

# INDO-PACIFIC OUTLOOKS

## IMPLICATIONS FOR THE EU-ASEAN RELATIONSHIP AND ITALY'S ROLE IN SOUTHEAST ASIA

Edited by **Giuseppe Gabusi**



Aries A. Arugay  
Dewi Fortuna Anwar  
Michele Boario  
Gianluca Bonanno  
Pongphisoot Busbarat  
Anna Caffarena  
Nicholas Farrelly  
Giuseppe Gabusi  
Tam Sang Huynh  
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Jiaying Xing

IN MEMORY OF LUTHFY RAMIZ

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**Indo-Pacific Outlooks  
Implications for the EU-ASEAN relationship  
and Italy's role in Southeast Asia**

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Editorial Assistant: Elisa Gasco

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Corso Valdocco, 2  
10122 Torino  
[www.twai.it](http://www.twai.it) – [info@twai.it](mailto:info@twai.it)

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# Introduction

Giuseppe Gabusi

In recent years, the term “Indo-Pacific” has become popular in academic, media and policy-making circles to describe the area stretching from the Horn of Africa to the islands and atolls of the Pacific Ocean. The concept of a region centred on the confluence of the Indian and Pacific Oceans was first proposed by Japanese Prime Minister Shinzo Abe in 2007.<sup>1</sup> Since then, several countries and institutions, including the European Union (EU) and the Association of Southeast Asian Nations (ASEAN), spanning different continents, have adopted an Indo-Pacific foreign policy strategy. However, this does not mean that all countries view the Indo-Pacific in the same way.

In fact, regions in global politics are a social construct, not a geographical given. In constructivist terms, regions are what countries make of them. The same states can be located on the continent we call Asia and still be regarded as one unit within different regional perspectives and groupings. Japan, for example, is simultaneously part of East Asia (the region of the late-20th-century economic miracle in global political economy literature), the Asia-Pacific (the hub-and-spoke system of bilateral alliances and partnerships set up by Washington after Japan’s defeat in 1945) and the Indo-Pacific (a broader region encompassing countries such as India and Australia, thereby diluting the perception of a region dominated by China). This variety of definitions conceals “a competition to define the region’s scope and nature in ways that best serve the interests of key states. (...) So it is not so much a battle for influence within the region as *concerns about influence and power driving a battle to define what the regional space should or could be*” (italics mine).<sup>2</sup>

Firstly, redefining the regional space is conducive to rearticulating the regional order, but it also has crucial implications for the global order. This is all the more important at a time when the post-WWII liberal international order centred on American hegemony is in crisis, opening the way for new actors, narratives,

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<sup>1</sup> Sharma, A., Blaxland, J. (2022) “Shinzo Abe: Remembering the Architect of Indo-Pacific Strategy”, *Australian Institute of International Affairs*, 23 July, [available online](#).

<sup>2</sup> Breslin, S. (2018) “Conceptualizing Asian Regionalism”, *T.note n. 37*, T.wai, 11 December, [available online](#).

and institutional frameworks. China and the United States, two great powers, are competing for control of the future direction of the global order. For both regional and out-of-region countries, being part of the evolving and dynamic Asian theatre means having an active stake in this reconfiguration process, rather than merely being passive observers of a show staged by Washington and Beijing.

In this complex scenario, any country or institution wishing to devise an effective Indo-Pacific strategy must take three steps. First, they must define the contours of the Indo-Pacific according to their national priorities, available resources and issue linkages. Where should the geographical boundaries of the region be located? Where do the relevant challenges come from? Where (and in what sectors) are the best opportunities available? Second, they must choose what role they want to play in the region. For example, they could be a security provider, a trade and investment facilitator, or a cultural power... Third, it is necessary to invest in essential partners that could represent the focus of engagement with the region.

This process is underway in Italy too. So far, Italy has decided not to formalize a national Indo-Pacific strategy, but to follow the example of the EU's strategy, which was approved in 2021, and contribute its own specific ideas.<sup>3</sup> However, in March 2025, after conducting a series of auditions, the Committee on the Indo-Pacific of the Foreign Affairs Commission of the Chamber of Deputies (the lower house of the Italian parliament) published a report on Italy's presence in the Indo-Pacific. In the document, MPs advocate the adoption of a formal strategy with the following aims: (i) rationalizing the efforts of individual autonomous actors already active in the region; (ii) emphasizing Italy's specific multilateral approach; (iii) offering an innovative perspective in relation to the EU's strategy, which appears outdated in light of the new geopolitical context following Russia's invasion of Ukraine and the new stance of the US administration; and (iv) ensuring continuity of action across different governments, beyond the specific initiatives of individual leaders.<sup>4</sup> Any Italian strategy, whether formal or informal, should be based on the following pillars:

- The primacy of international law and regional stability, acknowledging that Italy's traditional commercial interests cannot now be separated from security concerns.
- The social construction of a "large" Indo-Pacific, linking the enlarged Mediterranean with the Indian Ocean.
- The need to strengthen bilateral relationships with regional institutions such as ASEAN, as well as with countries in Southeast Asia and Western allies such as Japan and Australia that are committed to supporting the rules-based global order.<sup>5</sup>

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<sup>3</sup> MAECI (2022) *Contributo Italiano alla Strategia Europea per l'Indo-Pacifico*, Rome, 20 January, [available online](#).

<sup>4</sup> Camera dei Deputati (2025) *Indagine Conoscitiva sulla Proiezione dell'Italia e dei Paesi Europei nell'Indo-Pacifico*, Rome, 12 March, [available online](#).

<sup>5</sup> *Ibidem*, 73-74.

To contribute to this discussion, we have chosen to focus on ASEAN and its member states as key partners in any European or Italian engagement with the Indo-Pacific region. In November 2024, T.wai organized a workshop at Nanyang Technological University – S. Rajaratnam School of International Studies (RSIS) in Singapore, inviting selected scholars and practitioners from Italy, Southeast Asia, and Australia. Some of these individuals opted to participate in the research project by providing contributions tailored to their areas of expertise and interests. The initial findings were presented to the Ministry of Foreign Affairs and International Cooperation in Rome, as well as to the general public at an event held at the John Cabot University-Guarini Institute in June 2025.

The final output is now in your hands, offering a comprehensive overview of the political and strategic reasons why and how the time has come for the EU and Italy to establish a stronger presence in this region. This collection of essays is divided into two parts. The first part looks at the EU in the evolving Indo-Pacific region from various angles. Anna Caffarena and Giuseppe Gabusi consider how ASEAN centrality could reinvigorate multilateralism as a tool in global politics at a time of transactional diplomacy infused with competing nationalisms and deployed on a vast scale. Gianluca Bonanno elaborates on hedging as a common strategy adopted by regional countries to navigate the complexities of the Indo-Pacific. He considers the potential role of non-Asian countries (or institutions such as the EU) within this framework, suggesting that they could assist Asian countries in reducing their risk of strategic isolation by experimenting “while staying on the good foot of their core ideologies”. Pongphisoot Busbarat and Thanawit Wangpuchakane begin their chapter by addressing the leadership vacuum in the Indo-Pacific and the fact that China’s activism cannot replace American disengagement from the regional order, since several countries in the Indo-Pacific simply do not trust their large neighbour. Drawing on insights from neoliberal institutionalism, the authors argue that the EU has a historic opportunity to fill this leadership void as a stabiliser of the regional order, given its shared priorities with many middle powers in the Indo-Pacific.

However, the EU and its member states must be willing to engage with the region in the long term. This represents one of the five lessons that Nicholas Farrelly draws from the fifty-year experience of the ASEAN-Australia bilateral relationship. The region is difficult to navigate, particularly for normative actors such as the EU, and a willingness to embrace complexity and ambiguity is essential for successful dialogue. Full engagement with Southeast Asia also requires continuity in diplomatic and people-to-people exchanges to build a lasting, intergenerational web of connections. As ASEAN member states try to diversify their economic strategies and limit their overdependence on China, they see the EU as a valuable partner. While the EU cannot hope to match the level of interaction that China has developed with Southeast Asia in recent decades, as Jiaying Xing and Mingjiang Li outline in their contribution, it can leverage its image as a more benevolent and less threatening actor to increase its presence in the region. According to Dewi Fortuna Anwar, Europe now has the opportunity to finally overcome its colonial legacy, and the new Indonesia-EU Comprehensive Economic Partnership Agreement is testament to a shared interest in building free and open markets.



The second part focuses on Italy's bilateral relationships with ASEAN and individual Southeast Asian countries. Michele Boario examines the ASEAN-Italy development partnership, reflecting on its achievements and challenges. This partnership is based on a shared commitment to inclusive and open regionalism between ASEAN and Italy, and has so far delivered 14 projects at various stages of implementation. However, relatively limited financial resources, bureaucratic hurdles and incomplete alignment with the EU's strategic framework still hinder Italy's full deployment of its potential in Southeast Asia. Nevertheless, Rome could fulfil its traditional role as a mediator by presenting itself as a "Global North–Global South Mobiliser", as Yanitha Meena Louis argues in a chapter that also considers the limitations of the Indo-Pacific concept. She therefore suggests that Italy should avoid the "redundancy trap" by not adopting a distinct national Indo-Pacific strategy. Two chapters focus on Italy's bilateral relationship with the Philippines. In the first of these, Aries A. Arugay and Matteo Piasentini emphasize Manila's commitment to a rules-based international order as a foundation for engagement with Europe. They provide evidence of the Philippines' activism in establishing new security partnerships, particularly in the maritime domain. However, they also argue that this strategy is only sustainable if Manila is willing to strengthen economic and developmental collaboration with various stakeholders, an area in which Italy could play a significant role. In the second chapter on the Philippines, Andrea Chloe Wong outlines the similarities between the Philippines and Italy: both are middle powers with a desire to avoid being caught in the middle of great-power competition. As their foreign policy strategies evolve, different leaderships could take the two countries in different directions, creating opportunities but also risks. Finally, Tam Sang Huynh offers a Vietnamese perspective, indicating how Hanoi regards Italy as a worthy candidate in its search for new foreign partners. To grasp this opportunity and foster their bilateral ties, both countries should consider niche diplomacy.

Unfortunately, another chapter is missing, as Luthfy Ramiz from the Habibie Center in Jakarta passed away before finalizing his writing. He left us too soon, and the least we can do is dedicate this essay collection in memory of.

## Acknowledgements

The editor would like to express his heartfelt thanks to all the contributors to this volume. Without their unwavering commitment across two continents, the following pages would have remained blank. A special mention goes to Nicholas Farrelly for sharing his ideas and network while designing the project during my stay at the University of Tasmania. The editor wishes also to thank Xue Gong, Li Mingjiang and Michele Farina for the organizational support of the 2024 workshop at S. Rajaratnam School of International Studies -Nanyang Technological University in Singapore. I am grateful to H.E. Dante Grandi, the Ambassador of Italy to Singapore, for his address on the occasion. Enrico Fardella kindly arranged a preliminary public presentation at John Cabot University-Guarini Institute in Rome. This work could not have been finalized without Elisa Gasco's precious editorial assistance and Bruno Scrascia's elegant graphic design. They both sacrificed part of their summer holidays for completing their job, deserving here my most sincere thanks.

PART ONE

# **THE EU IN THE EVOLVING INDO-PACIFIC**



## Two Regions, one Order: Framing Strategic Collaboration for a Rules-Based International System

**Anna Caffarena, Giuseppe Gabusi**

University of Turin / T.wai

*In recent years, the international liberal order has undergone significant changes. In this context of extreme fluidity and unpredictability, two opposing camps have emerged. The first is led by the current US administration and opts for a “positional grand strategy” focused on deterring China. This policy stems from the belief that material gains in key fields are the best insurance against insecurity. The other camp, which includes the EU and other like-minded countries, has a different “philosophy of security” – one that leads to the adoption of a “milieu grand strategy” aimed at enhancing the collective willingness and joint capacity to address present and future challenges. The core of a milieu grand strategy is strengthening the order by increasing the level of international social capital through cultivating and institutionalising cooperative relations. As institutions built on cooperation between Member States, both the EU and ASEAN have much to lose if a positional grand strategy takes hold in Asia and forces countries to take sides. Moreover, ASEAN risks losing its centrality in the evolving regional order. Therefore, the EU and ASEAN should update their respective Indo-Pacific strategies with renewed ambition, aiming to reaffirm a rules-based international system capable of addressing the challenges of the 21st century and thereby contributing to the creation of a milieu grand strategy for the Asian regional order.*

In 2021, the EU issued its *Strategy for Cooperation in the Indo-Pacific*, a region it deemed “increasingly strategically significant” for Europe.<sup>1</sup> Four years later, in a dramatically changed world – not for the better – the rationale behind this move appears even more compelling.

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<sup>1</sup> This communication to the European Parliament and the Council followed a series of earlier EU documents dating back to 1994. The political relevance of the 2021 EU strategy lays in the fact that it was released alongside various national strategies, each presenting a specific interpretation of the Indo-Pacific and related challenges. In particular, the U.S. *Strategic Framework for the Indo-Pacific* – developed during the first Trump administration and declassified in 2021 – was centered on maintaining American primacy in the region by “preventing China from establishing new, illiberal spheres of influence”, [available online](#). By contrast, the EU’s document formally expressed an alternative, inclusive vision. Regarding China, the EU outlined a strategy of “multifaceted engagement”: European Commission (2021) *Joint Communication to the European Parliament and the Council: The EU Strategy for Cooperation in the Indo-Pacific*, Brussels, 16 September, 4, [available online](#).

At the time, cross-regional economic interdependence was seen as a valuable achievement, and a key goal for the EU was to preserve and strengthen the networks of relations linking European countries and the EU itself to their regional partners, in order to benefit fully from their vitality and large populations. At the same time, the EU acknowledged that sustaining and developing such dense and complex relationships requires a set of generally recognised rules – and that strengthening this rules-based framework had to be part of any shared, forward-looking agenda.<sup>2</sup>

Although this was widely regarded as a prerequisite for intensifying economic interactions, the institutional fabric of the established order was already under pressure at the time. Recently, it has become increasingly exposed to two disruptive developments. First, the increasingly harsh dynamics of international competition across political, economic and technological realms, with Asia being the most prominent arena. Second, the bruising policies of those who deliberately reject the idea that “international economic systems rest upon international political order” – thereby also rejecting the core rationale behind the kind of multi-faceted “deep engagement” that Joseph Nye staunchly advocated.<sup>3</sup>

Since 2021, two opposing camps have emerged – a development of the utmost relevance for Europe and Asia, with important implications for their future partnership. The first camp is led by the current US administration, which favours a “positional grand strategy”<sup>4</sup> focused on deterring China.<sup>5</sup> This policy stems from the belief that material gains in key fields are the best insurance against insecurity in an ultimately competitive international system. The current transactional US foreign policy towards the whole world is rooted in this conviction. Material strength is what counts, and the environment in which foreign policy plays out is irrelevant – a belief that renders cultivating partnerships insignificant.

The other camp, which includes the EU and other like-minded countries, has a different “philosophy of security” – one that leads to the adoption of a “milieu

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<sup>2</sup> In the very introduction of the strategy the EU states that it “intends to increase its engagement with the [Indo-Pacific] region to build partnerships that reinforce the rules-based international order” as a means to addressing global challenges and sustaining economic recovery from the pandemic: *Ibi*, 1.

<sup>3</sup> Nye, J.S. (1995) “The Case for Deep Engagement”, *Foreign Affairs*, 74(4), 90-102, 90. Nye’s reflection, moving from the claim that “our [US] national interests demand our deep engagement in the region”, was focused on Asia and was written in his capacity as Assistant Secretary of Defense for International Security Affairs. The strategy of engagement, at the time, included China.

<sup>4</sup> For the two variants of positional and milieu grand strategy see Ikenberry, G.J. (2008) “Liberal order building”, in Leffler, M.P., Legro, J.W., *To Lead the World: American Strategy after the Bush Doctrine*, Oxford: Oxford University Press, 85-108.

<sup>5</sup> As it was stressed by Defence Secretary Hegseth at Shangri-la Dialogue on May 30<sup>th</sup> 2025: Olay, M. (2025) “Hegseth outlines U.S. vision for Indo-Pacific, addresses China threat”, Department of Defense, 30 May, [available online](#). A similar assessment would also be warranted for the Biden administration, which announced the trilateral agreement – between Australia, the United Kingdom, and the United States – to supply nuclear-powered submarines to Canberra on the very same day the European Union released its own Indo-Pacific Strategy. As Rosa Balfour wrote at the time: “‘Cooperation, not confrontation’ were the words repeatedly chosen by EU High Representative Josep Borrell at the [press conference](#) launching the strategy. Soon after being presented on September 16, the EU’s strategy looked like a lone dove singing in a choir of hawks”; Balfour, R., (2021) “What the US-British-Australian Security Pact Means for Europe”, *Carnegie Europe*, 21 September, [available online](#).

grand strategy” aimed at enhancing the collective willingness and joint capacity to address a wide range of current and future challenges. Such capacity, and even the willingness of the actors involved, can only stem from a renovated multilateral international order that reflects inclusivity and fairness in practice. Thus, strengthening this order is central to a milieu grand strategy intended to increase international social capital by cultivating and institutionalising cooperative relations.<sup>6</sup> The best way to enhance individual and collective security in the present world is considered to be a greater collective capacity to navigate a fragmented international system, marked by a very high level of uncertainty regarding future challenges and their possible detrimental combination.

### The Centrality of the EU and ASEAN

As previously suggested, in light of these developments, the rationale behind the *Strategy for Cooperation in the Indo-Pacific* released four years ago appears even clearer and more compelling today. For the EU, the objective is not merely to establish a “special relationship”<sup>7</sup> with individual countries and various regional groupings in Asia. In 2025, the EU’s relationship with Asia is about partnering with a region that is becoming increasingly central to the international system. The EU<sup>8</sup> is set to engage with Asia with the aim of jointly leveraging their respective resources towards the shared goal of preserving the rules-based international order. This is the true purpose of a grand strategy based on the broadest and most updated understanding of security, encompassing issues ranging from climate change to supply chain resilience. Only such an ambitious goal justifies the creation of a dedicated strategy – and, in particular, the assignment of a central role to ASEAN within it, with the EU fully endorsing the principle of “ASEAN centrality”.

The relationship with ASEAN has indeed deepened around a shared interest in the notion of ASEAN centrality. As early as 2019, the *ASEAN Outlook on the Indo-Pacific* (AOIP) emphasised that, in the region, “the rise of material powers [...] requires avoiding the deepening of mistrust, miscalculation and patterns of behavior based on a zero-sum game”.<sup>9</sup> In response to this challenge, ASEAN

<sup>6</sup> It is worth recalling that the essay Ikenberry devotes to highlighting the value of a milieu grand strategy is entitled *Liberal Order Building*. Ikenberry goes on to define the milieu variant, a grand strategy of “multitasking” insofar as it is meant to create “shared capacities to respond to a wide variety of contingencies”, Ikenberry, *cit.*, 87-88. For this very reason, a grand strategy today should be seen as an “investment problem” (91), a conception in line with the idea of a deep and long-term engagement towards cultivating partnerships.

<sup>7</sup> The reference is to be found in Baruah, D.M., Nouwens, V. (2025) “Europe and the Indo-Pacific: new opportunities for a ‘special relationship’”, *International Institute for Strategic Studies (IISS)*, 29 July, [available online](#).

<sup>8</sup> Alongside the EU as a whole, several of its member states have also shown increasing willingness to engage with Asian partners – as demonstrated by the publication of national Indo-Pacific strategies and growing parliamentary interest. Notably, in the case of Italy, the Foreign Affairs Committee of the Chamber of Deputies has conducted a series of auditions, published in Camera dei Deputati (2025) *Indagine Conoscitiva sulla Proiezione dell’Italia e dei Paesi Europei nell’Indo-Pacifico*, Rome, 12 March, [available online](#).

<sup>9</sup> ASEAN (2019) *ASEAN Outlook on the Indo-Pacific*, Jakarta, [available online](#).

doubled down on its efforts to maintain a central role in the evolving regional architecture. The aim was to ensure that the institutional infrastructure remained inclusive and capable of providing a strong platform for integration and inter-connection across the Asia-Pacific and Indian Ocean regions. This concept of “ASEAN centrality”, with its emphasis on cooperation, closely aligns with the EU’s grand strategic vision, providing the strongest rationale for mutual engagement in an uncertain and fragmented international system.

From a European perspective, the Asian region offers several key strengths towards the renewal of the international order, particularly in terms of its outreach potential. It is home to several influential participants in major global governance platforms, such as the G20. Notably, the two largest Asian powers, China and India, are key interlocutors for the diverse group of countries increasingly referred to as the “Global South”. India, in particular, played a decisive role in successfully advocating for the inclusion of the African Union in the G20. Its self-defined identity as a “Southwestern power”<sup>10</sup> underlines its ambition to act as a bridge between the Global South and the West – a role that could be highly valued by the EU and its member states.<sup>11</sup> Indonesia is the most recent country to join the expanded BRICS+ grouping, which now comprises ten countries, all of which are aligned with pro-change agendas in different ways. The greater openness to collaboration with the EU shown by various Asian countries, as highlighted by contributors to this collection, presents a valuable opportunity to help heal existing fractures in the international system. This also aligns with the EU’s inclusive approach and its broader ambition to prevent the further entrenchment of fault lines in world politics, which are increasingly being driven by a recently reinvigorated zero-sum logic.

Asia – and ASEAN in particular – brings a growing capacity for constructive global engagement to its partnership with the EU, representing a valuable strategic asset. This is a critically important contribution to the global conversation on the kind of international system we want to live in and how to ensure the level of governance required for a functioning global economy. The EU can offer a steady and long-term commitment to filling the current leadership vacuum by sharing responsibility with Asian countries for providing essential global public goods, consistent conduct to anchor middle powers’ foreign policies aimed at stabilising and renewing the international order, and a willingness to reappraise its normative stance to allow meaningful contributions

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<sup>10</sup> Jaishankar, S. (2019) “India would be a South Western Power, says External Affairs Minister”, *India Today*, 3 October, [available online](#).

<sup>11</sup> On the strategic relevance of the so-called Global South for achieving Europe’s objectives, see Brender, R. (2024) *In Danger of Falling Short: The EU, the Global South, and the Reform of Multilateralism*, Brussels: Egmont Paper 127, February, [available online](#). Brender suggests that the EU should address effectively the southernisation of the international agenda and reflect more carefully on what is needed, in terms of engagement with the Global South, to foster an effective renovation of multilateralism.

<sup>12</sup> Indeed, some of the most compelling reflections on the renewal of multilateralism focus on how to reconcile national sovereignty – a value strongly held by many Asian countries – with the need for effective governance. In this regard, the “dual compatibility principle” proposed by Inge Kaul offers a promising approach to addressing this challenge constructively. See Kaul, I. (2020) “Multilateralism 2.0: It Is Here – Are We Ready for It?”, *Global Perspectives*, 1(1).



from Asian countries, especially on issues such as the respect of sovereignty.<sup>12</sup> After all, it was in Japan – a country associated with the “Global West” – that a scholar first proposed “localizing” the rules of the liberal order to make them more inclusive.<sup>13</sup> This approach builds on the idea of a more flexible – and potentially more streamlined – rules-based framework that could gradually raise expectations for accountability and effective governance among participating states. In a highly dynamic international system, change itself could work in favour of order, provided it unfolds within a collaborative and trusting context.

Implementing a milieu grand strategy based on mutual engagement implies that both the EU and Asian countries adopt a forward-looking strategy and implement the required changes to make the joint endeavour work. For ASEAN partners in the West, as Nicholas Farrelly argues in his contribution to this collection, this requires “embracing ambiguity”, since Southeast Asia often offers its own localised interpretation of political terminology, some of which borrowed from Europe.

### **A Weakened ASEAN Centrality**

As the number of partners willing to engage with ASEAN grows, ASEAN centrality has become “a foundational principle of its existence and a guaranty of its sustainability and relevance in the web of complex power-play in the region”.<sup>14</sup> Not only is ASEAN centrality a principle of diplomacy, but also – as Elizabeth Buensuceso argues in her book – “an aspiration to raise [...] awareness about ASEAN”. In fact, ASEAN centrality encompasses three ambitions for the regionalism advocated by the organization<sup>15</sup>: “forging a ‘Southeast Asia’ community”, “building a ‘wider Asia’, or at least ‘East Asia’, community”, and “attempting to influence the wider regional order”. The first ambition essentially involves defending the core interests of ASEAN; the 1967 *Bangkok Declaration*, which established the organization, explicitly aimed to avoid conflict and promote progress and prosperity among its member states.<sup>16</sup> With regard to the second ambition, Astana Abdul Aziz and Anthony Milner contend that the AOIP has succeeded in mitigating the adversarial nature of the original Western-inspired formulation of the Indo-Pacific.<sup>17</sup> The 1976 Treaty of Amity and Cooperation, which is open to signatories outside the region, exemplifies the third ambition. Multilateral frameworks such as the Regional Comprehensive

<sup>13</sup> Nakano, R. (2023) “Japan and the liberal international order: rules-based, multilateral, inclusive and localized”, *International Affairs*, 99(4), 1421-1438.

<sup>14</sup> Buensuceso, E. (2021) *ASEAN Centrality: An Autoethnographic Account by a Philippine Diplomat*, Singapore: ISEAS-Yusof Ishak Institute, 27.

<sup>15</sup> Astanah, A.A., Milner, A. (2024) “ASEAN’s inclusive regionalism: ambitions at three levels”, *Centre for ASEAN Regionalism Universiti Malaya (CARUM)*, 10 June, [available online](#).

<sup>16</sup> Tene, M. (2023) *Remarks/Lecture by H.E. Michael Tene, Deputy Secretary-General of ASEAN for ASEAN Political-Security Community at the University of Turin*, 6 December, [available online](#). That is the reason why, by the way, the escalation of the border conflict between Thailand and Cambodia has been a serious stress test for ASEAN centrality (and credibility).

<sup>17</sup> ASEAN (1998) *Hanoi Plan of Action*, Jakarta, Chapter VIII, [available online](#).

Economic Partnership, which is an attempt to establish a free trade regime based on regional rules involving ASEAN partners in both Northeast Asia (Japan, China and South Korea) and the Pacific (Australia and New Zealand), are also an example of this ambition. In short, ASEAN centrality relies on ASEAN leadership. However, as leadership is based on credibility, the gap between rhetoric and reality risks undermining the claim that ASEAN is central to the region.

ASEAN's official documents, which are released periodically, are full of commitments to strengthening its role in Asia. For example, the *Hanoi Plan of Action* (1999-2004), which operationalized the *ASEAN Vision 2020*, stated a commitment to “enhanc[ing] ASEAN's role as an effective force for peace, justice, and moderation in the Asia-Pacific region and in the world”.<sup>18</sup> The *ASEAN Community Vision 2025* claims to “envision a peaceful, stable and resilient Community with enhanced capacity to respond effectively to challenges, and ASEAN as an outward-looking region within a global community of nations, while maintaining ASEAN centrality”.<sup>19</sup> Finally, the *ASEAN Community Vision 2045* advocates “a Community that sustains and reinforces its centrality through ASEAN-led mechanisms and other relevant platforms, leveraging its strengths in the peaceful conduct of relations among states, as well as in forging new and potential partnerships while ensuring substantive and mutually beneficial relations [...] An ASEAN that remains a primary driving force in shaping the regional architecture and contributes towards a rules-based international order amidst geopolitical tensions and rivalries”.<sup>20</sup> However, the same documents commit the organization to “upholding the principles of democracy, the rule of law and good governance, respect and protection of human rights and fundamental freedoms”<sup>21</sup>, exposing ASEAN to criticism for the discrepancy between its words and deeds.

The case of post-coup Myanmar in particular shows the tensions and contradictions between the principles ASEAN claims to uphold and the reality on the ground.<sup>22</sup> ASEAN's response to the 2021 military takeover in Myanmar, which involved the partial implementation of the 5-point consensus, is a critical example of the regional body's limited capacity for large-scale collective action. Despite Buensuceso's assertion that “ASEAN views issues like the situation in Myanmar as its own affair”<sup>23</sup>, it seems that ASEAN member states have signed a “mutual survival pact”<sup>24</sup> based on non-interference. Consequently, ASEAN's credibility and leadership diminish whenever the organization's limited impact strengthens unpopular governments against the will of the people (contrary

<sup>18</sup> ASEAN (1998) *Hanoi Plan of Action*, Jakarta, Chapter VIII, [available online](#).

<sup>19</sup> ASEAN (2015) *ASEAN Community Vision 2025*, Jakarta, 13, [available online](#).

<sup>20</sup> ASEAN (2025) *ASEAN Community Vision 2045: Resilient, Innovative, Dynamic, and People-Centred ASEAN*, Jakarta, 17, [available online](#).

<sup>21</sup> *Ibidem*, 15.

<sup>22</sup> Tucker, S. (2023) “Myanmar reveals ASEAN's weak spot again”, *Stimson Centre*, 25 July, [available online](#).

<sup>23</sup> ASEAN-Japan Centre (2025), “ASEAN Centrality, the future of ASEAN, and prospects for ASEAN-Japan Relations: A Conversation”, Tokyo, 2 April, [available online](#).

<sup>24</sup> Farrelly, N. (2021) ASEAN's mutual survival pact”, *Inside Story*, 4 May, [available online](#).



to ASEAN's assertion that it pursues a people-centred approach). Moreover, ASEAN now faces crises that cannot be resolved through a strict non-interference approach. The spillover of the crisis into Thailand has made this clear<sup>25</sup>: the idea that national political conditions can be isolated from international affairs, or put more simply, that peace can be preserved through domestic non-interference, is becoming increasingly untenable in the current regional and global order.

As order(s) become more dispersed horizontally, the proliferation of mini-lateral defence arrangements undermines ASEAN's centrality in shaping its security architecture, while economic fragmentation undermines free trade – the driver of ASEAN's growth. Consequently, "AOIP's vision of ASEAN centrality and an inclusive region will remain an imagined illusion".<sup>26</sup> Indeed, ASEAN centrality rests on two pillars: significance and relevance. While the full range of ASEAN-led frameworks and forums, not to mention the organization's efforts to promote free trade, establish ASEAN as a significant regional player, its relevance is weakening. In fact, two factors – one internal and one external – have changed over the past thirty years. Firstly, following the end of the Cold War, ASEAN membership was extended to include Cambodia, Laos, Myanmar and Vietnam: four autocratic, relatively poorer countries. The increasing diversity within the group has made it more difficult to reach a common position, i.e. the much-cherished ASEAN consensus. In other words, ASEAN has experienced enlargement fatigue. Secondly, the structure of the order has shifted from Cold War bipolarity to the unipolar moment in the 1990s and to the current multipolarity. ASEAN was established in 1967 amidst right-wing regimes and military dictatorships, serving as a counterweight to communist regimes and movements in Asia and aligning the organization with the West. There was simply no risk of it being caught in the middle of the rivalry between great powers. Things are different now. On the one hand, Southeast Asia is well aware that its prosperity has depended on economic engagement with China. On the other hand, most ASEAN member states do not trust their northern neighbour when it comes to security. Consequently, they have tended to look to Washington for reassurance – and, in the case of the Philippines, for an alliance. ASEAN's fragile institutional structure cannot cope with growing tensions between China and the United States, and the very concept of ASEAN centrality has come under strain and cannot be taken for granted. While ASEAN may still be able to prevent war among its member states – a far from certain prospect, as recent border clashes between Thailand and Cambodia have shown – it is doubtful that it can help to preserve peace in the region unless it grows in ambition.

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<sup>25</sup> The Straits Times (2025) "Hundreds of Myanmar troops and civilians flee across Asia", July 12, [available online](#); on the humanitarian crisis regarding Myanmar's refugees in Thailand see for instance Hou, T. (2024) "Humanitarian aid practices on the Thai-Myanmar border after the coup: beyond depoliticization and inequality", *International Journal of Humanitarian Action*, 9(16).

<sup>26</sup> Yaacob, A.R., Donnellon-May, G. (2024) "ASEAN's Indo-Pacific vision in troubled waters", *East Asia Forum*, 5 September, [available online](#).

## Keeping Faith in the Rules-Based International System: A Common EU-ASEAN Endeavour

According to the 2025 *State of Southeast Asia* report, the EU has overtaken the US to become the second most trusted nation in Southeast Asia, after Japan.<sup>27</sup> Hence, conditions are ripe for renewed EU–ASEAN engagement. The question is not just what more to do together, but *why* and *for what ultimate purpose*. Although the EU and ASEAN are based on different models of regional integration and collaboration, they are both committed to a rules-based international system. The high level of tariffs levied by the Trump administration on exports from Southeast Asian countries has raised further concerns in the region. Therefore, due to its rules-based approach, the EU appears to be a much more reliable partner. However, for Southeast Asia to successfully “tilt to Europe”, the bloc must undertake reforms to increase its competitiveness while keeping its commitment to the international trading order.<sup>28</sup> Despite uncertainties regarding ASEAN’s capacity to maintain its strategic autonomy, ASEAN member states seem to be in a better position to adapt to the power shift, drawing on their historical pragmatism and empowered by the global appeal of their thriving economies. In fact, as Anthony Milner argues, “flexibility in political and economic engagement – and a record of building inclusive relations and institutions – may prepare them to negotiate, and even assist in shaping, a post-liberal Indo-Pacific order”.<sup>29</sup> The EU therefore has an opportunity to seize, but Brussels must be ambitious, too, insisting on ASEAN centrality. For example, while the EU has been pursuing bilateral free trade agreements (FTAs) with ASEAN member states, it should never give up on the ultimate goal of achieving an inter-regional EU-ASEAN FTA. The EU’s desire to engage with the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)<sup>30</sup> by exploring joint initiatives, such as standard harmonization and supporting the rules-based trade regime<sup>31</sup>, should not tempt it to sideline ASEAN as a meaningful interlocutor on trade issues.

While the previous cycle of globalization was based solely on cost and efficiency considerations, geopolitics, security, and supply chain resilience now matter too as we move into “a world of strategic interdependence”.<sup>32</sup> Successfully navigating the upcoming cycle of globalization requires in-depth knowledge

<sup>27</sup> Seah, S., et al. (2025) *The State of Southeast Asia: 2025 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#).

<sup>28</sup> East Asia Forum (2025) “The success of Southeast Asia’s tilt to Europe depends on commitment to regional reform and global openness”, 30 June, [available online](#). See also Heydon, K. (2025) “Southeast Asia needs to ramp up its trade links with Europe”, 29 June, *East Asia Forum*, [available online](#).

<sup>29</sup> Milner, A. (2025) “ASEAN adapts and advances as global politics shift”, *Centre for ASEAN Regionalism Universiti Malaya (CARUM)*, 25 February, [available online](#).

<sup>30</sup> Four of the 12 member countries of the CPTPP are from Southeast Asia, namely Brunei, Malaysia, Singapore, and Vietnam, together with Australia, Canada, Chile, Japan, Mexico, New Zealand, Peru, and the United Kingdom.

<sup>31</sup> Foster, P., et al. (2025) “EU eyes closer ties to Trans-Pacific bloc as Trump jolts trade order”, *Financial Review*, May 4, [available online](#).

<sup>32</sup> Waldron, J. (2025) “Strategic interdependence is rewiring the global economy”, *Financial Times*, 12 August, [available online](#).

and the ability to understand nuances, subtleties and ambiguities. This is a necessary skill to ensure that strategic interdependence creates mutual benefits rather than new vulnerabilities. A common understanding of engagement objectives is essential for designing and implementing meaningful policies for both partners. To this end, ASEAN and the EU must therefore channel their propensity to adopt joint projects and diversify partnerships in the Indo-Pacific into a more structured, long-term institutional framework. To begin with, the EU's four-year-old *Indo-Pacific Strategy* and ASEAN's six-year-old *Outlook on the Indo-Pacific* are becoming outdated. In light of the significant changes to the global order in recent years, updating them could help generate a new focus while making the joint effort more explicit.

Most of the EU's and ASEAN's member states stand to lose a great deal from the affirmation of positional grand strategies in the hands of great powers. The EU and ASEAN should maintain their positive relationship, bearing in mind that their shared interest in preserving a rules-based international system capable of overcoming the challenges of the 21<sup>st</sup> century could lead to the development of a grand strategy for the Asian regional order – an order in which countries are not compelled to choose sides. Ultimately, this would mean that ASEAN is effectively central in the Indo-Pacific.

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# Non-Asian Actors of the Asian Century: A Balancing Act Unfolding in the Indo-Pacific

**Gianluca Bonanno**

International Peace and Sustainability Organization (IPSO), Kyoto

*This chapter will delve into the rationale behind the many bilateral and multilateral, often overlapping frameworks among the member states of the Indo-Pacific region, as well as those suggested by supranational bodies. Given the very nature of the Indo-Pacific and its ever-changing definition, the focus is on how the narrative is understood, exploited, and at times manipulated by non-Asian actors in order to gain leverage on the individual states. At the same time, the chapter focusses on how Asian states skilfully employ hedging to get the most out of the ensuing confusion. Notably, the role of Japan, geographically an Asian state, will be taken into consideration in this discussion, for the balancing power of its partly non-Asian geopolitics.*

The Indo-Pacific region has become a focal point of global geopolitical and economic power struggles, driven by the rising influence of China, the strategic pivots of the United States, and the increasing involvement of non-Asian powers like the European Union and Australia. For many years, the region's fluid geography and evolving political dynamics have posed challenges to policymakers and analysts, leaving the term "Indo-Pacific" itself subject to contestation. The concept, which in its broader definition spans from the eastern shores of Africa to the western Pacific, encompasses a vast array of states with competing priorities, different security concerns, and diverse economic interests. In such a rapidly changing environment, non-Asian states have sought to shape the diplomatic landscape of the Indo-Pacific to align with their strategic objectives. These states, particularly the United States, the European Union, and Australia, have cultivated relationships with regional powers through bilateral and multilateral frameworks at the same time. While these interactions aim to foster economic ties, counterbalance China's influence, and promote regional stability, they also reflect deeper strategies rooted in the geopolitical concept of *hedging*.

*Hedging*—the strategy wherein a state attempts to simultaneously balance cooperation with an established or a rising power, while preparing for the potential risks posed by that power—has emerged as a key response to the uncertainty and complexity of Indo-Pacific diplomacy. In this framework, states do not fully commit to any specific bloc or alliance, instead opting for a flexible strategy that allows for adaptation as the geopolitical situation evolves. The notion of hedging is not only pertinent to regional actors but also to non-Asian states that are deeply invested in the region's future. By participating in a range of often overlapping diplomatic, economic, and security frameworks, these states leverage their influence to ensure that they can navigate the changing power dynamics in

ways that advance their national interests while staying connected with as many partners as possible.

While much has been debated about the role of Asian states in shaping the region's diplomatic discourse, there is a growing recognition of the significant influence exerted by non-Asian actors as well. In particular, Japan—geographically part of Asia but heavily influenced by both Western powers and regional considerations—has walked a delicate line between aligning with its traditional allies, particularly the United States, and maintaining economic and security ties within Asia. This has made Japan an intriguing case study for understanding the strategies employed by non-Asian actors in the Indo-Pacific.

## **Understanding the Region**

The Indo-Pacific region has undergone significant changes in the last few decades, particularly as global power centres have shifted, and new regional challenges have emerged. Historically, the term “Indo-Pacific” was used primarily in naval terms, referring to the maritime space between the Indian and Pacific Oceans. However, over the past two decades, it has come to signify a broader geopolitical concept that encompasses a dynamic array of states. While initially dominated by Asian powers, non-Asian states—particularly the United States, the European Union, and Australia—have played an increasingly prominent role in shaping the diplomatic contours of the region. One of the central features of Indo-Pacific diplomacy is the complex web of overlapping multilateral frameworks and bilateral agreements that exist among states in the region.

One of the oldest and most significant multilateral organisations in the Indo-Pacific is the Association of Southeast Asian Nations (ASEAN), which has served as a platform for dialogue and cooperation on a range of issues, including trade, security, and regional integration. ASEAN's centrality in regional diplomacy is further demonstrated by its role in forums like the East Asia Summit (EAS) and the ASEAN Regional Forum (ARF), which include not only Southeast Asian states but also major non-Asian powers, such as the United States, Australia, and Russia.

The Quad (Quadrilateral Security Dialogue), established in 2007 and reinvigorated in recent years, represents another significant non-Asian involvement in the region's security architecture. Comprising the United States, Japan, India, and Australia, the Quad has become a cornerstone of regional diplomacy, particularly in the context of countering China's rising influence. For non-Asian states, the Quad serves as a diplomatic platform through which they can collaborate on issues of regional security, freedom of navigation, and infrastructure development, all while hedging against the potential security challenges posed by an increasingly assertive China.

At the same time, the European Union has sought to expand its diplomatic and economic footprint in the Indo-Pacific through a range of initiatives. The EU's 2021 Indo-Pacific Strategy underscores its intention to engage with the region in ways that align with its global values, particularly in promoting multilateralism, free trade, and climate action. Through its various partnerships, such as the EU-ASEAN cooperation and the EU's engagement with regional multilateral institutions, the EU has sought to leverage its economic power and normative

influence to shape the regional order. However, the EU's strategic interests in the Indo-Pacific are often more focused on economic opportunities and regional stability rather than military engagement, which contrasts with the security-driven motivations of other non-Asian powers. In terms of military engagement, bilateral agreements are still more common.

Australia, which geographically straddles the Indo-Pacific, has long been a key player in the region's diplomatic landscape. As a member of both the Quad and ASEAN-related forums, Australia has actively promoted multilateral cooperation and played a role in shaping the region's security architecture. The country's participation in the Australia-United Kingdom-United States (AUKUS) pact, which aims to strengthen defence ties, further highlights its increasing role in Indo-Pacific diplomacy.

Together, these frameworks and initiatives reflect the ongoing effort by non-Asian powers to shape the Indo-Pacific region to serve their own strategic interests. Through their engagement in multilateral institutions and bilateral agreements, these states influence the regional order by fostering alliances, promoting stability, and securing access to vital resources and markets.

However, the growing involvement of non-Asian actors in Indo-Pacific diplomacy has also led to the emergence of complex power dynamics. As these states continue to assert their influence, regional powers, especially China, have increasingly viewed their presence with suspicion. For smaller Asian states, the overlapping influence of non-Asian powers presents both opportunities and challenges. As a result, many of these states have adopted hedging strategies, balancing cooperation with multiple powers to navigate the uncertainty created by external actors and rising regional tensions.

