

Southeast Asia's Hedging: A Strategic Opportunity for the European Union?

Fabio Figiaconi

Southeast Asia is among the regions where the intensification of Sino-American rivalry is most felt. Notwithstanding attempts by both competitors, the regional states are not willing to take sides, adopting instead a strategy of equidistance known as "hedging". The refusal of a binary logic opens up a strategic space for third actors to step in and provide southeast Asian nations with alternatives. In its quest for strategic autonomy and a more marked role in the traditional security realm, the European Union appears to be potentially equipped to take up this role. By leveraging its longstanding relations with the region and exploring new synergies, Brussels could establish itself as a reliable security actor in southeast Asia, work with local states to reach common goals, and help mitigate the negative spillovers of great power rivalry.

CAUGHT IN THE MIDDLE: SOUTHEAST ASIA, SINO-AMERICAN COMPETITION, AND THE EUROPEAN UNION

Great power competition between the United States and China is on the rise. Their rivalry is particularly acute in southeast Asia, the region at the heart of the Indo-Pacific. Despite pressures and diplomatic "charm offensives" from both competitors, however, most southeast Asian states are unwilling to choose either camp. Instead, they have adopted a strategy of hedging. In its essence, hedging represents a risk-management strategy; as many southeast Asian states are uncertain about the evolving balance of power between China and the United States, they hedge as a form of security back-up, pragmatically [signalling ambiguity](#) as to their

actual closeness to each of the two competing powers and maintaining a middle-ground stance.

Arguably, southeast Asia's widespread willingness to avoid a bipolar choice opens up the space for third powers to chip in and provide local states with alternative, and inclusive, strategic options. In particular, the European Union (EU) appears to have a significant yet untapped potential to position itself as one of the main partners for the southeast Asian hedgers, to help them mitigate the risks originating in Sino-American rivalry.

A RISING REGIONAL PLAYER? THE EUROPEAN UNION'S GROWING SECURITY ACTORNESS IN THE INDO-PACIFIC AND SOUTHEAST ASIA

While up until a few years ago security links between the EU and states in southeast Asia had been described [as rather inconsequential and shallow](#), as of recently the EU has started to pay a growing attention and play an increasing role when it comes to security in the Indo-Pacific. In 2021 the Commission unveiled its [Strategy for Cooperation in the Indo-Pacific](#), which lists security and defence issues among the top priorities for the EU's engagement in the area. At the same time, the recent [Strategic Compass](#) and the EU's quest for [strategic autonomy lay](#) the foundations for a more pronounced EU's involvement as regional security provider.

This is especially true for southeast Asia. The two new strategic documents build upon established links and a long track-record of cooperation activities that the EU has been carrying out in traditional sectors both with individual southeast Asian states and [ASEAN](#), the

organisation grouping together the nations in the area. As a consequence, both [EU](#) and [EU Member States'](#) security-related activities in southeast Asia are on the rise, notably in the maritime domain, which is paramount in the region's security dynamics.

TOWARDS A EUROPEAN "THIRD WAY"? NAVIGATING THE WATERS BETWEEN THE UNITED STATES AND CHINA

Connecting the dots, it seems that Brussels may be positioning itself to play a more consequential role in southeast Asia. Clearly, because of its institutional and structural constraints the EU cannot (and does not want to) carve out for itself a full-fledged position across all the traditional security domains. Despite these limitations, the added value of the EU's security engagement lies in its non-confrontational and multilateral approach to regional issues, in line with ASEAN states' values and, in many ways, different from that of both China and the United States.

The European strategic approach to the region is indeed distinctive and distinguishable from that of Washington and Beijing in agreement with the "[Sinatra Doctrine](#)", according to which the EU should be able to do things 'its own way'. Also, it has the merit of being flexible, being firm when needed but also open, inclusive, and cooperative wherever possible. In sum, this approach is instrumental in the construction of an European '[third way](#)', and is in line with the EU's quest to project itself as a [distinct pole](#) in the international arena.

MOVING BEYOND BINARY CONSTRAINTS: HOW TO INCREASE THE EU'S CONTRIBUTION TO SOUTHEAST ASIA'S SECURITY NEEDS

Brussels' alternative stance could then represent for the southeast Asian hedgers a possible strategic back-up to diversify some of their security options away from the binary choice between Washington and Beijing. This possibility is already well acknowledged both in the [region](#) and in Europe; as [noted](#) by an European official 'when it comes to hedging against the U.S.-China rivalry, the EU is always the very top answer in the region'.

In addition to that, the complementarity of [ASEAN](#) and EU's approaches to the Indo-Pacific represents an ideal basis to reflect upon new ways of enhancing the EU's role as security provider in southeast Asia. As it has been [underlined](#), there is currently a window of opportunity to do so, since 'most Southeast Asian countries welcome greater European involvement as a potential stabilizing force in the region'.

