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# Toward a Unified NATO Response to the People's Republic of China

EDITED BY  
ROB YORK





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A large, light gray stylized star or compass rose graphic is positioned on the left side of the cover, partially overlapping the text.

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## Issues & Insights

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# **Intro: What China's Challenge to NATO Is, and What it Isn't**

*Rob York*

Following the Cold War's end there were those who questioned NATO's continued relevance. Such views may have found little currency among scholars of foreign policy and security, but among the general public it was not unheard of to wonder why, with the dissolution of the Warsaw Pact in 1991 its rival organization did not also become defunct, especially given the Russian Federation's friendlier tilt in the decade that followed. On the part of the United States, by the 2010's a fatigue had settled in among much of the populace over US foreign commitments, especially regarding partner countries not perceived as pulling their own weight. By the middle of that decade, that fatigue had begun to manifest itself in US election results.

Vladimir Putin's Russia, and its brazen invasion of Ukraine last year may not have succeeded in bringing Ukraine to heel or establishing Moscow as a great military power again, but it did accomplish two other things. For one, it demonstrated for the world what the countries separated by the Atlantic could achieve—even indirectly—by helping partners (even non-NATO members) acquire the means to defend themselves. For another, and for all Putin's claims to the contrary, it showed that nations near Russia's western border have a very good reason for wanting NATO membership. Putin, more so than any mainstream American or continental European security scholar, has demonstrated the alliance's continued relevance in providing for the security of countries that desire self-determination and alignment with the liberal, rules-based international order.

As it approaches its one-year anniversary the outcome of the Ukraine war is still far from clear, as is precisely how the alliance will respond to the challenge that looms beyond it: the People's Republic of China, with its growing military might, and its economic influence. And there is broad agreement on the appropriateness of the term "challenge"—the US Department of Defense, which calls Russia an "acute threat," [uses](#) the noun "pacing challenge" to describe Beijing. Meanwhile NATO's 2022 Strategic Concept used the verb form, [declaring](#) the PRC's "stated ambitions and coercive policies challenge our interests, security and values." The forcefulness of these words should not have come as a surprise: US partners in the European Union have been every bit as [outspoken](#) about human rights in China as Washington has, as well as against its "[malicious cyber activities](#)." Differences in priority remain,

informed by economics, history, and geography (especially considering how much more imminent a threat Russia represents to Europe than the United States), but opinions on both sides of the Atlantic have shifted regarding the PRC, and for many of the same reasons.

That shift, and what policies should follow, is the subject of Pacific Forum's edited volume "Toward a Unified NATO Response to the People's Republic of China" and its accompanying [webinar](#). With a grant from the NATO Public Diplomacy Division, Pacific Forum brought together three distinguished scholars—one to discuss the evolution of views toward the PRC in the United States over the past decade, one to chart the same change in Europe, and a third to discuss how the two sides should best work together in meeting this shared challenge.

Describing the US position, Bradley Jensen Murg argues that increasing American skepticism of Beijing's intentions is not, as is frequently argued, a unipolar action driven by the insecurity of one great power being replaced by another. Instead, he argues that it is a multifaceted evolution driven by generational change, increased awareness of the PRC's human rights record, and the failure of international institutions (such as the World Trade Organization) to contribute to PRC liberalization. He further notes that the United States' views on Beijing are no international outlier but are broadly shared, especially in Europe.

Regarding the European perspective, David Camroux notes that the thinking shifted in the aftermath of the Global Financial Crisis of 2008-09. Once a destination for European investment the PRC, thanks to its rapid recovery from the crisis and growing domestic capacity, increased its own financial presence on the European continent, arousing increasing concerns. Subsequent revelations about Uyghur Muslims in Xinjiang and the suppression of Hong Kong's protest movement further alienated Europe. He stresses, though, that Europe's views will likely remain distinct from Washington's to an extent—Europe does not consider Beijing a "hard security challenge" nor does it possess the hard security capabilities to meet them. Instead, it will continue minilateral engagement with regional powers such as Tokyo, Seoul, Delhi, and Canberra, to reduce dependency on the PRC in a non-confrontational way and avoid direct alignment with Washington in the emerging Great Power Competition.