### **Hedging in International Relations: Theory and Practice**

The concept of *hedging* in international relations has garnered considerable attention in recent years, particularly in the context of the Indo-Pacific region. Hedging is typically described as a strategy employed by states to manage the uncertainties posed by a rising power, such as China, while simultaneously seeking to secure their interests by cultivating relationships with multiple actors. It is characterised by a dual approach: states may engage in cooperation with the rising power, while simultaneously preparing for potential adversities by strengthening their ties with alternative powers.<sup>1</sup> This strategic ambiguity allows states to balance the benefits of cooperation with the rising power, while hedging against the risks it may pose. Hedging differs in its intrinsic nature from other strategies, such as *balancing* or *bandwagoning*. While balancing involves aligning with a coalition of states to counteract a rising power's influence, and bandwagoning entails aligning with the rising power itself to avoid conflict, hedging represents a middle ground. It is characterised by flexibility,

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<sup>1</sup> On the concept of hedging in international relations and its first appearance in East Asia, see: Ciorciari, J. D., Haacke, J. (2019) "Hedging in international relations: An introduction", *International Relations of the Asia-Pacific*, 19(3), 367–374; Lim, D. J., Cooper, Z. (2015) "Reassessing hedging: The logic of alignment in East Asia", *Security Studies*, 24(4), 696–727.



allowing states to hedge their bets by engaging in multiple diplomatic, economic, and security frameworks. Hedging is often employed when states face uncertainty regarding the future behaviour of rising or established powers, or when they lack the capacity to fully confront or align with these powers. For example, Asian states, such as India and Vietnam, have adopted hedging strategies to navigate the growing rivalry between China and the United States, while non-Asian states like Japan, Australia, and the European Union also engage in hedging to safeguard their interests and maintain a strong influence in the region.<sup>2</sup>

The motivations behind hedging in International Relations can be understood through a combination of theoretical frameworks, including realism and liberalism, as well as strategic calculations. Realist scholars argue that states engage in hedging because of the anarchic structure of international relations and the uncertainty that arises from power shifts.<sup>3</sup> In this view, states hedge to protect themselves from potential threats, especially when the intentions of other powers are unclear or unpredictable. The rise of China, for instance, has led many Indo-Pacific states to hedge, as they are uncertain about the long-term intentions of Beijing and are wary of the risks associated with its growing power. Liberal scholars, on the other hand, contend that states hedge due to the growing interdependence in global governance, where states *must* engage in cooperation with both established and rising powers in order to maximise benefits.<sup>4</sup> Hedging, in this view, is a strategy of risk management, as states balance the advantages of cooperation with the need for flexibility in case relationships deteriorate. In this context, hedging is not purely about avoiding conflict, but also about maintaining avenues for economic and diplomatic engagement, even while strategic options remain open. In practice, this manifests in various forms, including military diversification, economic balancing, and diplomatic engagement across multiple platforms.

For non-Asian powers, hedging strategies are equally prevalent, as they navigate the complexities of regional security and economic interdependence. More so in recent years and amidst tectonic shifts in power balance, hedging itself is no longer a survival strategy for small and middle powers, as it used to be acknowledged until not long ago. It has indeed become a necessary skill in the balancing act of regional and global positioning. A risk-management skill all countries nowadays must embrace in its entirety if they are to keep their place at the negotiating table. This goes for weaker countries at the crossroads as it does for economic and geopolitical superpowers. The United States, for example, has maintained its military presence in the Indo-Pacific through alliances with Japan, South Korea, the Philippines, and Australia, while at times deepening and at times straining its economic ties with China, such as during the latest string of tariff confrontations between the two countries. The United

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<sup>2</sup> On hedging in the shifting balance of power between China and the US in the region, see: Nedić, P. (2022) “Hedging strategy as a response to the United States–China rivalry: The case of Southeast Asia”, *The Review of International Affairs*, 73(1185), 91–112.

<sup>3</sup> To better understand the realists’ position on this, see the many works of, among others, John Mearsheimer, who best embodies offensive realism and the quest for regional hegemony.

<sup>4</sup> For a liberal perspective on the same issues, see the many works of, among others, Robert Keohane.

States' involvement in the Quad also exemplifies this. The Quad serves not only as a security alliance aimed at countering Chinese influence, but also as a forum for broader strategic collaboration across the Indo-Pacific. By participating in the Quad, the United States hedges its bets: it strengthens its alliances with key regional players while maintaining its ability to engage in economic negotiations with other countries on different avenues.<sup>5</sup>

Similarly, while the EU engages heavily with China on trade and climate action, it also works closely with ASEAN and other regional actors to promote a rules-based international order. The EU's Indo-Pacific Strategy seeks to balance the need for economic engagement with the desire to shape regional governance and security frameworks. This is most evident in its diplomatic efforts to support multilateral institutions, such as the United Nations Convention on the Law of the Sea (UNCLOS), and to foster cooperation on issues like maritime security and climate change.<sup>6</sup>

Australia these days is giving another great example of how to employ hedging strategies to navigate the complexities of Indo-Pacific diplomacy. Through its engagement with the Quad and its defence agreements with the United States, Australia well balances its security concerns about China's rise, while greatly benefitting from the recent trade war between the US and China.<sup>7</sup>

In sum, the concept of hedging offers a useful lens through which to understand the behaviours of states in the Indo-Pacific. It provides flexibility in a region characterised by rapid change and uncertain futures.

### **Japan's Unique Stance**

Japan, while geographically situated in the Indo-Pacific, occupies a unique position in the region's diplomatic landscape. As an advanced economy and a key democratic player in regional security, Japan has long been a central actor in shaping the region's economic and political order. However, Japan's role in the Indo-Pacific is increasingly defined by its efforts to balance between its traditional security alliance with the United States and its complex relationship with China, as well as its growing engagement in regional multilateral frameworks. On the one hand, Japan is a key ally of the United States, often behaving like a non-Asian actor in the context of the Indo-Pacific region, hosting pivotal US military bases, with its Self-Defence Forces (SDF) closely integrated with US military forces, and participating in various security arrangements, including the decades-strong US-Japan Security Alliance. On the other hand, Japan is geographically close to China, its largest trading partner, and has a

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<sup>5</sup> Harris, P. (2022) "The Indo-Pacific Power: The United States, the Quad and the Making of a Megaregion", in Roy Choudhury, S., *The Indo-Pacific Theatre*, London: Routledge, 35-49.

<sup>6</sup> Van Willigen, N., Blarel, N. (2025) "Why, how and to whom is the European Union signalling in the Indo-Pacific? Understanding the European Union's strategy in the Indo-Pacific in the epicentre of multipolar competition", *The British Journal of Politics and International Relations*, 27(1), 69-90.

<sup>7</sup> Rezza, S. (2025) "Australia's Strategic Hedging in the Indo-Pacific: A Neoclassical Realist Analysis of RCEP and AUKUS", *Global Strategis*, 19(1).

deeply intertwined economic relationship with its neighbour. The proximity of these two competing powers—one an ally and the other an economic partner—compels Japan to adopt a nuanced approach to diplomacy. Japan actively seeks to strengthen its military capabilities through increased defence spending and participation in multilateral security initiatives such as the Quad and the ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus).<sup>8</sup> These efforts are aimed at countering China's growing assertiveness, particularly in the South China Sea and East China Sea, where territorial disputes are a topic of utmost concern for the Japanese public.

However, Japan's overall engagement with China remains more complicated. Despite its security concerns, Japan maintains strong economic ties with China, recognising that its economic future is closely tied to the Chinese market. Regionally, Japan participates in the China-ASEAN Free Trade Area (CAFTA), is involved in the Asia-Pacific Economic Cooperation (APEC), and it's enthusiastic about its own Regional Comprehensive Economic Partnership (RCEP), but bilaterally it is also a key participant in China's Belt and Road Initiative (BRI), and this multi-faceted interdependence was recently made even more apparent during the first economic dialogue Japan, together with China and South Korea, held in more than five years last March 2025 as a direct reaction to US President Trump's indiscriminate tariffs on friends and foes alike.<sup>9</sup>

In addition, Japan plays a leading role in inviting other Asian states to pursue regional trade agreements that are independent of either the US or China, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Such agreements allow other Asian states to diversify their trade relationships and hedge against the potential risks posed by a slowdown in US or Chinese growth.<sup>10</sup>

Japan's role in the Indo-Pacific is thus defined by a constant balancing act between the West and the East, with its heavy involvement with organisations such as the United Nations, the WTO, but also the G7 and the OECD. This underscores its position as a global actor and demonstrates its desire to maintain a diversified foreign policy that avoids over-reliance on the United States.<sup>11</sup> Even its growing defence cooperation with individual European powers like the United Kingdom and Italy, with a visionary project to jointly develop a next-generation fighter jet by 2026, reflects its strategic interest in diversifying its military dependence.<sup>12</sup>

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<sup>8</sup> Koga, K. (2022) "Japan's Strategic Vision on Indo-Pacific Institutions: Quad, Quad Plus and ASEAN Centrality", *India–Japan–ASEAN Triangularity*, London: Routledge, 213–231.

<sup>9</sup> Reuters (2025) "South Korea, China, Japan agree to promote regional trade as Trump tariffs loom", [available online](#).

<sup>10</sup> Terada, T. (2023) "Politics on TPP and CPTPP: Turning Japan into one of the world's major free trade powers", in Funabashi, Y., Nakakita, K., *Critical Review of the Abe Administration*, London: Routledge, 114–137; Hayakawa, T. (2024) *Who Gets in? A Pragmatic View on the Future Course of the Expanding TPP*, Doctoral dissertation, Fukuyama University.

<sup>11</sup> Scott, D. (2019) "The geoeconomics and geopolitics of Japan's 'Indo-Pacific' strategy", *Journal of Asian Security and International Affairs*, 6(2), 136–161.

## The European Union

The EU represents another key non-Asian actor that has increasingly sought to shape the diplomatic, economic, and security environment in the Indo-Pacific. As a global actor, the EU's role in the region has evolved significantly in recent years, driven by its need to secure its economic interests, address regional security concerns, and uphold a rules-based international order. However, its interest in the region still appears to be driven primarily by its economic and strategic benefit. The region is critical to global trade, with several of the world's busiest shipping lanes passing through the Indo-Pacific, and it represents a key market for European exports. In this context, the EU's relationship with China is of eye-opening importance. As its second-largest trading partner, China is a key player in Europe's economic strategy. However, the EU is also increasingly concerned about China's human rights record, its policies in the South China Sea, and its approach to global governance.<sup>13</sup>

To manage these competing concerns, the EU has adopted a strategy that seeks to engage China economically while also confronting its more contentious policies. The EU's Indo-Pacific Strategy, adopted since 2021, outlines its commitment to deepening economic relations with the region while promoting sustainable development, climate action, and a commitment to a multilateral order. The Comprehensive Agreement on Investment (CAI), proposed more than ten years ago and arguably one if not the most ambitious economic agreement between China and a non-Asian actor, is a clear example of shared willingness to engage economically, despite political and strategic differences. However, due to alleged aggressive behaviour by Chinese diplomats and public figures toward members of the European Parliament, the European Council's Political and Security Committee, and European think tanks in general, the agreement has not been ratified yet. With this regard, it seems as if the EU's hedging strategy will not go beyond a certain compromise.<sup>14</sup>

In terms of security, the EU's hedging strategy is most evident in its commitment to maintaining peace and stability in the Indo-Pacific through multilateral frameworks. The EU is not a traditional military power in the region, but it has become increasingly involved in security cooperation, particularly in maritime security. It supports a rules-based international order over the seas, and it has voiced strong opposition to China's militarisation of the South China Sea and its aggressive territorial claims.<sup>15</sup> This is also reflected in its active partnership with the ASEAN Regional Forum (ARF), where it promotes cooperation on counterterrorism, non-proliferation, and maritime security. Through initiatives like the EU-ASEAN Cooperation on Maritime Security, the EU seeks to balance

<sup>12</sup> Koga, K. (2020) "Japan's 'Indo-Pacific' question: countering China or shaping a new regional order?", *International Affairs*, 96(1), 49–73; Yamada, S. (2024) "Japan, U.K. and Italy aim for next-gen fighter prototype in 2026", *Nikkei Asia*, [available online](#).

<sup>13</sup> Brinza, A., Beřzin,a-Čerenkova, U. A., Le Corre, P., Seaman, J., Turcsányi, R., and Vladisavljev, S. (2024) *EU-China relations: De-risking or de-coupling – the future of the EU strategy towards China*, European Parliament, March, [available online](#).

<sup>14</sup> McElwee, L. (2024) "The rise and demise of the EU–China investment agreement : Takeaways for the future of the German debate on China", *Center for Strategic and International Studies (CSIS)*, [available online](#).

its economic engagement with China by supporting regional stability and the adherence to international law. Hence, the most significant aspect of the EU's hedging strategy in the Indo-Pacific is its emphasis on multi-sector multilateralism, while being active on many multilateral frameworks, not only ASEAN, but also Quad countries, the Asia-Europe Meeting (ASEM), a number of Free Trade Agreements with several Indo-Pacific countries, including Japan and South Korea, who, as mentioned, are still more eager to hedge under a larger umbrella, such as that of the Regional Comprehensive Economic Partnership (RCEP).<sup>16</sup>

### **Conclusion: Not Exactly a Choice for All**

Asian states remain at the forefront of hedging, especially as they deal with multiple, competing, and greater powers that exert different kinds of influence on them. In the Indo-Pacific, the rise of China, the continued but capricious presence of the United States, the renewed interest of Russia pushed by international sanctions, and the increasing assertiveness of regional powers like India have made the region a key battleground for competing ideologies and security interests. Asian states are, therefore, constantly faced with this dilemma of how to manage relations with all of those powers while ensuring their sovereignty, security, and economic growth. Not an easy task.<sup>17</sup>

The future of Indo-Pacific diplomacy will no doubt continue to be shaped by the strategic use of hedging, as states and non-state actors alike manoeuvre within a complex web of diversified interests. For Asian and non-Asian actors, the ability to hedge effectively will determine their position in the evolving power dynamics of the region and their influence on global governance. While non-Asian actors can carefully experiment with this new strategy while staying on the good foot of their core ideologies, Asian states do not share this privilege, as they don't possess the leveraging power to do so. The risk of playing with hedging too much or compromising too little can result in strategic isolation and potential conflict, where alliances may suddenly become increasingly unpredictable.<sup>18</sup>

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<sup>15</sup>Nováky, N. (2022) "The Coordinated Maritime Presences concept and the EU's naval ambitions in the Indo-Pacific", *European View*, 21(1), 56–65.

<sup>16</sup>Economic diplomacy is defining how political diplomacy works in the Indo-Pacific region, and not the other way around, as well explained in Bollard, A. (2022) Economic diplomacy and diplomatic economists in the Asia-Pacific, in Patman, R. G., Köllner, P., Kiglics, B., *From Asia-Pacific to Indo-Pacific: Diplomacy in a Contested Region*, London: Palgrave Macmillan, 53–72; Nagy, S. (2015) "Balancing Trade and Security Relationships in the Asia Pacific : The Advent of a Trilateral Seikei Bunri Relationship between Japan, China, and the US", *Journal of Asian Politics & History*, [available online](#).

<sup>17</sup>Nedic', P. (2022) "Hedging strategy as a response to the United States-China rivalry: The case of Southeast Asia", *The Review of International Affairs*, 73(1185), 91–112.

<sup>18</sup>Kuik, C. C., Jamil, N. S. (2024) "The Feasibility and Future of Middle-state Hedging", *East Asian Policy*, 16(4), 7–28.

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# EU's Role in Strengthening Secondary Powers in the Indo-Pacific Amid US Leadership Uncertainties

**Pongphisoot (Paul) Busbarat**

Institute of Security and International Studies (ISIS), Bangkok /  
Chulalongkorn University, Bangkok

**Thanawit Wangpuchakane**

Chulalongkorn University, Bangkok

*The Indo-Pacific region has long been characterized by a delicate balance of power, underpinned by U.S. leadership and a commitment to liberal multilateralism. Following the end of World War II, the United States provided security guarantees, promoted free trade and, helped establish regional institutions that collectively sustained peace and prosperity.<sup>1</sup> Yet, over the past decade, this leadership has become increasingly erratic. Under administrations such as Donald Trump's, and even partially continuing under Joe Biden's, U.S. foreign policy has tilted toward unilateralism, transactionalism, and domestic preoccupations.<sup>2</sup> This trend has created a growing leadership vacuum in the Indo-Pacific.*

*Simultaneously, China's ascendancy as a major regional power has not filled this void adequately. Despite its remarkable economic rise and growing political influence, China continues to suffer from a legitimacy deficit in political and security domains. Its assertive actions, particularly in the South China Sea, along with fears of a revisionist agenda, have stoked unease among its neighbors. As a result, many Indo-Pacific states remain wary of China's intentions and are reluctant to embrace its leadership.*

*This emerging leadership gap raises a critical question: without a strong commitment of American leadership in the region and the world, how can the Indo-Pacific maintain its regional order, stability, and prosperity? This chapter contends that secondary powers—those with substantial regional influence but lacking hegemonic capabilities—such as Japan, South Korea, Australia, India, including regional institutions like ASEAN—are essential to filling this power vacuum. Importantly, other like-minded stakeholders, like the European Union (EU), also share common strategic interests.*

*The central argument of this article is that the EU, though geographically distant, can play an indispensable role in reinforcing the agency of Indo-Pacific secondary powers. By strengthening multilateral institutions, enhancing regional resilience, and promoting inclusive cooperation frameworks, the EU can help maintain the liberal order. This approach is grounded in neoliberal institutionalism, which asserts that cooperative international structures can persist even amid hegemonic decline.<sup>3</sup> As this chapter will demonstrate, by deepening partnerships and promoting regional norms, the EU has the potential to become a critical stabilizer in the Indo-Pacific.*

<sup>1</sup> Ikenberry, G. J. (2018) "The end of liberal international order?", *International Affairs*, 94(1), 7–23.

<sup>2</sup> *Ibidem*.

<sup>3</sup> Keohane, R. O. (1984) *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton: Princeton University Press.



## Theoretical Framework: Hegemony and Neoliberal Institutionalism

Traditional international relations theories often argue that global order requires a hegemonic power to provide public goods such as security, economic stability, and rule-making capacity.<sup>4</sup> According to hegemonic stability theory (HST), the absence of a clear leader would result in chaos and disorder. However, Robert Keohane's groundbreaking work, *After Hegemony* (1984), challenged this deterministic view by proposing that multilateral institutions could maintain order even without a strong commitment by the hegemon. Keohane (1984) argued that rational states recognize the mutual benefits of cooperation and can sustain collaborative arrangements through international institutions, which reduce transaction costs, provide information, and establish norms of reciprocity. In a decentralized system, secondary powers can collectively uphold order by reinforcing institutional mechanisms, provided there is sufficient commitment to shared principles and mutual accountability.

In the context of the Indo-Pacific and the current geopolitical context, this theoretical framework is particularly relevant and promoted by many countries. With U.S. leadership becoming less reliable and China being viewed with suspicion, the burden of sustaining the regional order increasingly falls on the shoulders of secondary powers. Importantly, these powers—Japan, Australia, South Korea, India, and ASEAN member states—have demonstrated a vested interest in preserving a stable, rules-based environment. The EU, as an external actor committed to multilateralism, human rights, and international law, naturally fits into this emerging framework. The EU's efforts to engage the Indo-Pacific through partnerships, capacity-building initiatives, and support for regional institutions can be seen as an extension of neoliberal institutionalist logic: maintaining order through collective action in the absence of hegemonic dominance.

## The EU's Indo-Pacific Strategy and Strategic Alignment with Key Regional Powers

The European Union's (EU) strategy toward the Indo-Pacific has undergone a significant recalibration, particularly with the formal adoption of the EU Strategy for Cooperation in the Indo-Pacific in 2021. This strategy underscores the region's growing economic and strategic importance<sup>5</sup> and outlines key objectives, such as promoting a free and open Indo-Pacific, strengthening regional resilience, fostering sustainable and inclusive prosperity, supporting the green transition, enhancing ocean governance, advancing digital governance, and intensifying security cooperation.<sup>6</sup> The EU's approach emphasizes inclusivity and multilateral dialogue over bloc-based confrontations. Unlike the U.S. Indo-Pacific Strategy, which often focuses on strategic competition with China,

<sup>4</sup> Kindleberger, C. (1973) *The World in Depression, 1929–1939*, Los Angeles, CA: University of California Press.

<sup>5</sup> Gorana, G. (2023) "Ambition, meet reality: The European Union's actorness in the Indo-Pacific", *Sage Journal*, 45(5), [available online](#).

<sup>6</sup> European External Action Service (2021), *The EU Strategy for Cooperation in the Indo-Pacific*, [available online](#).

the EU tends to seek for engaging with all regional partners. Whilst remaining cautious of China's actions that undermine the rules-based order, particularly in maritime security and economic coercion, the EU remains open to cooperating with China where possible.<sup>7</sup>

When analyzing the strategic outlooks of key regional players, there are clear overlaps with the EU's priorities, though each actor emphasizes different domains based on their national interests.

1. **Japan:** Japan's Free and Open Indo-Pacific (FOIP) strategy aligns closely with the EU's focus on maritime security and connectivity, particularly through shared goals around freedom of navigation and infrastructure development.<sup>8</sup> Japan places a high priority on freedom of navigation, infrastructure development, and the protection of maritime commons, echoing the EU's commitment to upholding international maritime law, particularly the United Nations Convention on the Law of the Sea (UNCLOS). Japan's emphasis on the rule of law at sea and its role in fostering regional stability aligns well with the EU's focus on promoting a rules-based international order in the Indo-Pacific. Japan also seeks to ensure regional security through initiatives like the Quadrilateral Security Dialogue (Quad), which promotes shared democratic values and open trade routes, dovetailing with the EU's broader strategic goals of security cooperation and regional stability. Furthermore, Japan and the EU are natural partners in advancing sustainable economic development, particularly in green technology and the transition to renewable energy, where both share a commitment to addressing climate change.<sup>9</sup>
2. **South Korea:** South Korea's New Southern Policy also intersects with the EU's focus on digital governance, as both prioritize cybersecurity norms, data protection standards, and digital infrastructure development.<sup>10</sup> South Korea places significant emphasis on economic connectivity, people-centered development, and emerging digital domains. Its focus on expanding digital infrastructure and promoting cybersecurity aligns with the EU's emphasis on digital governance and its efforts to promote secure and resilient digital ecosystems. South Korea's growing role in regional peacekeeping and humanitarian missions also complements the EU's human security agenda. The convergence of priorities between South Korea and the EU in digital and human security areas presents a powerful platform for deepening their partnership.<sup>11</sup>
3. **Australia:** Australia's Indo-Pacific vision emphasizes maritime security and economic resilience, aligning with the EU's commitment to security cooperation and sustainable economic partnerships. Australia's ongoing concern over Chinese influence in the region, particularly regarding economic coercion and territorial dis-

<sup>7</sup> Sicilia, G., Benson, E. (2024) "Navigating Tides: The European Union's Expanding Role in the Indo-Pacific", *Center for Strategic and International Studies*, [available online](#).

<sup>8</sup> Medcalf, R. (2020) *Indo-Pacific Empire: China, America and the Contest for the World's Pivotal Region*, Manchester: Manchester University Press.

<sup>9</sup> Ministry of Foreign Affairs, Japan (2024a) *Diplomatic Bluebook 2024*, [available online](#); Ministry of Foreign Affairs, Japan (2024b) *Foreign Policy: Free and Open Indo-Pacific*, [available online](#).

<sup>10</sup> Lee, K. H., Ro, Y. J. (2021) *The New Southern Policy Plus Progress and Way Forward*, Sejong-si: Korea Institute for International Economic Policy, [available online](#).

<sup>11</sup> Ministry of Foreign Affairs, ROK (2022) *Strategy for a Free, Peaceful, and Prosperous Indo-Pacific Region*, [available online](#).

putes in the South China Sea, aligns with the EU's stance on upholding international law and promoting a rules-based order. Additionally, Australia's increasing commitment to green transition initiatives, including renewable energy projects and climate change adaptation, resonates strongly with the EU's green transition agenda. The EU and Australia share common ground in their efforts to promote sustainability and tackle climate change, opening avenues for collaboration in green technologies and energy transitions. Furthermore, Australia's role in the Quad group and its close cooperation with ASEAN are strategic assets in aligning Australia's policies with the EU's broader Indo-Pacific goals.<sup>12</sup>

4. **India:** India's Indo-Pacific Oceans Initiative (IPOI) shares common goals with the EU, particularly in ocean governance, human security, and a rules-based maritime order, providing ample opportunities for deepened cooperation.<sup>13</sup> India's Indo-Pacific strategy focuses on maritime security, sustainable development, and connectivity among littoral states. India's objectives align closely with the EU's emphasis on ocean governance and its broader human security goals. India's vision of a "free, open, and inclusive" Indo-Pacific resonates with the EU's advocacy for a rules-based international order and multilateralism. India's reluctance to engage in rigid alliances further complements the EU's flexible, multilateral approach, which is built on diplomacy and consensus-building. Both India and the EU prioritize sustainable development in the Indo-Pacific, particularly in areas like fisheries management, climate change, and disaster risk reduction, creating space for joint initiatives. India's growing engagement with ASEAN and its leadership in regional organizations like the Indian Ocean Rim Association (IORA) are crucial for strengthening ties with the EU in pursuit of a secure, stable, and prosperous Indo-Pacific region.<sup>14</sup>
5. **ASEAN:** ASEAN's Outlook on the Indo-Pacific (AOIP) aligns with the EU's emphasis on inclusivity and economic cooperation, making it a natural partner for the EU in areas such as capacity-building and sustainable development.<sup>15</sup> ASEAN's focus on regional unity and dialogue aligns perfectly with the EU's approach, which advocates for non-confrontational engagement with all Indo-Pacific actors. ASEAN's commitment to a rules-based order and its proactive stance in regional peacebuilding create significant opportunities for collaboration with the EU in addressing issues such as maritime security, human trafficking, and environmental protection. The EU's emphasis on capacity-building initiatives, particularly in narrowing development gaps within ASEAN, offers a valuable framework for advancing shared regional goals.<sup>16</sup>

Additionally, individual EU member states have crafted their national strategies that complement the EU-wide approach. The UK's post-Brexit "Indo-Pacific

<sup>12</sup> Department of Foreign Affairs and Trade, Australia (2017) *2017 Foreign Policy White Paper*, [available online](#).

<sup>13</sup> Medcalf, R. (2020) *Indo-Pacific Empire: China, America and the Contest for the World's Pivotal Region*, Manchester: Manchester University Press.

<sup>14</sup> Baruah, D. M. (2020) *India in the Indo-Pacific: New Delhi's Theater of Opportunity*, Washington: Carnegie Endowment for International Peace, [available online](#).

<sup>15</sup> Pugliese, G. (2024) "The European Union and an 'Indo-Pacific' Alignment", *Asia-Pacific Review*, 31(1), 17–44, [available online](#).

<sup>16</sup> ASEAN Secretariat (2021) *ASEAN Outlook on the Indo-Pacific*, [available online](#).

Tilt' reinforces its commitment to the Indo-Pacific, focusing on security cooperation and engagement with ASEAN, while France, with its overseas territories in the region, emphasizes sovereignty and regional stability, particularly through maritime security.<sup>17</sup> Germany's policy focuses on multilateral norms and sustainable development, aiming to avoid open confrontation with China while supporting international law. Even Italy, though less visible, has increasingly engaged in the region through economic diplomacy.<sup>18</sup>

Through this coordinated approach, the EU and its member states aim to position themselves as credible and constructive actors in shaping the Indo-Pacific's future, ensuring that the region's security and prosperity align with European interests. The EU's Indo-Pacific Strategy, with its focus on multilateral partnerships and economic strength, marks not just a regional engagement but a vital component of its vision for maintaining a liberal international order amidst growing great power competition.<sup>19</sup>

**Table 1: Comparative Focus Areas and Strategic Objectives in Indo-Pacific Strategies**

Actor	Key Strategic Priorities	Alignment with EU Strategy
<b>European Union (EU)</b>	The EU Strategy for Cooperation in the Indo-Pacific includes goals such as promoting a free and open Indo-Pacific, sustainability, green transition, digital governance, and security cooperation	<ul style="list-style-type: none"> <li>Advocates multilateralism and inclusivity</li> <li>Seeks cooperation with all regional partners, including China, on shared goals</li> <li>Aims to foster regional stability, economic resilience, and long-term prosperity through cooperative partnerships</li> </ul>
<b>Japan</b>	Focus on maritime security and trade connectivity (FOIP)	<ul style="list-style-type: none"> <li>Aligns with EU's focus on maritime security and infrastructure development</li> <li>Emphasizes freedom of navigation and adherence to international maritime laws (UNCLOS)</li> <li>Opportunities for collaboration on green energy and climate change adaptation</li> </ul>
<b>South Korea</b>	New Southern Policy emphasizes economic connectivity, digital governance, and people-centered development	<ul style="list-style-type: none"> <li>Aligns with EU's digital governance focus</li> <li>Emphasizes cooperation on cybersecurity norms, data protection standards, and digital infrastructure development</li> </ul>
<b>Australia</b>	Focus on maritime security, economic resilience, and sustainable development	<ul style="list-style-type: none"> <li>Aligns with EU's commitment to security cooperation and sustainable economic partnerships</li> <li>Opportunities for collaboration on renewable energy and climate change adaptation</li> </ul>
<b>India</b>	Indo-Pacific Oceans Initiative (IPOI) focuses on ocean governance, human security, and a rules-based maritime order	<ul style="list-style-type: none"> <li>Strong alignment with EU's focus on ocean governance, human security, and promoting rules-based maritime order</li> <li>Opportunities for deepened cooperation in sustainable development and regional stability</li> </ul>
<b>ASEAN</b>	Outlook on Indo-Pacific (AOIP) emphasizes inclusivity, sovereignty, and economic cooperation rather than geopolitical rivalry	<ul style="list-style-type: none"> <li>Aligns with EU's focus on inclusivity and economic cooperation</li> <li>Natural partner for capacity-building initiatives and narrowing development gaps within ASEAN</li> <li>Strong emphasis on sustainable development</li> </ul>

<sup>17</sup> Gorana, G. (2023) "Ambition, meet reality: The European Union's actorness in the Indo-Pacific", *Sage Journal*, 45(5), [available online](#); Medcalf, R. (2020) *Indo-Pacific Empire: China, America and the Contest for the World's Pivotal Region*, Manchester: Manchester University Press.

<sup>18</sup> Pugliese, G. (2024) "The European Union and an 'Indo-Pacific' Alignment", *Asia-Pacific Review*, 31(1), 17–44, [available online](#).

<sup>19</sup> Ikenberry, G. J. (2018) "The end of liberal international order?", *International Affairs*, 94(1), 7–23.

## Opportunities for EU Cooperation with Regional Secondary Powers

The Indo-Pacific region presents a complex yet fertile environment for the EU to forge meaningful partnerships with regional secondary powers. Amidst rising uncertainties caused by great power rivalry, middle powers such as Japan, South Korea, Australia, India, and ASEAN have sought to strengthen their strategic autonomy while preserving the rules-based international order. The EU's Indo-Pacific Strategy aligns closely with the strategic visions of these actors, creating multiple avenues for cooperation grounded in shared values and mutual interests.<sup>20</sup>

*Strengthen regional order and stability.* One critical starting point lies in identifying the common key areas across various Indo-Pacific strategies where the EU can contribute effectively. *Climate change mitigation* emerges as a top shared priority. Countries such as Australia, Japan, and ASEAN members have emphasized climate resilience and sustainable development in their national strategies. The EU, with its European Green Deal and commitment to carbon neutrality, is well-positioned to provide technological support, climate finance, and capacity-building assistance to enhance regional efforts at environmental sustainability.<sup>21</sup> Collaborative programs on green infrastructure, renewable energy development, and disaster risk reduction could form pillars of EU engagement.

*Maritime security* constitutes another key area of strategic alignment. With the South China Sea remaining a flashpoint of geopolitical tension, regional states prioritize freedom of navigation, adherence to international maritime law, and peaceful dispute settlement. Japan's FOIP initiative, Australia's 2017 Foreign Policy White Paper, and ASEAN's Outlook on the Indo-Pacific (AOIP) all underscore maritime security.<sup>22</sup> The EU's longstanding commitment to UNCLOS and its operational contributions, such as the CRIMARIO project enhancing maritime domain awareness, enable it to play a supportive role. Conducting joint naval exercises, providing training programs on maritime law enforcement, and promoting codes of conduct for responsible naval behavior could significantly bolster regional stability.

*Economic resilience and supply chain diversification* also feature prominently in regional strategies. The COVID-19 pandemic and U.S.-China trade tensions exposed vulnerabilities in concentrated global supply chains. Australia, Japan, and India's Supply Chain Resilience Initiative (SCRI) seeks to mitigate such risks by promoting trusted partnerships. The EU, with its emphasis on “derisking” rather than “decoupling” from China, can cooperate with Indo-Pacific

<sup>20</sup> Pugliese, G. (2024) “The European Union and an ‘Indo-Pacific’ Alignment”, *Asia-Pacific Review*, 31(1), 17-44, [available online](#).

<sup>21</sup> Ferenczy, Z. A. (2023) “The EU's New Thinking in a New Geopolitical Reality: How Challenges to the Global Order are Driving EU-Taiwan Ties”, *The Journal of East Asian Affairs*, 36(1), 149-184, [available online](#).

<sup>22</sup> Department of Foreign Affairs and Trade, Australia (2017) *2017 Foreign Policy White Paper*; Ministry of Foreign Affairs, Japan (2024b) *Foreign Policy: Free and Open Indo-Pacific*, [available online](#); The ASEAN Secretariat (2021) *ASEAN Outlook on the Indo-Pacific*, [available online](#).



economies to create alternative trade corridors, enhance connectivity, and foster sustainable investment practices.<sup>23</sup>

*Cybersecurity and digital governance* represent emerging domains of cooperation. As digital transformation accelerates, concerns over cyber threats, digital authoritarianism, and technological dependencies grow. Japan's Cybersecurity Strategy, ASEAN's Digital Masterplan 2025, and Australia's International Cyber Engagement Strategy all prioritize resilient digital ecosystems. The EU's expertise in data protection (GDPR), digital rights, and cybersecurity standards offers valuable assets for capacity-building partnerships.

Amid these sectoral alignments, ASEAN emerges as the primary regional platform for EU engagement. ASEAN's centrality is a fundamental organizing principle in the Indo-Pacific, yet concerns about ASEAN's slow and ineffective responses to dynamic political and economic developments persist.<sup>24</sup> The EU can play a vital role in enhancing ASEAN's institutional capacity, thereby preserving its centrality and relevance. Technical assistance in regulatory harmonization, support for ASEAN-led forums, and investment in ASEAN's economic integration projects such as the Master Plan on ASEAN Connectivity (MPAC) 2025 can strengthen regional coherence.<sup>25</sup>

Specifically, capacity-building initiatives in crisis management, environmental governance, maritime security, and cyber resilience can empower ASEAN to act collectively and credibly. The EU's experience with regional integration offers valuable lessons for ASEAN's efforts to bridge intra-regional gaps, enhance multilateral diplomacy, and resist external coercion.

The European Union not only has the capacity to support ASEAN integration, but its consistent and constructive engagement in the region has also earned a high level of trust. According to the *State of Southeast Asia 2025* survey, ASEAN remains overwhelmingly optimistic about the EU's role in the region. Respondents highlighted the EU's strong commitment to environmental protection, human rights, and climate change, as well as its advocacy for international law. They also believe that the EU possesses both economic resources and political will to provide effective global leadership.<sup>26</sup>

*Managing the China Factor.* In navigating the major rivalry between Washington and Beijing, ASEAN is widely recognized for adopting hedging strategies to manage uncertainty. According to the *State of Southeast Asia 2025* survey, the European Union is regarded as the most trusted strategic partner in supporting this approach. This reflects the EU's successful cultivation of normative power and a positive image among ASEAN member states. Other middle powers—such

<sup>23</sup> Ferenczy, Z. A. (2023) "The EU's New Thinking in a New Geopolitical Reality: How Challenges to the Global Order are Driving EU-Taiwan Ties", *The Journal of East Asian Affairs*, 36(1), 149–184, [available online](#).

<sup>24</sup> Seah, S., Ha, H. T., Martinus, M. Thao, P. T. P. (2025) *The State of Southeast Asia: 2025 Survey Report*, Singapore: ISEAS Yusof Ishak Institute, [available online](#).

<sup>25</sup> Pugliese, G. (2024) "The European Union and an 'Indo-Pacific' Alignment", *Asia-Pacific Review*, 31(1), 17–44, [available online](#).

<sup>26</sup> Seah, S., Ha, H. T., Martinus, M. Thao, P. T. P. (2025) *The State of Southeast Asia: 2025 Survey Report*, Singapore: ISEAS Yusof Ishak Institute.

as Japan, India, Australia, and the United Kingdom—are also seen as following a similar path. This trend underscores the region's recognition of the strategic value in deepening cooperation between ASEAN and secondary powers (ISEAS–Yusof Ishak Institute, 2025).<sup>27</sup>

However, the EU must be careful not to adopt an exclusionary approach towards China. Isolating China could prove destabilizing, given its deep entanglement in the region's economic and security architecture.<sup>28</sup> Instead, the EU should pursue a dual strategy: reinforcing regional resilience while engaging China within normative frameworks. China's ASEAN strategy emphasizes economic engagement, infrastructure investment through the BRI, and participation in ASEAN-led platforms such as the ASEAN+3 and East Asia Summit. Beijing projects itself as a champion of regional economic growth and multilateralism, albeit on its own terms.<sup>29</sup> Nevertheless, tensions persist over China's expansive claims in the South China Sea, coercive diplomacy practices, trade deficits, as well as other socio-economic challenges from various Chinese actors.

Therefore, the EU and regional actors can ensure that China's participation in regional governance is in line with respect for international law and established norms. This includes insisting on UNCLOS compliance, transparency in economic projects, and adherence to dispute resolution mechanisms.<sup>30</sup> By working through inclusive multilateral frameworks, the EU can encourage constructive Chinese behavior while preserving an open, rules-based regional order.

In this sense, the EU's role should not be to contain China but to socialize it within a normative architecture that privileges cooperation over coercion. Strengthening ASEAN's capacity, aligning with the Indo-Pacific visions of regional secondary powers, and sustaining principled engagement with China collectively form the pillars of an effective EU Indo-Pacific strategy. This approach not only serves the immediate interests of the region but also reinforces the EU's broader commitment to global stability and multilateralism.

While it may be tempting for external actors to pursue a containment strategy against China, such an approach would likely be counterproductive in the Indo-Pacific context. China is deeply integrated into the regional economy—it is ASEAN's largest trading partner, and its Belt and Road Initiative (BRI) projects have entrenched economic ties across Southeast Asia. According to *The State of Southeast Asia 2025*, while China remains the most influential economic power (56.4% of respondents), distrust towards China also remains alarmingly high (41.2%), reflecting a complex relationship of economic dependency mixed with strategic anxiety.<sup>31</sup>

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<sup>27</sup> *Ibidem*.

<sup>28</sup> Medcalf, R. (2020) *Indo-Pacific Empire: China, America and the Contest for the World's Pivotal Region*, Manchester: Manchester University Press.

<sup>29</sup> Qiao-Franco, G., Karmazin, A. Kolmaš, M. (2024) "The Indo-Pacific and the Next Phase of ASEAN Centrality", *Journal of Current Southeast Asian Affairs*, [available online](#).

<sup>30</sup> Johnston, A. I. (2019) "China in a world of orders: Rethinking compliance and challenge in the international order", *International Security*, 44(2), 9–60, [available online](#).

<sup>31</sup> Seah, S., Ha, H. T., Martinus, M. Thao, P. T. P. (2025) *The State of Southeast Asia: 2025 Survey Report*, Singapore: ISEAS Yusof Ishak Institute, [available online](#).

Given this dual reality, the EU's Indo-Pacific strategy should continue with engagement over isolation. Rather than excluding China from regional frameworks, the EU seeks to incorporate China into multilateral mechanisms that encourage adherence to international norms, transparency, and peaceful dispute resolution. Engagement does not equate to appeasement; rather, it involves holding China accountable through participation in structures that bind behavior to agreed rules.

For instance, the EU supports ASEAN-led platforms such as the East Asia Summit (EAS) and the ASEAN Regional Forum (ARF), which include China as a participant. These multilateral settings offer venues for dialogue, norm-setting, and crisis management, helping to prevent escalation. Moreover, the EU's emphasis on upholding the United Nations Convention on the Law of the Sea (UNCLOS) aligns with ASEAN claimant states like the Philippines and Vietnam, who seek international legal backing in their disputes with China.

Additionally, the EU's engagement strategy dovetails with efforts to diversify economic dependencies. Initiatives such as the EU Strategy on Global Gateway and the Indo-Pacific Connectivity initiatives offer alternatives to BRI projects, promoting infrastructure investment based on transparency, sustainability, and respect for local governance standards.

Indeed, by pursuing a strategy of engagement embedded within normative frameworks, the EU not only mitigates the risks associated with great power rivalry but also enhances the resilience of regional actors against coercive economic and security pressures. This approach reflects a mature, sophisticated understanding of Indo-Pacific geopolitics, prioritizing inclusive stability over divisive confrontation.

### **Expected Benefits of a Strengthened EU Role in the Indo-Pacific**

The potential benefits of a robust and strategic EU engagement in the Indo-Pacific are manifold. Firstly, by reinforcing multilateral institutions and supporting the agency of secondary powers, the EU helps preserve the liberal international order in a multipolar environment. This contribution is crucial at a time when doubts about the sustainability of that order are intensifying globally.<sup>32</sup>

Secondly, the EU's involvement enhances ASEAN centrality and regional unity, addressing concerns about ASEAN's relevance and capacity. ASEAN's role as the linchpin of Indo-Pacific regionalism can be revitalized through external support focused on capacity building, conflict prevention, and economic integration.

Thirdly, the EU's efforts to diversify economic partnerships and promote alternative supply chains reduce regional vulnerabilities. Southeast Asia's reliance on Sino-centric supply chains exposes it to economic coercion and political pressures. By offering alternative investment and trade frameworks, the EU strengthens regional economic resilience.

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<sup>32</sup> Ikenberry, G. J. (2018) "The end of liberal international order?", *International Affairs*, 94(1), 7–23.



Fourthly, managing China's rise through engagement allows for a stable, predictable regional environment where disputes are mediated through dialogue rather than force. This approach minimizes the risks of major power confrontation spilling over into the region.

Finally, from a European perspective, proactive engagement in the Indo-Pacific enhances the EU's global standing. It enables Europe to assert its strategic autonomy, contribute meaningfully to global governance, and forge deeper partnerships with fast-growing Asian economies, thereby aligning normative values with tangible economic interests. By anchoring its Indo-Pacific strategy in cooperation, inclusivity, and rule-based engagement, the EU not only serves regional needs but also advances its own interests in an increasingly interconnected world.

## Conclusion

The Indo-Pacific region finds itself at a decisive moment. U.S. leadership, which once provided a predictable strategic anchor, has become less certain. At the same time, China's expanding influence is meeting growing resistance and questions about legitimacy. Because the two primary powers can no longer guarantee order on their own, the responsibility for sustaining a stable system increasingly falls to the middle and secondary powers.

