

Sustaining a Balance of Power for a Free and Open Indo-Pacific



“Our deterrence posture in the Indo-Pacific must demonstrate the capability, the capacity and the will to convince Beijing unequivocally that the costs of achieving their objectives by the use of military force are simply too high. Indeed, we must be doing everything possible to deter conflict: Our number one job is to keep the peace. But we absolutely must be prepared to fight and win should competition turn to conflict.”⁵²

Admiral Philip Davidson, former Commander of US Indo-Pacific Command, Senate Armed Services Committee hearing, March 9, 2021

The Stakes

With regard to security, there is a high degree of asymmetry between the US, Canada, and European nations in terms of their exposure in the Indo-Pacific and their respective capabilities.

The Biden administration has assessed that China is rapidly becoming more assertive and that Beijing has “invested heavily in efforts meant to check US strengths and prevent us from defending our interests and allies around the world.”⁵¹ For obvious reasons, the Indo-Pacific is the primary theater in which competition between the US and China will continue to play out. The US is a Pacific power and has defense commitments relating to Japan, South Korea, the Philippines, and Australia.

By contrast, European countries and Canada have no defense commitments vis-à-vis third parties in the region. In terms of geography, Europe is far away, notwithstanding French and UK territories in the Indo-Pacific (in the case of France with a population of 1.6 million citizens). European military capabilities in the region are limited.

At the same time, EU and UK security interests are significantly impinged upon by the rise of China and the trajectory of Chinese policy under Xi Jinping, including the rapid build-up of People’s Liberation Army (PLA) capabilities (see Figure 6). Both sides of the Atlantic would be adversely affected by China encroaching on the sovereignty and independence of Indo-Pacific nations and would be gravely harmed by Chinese hegemony over the region that led to unfair terms of engagement. With regard to Taiwan, it is key that there be no unilateral change of the status quo, especially through use of force. All transatlantic partners have important relationships in the region, and all rely heavily on the ability to trade freely with it.

Any armed conflict involving Washington and Beijing would have dramatic global security and economic repercussions. Even short of war, a major crisis would have immediate consequences for European security as the US would redeploy military resources from Europe and adjacent areas.



“The situation in the Indo-Pacific naturally concerns us. Respecting the rules for free trade routes and territorial integrity, strengthening our democratic partners in the region such as Australia, Japan, South Korea, or Singapore are in the German and European interest. The fact that we are sending a frigate to the Indo-Pacific is also seen as a signal in the United States: we are not only talking about freedom of sea lanes, which is being threatened by China, but we are also prepared to do something about it.”⁵³

Annegret Kramp-Karrenbauer, German Minister of Defense, Redaktionsnetzwerk Deutschland, April 3, 2021

Europeans cannot be indifferent to the overall security situation in the Indo-Pacific and the well-being of partners in the region. But for European nations, the most direct impact of the security dynamic in the Indo-Pacific relates to the US presence in Europe. For the US, a multi-theater defense strategy is no longer tenable. Washington judges it must prioritize the growing challenge Beijing poses to its interests and that of its Indo-Pacific allies and partners. Doing so will consume an increasing proportion of US attention and resources and significantly reduce the United States’ ability to allocate forces to the defense of Europe. This could have ramifications both in peacetime and in the event of conflict. In a crisis scenario with Russia, the US would likely be pressed to withhold forces to deter and, if necessary, respond to a Chinese move to exploit the opportunity such a scenario might present.

Against this background, the objective for transatlantic partners should be to maintain a balance of power in the Indo-Pacific that is favorable to their shared interests. A second objective should be to deter China from using force to resolve disputes with its neighbors, which could trigger a dangerous US-China military conflict. Europe’s primary contribution to achieving the objectives listed above is likely to be in the area of diplomacy. With regard to defense, a key role for European allies will be to backfill for US forces in Europe and adjacent areas.

Any transatlantic approach on security in the Indo-Pacific must take into account the reality of Beijing’s power. It should acknowledge Chinese interests that are compatible with those of its neighbors, the US and Europe.

The State of Play

Following the adoption of Indo-Pacific strategies by France, Germany, and the Netherlands, in April 2021, EU Foreign Ministers tasked the Commission and the External Action Service with producing a strategy on the Indo-Pacific by September. Ministers agreed that “current dynamics in the Indo-Pacific have given rise to intense geopolitical competition” and noted that “these developments increasingly threaten the stability and security of the region and beyond, directly impacting on the EU’s interests.” According to the Council conclusions, the EU’s approach “should aim to secure free and open maritime supply routes in full compliance with international law.” The EU’s profile regarding hard security is likely to remain modest, but the document states that “Member States acknowledge the importance of a meaningful European naval presence in the Indo-Pacific” and references “coordinating

maritime presences.” Finally, the conclusions state that “the EU will continue to develop partnerships in the areas of security and defense,” including cyber security, disinformation, emerging technologies, nuclear non-proliferation, arms control, and control of dual use technological exports.⁵⁴

In its March 2021 Integrated Review, the UK announced an “Indo-Pacific Tilt” with regard to British foreign and security policy, covering a whole range of issues. A UK carrier strike group is currently in the region as part of an extended deployment. Significantly, via the Five Power Defence Arrangements (FPDA), the UK has a commitment to consult with Malaysia, Singapore, Australia, and New Zealand should these countries come under attack.