Concluding the edited volume, Kelly Grieco notes the increasing comity in US and EU positions regarding the PRC, but states that, as the “North Atlantic Treaty Organization,” NATO faces practical limitations in terms of projecting power in the Indo-Pacific. Rather than working to confront Beijing militarily, European countries’ most beneficial contribution to NATO would be to increase their security commitments *in Europe*—thus reducing the burden faced by the United States there—and to use their “diplomatic clout and economic, financial, and technological resources to form an effective coalition to balance against [PRC] power and influence.”

Pacific Forum hopes that these scholarly insights will find a wide audience in the United States, Europe, and elsewhere, and that NATO will remain an effective partnership—not to defend Euro-American hegemony and primacy, but the values that underpin the rules-based order and its promise of a fairer, more prosperous global community. Pacific Forum also hopes that, amid their shared defense of rules and values, NATO and its partners will find avenues for some cooperation with China—at the governmental and people-to-people level—and that people from China continue to feel welcome to work, study, and live in the United States and Europe.

No one—American, European, Asian, or otherwise—should mistake our disputes with specific PRC policies and actions for antipathy toward the people of China.

**Rob York**  
**Director for Regional Affairs**  
**Pacific Forum**



# 1

## **The United States and China: New Perceptions, New Politics, New Policies**

*Bradley J. Murg*

### *Abstract*

The question of a role for NATO or a shared approach by NATO member states regarding China in light of its rapid and aggressive rise will undoubtedly be a core element of track-1 and track-2 discussions in the near term. This paper seeks to provide initial groundwork for future dialogues through an examination of the evolution of US perceptions of China, and where they stand in 2022. Washington is often on the receiving end of critiques contending that issues in China-US relations are due to a unilateral shift by the United States. Conversely, survey and other data indicate that perceptions of China and its leadership among Americans are broadly consistent with those of other highly developed, liberal democracies. The paper also briefly traces the origin of these shifts, highlighting the role of generational change, economic shocks, and partisan realignment. While differences exist in Democratic and Republican perspectives, the two parties are broadly consistent in their views of China as well as on policy options for relations with Beijing. The paper concludes with brief recommendations for next steps, including areas where—despite the challenges in the relationship—cooperation remains a possibility.

## Introduction

NATO's response to a rising China has gained salience over the last year. Russia's invasion of Ukraine and Beijing's concomitant statements highlighting the depth of its "friendship" with Moscow, the ever-growing evidence of its attempts to gain influence within NATO member-state governments (particularly southern and eastern Europe), and its increasing economic influence in those states highlight the importance of a more unified approach. The war in Ukraine has served as a critical juncture for NATO as an institution—prompting an increase in membership and essential revisions to longstanding national security policies and commitments. Concomitantly, in the South China Sea, NATO members have assumed a growing role in ensuring freedom of navigation—with the United Kingdom, France, Canada, and Germany playing a clearer role. The adoption of Indo-Pacific strategies by Paris, Berlin, and Brussels further underscores the global implications of China's rise and the significance of discussion and development of a "whole of NATO" approach.

To better understand the realities that NATO confronts, myriad variables and relationships need to be taken into account and examined—none more important than the dynamics of US-China relations and the factors that have altered that relationship. This paper focused on three key areas. First, zooming out, it briefly examines the range of perceptions of China globally and the precipitous decline in China's standing internationally over the course of the Xi Jinping era. Second, it explores US perceptions of China, how these have evolved in recent years, and the causes behind that evolution. Finally, it discusses next steps in US-China relations, with recommendations for areas where, despite the narrowing Overton Window, cooperation remains possible between Beijing and Washington.