In this context, the European Union has a distinctive window of opportunity to act as a constructive and stabilising force. When the EU supports regional multilateral institutions, it strengthens an architecture that distributes influence rather than concentrating it. By reinforcing the central role of ASEAN, the EU helps ensure that smaller and medium-sized states retain agency in regional decision-making processes.

Managing relations with China will remain central to any Indo-Pacific strategy, and here the EU's strength lies in principled engagement. Rather than framing the relationship in purely adversarial terms, the Union can cooperate with Beijing when interests overlap, for example on climate mitigation, while pushing back against coercive economic practices or maritime assertiveness that violate international law. Consistent reference to the United Nations Convention on the Law of the Sea and other established norms provides a rules-based framework that all regional actors can recognize.

Across each of these areas, the EU's credibility rests on its own record of integration and on its demonstrated commitment to multilateral problem-solving. Because the Union routinely coordinates the policies of twenty-seven diverse member states, it can offer practical expertise on confidence-building measures, dispute-resolution mechanisms and norm-creation. These assets make the EU an indispensable partner for those Indo-Pacific governments that wish to keep the regional order open, inclusive and resilient.

Ultimately, the Union's engagement is not a quest for external dominance; it is a collaborative effort to create a regional architecture that reflects shared values and mutual interests. At a time when many pillars of global governance are under strain, such partnerships are more necessary than ever. Through patient, sustained and principled cooperation, the European Union can help ensure that the future Indo-Pacific is defined less by the rivalry of great powers and more by collective action that secures stability and prosperity for all.

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# Doing Indo-Pacific Diplomacy: Lessons for Europe from Over Fifty Years of ASEAN-Australia Partnership

**Nicholas Farrelly**

University of Tasmania, Hobart

*In 1974, Australia became the first dialogue partner of the Association of South-east Asian Nations (ASEAN) and then the regional grouping's first Comprehensive Strategic Partner in 2021. This paper explores the key lessons from this history relevant to European diplomats, policy-makers and analysts, with reflections on the creation of a strong, shared culture of ASEAN-Australia diplomatic engagement. For Australia this culture means embracing ambiguity and complexity, learning from new foreign policy concepts that emerge in the Southeast Asian region, and evolving joint diplomatic infrastructure. ASEAN and Australia have also worked carefully to ensure an inter-generational commitment to consistent and increasingly wide-ranging engagement, including on sensitive geostrategic issues. In 2024, Australia hosted the ASEAN-Australia Special Summit in Melbourne, established the ASEANAustralia Centre, and also expanded trade relations with a new Southeast Asia economic engagement strategy. The notion of Indo-Pacific diplomacy described in this paper seeks to encapsulate the multiple strands of cultural, political and economic entanglement that have supported ASEAN-Australia ties for more than half a century, and through many different strategic contexts, including this decade's turbulent period of heightened geopolitical competition.*

## Introducing ASEAN-Australia ties

Over fifty years ago, in 1974, Australia became the first dialogue partner of what was then a young and modestly endowed Association of Southeast Asian Nations (ASEAN). Australia, many years later, became the regional grouping's first Comprehensive Strategic Partner in 2021.<sup>1</sup> Over these decades, a joint Southeast Asian and Australian commitment to expanding political, strategic, economic and cultural linkages has created a model of diplomatic engagement which offers lessons for other countries and institutions working in the In-

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<sup>1</sup> For ASEAN, and many others, in the hierarchy of diplomatic relationships a "Comprehensive Strategic Partnership" is currently the premier partnership vehicle. China, and a few other countries, are highly focused in their diplomatic practice on advancing large numbers of these arrangements. ASEAN has, to that extent, absorbed an external process and concept. China was ASEAN's second Comprehensive Strategic Partner.

do-Pacific region. As a strategic concept, the Indo-Pacific draws together major centres of 21<sup>st</sup> century power and trade, spanning South, Southeast and East Asia, as well as Oceania. Australia, in this respect, along with Indonesia, Singapore, Malaysia and Thailand, sits at the fulcrum with ready access to both the Indian and Pacific Oceans. While interpretations of this region may vary, and the strategic concept itself is open to politicisation, it now forms a central part of Southeast Asia's diplomatic architecture through the formal statement of the "ASEAN Outlook on the Indo-Pacific".<sup>2</sup> What is less well developed is any collective appreciation of how ASEAN and its key dialogue partners have evolved their diplomatic engagement, and how these experiences can help shape broader understanding of Indo-Pacific diplomacy.<sup>3</sup>

This paper explores some of the lessons from Australia's ASEAN history relevant to European diplomats, policymakers and analysts, with reflections on the creation of a strong, shared culture of ASEAN-Australia diplomatic engagement. The development of these ideas is, itself, part of a broader conversation between ASEAN scholars and diplomats, their counterparts across the European Union, and the Australians who are similarly interested to learn from the comparison of institutional and cultural practices of diplomacy in what is recognised as a tumultuous and dangerous moment in global history.<sup>4</sup> Responses to the second Trump Presidency, with the erratic treatment of long-time friends and allies often indistinguishable from how the US government deals with antagonists, and even its enemies, diminishes confidence in some of the basic practices of diplomatic trust-building.<sup>5</sup> The power politics practiced by Russia, under President Putin, and by China, led by President Xi, ensures that regional bodies such as ASEAN need to manage a range of complex and, in part, irreconcilable, priorities. Astanah Abdul Aziz, currently the ASEAN Deputy Secretary-General for political-security affairs, and Anthony Milner, a longstanding Australian academic advocate for greater engagement with ASEAN, have previously introduced the notion of "inclusive regionalism" to capture these dynamics.<sup>6</sup> In Southeast Asia, the relentless flexing of Chinese economic muscle is, worryingly, now accompanied by persistent efforts to undermine the sovereignty of ASEAN members.

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<sup>2</sup> Ha, H. T. (2018) "ASEAN in Australia's Indo-Pacific Outlook", *ISEAS Perspective*, 24, 20 April; Sukma, R. (2019) "Indonesia, ASEAN and shaping the Indo-Pacific idea", *East Asia Forum*, 19 November, [available online](#).

<sup>3</sup> Natalagawa, M. (2018) *Does ASEAN Matter? A View from Within*, Singapore: ISEAS Publishing; Severino, R. (2008) *ASEAN*, Singapore: Institute of Southeast Asian Studies.

<sup>4</sup> Le Thu, H. (2018) "Australia and ASEAN: Together for the Sake of a New Multipolar World Order", *Security Challenges*, 14(1), 26–32; Mahbubani, K. (2022) "Australia's choice: Can it be a bridge to Asia?", *Australian Foreign Affairs*, 15 July, 70–89; Percival Wood, S. (2014) "Australia and ASEAN: A Marriage of Convenience?", in Percival Wood, S., He, B. (eds) *The Australia–ASEAN Dialogue: Tracing 40 Years of Partnership*, New York: Palgrave Macmillan, 13–32.

<sup>5</sup> The early indications, in mid-2025, are that the Trump presidency has embarked on what will eventually be deemed unsustainable destabilising tactics. The flurry of commentary about the rapid and erratic imposition of tariffs, some of which are designed to starkly penalise specific ASEAN members, is beyond the scope of this paper. However, the tensions and issues of this specific moment are an essential part of framing historical analysis at this time.

<sup>6</sup> Abdul Aziz, A., Milner, A. (2024) "ASEAN's inclusive regionalism: Ambitious at three levels", *Australian Journal of International Affairs*, [available online](#).

Chinese strategy appears, in part, to be predicated on the disruptive potential of damaging specific bilateral relations, most often with the Philippines and Vietnam in recent years, where it judges, often correctly, that ASEAN “solidarity” and the related expression of “ASEAN centrality” are insufficient to generate a properly joined up response.<sup>7</sup>

It is in this context that reflections on how Australia has developed its shared culture of diplomatic engagement with Southeast Asia, multilaterally and bilaterally, may offer useful lessons for other countries and groups anticipating the expansion of their diplomatic work in the Indo-Pacific. The Australian experience, grounded in its own history, and subject to complex cultural and economic forces over time, is not, in this sense, a model that makes sense to replicate. Indeed, some of the lessons may point to aspects of vulnerability which could be better managed in the Australian context, and by others in their specific situations. What is arguably most important about the evolution of ASEAN-Australia diplomacy is the mutual appreciation that embracing ambiguity and the resulting complexities is itself a primary strategy for diplomatic work in the Indo-Pacific.<sup>8</sup> As part of this, Australians have sought to learn from new foreign policy concepts and architectures that emerge in the Southeast Asian region, including from, for instance, the ASEAN Regional Forum, and the East Asia Summit.

## **Moments of Upheaval**

While there are – across this fifty year history – regular enough moments of political and geostrategic upheaval, much like the ones we experience today, the other reality is that ASEAN and Australia have also worked carefully to ensure an inter-generational commitment to consistent and increasingly wide-ranging engagement.<sup>7</sup> This commitment has expanded, not always in a linear fashion, to cover sensitive geostrategic issues. While the lack of ASEAN consensus on key points of concern, including the South China Sea, potential war between China and Taiwan, and the ongoing crises in Myanmar diminishes its global political weight, these inconsistencies are a further reality which should not be simply wished away because practical compromises do not match some, often distant, ideal. The management of these distances, between what is possible, practical or even acceptable, and what may be theoretical or indeed desirable, is an essential component of the art that makes it worth reflecting on how ASEAN and Australia work together.

Thinking of such a moment, and its practical diplomatic management, 2024 was a year of reinforcement, and then further evolution, for Australia’s long

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<sup>7</sup> For two key Southeast Asian perspectives, see Sukma, R. (2012) “Insight: Without Unity, No Centrality”, *The Jakarta Post*, 17 July; Tan, S. S. (2013) *ASEAN Centrality*, in CSCAP Regional Security Outlook 2013, Council for Security Cooperation in the Asia Pacific, 26–29, [available online](#).

<sup>8</sup> Cook, M. (2021) “ASEAN for Australia: Matters more, matters less”, *Latrobe Asia Brief*, No. 5.

<sup>9</sup> Alexandra, L. (2021) “Building stronger relations between Australia and ASEAN”, *Latrobe Asia Brief*, 5; Farrelly, N., Alexandra, L. A., Seah, S., Ngoun, K. (2024) *Comprehensive Strategic Partners: ASEAN and Australia after the First 50 years*, Hobart: University of Tasmania.



history of engagement with Southeast Asia. In 2024, Australia hosted the ASEAN-Australia Special Summit in Melbourne, established the ASEAN-Australia Centre, and also expanded trade relations with a new Southeast Asia economic engagement strategy, led by senior Australian business figure, Nicholas Moore. Further political changes in the region, including new leaders in Thailand, Singapore and Indonesia, are part of the permanently dynamic conditions that are managed nationally and bilaterally, and then regionally and multilaterally, through all the many different personal, institutional and structural connections that exist between Australia and its Southeast Asian neighbours.<sup>10</sup>

The notion of *Indo-Pacific* diplomacy described in this paper seeks to encapsulate the many strands of cultural, political and economic entanglement that have supported ASEAN-Australia ties for more than half a century, and through many different strategic contexts, including this decade's turbulent period of heightened geopolitical competition. Where there are lessons for Europe, they point towards a need to consider Southeast Asia, and therefore ASEAN, on its own terms, without undue comparison to other models of regionalism and diplomacy, including Europe's own.<sup>11</sup> There is limited ambition, and certainly no practical pathway, towards the style of economic integration embraced over decades by the European Union.

In political and security terms, the response of the EU to the Russian invasion of Ukraine also has only limited relevance, by analogy, to Southeast Asia's strategic conditions. If a war over Taiwan happens, then that will obviously change quickly. In the meantime, the management of simmering disputes between ASEAN members remains imperfect, but the lack of recent large-scale inter-state conflict is certainly one of the precious results of ASEAN diplomacy.<sup>12</sup> The management of internal conflict, on the other hand, is much less well-developed and effective, with the civil wars in Myanmar a long-term problem for ASEAN, presenting growing risks for overall regional stability.<sup>13</sup> Where Southeast Asia, Australia and Europe can learn from each other, there will need to be a mutual appreciation of these inter-locking contexts and the constraints on diplomatic ambition that exist everywhere.

## Peripheral Diplomatic Contexts

Australia's dual inheritances of geography and history define the country's long-term approach to diplomacy, especially in the context of an Indo-Pacific

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<sup>10</sup> For some of the best descriptions of Australian diplomacy in this context see Gyngell, A. (2022) "Testing ground: A new statecraft for South-East Asia", *Australian Foreign Affairs*, 15, 6–27.

<sup>11</sup> Roberts, C. B. (2012) *ASEAN Regionalism: Cooperation, Values and Institutionalization*, Abingdon: Routledge.

<sup>12</sup> As highlighted by Mahbubani, K., Sng, J. (2021) *The ASEAN Miracle: A Catalyst for Peace*, Singapore: NUS Press/Ridge Books.

<sup>13</sup> Farrelly, N. (2025) "Myanmar's desperate condition: fragmentation, drugs, money-laundering and more", *ASPI Australian Strategic Policy Institute*, 18 March, [available online](#).

<sup>14</sup> Behm, A. (2022) *No Enemies, No Friends: Restoring Australia's Global Relevance*, Perth: Upswell Publishing.

region always subject to great power attention.<sup>14</sup> While from a European vantage, Australia can be judged the periphery, and a place like Tasmania even defined as the “periphery’s periphery”, Australia’s location is best understood on its own idiosyncratic terms. Originally a colonial outpost of the British empire, where there were only modest trade and other links to the countries of Southeast Asia, Australia was re-shaped in the 20<sup>th</sup> century by its adoption of a reliable model of constitutional democracy supported by a globalised, trade-based economic model.

Vast resource endowments – especially iron ore – have created what is widely considered a successful 21<sup>st</sup> century society, regularly leading assessments of quality life and liveability. Australia also long ago dispensed with racial restrictions on migration; its early history saw preference for “white European” settlers, and for models of strict economic protectionism. Australia is now one of the world’s most multicultural societies, with Australians from every corner of the world now joining together to create a vibrant and usually outward-looking culture, which is relatively informal, non-hierarchical, and focussed on practical outcomes. In recent decades, very large migrant flows from East, South and Southeast Asia have helped to grow the national population to 28 million. With most of the population in a small number of coastal cities, Sydney and Melbourne both have around 5 million people, there is an increasingly urban tilt to the national culture. The other large cities – Brisbane, Perth and Adelaide – account for a similar number together, meaning that well over half of Australians live in these five largest cities. Outside the major cities, Australia’s main centres cling to the more fertile, and temperate, coastal areas. The tropics, and much of central Australia, have more extreme climates, with long dryspells and periods of prolonged high temperatures.

It is in this set of unique geographical, economic and environmental conditions that shape Australia’s role strategically positioned at the southern fulcrum of the Indo-Pacific, with expansive maritime claims, and large numbers of off-shore islands, most notably Tasmania, which sits at the southeastern edge of the Australian continent. From Tasmania’s capital, Hobart, Australia exerts its long-term claim to 42 per cent of Antarctica. For a country of such a modest population, fewer than 30 million people in total, adjacent, across the seas, to some of the most populous countries on earth, Australia seeks to shape its own region in ways that support Australian interests and values. While Australia’s foreign policy, and its approach to diplomacy, is not strictly bipartisan, and increasingly there are differences of ambition or emphasis apparent in domestic political debate, this paper is framed by an Australian’s appreciation of what is, over time, identifiably Australian about the diplomatic tradition.

That tradition emerges, like so much else in institutional Australia, from British colonial heritage. It was not until the Second World War that Australia

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<sup>15</sup> Although with limitations as explored in two key contributions by Allan Gyngell, the great Australian analyst and diplomat: Gyngell, A. (2021) *Fear of Abandonment: Australia in the World since 1942*, Melbourne: La Trobe University Press; Gyngell, A. (2022) “Testing ground: A new statecraft for SouthEast Asia”, *Australian Foreign Affairs*, 15, 6–27.

began to think more creatively, and then independently, about its place in the world.<sup>15</sup> The formation of an increasingly autonomous Department of External Affairs was part of this evolution, as was the further development of what is now the Department of Foreign Affairs and Trade, with its global network of diplomatic and economic missions.<sup>16</sup> While in the 20<sup>th</sup> century much of the weight of Australian diplomatic ambition may have been directed towards the United Kingdom and United States, and still to Europe, over recent decades, as part of what could be deemed the “ASEANisation” of Australian diplomacy, the balance has changed dramatically.<sup>17</sup> Today, most of Australia’s significant diplomatic missions are in the Indo-Pacific, with Tokyo, Beijing, Bangkok, Hanoi, Manila, Jakarta and New Delhi all among the largest, busiest, and most prestigious in the network. Deputy Secretary level appointees are commonly posted as Ambassadors in most of these cities, reinforcing the judgment that Australia sees both significant risks and opportunities across this region.

Lingering ties to other English-speaking nations are seen most directly in the emergence of the AUKUS security partnership, which is predicated on the transfer and development of nuclear-powered submarine technology, and also perhaps in the special set of ties that Australia has to the former British colonies of Southeast Asia.<sup>18</sup> There are particularly warm ties between Australia and Singapore, and Brunei. Relations with Malaysia, which have sometimes suffered from strident comments on both sides, have improved at a time when both countries are seeking to manage their complex Indo-Pacific ambitions. The creation of deeper economic connections with these three countries, which are the wealthiest per capita in ASEAN, is a key part of Australia’s Southeast Asia-oriented economic strategy. In one of the other harsh realities inherited from the 20<sup>th</sup> century, Myanmar has remained very marginal in Australian calculations. The one period of exception, from around 2011 to 2021 when Myanmar briefly flirted with a more democratic and inclusive political system, saw much greater connections built than ever before. Frustratingly, for Australia, those investments in people-to-people, cultural, educational, scientific and strategic links are very difficult to maintain under the current military regime.<sup>19</sup>

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<sup>16</sup> Okamoto, J. (2010) *Australia’s Foreign Economic Policy and ASEAN*, Singapore: Institute of Southeast Asian Studies.

<sup>17</sup> For useful context, Frost, F. (2013) *ASEAN and Regional Cooperation: Recent Developments and Australia’s Interests*, Parliamentary Library Research Paper Series, Canberra: Department of Parliamentary Services; Frost, F. (2016) *Engaging the Neighbours: Australia and ASEAN since 1974*, Canberra: ANU Press; Lawe-Davies, J. (1981) *The Politics of Protection: Australian–ASEAN Economic Relations 1975–1980*, Nathan: Centre for the Study of Australian Asian Relations, Griffith University; Lim, R. (1984) “Australia and ASEAN -again”, *Review, Asian Studies Association of Australia*, 8(2), 20-27; Lim, R. (1998) “The ASEAN Regional Forum: Building on sand”, *Contemporary Southeast Asia*, 20(2), 115-136; Percival Wood, S., He, B. (2014) *The Australia–ASEAN Dialogue: Tracing 40 Years of Partnership*, New York: Palgrave Macmillan; Richardson, M., Chin, K. W. (2004) *Australia–New Zealand Southeast Asia Relations: An Agenda for Closer Cooperation*, Singapore: ISEAS Publications.

<sup>18</sup> Hoang, T. H. (2022) “Understanding the Institutional Challenge of Indo-Pacific Minilaterals to ASEAN”, *Contemporary Southeast Asia*, 44(1), 1-30.

<sup>19</sup> History suggests, however, that these investments will not prove wasted and that, eventually, Myanmar and Australia will enjoy further periods of greater connection and collaboration. After periods when Australia’s ties to Indonesia, Malaysia and Vietnam, for instance, were particularly fraught, the longterm value of investment in connections and partnership is, in time, made very clear.

## ASEAN-Australia Engagement Over Time

For more than fifty years, successive Australian governments have sought to build long-term diplomatic engagement with the countries of the Association of Southeast Asian Nations (ASEAN). What was initially a five-country group in the 1960s and 1970s – with Indonesia, Singapore, Malaysia, Thailand and the Philippines – has grown far beyond its original ambitions to limit the expansion of communism in Southeast Asia.<sup>20</sup> It now includes Brunei, which joined in 1984, and the mainland Southeast Asian countries of Vietnam, Laos, Cambodia and Myanmar. As a diplomatic grouping it does not share a common language, although English is used at the official level in most contexts, nor is there a single economic, political or strategic model. The countries of ASEAN advance their own interests, regularly in competition with each other, and also manage to create a basis for ongoing cooperation in cultural, economic and political-security spheres. For ASEAN members, there are inevitable frustrations in this model, and yet it has proved resilient and remarkably successful. Timor-Leste, which was made independent from Indonesia in 2002, is seeking to join ASEAN as its 11<sup>th</sup> full member.<sup>21</sup> Australia, for its part, has been a strong supporter of this further expansion at a time when Myanmar's status, represented by an “empty chair” while the military dictatorship remains in-charge, creates friction within and beyond the ASEAN group. With no immediate prospect of better conditions in Myanmar, there will be more questions about how ASEAN, and its key dialogue partners, including Australia, manage these tense and tragic circumstances.

One of the reasons that ASEAN membership is attractive for Timor-Leste, and that so many other countries seek closer ties with Southeast Asia, is that it has enjoyed a multi-decade economic boom, with significant improvements in living standards since the 1980s. Globalisation and greater trade flows have benefited all of Southeast Asia although the distribution of wealth is probably now also more starkly unequal than ever. Singapore, and some of the region's other major cities, including Kuala Lumpur, Bangkok, Ho Chi Minh City, Chiang Mai, Jakarta and even Phnom Penh, now stand out for their commercial success.<sup>22</sup> In relative and absolute terms, these cities, and their sprawling metropolitan hinterlands, draw talent, capital and other resources from near-and-far. Other pockets of great wealth, including beachside pockets like Penang, Phuket and Sihanoukville, connect to global flows of resources in different ways. The region's black economies, most notable in various borderlands, also have important outlets in leisure hotspots in almost every country. It is a complex picture which, in more metaphorical terms, means that the Southeast Asia of sunshine also casts some dark shadows.

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<sup>20</sup>Acharya, A. (2012) *The Making of Southeast Asia: International Relations of a Region*, Singapore: ISEAS Publishing.

<sup>21</sup>For discussion of the complexities, see Lin, J., Seah, S., Suvannaphakdy, S., Martinus, M. (2024) *Timor-Leste in ASEAN: Is it Ready to Join? Trends in Southeast Asia*, Singapore: ISEAS-Yusof Ishak Institute.

<sup>22</sup>The inequality between wealthy urban and impoverished rural areas, especially across the entire region, is one of the starkest socio-economic pictures imaginable. To compare, for example, the experiences of people living in central Singapore and those in small villages in rural Rakhine State in western Myanmar is to navigate almost the full spectrum of human experience in the world today.

Civil wars, drug and human trafficking, unregulated weapons markets, scam centres, terrorist networks: Southeast Asia gets regular attention for all of these social and economic harms. National and multilateral responses are a regular topic of discussion and coordination through ASEAN mechanisms. This century the emergence of Islamist terrorism, the persistence of heroin and methamphetamine production in the borderlands of mainland Southeast Asia, especially Myanmar and Laos, and the more recent proliferation of scam centres across the region, have motivated major policy and operational responses. In many cases, these responses are defined by ASEAN and its dialogue partners at both the bilateral and multilateral levels, with opportunities to secure policy outcomes, and credit, at both levels. On such sensitive matters, the limits of supranational coordination are often apparent, and there is great reluctance, among ASEAN members, for too much attention, risking interference, in their domestic affairs.

For Australia, the approach to ASEAN diplomacy requires deft balance between creative ambition for better outcomes and greater cooperation, while also deftly handling what are, in day-to-day diplomatic practice, usually conservative instincts among ASEAN members. The development of joint diplomatic infrastructure, with common mandates for further cooperation, has proved over more than 50 years to be the primary way that these issues are managed. The creation in 2024 of the ASEAN-Australia Centre is the most example. It inherits, in recent times, a mandate from the Australia-ASEAN Council, which itself pulled together earlier bilateral engagements between Australia and Thailand, Australia and Malaysia, and the more informal connections that existed at that level with countries like Vietnam and Singapore. The constellation of different forums and approaches means it can prove difficult, even now, to determine all of the different mechanisms and touchpoint – official, semi-official, informal, etc – that together create the conditions for Australia's diplomatic work.

The creation, almost 20 years ago, of a designated Australian Ambassador to ASEAN is itself part of this process. Initially this was a “non-resident” position (see Bird, 2010), but since 2013 the Australian Ambassador to ASEAN has lived in Jakarta, maintaining close connections to the community of ASEAN diplomats, and to the ASEAN Secretariat.<sup>23</sup> The Australian Mission to ASEAN, which is in the same secure compound as Australia's bilateral Embassy to Indonesia, is now a large and complex organisation, headed by a senior Australian diplomat with a large Australian and locally-engaged staff. There is now also a significant Australian development assistance program that is managed by the Mission to ASEAN. A small number of Australian staff are based in the ASEAN Secretariat compound where there is a designated “Australian office”. These warm and now enduring ties ensure that Australian diplomacy, within the ASEAN architecture, is consistently focussed on maintaining appropriately joint ambitions for the future.

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<sup>23</sup> See contributions from former Australian Ambassadors to ASEAN: Australian Department of Foreign Affairs and Trade (2017) “Australia Today – What Does ASEAN Mean for Australia”, speech by J. Duke at the ASEAN 50 Years Celebration Business Forum hosted by the Council for International Trade and Commerce, Adelaide, 31 March, [available online](#); Australian Department of Foreign Affairs and Trade (2015) “Australia and ASEAN: Past, Present and Future”, speech by S. Merrifield delivered at the Foreign Service Institute, Manila, 27 March, [available online](#).

One further set of changes relate to the development of Australia's Southeast Asian diaspora communities. Connections between Australia and the countries of Southeast Asia have a strong people-to-people dimension. Over 1.1 million Australians have Southeast Asian family heritage, with what are now very large diaspora communities from Vietnam, Philippines and Malaysia. Members of these communities are also increasingly prominent in Australian public life. A few examples will be sufficient. There is the political theorist Tim Soutphommasane, whose family is originally from Laos. He is the Chief Diversity Officer at the University of Oxford, after holding senior positions at the University of Sydney. Mimi Tang, the newly appointed Chair of the ASEAN-Australia Centre Advisory Board is another example. She is a leading paediatric immunologist and biotechnology company founder, with a family background in Singapore and Malaysia. Others with Southeast Asian heritage include Australia's Foreign Minister, Penny Wong (from Malaysia), Audra Morrice, a chef and tourism advocate (Singapore), Huong Le Thu, a leading political analyst (from Vietnam), and Su-Lin Ong, a top capital markets analyst (with family from Malaysia), and Lydia Santoso (from Indonesia) who is a senior lawyer based in Sydney and the Chair of the Australia Indonesia Institute.

### **Complicating ASEAN-Australia Relations**

Within Australia there is a persistent commentary about the relative inattention to the countries of Southeast Asia, and the need to build greater capability. There are obvious gaps, and the precipitous decline of Indonesian (and other Southeast Asian) language learning in Australia is a serious issue. It is not clear that in the era of machine translation and artificially intelligent interpretation tools that there will be further demand for these skills. Australia currently lacks a national strategy for language education and instead relies on a relatively unique arrangement of cultivating and then accrediting the skills of bilingual speakers from diaspora communities. Outside specific communities, and a small number of government organisations, including the Department of Foreign Affairs and Trade, only modest value is put on language skills and the advantages they offer in a wide range of cross-cultural contexts.

And yet, for than half a century, Australian diplomats, academics, business-people and civil society advocates have worked hard to develop enduring relationships with the countries of Southeast Asia. Their efforts have usually been warmly reciprocated, building deep connections between institutions and across generations. Time-after-time, Australian leaders, of almost all political persuasions, have opted to re-double efforts to work collaboratively with our neighbours to the north.<sup>24</sup> The tapestry that results is a defining feature of Australian diplomacy and one of the most significant distinguishing features of Australia's place in the world. The fact that, at its heart, these relations are

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<sup>24</sup>In May 2025, the newly elected Australian Prime Minister, Anthony Albanese, made his first international visit to Indonesia, where he was hosted by President Prabowo Subianto. This is now a habit of Australian leaders, across the political spectrum, although some conservative politicians appear much less comfortable with this vague tradition, opting instead to focus diplomatic and rhetorical energy on reinforcing ties to the US and UK.



defined by contradictions is one of the reasons, perhaps, that their evolution has proved successful over such long periods of time.

As the first dialogue partner for the Association of Southeast Asian Nations, Australia has worked hard to support the success of the regional body and its commitments to a more peaceful and prosperous region. The tally of achievements for Southeast Asia since its establishment in 1967 is worth recalling in what two senior Singaporean analysts simply call the “ASEAN miracle”.<sup>25</sup> Back then, Southeast Asia – and much of the rest of the world – was divided, starkly, by ideology. ASEAN, in its early version, was only Singapore, Thailand, Malaysia, Indonesia and the Philippines. At the time they each grappled, in their own fashion, with communist insurgencies. It was a bloody time. The Vietnam War raged, as did battles in Cambodia and Laos. Burma was an isolated socialist dictatorship. Brunei, still not independent from Britain, would wait until 1984 before it joined ASEAN.

Apart from Thailand, which has been part of ASEAN since the beginning, the countries of mainland Southeast Asia only joined the regional body in the 1990s, after the collapse of the Soviet Union and during a period of profound re-alignment in patterns of global power, trade and ideas. The emergence of the Internet, rapidly expanding regional shipping and aviation networks, mass education, including at the University level, and the rapid creation of English as Southeast Asia’s lingua franca, and the primary language of its elite, are some of the trends that have accelerated the creation of this century’s ASEAN diplomacy.

ASEAN is now famous for its high and regular tempo of meetings – with around 1400 each year. The rotating national chair, this year is Malaysia, next will be the Philippines, and then Singapore, means that every country’s bureaucracy, once a decade, is tested by the demands of hosting endless preparatory and regular meetings, followed by the Summit season – with Senior Official, Minister and then Head of Government engagements. Where a government is out of favour, like the Myanmar military regime this decade, extra care is taken to ensure that ASEAN’s credibility is maintained. Myanmar has been skipped as chair, and its political representatives are not welcome at ASEAN meetings; in a dramatic symbol there is only an “empty chair” at the “political level”. Senior officials attend some ASEAN functions in their stead.

A further complication is that, for the foreseeable future, Myanmar will remain one of the most sensitive issues for the grouping, with everyone’s credibility and the ASEAN grouping’s value as a regional broker, all now increasingly tested by hard questions about how such a dramatic negative turn has occurred. The February 2021 military coup, the detention of Aung San Suu Kyi and other senior figures in the duly elected government, the popular backlash against this military intervention, and then the wide-ranging civil war, motivated ASEAN to declare a 5-point consensus on Myanmar.

While this document, and other policy responses, have yet to create a pathway for political change in Myanmar, there is now significant nervousness, usual-

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<sup>25</sup>Mahbubani, K., Sng, J. (2021) *The ASEAN Miracle: A Catalyst for Peace*, Singapore: NUS Press/ Ridge Books.

ly expressed quietly, among ASEAN diplomats, policy-makers and political figures that there are newly existential questions for ASEAN to consider. The situation is complicated by the diversity of external perspectives with China and Russia, both long-term ASEAN dialogue partners, both also key suppliers of military, technical, economic and diplomatic support to Myanmar's regime. In these contested ways, ASEAN has many balances it needs to strike.

The practical management of such fraught situations is an ongoing challenge for ASEAN. For instance, in the week in 2025 that ASEAN hosted the Joint Cooperation Committee for Australia, with a series of formal events and functions, it did the same for Russia. The two countries are both ASEAN dialogue partners, and there is a broad requirement that these arrangements are symmetrical in their composition. Of course, on all of the key international issues of any relevance to ASEAN there is almost no common position between Canberra and Moscow. They both are prepared, however, to continue investing in their relationships with the ten countries of Southeast Asia, and to accept the many different contradictions that this presents. In this context the layers of history, personal connection, changing economic and political priorities, and the ever-present diplomatic real politic, keep big teams of diplomats and advisors busy. Delivering on ASEAN priorities requires a mix of collaboration and competition.

Being able to offer resources, in the way that Australia does, is a big advantage. Yet the relative economic contribution of Australia, anywhere in Southeast Asia, is dwarfed by China and potentially by other countries with few of the idealistic impressions that, at least in theory, shape Australian engagement with its Southeast Asian neighbours. The balance of today's realities and tomorrow's aspirations is what ultimately determines the success, and some of the permanent but tolerable frustration, of the Australian approach to working with ASEAN in its dynamic evolution.

### Select Lessons for Europe

The Australian experience of long-term engagement with ASEAN offers some lessons about diplomacy, and perhaps there are some useful suggestions for those, like in Europe, that are considering the next steps in their strategies for Indo-Pacific engagement.

First, there is the expectation that any partners with ASEAN work with everyone, in the ASEAN way. ASEAN itself includes various sub-regional components, ideological cleavages, economic disparities, and personal and sometimes institutional preferences. The presentation of a joined-up handshake at summits and meetings can easily miss the hierarchies, arguments, priorities and, in essence, politics that define the work of the grouping and its interaction with the wider world.<sup>26</sup> To simply suggest, as some do, that ASEAN's preferences for non-interference in domestic affairs and for relatively smooth public commu-

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<sup>26</sup>In recent times, every major ASEAN function has a photo opportunity marked by the "ASEAN handshake" of interlocking, crossed-arms.

nication is the entire story is to miss, quite profoundly, the range of contentions that shape ASEAN strategy and direction. ASEAN's partners can best manage these complexities by seeking, as a start, to understand them, and to appreciate the changes which inevitably occur over time. Working with everyone does not mean there are not specific conditions of engagement, and the management of Myanmar's pariah status under the current military regime is an excellent example. ASEAN also identifies, on a three-yearly cycle, a country coordinator for each of its dialogue partners. This is a further mechanism, when well-managed, to carefully advance both bilateral and multilateral interests.

Second, there is the need for anyone working closely with ASEAN to embrace ambiguity and complexity. In practical, day-to-day diplomatic terms this means there will be a complex system to navigate, with multiple layers, gatekeepers and potential brokers of access. The investment of time in considering these arrangements is the real arbiter of whether a country, or organisation, can effectively manage its connections to the countries of Southeast Asia. Working on an exclusively bilateral basis is fraught as it misses the requirement on all ASEAN countries, their leaders, bureaucracies and, most acutely, their Foreign Ministries to work with, through and, sometimes, around ASEAN and its plethora of mechanisms. The ambiguities that can result are a significant part of the diplomatic process, and the requirement is that all parties, internal and external, maintain sufficient awareness of what is happening, and why. The only way that this level of understanding and, ideally, mutual appreciation can emerge and be sustained is through the regularity of interaction.

The third lesson is therefore the simplest: keep turning up. The annual cycle of diplomatic engagement managed on ASEAN's terms is demanding on resources, people, ideas and, from time-to-time, patience. There is a need to sit through long meetings, seek moments of genuine clarity and potential action, and also remain prudently watchful of the different types of diplomatic activity that can be happening simultaneously. There are also those times when, perhaps, very little will be on the formal agenda, and where there will be a need to wait for further opportunities. These are common experiences, certainly among ASEAN diplomats, and the appreciation of the pace and tempo of diplomatic activity cannot be ignored.

Fourth, those who want to engage with the countries of ASEAN need a proactive approach to learn from new concepts that emerge in the region. Southeast Asian diplomacy is not a facsimile of what has been found elsewhere, and the changing priorities of each nation often require constant study. This means that, for Australia at least, the academic and policy engagement with the countries of ASEAN needs to be a major intellectual undertaking. Whether appropriate resources are, in all respects, allocated to this task is a question best dealt with elsewhere, but it is apparent that without ongoing attention there will be gaps in what is known, by whom, and with what potential contribution to the national diplomatic undertaking. Looking closely at vernacular concepts, and each Southeast Asian nation has developed local concepts to explain its strategic circumstances, is part of this process. The intermingled histories that now shape the future of the ASEAN region are also deserving of serious study, although even Australia's best universities have largely de-prioritised this "area" knowledge. It will likely only be through future shocks to national security or prosperity that this will change to any great extent.

Fifth, the Australian experience shows that it is important to continue developing joint diplomatic infrastructure and culture. The original ASEAN-Australia dialogue partnership, now followed by countless agreements, both permanent and sometimes short-term, offers a complicated scaffolding on to which different themes and issues can be well-positioned. The evolution of Australian cooperation has meant that, almost without exception, every year for over half-a-century there have been changes, adjustments, refinements, shifts – some big, some small. The constant ebb-and-flow of close cooperation means that some changes are barely noticed, at least at the time, and yet it can become clearer, as the years pass, that major shifts have already occurred. The transformation of Australia's commitment to the ASEAN architecture's unique multilateralism is a good example. For almost four decades there was no resident Ambassador to ASEAN, nor a full-scale Mission. And yet not so many years later there are Australian officials working daily inside the ASEAN Secretariat and, nearby, a full diplomatic presence with well-trained and skilful staff advancing Australia's partnership in what would, once, have been considered unlikely ways. The creation of trust through these practices offers optimism that, at a time of such global upheaval, there is still value in the tried-and-tested mechanisms of international cooperation.

Sixth, there is a requirement to ensure that young people, in this case from across ASEAN and around Australia, learn how to work together. Australian government funded scholarship programs like the Australia Awards (and the specific subset for ASEAN students to study at Australian universities) as well as the New Colombo Plan (which funds Australian undergraduates for academic and professional experiences across the Indo-Pacific region) are standouts. Yet there are still indications that not everything is going well in terms of maintaining the most strategic linkages.<sup>27</sup> Other programs, like Westpac Bank's Asian Exchange, also contribute to offering Australian students a chance to understand Southeast Asia on its own terms. The ASEAN Australia Strategic Youth Partnership is another initiative, started by young Australian and Southeast Asian professionals, which joins people together at the youth diplomacy level. Leaders in this initiative have gone on, like co-founder Hayley Winchombe, to further key roles in ASEAN-Australia engagement. She is now a member of the inaugural advisory board for the new ASEAN-Australia Centre.

### **Final Thoughts on These Lessons**

For Australia, the peace and prosperity of its nearest neighbours, especially Indonesia, is a primary strategic concern, and will always be prioritised at the government level.<sup>28</sup> Business links are still regularly questioned, with many commentators bemoaning the lack of concerted commercial activity between Australia and growing economies of its near neighbours to the north. Geographical and

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<sup>27</sup> Patton, S. (2022) "Crumbling cornerstone? Australia's education ties with Southeast Asia", *Lowy Institute for International Policy*, November, [available online](#).

<sup>28</sup> For aspects of the Indonesian response see Foreign Ministry, Indonesia (2023) *Australia-ASEAN Anchoring Regional Stability*, speech by R. Marsudi, 13 July, [available online](#); Sukma, R. (2023) "Bringing more ambition to the Australia-Indonesia relationship", *East Asia Forum*, 2 July, [available online](#).

cultural perspectives, and the enduring Australian links to northern American and European markets, and the incredible growth of trade with Japan, South Korea and, most especially, China over recent generations means that the imperative for stronger business links with Southeast Asia has been inconsistent. People-to-people links are a different matter, with the over 1 million Australians of Southeast Asian heritage now helping to support much deeper cultural ties. The popularity of Southeast Asian holiday destinations, especially Bali and now Phuket, are a further factor. Australia also welcomes very large numbers of Southeast Asian visitors, often for educational and family reasons. There is a great deal of connection even if, in Australia, there is a permanent assessment that it is, still, never enough.

These ambitions for further connection point to one of the most important aspects of Australian diplomacy in the Indo-Pacific, generally, and then, in particular, when it comes to working with ASEAN members. Australia states a permanent commitment to doing more. This is not a flourish of empty rhetoric. The record shows that for many decades Australia has generated the political and economic resources necessary to keep up its engagement with ASEAN. Brief periods of relative inactivity, or strained relations, have been followed by substantial decade-by-decade development of diplomatic relations in almost all directions. The lessons outlined in this paper point to some of the practical consequences for this approach to diplomacy. While it may not receive a great deal of public attention it is, by design, relentlessly cooperative, calibrated for mutual understanding, and has no obvious end point. As many ASEAN and Australian voices like to explain, especially in the constant cycle of informal gatherings in Jakarta and elsewhere, there is simply no escaping the geographical realities. “You are there, we are here”, everyone tends to say eventually.

In offering these reflections on lessons for Europe from Australia’s engagement with ASEAN, the fact that Australia’s relationships with Europe, collectively and individually, are also changing rapidly is a further factor that needs to be considered. The Russian invasion of Ukraine and years-long war, persistent violence in the Middle East, and the further threats to global order in the Indo-Pacific, are all highly relevant to any conversation about comparative diplomacy that seeks to consider how Australia, Europe and the countries of the Indo-Pacific can all work together more effectively. In shaping this discussion of Australia’s history of diplomatic engagement, this paper has offered an initial set of policy and practical guidelines which can be further developed. The prospect of Australia and Europe finding more common ground is one that should be looked at carefully.

Perhaps there is a future model where shared ideas about the value of peaceful and open regionalism – with ASEAN-Australia-Europe all in focus – can help to avoid some of the most obvious, and destructive, outcomes of less well-conceived diplomatic approaches. At a moment of such potential global disorder and fragmentation, despotic regimes find ASEAN’s subtlety and diplomatic finesse difficult to appreciate. Instead, they tend to look for dominance and the best possible deal. When they are aggrieved, the consequences are unpredictable. While China, Russia and the United States all inevitably remain important partners for ASEAN, it may be that the Australian experience offers better pointers on the direction we can all seek to take.

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# China-ASEAN Engagement: Implications for EU's Relations with Southeast Asia

**Jiaying Xing, Mingjiang Li**

Nanyang Technological University, Singapore

*China's expanding influence in the Asia/Indo-Pacific region, particularly in Southeast Asia, has become a focal point for geopolitical rivalry involving major powers like the U.S., Japan, Australia, India, and European countries. This paper explores how China has engaged with ASEAN countries over the past few decades and examines the implications of this engagement for EU-ASEAN relations.*

*China's influence in Southeast Asia has grown significantly over the past 20 years, as evidenced by surveys from the ISEAS-Yusof Ishak Institute<sup>1</sup> and the Lowy Institute Asia Power Index.<sup>2</sup> These surveys indicate that China has surpassed the U.S. in economic cooperation, defense networks, diplomatic ties, and cultural influence in the region. This raises questions about the strategies and policies China has employed to achieve such clout and how regional states have responded to these initiatives.*

*Despite China's growing influence, many Southeast Asian countries harbor strategic mistrust towards China, primarily due to the South China Sea disputes and Beijing's assertive actions. This mistrust is well-documented in regional surveys, highlighting concerns about China's power and influence. Most ASEAN countries and the collective institution have maintained a strategically neutral position, favoring strategic hedging in response to major-power rivalry in the region.*

*This paper provides a comprehensive overview of China-ASEAN engagement across various sectors, including politics, diplomacy, economics, society, education, and security. It also examines the responses of regional states and their domestic forces to Chinese initiatives and compares the EU's engagement with ASEAN to that of China. The aim is to identify actions the EU could take to improve its engagement with ASEAN and explore the potential for Europe-China collaboration in Southeast Asia.*

## China-ASEAN Economic Ties: Growth and Challenges

Over the past three decades, China has significantly expanded its economic influence in Southeast Asia through targeted economic statecraft. Scholars widely agree that China's deepening trade, investment, and policy initiatives with ASEAN countries have not only boosted its regional presence but also

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<sup>1</sup> ISEAS – Yusof Ishak Institute (n.d.) *State of Southeast Asia Survey*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#); Lowy Institute (n.d.) “Asia Power Index,” [available online](#).

