



EUROPE INDIA CHAMBER OF COMMERCE

69, Boulevard Louis Mettewie (bte.18)

1080 Brussels (Belgium)

Tel & Fax: 0032 2 469 2677, 02-840 2800 GSM: 0472 207 338

E-mail: info@europeindia.eu; sunil.prasad@telenet.be Website: www.europeindia.eu

Chairman: Ravi K Mehrotra, CBE **Secretary General: Sunil Prasad**

EICC-2024

Brussels, 9 September 2024

Mr Josep Borell,
EU High Representative for Foreign Affairs and Security Policy and
Vice-President of the European Commission,
Brussels

Dear High Representative, Vice-President Mr Borrell,

Re: EU's Foreign Policy Challenges in the Indo-Pacific and China

Greetings from Europe India Chamber of Commerce. We are in the Transparency Register of the European Union.

As the Chief of the European Union's foreign policy, the ongoing crises in Ukraine and Gaza alongside a range of humanitarian crises across several continents, must have been a major foreign policy challenges for EU. Never in recent memory so many significant events have unfolded simultaneously bringing death, destruction, turmoil and tragedies. The erosion of international norms we see today is more acute than ever. The changing world order thus needs new internationalisation and presents EU with many external and internal foreign policy challenges. However, along with challenges there are also opportunities to seize.

There appears to be some high-level diplomatic movement to bring Russia and Ukraine on the negotiating table to end the crisis. As and when this initiative comes into light, I hope European Union will extend its full support to the peace efforts.

Need for new dynamism in EU-India strategic relations

With the signing of the Strategic Partnership Agreement in the year 2004, it was meant to signal the beginning of a new phase of sustained consolidation of relations between European Union and India. In the last two decades, alongside the growing convergence of interests, each successive leadership of the EU and India have brought their own vision and imprint to bear on the evolution of this strategic relations. In this respect, EU-India relations in the last two decades have moved from an era of ambitions to the era of achievement and accomplishment. However, the progress has been painfully slow and the ties between the two sides, even if much stronger and broader than ever, are still too far below the actual potential and the actual need of developing this relation.

The missed opportunities for both the EU and India to strengthen their ties have become even more starker in the current unpredictable economic and global environment where this evolving relationship is called upon to play a significant role in shaping the global order of the 21st century. The fact that both the sides regularly engage on issues such as conflict in Ukraine

and Gaza, terrorism, trade, energy security, digital policy, and climate change, speaks that they are on the same wavelength on pressing global issues. But to harness the full potential of this partnership, we hope that both India and EU will not only continue focusing on strategic multilateral relations on all fronts, but also engage more forcefully on several fronts where this relationship has failed to develop satisfactorily.

One glaring example of the missed opportunities is the tardy negotiation for the EU-India Free Trade Agreement (FTA) that has been going on for last 17 years and could go on for another decade. There may be compelling reasons to avoid rushing into the agreement, and in this respect, we appreciate investment in patience from both sides. An FTA which will impact the lives of nearly 1.9 billion people in the two continents, must be a balanced agreement and win-win for both. We also recognize that the FTA will inevitably be complicated given the very different stages of economic development and the size and intricacy of the two economies. However, we think this is the right moment to build on the bilateral successes of the last two decades and reach the ultimate form of economic integration between EU and India.

Mr Vice President, we had hoped, and we still hope that EU and India will sign the trade agreement before the United Kingdom and India conclude their FTA negotiations. In the last three years of negotiations, both UK and India appear to have resolved difficult issues and are only “meters” away from inking the agreement. This shows EU’s structural complexities, negotiating mechanism, unrealistic expectations, frequent changes in the “goal posts” and weaknesses in the decision-making process. We hope that when the India-UK agreement is signed, this will serve as benchmark and guiding principles for the ongoing EU-India trade negotiation.

Confronting China challenges

We are writing you on a matter which is serious and cannot be ignored any longer. This is about Beijing continuing its irresponsible behaviour in the Indo-Pacific region. As is widely known, the People’s Republic of China (PRC) does not recognise the principles and rules of the existing international order. The country has a long legacy of conducting unfair trade practices such as massive export subsidies and state-sponsored intellectual property theft.