## The New Normal: Changing Global Perceptions of China

Over the course of the Trump administration and continuing with President Joe Biden in office, a popular yet ill-informed narrative has contended that

it has been the United States that has—distinctly, unilaterally, and uniquely—turned against China. This argument reasons that the US is a global outlier and responsibility for the tensions between the two countries can be placed entirely at its doorstep. Whether attributed to Trumpian neo-protectionism, perceived national economic decline following the 2007-08 financial crisis, the rise of populism, or domestic partisan realignments, this narrative is an update of the "China's Peaceful Rise" and "Harmonious World" constructs. In other words, China, seeking to find its place in the world and expanding its influence through "win-win" cooperation with actors, is frustrated by a United States that is pursuing an unjustified policy of containment ultimately leading to a new Cold War. Unfortunately—for those propounding this argument—the data is not on their side.

Public opinion and survey research demonstrates that global perceptions of China have changed.<sup>1</sup> A 2021 survey by the Pew Research Center including nearly 19,000 respondents across 17 advanced economies found perceptions of the United States to be significantly more positive than of China; confidence in President Biden is markedly higher than in President Xi; and almost 50% or more in all countries surveyed prioritized economic relations with Washington over Beijing. A few exemplars are worth noting: 76% of Italian respondents held a positive view of the United States, with only 38% reporting a positive view of China; for France, the figures are 65% vs. 29%; and Germany at 59% vs. 21%. Concerning the Biden-Xi comparison, in no country other than Greece (36%) did the Chinese leader break 30% when respondents were asked as to whether they had confidence in Xi to do the right thing in global affairs. Conversely, positive perceptions of Biden were overwhelmingly in the 70% and higher range; ironically, the lowest score (60%) was among Americans, reflecting the country's bitter political polarization. As Jonathan Kurlantzick has pointed out, there have also been noted declines in the developing world as well, although China continues to maintain significant goodwill stemming from its flood of infrastructure spending through the Belt and Road Initiative (BRI), its economic influence, and in certain Asia countries (e.g., Pakistan, Thailand) that have close, historic ties to China.<sup>2</sup>

<sup>1</sup> Laura Silver. 2021. "China's international image remains broadly negative as views of the U.S. rebound." Pew Research Center. Downloaded at: <https://www.pewresearch.org/fact-tank/2021/06/30/chinas-international-image-remains-broadly-negative-as-views-of-the-u-s-rebound/>

<sup>2</sup> Jonathan Kurlantzick. 2022. "Why China's Global Image Is Getting Worse." Council on Foreign Relations. Downloaded at: <https://www.cfr.org/in-brief/why-chinas-global-image-getting-worse>

It is essential to recognize here that the declines noted above have taken place as Beijing has made significant efforts to increase its soft power and reinforce a positive discourse around the country and its leader. However, the expansion of cultural exchange programs; scholarships for foreign students to study in China; and the establishment of Confucius Institutes have not garnered the anticipated payback on investment. Attempts to update and gain reputability for Chinese media outlets such as Xinhua, *China Daily*, and China Global Television Network have not been effective and the “Al-Jazeera Model,” as commentators have noted, has not been a success for Beijing.

Rather than being an outlier, unfavorable views of China in the United States (76% according to Pew and discussed in detail below) are relatively consistent with those of its NATO allies and other countries at similar levels of economic and democratic development. Public perceptions alone do not determine foreign and security policy, but barring adherence to a pure realist unified, rational actor model, they must be taken into account in determining the policy options available as China’s global role holds the attention of national electorates.

## **The View in the United States**

An oft-held view regarding US perceptions of China and their shift in recent years is to blame Donald Trump and call it a day. Trump’s election certainly sped up the process; China was a constant theme on the campaign trail in 2016 and throughout his administration’s tenure, with extremely vivid and frank language used to describe America’s largest trading partner, its global intentions, and its implications, especially for the US working class. While recognizing the role of this discourse in the framing of China to the US populace, the causal roots are more complex and longstanding. Moreover, US concerns over its own future and its place in the world have been on the upswing since the 2007-08 financial crisis and the resulting recession—an economic reality from which China quickly recovered, relative to the United States—and national conversations and fears as to whether the country’s best days were behind it.