<sup>2</sup> Lowy Institute (n.d.) “Asia Power Index,” [available online](#).

helped serve broader geopolitical objectives. The economic relationship now spans across trade in goods and services, foreign direct investment (FDI), and strategic partnerships at both national and subnational levels.

### Trade in Goods: Rapid Growth and Rising Imbalance

ASEAN-China trade in goods has grown exponentially, rising from US\$8.36 billion in 1991 to a peak of US\$975.2 billion in 2022. China has been ASEAN's largest trading partner since 2009, and ASEAN became China's largest partner in 2020.<sup>3</sup> By 2022, trade with ASEAN accounted for 15.5% of China's total trade, while ASEAN's dependence on Chinese trade reached 21.4%—up from only 3.9% in 2000.<sup>4</sup> This asymmetry highlights ASEAN's growing reliance on China.

However, trade imbalances have worsened. ASEAN's trade deficit with China widened dramatically from US\$6.36 billion in 2004 to US\$159.2 billion in 2022. Vietnam's deficit alone surged to US\$59 billion in 2022, up from a surplus in 2000. Despite multiple FTAs with other countries, including the EU and UK, Vietnam and other ASEAN states remain heavily dependent on Chinese imports.<sup>5</sup>

Structurally, China-ASEAN trade shifted from primary commodities to manufactured products between 1993 and 1999. Machinery and electronics (especially HS85) dominate both imports and exports, reflecting increasing intra-industry trade. But these same categories have also driven ASEAN's rising deficits with China.

### Trade in Services and Tourism Dependence

China's role in ASEAN's service sector is less documented, but one area of clear influence is tourism. Before the pandemic, China was the largest source of visitors to ASEAN. In 2019, 32.28 million Chinese tourists visited ASEAN, accounting for 22.5% of the region's total. Countries like Cambodia, Vietnam, and Thailand relied heavily on Chinese visitors, with tourism contributing up to 19.6% of Cambodia's GDP in 2019.<sup>6</sup> This dependency on Chinese tourism has broader implications for economic resilience and political leverage.

### FDI Flows and Sectoral Expansion

China's FDI into ASEAN rose from a mere 1.28% of total inflows in 2005 to 14.2% in 2017, before stabilizing at 8.9% in 2021. Between 2020 and 2021, FDI nearly doubled to US\$13.6 billion, driven by investments in electric vehicles, infrastructure, digital economy, and real estate. However, the U.S. remains ASEAN's top investor, contributing 26.3% of FDI in 2021.<sup>7</sup> Conversely, ASEAN is not a major investor in China, with Singapore being the only exception.

<sup>3</sup> Asian Development Bank and General Administration of Customs China (2018–2022) *Data collected from Asia Regional Integration Center Database and GACC reports*, Manila, [available online](#) and [available online](#).

<sup>4</sup> ASEAN Secretariat (various years) *ASEAN Yearbooks*, Jakarta, [available online](#).

<sup>5</sup> Tran, B. T. (2021) "Vietnam continues efforts to reduce trade dependence on China", *ISEAS Perspective*, 27 August, [available online](#).

<sup>6</sup> ASEAN Secretariat (2013–2022) *ASEAN Statistical Yearbook 2022*, Jakarta, [available online](#).

<sup>7</sup> ASEAN Secretariat (various years) *ASEAN Statistical Yearbooks*, Jakarta; ASEAN Secretariat and UNCTAD (2022) *ASEAN Investment Report 2022: The Green Investment Facilitation Agenda*, Jakarta, [available online](#).

## Policy Frameworks and Strategic Initiatives

Institutional frameworks have underpinned China-ASEAN economic ties. The ASEAN-China Free Trade Agreement (ACFTA), signed in 2002 and implemented in 2010, reduced tariffs significantly. ACFTA 2.0 was completed in 2019, and negotiations for ACFTA 3.0 are ongoing. The Regional Comprehensive Economic Partnership (RCEP), now ratified by all ASEAN members, further anchors regional integration.

China has also promoted wide-ranging cooperation via bilateral FTAs and sectoral initiatives. These span agriculture, transport, smart cities, ICT, science and technology, and innovation. The Belt and Road Initiative (BRI), launched in 2013, is central to China's long-term strategy in the region. The BRI has increased both FDI and construction projects: FDI from Chinese firms in Southeast Asia rose by 85% between 2014 and 2018 compared to the 2010–2013 average.<sup>8</sup>

The BRI now encompasses green and health components. Between 2020 and 2021, health-related BRI investments in Southeast Asia tripled.<sup>9</sup> Infrastructure projects like hospitals in Cambodia exemplify China's expanding soft power. The Green Silk Road has also gained traction: Chinese coal investments declined while renewable energy investments rose by 50% between 2021 and 2022. Notable projects include a 0.5 GW solar farm in Vietnam and US\$13.76 billion in Chinese pledges to the Philippines' renewable sector.<sup>10</sup>

## Local Government Initiatives and Subnational Diplomacy

Chinese local governments have played a key role in sustaining economic ties with ASEAN. The Guangxi government successfully lobbied to permanently host the China-ASEAN Expo (CAEXPO) in Nanning. CAEXPO has become a critical platform for regional trade and cooperation, with signed deals increasing from US\$27.86 billion in 2019 to US\$59.14 billion in 2022, despite the COVID-19 pandemic.<sup>11</sup>

Guangxi and Yunnan have been especially proactive in cross-border collaboration, often preceding national BRI strategies. Guangxi promoted the Pan-Beibu Gulf Economic Zone and the Nanning–Singapore corridor. Yunnan positioned itself as a “bridgehead” for ASEAN engagement, initiating projects with Myanmar, Laos, and Vietnam as early as 2009. Other provinces, like Sichuan and Chongqing, have sought to position themselves as logistical and industrial bridges between Southeast Asia and Central Asia.

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<sup>8</sup> HKUST - Institute for Emerging Market Studies (IEMS) (2020) “Study Reveals Growing Need for Sharper Focus on Sustainability in Belt and Road Initiative Projects in ASEAN”, [available online](#).

<sup>9</sup> Xinhua News Agency (2022) *China-aided hospitals key to strengthening Cambodia's health system*, 22 March, [available online](#).

<sup>10</sup> Norman, W. (2023) “Chinese companies commit US\$13.7 billion for renewables in Philippines”, *Pvtech*, [available online](#).

<sup>11</sup> Zhang, L. (2020) “China-ASEAN Expo Concludes; Billions in Deals,” *China Daily*, November 30, [available online](#).

### Beijing's Economic Narratives and Regional Reception

Beijing has actively crafted political narratives to frame China-ASEAN economic relations as “win-win cooperation” rooted in shared “Asian values.”<sup>12</sup> President Xi Jinping frequently asserts that China seeks no hegemony, portraying the economic relationship as mutually beneficial. Beijing emphasizes community, harmony, and solidarity—framing crises like the pandemic and global supply chain disruptions as opportunities for closer China-ASEAN cooperation.

However, these narratives have met with mixed reception. According to the 2023 ISEAS survey, 64.5% of ASEAN respondents were concerned about China's growing economic influence—nearly double those worried about the U.S. (34.3%). Nearly half suggested China should rebalance bilateral trade to make relations more mutually beneficial.<sup>13</sup>

While China's economic statecraft has significantly deepened its influence in Southeast Asia, the relationship is increasingly complex. Trade growth, surging FDI, expansive FTAs, and infrastructure cooperation have elevated China-ASEAN ties to unprecedented levels. However, rising trade imbalances, unequal dependency, and wariness over China's intentions highlight persistent challenges. Beijing's political narratives and local government activism offer additional tools, but regional skepticism and competition from other major powers will continue to shape the evolving economic landscape.

### China-ASEAN Socio-cultural and Educational Engagement: Deepening Influence through Soft Power

Beyond economic cooperation, China has increasingly leveraged socio-cultural and educational engagement to strengthen its influence across Southeast Asia. Since the 2003 Joint Declaration on Strategic Partnership, cooperation between China and ASEAN has expanded into people-to-people exchanges, public health, education, sustainable development, and digital governance.

#### Expanding Socio-cultural and Educational Ties

Over the past two decades, China and ASEAN have intensified socio-cultural ties through high-level meetings, training programs, and bilateral forums. China has tailored development lessons, such as poverty reduction strategies, to countries like Cambodia, Laos, and Myanmar. Initiatives such as the China-ASEAN Poverty Reduction Experts Database promote knowledge sharing, while projects in smart cities and urban development reflect growing cooperation in technology and planning.<sup>14</sup> Singapore-Shenzhen pilot programs exemplify collaboration in smart governance.

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<sup>12</sup> Ministry of Foreign Affairs, PRC (2022) “Wang Yi Talks about the Directions of China-ASEAN Cooperation in the Next Stage”, [available online](#).

<sup>13</sup> Seah, S., Ha, H. T., Martinus, M. Thao, P. T. P. (2023) *The State of Southeast Asia: 2023 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#).

<sup>14</sup> Global Times (2022) “China, ASEAN to continue to strengthen cooperation in poverty reduction”, 28 June, [available online](#).



Aligned with global Sustainable Development Goals (SDGs), China and ASEAN signed a joint statement in 2021 to cooperate on ecological protection, food security, and disaster resilience. The collaboration integrates cultural and urban policy with sustainability frameworks.

### **Cultural Diplomacy in Practice**

Cultural exchange began formally with the 2003 ASEAN+3 Culture Ministers Meeting and gained momentum through the 2005 Memorandum of Understanding on Cultural Cooperation. Events like the China-ASEAN Cultural Forum and Expo feature performances, workshops, and policy discussions. These platforms have showcased Chinese and ASEAN culture, expanding soft power and mutual understanding.

China's cultural engagement has evolved from traditional arts and heritage preservation into a broader public diplomacy strategy. The Belt and Road Initiative (BRI) has further mainstreamed cultural diplomacy. Joint projects, such as the nomination of the Wangchuan Ceremony to UNESCO's heritage list, illustrate how China fosters symbolic cultural partnerships. In 2022, nearly 250 high-level officials participated in the China-ASEAN Cultural Forum, highlighting its diplomatic relevance.

China is now investing in ASEAN's cultural industries, promoting partnerships in digital content, animation, and tourism. Four strategies drive this agenda: integrating Chinese capital and platforms into ASEAN's digital cultural industries; exporting Chinese business models; co-developing digital infrastructure; and aligning with ASEAN social media trends.

### **Educational Initiatives and Confucius Institutes**

Educational cooperation has been central to China's ASEAN engagement. The 2010 Guiyang Declaration set a goal to enroll 100,000 ASEAN and Chinese students in each other's universities by 2020—a goal reached in 2019 with over 106,000 ASEAN students in China.<sup>15</sup> The China-ASEAN Technical and Vocational Education and Training Consortium has also institutionalized skills development.

Confucius Institutes (CIs), first established in Singapore and Thailand in 2005, have grown to 40 across ASEAN, especially in Thailand, Indonesia, and Malaysia.<sup>16</sup> They offer language training, cultural events, scholarships, and even instruction for officials in trade and foreign affairs. Unlike in the West, CIs are largely welcomed in ASEAN, although some resistance exists. In Indonesia and Thailand, concerns about cultural intrusion and academic freedom were addressed through flexible rebranding and local partnerships, such as renaming CIs "Mandarin Language Centers" to ease public apprehension.

### **Human Resource and Leadership Training**

China also conducts extensive training programs for ASEAN elites across diplomatic, public health, digital, and business domains. The ASEAN Plus Three Training Program on Understanding China and the ASEAN Young Leaders

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<sup>15</sup> Data compiled from the Chinese Ministry of Education.

<sup>16</sup> DigMandarin (n.d.) "Your guide to the Chinese learning jungle", [available online](#).



Training Program promote China's political model and economic governance, often through lectures, field visits, and exchanges.<sup>17</sup>

Under the Health Silk Road, Chinese institutions train ASEAN healthcare professionals in pandemic preparedness and public health management. By 2022, China pledged to train more than 1,000 healthcare professionals.<sup>18</sup> Digital economy cooperation is also rising, exemplified by the China-ASEAN Digital Talents Training Project launched in 2022 to train 1,000 professionals.<sup>19</sup> Training extends to intellectual property rights. In 2022, China organized capacity-building sessions for ASEAN IP officials, sharing best practices through field visits and lectures in Sichuan.<sup>20</sup> These initiatives reflect China's bid to shape regional governance norms and build long-term influence among Southeast Asian policy elites.

### Media and Public Diplomacy: Narrative Building

Media engagement has become a pillar of China's soft power in ASEAN. Guided by President Xi's emphasis on discourse power, Chinese media aims to "tell China's story well." Since 2004, China has signed agreements with ASEAN on mass media cooperation, content production, and journalist exchanges.

The China Media Group (CMG) and Xinhua News Agency produce documentaries, news features, and cultural content in local languages. These include projects like *Classics Quoted by Xi Jinping* and *Home in the Green Mountains and Rivers* broadcast in ASEAN countries. Content-sharing deals with ASEAN outlets—such as MetroTV in Indonesia and TNN24 in Thailand—extend China's narrative reach. From 2019 to 2022, over 150 op-eds by Chinese diplomats were published in leading ASEAN newspapers.<sup>21</sup>

Cultural diplomacy is also extended via mobile cinemas and film festivals. The Lancang-Mekong Mobile Cinema project screened Chinese films in villages, schools, and temples across Myanmar, Laos, and Cambodia, embedding Chinese narratives into everyday cultural life.<sup>22</sup>

### Digital Influence and Social Media

China increasingly engages ASEAN through social media platforms, particularly TikTok and YouTube. Popular Chinese influencers like Ms. Yeah, with over 10 million followers, promote Chinese culture to Southeast Asian audiences. The first China-ASEAN Online Influencers Conference in 2022 formalized this trend, with Chinese state media promoting ASEAN influencers as "cultural ambassadors."<sup>23</sup>

<sup>17</sup> ASEAN Young Leaders Training Program China (2019) "ASEAN Young Leaders Training Program China", [available online](#).

<sup>18</sup> Ministry of Foreign Affairs, PRC (2020) "Speech by Xi Jinping, President of the People's Republic of China, at the Opening Ceremony of the 17th China-ASEAN Expo and China-ASEAN Business and Investment Summit," 27 November, [available online](#).

<sup>19</sup> Wang, I. (2022) "China actively promotes digital paradigm, follows win-win and inclusiveness rule to help ASEAN progress", *Global Times*, 16 November, [available online](#).

<sup>20</sup> China National Intellectual Property Administration (2022) "China, ASEAN organize training on IP capacity building", 26 July, [available online](#).

<sup>21</sup> Wang, Z. (2022) *Tell China's Story Well: Chinese Embassies' Media Outreach in Southeast Asian Media*, Singapore: ISEAS-Yusof Ishak Institute.

<sup>22</sup> China Film News (2019) *Outdoor Cinema – The Mekong Journey of Chinese Movies in 2019*, 25 December.

### Local Government Diplomacy and Subnational Engagement

Southern Chinese provinces like Guangxi, Yunnan, Guizhou, Guangdong, and Fujian play an outsized role in China-ASEAN people-to-people diplomacy. These provinces leverage geographic proximity, ancestral ties, and economic interdependence to build grassroots connections.

Guangxi, the permanent host of the China-ASEAN Expo, integrates trade with cultural engagement via the “Charming City” program, education exhibitions, and vocational training. Guangxi’s brand “Studying in Guangxi” has attracted thousands of ASEAN students through scholarships and institutional alliances.

Yunnan, despite losing out on CAEXPO, hosts the China-South Asia Expo and promotes tourism and vocational exchanges. Guizhou, as the host of the China-ASEAN Education Cooperation Week, has connected nearly 5,000 institutions through events like youth camps, university partnerships, and scholarship programs.<sup>24</sup> Guangdong and Fujian engage ethnic Chinese communities and promote youth dialogue through cultural and entrepreneurial initiatives.

### Reception in ASEAN

While some skepticism exists—particularly around CIs and China’s expanding media presence—most ASEAN elites view China’s cultural diplomacy positively. In contrast to U.S.-China tensions, ASEAN states often perceive cultural engagement with China as non-threatening and commercially beneficial. Even where political concerns arise, such as in Indonesia or the Philippines, local adaptations and pragmatic responses prevail. China’s COVID-19 assistance and vaccine diplomacy also enhanced goodwill during the pandemic, with 44.2% of ASEAN respondents identifying China as the region’s top helper.<sup>25</sup>

Yet, concerns linger over the influence of Chinese-controlled social media on ethnic Chinese communities in ASEAN. Leaders such as Singapore’s Prime Minister Lee Hsien Loong have warned of possible manipulation through platforms like WeChat.<sup>26</sup> These tensions highlight the dual potential of China’s soft power: as a tool of engagement—and of influence.

## Security Challenges in China-ASEAN Relations

Despite deepening economic and socio-cultural ties, security remains a major fault line in China-ASEAN relations. Territorial disputes in the South China Sea and regional power dynamics continue to undermine mutual trust. While Beijing has promoted defense diplomacy and non-traditional security cooperation, many ASEAN states still view China as a potential threat. The rise of

<sup>23</sup> Xu, L., Xing, X. (2022) “Online Influencers Conference highlights close ties between China and ASEAN,” *Global Times*, January, [available online](#).

<sup>24</sup> Southeast Asian Ministers of Education Organization – Regional Centre for Higher Education and Development (SEAMEO) (2019) *China-ASEAN Education Cooperation Week*, Bangkok, May, [available online](#).

<sup>25</sup> Seah, S., Ha, H. T., Martinus, M. Thao, P. T. P. (2021) *The State of Southeast Asia: 2021 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#).

<sup>26</sup> Lim, M. Z. (2022) “NDR 2022: Be wary of social media messages on Ukraine war with ulterior aims, says PM Lee,” *The Straits Times*, 21 August, [available online](#).

U.S.-led minilateral alignments like the QUAD and AUKUS further complicates China's regional ambitions.

### **The South China Sea: Core Security Flashpoint**

At the heart of security tensions lies the South China Sea, where China's expansive territorial and maritime claims—anchored in the “nine-dash line”—conflict with claims by several ASEAN countries, including Vietnam, the Philippines, Malaysia, and Brunei. China's strategies have included both engagement and coercion: from bilateral diplomacy and joint exploration agreements to military presence and administrative measures.

The 1995 occupation of Mischief Reef marked China's first major military clash with an ASEAN member and revived U.S.-Philippine military ties. Although a 2002 Declaration on the Conduct of Parties (DOC) temporarily calmed tensions, China adopted a more assertive stance in the 2010s. It escalated patrols, deployed naval assets, and constructed artificial islands. The establishment of Sansha Municipality in 2012 and its militarization signaled Beijing's efforts to consolidate control. The seizure of Scarborough Shoal from the Philippines in 2012 and China's rejection of the 2016 Permanent Court of Arbitration ruling further strained ties.<sup>27</sup>

China's coercive actions have prompted ASEAN claimants to bolster external defense ties. Vietnam and the Philippines, in particular, have deepened security partnerships with the U.S. and other powers. Still, China has continued to promote a Code of Conduct (COC) with ASEAN, though progress has been slow and contentious.

### **Economic Statecraft and Strategic Leverage**

China has used economic incentives under the Belt and Road Initiative (BRI) to strengthen bilateral ties and soften opposition to its maritime claims. Strategic investments in Cambodia, Indonesia, and Malaysia have served both economic and geopolitical objectives. Critics argue that such engagement enables China to divide ASEAN's consensus, as illustrated by Cambodia's blocking of a joint ASEAN statement in 2012.

Port developments, infrastructure projects, and financial assistance not only increase China's regional footprint but may allow it to project military capabilities. This dual-use infrastructure has raised alarm among ASEAN states and external stakeholders alike.

### **China-ASEAN Security Dialogue and Defense Diplomacy**

In response to growing skepticism, China has attempted to institutionalize security cooperation with ASEAN. Since the 1990s, China has taken steps to shed the “China threat” narrative, including joining ASEAN-led forums and signing the Treaty of Amity and Cooperation in 2003. Defense diplomacy expanded with military exchanges, high-level visits, and memorandums of understanding (MOUs).

By the 2000s, China had established regular defense dialogues with ASEAN and initiated joint training and information-sharing efforts on non-traditional secu-

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<sup>27</sup> Philips, T., Holmes, O., Bowcott, O. (2016) “Beijing rejects tribunal's ruling in the South China Sea case,” *The Guardian*, 12 July.

rity issues such as disaster relief and cybercrime. Under President Xi Jinping, China further emphasized “common, comprehensive, cooperative, and sustainable security,” introducing proposals for joint disaster response and cybersecurity cooperation.

Institutional efforts include co-chairing the ASEAN Regional Forum workshop on cross-border crime management in 2016, launching ASEAN-China cyber dialogues (2020, 2022), and planning an ASEAN-China Centre for Emergency Management Cooperation. Yet the effectiveness and trust behind these mechanisms remain debated.

### **China’s Strategic Motivation and the Indo-Pacific Challenge**

Amid U.S. strategic rebalancing and the emergence of Indo-Pacific frameworks, China has become increasingly concerned about U.S.-centered security structures. Through its rhetoric and actions, Beijing has sought to keep ASEAN aligned with “ASEAN centrality” rather than joining alliances like QUAD or AUKUS.

To counter U.S. influence, China has engaged in high-level military diplomacy, conducted joint exercises, and expanded defense engagements. A landmark moment came in 2018 when China held its first joint naval exercise with all ten ASEAN members, signaling its intent to institutionalize military cooperation. However, the substance of these exercises is often considered less significant than those led by the U.S.

### **Vietnam and the Philippines: Strategic Balancers**

Vietnam and the Philippines have emerged as key ASEAN countries actively balancing China’s influence. In September 2023, the U.S. and Vietnam elevated their ties to a Comprehensive Strategic Partnership, leading to closer security coordination, joint patrols in the South China Sea, and provision of U.S. surveillance aircraft to Vietnam. Simultaneously, economic and environmental cooperation also deepened.

The Philippines has strengthened defense relations with the U.S., Japan, and Australia. Recent milestones include a new Enhanced Defense Cooperation Agreement (EDCA) with the U.S., involving expanded U.S. military access and massive joint exercises. Manila also signed agreements with Tokyo and Canberra, facilitating joint training and exchanges.

These expanded partnerships enhance regional deterrence and serve as counterweights to China’s assertiveness. However, they have drawn Beijing’s ire, raising the risk of great power competition intensifying in Southeast Asia.

### **Security Narratives and Strategic Messaging**

To counter U.S. influence and address regional skepticism, China has crafted alternative narratives emphasizing peaceful development, sovereignty, and inclusivity. These narratives are part of China’s broader effort to increase its soft power and redefine global governance norms.

Beijing promotes its “peaceful rise” as a contrast to U.S. interventionism, highlighting its non-interference principle, respect for sovereignty, and opposition to external meddling. These resonate with ASEAN’s long-standing norms of non-alignment and non-intervention. China criticizes U.S.-led security blocs as destabilizing and rooted in Cold War thinking, positioning itself as a stabilizer rather than a disruptor.

Chinese officials frequently rebut claims that China undermines a “rules-based order,” asserting instead that such rhetoric masks American hegemonic aims. Through these narratives, China seeks to reassure ASEAN leaders while challenging U.S. dominance in the regional discourse.

Security remains the most fragile pillar of China-ASEAN relations. While economic interdependence and socio-cultural exchanges have flourished, maritime disputes and strategic rivalry cast long shadows. China’s assertive behavior in the South China Sea and growing military reach alarm several ASEAN states, pushing them toward external partnerships.

At the same time, China has made efforts to build trust through dialogue, defense diplomacy, and cooperative initiatives. However, differing strategic perceptions, the persistence of the South China Sea disputes, and the rising influence of the U.S. and its allies ensure that China-ASEAN security ties will remain complex and contested.

Most ASEAN states will continue to hedge—engaging China economically while maintaining security ties with other powers. The challenge for Beijing lies in convincing its neighbors that its rise will not come at the expense of regional autonomy, sovereignty, or unity.

### **The EU in Southeast Asia: Opportunities, Challenges, and Implications for China-ASEAN Relations**

The European Union (EU) has maintained dialogue with ASEAN since 1977, and their relations have grown significantly, especially in the post-Cold War era. The EU seeks to promote not only economic integration and institution-building in Southeast Asia but also to advance democratic norms, good governance, and human rights. As ASEAN-China ties deepen, the EU has emerged as both a complementary and strategic counterbalancing actor in the region.

#### **Evolution of EU-ASEAN Relations**

Ties to a Strategic Partnership have institutionalized EU-ASEAN relations. The current Plan of Action (2023–2027) builds on earlier frameworks to expand collaboration across political, economic, and socio-cultural domains. The EU’s engagement with ASEAN-led mechanisms like the ASEAN Regional Forum and its accession to the Treaty of Amity and Cooperation (TAC) in 2012 reflect its commitment to Southeast Asian security and multilateralism.

Formal diplomatic channels were reinforced in 2015 when the EU appointed its first ambassador to ASEAN. The establishment of the EU Mission to ASEAN further strengthened policy coordination and strategic visibility in the region.

#### **Economic Relations: A Growth Opportunity**

The EU is one of ASEAN’s top trading partners and foreign investors. In 2021, it accounted for 10.6% of ASEAN trade.<sup>28</sup> Efforts to deepen economic ties

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<sup>28</sup> McAllister, D., Caspary, D. (2022) “ASEAN and the EU: beyond the summit, a call for action”, *The Diplomat*, 13 December, [available online](#).

have led to free trade agreements (FTAs) with Singapore and Vietnam, and negotiations for broader ASEAN-EU FTA frameworks are ongoing. Economic cooperation now includes areas like supply chain resilience, green technologies, transportation, digital economies, and regional connectivity.

ASEAN views engagement with the EU as a way to diversify economic partnerships and reduce reliance on China. This aligns with EU goals of expanding market access and increasing resilience. The rapidly growing ASEAN middle class and digital economies offer lucrative opportunities for EU companies, particularly in infrastructure, renewables, manufacturing, and technology transfer.

Nonetheless, several challenges complicate economic cooperation. ASEAN's internal diversity, with members at different stages of development, presents coordination difficulties. In addition, the EU faces stiff competition from China, the U.S., Japan, and others. Disputes such as the EU's restrictions on palm oil—perceived as discriminatory by Indonesia and Malaysia—have also sparked friction. Furthermore, geopolitical uncertainty and regional tensions can hinder long-term planning and investment by European stakeholders.

### **Security Cooperation: Shared Interests and Constraints**

Security cooperation presents mutual opportunities. The EU's active role in ASEAN-led forums allows both parties to promote multilateralism and regional norms. As ASEAN grapples with external pressures, especially over the South China Sea and China-U.S. rivalry, EU engagement helps expand ASEAN's strategic options and reinforce norms like the rule of law and good governance.

The EU has worked with ASEAN to combat non-traditional threats, including terrorism, cybercrime, and organized crime. While China is also expanding cooperation in these areas, trust deficits and geopolitical considerations limit the extent of China's involvement. The EU, in contrast, is viewed as a less threatening actor, providing room to expand its role in capacity-building and security dialogues.

However, European engagement in the Indo-Pacific still lags behind other actors such as Japan and Australia. Many EU countries lack coherent Indo-Pacific strategies or the military capabilities to significantly influence the region's security architecture. The absence of binding defense frameworks, such as Australia's ASEAN Comprehensive Strategic Partnership, further limits the EU's hard security role.

Diverging perspectives between ASEAN and the EU can also constrain cooperation. One such issue is the treatment of the Rohingyas in Myanmar. While the EU advocates for stronger measures against human rights violations, ASEAN's non-interference principle restricts its response to humanitarian assistance. These normative differences complicate coordinated policy action.<sup>29</sup>

Strategic coherence within the EU is another obstacle. Not all member states have clear Indo-Pacific strategies, and competing domestic priorities—especially in light of the Russia-Ukraine conflict—have raised questions about Europe's capacity and willingness to invest in long-term engagement in Southeast Asia

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<sup>29</sup> Ministry of Foreign Affairs, Singapore (2020) "ASEAN and EU: the untold story", 16 October, [available online](#).



### Socio-cultural and Educational Engagement

There is significant untapped potential for EU-ASEAN cooperation in research, education, and public health. In education, programs like Erasmus+ and the Marie Skłodowska-Curie Actions can deepen student exchanges, researcher mobility, and skills development aligned with green and digital transitions.<sup>30</sup> English language training, vocational education, and joint degree programs can strengthen people-to-people ties.

Academic collaboration in science and innovation, particularly under Horizon Europe, can enhance R&D in life sciences, health technology, and climate-related fields. ASEAN countries have expressed growing interest in leveraging EU expertise in these domains, particularly given the EU's reputation for regulatory excellence and cutting-edge research.

The COVID-19 pandemic spotlighted the importance of EU-ASEAN cooperation in health. The EU's "Team Europe" initiative provided vital support to the region's pandemic response. Future collaboration could focus on vaccine research, clinical trials, medical technologies, and digital health networks. Initiatives in pathogen sequencing, surveillance, and capacity-building for health-care systems—especially in the least developed ASEAN countries—could serve as high-impact areas of joint action.

### Implications for China-ASEAN Relations

EU engagement in Southeast Asia provides an alternative partner for ASEAN countries that seek to diversify both economically and strategically. Many ASEAN states, increasingly wary of overdependence on China, are interested in deeper economic and technological links with Europe. Moreover, the EU's low-security profile and normative focus on multilateralism position it as a non-threatening counterweight to China.

That said, EU involvement does not displace China's centrality in the region. Rather, it complicates Beijing's strategic calculus. As ASEAN countries gain more partners and options, China may face difficulties using economic incentives to dominate regional diplomacy, as it has in the past. This could, in turn, influence how assertively China pursues its interests in contested areas like the South China Sea.

Nonetheless, the EU's limited hard power and internal fragmentation restrict its ability to be a full-spectrum strategic player in Southeast Asia. For ASEAN, the EU remains a valued partner in economic development, governance, and socio-cultural cooperation—but is unlikely to supplant China or the U.S. in traditional security affairs.

The EU's engagement with ASEAN has matured into a multi-dimensional partnership, spanning trade, development, security, education, and health. While opportunities abound, challenges remain—ranging from strategic incoherence and military limitations to normative gaps with ASEAN. However, the EU's presence adds valuable balance to the regional order, offering ASEAN states broader options in navigating great power rivalry and fostering inclusive, rules-based cooperation.

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<sup>30</sup> ASEAN Secretariat and European External Action Service (2022) *Plan of Action to Implement the ASEAN-EU Strategic Partnership (2023–2027)*, Jakarta/Bruxelles, [available online](#).

## Potential for China-Europe Collaboration in Southeast Asia

Southeast Asia is a key region for both China and the European Union (EU), attracting long-term investment and engagement from both sides. China's presence is largely driven by infrastructure development through the Belt and Road Initiative (BRI), while the EU emphasizes social development, good governance, education, and human rights. These differing strengths present opportunities for China and Europe to cooperate through third-party market initiatives in Southeast Asia.

First proposed by China in 2015, third-party market cooperation aims to foster collaborative projects between Chinese and foreign firms in host countries. It seeks to avoid unnecessary competition, improve perceptions of the BRI, and deliver mutual benefits. China has since signed agreements with 13 developed countries—most of them European, including France, the UK, Italy, Spain, and Switzerland—to explore such cooperation globally, including in Southeast Asia.<sup>31</sup> Although less extensive than China-Japan cooperation, China-Europe third-party projects in Southeast Asia are emerging. Notable examples include the China-UK Global Health Support Programme in Myanmar, financial cooperation on Vietnam's Hai Phong Thermal Power Station involving several export credit agencies, a Sino-French renewable energy partnership in Thailand, and a deepwater port project in Timor-Leste constructed by China and operated by the French firm Bolloré.<sup>32</sup>

Three features characterize China-Europe cooperation in the region: France's leadership in third-party projects with China; the diversity of cooperation formats—spanning finance, engineering, and strategic partnerships; and the sectoral focus on infrastructure, health, and green energy, though geographically limited to a few Southeast Asian countries.

The economic potential in Southeast Asia—driven by consistent GDP growth and vast infrastructure needs—creates further opportunities for collaboration. For example, China's proximity and construction efficiency can complement French expertise in high-speed rail and renewable energy. In the UK-China context, British strengths in design, law, and project management can be paired with China's capabilities in construction, supply chains, and cost control. The two sides could also advance green finance in the region, a shared strategic priority.

Despite this potential, several challenges remain. Conflicting standards and goals, miscommunication, and duplicated infrastructure efforts may create inefficiencies. Divergent ambitions—such as when European countries pursue broader political aims versus China's commercial focus—could complicate joint project implementation. In addition, political and regulatory instability in some Southeast Asian countries may hinder long-term cooperation.

<sup>31</sup> National Development and Reform Commission (NDRC)(2019) "Third-Party Market Cooperation Guidelines and Cases", [available online](#).

<sup>32</sup> CLbrief (2022) "Chinese-built Tibar Bay Deepwater Port in Timor-Leste officially opens", 14 December, [available online](#).

Nevertheless, China-Europe indirect collaboration and complementary roles in the green transition of some African countries, such as the Democratic Republic of Congo, Morocco, and South Africa,<sup>33</sup> suggest that their positive interaction in Southeast Asia is possible. Joint participation in initiatives like the *International Platform on Sustainable Finance*—co-led by China and the EU and joined by Indonesia, Malaysia, and Singapore—signals growing multilateral potential.<sup>34</sup> As Southeast Asia continues to seek infrastructure, sustainable growth, and diversified partnerships, third-party cooperation between China and Europe could contribute positively—provided differences are managed and mutual benefits clearly defined.

## Conclusion

China-ASEAN relations have transformed dramatically since the early 1990s. Once a marginal player, China is now central to nearly every aspect of regional affairs. While the U.S. retains military dominance, China has emerged as a key economic power in Southeast Asia, using trade, investment, and infrastructure initiatives like the BRI and RCEP to deepen its regional influence. This economic engagement strategy—“using economics to enhance political ties”—has led to asymmetric interdependence, pushing many ASEAN states to adopt hedging strategies.

Despite China’s growing influence, significant distrust persists among ASEAN nations, especially over China’s assertiveness in the South China Sea. These tensions continue to undermine China’s security relations with the region, despite Beijing’s efforts at defense diplomacy.

This strategic environment creates space for the EU to expand its engagement. Long a positive contributor to ASEAN development, the EU can leverage its strengths in capacity-building, innovation, digital economy, and sustainability to offer alternative partnerships. However, China-Europe cooperation in Southeast Asia remains limited due to geopolitical rivalry and differing business standards. While Chinese policy statements indicate interest in collaboration, some European stakeholders express concern that joint initiatives with China might inadvertently reinforce Beijing’s strategic presence in the region, potentially reducing Europe’s ability to offer independent alternatives and limiting its role in regional balancing or hedging.

Thus, for Europe, a key policy consideration emerges: Should the EU deepen collaboration with China to leverage combined resources for ASEAN’s development, or pursue a more independent pathway to provide ASEAN states with clearer alternatives for strategic diversification? Addressing this nuanced choice will be critical for policymakers seeking to enhance Europe’s impact and relevance in Southeast Asia’s evolving strategic landscape.

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<sup>33</sup> Di Ciommo, M., Veron, P., Ashraf, N. (2024) *The EU and China in the Global South: Perspectives from African countries*, 373, Maastricht: ecdpm, September, [available online](#).

<sup>34</sup> European Commission (n.d.) “International Platform on Sustainable Finance”, [available online](#).

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# Challenges and Opportunities in Forging Closer ASEAN–EU Relations: An Indonesian Perspective

**Dewi Fortuna Anwar**

National Research and Innovation Agency (BRIN), Jakarta

*This paper explores the evolving dynamics of ASEAN–EU relations from an Indonesian perspective, contextualised within the lingering shadows of colonial legacies and the opportunities of twenty-first-century strategic cooperation. It analyses the “bipolar” nature of Indonesia’s stance, which is characterised by a mix of historical resentment and pragmatic cooperation. This is exemplified by President Prabowo Subianto’s shifting rhetoric, from criticising the EU for “double standards” and embracing non-Western powers like BRICS, to a more conciliatory tone following the political breakthrough on the Indonesia–EU Comprehensive Economic Partnership Agreement (IEU–CEPA) in July 2025. The essay also investigates bilateral ties with key EU member states, ASEAN–EU strategic convergence in the Indo-Pacific, and mutual commitments to multilateralism, connectivity, and sustainable development. While Southeast Asian public opinion surveys reveal fluctuating trust in the EU, the IEU–CEPA and a convergence in Indo-Pacific strategies signal a new phase of engagement. The paper concludes that a successful partnership depends on both sides’ ability to confront the past honestly, build on shared values, and foster equitable cooperation to navigate a multipolar world, and help shape a more stable, inclusive and sustainable international order.*

## Introduction

The long history of European colonialism casts a persistent shadow over present-day relations between Southeast Asia and Europe, particularly in the case of Indonesia. The brutal legacy of exploitation and domination during colonial times shaped national identities through anti-colonial resistance and struggle for independence, leaving residual resentments that complicate modern diplomatic and economic cooperation. At the same time, pragmatic considerations encourage both sides to move beyond historical grievances toward a relationship rooted in mutual respect, equitable engagement, and shared strategic interests. A nuanced recognition of this colonial legacy is therefore essential to building a stronger, more balanced, and forward-looking partnership between ASEAN countries—especially Indonesia—as well as ASEAN as a bloc and the EU, in the Indo-Pacific region and beyond.



## Historical Memory and Contemporary Discourse

On November 13, 2023, during a foreign-policy event at Indonesia's Centre for Strategic and International Studies in Jakarta, then Minister of Defence and presidential candidate Prabowo Subianto invoked the colonial past while leveling criticism at European countries. He accused them of applying “double standards” in their environmental and trade policies—specifically regarding palm oil—and pointed out that Europeans had historically been responsible for ecological degradation in Southeast Asia, yet now reproach Indonesia for similar practices. He underscored the need for parity and fairness, comparing the forced plantation economy imposed during colonial times with current restrictions that he perceives as protectionist or hypocritical. Prabowo went as far as to suggest that Indonesia may no longer “need Europe” if this imbalance persisted, and argued for a foreign policy “rebalancing”—toward greater engagement with Eastern partners such as Japan, South Korea, China, and India.<sup>1</sup> Then, on June 20, 2025 at the St. Petersburg International Economic Forum - SPIEF, St. Petersburg, Russia with Russian President Vladimir Putin present, President Prabowo praised Russia and China, stating that “They have stood by developing countries without double standards -- and I say this from my heart.” This statement implicitly critiques Western nations for applying “double standards” in their interactions with developing countries. He also reiterated Indonesia's non-aligned foreign policy, emphasising that Indonesia “respects all countries” and wants to be “friends with everybody.”<sup>2</sup>

These statements highlight Prabowo's consistent narrative that calls out what he perceives as Western hypocrisy, particularly in economic relations, environmental policies, and historical narratives. His criticisms often frame these issues within a broader context of anti-colonialism and Indonesia's pursuit of a more independent and balanced foreign policy, a “bebas aktif” or “independent and active” foreign policy that often times lean towards closer ties with non-Western powers. Soon after Prabowo's inauguration as president in October 2024, Indonesia applied to join the BRICS (Brazil, Russia, India, China, South Africa) grouping, seen as the Global South counter-weight to the G7 grouping of mostly western advanced economies, at its summit in Kazan, Russia in November 2024. This move stood in stark contrast with Indonesia's earlier refusal to join BRICS under President Susilo Bambang Yudhoyono (2004-2014) and President Joko Widodo (2014-2024). Indonesia was speedily granted BRICS' full membership in January 2025.<sup>3</sup>

Yet in July 2025, during a series of high-level diplomatic engagements, including a state visit to Belgium and the EU headquarters in Brussels, culminating in the political breakthrough on the Indonesia–EU Comprehensive Economic Part-

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<sup>1</sup> Starcevic, S. (2023) “Indonesia doesn't need Europe anymore, presidential frontrunner says”, *Politico*, 13 November, [available online](#).

<sup>2</sup> Tanamal, Y. (2025) “Following ‘the most powerful’ is a mistake, Prabowo says in Russia”, *The Jakarta Post*, 21 June, [available online](#).

<sup>3</sup> Wardhana, A., Dharmaputra, R. (2025) “What BRICS membership means for Indonesia”, *The Diplomat*, 24 January, [available online](#).

nership Agreement (IU-CEPA), President Prabowo had articulated a more reconciliatory tone. At a joint press event in Brussels on July 13, he praised Europe's longstanding contribution to science, technology, and upholding democratic values, terming the relationship “mutually symbiotic.” He emphasized Indonesia's appreciation for greater European economic participation in Indonesian economic development, and reiterated Indonesia's own motto “Unity in Diversity” in parallel with the EU's “United in Diversity.” He welcomed the conclusion of the landmark Indonesia–EU Comprehensive Economic Partnership Agreement (IEU-CEPA) as a breakthrough, and framed Europe as an indispensable component of a multipolar global architecture essential for peace and stability.<sup>4</sup>

This rhetorical shift—from invoking historical grievances to affirming shared values and interests—reflects Indonesia's continuing “bipolar” attitude towards Europe and the West in general. Historical criticism remains not just as a rhetorical lever, but a widely-shared outlook among former colonised countries, but this is balanced with recognition of Western contributions to modern civilisations, as well as the pragmatic need for cooperation and strategic partnership, particularly for Indonesia's economic development.

### **Colonial Legacy: A Mixed Inheritance**

The colonial period fundamentally reconfigured Southeast Asia's political, economic, and social trajectories. European powers such as Spain in the Philippines, the Netherlands in Indonesia, Britain in Burma and Malaya, and France in Indo-China (Cambodia, Laos, Vietnam) imposed plantation economies, centralized bureaucracies, and commercial networks deeply entwined with imperial interests in their respective colonies.<sup>5</sup> In the Indonesian case, Dutch rule entrenched an extractive economy, tight resource control, and a legal and institutional infrastructure largely inherited by the post-colonial state. The Indonesian national revolution (1945–1949) and the struggle for recognition punctuated a painful transition to sovereignty.<sup>6</sup>

The memory of colonial exploitation and the contested process of independence continue to underpin relations with Europe. Calls periodically arise in Indonesia for formal apologies or reparations for colonial atrocities, and nationalist narratives emphasize resistance figures like Diponegoro<sup>7</sup> and Sukarno to reinforce ambivalent views of Europe. Coupled with economic disparities rooted in colonial economic structures, these narratives coalesce into a trust

<sup>4</sup> Cabinet Secretary of the Republic of Indonesia (2025) “President Prabowo Subianto: Europe remains a pillar of global civilization and democratic values”, 13 July, [available online](#).

