a further complication, India was also partitioned. Together the two factors broke up what was known as the 'India Centre' that dominated Asia during the colonial era. Under the British colonial rule, India was at the centre of the regional economic flows connecting Europe, the Indian Ocean and Asia. Independent India's withdrawal from the global economy and the refusal to participate in the regional security structures in the name of non-alignment led to a fractured region. A number of new sub-regions emerged including the West Asia, South Asia and East Asia thanks to India's decision to opt out. If the British era saw

the Indian and Pacific oceans a continuous ocean domain, the post war era saw the two oceans gain separate identities. The Indo-Pacific today represents the cumulative changes in the region since the Second World War. In essence it is about the dramatic rise of China since the late 1970s and a slower emergence of India in the 21st century. Today China has a growing presence in the Indian Ocean and the salience of India in the Pacific is rising steadily.

The Indo-Pacific as a new geography is here to stay. It took a long time, more than a decade, for this idea to be established itself. It was initially mooted by the late Japanese prime minister Shinzo Abe. The idea that the Indian and Pacific oceans must be viewed as an integrated space slowly but surely gained political traction as Australia, Indonesia, the US and India endorsed this idea. To be sure, the Indo-Pacific is a vast theatre and we must necessarily think of its sub-regions to develop effective policies. For example, in the maritime domain, there is Western Indian Ocean, there is the Arabian Sea, there is the Bay of Bengal, there is the South China Sea, there is the East China Sea. But the interconnections between these zones today is a reality. It is that reality that we are trying to grapple with when we imagine the Indo-Pacific as a larger framing device in which the sub-regions dynamically interact with each other.

What we have today is a new and powerful China that is sucking in large parts of the Indian Ocean into the Chinese economic sphere of influence. The Chinese maritime and naval profiles too are rising in the Indian Ocean. China has gained its first military base anywhere in the world in Djibouti. This will not be the last. Meanwhile, India's importance in the Pacific is steadily growing as Delhi's trade volumes and security cooperation with the region pick up steam.

The second theme I want to talk about is the changing nature of the Indo-Pacific balance of power. Within a generation, we have seen China rise from a mere economic power to a powerful military actor. Today China is the second largest economy —close to 15 trillion dollars—second only to the US, and its military expenditure —close to 300 billion dollars— makes it the second largest military power as well. This rise of China has profoundly altered the regional balance because, until recently, we thought the Americans dominance in the Pacific was going to be a permanent feature. If you look at the map, you will find Americans have

been sitting, since the Second World War, on the so-called First Island Chain that runs parallel to China's Pacific coastline.

But a rising China is telling the US: "It's time to go home". There was a time in the 1950s when Mao was supposed to have said: "Look, right now the Americans are snoring next to my bed. I don't like it, but I can't do much about it at this point of time". But as China's military capabilities grow, Beijing believes it is in position now to nudge the US military out of the First Island Chain. While Beijing has not changed the global balance of power with Washington, it has certainly begun to tilt the regional balance of power in China's favour. The tyranny of geography—the US troops have to come from afar—is now compelling America to rethink the limits of the old strategy in the region, develop new military capabilities and doctrines, and reboot its alliances to retain its primacy in the region. It is this new dynamic that is shaping the Indo-Pacific balance of power.

Growing military capabilities have given Beijing the confidence to attempt unilateral changes in the territorial status quo—from the Himalayas to the China Seas. The shifting balance of power has also encouraged Beijing to probe the weaknesses of the US alliance system in Asia. Beijing has bet that the US is on irreversible decline and that its Asian neighbours have no options but to accommodate China's new territorial ambitions. The Trump and Biden Administrations, however, have pushed back against Beijing's assertiveness. Meanwhile, many of China's neighbours are also joining hands with the US to limit Chinese expansionism.

The growing security ties between some of China's neighbours and the US have undermined the Chinese attempt to frame the narrative in terms of "Asia vs the West". Asia has risen in relation to the West, but within Asia different countries have risen at different paces. China has risen much faster than its neighbours there by producing a massive asymmetry in the Asian power distribution. As Beijing's assertiveness sharpens the contradictions between China and its neighbours, the US is now in a position to pursue better balancing strategies.

Many Asian states today value the importance of a long-term American military presence in the Indo-Pacific. India which traditionally opposed the American presence in Asia and in the Indian Ocean, today works with the American military in

the region; Vietnam, which is a communist country, which has very close ties to China, would rather have the Americans around rather than remain at the mercy of Beijing; Japan has begun to shed its pacifism and has undertaken sweeping reform of its defence policy. This has included doubling of Japan's defence expenditure, building stronger deterrent capabilities against China, strengthening the alliance with the US, taking larger responsibilities for regional security, and undertaking capacity-building in the Indo-Pacific.

The backlash to China's assertiveness also included the creation of new regional security institutions. That is our third theme. Although the origins of the Association of South East Asian Nations dates back to the 1960s, its rise as a pre-eminent regional institution began after the end of the Cold War. Since then, the ASEAN has expanded the ambit of its work to include regional economic integration as well as regional security. It created new institutions like the East Asia Summit, ASEAN Regional Forum (ARF), and ASEAN Defence Ministers Meeting (ADMM). It also promoted economic integration within ASEAN as well as an Asia-wide trade pact known as Regional Comprehensive Economic Partnership (RCEP).

But today ASEAN is deeply anxious about its continuing centrality in shaping the regional architecture. The return of great power conflict as well as the pressures towards deglobalisation have shredded the context and assumptions that shaped the rise of ASEAN. It is also increasingly divided within as some smaller states have come under the influence of China that looms large over the region. The ASEAN has also not been able to cope with the attempts by China to unilaterally alter the territorial status quo in the South China Sea. Even those who disagree with China on political issues, it is quite clear, are mindful of the consequences of opposing Beijing, whose economic clout as well the capacity to intervene in the internal affairs of the ASEAN states has grown significantly.