Numerous analysts have sought to pinpoint the “turning point” in US views of China. Patricia Kim, referring to a Chicago Council on Global Affairs study, helpfully explains:

Americans were almost evenly divided on whether they perceived the United States and China as “mostly rivals” or “mostly partners” from the early 2000s until 2018. Just one year later in 2019, the balance shifted starkly with 63 percent of respondents answering that the two countries are “mostly rivals” and only 32 percent responding that the two are “mostly partners.”<sup>3</sup>

Working with 2021 Gallup figures, William Galston has discussed the question of US partisan politics and China.<sup>4</sup> Differences do exist among those identifying as members of the Democratic or Republican parties: nearly half of Democrats, compared to two-thirds of Republicans, view the rise of China as a “critical threat to vital American interests.” At the same time, GOP voters take a more hardline stance on China-US economic relations, specifically the perceived loss of jobs to China and the growth of the US trade deficit. However, these differences and their significance disappear when support for particular policies toward China is raised. Galston, again citing Gallup, highlights that 78% of Americans favor “strengthening relations with our traditional allies in the region and elsewhere rather than with China”; 74% support prohibiting the sale of high-tech equipment to China”; and 69% approve of “prohibiting Chinese involvement in building US communications networks.”<sup>5</sup>

While correlation is not causation, the Biden administration appears well-attuned to the numbers. It has sought to improve and deepen a wide range of bilateral relationships (e.g., AUKUS); in 2022 expanded export controls on semiconductors and advanced US technology that China could use in its continuing military modernization; and passed/implemented the Security Equipment Act of 2021, barring the FCC from permitting the use of Chinese telecommunications and video surveillance equipment deemed a threat to US national security. Having set out the data, we now return to the question raised at the beginning of this section: what

<sup>3</sup> Patricia Kim. January 21, 2021. “U.S. Perceptions of China in the Pandemic Era and Implications for U.S. Policy.” Carnegie Endowment for International Peace. Downloaded at: <https://carnegieendowment.org/2021/01/21/u.s.-perceptions-of-china-in-pandemic-era-and-implications-for-u.s.-policy-pub-83684>

<sup>4</sup> William A. Galston. March 22, 2021. “A momentous shift in US public attitudes toward China.” Brookings Institution. Downloaded at: <https://www.brookings.edu/blog/order-from-chaos/2021/03/22/a-momentous-shift-in-us-public-attitudes-toward-china/>

<sup>5</sup> *Ibid.*

caused these shifts? First, there is demographic and generational change in the United States. Generational analysis, first developed by the sociologist Karl Mannheim—while imprecise and by its nature methodologically challenging—can provide a useful framework for analysis.

As the Baby Boomer and Silent Generation retire (with notable exceptions, including the presidency), the national memory of China as a Cold War ally against the Soviet Union no longer carries much weight. For Generation X—the generation increasingly holding senior positions in government, the private sector, media, and academia—the defining image of China remains the Tiananmen Square crackdown in 1989. The famous “tank man” image is much more likely to frame their view of China and the Chinese Communist Party than a smiling Richard Nixon shaking hands with Mao Zedong in 1972. Nor is China viewed as a less developed, overwhelmingly rural economy mired in economic stagnation and poverty.

For this generation, along with the Millennials and Generation Z, China’s economic rise, military expansion, and growing influence on regional and international stages has been a constant. Expectations, such as those expressed by Bill Clinton upon China’s entry into the World Trade Organization, that China would shift closer to the West and to a system of liberal democracy and market capitalism, have not been borne out. Moreover, for many they appear to have been at best

statements that appear to confirm and to justify many of the long-held concerns of many members of these generations.