<sup>5</sup> Hall, D.G.E. (1981) *A History of Southeast Asia*, London: The Macmillan Press; Osborn, M. (2024) *Southeast Asia: An Introductory History*, Sydney: Allen and Unwin.

<sup>6</sup> Ricklefs, M.C. (2008) *A History of Modern Indonesia c. 1300 to the present*, London: The Macmillan Press; Kahin, G. McT. (2003) *Nationalism and Revolution in Indonesia*, Ithaca-New York: Cornell University Press.

<sup>7</sup> A lot of public forums, talk shows and exhibitions are being carried out in Indonesia throughout 2025 to commemorate the Java War (1825–1830) led by Prince Diponegoro against the Dutch colonial rule, hailing Diponegoro as an inspirational leader who must be remembered and emulated by the current and future Indonesian generations. A film about Diponegoro is underway in 2025.

deficit. At the same time, legal systems, educational legacies, and institutional models left behind by European colonial powers—especially the Dutch—have become part of Indonesia’s governance apparatus, while academic, cultural, and people-to-people ties have fostered constructive engagement. The Netherlands’ expertise in water management and logistics, Germany’s industrial know-how, and France’s defence technologies illustrate how colonial legacies have transformed into platforms for cooperation rather than just grievances.<sup>8</sup>

### **Contemporary ASEAN–EU Relations: Tensions and Synergies**

From the establishment of the ASEAN Brussels Committee in 1972 and the ASEAN–EEC Cooperation Agreement in 1980, relations have evolved from informal dialogue to formal strategic partnership. ASEAN–EU cooperation spans economic ties, political and security dialogue, sustainable development, cultural exchange, digital transformation, and regional integration. Yet structural and normative tensions endure.

One central point of friction remains the EU’s normative diplomacy—particularly on human rights, environmental standards, and democratic governance—which ASEAN states sometimes perceive as neo-colonial or intrusive. The EU’s Renewable Energy Directive II (RED II) and Deforestation Regulation (EUDR), for instance, have drawn strong criticism from Indonesia and Malaysia, which view them as protectionist barriers targeting palm oil exporters and smallholder livelihoods. The palm oil issue has even been brought by Indonesia as the primary complainant before the WTO, with the WTO panel concluding in 2023 that the EU had discriminated against Indonesian-palm oil-based biofuels versus like products.<sup>9</sup> Differences in governance philosophy—such as ASEAN’s principle of non-interference and consensus-based decision-making versus the EU’s more legally binding and supranational approach—further complicate cooperation. Moreover, the lack of an ASEAN-wide free-trade agreement with the EU reflects internal disparities among ASEAN’s member states and undermines region-to-region integration.<sup>10</sup>

However, the relationship also boasts substantial synergies. The EU remains one of ASEAN’s top trading partners and sources of investment. The EU is ASEAN’s 3<sup>rd</sup> largest trade partner, representing around 10% of ASEAN trade in 2022, while ASEAN is the EU’s 3<sup>rd</sup> biggest partner outside Europe, with € 272 billion in goods trade.<sup>11</sup> The EU has also been an important source of foreign direct investment (FDI) for ASEAN. In 2022 FDI from the EU in ASEAN reached € 400.1 billion.<sup>12</sup>

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<sup>8</sup> Mishra, R., Hashim, A., Milner, A. (2021) *Asia and Europe in the 21<sup>st</sup> Century: New Anxieties, New Opportunities*, London: Routledge.

<sup>9</sup> World Trade Organisation (2023) *Panel Report: European Union-Certain Measures Concerning Palm Oil and Oil Palm Crop-Based Biofuels (DS593)*, Geneva, 5 June, [available online](#).

<sup>10</sup> Djisman, S. (2017) “EU-ASEAN Relationship: Trends and Issues”, in Pacini, M., Yue, C.S., *ASEAN in the New Asia*, Singapore: ISEAS - Cambridge University Press.

<sup>11</sup> Delegation of the European Union to ASEAN (2022) “The European Union and ASEAN”, [available online](#).

<sup>12</sup> ASEM (2024) “Topic of the Month. Trade and Investments”, August, [available online](#).

ASEAN states share with the EU strong commitments to multilateralism, the rules-based international order, climate action, and supply-chain resilience. Both blocs cooperate on marine security, digital transformation, humanitarian assistance, infrastructure connectivity, counter-terrorism, and development cooperation in science and technology. The EU's accession to the ASEAN Treaty of Amity and Cooperation in 2012—and elevation to Strategic Partnership in 2020—signals its longstanding engagement and mutual commitment.<sup>13</sup>

It is also important to note that while ASEAN has not tried to model its regional cooperation on Western European regional integration, ASEAN openly acknowledged that it has looked to the European Union (EU) and its predecessor as an inspiration. ASEAN was initially designed as a loose and minimalist regional association which firmly rejected any forms of supranational authority. Yet, the adoption of the ASEAN Charter in 2007, which has given ASEAN a legal personality and introduced new values such as democracy, human rights and the rule of law into ASEAN alongside the continuing emphasis on sovereignty and non-interference principles, has been seen as a major development in the “Europeanisation” of ASEAN.<sup>14</sup>

### **Indonesia's Bilateral Relations with EU Member States**

Indonesia's relations with individual EU countries reveal distinct dynamics shaped by history, economic complementarity, diaspora, and geopolitical interests. Among them, the Netherlands, Germany, France, and Italy stand out.

The Netherlands, as Indonesia's former colonial ruler, holds deep cultural and academic ties. A sizeable Indonesian diaspora resides in the Netherlands, and institutions such as Leiden University continue to anchor Southeast Asian scholarship. The Netherlands is the top trade partner for Indonesia among the EU countries, as well as a significant source of FDI. Bilateral trade between the two countries reached US 5.7 billion in 2024.<sup>15</sup> The Port of Rotterdam serves as a key logistical gateway for Indonesian goods into Europe—a tangible legacy of historic interlinkages that now support modern trade and investment, and there is a long-standing cooperation between the Port of Rotterdam Authority with Indonesia Port Corporation (Pelindo) for sustainable port development.<sup>16</sup>

Germany is the top EU investor in Indonesia as well as a leading trading partner, particularly in machinery, automotive, vocational training, and industrial engineering. Its emphasis on quality and sustainable development fits well with Indonesia's infrastructure and labour priorities. Germany's Global Gateway

<sup>13</sup> EU-ASEAN Business Council (2025) *Elevating EU-ASEAN Relations: Towards Moderns and Innovative Trade Agreements and Strategic Cooperation*, Singapore: EU-ASEAN Business Council, March, [available online](#).

<sup>14</sup> Ruland, J (2017) *The Indonesian Way: ASEAN, Europeanization, and Foreign Policy Debates in a New Democracy*, Stanford - California: Stanford University Press.

<sup>15</sup> Antara News (2025) “Indonesia-Netherlands relations strengthened by major Dutch investment”, 17 June, [available online](#).

<sup>16</sup> Susanti, R., Simatupang, H.Y., Srifauzi, A. (2025) “Green Diplomacy: Indonesia-Netherlands Cooperation (Port of Rotterdam) to Realize the Green Port Concept in Indonesia”, *PROIROFONIC*, 1 (1).

initiative, including infrastructure projects like the regional railway in Surabaya, underscores its ongoing engagement.<sup>17</sup>

Besides being an important economic partner, France has emerged as a core defence partner of Indonesia. High-profile arms deals—including Indonesia’s order for 42 Rafale fighter jets from France in 2022 and 2 Scorpène submarines in 2024—and strategic dialogues underscore France’s Indo-Pacific orientation.<sup>18</sup> As the only EU country maintaining a constant military presence in the Indian Ocean, France’s defence cooperation with Indonesia signals a deepening strategic alignment. Exchange of state visits between President Emmanuel Macron and President Prabowo Subianto in 2025, the latter marked by Indonesian marching troops leading the July 14<sup>th</sup> Bastille Day in Paris parade as the guest of honour, further cement the increasingly close bilateral relations between Indonesia and France.

Italy represents a newer yet growing partner. Yet, it is worthwhile to remember that the earliest recorded encounter between Europeans and Southeast Asia, predating formal colonialism, were three famous Italian explorers, who all visited areas which are now part of Indonesia and wrote about their travels. These were Marco Polo (1292), who reportedly sailed through the Strait of Malacca, stopping in Sumatra and possibly Java on his return home from China. Marco Polo described the region’s wealth, spice trade, and social customs in *The Travels of Marco Polo* (circa 1300), fuelling European imaginations of the “Spice Islands.” Niccolò de’ Conti (c. 1420s–1440s), an Italian merchant who travelled extensively in Asia and likely visited Sumatra, Java, and possibly Maluku, recording valuable details about trade, local customs, and political organisation. Ludovico di Varthema (1503–1506), an Italian adventurer visited Banda and Ternate just before the Portuguese conquest. His accounts, published in 1510, included references to the wealth of cloves and nutmeg, further encouraging European interest.<sup>19</sup> Italy did not join in the colonisation of Southeast Asia and thus has no troubling historical legacy with the region.

Following its designation as an ASEAN Development Partner in 2020, Italy has expanded trade, investment, and cultural engagement with Southeast Asian countries.<sup>20</sup> In 2024 Indonesia and Italy celebrated the 75th anniversary of diplomatic relations, underscoring their long-term commitment. Economic ties—though still lagging behind Germany, the Netherlands or France—span energy, machinery, agribusiness, digital technology, and consumer goods. Italy’s export plan for 2025 intensifies its focus on ASEAN as a strategic trade hub. Italy’s Indo-Pacific strategy, regional cooperation, and support for renewable energy and digital transformation align with Indonesia’s development objectives.<sup>21</sup>

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<sup>17</sup> EEAS (2025) “Global Gateway”, [available online](#).

<sup>18</sup> Strangio, S. (2025) “France, Indonesia sign Agreement that could lead to further defense purchases”, *The Diplomat*, 29 May, [available online](#).

<sup>19</sup> Hester, N.C. (2019) “Italian Travel Writing”, in Das, N., Youngs, T., *The Cambridge History of Travel Writing*, Cambridge: Cambridge University Press, 206–220.

<sup>20</sup> ASEAN Secretariat Portal (2025) “Overview: ASEAN-Italy Development Partnership”, Jakarta, July, [available online](#).

<sup>21</sup> Nugraha, P.C. (2024) “A new horizon for closer Indonesia-Italy relations”, *The Jakarta Post*, 6 June, [available online](#).



## The IEU-CEPA: A Turning Point

While the bilateral relations between Indonesia and individual EU member countries have been relatively free of major obstacles, this has not been the case with Indonesia's relations with the EU as a bloc. Negotiations for the Indonesia–EU Comprehensive Economic Partnership Agreement (IEU-CEPA) began in mid-2016 and required nearly nine years and some nineteen formal rounds to reach political agreement in 2025. Key sticking points included environmental and sustainability rules (especially palm oil) as already discussed earlier, local content requirements, investor protection provisions, mineral export limits, and technical issues such as rules of origin and services commitments. These problems caused negative sentiments between Indonesia and the EU, as can be seen from Prabowo's scathing criticisms of the EU in 2023 quoted earlier, going so far as to say that Indonesia did not need Europe. The COVID-19 pandemic caused delays between 2020 and 2022, but breakthroughs resumed in 2023, and by 2024–2025, major issues such as automotive market access, critical minerals, public procurement, and investor protections were resolved.

Once concluded, IEU-CEPA offers phased or immediate zero tariffs on roughly 80 percent of Indonesia's exports to the EU—including apparel, footwear, processed palm oil, fish products, and automotive components. Analysts forecast a 50 percent or more increase in Indonesian exports within three to four years, supporting downstream industrial upgrading, diversification beyond traditional partners, and job creation in labour-intensive sectors.<sup>22</sup> The agreement also brings enhanced investment certainty for EU firms in critical areas such as EV batteries, critical minerals, digital infrastructure, and renewable energy—aligning with Indonesia's climate and development agenda.<sup>23</sup>

For the EU, the FTA opens access to Indonesia's fast-growing consumer and industrial market, with improved conditions for machinery, chemicals, manufactured goods, services in telecom, finance, logistics, and more. Strategically, IEU-CEPA diversifies EU trade across ASEAN, following agreements with Singapore and Vietnam, while embedding sustainability, labour rights, and environment protection into its architecture. The timing of the final announcement—on Sunday, July 13, 2025 and a single high-visibility diplomatic occasion—reinforced a shared sense of urgency and convergence amidst global geopolitical volatility, including US President Trump's punitive tariffs imposed on almost all countries wanting to trade with the United States.<sup>24</sup> As mentioned earlier, the agreement on the Indonesia-EU CEPA has generated a much more positive outlook from President Prabowo and the Indonesian government as a whole towards the EU and Europe in general.

<sup>22</sup> Saputra, G.T.P., Nooraeni, R. (2020) *The Impact of Indonesian-European Union Comprehensive Economic Partnership Agreement (IEU-CEPA) on Indonesia's Textile and Textile Products*, Bangkok: ESCAP, [available online](#).

<sup>23</sup> Rafitrandy, D. (2025) "The Indonesia-European Union Comprehensive Economic Partnership Agreement (I-EU CEPA): Opportunity to Accelerate Green and Digital Transformation in Indonesia", *Indonesian Quarterly*, 52 (2), 89-109.

<sup>24</sup> Strangio, S. (2025) "Indonesia, EU Announce Agreement to Advance Trade Pact", *The Diplomat*, 14 July, [available online](#).



## Perceptions and Trust: Public Attitudes in ASEAN and Indonesia towards the EU

Recent public opinion surveys conducted by ISEAS-Yusof Ishak Institute in Singapore since 2019 entitled “The State of Southeast Asia” highlight evolving attitudes toward the EU in Southeast Asia and Indonesia specifically. Between 2019 and 2021, ASEAN respondents’ confidence in the EU rose from around 41 percent to some 51 percent, making the EU the second most trusted power after Japan. In 2023, confidence remained relatively high, although concerns grew regarding the EU’s leadership capacity and perceptions of incompatible political values. Worry about the EU being distracted by internal matters decreased modestly, while some respondents raised alarms over the EU’s stances on environment and human rights threatening sovereignty. In 2024, ASEAN confidence in the EU’s capacity to champion global free trade dropped below 14 percent, although in 2025 it rose slightly to 15.6 percent.<sup>25</sup>

In Indonesia, trust in the EU in 2019 stood at 45 percent, rising to 52.7 percent in 2020. However, by 2023, perceptions became more mixed: confidence in the EU’s global leadership declined, and concerns about the EU’s environmental and human-rights positions increasing sovereignty risk rose sharply—from under 18 percent in 2022 to nearly 29 percent. Meanwhile, those who regarded the EU as unreliable increased to 17.2 percent. Trust in the EU declined steadily, reaching a record low in 2024, largely due to the EU’s stance on the Israel–Gaza conflict and environmental policies seen as coercive, though trust in the EU global leadership rose again in 2025. Although Indonesia’s trends broadly mirror ASEAN sentiment, the shift in perceptions regarding sovereignty and normative interference is especially notable.<sup>26</sup>

The recent conclusion of the Indonesia-EU CEPA and the shifting position of several EU countries on the Israeli-Gaza conflict by supporting the Palestinian statehood, will likely further improve Indonesia’s and ASEAN’s overall perceptions of the EU in the next survey.

## Indo-Pacific Outlook: Convergence and Caution

In response to the emergence of various Indo-Pacific strategies of external powers, notably the US Free and Open and Free Indo-Pacific (FOIP) strat-

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<sup>25</sup> Tang, S. M., Moe, T., Hoang, T. H., Termsak, C., Pham, T. P. T., Anuthida, S. Q. (2019) *The State of Southeast Asia: 2019 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#); Tang, S.M., Hoang, T.H., Anuthida, S.Q., Glenn, O., Pham, T.P.T. (2020) *The State of Southeast Asia: 2020 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#); Seah, S., Ha, H. T., Martinus, M., Thao, P. T. P. (2021) *The State of Southeast Asia: 2021 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#); Seah, S., Lin, J., Sithanonyay, S., Martinus, M., Pham, T.P.T., Farah, N.S., Hoang, T.H. (2022) *The State of Southeast Asia: 2022 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#); Seah, S., Ha, H. T., Martinus, M. Thao, P. T. P. (2023) *The State of Southeast Asia: 2023 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#); Seah, S., Lin, J., Martinus, M., Fong, K., Aridati, I., Pham, T. P. T., Chee, D. (2024) *The State of Southeast Asia: 2024 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#); Seah, S., Lin, J., Martinus, M. Fong, K., Pham, P. T. P., Indira, Z.A. (2025) *The State of Southeast Asia: 2025 Survey Report*, Singapore: ISEAS – Yusof Ishak Institute, [available online](#).

<sup>26</sup> *Ibidem*.

egy introduced by President Donald Trump in 2017, which were seen to be primarily directed against China, Indonesia took a leading role in pushing ASEAN to take an active part in the discourse about this new “Indo-Pacific” strategic concept. Because Southeast Asia is located at the geographic midpoint between the Indian and Pacific oceans and all the lands around and within them, ASEAN must, in Jakarta’s view, continue to retain its centrality in the evolving Indo-Pacific construct. ASEAN’s centrality is regarded as essential for ensuring the development of a truly open, transparent and inclusive Indo-Pacific regional architecture that will try to bridge rather than accentuate differences.<sup>27</sup> The ASEAN’s *Outlook on the Indo-Pacific* (AOIP), adopted in 2019, articulates core priorities that include an open and inclusive region, ASEAN centrality, rules-based order rooted in UNCLOS 1982, and four pillars of cooperation—maritime security, connectivity, sustainable development goals (SDGs), and economic cooperation.

The European Union’s Indo-Pacific strategy, formally titled the *EU Strategy for Cooperation in the Indo-Pacific* and released in September 2021, reflects the bloc’s growing recognition of the Indo-Pacific as a region of strategic economic and geopolitical importance. The EU’s Indo-Pacific strategy, bolstered by the individual strategies of key member states, represents an important step in Europe’s re-engagement with Southeast Asia. While differences in national priorities persist, the overarching trend is one of convergence around shared principles—support for multilateralism, ASEAN centrality, and sustainable development.<sup>28</sup>

ASEAN has generally welcomed the EU Indo-Pacific strategy, along with those of its member states, provided they are inclusive, non-confrontational, and supportive of ASEAN’s own strategic autonomy. The EU’s emphasis on multilateralism, development cooperation, and ASEAN centrality has resonated well with Southeast Asian nations, including Indonesia, which values balanced engagement that does not force a choice between major powers. ASEAN’s cautious but open stance is rooted in its desire to avoid being drawn into rival strategic alignments, preferring initiatives that respect sovereignty, deliver concrete developmental benefits, and align with ASEAN’s own priorities in infrastructure, digital economy, and climate resilience.<sup>29</sup>

The convergence between the EU’s and ASEAN’s regional visions has strengthened the basis for deeper cooperation. However, some divergence remains. The strategic ambitions of France, particularly in security and defence, may at times appear at odds with ASEAN’s preference for non-alignment and consensus-based diplomacy. Meanwhile, the diversity of approaches among EU member states could risk fragmenting the overall coherence of European engagement in the region unless efforts are made to coordinate and align national and EU-level strategies more closely.

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<sup>27</sup> Anwar, D.F. (2020) “Indonesia and the ASEAN Outlook on the Indo-Pacific”, *International Affairs*, 96 (1), January, 111–129, [available online](#).

<sup>28</sup> Driesmans, I. (2021) “ASEAN at the Centre of EU’s Indo-Pacific Strategy”, *The ASEAN Post*, 19 April, [available online](#).

<sup>29</sup> Lin, J. (2021) “The EU in the Indo-Pacific: A New Strategy with Implications for ASEAN”, *ISEAS-Yusof Ishak Institute*, December, [available online](#).

Indonesia's response to the EU's Indo-Pacific Strategy is nuanced and shaped by its long-standing "bebas aktif" or independent and active foreign-policy doctrine which envisions a balanced, multipolar world underpinned by international law. Indonesia sees EU strategies as opportunities for enhanced economic cooperation, green transition, connectivity, and support for ASEAN's institutional role. Indonesia remains cautious about defence cooperation and great-power rivalry. It seeks diversified partnerships without excessive dependence on any single bloc or major power—a stance that dovetails with ASEAN's multi-alignment posture.

## Conclusion

ASEAN and the EU confront a world defined by fragmentation, uncertainty, shifting power dynamics, and socio-ecological imperatives. In this context, their strategic partnership offers a pragmatic model of cooperative regionalism grounded in inclusivity, multilateralism, rules-based order, and sustainable development. For Indonesia, the challenge lies in navigating the dual inheritance of colonial legacies and diplomatic opportunity. As criticisms rooted in historical resentment persist—especially regarding trade restrictions or normative friction—the broader trajectory points toward constructive engagement and mutual benefit. The IEU-CEPA, Indonesia's evolving foreign-policy stance, and ASEAN's institutional maturity provide fertile ground for a transformed partnership.

By confronting the colonial past honestly, reaffirming shared values, and building cooperation on foundations of equity and reciprocity, ASEAN countries and the EU can forge a future partnership that transcends history while remaining informed by it. Such a relationship would not merely mitigate global uncertainties; it could help shape a more stable, inclusive, and sustainable international order as well as a more stable, peaceful and prosperous Indo-Pacific regional order where ASEAN can ensure its strategic autonomy and centrality, without succumbing to the hegemonic ambitions of competing great powers.

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PART TWO

# **ITALY'S RELATIONSHIP WITH ASEAN AND INDIVIDUAL COUNTRIES**





# Italian Development Cooperation in ASEAN: A Strategic Partnership for Sustainable Growth

**Michele Boario**

Italian Agency for Development Cooperation (AICS), Hanoi

*This chapter examines Italy's development cooperation in Southeast Asia through the ASEAN-Italy partnership, with a focus on the strategic and operational role of the Italian Agency for Development Cooperation (AICS). It explores how Italy aligns bilateral and regional initiatives with ASEAN priorities and broader EU frameworks, particularly in key sectors such as sustainable agriculture, circular economy, climate resilience, and digital innovation. The analysis highlights flagship initiatives supported by AICS, the Directorate General for Globalisation and Global Issues (DGMO), and Cassa Depositi e Prestiti (CDP), including contributions to the Just Energy Transition Partnership (JETP). The chapter also critically assesses key challenges – such as limited financial resources, bureaucratic delays, and coordination gaps with EU programming – and offers targeted recommendations to overcome them, emphasizing the importance of a stable and predictable national funding framework. It concludes that Italy's approach, combining technical assistance, blended finance, and institutional dialogue, can offer a flexible and context-sensitive model for advancing the 2030 Agenda across Southeast Asia.*

## Introduction

This section of the report examines the evolving partnership between Italy and the Association of Southeast Asian Nations (ASEAN) through the lens of development cooperation, with a specific focus on the role of the Italian Agency for Development Cooperation (AICS). As the primary implementing body of Italy's official development assistance, AICS plays a central role in advancing a strategic, inclusive, and results-oriented engagement with ASEAN. Its interventions are embedded within the broader framework of the ASEAN–Italy Development Partnership, which is supported by funding from the Directorate General for Globalisation and Global Issues (DGMO) of the Italian Ministry of Foreign Affairs and International Cooperation (MAECI), funding from AICS, and leveraged by the financial instruments of Cassa Depositi e Prestiti (CDP) and relevant resources allocated to the Just Energy Transition Partnership (JETP).

Rooted in shared values and a common commitment to multilateralism, the Italy–ASEAN partnership seeks to address pressing global challenges such as climate change, digital transformation, and social inequality, while supporting ASEAN's regional integration goals. AICS has contributed to this agenda by designing and implementing tailored, context-sensitive initiatives across a range of strategic sectors, including sustainable agriculture, environmental

protection, circular economy, energy transition, and digital innovation. Italy's participation in the JETP in Vietnam and Indonesia, as well as capacity-building programs in areas like statistics, fisheries, and rural development, illustrate this multidimensional approach.

Crucially, AICS integrates bilateral flexibility with regional coherence, aligning its programming with ASEAN's evolving priorities while working in synergy with European Union efforts. Through public–private partnerships, academic cooperation, and innovative financing tools, Italy also promotes long-term sustainability, institutional strengthening, and the mobilization of private capital.

At the same time, this chapter critically reflects on the key operational and strategic challenges Italy faces in the region. These include limited financial resources, the diversity of ASEAN member states, bureaucratic delays, and the need for alignment with broader EU frameworks. It explores how Italy, and AICS in particular, have responded through adaptive mechanisms, including differentiated national approaches, blended finance, and enhanced coordination with ASEAN institutions.

Ultimately, the chapter highlights how the Italy–ASEAN partnership represents a strategic model for sustainable development cooperation – one that balances diplomatic engagement, technical expertise, and financial innovation. By promoting a shared vision of resilience, equity, and sustainability, Italy contributes to bridging regional development gaps and advancing the 2030 Agenda across Southeast Asia.

### **Italy and ASEAN: A Partnership Rooted in Shared Goals**

The relationship between Italy and ASEAN is built on a foundation of shared values, and a joint commitment to addressing global challenges through cooperative action. ASEAN's position as a dynamic economic and cultural hub – home to over 680 million people and a combined GDP surpassing \$3 trillion – highlights its strategic importance to Italy.<sup>1</sup> Recognizing this significance, Italy has established a partnership that prioritizes sustainability, inclusivity, and innovation.

The institutional engagement between Italy and the Association of Southeast Asian Nations (ASEAN) commenced in a structured form with Italy's designation as a Development Partner during the 53rd ASEAN Foreign Ministers' Meeting, held on 9 September 2020.<sup>2</sup> This designation represented a pivotal step in consolidating bilateral relations and provided the basis for a formalized framework of cooperation. The establishment of the ASEAN–Italy Development Partnership Committee (AI-DPC) institutionalized the dialogue mechanism, ensuring strategic alignment between ASEAN's priorities and Italy's development cooperation objectives.<sup>3</sup>

The inaugural meeting of the AI-DPC took place on 19 April 2021, followed by the second session on 10 June 2022, during which the two parties jointly adopted

<sup>1</sup> Boario, M., Gabusi, G. (2024) *The Economies of ASEAN Countries Between Regional Integration and Global Connections*, Geopolitics of East Asia: Security, Economy, Ideology, Rome: Carocci, 185–206.

<sup>2</sup> Embassy of Italy in Jakarta, “Development Cooperation”, [available online](#).

<sup>3</sup> ASEAN Secretariat (2021) “ASEAN, Italy Launch Development Partnership”, 19 April, [available online](#).

the Practical Cooperation Areas (2022–2026). This document delineates the thematic scope of the partnership, encompassing sectors such as sustainable trade, environmental governance, food and agriculture, energy transition, digital integration, and cultural exchange.<sup>4</sup> The third meeting, convened on 18 April 2023, reaffirmed the mutual commitment to advancing joint initiatives and enhancing implementation mechanisms. The fourth meeting, held on 28 November 2024, further reinforced the strategic nature of the partnership and underscored Italy's role in supporting ASEAN integration and regional resilience.<sup>5</sup>

These high-level dialogues are complemented by sectoral platforms – including the ASEAN–Italy High-Level Dialogue on Economic Relations, intergovernmental technical exchanges, and youth engagement initiatives – which collectively contribute to deepening mutual understanding, fostering policy coherence, and promoting sustainable development across the ASEAN region.<sup>6</sup>

Since Italy was recognized as a Development Partner, cooperation has advanced across all three ASEAN Community pillars, encompassing political-security, economic, socio-cultural, and development dimensions. Italy has supported capacity-building initiatives in peacekeeping, maritime security, and mine action, and has engaged with ASEAN on key priorities such as disaster risk reduction, transnational crime, and human rights.<sup>7</sup> On the economic front, despite a slight contraction in trade flows and negative FDI in 2022, Italy has continued to promote economic relations through the Italy–ASEAN Association and annual High-Level Dialogues on economic cooperation. In the socio-cultural and development domains, Italy has supported education, scientific exchange, and cultural heritage, with initiatives such as the Virtual Learning Center on Cultural Heritage and two ASEAN–Italy Youth Conferences.<sup>8</sup>

Since 2021, a total of 14 project proposals have been submitted under the ASEAN–Italy Development Partnership. Of these, 4 have already been completed, 8 have been approved and are currently in the start-up or implementation phase, while 2 remain under discussion. The combined value of these projects amounts to €6,785,000 funded by DGMO. When including initiatives funded under AICS's 2024 programming, as well as the approved Italy's €2.5 million contribution to the ASEAN COVID-19 Response Fund, the total financial commitment already allocated by Italy to the Partnership reaches more than €15,000,000.<sup>9</sup>

By April 2025, more than 50% of the Practical Cooperation Areas (PCA) have been covered by project activities – a significant achievement considering that

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<sup>4</sup> ASEAN Secretariat (2022) *ASEAN–Italy Development Partnership: Practical Cooperation Areas (2022–2026)*, [available online](#).

<sup>5</sup> AICS Hanoi (2024) “Italy-ASEAN Partnership: AICS Delegation participates in the fourth Steering Committee”, 28 November, [available online](#).

<sup>6</sup> For more information on the ASEAN–Italy High-Level Dialogue on Economic Relations, please refer to The European House – Ambrosetti, “ASEAN–Italy High-Level Dialogue on Economic Relations”, [available online](#).

<sup>7</sup> ASEAN Secretariat (2025) “Overview of the ASEAN–Italy Development Partnership as of 13 February 2025”, [available online](#).

<sup>8</sup> *Ibidem*.

<sup>9</sup> *Ibidem*.

the framework comprises 61 distinct areas of intervention. It is also worth noting that 2024 has seen a marked acceleration in project approvals, with 7 initiatives endorsed in the course of the year alone – accounting for half of all approved projects to date.

In parallel with AICS and DGMO contributions, Cassa Depositi e Prestiti (CDP) – Italy’s national development finance institution – has emerged as a key actor in the ASEAN–Italy partnership. CDP supports economic cooperation through blended finance instruments that combine public resources, climate finance, and private capital mobilization. A significant step was taken in October 2023 with the signing of a collaboration agreement between CDP and the ASEAN Secretariat, aimed at enhancing business connectivity. Through its Business Matching platform, CDP has hosted nine digital events in sectors like clean technologies and agri-food, involving nearly 900 companies and facilitating over 100 B2B meetings.<sup>10</sup>

CDP also plays a strategic role in the Just Energy Transition Partnerships (JETPs) in Vietnam<sup>11</sup> and Indonesia<sup>12</sup>, where it has committed €750 million to support equitable decarbonization in coordination with G7 partners and regional development banks.<sup>13</sup> Moreover, CDP has pledged up to €155 million in loans and grants to the ASEAN Catalytic Green Finance Facility (ACGF). As the operational manager of the €4.2 billion Italian Climate Fund, CDP significantly expands Italy’s development finance toolbox, offering concessional loans, equity investments, and guarantees that complement AICS’s grant-based programming. Through this multifaceted engagement, CDP enhances Italy’s ability to support green and inclusive growth across Southeast Asia.

Beyond institutional actors, Italian firms are increasingly contributing to sustainable development in the region – particularly through initiatives aligned with circular economy principles, such as waste-to-energy systems in Indonesia under the National Strategic Projects framework.<sup>14</sup> Italy’s private sector has also engaged in industrial innovation and infrastructure development, demonstrating a growing convergence between public cooperation and private investment.

Italy’s ability to align its initiatives with ASEAN’s regional objectives underscores its role as an influential medium power capable of driving transformative change. This partnership not only reflects Italy’s strategic interests but

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<sup>10</sup> For more information on the CDP Business Matching platform and its initiatives, please refer to the official CDP Business Matching website: <https://businessmatching.cdp.it/en/welcome>.

<sup>11</sup> European Commission (2023) *JETP Resource Mobilisation Plan – Vietnam*, [available online](#).

<sup>12</sup> OECD Development Assistance Committee (DAC) (2024) “Members’ Participation in Just Energy Transition Partnerships”; see also JETP Indonesia, “JETP Country Platform”, [available online](#).

<sup>13</sup> For detailed information on CDP’s involvement in the Just Energy Transition Partnerships (JETPs) in Vietnam and Indonesia, please refer to [https://businessmatching.cdp.it/it/dashboard/eventi/cdp-le-progettualita-paesi-partner-della-cooperazione-focus-sulle-just-energy-transition-partnerships-vietnam-e-indonesia?id=121&utm\\_source=chatgpt.com](https://businessmatching.cdp.it/it/dashboard/eventi/cdp-le-progettualita-paesi-partner-della-cooperazione-focus-sulle-just-energy-transition-partnerships-vietnam-e-indonesia?id=121&utm_source=chatgpt.com).

<sup>14</sup> Lin, B.Y. (2023) “Indonesia to Build 30 Waste-to-Energy Plants,” *Recessary News*, December, [available online](#).

also underscores its commitment to contributing to ASEAN's resilience and prosperity. The emphasis on shared goals has also fostered a sense of mutual accountability, with both parties committing to measurable outcomes and long-term sustainability. By embracing ASEAN's regional diversity and Italy's sector-specific expertise, the partnership has demonstrated the value of tailored approaches that align with local priorities.

### **Strategic Priorities and Current Initiatives of Italian Development Cooperation in ASEAN**

The AICS Hanoi Office is responsible for overseeing part of the Italian Official Development Assistance (ODA) in a broad geographical area that includes ASEAN countries, Bangladesh, and the Small Island Developing States (SIDS) of the Pacific. As of April 2025, it manages an active portfolio of projects amounting to €101.8 million, comprising technical cooperation, development finance, and humanitarian assistance. All interventions are aligned with national development priorities and are intended to contribute to the achievement of the 2030 Agenda for Sustainable Development. Within the region, Vietnam stands as the principal beneficiary of Italian ODA.<sup>15</sup>

Since 2020, the Hanoi Office has progressively regionalized its operational focus, increasingly favoring initiatives that promote ASEAN integration. As mentioned above, this strategic reorientation reflects Italy's formal recognition as a Development Partner of ASEAN in September 2020 and responds to the evolving cooperation framework between Italy and the Association.<sup>16</sup> It also marks a shift from country-specific programming toward regional solutions, fostering convergence between national needs and ASEAN-wide priorities.

AICS Hanoi's operations are guided by a strategic vision that aims to deliver coherent and context-sensitive results across a diverse set of political and socio-economic environments. Its distinctiveness in East and Southeast Asia lies in its focus on integrated, inclusive, and sustainable development, adapted to the environmental and demographic vulnerabilities of the region. Programming choices are inspired by the 2030 Agenda and the "5Ps" framework (People, Planet, Prosperity, Peace, Partnership), and are built on three strategic axes: climate resilience, sustainable natural resource management, and the promotion of circular economy models.<sup>17</sup> The unifying thread across its portfolio is the strengthening of local capacities, the valorization of Italian expertise, and the promotion of scalable, country-owned solutions that are consistent with both national priorities and the objectives of the ASEAN–Italy Development Partnership.

<sup>15</sup> For more information on AICS Hanoi, please refer to the official website: <https://hanoi.aics.gov.it/?lang=en>.

<sup>16</sup> ASEAN Secretariat (2021) "ASEAN, Italy Launch Development Partnership," 19 April, [available online](#).

<sup>17</sup> United Nations System Staff College (2015) *The 2030 Agenda for Sustainable Development: A Primer*, [available online](#).



In middle-income countries such as Vietnam, emphasis is placed on environmental sustainability and knowledge transfer, while in fragile contexts like Myanmar, the focus shifts toward humanitarian needs. This flexibility is enabled by the use of a wide range of instruments – from technical cooperation to concessional sovereign lending, debt swap funds, and emergency response – ensuring both strategic consistency and country-level adaptability.

As of April 2025, AICS Hanoi coordinates several cooperation initiatives at a different level of their appraisal and life cycle with ASEAN institutions and Member States, reflecting Italy's strategic commitment to sustainability, equity, and regional integration. These initiatives are embedded in ASEAN's sectoral priorities and contribute to the implementation of the ASEAN Community Vision 2025 and the Sustainable Development Goals.

The current portfolio includes three approved initiatives designed in close coordination with ASEAN institutions. The first is the “Scientific and Technical Support for Sustainable Agriculture in ASEAN Countries (3S)”, led by the University of Milan, which introduces sustainable mechanization and climate-resilient practices into maize, cassava, and sugarcane production. This initiative supports SDG 2 and SDG 13 by contributing to food security and promoting adaptation to climate variability.<sup>18</sup>

The second initiative, “Cooperation Mechanism for the Competitive Development of Aquaculture and Small-Scale Fisheries (COOPMEC)”, is implemented by CIHEAM Bari in collaboration with the ASEAN Fisheries Working Group. It supports ASEAN Member States in improving aquaculture governance and promoting sustainable small-scale fisheries management. The project addresses technical, policy, and social dimensions, including the development of ASEAN Good Aquaculture Practices (GAqP), training and exchange activities, and the adaptation of international frameworks such as the FAO's SSF Guidelines and strategies for mitigating the impacts of abandoned and lost fishing gear (ALDFG).<sup>19</sup>

Third, Italy has allocated €2.5 million to the COVID-19 ASEAN Response Fund<sup>20</sup>, established in 2020 as a multi-donor instrument to provide immediate and long-term pandemic response. However, its implementation has faced political and operational delays, especially concerning the exclusion of Myanmar's de facto authorities.

In parallel, AICS Hanoi has spearheaded the design of four additional initiatives, all of which have received positive technical feedback from ASEAN but remain under appraisal waiting for fund confirmation. Among these is the “Geo-Lab” project, proposed by a consortium including the University

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<sup>18</sup> AICS Hanoi (2024) “Sustainable Agriculture: AICS supports ASEAN Countries,” 18 November, [available online](#).

<sup>19</sup> International Cooperation at CIHEAM Bari (2025) “CIHEAM Bari Portfolio – Progetti cooperazione italiana”, [available online](#).

<sup>20</sup> ASEAN Secretariat (2021) “Overview of the COVID-19 ASEAN Response Fund”, [available online](#).



of Naples Parthenope, the National Research Council (CNR), and the Italian Geologists' Union (UGI). The project focuses on low and medium-enthalpy geothermal energy as part of ASEAN's energy diversification strategy. A complementary proposal – developed with IUCN and Italian CSOs – focuses on forest management and climate resilience through nature-based solutions and community-based ecotourism.

Two additional concept notes were submitted to the ASEAN IAI Division: one on improving water resource use in agriculture in the Lower Mekong region (Cambodia, Laos, and Vietnam), and the other promoting circular economy principles and market access in agricultural value chains, such as coffee and natural rubber, in selected countries. While all four initiatives are well aligned with regional development priorities and reflect Italy's comparative strengths, their approval remains subject to final confirmation by the Italian side.

Beyond project design and management, AICS Hanoi has worked to strengthen methodological coherence by introducing Results-Based Management (RBM) and Theory of Change frameworks in regional programming.<sup>21</sup> These tools, not utilized enough in ASEAN project appraisal systems, have improved the analytical rigor, transparency, and accountability of joint initiatives.

In addition to the initiatives identified with ASEAN, AICS is also promoting other programs with a regional focus. For example, a trilateral regional project on environmental statistics, implemented by ISTAT in collaboration with the national statistics offices of Vietnam, Cambodia, and Lao, is enhancing regional data systems and improving the measurement of environmental indicators critical to climate action.

Innovation and digital transformation have become emerging priorities across Southeast Asia, particularly in the context of sustainable and climate-resilient development.<sup>22</sup> Within the Italy–ASEAN partnership, all key actors – including AICS, CDP, and Italian research institutions – have initiated policy dialogues and pilot initiatives to introduce agri-tech solutions tailored to ASEAN's needs. These include precision agriculture technologies, data-driven analytics, and digital platforms for improving market access and value chain integration. Although still at an early stage, such initiatives reflect a growing convergence between Italian expertise and ASEAN's regional strategies for agricultural modernization. Importantly, they aim to enhance resilience to climate variability and market volatility, contributing to a more adaptive and digitally enabled agri-food system in the region.

Finally, human capital development remains a foundational element of Italy's cooperation strategy. DGMO and AICS support capacity-building through scholarships, technical training programs, and regional workshops focused on agriculture, environment, and energy. These investments foster long-term in-

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<sup>21</sup> AICS (2023) *Operational Manual for an Approach to Sustainable Development Results*, [available online](#).

<sup>22</sup> ASEAN Secretariat (2022) *ASEAN–Italy Development Partnership: Practical Cooperation Areas (2022–2026)*, [available online](#).

stitutional partnerships and support ASEAN's goal of narrowing development gaps through skills development and knowledge sharing.

In sum, Italian development cooperation in ASEAN is guided by a strategic vision that integrates thematic depth, methodological rigor, and regional relevance. Its alignment with ASEAN priorities and its flexible use of instruments – ranging from technical assistance to development finance – underscore Italy's commitment to inclusive and sustainable development in Southeast Asia. However, to sustain and expand this impact, a predictable and adequate national funding framework remains essential.

**Table 1: Status of AICS-ASEAN initiatives as of April 2025<sup>23</sup>**

Initiative/Title	Budget €	Executing Agency	Status
Competitive Development of Aquaculture Cooperation Mechanism for the Small-Scale Fishery in ASEAN.	2,999,745	CIHEAM Bari-Mediterranean Agronomic Institute of Bari.	ASEC/CPR approval on 17.07.2024 and Italy's Joint Committee approval on 30.09.2024. Inception phase.
Scientific and Technical Support to ASEAN Countries' Sustainable Agriculture.	2,829,198	Consortium led by University of Milan, Dipartimento di Scienze Agrarie e Ambientali, Produzione, Territorio, Agroenergia (DISAA); Scuola Superiore Sant'Anna di Pisa (SSSA Pisa); The Alliance Biodiversity International and CIAT (ABC).	ASEC/CPR approval on 06.09.2024 and Italy's Joint Committee approval on 06.11.2024. Inception phase.
Italian contribution to the ASEAN COVID-19 Response Fund.	2,500,000	COVID-19 ASEAN Response Fund, administered by the ASEAN Secretariat.	Approved by Italy's Joint Committee on 30.03.2023. Agreement finalization pending.
GeoLab ASEAN.	5,000,000	Consortium led by University of Naples Parthenope; members: CNR, Unione Geotermica Italiana (UGI).	Included in AICS planning exercise 2024. Project appraisal on hold.
Enhancing resilience to climate change through ecotourism and nature-based solutions in forests, protected and conserved areas in ASEAN Countries.	4,500,000	International Union for the Conservation of Nature (IUCN). Italian CSOs will be involved in the implementation.	Included in AICS planning exercise 2024. Project appraisal on hold.
Support to Small-Scale Producers in the ASEAN Region through the Promotion of Circular Agroforestry Models.	5,000,000	Consortium led by Politecnico di Torino with Center for Circular Economy of Coffee.	Ongoing discussions and preliminary concept under preparation.
Sustainable Water Resource Management and Agricultural Resilience in the IAI Countries of the Lower Mekong.	6,000,000	CIMA Foundation.	Ongoing discussions and preliminary concept under preparation.