Decades of EU's trade diplomacy with China was meant to curb China’s unfair trade practices but these have done little to correct the commercial imbalances. EU’s recent decision to raise tariff on Chinese electric vehicles (EVs) is a right step in the right direction and we congratulate EU for taking this bold step. We also hope that the EU-China Comprehensive Agreement on Investment (CAI) will never see the light of the day as it may undo the little progress that the EU has managed to make in terms of placing a control on the illegal or unfair trade practices of Chinese businesses and the State.

In our view, relationship with China will be one of this generation’s defining foreign policy challenges for the EU, and only a progressive, principled, pragmatic and firm China Policy can protect EU's founding principles and values. It is no secret that China is aggressively engaged in intensive espionage in EU, and therefore EU’s challenges today is how to formulate priorities and strategies to confront the China realities. In reorienting its foreign policy, the European Union therefore must grasp China’s ambitions deeply. After having spent five years at the helm

of the EU's foreign policy and having addressed some of the toughest foreign policy challenges, you will agree that countering China's malign influence and its increased assertiveness must receive policy priorities.

EU's Indo-Pacific Strategy under threat

Sir, as you are one of the key architects of EU's Indo-Pacific Strategy, I would like to draw your attention how EU's Indo-Pacific strategy is being openly challenged by China. EU policy is under serious threat from China's aggressive behaviour in and around the Indo-Pacific, and its confidence to push ahead with longstanding sovereignty and territorial claims in the region. China is belligerently pushing its territorial claims in the maritime as well as in the continental domain. The most critical challenge in maintaining peace, security and stability of the Indo-Pacific region comes from China, and China alone. As you may know, China has territorial disputes with all neighbouring countries in the region; big or small, and this speaks of China's expansionist agenda.

Furthermore, as China uses an aggressive array of bribes and threats to reshape the politics of various sovereign nations, we get a distinct sense that EU strategy has not been sufficient to counter China's wide array of micro manipulations and interventions. The European Union's China strategy revolves around trade and so far, it has embraced a strategy of patience. European policymakers often naively assume and hope that international concern will force China to change its trade practices and deter it from any misadventure in the region, but Sir, that is no longer a safe assumption, because hope is neither a strategy nor a policy.

EU cannot ignore the fact that the Indo-Pacific is the most dynamic region in the world, having a multi-level and comprehensive regional economic cooperation mechanism. There is a general view that Europe's appetite for confronting China is limited because of its dependency on trade. Although EU policy refers China as a "systemic" rival, the systemic challenge that China presents to the EU has long been purposefully ignored to avoid opening new confrontation. Also, many European Union countries do not share this view, and this is dangerous for EU's democracy and unity.

Sir, in the contemporary global economy, supply chains are the arteries of trade, industry and development. The Indo-Pacific region, a fulcrum of economic activity, is a testament to this reality. Huge volume of trade flows through the sea lanes connecting the Indian Ocean to the Pacific Ocean through the South China Sea. Taiwan has emerged as a central hub in this intricate web, especially in the sophisticated semiconductor and electronics sectors.

Just imagine China being in control of all the semiconductor production in the world and controlling the trade routes through that part of overseas trade, it will explode the global supply chain in unpredictable directions and force the global economy in deep crisis. Can EU afford this? Only if the region remains largely at peace and continues to fuel global economic growth, we can expect a century that is mostly prosperous and peaceful.

In view of the above, EU needs an aggressive and yet sustainable China policy, and its policy goals towards China must not just be about China itself, but about building and strengthening a free and open international order in the Indo-Pacific. EU's ability to prepare constructively for a

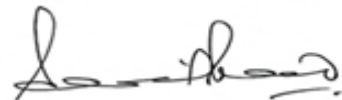
world and a continent in which its role will be useful will hinge on European fundamental political, economic, and social values. Also, if EU fails to adopt a decisive China policy, history will not forgive EU's inaction nor will spare EU citizens the consequences. Of course, we are aware that a strategy, particularly at a turbulent time of historic change, is problematic, more so when shaped by exceptionalist ideology, but it is time to act.

Finally, for Europe to play a meaningful role in the Indo-Pacific, its actions must be in line with both interests and needs the EU and its member states share with countries in the Indo-Pacific. In the face of these challenges, you must not lose sight of EU's objective of a more peaceful and sustainable world, and engagement in the Indo-Pacific region must therefore remain EU's top priority.

Thank you for your attention to this important matter and I hope the issues we have raised will receive your urgent attention.

With kind regards,

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Antonio Guterres', written in a cursive style.

Secretary General