



Report

EU-PACIFIC TALKS:

**TRADE RELATIONS WITH
THE INDO-PACIFIC**

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About EUROPEUM

EUROPEUM Institute for European Policy is a non-profit, non-partisan, and independent think-tank focusing on European integration and cohesion. EUROPEUM contributes to democracy, security, stability, freedom, and solidarity across Europe as well as to active engagement of the Czech Republic in the European Union. EUROPEUM undertakes original research, organizes public events and educational activities, and formulates new ideas and recommendations to improve European and Czech policy making.



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EUROPEUM hosted another debate from the EU-Pacific talks cycle. This time our speakers **Dora Francisca Jungbluth**, Senior Expert, from Bertelsmann Stiftung, **KAWAI Masahiro**, Professor at Graduate School of Public Policy, University of Tokyo, and **Jan Kovář**, Deputy Research Director from Institute of International Relations discussed the trade relations with the Indo-pacific countries.

According to *Kovář*, who is a member of an EU member state, last couple of months resulted in new developments and new environment for trade policies, which are characterized by conflicting incentives – such as Covid-19 and Russian aggression against Ukraine, which showed the fragility of supply chains. It also showed that free and open trade market is not without its costs. On global level it created a certain backlash that global trade and excessive dependence on certain actors, like the case of China and Russia, can be very dangerous. It also strengthened the anti-globalization movements and their political representation. But, on the other hand, it also created space for diversification of trade partners, with many countries concluding that China and Russia can't be their biggest trade allies. Seeking new partners in raw materials is certainly a good step forward.

When it comes to trading challenges for the Indo-Pacific region, *Kawain* mentioned 5 instances: 1. How can the region bring the USA back to trade agreements? 2. How to convince India to join the agreements and open its markets? 3. How to encourage the EU to strengthen the trade connections? 4. How to balance national security considerations against open trade and investment arrangements.?, and 5. To make this Indo-Pacific economic framework a success.

Jungbluth put emphasis on the fact that Asia-Pacific is a key region for the future global growth in terms of market size, purchasing power, global trade, and shipping routes through its waters. Considering that China is also aware of this fact, it is necessary for the EU to pivot more strongly towards this region and don't let China take it first. The EU also needs to find more trustworthy trade partners.

Another key motivation to move towards more stable and reliable trade partners is most definitely the Covid-19 pandemic and the war in Ukraine. On that note *Kovář* mentioned that the movement away from China and Russia will create pressure on more activism of the EU and its member states. But what he thinks might be a slight complication when it comes to the EU partnering with third world countries is its sustainable and fairer green environmental approach, which may perhaps make the EU seem less attractive for those countries. *Jungbluth* agreed and added that there needs to be more flexibility when it comes to negotiations with countries that don't have the same high standards in the area of environmental law. What all the speakers agreed on was fact that even though China is not a reliable trading partner and tends to weaponise other states' dependences, it is now not possible, nor rational, to completely break all the connections.

When it comes to trade agreements with India – *Masahiro* claims that the reason why India is not part of the most prominent coalitions of countries in the sense of trading is because of its fear of importing too much of Chinese manufacturing products. But in the end some global cooperation with them is better than no cooperation at all.

Overall, the debate mainly touched on the topic of the diversification of global trade partners and how to achieve it. The speakers also discussed threats that are associated with dependence only on certain powerful states that can then take the position of a rule-maker. The whole debate was linked to the possibilities of global trade with the countries that are part of the Indo-Pacific region.