<sup>23</sup> AICS (2024) Presentation during the IV Steering Committee Meeting of the Italy–ASEAN Development Partnership, 28 November. Unpublished internal document.

## Challenges and Adaptive Approaches

Despite its promising early results, the Italy–ASEAN partnership continues to face a range of challenges that require adaptive and context-sensitive strategies. One of the foremost challenges is the heterogeneity among ASEAN member states, which differ significantly in terms of economic development, governance capacity, and sectoral priorities. For instance, while Singapore and Malaysia have advanced digital infrastructures, countries like Cambodia and Lao PDR prioritize basic service delivery and rural development. AICS has responded by designing country-specific development initiatives within a unified regional framework – for example, supporting circular economy approaches in Viet Nam’s agri-food sector, promoting reforestation and indigenous livelihoods in the Philippines through a Debt-for-Development Swap Program, and advancing sustainable aquaculture governance through the project “Cooperation Mechanism for the Competitive Development of Aquaculture and SmallScale Fisheries” in Cambodia and other ASEAN Member States.<sup>24</sup> A further illustration of this approach is a trilateral initiative to support environmental statistics systems in Vietnam, Cambodia, and Lao PDR. While the regional objective is to improve the monitoring and management of water resources and climate-induced extreme events in the Mekong subregion, the project is carefully tailored to address the varying levels of institutional development and statistical capacity in the three countries – providing differentiated technical assistance to their respective national statistical offices. These examples demonstrate Italy’s commitment to ensuring that its development cooperation is both context-sensitive and strategically aligned with ASEAN’s broader integration and sustainability goals.<sup>25</sup>

A second critical challenge lies in resource constraints, as Italy, a medium-sized donor, operates with relatively limited financial allocations for development cooperation. As a medium-sized donor, Italy must deploy its funding strategically to maximize impact. To this end, it has concentrated its efforts on high-impact thematic areas such as sustainable agriculture, renewable energy, digital innovation, and the circular economy. Under the ASEAN–Italy Practical Cooperation Areas (2022–2026), initiatives have included the development of innovation hubs for clean energy start-ups and pilot projects for digital traceability in agricultural value chains.<sup>26</sup> Italy has also increasingly relied on public–private partnerships (PPPs) and collaborations with academic institutions, enabling co-financing arrangements that scale impact and promote the long-term sustainability of interventions. Furthermore, AICS aims to capitalize on economies of scale resulting from a streamlined project portfolio, characterized by fewer but larger initiatives.

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<sup>24</sup> AICS Hanoi (2023) “Sustainable Agriculture: AICS Supports ASEAN Countries”, 13 November, [available online](#).

<sup>25</sup> ASEAN Secretariat (2025) “Overview of the ASEAN–Italy Development Partnership as of 13 February 2025”, [available online](#).

<sup>26</sup> ASEAN Secretariat (2022) *ASEAN–Italy Development Partnership: Practical Cooperation Areas (2022–2026)*, [available online](#).

To address structural funding limitations and enable more scalable solutions, AICS is seeking to mobilize private capital through blended finance mechanisms and risk-sharing instruments. In this context, Cassa Depositi e Prestiti (CDP) plays a pivotal role. As a financial intermediary, CDP can structure both concessional and non-concessional financing, including sovereign and sub-sovereign lending, as well as credit lines targeting the private sector. Moreover, CDP is positioned to issue guarantees and invest in regional platforms that catalyze private sector participation in climate-smart, inclusive, and sustainable development initiatives. A notable example is CDP's \$35 million loan to Vietnam Prosperity Joint Stock Commercial Bank (VPBank) to support SMEs, particularly women-led enterprises, as part of a broader \$300 million climate-focused investment package led by the International Finance Corporation (IFC), alongside other European development finance institutions.<sup>27</sup> This financing promotes green investments in areas such as renewable energy and energy efficiency, and reflects CDP's capacity to act as a catalyst for private sector engagement, particularly where market risks deter conventional investors.

Beyond individual transactions, strengthened coordination among CDP, AICS, and ASEAN-based financial institutions could enhance synergies in project design, due diligence, and impact assessment – contributing to a more vibrant and resilient sustainable finance ecosystem in Southeast Asia.

Italy's capacity to amplify its presence in the region is further reinforced by the Fondo Italiano per il Clima (Italian Climate Fund), launched by the Ministry of the Environment and Energy Security (MASE) and managed operationally by CDP. The Fund aims to mobilize €4.2 billion between 2022 and 2026 to support climate mitigation and adaptation projects in developing countries.<sup>28</sup> It expands the range of financial tools available to Italian cooperation by offering blended finance instruments, such as concessional loans, equity participation, and guarantees. These mechanisms complement AICS's grant-based programming, enabling a dual-track approach that combines strategic infrastructure finance with targeted technical assistance and local capacity-building.

This complementary approach is exemplified by Italy's commitment to the JETP. Italy has pledged €500 million to support Vietnam's energy transition, equally divided between resources from the Italian Climate Fund and CDP's own capital.<sup>29</sup> This contribution supports flagship initiatives such as the Bac Ai pumped storage hydropower plant, which aims to stabilize Vietnam's power grid and facilitate greater integration of renewable energy. In Indonesia, Italy has similarly pledged €250 million to the JETP, reinforcing its commitment to regional decarbonization and energy resilience.<sup>30</sup>

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<sup>27</sup> Cassa Depositi e Prestiti (2023) "CDP's First Financing in Vietnam: \$35 Million for SMEs", 18 December, [available online](#).

<sup>28</sup> Ministry of Environment and Energy Security (2023) "The Italian Climate Fund", [available online](#).

<sup>29</sup> ASEAN Centre for Energy (2024) "Is JETP Making Progress in ASEAN Energy Transition?", 10 July, [available online](#).

<sup>30</sup> Nguyen, T. (2024) "One Year into the Indonesia and Vietnam's Just Energy Transition Partnerships", *The interpreter*, 10 December, [available online](#).

The strategic alignment of AICS grant operations with CDP-managed financial instruments, including those of the Climate Fund, constitutes a coherent and flexible architecture for Italian development cooperation. This model allows Italy to address both structural infrastructure needs and institutional and community-level challenges. Ensuring effective coordination among AICS, CDP, MASE, and partner institutions will be essential for maximizing impact and reinforcing Italy's contribution to sustainable and inclusive development across ASEAN.

Cumbersome bureaucratic processes, both in ASEAN and in Italy, have also posed persistent obstacles. These delays are especially evident in the project formulation and approval phases. Italy has sought to address this by fostering ongoing institutional dialogue and streamlining coordination mechanisms. For example, informal consultations between AICS and ASEAN Secretariat technical units have helped clarify expectations and reduce misunderstandings in project design.

A more structural issue arises from the dual approval process required for AICS initiatives, which must be endorsed both by ASEAN and the relevant Italian authorities. As of 2025, the standard sequence mandates the formal approval of the project document by ASEAN before submission to Italian decision-making bodies. Given that ASEAN's internal evaluation process typically spans a minimum of three months, this sequencing often results in a delay of at least 12 months from programming approval to project start-up. To address this, discussions are underway – as of April 2025 – to allow parallel approvals by ASEAN and Italy, thereby aligning the initiative's timing with Italy's annual programming cycle and enhancing overall responsiveness.

The broader geopolitical complexity of the Indo-Pacific region also influences the partnership. Heightened tensions between major powers, trade restrictions, and supply chain disruptions can have ripple effects on regional cooperation initiatives. Italy's non-aligned stance and focus on inclusive dialogue have provided a measure of diplomatic stability, allowing it to maintain constructive engagement with ASEAN even amid shifting strategic environments. For example, Italy's emphasis on "open regionalism" – a cooperative approach that promotes economic integration and multilateral engagement without requiring political alignment or exclusive memberships – aligns well with ASEAN's own principle of centrality, which asserts ASEAN's leading role in shaping the regional architecture through consensus, neutrality, and inclusive diplomacy.<sup>31</sup> This convergence reinforces mutual trust, as both parties favor a rules-based order that respects national sovereignty while promoting collective action, especially in areas like sustainable development, connectivity, and regional resilience.<sup>32</sup>

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<sup>31</sup> AICS Hanoi (2024) "Italy-ASEAN Partnership: AICS Delegation participates in the fourth Steering Committee", 28 November, [available online](#).

<sup>32</sup> ASEAN Secretariat (2024) "ASEAN and Italy Reinforce Partnership at the 4th ASEAN-Italy Development Partnership Committee Meeting", 28 November, [available online](#).



Another operational challenge lies in implementing activities in countries where Italy does not maintain a direct cooperation presence, such as Cambodia, Lao PDR, and Thailand. In these contexts, Italy has relied on ASEAN institutions to help identify appropriate national partners. While this approach promotes legitimacy and alignment with regional priorities, it also introduces an additional layer of mediation that can, at times, slow down implementation. Similarly, the involvement of Italian implementing institutions, including civil society organizations (CSOs), without a permanent presence in the region creates further operational constraints. In some cases, this has been mitigated through the formation of consortia that include at least one partner with an established presence in the region. Nonetheless, the establishment of an AICS office in Jakarta, together with the allocation of a dedicated project space within the ASEC premises, has significantly strengthened operational coordination and helped accelerate approval processes.

Finally, the Italy–ASEAN partnership must continually navigate the challenge of aligning Italy’s bilateral initiatives with broader EU strategic frameworks. Italy operates both as a national actor and as an EU Member State, and while this dual role can create synergies, it also requires careful coordination. For example, many of the sectors Italy prioritizes in ASEAN – such as green transition, digital transformation, and sustainable infrastructure – are also key pillars of the EU Strategy for Cooperation in the Indo-Pacific.<sup>33</sup> However, Italy’s bilateral initiatives may have specific operational modalities, timelines, or geographic focuses that differ from those of the EU.

A concrete example is the Italian-supported “Scientific and Technical Support for Sustainable Agriculture in ASEAN Countries (3S)” project, which promotes climate-resilient practices in maize, cassava, and sugarcane production. While the initiative is strongly aligned with EU objectives on climate-smart agriculture and food system resilience, it was developed bilaterally with ASEAN and led by an Italian academic institution outside the framework of a formal Team Europe Initiative. This can create a risk of fragmentation if similar EU-funded or Member State-led initiatives are implemented in parallel without coordination – potentially leading to duplication of efforts, inconsistent engagement with ASEAN counterparts, or missed opportunities for joint programming and visibility. Moreover, the 3S project follows a different programming cycle and governance structure, making it harder to integrate with regional EU platforms or contribute to shared monitoring and evaluation frameworks.

Maintaining coherence across these frameworks requires ongoing institutional dialogue between Italian and EU actors, particularly the Delegation of the European Union to ASEAN, AICS, and the Italian Ministry of Foreign Affairs. For instance, when Italy finances a bilateral initiative in sectors such as the circular economy or renewable energy, coordination with EU-funded regional programs helps ensure complementarity rather than duplication.<sup>34</sup> This is espe-

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<sup>33</sup> European Union External Action Service (2021) *EU Strategy for Cooperation in the Indo-Pacific*, 19 April, [available online](#).

<sup>34</sup> ASEAN Secretariat (2022) *ASEAN–Italy Development Partnership: Practical Cooperation Areas (2022–2026)*, [available online](#).



cially important when engaging with ASEAN institutions, which often prefer coordinated approaches that reduce fragmentation and align with the ASEAN Connectivity agenda.<sup>35</sup>

At the same time, Italy's status as a medium-sized donor offers it the flexibility to act as an agile partner, able to pilot innovative solutions or respond rapidly to emerging ASEAN needs. In this sense, Italy complements the EU's broader engagement by adding diplomatic depth – its ability to engage bilaterally, maintain consistent institutional dialogue, and build trust through targeted political and technical cooperation. A clear example is Italy's early and proactive role in launching the ASEAN–Italy Development Partnership in 2020, which led to the establishment of the ASEAN–Italy Development Partnership Committee (AI-DPC). This positioned Italy among the few EU Member States with a formalized cooperation framework with ASEAN, enabling it to shape a mutually agreed agenda and maintain a direct channel with ASEAN institutions. Italy also brings thematic specialization in areas such as sustainable agriculture, cultural heritage, and circular economy. Nevertheless, to maximize its impact and ensure policy coherence, Italy must continue investing in coordination, joint programming, and information-sharing with EU counterparts – particularly through platforms such as Team Europe Initiatives<sup>36</sup> and the Global Gateway.<sup>37</sup>

### **Looking Ahead: Building a Shared Future**

As Italy and ASEAN deepen their partnership, several strategic directions emerge to enhance effectiveness and long-term impact. Scaling context-specific initiatives into broader regional platforms will be critical for reinforcing ASEAN integration and ensuring inclusivity across member states with differing capacities. Italy's flexible, bilateral approach – when embedded within a unified regional framework – can serve as a blueprint for responsive and targeted cooperation.<sup>38</sup>

To meet the region's growing development financing needs, mobilizing private capital through blended finance, green bonds, and sustainability-linked instruments will be essential. Italy is well positioned to play a catalytic role through the combined use of AICS grants, CDP-managed financial instruments, and the Italian Climate Fund, particularly when aligned with ASEAN priorities and structured to attract private sector participation. Further leveraging CDP's role as a development finance institution, alongside continued cooperation with ASEAN-based partners, can also foster a stronger regional ecosystem for sustainable finance.

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<sup>35</sup> ASEAN Secretariat (2025) "Overview of the ASEAN–Italy Development Partnership as of 13 February 2025", [available online](#).

<sup>36</sup> European Commission (2021) "Global Gateway: Up to €300 Billion for the European Union's Strategy to Boost Sustainable Links Around the World", 1 December, [available online](#).

<sup>37</sup> European Commission (2021) "Team Europe Initiatives: Working Better Together", 1 December, [available online](#).

<sup>38</sup> AICS Hanoi (2023) "Indo-Pacific outlooks: implications for the EU-ASEAN relationship: the role of Italian Cooperation in regional integration", [available online](#).

Stronger alignment with EU frameworks, including through Team Europe Initiatives and Global Gateway, will be vital to avoid fragmentation and reinforce Italy's dual role as a bilateral actor and EU Member State. Coordinated planning and shared monitoring mechanisms can ensure complementarity between Italy's efforts and broader EU engagement, particularly in priority sectors such as the green transition, circular economy, and digital innovation. AICS's status as a pillar-assessed implementing agency offers an opportunity to position Italy as a reliable partner in EU-funded regional initiatives, while also promoting Italian expertise and know-how.

At the operational level, continued efforts to streamline project formulation and approval procedures – including through parallel ASEAN–Italy processes – will enhance responsiveness and reduce delays. Further investments in adaptive programming, local partnerships, and technical capacity-building can help tailor cooperation to specific national contexts, especially in countries where Italy lacks a direct presence.

Finally, the long-term success of the Italy–ASEAN partnership will depend on its ability to remain adaptive, inclusive, and forward-looking. As both regions confront complex and interlinked challenges – from climate shocks and water insecurity to digital disruption and social inequality – Italy and ASEAN can serve as co-creators of solutions rooted in shared prosperity, mutual trust, and sustainable growth. By sustaining institutional dialogue, investing in innovation, and coordinating closely with EU partners, Italy can strengthen its role as a bridge-builder and catalyst for resilient development across Southeast Asia. To sustain and expand this strategic engagement, however, a predictable national funding framework on the Italian side remains essential.

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# Italy as Europe's Bridge to the Global South: A Southeast Asian Perspective

**Yanitha Meena Louis**

Institute of Strategic and International Studies (ISIS), Kuala Lumpur

*As Rome navigates the geopolitical complexities that come with the rise of the Indo-Pacific order, a key challenge is deeper structural and functional engagement with Southeast Asia. For Southeast Asian countries and ASEAN, embrace of Indo-Pacific semantics has been sluggish and calculated, considering how the “Indo-Pacific” has been associated with negative and “exclusionary” connotations since its conception in the recent past. A “wait-and-see approach” has hence been adopted in the absence of a coherent and robust strategy towards the emerging Indo-Pacific order. This has largely deterred enhanced strategic cooperation between ASEAN and the EU through the EU Strategy for Cooperation in the Indo-Pacific, and by virtue, Europe and Southeast Asia. This paper argues that Italy has the potential to act as Europe’s bridge to the Global South. If Rome sees the Indo-Pacific as a “geographical region” instead of solely a “geostrategic construct”, then its terms of engagement with Southeast Asia can be anchored on a concept palatable to the region and – in recent years – this has been the Global South. As a “Global North Global South mobiliser” in the Indo-Pacific, Italy has a unique opportunity to frame its cooperation with ASEAN and ASEAN member states geographically part of the Indo-Pacific within the Global South agenda that these countries identify with. The reason for this is that firstly, Rome has not fallen into the “redundancy trap” like Germany and France with individual Indo-Pacific strategies, and secondly, Rome is already part of the Global South narrative since its G7 agenda was announced in December 2023 and its re-engagement with Africa. Rome must start advocating for Global South mobilisation in EU mechanisms and agencies to cement its role as Europe’s bridge to the Global South.*

## Effective EU-ASEAN Engagement in the Indo-Pacific? Or Global South? – What’s in a Name?

The end of the last decade has been marked by complex, dynamic geopolitics and a new, emerging regional order. The emerging Indo-Pacific order has become the default “theatre” for the unfolding United States-China competition as we witness several potent consequences borne out of this increasingly adversarial relationship – more so with the Trump 2.0 administration. One is the sense of urgency from Indo-Pacific countries to make sense of this new geopolitical environment – whether it is forming alliances or realigning priorities, this is manifested in the rise of minilateralism in the region and the emergence of targeted “Indo-Pacific strategies”.

In 2019, ASEAN released its ASEAN outlook on the Indo-Pacific (AOIP) which “envisages ASEAN Centrality as the underlying principle for promoting cooperation in the Indo-Pacific region, with ASEAN-led mechanisms, such as the East Asia Summit (EAS), as platforms for dialogue and implementation of the Indo-Pacific cooperation, while preserving their formats”.<sup>1</sup> The EU published its EU strategy for cooperation in the Indo-Pacific at the end of 2021 underlining how the regional bloc would be “stepping up its strategic engagement with the vital Indo-Pacific region ... aim[ing] to contribute to the region’s stability, security, prosperity and sustainable development, in line with the principles of democracy, rule of law, human rights and international law”.<sup>2</sup>

It must be acknowledged here that the EU’s approach very clearly seeks out its many partners in the Indo-Pacific and articulates its reliance on the inherent synergies with existing partnerships. It is possible, however, that the EU’s “principled and long-term” engagement in itself requires tremendous effort, clarity and initiative from its partners – risking a lack of reception, despite its holistic nature. The AOIP, on the other hand, is a rather rigid response to the Indo-Pacific construct, rooted in familiarity to the point that it is banal. It is safe to say that all stakeholders in the Indo-Pacific recognise and endorse ASEAN Centrality despite the prevailing question on what this “centrality” even means in the current geopolitical context.

The emerging Indo-Pacific order has brought ASEAN to the forefront – not necessarily with its “permission”. Geographically, the Indo-Pacific construct automatically puts Southeast Asia at the heart of region, with ASEAN the natural core of engagement. Simply put, while an actor may not necessarily consider ASEAN its most important partner in the region, it most certainly cannot afford to ignore it, by virtue of its presence and unique value in the regional order. But it must be acknowledged – now more than ever – that this default significance shown to ASEAN quite clearly has created a sort of expectation vs reality paradox that 1) deepens the impression that ASEAN is not doing enough with the sense of urgency that is required in the current status quo; 2) reiterates that ASEAN is not keeping up with the times, losing relevance and a strong enough hold in the emerging Indo-Pacific and 3) questions ASEAN’s stance, intentions, principles and values in the status quo.

Having an “ASEAN stance” towards the Indo-Pacific has been visibly challenging for ASEAN because it lacks a collective outlook on how to respond to great power competition. This can be attributed to the different levels of attachment ASEAN countries have to great powers and their varying levels of commitment to ASEAN unity in foreign affairs.<sup>3</sup> Embracing Indo-Pacific in ASEAN’s dialogue relations and ASEAN-led mechanisms has been spotty,

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<sup>1</sup> ASEAN (2019) *ASEAN Outlook on the Indo-Pacific*, Jakarta, 22 June, [available online](#).

<sup>2</sup> European Commission (2021) *Joint Communication to the European Parliament and the Council: The EU Strategy for Cooperation in the Indo-Pacific*. Brussels, 16 September, [available online](#).

<sup>3</sup> Muhibat, S.F. (2022) “Looking beyond the ASEAN Outlook on the Indo-Pacific”, *East Asia Forum*, 20 July, [available online](#).



given that its dialogue partners are deeply polarised on this issue – i.e., as cases in point, China<sup>4</sup> and Russia. Hence, in what Hoang<sup>5</sup> describes as ASEAN's "promiscuous diplomacy", ASEAN has to sing different tunes with different dialogue partners when it comes to the Indo-Pacific. This, of course, makes the regional grouping even more vague and spiritless when navigating the unfolding regional order. ASEAN member states also remain ambivalent about the concept of the Indo-Pacific due to its malleability<sup>6</sup>, dynamism and scope of interpretation – making them reluctant to invest in the necessary political, economic and military resources to follow up on the AOIP.

The reasons for this perhaps stem from Southeast Asia's reluctant or lukewarm "recognition" and "embrace" of the Indo-Pacific concept/construct itself. Ha<sup>7</sup> opines that the ambivalence among Southeast Asian countries towards the Indo-Pacific is largely due to the flexibility and ambiguity of the concept. In addition to this, for many, the Indo-Pacific is still seen as a US-led, anti-China coalition, further reinforced by the Trump administration's confrontational stance towards Beijing after the pandemic. Initially dismissing the Indo-Pacific as "sea foam that will soon dissipate", China's attitude shifted to alarm and anger, labelling it as part of the US's "hegemonic strategy" and "Cold War, zero-sum thinking". This heightened sensitivity from Beijing has made Southeast Asian countries hesitant to fully endorse the Indo-Pacific concept. Ha<sup>8</sup> also highlights that within ASEAN, Indonesia and Vietnam are arguably the most proactive in embracing the Indo-Pacific concept, though they approach it from different perspectives.

It must be acknowledged, however, that this hesitancy has gradually diminished over the years as it becomes clear that the "Indo-Pacific order" is here to stay. Take the case of Malaysia, as a "least-likely to" example. Malaysia for the longest time, did not use the requisite Indo-Pacific semantics, inadvertently staying out of strategic discourse centred around a concept that was growing in significance.<sup>9</sup> This has gradually changed, with Prime Minister Anwar Ibrahim growing more inclined with using the term in his speeches and statements in

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<sup>4</sup> Despite its multifaceted nature, China has consistently rejected the use of the Indo-Pacific concept in its official policy. Beijing's attitude was reflected in Chinese Foreign Minister Wang Yi's remarks that dismissed the Indo-Pacific as a "come-back of Cold War mentality" and "retrogression of history. Reference: Jaknanihan, A.A. (2022) *Beyond Inclusion: Explaining China's Rejection of the Indo-Pacific Regional Construct*, Global: Jurnal Politik Internasional, [available online](#).

<sup>5</sup> Hoang, T.H. (2021) "ASEAN Navigates between Indo-Pacific Polemics and Potentials", *ISEAS Perspective*, 49, [available online](#).

<sup>6</sup> *Ibidem*.

<sup>7</sup> Hoang, T.H. (2021) "ASEAN Navigates between Indo-Pacific Polemics and Potentials", *ISEAS Perspective*, 49, [available online](#).

<sup>8</sup> *Ibidem*.

<sup>9</sup> Mishra, R., Wang, P.B.M. (2021) "Malaysia and the Indo-Pacific: Navigating the Ocean of Strategic Uncertainties", *The Diplomat*, [available online](#); Hooi, K.Y. (2022) "Malaysia and the 'Indo-Pacific': Why the Hesitancy?", *The Diplomat*, [available online](#); Kuik, C.C. (2020) "Mapping Malaysia in the Evolving Indo-Pacific Construct", in Council for Security Cooperation in the Asia Pacific, *CSCAP Regional Security Outlook*, Canberra: CanPrint Communications, 45-48, [available online](#); Abdullah, M.F. (2023) "Malaysia's Role in the Emerging Indo-Pacific Order", *ISIS Malaysia*, [available online](#).

the last year.<sup>10</sup> In the last two years, ASEAN's internalisation of the Indo-Pacific, while slow, has also been more pronounced. More concrete efforts have emerged, such as the establishment of the ASEAN Indo-Pacific Forum under Indonesia's 2023 chairmanship. Further steps toward implementing the AOIP have been taken through initiatives like the *ASEAN Leaders' Declaration on Mainstreaming Four Priority Areas of the ASEAN Outlook on the Indo-Pacific within ASEAN-Led Mechanisms*<sup>11</sup> and ASEAN's participation in platforms such as the EU Indo-Pacific Ministerial Forum.<sup>12</sup> These examples, however, clearly demonstrate that in relation to Southeast Asia, the challenge of cooperating within the Indo-Pacific or even coalescing around the construct remains a potent challenge for partners in the region – more so the EU. To put plainly, Indo-Pacific cooperation is tricky because the usage of Indo-Pacific semantics is tricky. There is a clear gap between how the EU and EU member states view the Indo-Pacific and how ASEAN and ASEAN member states have adjusted to the Indo-Pacific reality.

Against this complex backdrop, since 2023, new strategic semantics related to Global South mobilisation have surfaced. Hogan and Patrick<sup>13</sup> wrote that the resurgence of the Global South reflects a renewed push for a fairer global order, unlike the failed attempt in the 1980s. From 1990 to 2020, the global Gini coefficient fell, reducing inequality between nations. Countries like India, Indonesia, and Brazil have gained economic and political power, challenging the idea of a unified, powerless Global South. They have, rather remarkably, bypassed Western institutions with groups like BRICS+ and increased collaboration with the Global North through the G20.

For many Global South governments, growing economic and political strength has fuelled, rather than lessened, their push for realignment, as rising power has not brought greater privilege. Additionally, while some nations have gained wealth and influence, many others remain low-income and excluded from major multilateral platforms. While Global South countries often echo similar rhetoric about the global order, their positions differ. India and China, though both in BRICS+, are fierce geopolitical rivals competing for leadership in the Global South.<sup>14</sup> Amid this diversity, Hogan and Patrick underline that references to the Global South should emphasize its core idea: uniting varied experiences under a common grievance – an exploitative global political economy that reinforces colonial hierarchies – and advocating for a global realignment that promotes self-determination.

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<sup>10</sup> Indian Council of World Affairs (2024) "Towards a Rising Global South: Leveraging on Malaysia-India Ties", speech by Dato' Seri Anwar bin Ibrahim-Prime Minister of Malaysia at the 50th Sapru House Lecture, New Delhi, 20 August, [available online](#); Anwar, D.S. (2023) *Keynote Address at the 36th Asia-Pacific Roundtable (APR)*, Kuala Lumpur: Institute of Strategic and International Studies (ISIS), 10 August, [available online](#).

<sup>11</sup> ASEAN (2022) "ASEAN Leaders' Declaration on Mainstreaming Four Priority Areas of the ASEAN Outlook on the Indo-Pacific within ASEAN-Led Mechanisms", 11 November, [available online](#).

<sup>12</sup> European Union (n.d.) "EU Indo-Pacific Ministerial Forums", [available online](#).

<sup>13</sup> Hogan, E., Patrick, S. (2024) "A Closer Look at the Global South", *Carnegie India*, [available online](#).

<sup>14</sup> *Ibidem*.

A staunch believer of the “Asian century”, Mahbubani<sup>15</sup> writes that the world appears to be nearing what many see as the end of Western dominance. He asserts that 88 per cent of the global population resides outside the West, in what is now known as the Global South and many countries across Latin America, Africa, and Asia are no longer passive players on the global stage, increasingly asserting their independence from the West. PM Anwar in his speech at the Indian Council of World Affairs during his maiden state visit to India, said that “the resurgence of Global South narratives and the desire for greater participation in the international system has pushed regional powers to the forefront, with opportunities to exert agency and shape the discourse around what a Global South agenda should look like”. He stressed that, at this geopolitical crossroads marked by strategic uncertainties, the Global South should aim for a collective good with fair opportunities for all. An empowered Global South is inevitable, with real opportunities to address global challenges collaboratively, including climate change, supply chain resilience, food security, and Artificial Intelligence governance.<sup>16</sup>

Ha and Cha<sup>17</sup> explain that Southeast Asian countries are indeed associated with the Global South across various material indicators and normative dimensions, including their developmental level, membership in organisations representing the Global South, and alignment with the Global South discourse advocating for a more representative and equitable international order. Despite this, they also concede that Southeast Asian countries make their foreign policy decisions based on their respective national interests rather than on ideological solidarity with the Global South. This is evident in their varied responses to the Russia-Ukraine war<sup>18</sup>, the Israel-Hamas conflict<sup>19</sup>, and South China Sea disputes.<sup>20</sup>

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<sup>15</sup> Mahbubani, K. (2024) “Measuring Power in the Global South”, *Chatham House*, February, [available online](#).

<sup>16</sup> Indian Council of World Affairs (2024) “Towards a Rising Global South: Leveraging on Malaysia-India Ties”, speech by Dato’ Seri Anwar bin Ibrahim-Prime Minister of Malaysia at the 50th Sapru House Lecture, New Delhi, 20 August, [available online](#).

<sup>17</sup> Hoang, H.T., Cha, H.W. (2024) *Southeast Asia and the Global South: Rhetoric and Reality*, Singapore: ISEAS Perspective, 14 June, [available online](#).

<sup>18</sup> Singapore has imposed sanctions on Russia and supported United Nations General Assembly resolutions condemning Russia; the Philippines transitioned from abstentions to supporting these resolutions under the Marcos Jr administration; Indonesia, Malaysia, Cambodia, and Thailand maintain a neutral stance, offering certain support for resolutions condemning Russia; and both Vietnam and Laos predominantly abstained.

<sup>19</sup> Southeast Asian responses to the Israel-Hamas conflict in October 2023 were varied between Muslim majority nations and non-Muslim nations. Singapore and the Philippines condemned the attacks by Hamas which then led to Israel’s subsequent disproportionate attacks on Gaza. Muslim-majority Indonesia attributed “the root of the conflict” to “the occupation of the Palestinian territories by Israel”, Malaysia expressed solidarity with the Palestine people and maintains ties with Hamas, and Brunei condemned Israel’s occupation and illegal settlements. Thailand and Vietnam meanwhile have expressed concerns but adopted a more neutral stance.

<sup>20</sup> The South China Sea issue sheds light on how nations in Southeast Asia and the Global South at large have prioritised their interests over standing up for international law and for fellow small states in the face of larger powers, i.e. China. This dynamic has played out at NAM meetings in recent years. At the 2024 NAM, ASEAN countries even failed to reach consensus on the group’s proposed wording on the SCS due to differences among themselves.

Major powers are increasingly adopting the Global South narrative in their approaches to Southeast Asia. China frames its ties with the region within both its neighbourhood policy and the Global South context. India has called on ASEAN to elevate the Global South for mutual benefit, while Japan aims to bridge the Global North and South, viewing ASEAN as a key gateway for strengthening its Global South relations.<sup>21</sup>

It must be stressed here that Southeast Asia's framing of the Global South discourse reveals a central inference. First, it is relatively easier and more effective for regional partners to engage Southeast Asia within the Global South narrative – it is less contentious than coalescing solely around the Indo-Pacific concept since all Southeast Asian countries identify with Global South semantics in one way or other.

This does not imply that partners like the EU abandon its Indo-Pacific push in Southeast Asia altogether; the idea is to recalibrate the frame of reference, primarily that Europe wishes to engage Southeast Asia and ASEAN as part of a collective and shared Global South agenda that brings development and prosperity and enhances cooperation across regions, leading to a stable and peaceful Indo-Pacific.

Essentially, for the EU, there is a need to cultivate long-term relationships by engaging with Global South countries on a broad set of issues, whether it is trade and economic cooperation, climate change, development support or even institutional reform in multilateral mechanisms, well before seeking their support. Identifying both formal and informal avenues for such engagement is essential. In an increasingly conflict-prone and complex world, there is ample scope for multiple groupings—as many as time permits. Recognising and treating Global South nations as distinct entities is both urgent and necessary. Expanding diplomatic outreach now will yield long-term benefits.<sup>22</sup>

### **The Rome “Re-Connection”: What Does Italy Want?**

Italy's approach to the Indo-Pacific<sup>23</sup> requires greater clarity, especially in light of the EU's Indo-Pacific strategy, which has received only lukewarm reception in the region. The question is whether Rome intends to take a more proactive role<sup>24</sup> in shaping the EU's Indo-Pacific engagement, or whether it seeks to carve out a distinct national strategy, as France<sup>25</sup> and Germany<sup>26</sup> have attempted. Both paths risk being conflated with the EU's broader –and often muddled– Com-

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<sup>21</sup> *Ibidem*.

<sup>22</sup> Ashton, B. (2024) “Stop Taking the Global South for Granted”, *Chatham House*, February, [available online](#).

<sup>23</sup> Mazziotti Di Celso, M. (2024) “Is Italy Needed in the Indo-Pacific?”, *War on the Rocks*, [available online](#).

<sup>24</sup> Patalano, A. (2024) “Italy: The Globally Connected Mediterranean Power?”, *RUSI Commentary*, [available online](#).

<sup>25</sup> Ministry for Europe and Foreign Affairs (2021) *France's Indo-Pacific Strategy*, Paris, [available online](#).

<sup>26</sup> Federal Foreign Office (2023) “Germany and the Indo-Pacific – Three Years of Enhanced Engagement in a key Region in International Politics”, [available online](#).

mon Foreign and Security Policy (CFSP), perpetuating confusion about the EU's supranational coherence.

If Italy's objective is deeper engagement with ASEAN and its member states, then a strategy centred on the Indo-Pacific may not be the most effective vehicle. Conversely, if Italy's aim is to become a prominent actor in Indo-Pacific geopolitics, focusing too heavily on ASEAN may dilute that ambition; the two paths appear mutually exclusive. As a proponent of stronger Italy–Southeast Asia relations, this paper lies in identifying what enables this bilateral and multilateral engagement, even if it means de-emphasising Italy's role as a broader Indo-Pacific actor. The crux of this debate lies in perception: does Italy view the Indo-Pacific as a mere geographic expanse<sup>27</sup> or as a geostrategic construct?<sup>28</sup> If it is the former, then Italy's engagement with Southeast Asia can be framed in terms more acceptable to the region—namely, the Global South. While not all Indo-Pacific countries are part of the Global South, all Southeast Asian nations within the Indo-Pacific fall under that umbrella<sup>29</sup>, aligning neatly with Italy's evolving foreign policy posture in recent years.

### **Italy as a “Global North” Global South Mobiliser in the Indo-Pacific**

Rome has the potential to be a distinct “Global North” Global South mobiliser in the Indo-Pacific, not through a singular strategy but through an evolving, multifaceted engagement that resonates with the priorities of the Global South. While countries like Japan are recalibrating their Indo-Pacific approaches to align with the growing assertiveness and agenda-setting by Global South actors—particularly in the wake of Western disillusionment—Italy offers a nuanced model. Italy's strategic involvement in the Indo-Pacific is already taking shape across three broad domains: economy, security, and norms.<sup>30</sup> Among these, the normative dimension stands out, positioning Italy as a potential bridge between the EU and the Global South. This is most evident in Prime Minister Meloni's G7 agenda, which foregrounded a renewed focus on Global South dialogue.<sup>31</sup>

This, in fact, is in line with Italy's aim to function as an “enhanced bridge” in terms of National Role Conception (NRC). This role goes beyond merely

<sup>27</sup> Bonavita, M., Murday, L., Scholz, T. (2024) *The Indo-Pacific: A Survey of the Key Issues and Debates*, London: King's College London, [available online](#).

<sup>28</sup> Smith, N.R., Bacon, P.M. (2024) “The Indo-Pacific is an Idea More Than a Region – and It's Pushing Politics in a ‘Pessimistic and Paranoid’ Direction”, *The Conversation*, November, [available online](#).

<sup>29</sup> As post-colonial nations with largely developing economies and non-aligned foreign policies, Southeast Asian countries are typically classified within the Global South—though Singapore and Brunei stand out as exceptions due to their higher levels of development. Ideologically, however, these countries would not be averse to cooperating with partners within the “Global South agenda” since fellow ASEAN members resonate with these semantics.

<sup>30</sup> Abbondanza, G. (2024) “Italy's Quiet Pivot to the Indo-Pacific: Towards an Italian Indo-Pacific Strategy”, *Istituto Affari Internazionali*, [available online](#).

<sup>31</sup> Voice of Vietnam (2024) “G7 Summit Opens in Italy, Meloni Affirms Global South Dialogue”, 14 June, [available online](#).



acting as a “translator” or conduit of information between diverse cultures, as described in Holsti’s concept of the bridge NRC.<sup>32</sup> Rather, Italy seeks to shape a discourse that nurtures a sense of community and shared purpose, thereby creating a political environment conducive to advancing common agendas. The idea of Italy as a bridge in global affairs resonates strongly with Italian Foreign Ministers. Situated at the intersection of multiple cultural, economic, political, and security divides, Italy is naturally positioned to facilitate dialogue, foster mutual understanding, and connect the West with developing and emerging nations.<sup>33</sup>

Italy’s status as an IORA dialogue partner and an ASEAN development partner further signals its conscious effort to reshape the terms of engagement around challenge-based cooperation, a core tenet of the Global South agenda. Moreover, unlike the EU’s often top-down “normative exports”, Italy promotes regionally palatable practices such as niche cooperation and targeted multilateralism<sup>34</sup> – approaches that eschew paternalism and align more closely with regional priorities. In this context, Italy’s re-engagement with Africa<sup>35</sup> offers a useful reference point for building sustainable partnerships in Southeast Asia.

## Conclusion

In the current strategic context in Southeast Asia, Global South semantics are increasingly more resonant and palatable than the Indo-Pacific discourse where uptake is surely but slowly gaining traction. In this context, Italy holds a unique opportunity to shape its cooperation with ASEAN and its member states—geographically situated in the Indo-Pacific—through the lens of the Global South agenda, which these countries more readily identify with. Unlike Germany and France, which have risked strategic redundancy by developing separate Indo-Pacific strategies, Italy – so far – has avoided this pitfall. Instead, Rome’s approach is already embedded in the Global South narrative, as seen in its G7 presidency priorities and structured re-engagement with Africa. This positioning enables Italy to serve as a credible and non-prescriptive partner in Southeast Asia. To consolidate this role, Italy must now take the lead in advocating for “Global North enterprise”<sup>36</sup> in Global South mobilisation within EU mechanisms and agencies, ensuring that European engagement aligns more closely with the region’s priorities and sensitivities.

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<sup>32</sup>Holsti, K.J. (1970) “National Role Conceptions in the Study of Foreign Policy”, *International Studies Quarterly* 14(3), 233–309, [available online](#).

<sup>33</sup>Gabusi, G., Caffarena, A. (2024) “Changing and Yet the Same? Italy’s Foreign Policy Ideas and National Role Conceptions in a Populist Age”, *Contemporary Italian Politics*: 1–22, [available online](#).

<sup>34</sup>Casini, E. (2025) “Italy as a European Hub in the Rise of the Global South,” *Med-Or Foundation*, February, [available online](#).

<sup>35</sup>Guglielminotti, L. (2024) “The evolution of Italian presence in Africa: towards an innovative policy approach?”, *FMES Institute*, [available online](#).

<sup>36</sup>Louis, Y.M. (2025) “Malaysia’s ASEAN chairmanship 2025: Strengthening regionalism, interregionalism and Global South mobilisation,” *Observer Research Foundation*, [available online](#).



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# Navigating Turbulent Waters: the Philippines' Changing Indo-Pacific Strategy

**Aries A. Arugay, Matteo Piasentini**

University of the Philippines-Diliman, Quezon City

*The Philippines finds itself at the heart of the Indo-Pacific region, in close proximity to several geopolitical flashpoints. Aware of its delicate position within a shifting regional security environment—characterized by the resurgence of great power competition and the challenges to existing institutions designed to maintain the regional security architecture—Manila has recalibrated its security strategy. This shift focuses on external defense, achieved through military modernization and the establishment of new partnerships with regional and extra-regional powers. As both a U.S. treaty ally and a member of ASEAN, analyzing the rationale behind the Philippines' recent activism offers valuable insights into its evolving security policies and foreign policy orientation. We argue that the Philippines' efforts to forge security partnerships with like-minded countries demonstrate its active commitment to upholding key international norms, such as freedom of navigation and respect for international law, which are seen as vital for maintaining order in the Indo-Pacific. However, these efforts must be complemented by partnerships that bolster the country's economic resilience to ensure the sustainability of Manila's foreign policy trajectory in the long term.*

The Philippines sits at the core of the Indo-Pacific macro region. Such a geographical position is necessary for this archipelagic country to start thinking and strategizing about its relative position in such geographical expanse, in order to face the challenges and opportunities embedded in it. Historically, Manila's reliance to its alliance with the U.S., as well as the presence of two U.S. military bases in northern Luzon during the Cold War made the country's élites confident on external safety, focusing military efforts on counter-insurgency operations and disaster relief.<sup>1</sup> Simultaneously, ever since its independence, the Philippines has actively sustained the Rules-Based International Order heralded by the U.S.<sup>2</sup>

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<sup>1</sup> De Castro, R. C. (2016) "Strategic culture: continuity in the face of changing regional dynamics", in Lantis, J.S., *Strategic Cultures and Security Policies in the Asia-Pacific*, London: Routledge, 84-104.

<sup>2</sup> Misalucha-Willoughby, C. (2023) "The Philippines and the liberal rules-based international order", *International Affairs*, 99(4), 1537-1555.

In recent years, with the intensification of the U.S.-China competition, countries of the Indo-Pacific now necessitate to reorient their assumptions over their role in the international system, as well as in the security environment surrounding them, and profile foreign policy strategies. Indeed, it has been observed<sup>3</sup> albeit not explicit in policy documents, a Philippine “Grand Strategy” may be emerging through consistent patterns of behavior of its security and foreign policy apparatuses. Indeed, facing the necessity to confront an increasingly assertive China in the South China Sea, the Philippines has recently attempted to establish a minimum of strategic priorities towards orienting its national efforts. In doing this, the 2016 Arbitral award by an ad-hoc Tribunal established at the Permanent Court of Arbitration in La Hague, declaring illegitimate the Chinese claims over the 9-Dash Line and condemning Chinese assertive behavior as violations of the Philippines’ maritime entitlements according to UNCLOS<sup>4</sup> served as the base for the Philippines’ position as a regional and extra-regional actor.