The weakening of the ASEAN has inevitably led to the creation of new institutions. The Quad or the Quadrilateral forum which brought together Australia, India, Japan and the United States in 2007 had a shaky start. It died an early death as some member states were not ready to be seen as standing up to China. It took another ten years for the revival of the Quad; this time there was less hesitation given China's growing regional assertiveness. The US, UK, and Australia announced the AUKUS

pact in 2021 that will supply conventionally-armed and nuclear-powered submarines and other advanced military technologies to Australia. It is no secret that our ASEAN friends are rather uneasy about the new institutions. The Quad members have repeatedly sought to reassure ASEAN that the new forums are not about undermining ASEAN but complementing it. The functions of the Quad and AUKUS are very different from those of the ASEAN-led institutions. China, of course, has been hostile to the new institutions. Beijing has called the new institutions as a “5-4-3-2-1” formation--5 being the Five Eyes, the intelligence establishments of US, UK, Australia, Canada and New Zealand; then you have the 4, which is the Quad; then you have the 3, which is the AUKUS; then you have 2, which is American bilateral alliances; and then the U.S, itself. So therefore 5-4-3-2-1, a combination, is what they want to break up and not let it emerge.

In retrospect though Beijing perhaps has no one to blame, but itself. Without China pushing its Asian neighbours, there was little chance that the new institutions would have gained traction. In my assessment, President Xi Jinping has miscalculated fundamentally that both the US and the rest of Asia would simply acquiesce in China's domination. From what we have seen, it is quite clear that not all Asian states are ready to rollover to accommodate the ambitions of Chinese nationalism. Surely, Chinese are not the only nationalists in Asia, everybody in the regional is a nationalist. After all, it is only recently they have won freedom from European colonialism. Even a powerful China can't simply crush the nationalist aspirations of its neighbours. That nationalism also gives space for US to build new coalitions and institutions to counter Chinese bullying in the region.

Let us now turn to the fourth theme-- India and its changing role in the Indo-Pacific. The Indo-Pacific construct is in essence about putting India into the Pacific. For the US and its treaty allies in Asia, drawing traditionally non-aligned India into the regional security architecture has been a major motivation. They recognize that without the mass and heft of India, it is not possible to stabilize Asia and the Indo-Pacific. As in the Second World War, where Indian resources played a critical role in the victory of the Allies, Delhi's participation is essential for any successful regional security coalition in the Indo-Pacific.

While the US motivation is clear, what has driven India to join the coalition? A series of military crises on the disputed frontier with China—in 2013, 2014, 2017 and 2020—pushed a traditionally non-aligned India closer to the United States. India which was reluctant to engage the West on security issues in the past, today is deeply committed to security partnerships with the US and its allies to produce a balance of power in the Indo-Pacific. This indeed marks a huge shift in India's world view that has been triggered by Chinese assertiveness on the border and Beijing's efforts to raise its influence in South Asia and the Indian Ocean at Delhi's expense. India's interests in Asian stability today are in convergence with the American interests to secure Asia through new forms. In the past, India had turned to Moscow to limit the aggressiveness of Beijing. With Russia and China declaring a partnership 'without limits' and 'no forbidden areas' on the eve of Moscow's invasion of Ukraine in February 2022, Russia's salience in India's security calculus has begun to diminish.

The Sino-Russian alliance has also underlined the importance of Asia for Europe. Abandoning its traditional policy of neutrality between Russia and Europe, China has now clearly tilted in favour of Russia. The shared interests in countering the West are now entrenched in both Moscow and Beijing and make them long-term partners. This should help challenge the long-standing claim that Europe and Asia are separate strategic theatres. The two are now deeply connected. The US National Security Strategy (2022) states this clearly and wants its partners in Asia and Europe to work together closely to manage the simultaneous threats from China and Russia. If Europe wants to be secure it needs greater partnership with Asia, and the Indo-Pacific would be better off with security contributions from Europe.

But what kind a role that Europe might have in Asia? It is not a question of how many ships Europe could deploy in the Indo-Pacific. While it must contribute to the maritime security in the Indian and Pacific Oceans, Europe can bring its enormous moral power to bear on Asian security politics. We would like to see Europe speak with much stronger voice on questions of sovereignty and non-use of force to resolve disputes. If Russia has been egregious in its attempt to eliminate Ukrainian sovereignty, China has chipped away at the sovereignty of its neighbours in Asia—from the high Himalayas to the waters of the Western Pacific. Its potential to unilaterally seize Taiwan have grown enormously.

Europe can also contribute to the self-defence capabilities of China's neighbours. Europe is a major producer of submarines and other weapons that will be central to any regional efforts deter China's aggression. On the commercial front, Europe has huge stakes, but must now find better balance among the three dimensions of its engagement with China—'partner, competitor, and rival'. The effective implementation of Europe's infrastructure development initiative—the Global Gateway—would offer wider choices for the Indo-Pacific nations and improve their negotiating room with Beijing on Chinese investments. A Europe that is outward oriented, looks beyond its own integration, recognizes the consequence of change that is taking place in the Indo-Pacific, can play a consequential role in the region. That kind of Europe is very welcome in India. India today deeply values its engagement with Europe and sees it as a critical factor in shaping a multipolar Asia and the world. The Indo-Pacific needs all of Europe to chip in individually, bilaterally, as well as collectively to produce peace and stability in Asia.
