

## Roundtable «Shared prosperity, economic resilience and investments»

### EU Indo-Pacific Ministerial Forum, Brussels, 2 February 2024

#### Concept note

*(designed to introduce and facilitate the discussion)*

The world in 2024 is still faced with the effects of the COVID-19 pandemic, with the impact of increasing geopolitical tensions, Russia's continuing war of aggression against Ukraine and its implications on global markets, and with the ever-more visible effects of climate change. The global economic recovery remains therefore challenging: supply chain disruptions, inflationary pressures, labour market pressures and increased debt vulnerabilities. While stimulus packages have the potential to promote long-term prosperity and resilience domestically, the current global economic outlook risks eradicating years of gain and work towards achieving the Sustainable Development Goals. International cooperation therefore remains crucial.

The EU and its Indo-Pacific partners have sought to accelerate their **economic growth and strengthen their supply and value chains** by shaping trade and investment patterns through bilateral and multilateral initiatives. In addition to the Free Trade Agreements already in force with Japan, Republic of Korea, Singapore and Vietnam, the EU has signed a Free Trade Agreement with New Zealand and concluded negotiations with Kenya on an Economic Partnership Agreement. Negotiations are continuing with Australia, Indonesia, Eastern and Southern Africa (ESA), and India; the EU has relaunched negotiations with Thailand, and is also examining whether negotiations with other partners in South East Asia can be relaunched. These are a critical, mutual contribution by the EU and Indo-Pacific partners to open new trade and investment opportunities and diversify and integrate EU-Indo-Pacific supply and value chains. The signature of the Samoa Agreement with the African, Caribbean and Pacific countries may give new impetus to the extension of the EU-Pacific Economic Partnership Agreement, currently being implemented by Fiji, Papua New Guinea, Samoa and Solomon Islands, to which more Pacific States are expected to accede in 2024.

In addition, the EU's **General Scheme of Tariff Preferences** (GSP) improves access to the EU market by unilaterally removing tariffs and quotas for imports from developing countries across the Indo-Pacific, whether under the Everything but Arms (EBA) arrangement for least developed countries (such as Madagascar, Djibouti and Bangladesh), under the special incentive arrangement for sustainable development and good governance GSP+ (Pakistan, the Philippines, and Sri Lanka) or under standard GSP. The current GSP has been extended till 2027.

Indo-Pacific partners are deepening their **cooperation** on an unparalleled range of multilateral, regionally focused initiatives, from the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP) to the Regional Comprehensive Economic Partnership (RCEP) and the Indo-Pacific Economic Framework for Prosperity (IPEF).

However, in this fragile and uneven period of **global recovery**, further coordination and cooperation between the EU and its Indo-Pacific partners are needed to achieve sustainable economic growth that is felt by all, and which is resilient to economic shocks, supply and value chain distress and disruption, as well as deliberate distortions such as those created through economic coercion. This requires strengthening partnerships to build robust, diversified and integrated supply and value chains, promote sustainable investment and trade, strengthen sustainable and trusted connections, and support social protection and inclusive growth.

In all these of these areas, the **Global Gateway** will be a crucial vehicle of the EU's offer to target support and investment. The EU is also supporting diversification of Gulf's economies away from the fossil fuels. The establishment of the Critical Raw Materials Club, which will bring together resource-rich and consuming countries, will provide a new forum to develop joint policy approaches in the area of raw materials. The Club is an offer to assist countries in their ambition to create local value added, with a novel long-term win-win approach not used in other international initiatives. Several Indo-Pacific countries have signalled an interest. The EU is also negotiating strategic CRM partnerships with Australia and South Africa.

The **digital economy** offers the potential for significant innovation and growth, but efforts are required to deliver a human-centric digital transition and to address the digital divide in order to remedy existing inequalities. Digital partnerships containing comprehensive cooperation in the areas of research in cutting edge-technologies (for example semiconductors and 5G/6G connectivity), regulation (for example Artificial Intelligence and online platforms), and digital trade are present in the Indo-Pacific region. The EU has launched digital partnerships with Japan, Korea, and Singapore, as well as a Trade and Technology Council with India. Such partnerships and forms of cooperation build the ground for ensuring a safe and resilient connectivity, which underpins the digital economy. As recognised in the 2022 Joint Declaration on privacy and the protection of personal data<sup>1</sup>, respect for individuals' right to privacy and the protection of personal data is a key enabler for cross-border data flows and cooperation. Artificial Intelligence will bring huge benefits and can be a force for public good in the years ahead but will also raise significant challenges. A global approach to the governance of AI which is human-centric and takes into account the impact of AI on our economies and societies will be needed - in this regard, the voices of Europe and the Indo-Pacific should be important.

Collaboration in **research and innovation**, including through association to Horizon Europe<sup>2</sup>, will be vital to contribute to the market uptake of innovative solutions and shared prosperity.

The roundtable discussion will provide an opportunity for Ministers to compare notes on these issues and identify ways in which the EU and its Indo-Pacific partners can step up their cooperation over the coming year, bilaterally, regionally and in international fora. **We propose that this roundtable focuses on the following guiding questions:**

- **Supply-chains:** How can we work together to promote investment in and integration of equitable and environmentally sustainable supply and value chains and to strengthen our collective ability to respond to crises, so as to ensure our overall resilience?
- **Digital:** How can we best harness the potential of the digital economy and of digital trade to promote economic growth and create new opportunities for trade and investment, while ensuring a human-centric approach, addressing digital divides and safeguarding individuals' personal data and privacy? How can we work together to promote a global discussion on the responsible development and use of Artificial Intelligence?
- **Inclusiveness and shared experience:** How can we work together to ensure that economic growth and development are inclusive and benefit all members of society? How can we best leverage our respective experience and expertise in economic governance, regulatory reform, sustainable finance, research and innovation as well as deterring and countering the use of coercive economic measures to support the economic development and contribute to shared prosperity?

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<sup>1</sup> [https://www.eeas.europa.eu/eeas/joint-declaration-privacy-and-protection-personal-data\\_en](https://www.eeas.europa.eu/eeas/joint-declaration-privacy-and-protection-personal-data_en)

<sup>2</sup> The EU is exploring possibilities for closer cooperation through association under Horizon Europe with major science powers such as Australia, Japan, Republic of Korea, New Zealand and Singapore.