Even during the years of the Duterte presidency (2016-2022), in spite of the president’s attempts to downplay the arbitration in favor of a rapprochement to China<sup>5</sup>, in 2017 the Philippines adopted its first security policy document called the “National Security Policy” (NSP)<sup>6</sup>, setting the country’s security priorities until 2022. Even though the 2017-22 NSP placed domestic security as the first priority, territorial integrity and the country’s right to protect its EEZ figures as 4<sup>th</sup> item in the agenda. After the unsuccessful pivot by Duterte and the continuations of maritime tensions, the new NSP 2023-2028 adopted by the Marcos Jr.’s administration places “National Sovereignty and Territorial Integrity” in first place.<sup>7</sup> Changes in the two NSPs highlight how Manila is undergoing a strategic shift from inward-looking to outward-oriented security. Moreover, observant to Manila’s longstanding preference for international cooperation, the NSP seeks to pursue such primary objective through the diversification of security partners, defined as “vital” for the country’s successful attempts in navigating an increasingly deteriorating regional environment.<sup>8</sup> The NSP thus prioritizes strengthening military cooperation through joint exercises, technology transfers, information sharing, and joint patrols to enhance defense capabilities and regional security.<sup>9</sup> Alongside this, it seeks strategic investments and partnerships in key industries to foster economic growth and support military modernization.<sup>10</sup> Regionally, the NSP emphasizes promoting

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<sup>3</sup> Ibarra, E. J. A. (2024) “Articulating a Philippine grand strategy: Policy continuities on the South China Sea”, *Asian Politics & Policy*, 16(3), 317-336.

<sup>4</sup> Permanent Court of Arbitration (2016) “The South China Sea Arbitration (The Republic of the Philippines v. The People’s Republic of China)”, [available online](#).

<sup>5</sup> Magcamit, M. I., Arugay, A. A. (2024) “Explaining populist securitization and Rodrigo Duterte’s anti-establishment Philippine foreign policy”, *International Affairs*, 100(5), 1877-1897.

<sup>6</sup> National Security Council (NSC) Secretariat (2017) *National Security Policy for the Well-Being of the Filipino People 2017-2022*, Manila, [available online](#).

<sup>7</sup> ASEAN Secretariat (2019) *ASEAN Outlook on the Indo-Pacific*, Jakarta, [available online](#).

<sup>8</sup> *Ibidem*.

<sup>9</sup> *Ibidem*.

bilateral, regional, and multilateral cooperation, with a strong commitment to ASEAN centrality.<sup>11</sup> Such endeavor is seen critical for addressing security challenges in the Asia-Pacific and Indo-Pacific regions, reinforcing stability and collective security.<sup>12</sup>

Indeed, shortly after the Marcos Jr administration took office in 2022, the Philippines has embarked in efforts to diversify its partners in multiple forms. Such activity stems from the dual necessity of strengthening its deterrence and normative-upper-hand posture against Chinese assertiveness on the one hand, and on the other to hedge against its historical overreliance to its alliance with the U.S. Such efforts have resulted in the forging of new partnerships, giving substance of what may be an embryonal Indo-Pacific strategy for Manila. While short of forming alliances in the traditional sense, the Philippines is currently forging strategic partnerships, or tightening security and defense relations with several countries, as well as joining forms of minilateral security groupings. This report is aimed at briefly accounting for the most relevant relations and depicts the emerging web of security relations currently enjoyed by Manila. The current report will also contextualize such findings amidst the Philippine-US alliance under the current Trump administration, and conclude by highlighting the potential role for Italy as a partner.

### **Deepening Cooperation with Japan**

Japan is Manila's strongest and most relevant partner after the United States, and in recent years, the two countries have enjoyed burgeoning relationships. For decades Japan has ranked among Manila's top ODA donors, but over the past decade, such a relationship has deepened into closer forms of security cooperation. After launching annual politico-security dialogues focused on counter-terrorism and maritime security in the early 2000s, in 2009 Manila and Tokyo elevated their ties by establishing a Strategic Partnership with an economic focus<sup>13</sup>, then revised in 2011 to include maritime security cooperation.<sup>14</sup>

Such initiatives were taken in light of the growing shared interest in maritime security and a growing concern on the Chinese assertiveness in the South and East China Sea, as signaled by Japan's second Abe administration National Defense Program Guidelines (NDPG), which called for stronger ties with Southeast Asian countries.<sup>15</sup> In those years, Japan transferred 10 patrol vessels to the Philippines Coast Guard, in a spirit of collaboration that led to the

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<sup>10</sup> *Ibidem.*

<sup>11</sup> *Ibidem.*

<sup>12</sup> *Ibidem.*

<sup>13</sup> Ministry of Foreign Affairs, Japan (2009) "Japan-Philippines joint statement: Fostering a strategic partnership for the future between close neighbors", [available online](#).

<sup>14</sup> Ministry of Foreign Affairs, Japan (2011) "Japan-Philippines joint statement on the comprehensive promotion of the 'Strategic Partnership' between neighboring countries connected by special bonds of friendship", [available online](#).

<sup>15</sup> Government of Japan (2013) "National Defense Program Guidelines for FY 2014 and beyond", [available online](#).



2015 Strengthened Strategic Partnership.<sup>16</sup> Security cooperation centered on three areas: equipment transfer, capacity building, and joint training. Crucially, Manila has been on the forefront of Japan's efforts to revise their Equipment Transfer Law, enabling the transfer of several vessels, boats, aircrafts and helicopter parts to the Philippines.

Good relationships between the two countries have been maintained also during the turbulent years of Duterte, but it is with his successor Marcos Jr. that such partnership reached a golden age. In 2023, Japan's new Overseas Security Assistance (OSA) program provided the Philippines with 4 mln USD worth of coastal surveillance radars.<sup>17</sup> Japan also supported technical training, maritime safety, and joint exercises to Manila.<sup>18</sup> Prime Minister Kishida's visit to Manila in late 2023 strengthened and further accelerated such trend: both countries' shared interest in maritime security and maintaining open sea lines of communication,<sup>19</sup> led to the signing of the Reciprocal Access Agreement between Tokyo and Manila in July 2024, shortly after a violent clash between Chinese and Filipino vessels around Second Thomas Shoal.<sup>20</sup>

The RAA testifies the current elevated status that the bilateral relations between the two countries currently enjoy. But concurrently, the Philippines and Japan have worked together to further enmesh the United States in maritime and security cooperation by commencing a sequence of high-level trilateral talks. Such interactions have resulted in a Joint Vision Statement between the three parties in April 2024.<sup>21</sup> Such a statement is crucial, as on top of the usual reaffirmation of shared visions and commitment to uphold the Rules-Based International Order in the region and beyond, it places a specific emphasis on strengthening Manila's economic security and resilience. In fact, it envisions the creation of the Luzon Economic Corridor<sup>22</sup>: a plan of connectivity infrastructures aimed at linking the ports of Subic Bay with Metro Manila and its southern provinces of Cavite and Batangas, arguably the backbone of the Philippine growing economy. Lastly, the statement contains pledges of cooperation and investments in several economic sectors: Open radio networks, semiconductors, supply chains in critical minerals, and clean energy. In other words, a conspicuous part of the trilateral seems to be aimed at strengthening the "junior partner's" economic growth.<sup>23</sup>

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<sup>16</sup> Ministry of Foreign Affairs, Japan (2015) "Action Plan for Strengthening of the Strategic Partnership", [available online](#).

<sup>17</sup> Ministry of Foreign Affairs, Japan (2023) "Official Security Assistance (OSA)", [available online](#).

<sup>18</sup> *Ibidem*.

<sup>19</sup> Arugay, A. A., Galang, M. A. (2023) "The Philippines-Japan security relationship: A new golden age?", *Fulcrum*, [available online](#).

<sup>20</sup> Arugay, A. A., Galang, M. A. (2024) *The Japan-Philippines Reciprocal Access Agreement: Complementing and cementing the hub-and-spokes system*, Singapore: ISEAS – Yusof Ishak Institute Perspective, 70, [available online](#).

<sup>21</sup> Government of the Republic of the Philippines, Government of Japan, Government of the United States (2024) *Joint Vision Statement from the Leaders of Japan, the Philippines, and the United States*, Manila: Presidential Communications Office, [available online](#).

<sup>22</sup> *Ibidem*.

<sup>23</sup> *Ibidem*.



The multi-domain framework of cooperation that Japan and the Philippines currently entertain is indicative of Manila's preferences when engaging foreign partners. Japan's cooperation with the Philippines can be intended as holistically aimed at strengthening Manila's security and economic robustness. Albeit short of an alliance in the proper sense, the signals of interest and support sent by Japan, the cordial and consistent relations conducted over time and across multiple administrations, served as the backbone for elevation of such ties beyond conventional relations. It also shows that, as part of the "San Francisco System", both countries do have a shared understanding of regional security that may be autonomous from the perspective of the U.S. and ASEAN.

### Security Linkages with Australia

The Philippines – Australia relationship shows a longstanding and stable evolution, encompassing a wide range of fields. After the ratification of the Status of Visiting Forces Agreement in 2012<sup>24</sup>, since 2014 Australia has been the first country after the U.S. who attended the *Balikatan* joint exercises with the AFP and the U.S. military<sup>25</sup>. Moreover, two countries' ties elevated to a Comprehensive Partnership in 2015, aiming at closely cooperating in several fields, sharing the finding that "security and prosperity of both countries are linked to the stability in the Indo-Pacific region"<sup>26</sup>, establishing a biennial Ministers' meeting as a platform for developing such cooperation. Second, Australia has shown full support to the Philippines' "lawfare" strategy against Chinese assertiveness in the South China Sea, substantiated in the PCA Ruling of 2016. In fact, not only Australia fully supported the Philippines' position in upkeeping the rule of law in maritime affairs, but it also bound itself to the ruling, and adopted its provision for the settlement of maritime disputes over its overlapping Exclusive Economic Zone with Timor Leste.<sup>27</sup>

Building on these pillars, in late 2023, President Marcos' visit to Canberra resulted in the creation of a Strategic Partnership, welcomed by both parties as a necessary step to further pursue their common objectives of ensuring regional stability and prosperity<sup>28</sup>, where the parties affirmed their will to strengthen ties in enhancing cooperation on maritime, cyber and critical technology. Concurrently, Australia and the Philippines started to conduct joint bilateral patrols of the South China Sea in late 2023, and Australia has participated to joint patrols

<sup>24</sup> Australian Embassy in the Philippines (2012) "Status of Visiting Forces Agreement with Australia ratified by the Philippines", [available online](#).

<sup>25</sup> Department of Defence, Australian Government (2024) "Defence joins partners for exercise *Balikatan*", [available online](#).

<sup>26</sup> Department of Foreign Affairs and Trade, Australian Government (2023) "Joint Declaration on Australia-The Philippines Comprehensive Partnership", [available online](#).

<sup>27</sup> Department of Foreign Affairs and Trade, Australian Government (n.d.) "Australia's maritime arrangements with Timor-Leste", [available online](#).

<sup>28</sup> Government of Australia, Government of the Philippines (2023) *Joint declaration on a strategic partnership between the Republic of the Philippines and the Commonwealth of Australia*, Manila, 9 September, [available online](#).

with the Philippines, Japan and the U.S. in 2024<sup>29</sup>, showing a strong commitment in order-upkeeping and maritime security. Moreover, the Strategic Partnership underscores the partners' shared support of order-building institutions like ASEAN. Finally, this is further testified by the recent shared commitment by both the Philippines and Australia to further update the Partnership.

While the maritime-security dimension is clearly the main driver of such partnership, the parties established the Philippines-Australia Development Partnership Plan (DPP). On top of both countries' membership in regional FTAs like the ASEAN-Australia-New Zealand FTA and RCEP, the DPP is aimed to be a periodically updating platform to set joint development goals catered to the necessity to “supporting stability; fostering inclusive and sustainable economic growth; and strengthening resilience”<sup>31</sup> of the Philippine economy, orienting the already conspicuous development funds allocated by Australia for Manila's development. Notably, Australia sustains the Philippines' shipbuilding industry with a long-standing presence of Australian investors like Austal in Manila's shipyard and shipbuilding industry, which is a pillar of the country's economic drivers.

In sum, Australia and the Philippines have leveraged their longstanding and friendly relationships into a “Comprehensive Strategic Partnership”, catering to both their domestic and strategic necessities. Such tightening of ties builds upon security, economic, and normative dimensions. While there is a clear common interest in maintaining regional and maritime stability by increasing the Philippines' defense and maritime capabilities, Canberra understands that such necessity goes hand in hand with the strengthening of Manila's economic resilience and robustness, positioning itself as a strong and irreplaceable partner. Finally, Australia is arguably the strongest normative supporter of Manila's legal battles.

### Exploring More Cooperation with South Korea

South Korea and the Philippines have scaled up their security and defense ties to unprecedented levels. Seoul has already enjoyed the status of top arms exporter to Manila, second only to the United States. Crucially, since 2013 the Republic of Korea (ROK) has contributed in great measure to sustaining the Philippines' maritime capabilities, with the sale of two corvettes and six offshore patrol boats by Hyundai Heavy Industries, and prospective sales for other vessels and fighter jets by 2028.

In recent years, the Philippines' and ROK's interests converged further, favored by Yoon's administration change in attitude toward China and a renewed in-

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<sup>29</sup> Siow, M. (2024) “New ‘Squad’ bloc could allow Philippines to ‘borrow strength’ of Australia, Japan, US to counter China”, *South China Morning Post*, 9 May, [available online](#).

<sup>30</sup> Flores, M. (2025) “Philippines, Australia to seal new defence pact as China tensions rise”, Reuters, [available online](#).

<sup>31</sup> Australian Embassy in the Philippines (2024) “Launch of the Australia-Philippines Development Partnership Plan 2024–2029”, [available online](#).

terest in regional security. Such convergence prompted intensified dialogues at several levels, resulting in the signing of a Strategic Partnership in last October 2024, after Yoon's historic visit to Manila.<sup>32</sup> The partnership announcement expressively mentions shared interests in regional security and pledges to strengthen the parties defense cooperation and maritime cooperation, acknowledging the crucial role that Seoul plays as a contributor to Manila's military modernization.<sup>33</sup> Moreover, the nature of the strategic partnership (as it is usually the case with such typology of informal cooperation) involves a plethora of areas for joint efforts such as development assistance, cultural ties and environmental cooperation.

In addition to defense and military procurement, the partnership builds upon a deepened Korean economic presence in the Philippines and expanding trade ties, culminated in the signing of the PH-ROK Free Trade Agreement in 2023 and entered into force on December 31, 2024.<sup>34</sup> On top of mutual commitments to lower tariffs on selected products, such FTA seeks expanding economic ties and investments. Specifically, the parties signed an Implementing arrangement for Economic and Technical Cooperation, aiming at selecting priority sectors for trade and investment promotion and industrial development through a bilateral consultation mechanism with relevant stakeholders. Such sectors are health and scientific manufacturing, critical minerals processing, innovation and research and development, creative and cultural industries, intellectual property, and e-commerce.

In sum, Seoul's stake in Philippines security is rapidly evolving from arms provider to regional partner for security and economic development. Crucially, both states acknowledge the necessity of evolving ties comprehensively, dedicating substantial commitments to strengthening the Philippines' economic resilience by the establishment of bilateral mechanisms for development consultation. While surely subject to shifts in Seoul's policy preferences towards the PRC and limited constraints in defense commitments due to the North Korean threat, Manila has worked to secure Korean support at unprecedented levels, a trend destined to continue in future.

### **Pushing for Cooperation with India**

As a member of the QUAD and a country that has progressively shown interest in upkeeping the existing rules-based order in the Indo-Pacific, India has started to deepen defense and security cooperation with the Philippines, albeit not at the level of other regional states. The two countries enjoy burgeoning relations, fostered especially after the launch in 2014 of the "Act East" policy by Narendra Modi. Moreover, as a member of QUAD, India shares similar values

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<sup>32</sup>The Associated Press (2024) "Philippines, South Korea strengthen strategic relationship", *Indo-Pacific Defense Forum*, [available online](#).

<sup>33</sup>Reyes, M. T. (2024) "Philippines-South Korea partnership seen as model for regional security cooperation", *Indo-Pacific Defense Forum*, [available online](#).

<sup>34</sup>Department of Trade and Industry, Philippines (2024) "Landmark trade agreement between Philippines and South Korea enters into force", [available online](#).

regarding the kind of preferred order in the Indo-Pacific and circa the necessity of upkeeping the freedom of navigation in an increasingly complex region. India has subsequently deployed some of its naval assets to conduct exercises in the Philippines<sup>35</sup> signaling an increased interest in maritime security. In this sense, on top of several frameworks for bilateral cooperation and high-level dialogue signed over the years, India has provided the Philippines with a battery of supersonic BrahMos missiles, with a possible second batch soon to be purchased by the Philippine Armed Forces.<sup>36</sup> It is possible to argue, given the problems in terms of interoperability of such a system (designed using Russian technology) that Manila is willing to bear such cost with the expected gain of further enmeshing New Delhi in its security. The two countries' shared visions and understanding of regional stability led Manila and New Delhi to elevate their ties with the formalization of a Strategic Partnership in 2025.<sup>37</sup> However, India is also more cautious in showing explicit support for the Philippines in maritime security, as it does not participate in joint patrols and prefers to showcase a "quiet", albeit relevant, support for Manila.

### **Enmeshing Relations with Europe and Canada**

Tensions in the Indo-Pacific region and the continuous reports on the clashes in the South China Sea have surely made waves far beyond the Indo-Pacific. It appears that other middle powers, such as European countries like the UK, France, Germany, Sweden, and Canada, have recently turned an eye to Manila, establishing forms of cooperation aimed at strengthening the Philippines' stance in maritime and security affairs. The common values that sustain such partnerships are surely a shared vision of a maritime and International Order based on the Rule of law, and a common interest in upholding freedom of navigation at sea. Among these states, the ones who seemingly are the most involved are the UK and France. Both nuclear powers, while France considers itself a "resident" state of the Indo-Pacific, given the presence of its overseas territories, the UK is also active through several security initiatives in the region, from the Five Eyes grouping, to AUKUS, to the "Five Powers Defense Arrangement" with other regional countries. Indeed, the Philippines has deepened security cooperation with both: it has signed a Memorandum of Understanding on Defense Cooperation with the United Kingdom with the maritime dimension being the primary focus of the agreement, and lately information-sharing.<sup>38</sup> Similarly, France has commenced a series of high-level dialogues with Manila, requested to participate in the *Balikatan* military drills

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<sup>35</sup> Cabuenas, J. V. D. (2024) "Philippines, India to hold joint maritime exercises", *GMA News Online*, [available online](#).

<sup>36</sup> Maitem, J. (2025) "Will Philippines' second BrahMos missile system deter Beijing in the South China Sea?", *South China Morning Post*, [available online](#).

<sup>37</sup> Department of Foreign Affairs, Philippines (2025) "Declaration on Establishment of a Strategic Partnership between the Government of the Republic of the Philippines and the Government of the Republic of India", [available online](#).

<sup>38</sup> Domingo, K. (2025) "PH, UK seal deals on joint maritime exercises, defense cooperation", *ABS-CBN News*, 8 March, [available online](#).

in 2025<sup>39</sup>, and kickstarted negotiations for the signing of a Reciprocal Access Agreement to allow joint military exercises between the respective armed forces. On a similar vein, after signing a Memorandum of Understanding on Defense cooperation with the Philippines in early 2024, Canada has accelerated its efforts to strengthen bilateral ties, with the imminent signature of a Visiting Forces Agreement with Manila.<sup>40</sup> As a Pacific nation, Canada shares a similar stake in the regional order as the other two powers, and resolved to reach out to partners like Manila as part of its Indo-Pacific strategy. Also New Zealand was moved by similar motives in signing a Visiting Forces Agreement with the Philippines in 2025.

While the UK, France and Canada arguably represent the extra regional countries with the highest stakes in Philippine security, there are other actors that have gradually stepped up their support with the archipelago, albeit in mixed forms. First of all is Germany, which commenced a high-level military dialogue with the Philippines, and aims to soon finalize a defense pact. Similarly, countries such as the Netherlands, Czech Republic and Sweden have offered some framework for bilateral security cooperation. The case of Sweden is worthy of a specific attention, as Stockholm was able to negotiate a defense memorandum in order to potentially facilitate the sale of its home-produced Gripen multirole fighter jets. In fact, while these states do indeed share with the Philippines an interest in maritime security and common visions on the international order, it is also to stress how much of these rapprochements go hand in hand with a strong interest in participating in arms procurement bids. The Philippines is now undergoing a process of military modernization called “Horizon”, that has reached its third and final stage. Under “Horizon 3”, the Philippines aims at purchasing equipment for external defense, and such necessity constitutes an important market opportunity for European defense manufacturers that may go hand-in-hand with a more deliberate and overarching support.<sup>41</sup>

Lastly, after years of strained relations during Duterte’s presidency, the EU and the Philippines have rebooted their relations. After an official visit in 2023 of the European Commissioner in 2023, the EU has established a “subcommittee on maritime cooperation”<sup>42</sup> with the Philippines. Such initiative underscores once again the convergence of interests and concerns with the Philippines circa the current order-upkeeping necessities. Moreover, in selecting the Philippines (and Vietnam) as a specific partner for maritime cooperation, Bruxelles denotes a certain understanding over the divergent preference among South-east Asian states over such issues.

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<sup>39</sup> Embassy of France in the Philippines (2024) “France participates in Balikatan 24 (April 22 to May 10)”, [available online](#).

<sup>40</sup> Government of Canada (2025) “Statement: Canada, Philippines conclude negotiations on Status of Visiting Forces Agreement”, 8 March, [available online](#).

<sup>41</sup> Piasentini, M. (2024) “Philippines-Europe cooperation on defense modernization: Navigating a complex patchwork”, *FactsAsia*, 11 July, [available online](#).

<sup>42</sup> Department of Foreign Affairs, Philippines (2024) “Philippines-EU Joint Committee meets, establishes new dialogue on maritime security”, [available online](#).



## A “De-ASEANizing” Philippines?

Manila’s proactivity in partners’ diversification may project an image of the Philippines as a divergent actor in ASEAN, or even a direct challenger to the Association’s principles. While it is true that Manila has been the most vocal in ASEAN in showing dissatisfaction over the Association’s ability to bring stability in the South China Sea disputes, it is also true that the Philippines operates under a logic of inclusion and not exclusion, for several reasons. First, the Philippines’ understanding of its place in the “Indo-Pacific” region is shared among ASEAN members, who jointly adopted a specific “Outlook for the Indo-Pacific”. In the pursuit of its national interest in maritime security, it can be argued that Manila does not differentiate or discriminate among partners, and works on possible points of convergence. Second, while not all Southeast Asian states share the same threat perceptions, there are surely some whose concerns are similar to Manila’s. This is testified by two important developments of 2024: deepening maritime cooperation with Vietnam and the signing of a Defense Pact with Singapore. Regarding the first, while other forms of maritime cooperation with other members already exist, such as the INDOMALPHI grouping, Vietnam and the Philippines have signed a Coast Guard cooperation agreement in 2024 and undertaken to sign a Memorandum of Understanding on Defense Cooperation, citing the existence of “common threats” and the “spirit of ASEAN solidarity” as motives for such move.<sup>43</sup> Similarly, in mid 2024 Singapore and the Philippines have signed a Memorandum on Defense Cooperation in areas such as military education, counter-terrorism, and humanitarian assistance and disaster relief (HADR) signed in the spirit to promote “regional stability”.<sup>44</sup> While surely more vague and less explicit compared to other partners, such moves between the Philippines and selected ASEAN partners underscore how a common understanding and sensitivity on certain issues remains very relevant in ASEAN, possibly paving the way for more robust forms of order-upkeeping initiatives in the future.

## The U.S.-Philippines Alliance under Trump 2.0

It seems like the Philippines have prepared for the Trump 2.0 administration by making steady progress with its security relations with middle powers covered by this paper. This seemed to be a manifestation of the learning of the defense establishment given the prior Trump administration as well as the foreign policy shifts often emanating from a change in the country’s presidency. However, it remains to be seen whether the current U.S. government will implement policies that will downgrade its alliance with the Philippines as indications were seen in the alliance of the U.S. with Japan and South Korea. Under Trump’s first presidency, the alliance with the U.S. in fact did not deteriorate. For example, the U.S. gave a clear ironclad commitment on the country’s defense in any possible incidents in the South China Sea.

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<sup>43</sup> Strangio, S. (2024) “Vietnam, Philippines agree to bolster maritime security cooperation”, *The Diplomat*, 2 September, [available online](#).

<sup>44</sup> Chan, S. (2024) “Philippines, Singapore deepen ties with defense cooperation agreement”, *Indo-Pacific Defense Forum*, 5 September, [available online](#).



Thus far, the U.S. under Trump 2.0 has remained committed to its alliance with the Philippines. It granted an exemption to the freeze of military aid and with several of his cabinet members expressing a more hawkish stance with China, Trump may appreciate the policies of the Marcos Jr administration such as the transparency initiative. Moreover, the U.S. currently has a trade surplus with the Philippines and the Luzon Economic Corridor as well as current U.S. investments in the Philippines could lock in the U.S. in defense of the Philippines given any possible contingency. The U.S. Trump 2.0 could also continue to help the modernization of the Philippine military to build credible deterrence against more provocative and aggressive actions of China.<sup>45</sup> This seems to be the approach taken by Secretary of Defense Hegseth during his last visit in Manila in March 2025, where he reaffirmed the US' commitments in Philippine defense and the expansion of the annual Balikatan exercises with more sophisticated equipment.<sup>46</sup> Furthermore, the two allies have signed a "Joint Vision Statement on Defense Industrial cooperation" signaling where the US pledged to assist the Philippines in the creation of its defense industry sectors, crucially in sectors like unmanned vehicles and critical minerals.<sup>47</sup>

However, the Philippines did not benefit from any "ally discount" given that it received a similar tariff treatment (19 percent) as other ASEAN countries after negotiation with the Trump administration. However, the uncertainties from Trump's foreign policy does not provide a sense of policy stability and predictability that are necessary to prop the US-Philippines alliance. Moreover, Trump's goal of securing a deal with China can potentially undermine Philippine strategic interests, especially if economic deals means that the US will disengage in security cooperation with its allies like the Philippines. There is also the prospect that Trump will ask the Philippines to fund its external defense and that includes US military presence in the country.

### **Conclusion: Where Does Italy Stand?**

Italy and the Philippines have enjoyed long standing cordial relationships for 78 years. Italy is an important trade partner with the Philippines, and democratic values and shared visions on the international order are surely a strength in the two countries' relationship. However, Italy has so far refrained from formulating its own Indo-Pacific strategy, but in spite of such lack, has also deployed some of its naval assets in the region. Specifically, in 2023, the visit of the "Morosini" interceptor in Manila has sparked some interest in Italy's stake in the region. The Italian ambassador has declared the imminent finalization of a Memorandum on Defense Cooperation for joint training and technology

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<sup>45</sup> Amador, J. (2025) "Trump 2.0 and the US-Philippines Alliance: Consistency and Change", *Fulcrum*, [available online](#).

<sup>46</sup> Argosino, F. (2025) "Hegseth: US deploying more advanced assets to PH for Balikatan", *Inquirer*, [available online](#).

<sup>47</sup> *Ibidem*.

transfers.<sup>48</sup> Such commitments were reinstated last October 2024, with the first half of 2025 as target for the finalization of the agreement.<sup>49</sup> Finally, the Italian Navy has initiated talks with the Philippine navy for cooperation in shipbuilding, where Rome can play a role as a contributor.<sup>50</sup>

It is still unclear if Italy will follow a similar path to the one of other major European countries, but this may also be a better chance to carve out a specific role for Rome. In fact, as highlighted by several initiatives undertaken by the Italian Agency on Development Cooperation (AICS), Italy's long-standing participation in Philippine development has resulted in projects to strengthen Manila's agricultural sector and poverty alleviation.<sup>51</sup> Such a positive record can be a platform to expand Italy's role in strengthening Philippine economic resilience and robustness, in a division of labor with European partners that may produce effective results. In turn, the Philippines sees Italy as a valuable partner for its diversification efforts: as testified by the strong interest shown in maritime industry cooperation, Italy's maritime industry and capabilities may be seen as vital to sustain the Philippines' military and defense modernization, as well as a key to enhance its Coast Guard capabilities. But more than that, Italy's image and role as a promoter of peace, stability and cooperation through multilateralism may resonate further for Manila, creating a broader like-mindedness ground for cooperation in other domains than security and defense. This is testified, for example, by the kind of "multi-level" engagement that the Philippines enjoys with key partners like Japan, Korea and Australia, where the economic and developmental dimension is entangled with these countries' stake in maritime security. In order to do so, Italy can carve a unique role for itself (perhaps by exploring synergies with other European initiatives like the *EU Global Gateway*), by paying a closer look to the Philippines' necessities on infrastructure renovation and investments, which has consistently been a priority for several administrations.

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<sup>48</sup> Piasentini, M. (2023) "Patrol Ship Morosini docks in Manila: a turning point for military relations between Italy and the Philippines?", *Geopolitica.info*, [available online](#).

<sup>49</sup> Rocamora, J. A. L. (2024) "PH, Italy agree to fast-track talks on new defense deal" *Philippine News Agency*, 23 October, [available online](#).

<sup>50</sup> Kabagani, L.J. (2025) "PHL Navy engaged in exploratory talks on shipbuilding with Italian Navy", *Daily Tribune*, 18 March, [available online](#).

<sup>51</sup> Aranci, C. (2024) *AICS-Hanoi Rapporto Annuale 2023*, Hanoi: Agenzia Italiana per la Cooperazione allo Sviluppo (AICS), [available online](#).

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# Sharing Common Insights: The Philippines' Maritime Conflict and Italy's Economic Interests Amidst US-China Rivalry

**Andrea Chloe Wong**

Institute for Indo-Pacific Affairs (IIPA), Christchurch /  
Cavite State University, Indang

*The Philippines and Italy present an interesting parallel analysis on how each deal with China and the US amid their strategic rivalry. For the Philippines, China's historical claims and grey-zone activities in the South China Sea threaten its maritime security. This has prompted the country to strengthen its security alliance with the US to offset Chinese maritime power projections. What is fundamentally a maritime conflict between the Philippines and China has since evolved into a powerplay between China and the US in the region. Meanwhile for Italy, China's Belt and Road Initiative (BRI) did not meet its economic expectations. Its eventual withdrawal reflects a meticulous cost-benefit analysis with its economic ties with China, while strengthening Italy's shared foreign policy principles and agenda with the US and the European Union.*

*This paper features an analysis on the Philippines' security dilemma with China and its military alliance with the US, and how it must cautiously navigate relations with them. Using the Philippines as reference, this paper relates it with Italy's economic engagement with China through the BRI and how its departure reinforced its ties with the US. This paper's analysis seeks to provide insights and shares similar observations on the factors that shape the Philippines and Italy's engagement with competing great powers.*

*Being the subordinate countries, the Philippines and Italy seek good relations with China and the US and avoid explicitly prioritizing one over the other. However, there have been instances when the Philippines and Italy have oscillated either closer to China or to the US, as they pursue their national interests driven by their state leaders. According to Boon and Teo in their work entitled "Caught in the middle? Middle powers amid U.S.-China competition," domestic drivers, including the leadership factor, play a major part in the foreign policies of middle powers.<sup>1</sup> This is especially true for the Philippines under President Ferdinand Marcos Jr. and Italy under Prime Minister Georgia Meloni who constantly prioritize their nation's interests vis-à-vis their relations with China and the US. Thus, Marcos and Meloni seek to implement a cautious approach in their own calculated foreign policies despite pressures and challenges with great power competition.*

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<sup>1</sup> Hoo, T. B., Teo, S. (2022) "Caught in the Middle? Middle Powers amid U.S.-China Competition", *Asia Policy*, 17(4), 59-76.



## US-China Rivalry

The US-China geopolitical rivalry in Asia Pacific are driven by various factors. US involvement in China's unresolved sovereignty issues such as Taiwan and the South China Sea are the thorniest in their bilateral relationship. On the Taiwan issue, China firmly “opposes the US having any form of official contact with Taiwan,” and urges it to “stop sending wrong signals to ‘Taiwan’s separatist forces towards independence’ separatist forces”.<sup>2</sup> But the US condemns “Chinese escalatory and destabilizing actions towards Taiwan and seeks no unilateral change to the status quo”.<sup>3</sup> On the South China Sea issue, China criticizes the US for inciting the Philippines to make trouble: “History has proven time and again that US intervention only makes the situation worse”.<sup>4</sup> Yet the US slams China’s “increasingly dangerous and unlawful actions that ‘injured people’ and ‘harmed vessels’ of rival nations in the disputed waters”.<sup>5</sup>

Such conflict between great powers puts the Philippines in a critical position. It has a long-standing maritime issue with China, while the country has a long-established military alliance with the US. The ongoing territorial issue in the South China Sea between the Philippines and China has elevated into great power competition between China and the US. For the US, bolstering alliance with the Philippines aims to neutralize Chinese maritime aggressions. American military support also seeks to uphold international law and promote freedom of navigation. For China, intensifying its gray-zone activities demonstrate its objections against the Philippines’ maritime claims. China’s belligerence at sea is also a show of force against US alliance network coordination against it.

## China’s Maritime Issue with the Philippines

Chinese gray-zone activities in the South China Sea “has consistently provoked maritime conflicts without crossing the threshold of conventional war”<sup>6</sup> with the Philippines. Using the advanced capabilities of its maritime forces, China’s gray-zone activities are widely recognized as instrumental in its belligerence at sea. It has seized islands, reefs, and maritime features within the Philippines’ EEZ (Scarborough Shoal in 2012); sank Philippine fishing vessels (Gem Ver-1 in Reed Bank in 2019); swarmed Chinese ships in Philippine-controlled islands (more than 135 Chinese maritime militia vessels are detected around Whitsun Reef in 2023); used water cannons and military grade laser against Philippine vessels (several ships of the Bureau of Fisheries and Aquatic Resources were harassed since 2023);

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<sup>2</sup> Jingxi, M. (2024) “US meddling in China’s internal affairs opposed”, *China Daily*, 12 January, [available online](#).

<sup>3</sup> Chen, Y., Chung, J. (2024) “US blasts China over threats to Taiwan”, *Taipei Times*, 26 June, [available online](#).

<sup>4</sup> China Daily, (2023) “China accuses US of stirring up trouble in South China Sea”, 30 November, [available online](#).

<sup>5</sup> Al Jazeera (2024) “Blinken condemns China’s ‘dangerous and unlawful’ moves in South China Sea”, 11 October, [available online](#).

<sup>6</sup> Taipei Times (2020) “Diplomacy: Maritime militia warning issued”, 16 June, [available online](#).

harassed Philippine resupply missions (China seized Philippine rubber boats going towards the BRP Sierra Madre in the Second Thomas Shoal since 2024); rammed Philippine vessels (Chinese Coast Guard's (CCG) dangerous maneuvers collided with the Philippines in Sabina Shoal in 2024); and declared Chinese jurisdiction over Philippine waters (China established the "Procedural Regulations on Administrative Law Enforcement of Coast Guard Agencies" in 2024 allowing the CCG to detain foreigners "trespassing its claimed maritime borders" for up to 60 days without trial).

The likelihood of these scenarios occurring or repeating themselves is high, given the dominant presence of China in the Philippines' exclusive economic zone (EEZ). Unfortunately for the Philippines, these gray-zone tactics will continue, and "Beijing won't stop until it controls that whole of the South China Sea".<sup>7</sup>

### **US Security Alliance with the Philippines**

Long outgunned and outspent by China, the Philippines cannot match Chinese maritime capabilities despite its commitment to upgrade its forces. Thus, it strategically depends on its alliance with the US, which serves as crucial force multipliers due to its limited military capability.

To further strengthen the alliance, Marcos granted the US rotational access to four more military facilities in April 2023, in addition to the five existing sites in the country under the Enhanced Defense Cooperation Agreement (EDCA) signed in 2014. The extension of access sites in strategic locations near the South China Sea enables the Philippines to offset China's maritime power projections.

In addition, the Philippines maintains collaborative activities with the US through its *Balikatan* (shoulder-to-shoulder) military exercises under the Visiting Forces Agreement (VFA). It also benefits from American deployment of naval assets such as assault ship, destroyers, and cruisers within Philippine territory. Moreover, both countries also conduct joint naval patrols to combat Chinese threats in the South China Sea. Whether through the enhancement of capabilities or the demonstration of resolve, cooperation with like-minded states is a crucial element of the Philippines' deterrence against China.

### **Understanding the Philippines' Policy Perspectives**

Amidst two competing great powers, the Philippines like other third countries, are caught in a bind. While the tendency is to dismiss the Philippines as comparatively inferior to both powers, it is important to consider the realities that shape its foreign policy and influence relations between China and the US to avoid miscalculations and misperceptions:

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<sup>7</sup> Watson, I. et al. (2023) "Exclusive: Philippine Defense Secretary Vows to Stand Up to 'Bully' China", CNN, 29 September, [available online](#).

## 1. The Philippines Acts on Its Own According to Its National Interests

Given the constant tensions at sea, the Philippine government is judiciously defending its maritime rights and territories in all forms and manners whenever it can. It independently acts on its own to serve its interests, strategically weighing options and its implications. Foremost of which is maximizing its security alliance with the US, given the Philippines' apparent power asymmetry with China. However, banking on this alliance led to perceptions of the Philippines being a "puppet of the US and just following the Americans' playbook."<sup>8</sup> Such allegation assumes the Philippines has no ability to think and stand up for its rights.

Because it shares security interests with the US and threat perceptions on China, the Philippines' actions are aligned with US regional strategy and conduct. As allies, there are political quid pro quo and security concessions made on most bilateral agreements. But there are also instances when the Philippines dissociates itself and declines assistance from the US. Under former Philippine President Rodrigo Duterte, the Philippines cancelled several military exercises with the US, threatened to repeal the Visiting Forces Agreement (VFA) but eventually restored it. Philippine President Ferdinand Marcos Jr. meanwhile has turned down offers from the US naval escorts during the country's resupply missions to the Second Tomas Shoal, opting to "rely on ourself first".<sup>9</sup> Moreover, Philippine National Security Adviser Eduardo Ano said the Philippines wanted them to be a "pure Philippine operation since this is our legitimate national interest, so we don't see any reason for them (the US) to come in".<sup>10</sup> Essentially, the Philippine wants to independently demonstrate its resolve amid rising tension with China.

Thus, it is important to look at the Philippines on its own and not through the shadow of another great power. This is especially important especially since China insists on engaging with the Philippines bilaterally on maritime concerns in the South China Sea. Understanding the Philippines in its own unique characteristics can also prevent misperceptions and miscalculations in dealing with such long-standing territorial issue in the South China Sea.

## 2. The Philippine President Prioritizes National Interests Based on Its Personal Predispositions

Because of its state leader's personal predispositions, the Philippines experiences shifting focus of its national interests. Prioritizing is deemed difficult as these interests are not mutually exclusive. But the president is expected to effectively prioritize which interests are to be defended, and which (if necessary) are to be sacrificed in dealing China. Essentially, the Philippine president must

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<sup>8</sup> Nepomuceno, P. (2023) "Teodoro: China depiction of PH as US puppet 'insulting', 'disgusting'", *Philippine News Agency*, 26 October, [available online](#).

<sup>9</sup> Maitem, J. (2024) "Rejection of US help in South China Sea shows Philippines acting on its own: analysts", *South China Morning Post*, 10 July, [available online](#).

<sup>10</sup> Lema, K. (2024) "Exclusive: Philippines turned down US help amid South China Sea tensions military chief", *Reuters*, 5 July, [available online](#).

be able to make compromises and manage trade-offs in advancing the nation's interests. The different prioritization of national interests is very much evident during the Duterte and Marcos administrations.

The Philippines under Duterte prioritized economic relations with China, while downplaying security alliance with the US. He declared that the Philippines would pursue “separation from the US and... alignment with China”.<sup>11</sup> Duterte set aside maritime issues despite the Philippines' 2016 arbitrations victory at the Permanent Court of Arbitration under the United Nations Convention of the Law of the Sea (UNCLOS), in favor of gaining economic concessions from China. He argued “focusing more on the trade and economic aspects in Philippines-China relations would ultimately benefit the Filipino people more than insisting on national maritime claims that it cannot impose”.<sup>12</sup>

But in reviving relations with China, Duterte consequently relegated the importance of the Philippines' alliance with the US. This was apparent during the conduct of the Balikatan military exercises between the Philippines and US in 2017. They were scaled down unlike the previous exercises that featured massive combat drills directed at a hypothetical threat emanating from the South China Sea.<sup>13</sup> Balikatan under Duterte “has been one of the early victims of his government's rebalanced Philippine foreign policy, which has meant less dependence on its traditional ally, the United States, relative to other partners like China and Russia and has led to the cancelation of some drills and the re-focusing of others.”<sup>14</sup> In 2020, Duterte has also announced the cancellation of the 1999 Visiting Forces Agreement, which set the rules, guidelines and legal status of US soldiers during military exercises in the Philippines; but which he eventually restored in 2021.

The Philippines under Marcos, however, overturned Duterte's foreign policy by focusing on renewing security alliance with the US at the risk of losing economic opportunities with China. After Duterte's term, China's promises of loans and investments have not been fully realized, with major infrastructure projects either delayed or shelved. Moreover, it has continued with its gray-zone activities in the South China Sea. In response, Marcos expanded EDCA in 2023 and has since increased military exchanges between the Philippines and the US.

## **The Philippines and Italy between China and the US**

Despite the Marcos administration's assertive approach towards China and its cultivation of deeper security ties with the US, the Philippines continues to tread

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<sup>11</sup> Blanchard, B. (2016) “Duterte aligns Philippines with China, says U.S. has lost”, *Reuters*, 21 October, [available online](#).

<sup>12</sup> Wong, A. C. (2017) “The Philippines' Relations with China: A Pragmatic Perspective under President Duterte”, *T.note n.51 - RISE series 12*, T.wai, 26 December, [available online](#).

<sup>13</sup> Dancel, R. (2017) “U.S. and Philippines Begin Scaled-down Military Drills”, *The Straits Times*, 19 May, [available online](#).

<sup>14</sup> Parameswaran, P. (2016) “Why the Philippines' Rodrigo Duterte Hates America”, *The Diplomat*, 1 November, [available online](#).

more carefully in balancing its bilateral relationships. It considers the growing economic interdependence with China despite its maritime conflicts. And because of its alliance with the US, the Philippines is wary of being dragged into a possible US-China war in the region, particular over Taiwan. Thus, it is cautiously contemplating on the extent and depth it is willing to engage militarily with the US.

As the old saying goes, one can choose one's friend but one cannot choose one's neighbor. This is particularly true in international relations. While the Philippines can choose how far its alliance with the US can go, it has no choice but to engage with China, a close neighbor. As with other countries in South-east Asia, the long-standing challenge for the Philippines is to develop a foreign policy that can protect its national interests while striving to avoid being caught in the middle of a tug-of-war between the US and China.