In terms of intelligence cooperation, the “Five Eyes” framework has particular relevance for the Indo-Pacific, bringing together the US, the UK, Canada, Australia, and New Zealand.

Among European nations, France and the UK have significant defense industrial cooperation projects with partners in the region, not least with Australia, Japan, and India.

While there is no formal US defense commitment to Taiwan, the US is substantially committed by legislation and past precedent and is widely considered to have its credibility attached to the island’s fate. The discussion in the US on the need to strengthen deterrence in the Taiwan Strait, ease Taiwan’s isolation in the international community, and enhance its security has tangibly picked up. In Europe, too, the future of Taiwan is increasingly recognized as a key issue due to its strategic significance, its key role in technology, and as a matter of democratic governance.

The inclusion of Taiwan in the final documents of the G7, NATO and the EU-US summits signals unprecedented transatlantic concern about threats to peace and stability in the Taiwan Strait. China’s growing diplomatic and military pressure (see [Figure 7](#)) against Taiwan is the main source of cross-Strait tension. Countries on both sides of the Atlantic are increasingly worried about the potential of a military conflict and believe it is important to voice their support for the peaceful resolution of differences between Beijing and Taipei. Heads of state and government also expressed serious concern about the situation in and around the East and South China Seas.

The June 2021 NATO summit marked the first time the alliance addressed China in a systematic manner. Heads of state and government noted that Beijing’s “growing influence and international policies can present challenges that we need to address together as an Alliance.” They went on to state that NATO will engage China with a view to defending its security interests and expressed concern about its “coercive policies.”⁵⁵ China will feature in the new strategic concept of the alliance to be adopted by the 2022 NATO summit. In the words of Secretary General Stoltenberg: “NATO is, and will remain, a regional alliance for Europe and North America. But China is coming closer to us. And this requires our collective attention and action.”⁵⁶

The Priorities

Given the rapidly evolving security dynamics in the region and the significant interests at stake, transatlantic partners should prioritize the following measures in the next six to 18 months:

Developing a joined-up approach on security in the Indo-Pacific

Transatlantic partners should use NATO, the EU-US Dialogue on China as well as the G7 to develop a joined-up approach on security in the Indo-Pacific. In doing so, they should build on the shared vision of a “Free and Open Indo-Pacific” articulated by the G7 and include this approach in NATO and EU documents as well as in bilateral statements with partners in the region.

NATO should articulate a comprehensive approach regarding China and the Indo-Pacific in its new strategic concept. In this context, it should intensify the existing cooperation with its established Asia-Pacific partners (Australia, Japan, New Zealand, and South Korea) including by creating a permanent council. It should reach out to other partners in the Indo-Pacific, in particular India, to establish or deepen dialogue across a broad range of issues.

The EU should use its forthcoming strategy on the Indo-Pacific (September 2021) to articulate a comprehensive approach with regard to security, not least with regard to maritime capacity building and governance.

Upholding international law and engaging with partners in the region

Transatlantic partners should also build on the reformulation of policy toward the South China Sea (SCS) by the US in July 2020 and by France, Germany, and the UK in September 2020 to align their positions more closely with the 2016 tribunal ruling on the SCS. They should take steps to amplify common stances on the applicability of international law to the SCS – the UN Convention of the Law of the Sea, the tribunal ruling of 2016, freedom of navigation, and exclusive rights to resources.

Transatlantic partners such as Canada, Denmark, France, Germany, Italy, the Netherlands, Spain, and the UK should conduct presence operations in the SCS and adjacent waters. Select visible Freedom of Navigation Operations will help reinforce the legal positions articulated with regard to the SCS. To the extent possible, transatlantic partners should participate in bilateral or multilateral exercises in the region.

Supporting Taiwan and preparing for contingencies

Regarding Taiwan, transatlantic partners should consider the following, without prejudice to existing “One-China” policies: (1) take measures to strengthen Taiwan’s resilience and political sustainability, including by stepping up parliament-to-parliament contacts, participating in the “Global Cooperation Training Framework,” promoting Taiwan’s participation in the World Health Organization, International Civil Aviation Organization, United Nations Framework Convention on Climate Change, and Interpol, and exploring possibilities for trade and investment agreements with Taiwan; (2) signal to Beijing that coercion against Taiwan will result in pre-agreed countermeasures by transatlantic partners and that China would incur unacceptable costs across several domains in such a scenario; (3) urge Beijing to reestablish official cross-Strait communication channels and encouraging both Taipei and Beijing to resume dialogue.

Transatlantic partners should also engage in contingency planning for the scenario of a blockade or an armed conflict between the US and China. Despite limited military capabilities, there are valuable things European nations and Canada could do. In a blockade scenario, efforts of transatlantic partners to support availability of imports as well as sufficient demand for exports would be critical. Europe and Canada could also provide political

support, including by imposing sanctions. In addition, individual partners might consider providing air and missile defenses or assistance in the space and cyber domains. Most importantly, European militaries should plan to “backfill” US forces in Europe and adjacent regions extending to the Indian Ocean in a crisis.

Engaging China on global security issues

Transatlantic partners should consider engaging China in appropriate formats on security issues with regard to the Euro-Atlantic area, given the increasing reach of PLA operations. This could encompass de-confliction mechanisms at the military level. They should also work to bring China into relevant arms control regimes, in line with NATO heads of state and government calling on Beijing to “engage meaningfully in dialogue, confidence-building, and transparency measures, regarding its nuclear capabilities and doctrine.”⁵⁷