As the maritime dimension is central, it is important to continue to prioritise this domain. A possible move would be for the EU to designate the South China Sea as a Maritime Area of Interest (MAI) under the [Coordinated Maritime Presences](#) tool, an instrument to coordinate the EU Member States' air and naval presence in key maritime areas. Currently, the European Union has identified the Gulf of Guinea and the North-Western Indian Ocean as MAIs, and the EU's updated [Maritime Security Strategy](#) provides for the possibility to establish new MAIs. The identification of the South China Sea as MAI would increase the EU's visibility and credibility as security provider in the region. While this is not an easy objective to reach due to different EU states' positions on the topic, the recent apparent [gradual convergence](#) of France's and Germany's approaches on security issues in the Indo-Pacific may provide the political momentum to start a reflection in this direction.

In addition, the European navies could establish a regular naval exercise under the EU flag with their ASEAN counterparts. Warships of almost all of southeast Asian states have already collectively participated in various joint trainings with the [United States'](#), [China's](#), and even [Russia's](#) navies. Last year, for the first time an Italian vessel operating under the banner of EUNAVFOR Atalanta participated in an [exercise](#) with an Indonesian ship in the Arabian Sea. Building on this promising track-record, it would be wise to lay the foundations to set up a bigger regular maritime exercise, to take place in the waters of southeast Asia and involving ASEAN and EU navies, under EU auspices. In this sense, the EU could primarily look to leverage the military assets and expertise of [France](#), which has a permanent naval presence in the Indo-Pacific and operates a vast net of

security-related dialogues and joint trainings with other regional players.

Another possible step for the EU would be to signal more decisively its willingness to be included in relevant ASEAN-led regional security mechanisms. Conversely to other extra-regional actors such as Russia and the United States, the EU is neither a full member of the [East Asia Summit](#) nor of the [ADMM-Plus](#), two important platforms dealing with southeast Asia's security and defence issues. While the [Plan of Action](#) to implement the EU-ASEAN strategic partnership already notes Brussels' commitment to eventually adhere to these institutions, there may currently be a favourable window of opportunity to persuade ASEAN to accelerate the procedures towards EU's admission.

Finally, the EU could get institutionally creative and join forces with partners sharing a similar strategic vision as Japan, South Korea, India, Australia, and New Zealand to create platforms that would help address region-wide security issues, keeping at the centre stage the respect for ASEAN centrality and avoiding zero-sum games. In the wake of the [rising minilateralism](#) in the Indo-Pacific, these groupings could become coordination venues to develop joint diplomatic activities on an ad-hoc basis, that could serve for instance to advocate within global and regional fora for the respect of international norms relevant for the region, as the [UNCLOS](#).

HEDGING: PAVING THE WAY FOR THE EU AND SOUTHEAST ASIA TO WORK TOGETHER

The adoption of hedging by southeast Asian states provides the strategic space for the EU to step up its security profile in the region. In doing so, the EU should be careful not to give the impression that this is done in opposition to either the United States or China.

As for the former, a more substantial European presence in the Indo-Pacific and southeast Asia, even if done under EU's terms, would certainly be looked favourably in Washington, especially in the wake of current debates on the [growing interconnectivity](#) between the European

and Asian strategic theatres. This has recently been confirmed by the US Secretary of Defence Lloyd Austin, who at the 2023 Shangri La Dialogue [welcomed](#) the growing European presence in the region.

As for the latter, Beijing has for a long time pictured the EU as a [key pole](#) in a future multipolar global order and is [supportive](#) of the concept of EU strategic autonomy. Hence, if the increase of the EU's security engagement in the region would be pursued following an autonomous and open approach (also in concert with like-minded partners having an "inclusive" vision) and avoiding direct provocations, there seem to be few reasons for China to openly oppose it.

All in all, the European Union's positioning as security provider in southeast Asia is just at an early stage and, despite the recent moves in the right direction, still much needs to be done to operationalise its newfound actorhood. The hedging behaviour of southeast Asian states represents an important opportunity for the EU to make a first step in this direction and work with them towards the achievement of shared objectives in the region.

Fabio Figiaconi is a PhD researcher at the Centre for Security, Diplomacy and Strategy of the Brussels School of Governance, Vrije Universiteit Brussel (VUB). His dissertation investigates how Great Powers respond to secondary states' hedging during competitive eras; his two case-studies are: the United States and China's responses to Singapore's hedging nowadays, and the United Kingdom and Germany's responses to the Netherlands' hedging before World War I.





The opinions expressed in this Publication are those of the author(s) alone, and they do not necessarily reflect the views of the Egmont Institute. Founded in 1947, EGMONT – Royal Institute for International Relations is an independent and non-profit Brussels-based think tank dedicated to interdisciplinary research.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the permission of the publishers.

www.egmontinstitute.be

© Egmont Institute, September 2023

© Author(s), September 2023