Like the Philippines, Italy is also taking a cautious approach in its relations with China and the US. Since taking office as Italy's Prime Minister in 2022, Giorgia Meloni has navigated a complex international landscape marked by increased tensions between both great powers. Her decision to withdraw Italy from China's BRI signaled a major shift in the country's foreign policy.

In 2019, Italy shocked the US and Europe by becoming the first country among the Group of Seven (G7) to join the BRI. It sought to attract Chinese investments and to expand market access for its exports to China. After joining the BRI, Italy signed numerous arrangements with China regarding sanitary requirements for food exports and imports, cultural property and heritage sites, and other commercial agreements.

However, the BRI failed to meet Italy's expectations and fell short of changing the trajectory of its economic relations with China. Italy had sought to offset the trade imbalance with China through the BRI. However, it contributed modestly to increasing Italy's exports to China, while imports of Chinese products nearly doubled in contrast to Italian exports. Specifically, Italian exports to China have increased "from 14.5 billion euros to 18.5 billion euros, but Chinese exports to Italy have grown far more dramatically, from 33.5 billion euros to 50.9 billion euros".<sup>15</sup> Moreover, Chinese investment in non-BRI countries in Europe has far outstripped its investments in Italy. Its foreign direct investments (FDI) in Italy have dropped from 650 million dollars in 2019 to just 33 million dollars in 2021.<sup>16</sup> The case of Italy demonstrates that joining the BRI does not automatically result in a special status with China nor guarantee more Chinese trade and investments. Such unmet expectations led to Italy's withdrawal from the BRI in 2023.

Aside from economic issues, Italy's pull out from the BRI also stems from its desire to align more closely with the US on the political front. Meloni's foreign policy reflects a reassurance to the US that "Italy remains a reliable partner, loyal to

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<sup>15</sup> Sacks, D. (2023) "Why Is Italy Withdrawing From China's Belt and Road Initiative?", *Council on Foreign Relations*, 3 August, [available online](#).

<sup>16</sup> American Enterprise Institute (n.d.) "China Global Investment Tracker (2005–2024)", [available online](#).



its traditional alliances. This is reflected in its Indo-Pacific strategy, which aligns closely – though not exclusively – with the interests of its Western allies”.<sup>17</sup> A key interest of Meloni’s government is the importance of upholding the rules-based order in the region,<sup>18</sup> which aligns with American and European foreign policy principles and agenda. And with the US under Donald Trump’s presidency, Italy will likely limit its engagement with China given Meloni’s orientation to the West. At her meeting with Trump on April 18, she explained that making America great again is complemented and reinforced by “making the West great again.”<sup>19</sup>

As Italy craft and implement its foreign policy, its state leader plays a critical role in the prioritization of national interests according to his/her perceptions. Balancing Italy’s economic relations with China on the one hand, and its security partnerships with the US and the EU on the other, presents a challenge for Italian foreign policy under Meloni. Italy’s participation in the BRI was, according to Meloni, a “big mistake” and declared: “there is no political will on my part to favor Chinese expansion into Italy or Europe”.<sup>20</sup> Her view of China revealed her disapproval of former Prime Minister Giuseppe Conte’s decision for Italy to join BRI in 2019, who has a more favorable perception on the Chinese. In the past, most Italian prime ministers have positive views on China such as Massimo D’Alema, Matteo Renzi, and Paolo Gentiloni. The “only major dissenting voice has been Silvio Berlusconi, who argued that Italy should side with the United States in its antagonism toward China”.<sup>21</sup> Similar to Berlusconi’s views, Meloni particularly warns China of the risks of a potential attack on Taiwan and calls out Chinese position on Russia’s 2022 invasion of Ukraine”.<sup>22</sup>

### **Conclusion: Policy Commonalities between the Philippines and Italy**

The Philippines and Italy share similar policy perspectives in their pursuit of national interests that are driven by their state leaders. Such perspective reinforces Boon and Teo’s argument that “a considerable degree of this middle-power agency is animated by elite calculations of the respective domestic interests at stake”.<sup>23</sup> For Marcos, maritime threats in the South China Sea from

<sup>17</sup> Longhi, G. (2025) “From the BRI to the Action Plan: Italy’s China Strategy under Meloni”, *Choice*, 21 January, [available online](#).

<sup>18</sup> Cassarini, N. (2023) *Italy’s Pivot to the Indo-Pacific – Towards a Value-driven Foreign Policy?*, *The International Spectator*, Istituto Affari Internazionali, 17 May, [available online](#).

<sup>19</sup> Straus, I. (2025) “The Trump-Meloni challenge: How to make both the US and the West great again”, *Atlantic Council*, 2 May, [available online](#).

<sup>20</sup> Amante, A., Balmer, C., Vagnoni, G. (2022) “Italy’s Meloni promises to defy Chinese and Russian expansionist ambitions”, *Reuters*, 25 August, [available online](#).

<sup>21</sup> Bindi, F. (2019) “Why Did Italy Embrace the Belt and Road Initiative?” *Commentary*, 20 May 2019, [available online](#).

<sup>22</sup> Zeneli, V. (2023) “Italy’s ‘arrivederci’ to China’s BRI could be a template for others”, *Atlantic Council*, 10 December, [available online](#).

<sup>23</sup> Hoo, T. B., Teo, S. (2022) “Caught in the Middle? Middle Powers amid U.S.-China Competition”, *Asia Policy*, 17(4), 59–76.



China prompts the Philippines to strengthen alliance with the US. For Meloni, economic discontent from BRI causes Italy to derisk relations with China and boost trade ties with other Western partners, though she is also wary of Trump's tariff impositions in his trade and economic policies. Marcos and Meloni have overturned their predecessors' accommodating approach with China and turned towards the US and other Western partners. They have promoted a more circumspect and cautious policy in dealing with both great powers to maximize benefits and secure their nations' interests.

Given the significant influence of their leaders' policy interpretation and implementation, the Philippines' and Italy's foreign policies are not static guidelines of principles, but an evolving strategy of their national aspirations. As Marcos and Meloni seek to balance their nations' interests with China with the demands of their US and Western alliances, their strategies will continue to evolve in response to shifting international pressures and opportunities. Given these complexities, it behooves the Philippines and Italy to promote its own calculated foreign policy in dealing with China and the US. Such policies should benefit both countries' interests amidst the escalating great power rivalry.

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# Middle-Power Cooperation: How can Vietnam and Italy Forge Ties Amid Geopolitical Uncertainties?

**Huynh Tam Sang**

Vietnam Strategic Forum, Ho Chi Minh City/  
National Tsing Hua University, Hsinchu

*Vietnam and Italy see eye to eye on the importance of maintaining the rules-based order and the mandatory of upholding strategic autonomy in international relations. Nevertheless, the regional and global uncertainties, such as the growing assertiveness of a more powerful China, transactional diplomacy of the United States under Trump 2.0, the volatility of multilateralism, and the emergence of the Cold Peace worldwide, have limited their maneuvering space. As Italy has sought to forge its engagement with the Indo-Pacific while Vietnam is keen to diversify its relations, how could these traditional and rising middle powers bolster ties amid geopolitical challenges? The author delves into “the good and the bad” of Vietnam-Italy relations and argues that to enhance bilateral ties and hedge against uncertainties, the two partners should put “understanding, pragmatism, and niche” at the locus of their statecraft.*

## Introduction

As the international order is undergoing economic fragmentation and rising instability, middle-power alignment has become essential for mitigating great-power rivalry and solving global issues. The role of middle powers and their agency has attracted attention amid global uncertainties, including China’s growing assertiveness, America’s shift toward transactional hegemony under the Trump administration, the volatility of multilateral institutions, and the advent of the “Cold Peace”. Typically, middle powers are those lacking the capabilities of great powers but possessing sufficient resources and motivation to shape regional dynamics and contribute to global governance through concerted efforts with like-minded states.

Italy and Vietnam fit well within this framing, but with nuanced differences. Italy, founding member of the European Union (EU) and member of the Group of Seven (G7), is a traditional but shrinking middle power. The country is experiencing a relative decline in global influence, encountering the dilemma of sharpening strategic objectives while recognizing the limits of its capabilities. The Giorgia Meloni administration, which took office in October 2022, has attempted to broaden Italian foreign policy “beyond its traditional Atlantic, European, and Mediterranean perimeters”. Yet, as Lorenzo Termine and Gabriele Natalizia note, “Italy has yet

to formalize a national security strategy defining its interests, objectives, resources, threats, and defense capabilities”.<sup>1</sup> This delayed response to evolving geopolitical dynamics casts doubt on Italy’s aspirations and its self-positioning.

Vietnam, by contrast, is an emerging but still “incomplete middle power”.<sup>2</sup> With rapid economic growth and diplomatic adeptness “in an era of geopolitical turbulence”,<sup>3</sup> Vietnam has been seeking international recognition of its rising status. From a war-torn nation to a rising player in the Indo-Pacific region, the country is striving to foster ties with partner countries based on its long-standing foreign policy motto “diversification and multilateralization” of international relations. As Hanoi’s foreign policy principles are peaceful and cooperation-driven, Italy should strengthen bilateral ties to help Vietnam enhance its middle-power status, fortify strategic ties, and reinforce collaborative actions to uphold the rules-based international order. In return, Vietnam could serve as a crucial bridge, fostering Italy’s engagement with the Association of Southeast Asian Nations (ASEAN).

This article studies the growing importance of the Vietnam-Italy relationship, which remains underexplored, under the lens of middle-power collaboration, focusing on “the good and the bad” of their bilateral ties. By adopting niche diplomacy, the two countries could hedge against geopolitical divides and their knock-on effects. I argue that to enhance diplomatic, economic, and defense ties, Vietnam and Italy should prioritize “understanding, pragmatism, and niche” – key to advancing shared interests and creating collective influence.

### **“The Good” and “The Bad” in Vietnam-Italy Relations**

The Vietnam-Italy relationship has developed through four phases. The first kicked off after Vietnam gained independence in 1945, with formal diplomatic ties being established on March 23, 1973. The second emerged together with Vietnam’s “Doi Moi” (Renovation) policy in 1986, a turning point that nudged the country toward economic-driven policies and international economic integration. The third stage arrived in 2013, marked by the establishment of a “strategic partnership” that lifted bilateral relations to a more ambitious level. The current phase, starting in 2023 after a decade of that partnership, reflects an enduring bond of the relationship in the context of new geopolitical challenges. In the words of Antonio Alessandro, former Italian Ambassador to Vietnam, the fourth period is characterized by cooperation in “high technology, creative industries, design, architecture, and lifestyle”.<sup>4</sup>

<sup>1</sup> Termine, L., Natalizia, G. (2024) “Italy’s Middle Power Dilemma”, *The National Interest*, 24 August, [available online](#).

<sup>2</sup> Vu Thi Thu, N. (2024) “Vietnam’s Incomplete Middle-Power Identity: The Complexity of the ‘Self’ and ‘Other’”, *International Area Studies Review*, 27(2), 122-140.

<sup>3</sup> Tran, P. H. (2025) Vietnam’s high-stakes economic pivot, *East Asia Forum*, 12 February, [available online](#).

<sup>4</sup> Embassy of Vietnam in Italy (2023) “Việt Nam và Italy đang bước vào giai đoạn mới trong quan hệ hai nước” [Vietnam and Italy are embarking on a new phase in their bilateral ties], *VOV*, 15 September, [available online](#).

## Diplomatic Ties

Since 1990s, political ties between Vietnam and Italy have experienced steady growth, and Vietnam has become a key partner in Italy's "new focus on the Indo-Pacific".<sup>5</sup> The 2023 "Joint Statement on Strengthening the Strategic Partnership" further highlights the strategic weight of the Vietnam-Italy partnership.<sup>6</sup> In the document, both sides appreciated "the importance of bilateral cooperation" amid complex, volatile, and unstable developments regionally and globally. This mutual recognition of a capricious world provides a sturdy platform for strengthening strategic ties and navigating common challenges.

Moreover, the joint statement underscored both sides' dedication to "continuing cooperation in traditional fields and expanding into new areas such as digital transformation, green growth, and climate change response".<sup>7</sup> This proactive stance reveals how the two partners understand that, in the 21st century, the sway of middle powers will hinge more on pioneering collective leadership in new fields than on conventional measures of strength, such as military might or economic scale. Bilateral cooperation mechanisms, such as joint committees and political consultations, provide steady frameworks for dialogue that help the partnership to move forward despite changes in leadership.

Yet, both countries contend with built-in constraints that hinder their ability to fully advance the relationship. For Italy, the challenge stems from juggling a strategic focus amid a tangle of priorities—including the Mediterranean, Europe, Transatlantic partnerships, and, more recently, the Indo-Pacific. As a traditional yet declining middle power, Italy must carefully allocate its diplomatic resources, making steady engagement with far-off partners like Vietnam a tough task over time. The absence of a comprehensive national security strategy compounds this problem, as Italy lacks clear parameters for weighing and prioritizing its commitments.<sup>8</sup>

For Vietnam, the challenge is different but equally constraining. As an emerging middle power still working to solidify its international identity, Vietnam must balance numerous bilateral relationships while navigating great-power rivalry, particularly the one between the United States and China. The country's deep-rooted commitment to self-reliance and strategic autonomy as well as its careful tread of maintaining flexibility via the "bamboo diplomacy", can sometimes put a ceiling on how close it gets to other partners. On top of that, Vietnam's diplomatic corps, though growing more skilled, still wrestle with gaps in language capabilities and specialized expertise required for building stronger bridge with Italy.

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<sup>5</sup> Pezzati, A. (2023) "Italy and Vietnam Mark 50 Years of Diplomatic Relations", *The Diplomat*, 21 December, [available online](#).

<sup>6</sup> Vietnam News Agency (2023) "Vietnam, Italy issue joint statement", 27 July, [available online](#).

<sup>7</sup> *Ibidem*.

<sup>8</sup> Gabusi, G., Caffarena, A. (2024) "Changing and yet the same? Italy's foreign policy ideas and National Role Conceptions in a populist age", *Contemporary Italian Politics*, 1-22.



An inherent manifestation of these constraints is the limited number of sister-city affiliations between Italy and Vietnam. At present, only three such partnerships exist: Livorno and Hai Phong, Palermo and Hanoi, and Prato and Nam Dinh.<sup>9</sup> This tiny number suggests unexplored potential for sub-national diplomacy that could complement national-level relations.

### Economic Collaboration

In the economic realm, the bilateral relationship has experienced significant progress. Vietnam is Italy's largest trading partner within ASEAN, with bilateral trade turnover totaling USD 6.9 billion in 2024.<sup>10</sup> In return, Italy is Vietnam's third-largest trading partner within the EU, following the Netherlands and Germany,<sup>11</sup> demonstrating the economic interdependence within the two countries' broader trade portfolios. Italy currently occupies the 33rd position among 143 countries and territories directly investing in Vietnam.<sup>12</sup>

Vietnam is Asia's attractive rising market thanks to its rapid economic growth and the rapid rise of the middle class,<sup>13</sup> creating new opportunities for Italian businesses particularly in sectors like luxury goods, design, food processing, beverages, and high-end manufacturing where Italian companies excel.<sup>14</sup> In October 2023, Maria Tripodi, Italian Undersecretary of State for Foreign Affairs and International Cooperation, hailed Vietnam as a "bright spot" in economic growth.<sup>15</sup> For Vietnam, Italy serves as a gateway to cutting-edge technology and machinery. Economic relations have become more solid, with both nations establishing economic mechanisms such as the Joint Committee for Economic Cooperation to enhance dialogues and strategies to foster trade and investment ties. The implementation of the EU-Vietnam Free Trade Agreement (EVFTA), which entered into force in August 2020, has further strengthened bilateral trade ties. Now Vietnam's "aquatic products, fruits and vegetables, footwear, apparel, wood, and wooden furniture" have become key exports to the EU, and Italy is among Vietnam's major importers in the European market.<sup>16</sup>

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<sup>9</sup> In 2015, Ho Chi Minh City and Turin City signed an Amity and Cooperation Pact to "maintain regular leadership-level dialogue and create optimal conditions for exchanging information and experiences". VOV (2015) "Mở rộng hợp tác giữa hai thành phố lớn của Việt Nam và Italy" [Expanding cooperation between two major cities of Vietnam and Italy], 10 September, [available online](#).

<sup>10</sup> Vietnam News Agency (2025) "Vietnam bright spot in Italy's Asia strategy", 15 March, [available online](#).

<sup>11</sup> Vietnam News Agency (2024) "Vietnam, Italy aim to leverage strengths in agriculture", 3 February, [available online](#).

<sup>12</sup> Nhan Dan Online (2023b) "Vietnamese, Italian Presidents agree on major measures to enhance strategic partnership", 26 July, [available online](#).

<sup>13</sup> Sharma, A. (2024) "Understanding Vietnam's Middle Class: Size, Spending Patterns, and Opportunities for Businesses", *Vietnam Briefing*, 5 July, [available online](#).

<sup>14</sup> Phương, U. (2025) "Find out about effective Italian packaging solutions", *Vietnam News*, 5 March, [available online](#).

<sup>15</sup> Nhan Dan Online (2023a) "Vietnam-Italy economic, commercial cooperation strengthened", 19 October, [available online](#).

<sup>16</sup> Vu, N. H. (2024) "EU-Vietnam Free Trade Agreement: Key Provisions and Implications for FDI", *Vietnam Briefing*, 9 August, [available online](#).

A significant step in connectivity is set to occur in 2025, when Vietnam Airlines becomes “the first and only airline in Vietnam” to launch nonstop flights to Italy. Starting July 1, 2025, three weekly flights (on Tuesdays, Fridays, and Saturdays) will link Hanoi and Milan. This direct route is anticipated to foster business exchanges, tourism, and people-to-people ties, creating new momentum for economic engagement between the two nations.<sup>17</sup>

Nevertheless, economic ties between Vietnam and Italy remain underdeveloped. Italian investment in Vietnam is somewhat constrained, especially considering the weight of Italy’s economy. Initially, European companies, including those from Italy, are mostly wary of Vietnam’s legal system, perceiving it as ambiguous and opaque.<sup>18</sup> Whether that view holds up entirely or not, it spooks potential investors who worry about shaky regulations, weak intellectual property safeguards, and unsteady ways to settle disputes. Moreover, the structure of Italy’s economy obstructs its overseas enlargement. Most Italian firms are small or medium-sized (SMEs), and they do not have a tradition of investing abroad and often lack resources, risk tolerance, and global expertise necessary for venturing into remote markets like Vietnam. On top of that, Italian businesses are far from understanding much about Southeast Asian culture in general and Vietnam in particular, rendering them less willing to invest in this region. This “knowledge gap” has been due to the hurdle of people-to-people ties, language barriers, and the absence of strong business networks linking the two economies.<sup>19</sup> A relatively narrow focus on traditional sectors, with limited exploration of potential areas like green energy, digital transformation, and sustainable infrastructure also hinders the full realization of joint efforts.

### Security and Defense Cooperation

Security and defense cooperation has become an important pillar of the relationship. The 2013 Memorandum of Understanding on defense cooperation facilitated a framework that has led to defense policy dialogues at the vice-ministerial level, creating a regular channel for strategic communication on security issues and a venue for sharing experiences in UN peacekeeping operations.<sup>20</sup> Both sides also agreed to step up collaboration in multilateral fora and exchanges in global affairs. At the fourth edition of the Defense and Policy Dialogue held in Rome in July 2023, Italian and Vietnamese officials underscored the value of deepening defense ties to secure mutual gains and address a “complex geo-strategic situation” in the aftermath of the Russia-Ukraine war.<sup>21</sup>

<sup>17</sup> Vietnam Airlines (2024) “Vietnam Airlines to launch nonstop service to Milan”, 18 September, [available online](#).

<sup>18</sup> Hàn Tín (2024) “Nỗi lòng của doanh nghiệp về ‘điểm nghẽn thể chế’” [Enterprises’ concerns about “institutional bottlenecks”], *VCCI*, 25 November, [available online](#).

<sup>19</sup> D’Ercole, M. (2023) “Facilitating two-way business between Vietnam and Italy”, *Vietnam Investment Review*, 12 June, [available online](#).

<sup>20</sup> Nguyen, R. (2023) “Vietnam And Italy Promote Strategic Partnership”, *Vietnam Times*, 24 July, [available online](#).

<sup>21</sup> Decode 39 (2023) “Italy eyes Vietnam, Indo-Pacific region’s strategic value”, *Formiche*, 4 July, [available online](#).

More concretely, Vietnam purchased warships from Italy in 2019,<sup>22</sup> signifying the diversification of Vietnam's defense procurement and demonstrating its willingness to cooperate in sensitive areas of national security.

The enhanced strategic partnership has also extended to concrete military-to-military contact. In May 2023, the Italian Navy's patrol vessel ITS Francesco Morosini docked at Nha Rong Harbor in Ho Chi Minh City for a port call from May 9 to 12.<sup>23</sup> This visit demonstrates the strengthened defense bonds between the Italian and Vietnamese navies. Looking forward, Vietnam "will positively consider receiving Italian Navy's vessels' port calls", according to the 2023 Joint Statement,<sup>24</sup> indicating an openness to expanded naval diplomacy. Vietnam's willingness to embrace port calls comes at a critical juncture when it has sought to strengthen defense ties with like-minded partners, making Italy among those trusted ones.

Notably, the two countries find common ground on solving regional security concerns, particularly maritime disputes. In their Joint Statement, Vietnam and Italy underlined the importance of safeguarding peace, security, stability, and the freedoms of navigation and overflight in the South China Sea while committing to uphold the United Nations Convention on the Law of the Sea 1982 (UNCLOS). This mutual perception on resolving maritime disputes through legal principles signals a "strategic convergence", given Italy's important role in the G7 and Vietnam's position as a claimant in the South China Sea.

Though defense cooperation has made encouraging strides, it still lags in both scale and substance when set against the partnerships each country maintains elsewhere. Several obstacles stand in the way of deeper progress in this area. For one, the sheer distance between Vietnam and Italy throws up real barriers to steady military-to-military contact, cutting down chances for joint drills, training sessions, or other hands-on collaboration. Unlike defense ties they hold with neighboring countries, Vietnam and Italy must overcome logistical hurdles in order to maintain regular contact. Divergence on security priorities also prevent profound ties. Italy remains focused on keeping the Mediterranean stable, holding Europe together, and strengthening Transatlantic solidarity. For its part, Vietnam harbors security focus on territorial integrity, maritime stability, and strategic autonomy. While there is some common ground—especially on maritime security and respect for international law—but the unique regional dynamics each faces inevitably tug their priorities in different directions. Then there is the matter of political sensitivities, particularly in Vietnam, where wariness about security and defense ties with Western powers sets a brake on how fast and how openly defense cooperation can grow. While broadening its defense outreach in recent years, Hanoi still treads prudently, balancing its web of partnerships while sticking to its consistent foreign policy of "self-reliance, self-confidence, self-strengthening and national pride".<sup>25</sup>

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<sup>22</sup> Nguyen, H. H. (2022) "Vietnam's Growing Strategic Partnerships with European Countries", *The Diplomat*, 30 May, [available online](#).

<sup>23</sup> Phuong, T. (2023) "Italian navy vessel with advanced technologies makes port call in Ho Chi Minh City", *Tuoi Tre News*, 11 May, [available online](#).

<sup>24</sup> Vietnam News Agency (2023) "Vietnam, Italy issue joint statement", 27 July, [available online](#).

<sup>25</sup> Nhan Dan Online (2024) "Vietnam enters a new era with spirit of independence and aspiration for self-reliance", 2 September, [available online](#).

## The Future: Opportunities for Enhanced Cooperation

Despite some hindrances, the Vietnam-Italy relationship holds substantial promise for future collaboration.

### Diplomatic Initiatives

As middle powers characterized by both activism and determination to chart an own course through adept statecraft, Vietnam and Italy should adopt “niche diplomacy”, a foreign-policy approach that focuses on specific domains where they can make tangible contributions in line with their resources and capabilities as well as “[generating] returns best having”.<sup>26</sup> Language and cultural exchanges are embryonic yet possess significant promise for future investment. The 2023 Joint Statement underlined the weight of this avenue, advocating for “[training] human resources who are fluent in the languages and understand the cultures of the two countries, so that they can become important bridges in promoting bilateral relations in general and economic cooperation in particular”.<sup>27</sup> Through investment in language training, cultural exchanges, and educational ties, Vietnam and Italy could cultivate proficient professionals who would facilitate the enhancement of bilateral relations.

Another potential niche pertains to the designation of “thematic ambassadors”<sup>28</sup> who would function as “role-playing actors” in nascent domains of mutual interests. Designating thematic ambassadors with experience in priority areas will demonstrate a genuine commitment while introducing specialized knowledge to the partnership. These specialized envoys should work on areas of compelling mutual interest such as creative industries, climate action, sustainable tourism, digital transformation, cultural heritage preservation, and maritime security cooperation, thereby directing focused attention and expertise to specific facets of the strategic relationship rather than striving to advance all priorities concurrently.

To foster intertwined ties, both countries should shore up institutional linkages between think tanks, universities, and research centers to add additional channels for exchange and dialogue beyond government-to-government conduit. These “track two” channels could generate innovative ideas utilized for constructing the intellectual and social capital necessary for long-term engagement. In addition, regular dialogues regarding specific thematic areas, such as climate coordination, educational exchange, or cultural diplomacy, could help maintain momentum in the relationship while ensuring focused attention on priority issues. In the forthcoming time, both sides should consider expanding sister-city relationships, perhaps by matching Vietnam’s major urban centers with Italian counterparts, focusing on cultural, technological and commercial areas.

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<sup>26</sup> Evans, G. (2011) “Middle Power Diplomacy”, 29 June, [available online](#).

<sup>27</sup> Vietnam News Agency (2023) “Vietnam, Italy issue joint statement”, 27 July, [available online](#).

<sup>28</sup> Bennis, A. (2020) “Middle Power Diplomacy: From State to Thematic Diplomacy”, *Global Policy*, 6 April, [available online](#).

## Economic Cooperation

To address current confines and unleash economic potential, governments from both sides should consider following recommendations:

- (1) Launching business matchmaking programs, including trade missions, digital platforms for B2B interactions, and initiatives to familiarize Italian SMEs with Vietnamese partners. These B2B matching programs may help address the knowledge gap currently hindering Italian business engagement with Vietnam.
- (2) Taking advantage of the new direct flight route between Hanoi and Milan is another strategic move. Following the commencement of Vietnam Airlines' tri-weekly flights in July 2025, both governments should approve additional measures to utilize the logistic benefits of this improved connectivity. The initiative could take in tourism promotion campaigns, business forums aligned with flight schedules and streamlined visa processes for business travelers.
- (3) Joining hands to address climate change. Italy can draw on its experience when collaborating with European partners towards global climate initiatives to provide Vietnam with expertise in developing climate adaptation strategies, particularly given Vietnam's heightened susceptibility to climate change impacts.
- (4) Adopting coordinated actions in green energy is acute, particularly given Vietnam's commitment to achieve net-zero emissions by 2050<sup>29</sup> and Italy's leadership in renewable energy technologies.<sup>30</sup> Taking advantage of its experience working with European counterparts on climate change projects, Italy should support Vietnam's transition toward a low-carbon economy by means of technology transfer, hands-on experience, and capacity building.

## Security and Defense Cooperation

Both sides could strengthen security and defense collaboration through several policies. First, Italy can expand its naval diplomacy by increasing the frequency of naval port calls to Vietnam. The increased presence of such port visits can enhance diplomatic engagements while bolstering mutual trust and heralding a collective resolve to safeguard maritime stability. Second, Italy can help Vietnam with human resources training through providing scholarships for Vietnamese officials to enroll in Italian military academies. Third, promoting collaboration in cybersecurity is essential. Italy and Vietnam are experiencing cyberattacks targeting critical infrastructure and governmental functions, rendering it crucial to join hands to tackle this issue.

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<sup>29</sup> Thọ, N. D. (2024) "Việt Nam's net zero commitment: A call to action for a sustainable future", *Vietnam News*, 31 May, [available online](#).

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## Conclusion

The Vietnam-Italy relationship, while gaining positive attributes, has yet to reach its full potential. Hence, both countries should adopt an approach centered on “understanding, pragmatism, and niche” cooperation to overcome existing confines while fostering areas of complementary strengths. *Understanding* serves as the cornerstone of bilateral ties, as the more the two countries understand each other, the better they can enhance ties. To drive the partnership towards effective engagement, both sides had better invest in knowledge production, language training, cultural exchange, and people-to-people ties. *Pragmatism* should guide expectations and strategies. Anticipating rapid achievements is impractical, as efforts need time to yield fruitful results. A strategy that devotes resources to attainable and incremental goals is likely to be more effective than one harboring on all-in collaboration. *Niche* areas of collaboration should revolve around promising fields, such as language training, climate change adaptation, port calls, and high-tech collaboration. By going forward with these niches, Vietnam and Italy can achieve tangible benefits despite limited resources.



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## Contributors

**Dewi Fortuna Anwar** is an Academician of the Indonesian Academy of Sciences (AIPI), a Research Professor at the Research Center for Politics-National Research and Innovation Agency (BRIN), Chairman of the Board of Directors of The Habibie Center (THC) and Co-Founder of the Foreign Policy Community of Indonesia (FPCI). In 2010-2017 Dewi served as Deputy Secretary for Political Affairs to the Vice President of the Republic of Indonesia. Dewi is the 8<sup>th</sup> Pok Rafeah Chairholder at the Institute of Malaysian and International Studies, National University of Malaysia (IKMAS UKM) in 2025; a Distinguished Visiting Professor at the S. Rajaratnam School of International Studies (RSIS), NTU, Singapore in 2017-2018; a Distinguished Visiting Professor at SAIS, Johns Hopkins University in 2007. She has written widely on Indonesia's foreign policy, and ASEAN regional political and security issues. She obtained her PhD from Monash University, Melbourne, while her M.A. and B.A. (Hons) were from SOAS, University of London.

**Aries A. Arugay** is Professor and Chairperson of the Department of Political Science, University of the Philippines Diliman. Aries is also editor-in-chief of *Asian Politics & Policy*, a scopus-indexed academic journal published by Wiley-Blackwell and the Policy Studies Organization. He is also a Visiting Senior Fellow and Coordinator of the Philippines Studies Programme of the Institute of Southeast Asian Studies-Yusof-Ishak Institute (Singapore). Aries teaches undergraduate and graduate courses on comparative politics, international relations, research methods, and political thought. He has received the University of the Philippines Centennial Professorial Chair from 2015-2023 and the One UP Professorial Chair in Political Science (Comparative Democratization) from 2016-2024. He was a visiting scholar in the Universidad Mayor de San Simón (Bolivia), Chulalongkorn University (Thailand), University of Sydney (Australia), Jeju Peace Institute (South Korea), University of Michigan at Ann Arbor, the National Institute of Defense Studies (Japan), and Universiti Brunei Darussalam. He is currently an Indo-Pacific Research Fellow of the Asia Pacific Foundation of Canada.

Aries's research interests are civil-military relations, comparative democratization, security sector reform, and international relations of Southeast Asia. He has been published in academic journals such as the *American Behavioral Scientist*, *Annals of the American Academy of Political and Social Science*, *Asian Perspective*, *Asian Survey*, *International Affairs*, *Journal of Current Southeast Asian Affairs*, *Journal of East Asian Studies*, *Journal of Peacebuilding & Development*, *Pacific Affairs*, *Philippine Political Science Journal*, among others and wrote several book chapters published by Routledge and Palgrave Macmillan. In recognition of his scientific research accomplishments, Professor Arugay was also conferred the rank of UP Scientist II (2019-2021) and UP Scientist III (2022-2024).

Professor Arugay is a member of the Board of Trustees and Treasurer of the Foundation for the National Interest, Inc., an independent think-tank based in Manila. As a track-two diplomacy practitioner, he has participated in over a hundred international meetings, workshops, and consultations on regional security, geopolitics, democratic governance, and ASEAN integration. Aries regularly conducts lectures and handles modules for different training institutions such as the *National Defense College of the Philippines*, the *Philippine Public Safety College*, the *Foreign Service Institute*, and the *Development Academy of the Philippines*. He is one of the country's leading political analysts often interviewed by domestic and foreign media.

In 2015, the US-based Southeast Asia Research Group named him as a Young Southeast Asia Fellow in recognition for his achievements and further potential as a scholar of Southeast

Asian politics. In recognition of his accomplishments, Aries received the 2019 Sheth International Alumni Award for Exceptional Achievement from his alma mater Georgia State University. In 2020, the National Academy of Science and Technology of the Philippines awarded him as an Outstanding Young Scientist (Political Science), the second political scientist to ever receive this award.

Aries obtained his PhD in Political Science from Georgia State University (United States) in 2014 as a Fulbright Fellow and his MA and BA (*cum laude*) in Political Science from the University of the Philippines-Diliman.

**Michele Boario** is an Economist with over two decades of experience in international development, currently serving as Head of Programmes for Vietnam, Laos, and Cambodia at the Italian Agency for Development Cooperation (AICS) in Hanoi. He leads a multidisciplinary team across sectors including climate change, health, statistics, and WASH.

Boario previously held senior roles with AICS in Ethiopia, where he oversaw the development of agro-industrial parks and support to over 600 SMEs, and with UNIDO in Myanmar, where he contributed to industrial policies, SME policy development and youth and women's entrepreneurship, helping shape the 2016 Private Sector Development Framework.

His expertise spans economic cooperation, institutional reform, and industrial policy. He has also worked with the Italian Ministry of Foreign Affairs, UNDP, and ODI, and has field experience in Africa and Southeast Asia.

He holds a master's in development studies from the London School of Economics, certificates from Harvard University, and a summa cum laude degree in Economics from the University of Turin. Boario is the author of numerous academic and policy publications on development economics and regional cooperation.

**Gianluca Bonanno** is the President of the International Peace and Sustainability Organization (IPSO), while also serving as Associate Professor and Head of Research for its award-winning think-tank. He's a Research Fellow at the Torino World Affairs Institute (T.wai) and an adjunct professor at Kyoto University (Japan). With two doctorates in International Relations and Development Studies from Japan and the U.K., he has also worked with progressively high responsibilities for international organisations, both governmental and not. His main research interests are in international relations, political science, development economics, diplomacy and peace studies in Southeast Asia and the Indo-Pacific.

**Pongphisoot (Paul) Busbarat** is the Director of the Institute of Security and International Studies (ISIS Thailand), Assistant Professor of International Relations, and Assistant Dean at the Faculty of Political Science, Chulalongkorn University in Bangkok, Thailand. He also serves as an adviser on international security to Thailand's National Security Council, represents Thailand in the ASEAN Regional Forum Experts and Eminent Persons (ARF EEPs), and is a non-resident scholar at Carnegie China.

Dr. Busbarat's research focuses on geopolitics in East Asia, the role of norms and identity in shaping international relations, and Thailand's relations with major powers—particularly the United States and China. His current work explores Thailand's strategic positioning between the U.S. and China, the domestic factors influencing Thai foreign policy amid great power rivalry, and the broader geopolitical dynamics of competition in the Indo-Pacific, especially in the Mekong subregion.

He holds postgraduate degrees from the University of Cambridge and Columbia University and earned his Ph.D. from the Australian National University (ANU). Prior to entering academia, he served as a policy analyst in the International Security Affairs Bureau at the Office of the National Security Council of Thailand.

**Anna Caffarena** is a Professor of International Relations and the Director of the Department of Cultures, Politics, and Society at the University of Turin. She served as President of the Torino World Affairs Institute (T.wai) from its founding until 2024 and currently sits on the Board of Directors of the Istituto Affari Internazionali (IAI). Her research focuses on the role of ideas and representations in global politics, multilateralism, and the transformation of the international order. Regarding Italian foreign policy, she co-authored with Giuseppe Gabusi *Making Sense of a Changing World: Foreign Policy Ideas and Italy's National Role Conceptions after 9/11* (Rivista Italiana di Scienza Politica / Italian Political Science Review, 47(2), 2017), and *Changing and Yet the Same? Italy's Foreign Policy Ideas and National Role Conceptions in a Populist Age* (Contemporary Italian Politics, 2024).

Among her recent publications are, with Giovanni Andornino, *From Trust Deficits to Pervasive Mistrust: The Global Impact of US-China Rivalry* (The International Spectator, 59(4), 2024), and with S. Dossi, *Beyond "Revisionism with Adjectives": China's New Initiatives and the Challenge of Change "within the System"* (Quaderni di Scienza Politica, XXX(1), 2023).

**Nicholas Farrelly** is currently Pro Vice-Chancellor at the University of Tasmania in Hobart, Australia. He previously held Senior Academic positions at the Australian National University, where he was Associate Dean in the College of Asia and the Pacific. For over 20 years, he has led many different research projects across Southeast Asia, with particular focus on Thailand, Myanmar and Indonesia. In 2024 he was lead author of an Australian government-supported report titled *Comprehensive Strategic Partners: ASEAN and Australia after the first 50 years*.

**Giuseppe Gabusi** is an Associate Professor of International Relations at the Department of Politics, Culture and Society of the University of Turin, where he teaches Global Political Economy and Political Economy of East Asia. He is a cofounder of T.wai, the Torino World Affairs Institute, where he heads the Indo-Pacific Program. He is also an Adjoint Associate Professor at the University of Tasmania. He has been a Visiting Fellow at Zhejiang University, the East-West Center in Honolulu, Australian National University, Warwick University, and S. Rajaratnam School of International Studies-Nanyang Technological University in Singapore. His research interests include China's political economy, China-EU relations, the evolution of the international order, and contemporary Myanmar. For T.wai, he previously edited *Drivers of Global Change: Responding to East Asian Economic and Institutional Innovation* (2021) and *Il Ruolo dell'India nel Sistema Internazionale Contemporaneo* (2024).

**Tam Sang Huynh** is Young Leaders Program member of the Pacific Forum, research fellow at the Taiwan NextGen Foundation, and founder and editor-in-chief of the Vietnam Strategic Forum. His main fields of interest are East Asian international relations, Vietnam's foreign policy, and middle-power diplomacy, with special reference to Vietnam, Australia, and Taiwan. His recent focus has been on the South China Sea security, Vietnamese statecraft amid great-power politics, cross-Straits relations, and Taiwan's foreign relations. Previously, he served as a lecturer at Ho Chi Minh City-University of Social Sciences and Humanities, a visiting scholar at National Taiwan University as part of the 2024 Ministry of Foreign Affairs Taiwan Fellowship, and a non-resident WSD-Handa Fellow at Pacific Forum. Sang has written for *The Pacific Review*, *Strategic Analysis*, *East Asian Policy*, *The Diplomat*, *ISEAS Perspective*, *East Asia Forum*, *Asia Maritime Transparency Initiative*, *Taiwan Insight*, *The Interpreter*, among others.

**Yanitha Meena Louis** is an Analyst at Institute of Strategic and International Studies (ISIS) Malaysia. Meena's research focuses on Indian Foreign Policy, the geopolitics of South Asia and Malaysia and ASEAN's relations with the region. She is also interested in Global South Cooperation mechanisms and understanding how regionalism/regionalisation, inter/intra-regionalism, minilateralism and multilateralism function in the Indo-Pacific. Her writings have appeared in Lowy Institute's *The Interpreter*, ORF Online, ISEAS Fulcrum, *The Diplomat*, *Contemporary Southeast Asia* and the *European Journal of East Asian Studies*. She completed an MA in European Regional Integration at Universiti Malaya and a BSc in Psychology at the University of Madras. She holds a PhD from Universiti Malaya, conferred for her seminal work on Tirukkural's contribution to non-Western international relations.



**Li Mingjiang** is an Associate Professor and Provost's Chair in International Relations at S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore. He is also Associate Dean and the Head of Graduate Studies at RSIS. He received his Ph.D. in Political Science from Boston University. His main research interests include international politics, Chinese foreign policy, China-ASEAN relations, Sino-U.S. relations, and Asia-Pacific security. He is the author (including editor and co-editor) of 15 books. His recent books are *China's Economic Statecraft* (World Scientific, 2017) and *New Dynamics in US-China Relations: Contending for the Asia Pacific* (lead editor, Routledge, 2014). He has published papers in various peer-reviewed outlets including *Chinese Journal of Communication*, *Asian Journal of Political Science*, *International Journal of Asian Studies*, *Asian Policy*, *Journal of Contemporary Asia*, *International Relations of the Asia Pacific*, *World Development*, *China International Strategy Review*, *the China Review*, *International Affairs*, *Asian Perspective*, *Asian Politics & Policy*, *Asian Security*, *Oxford Bibliographies*, *Journal of Asian Security and International Affairs*, *Journal of Strategic Studies*, *Global Governance*, *Cold War History*, *Journal of Contemporary China*, *the Chinese Journal of International Politics*, *the Chinese Journal of Political Science*, *China: An International Journal*, *China Security*, *Harvard Asia Quarterly*, *Security Challenges*, etc.

**Matteo Piasentini** is a Senior Lecturer at the Department of Political Science, University of the Philippines Diliman, and a PhD candidate in International Relations at the same institution. He is also a Research Fellow at Pacific Forum. His academic work primarily explores the foreign and defense policies of the Philippines, minilateral security cooperation in the Indo-Pacific, and the global arms trade. He has authored peer-reviewed publications on these themes and continues to contribute to the scholarly discourse on Indo-Pacific security dynamics. In parallel, he serves as an analyst for the China and Indo-Pacific desk at Geopolitica, a leading Italian think tank, where he contributes policy briefs and analytical papers focusing on Italy's strategic engagement with the Indo-Pacific.

**Thanawit Wangpuchakane** is a Research Assistant at the Faculty of Political Science, Chulalongkorn University. He is currently pursuing his Ph.D. at Waseda University's Graduate School of International Culture and Communication Studies. His research focuses on international norms, cybersecurity governance, and human security in the Indo-Pacific region, with a particular interest in China's Digital Silk Road and its normative implications. He has collaborated with civil society organizations, academic institutions, and security-related projects in Thailand and Southeast Asia. He also contributes editorially to the Security Studies Project at Chulalongkorn University. His academic work has addressed regional security and geopolitical developments, including topics related to EU-ASEAN engagement.

**Andrea Chloe Wong** is a Non-Resident Research Fellow at the Institute for Indo-Pacific Affairs (IIPA) in New Zealand and an Associate Professor at the Cavite State University in the Philippines. She previously served as a Senior Foreign Affairs Research Specialist at the Foreign Service Institute of the Department of Foreign Affairs in the Philippines and worked as a Senior Lecturer at Miriam College. She has a PHD in Political Science at the University of Canterbury in New Zealand; Master in International Affairs at the Australian National University; and Master of Arts in Asian Studies at the University of the Philippines.

**Jiaying Xing** is a Ph.D. candidate in International Relations at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU), Singapore. Her main research interests include international relations, Chinese foreign policy, China's economic statecraft, Sino-US relations, and China's relations with neighboring countries. She has published papers in *Chinese Political Science Review* and *China Review*.