Second, Asia—as a whole—has changed. In the United States, there has been a growing recognition that Asia is now home to 60% of the world’s population and accounts for 40% of global GDP. As the West Coast has gained in relative national economic importance and as western US cities compete for the title “Gateway to Asia,” national recognition of Asia’s new role in setting the dynamics of global trade, supply chains, investment, and export markets has increased. As Evan Medeiros has highlighted in his thorough analysis of the dynamics of the US-China relationship:

Given Asia’s growing importance, China’s behavior has assumed even greater significance for many in the United States. Not only is China’s behavior intrinsically important to the United States, but it is occurring in a region that is now more meaningful to both US interests and to global order than at any time since the end of the Cold War.<sup>6</sup>

As Asia—and China’s—importance has increased, regions that once dominated the US news cycle and life, i.e., Iraq and Afghanistan, have faded from view. After two decades of overwhelming media attention focused on these conflicts and on global terrorism, China is increasingly in the spotlight. Topics that only a decade ago remained overwhelmingly the preserve

**“China’s failure to recognize this change in its US audience has been a significant own goal as it takes actions and makes statements that appear to confirm and to justify many of the long-held concerns of many members of these generations.”**

naïve and at worst foolhardy as Xi Jinping has consolidated power; as self-professed “Wolf Warrior” diplomats have harangued journalists and their foreign interlocutors; and as Beijing has moved off the track of further liberalization and opening in favor of state-led capitalism. China’s failure to recognize this change in its US audience has been a significant own goal as it takes actions and makes

of academics and human rights organization, e.g. China’s campaign of repression against its Uighur population in Xinjiang, are now essentially mainstream. For this author in particular, it has been remarkable to observe the difference when speaking with both friends and colleagues about Xinjiang. In the late 2000s, a reference to the Uyghurs would regularly generate blank stares and follow-up

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<sup>6</sup> Evan Medeiros. 2019. “The Changing Fundamentals of US-China Relations,” in *The Washington Quarterly*, pp. 93-119.

questions. In 2022, it's met with awareness, concern, and acknowledgement. Among Americans who have changed their view on China from "favorable" to "unfavorable," the question of human rights is the most cited cause, with Hong Kong and Xinjiang regularly noted.

Elite opinion regarding China has never been as monolithic as is often assumed. Going back to the era before China's WTO entry, annual Congressional votes in the 1990s on the renewal of China's Most Favored Nation status—while consistently approved—brought together significant opposition from both parties, stemming from concerns over human rights, labor issues, security concerns, religious freedom, Tibet, and intellectual property. While something of a consensus was reached in the early 2000s, this began to break down as a diverse range of issues were brought to the fore during the Bush, Obama, and Trump administrations. The debate over US Treasury Department responses to perceived Chinese currency manipulation to support its export market was a hallmark of US policy discussions throughout the 2000s and 2010s and extended in campaign advertising and electoral debates. At the same time, concerns over China's adherence to its WTO commitments—particularly opening of service economy markets and intellectual property protections—have a lengthy history of discussion and debate in official Washington and among the US business community.

Economic issues have only increased in relevance, resulting in a much more pronounced division among what some have mistakenly perceived to be a generally united private sector in support of increased integration of the US and Chinese economies. The effective "locking out" of the US technological sector, together with the intellectual property sector, created significant opposition to the maintenance of "business as usual" with China. Moreover, China's previously vaunted and now strongly downplayed "Made in China 2025" initiative spurned new concerns among US manufacturers and labor unions, further hardening opinion. Medeiros provides a further summary very much worth noting here: "The degree of complementarity in Chinese and US exports is declining as the Chinese economy produces higher value-added goods and services. Thus, the natural complementarity of the two economies is giving way to larger segments that are more competitive with each other, creating tensions... Rather, the problem is that this intensifying economic competition is coming

at a time when many in US firms believe that the field of competition is increasingly tilted to their disadvantage because of the growing role of the Chinese state in supporting domestic firms over foreign ones."

## **"Elite opinion regarding China has never been as monolithic as is often assumed."**

China's military modernization program—stretching back over two decades—has long been a concern. However, recent studies that highlight the possibility of the US losing in a maritime war with China have resulted in a laser-like focus among US policy elites on the realities of China as a strategic competitor in the Indo-Pacific region. At the same time, increasingly provocative actions by the Chinese military with regard to Taiwan continue to receive significant attention. Making the situation even more challenging for China have been developments in Taiwan itself. As it has further consolidated its liberal democracy and rule of law; enacted legal protections for the LGBTQ community (including marriage recognition); and elected a female president, the island has begun to present itself as something of the "Sweden of East Asia," i.e., a liberal-democratic and human-rights superstar. When compared to Beijing's actions in Hong Kong and its myriad violations of the "one country, two systems" guarantees—to which it had committed itself in the lead up to handover from the United Kingdom—Taiwan has created a strong argument that abandoning it to China would be morally unconscionable in light of the island's achievement and its position (albeit with minimal diplomatic recognition) as a member of the liberal democratic family of states.

## **Conclusion and Next Steps**

While this discussion paints a distinctly grim picture of US-China relations (and China's relations with NATO members in general) in the recent past, the present, and in all probability the future, it is important to note that there are areas for potential cooperation with China. While rejecting the contention that China-US relations have reached the level of a "new Cold War" and concurring with Thomas Christensen's arguments in opposition to

that proposition,<sup>7</sup> it is worth recognizing that even during the height of US-Soviet tensions there were areas in which collaboration was possible, most notably arms control agreements. There appears to be some degree of consensus as to options and gains from such an approach. As noted in an Atlantic Council study:

By doing this, the United States is signaling to more moderate elements in China that if Beijing ceases its operational efforts to overturn US leadership of the current rules-based order, then Washington would welcome China's full participation in the institutions of global governance, as in the past. In other words, if China under a post-Xi leadership decided to return to a more moderate course at home, and worked within the existing international system abroad, then the scope for strategic cooperation with the United States and its allies would increase rapidly.<sup>8</sup>

More than seven in 10 Americans support working with China on arms control and climate change. Additional topics include the potential for collaboration on the denuclearization of North Korea and engagement through the G20 on global economic stability.

As to a specific and particular role for NATO as an institution, significant challenges exist. Rising attention and concern over China among NATO members—as illustrated by polling; through the naval activities in the South China Sea by NATO member states as well as the *volte face* by numerous states on the question of telecommunications infrastructure and the ever-shrinking position of Huawei in the European marketplace—provide a firm basis for collaboration and consultation. While outside the scope of this paper, it is at the same time essential to note that any formal activity by NATO as a security grouping would inevitably create significant concern in Southeast Asia in particular and raise the stakes considerably for all concerned. Next steps for NATO will be an essential topic for discussion and should be raised at the track 1 and track 2 levels in the immediate term.

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<sup>7</sup> Thomas J. Christensen. March 24, 2021. "There Will Not Be a New Cold War: The Limits of U.S.-Chinese Competition," in *Foreign Affairs*. Downloaded at: <https://www.foreignaffairs.com/articles/united-states/2021-03-24/there-will-not-be-new-cold-war>

<sup>8</sup> Among others, see: Anonymous. 2021. "The Longer Telegram: Towards a new American China strategy." The Atlantic Council. Downloaded at: <https://www.atlanticcouncil.org/wp-content/uploads/2021/01/The-Longer-Telegram-Toward-A-New-American-China-Strategy.pdf>



# 2

## Europe faced with China's Rise: of Shields and Swords?

*David Camroux*

### *Abstract*

This paper begins by contextualizing European views of the rise of China in a broader historical context. It addresses the claim, made both by European political leaders and by analysts, that Europe has been naïve, not only from a geopolitical point of view but, above all from a geo-economic one. It is suggested that efforts to socialize China into the liberal international order were based, not so much on naïve views of China but rather on a realistic assessment of the capacities available to Europeans, and their overriding concern to advance their economic interests. The Global Financial Crisis of 2008 was a turning point: previously China was a place for European investment for access to the Chinese market and a source of cheap imports. After 2008 China itself had become an investor in Europe and this investment in central and Eastern Europe were seen as creating a “Trojan horse.” Concomitantly, Beijing’s aggressiveness in its neighborhood, as well as President Xi Jinping’s increasing authoritarianism (Hong Kong, Xinjiang, post-COVID-19) contributed to a reassessment of ties with China. From this point Europeans began to put into place defensive mechanisms (shields). The 2019 Communication of the European Commission designating China not only as a “partner and (economic) competitor” but also as a “systemic rival” expressed a paradigm shift in European thinking. Two years later, the embrace of the Indo-Pacific as a theater for European action has put Europe into a more offensive posture (swords) in non-military terms. Potentially, this has opened up both a new area of Transatlantic cooperation, but also greater potential for disagreement.

## Introduction

In the very recent past the leaders of France, Germany,<sup>1</sup> and the United Kingdom as well as the two European officials most concerned have evoked separately the end of “European naivety” on China.<sup>2</sup> It is debatable whether Europeans have been naïve<sup>3</sup> and, if indeed so, have they been more naïve than their American partners across the Atlantic? I would argue that European views of the security challenges of China’s rise reflect a kind of pragmatic “muddling through” leading to the development of defensive mechanisms (shields) and offensive strategies (swords).

Today, Europe’s relationship with China is undoubtedly the relationship with an Asian country that most occupies policymakers in Europe and receives by far the most scholarly attention. This is not terribly new: for some 800 years European intellectuals have been variously intrigued, fascinated, and wary of China.<sup>4</sup> Yet, the question could be asked, with which “China” is Europe relating? Is it the “China” that is an imperial construct as well as being what as the great American sinologist John Fairbanks claimed was the only nation to be a civilization in its own right?<sup>5</sup> While, unlike in the high age of European imperialism, the term “civilization” or “civilized” are no longer used, the contest over norms and values today—and the limitations of Europe’s capacity to impose its norms—has echoes of the rivalry and tensions of that past age.<sup>6</sup>

In my view, Europe’s imperial past plays into a more sanguine attitude towards China’s rise than that found in the US. While a current “neo/post-imperial” great power like the US may understandably feel threatened by the rise of a new power, this is for Europeans part of the ebb and flow of history. Besides the consolidation of a kind of continental empire in Europe through the gradual enlargement and institutional change of the European Union,

Europe functions overall within a kind of middle power *modus operandi*.

But there are other “Chinas” with which Europe interacts. Many policymakers and observers in Europe, like their US counterparts, tend to deal with China as a monolith. Yet another way of perceiving China is a region-state. For example, given its vast size and population, China has a capacity to “offshore” within its own borders, with the potential of reducing imports. As a consequence, today US (or potentially European) attempts to decouple from China may well serve President Xi Jinping’s objective of promoting a more autarkic economy, described by former Australian prime minister and eminent China watcher Kevin Rudd, as “decoupling with Chinese characteristics.”

To give another example, namely that of dealing with climate change, injunctions from Beijing on environmental protection may be completely ignored at the local level. This is not unimportant: dealing with climate change is a non-traditional security issue on which both Europeans and Americans seek to cooperate with China. Finally, there is even a local dimension to the foreign relations of China with, especially, its near neighbors, but also countries further away.<sup>7</sup>

China is also an “Asian” regional power, but with which region? Is it with the nearby Sinic world of the past (Korea, Vietnam) or Northeast Asia more generally? Or towards Central Asia, as exemplified by its leadership of the Shanghai Cooperation Organization? Or does China’s immediate concern lie with Southeast Asia? Since the late 1980s and its foundational membership of the Asia-Pacific Economic Cooperation, China has embraced that regional construct promoted by both Democratic and Republican administrations in Washington, but has refused, so far, to adhere to the equally bipartisan notion of the Indo-Pacific.

<sup>1</sup> Olaf Scholz, “The Global Zeitenwende: How to Avoid a New Cold War in a Multipolar Era,” *Foreign Affairs*, Jan.-Feb., <https://www.foreignaffairs.com/germany/olaf-scholz-global-zeitenwende-how-avoid-new-cold-war>

<sup>2</sup> Robbie Gramer, “EU’s Vestager: Brussels is Shedding its Friendly Stance on Beijing,” *Foreign Policy*, Dec. 9, 2022, <https://foreignpolicy.com/2022/12/09/the-eu-is-shedding-its-friendly-stance-on-china-vestager-trade-biden/>.

<sup>3</sup> Hugo Meijer, *Awakening to China’s Rise: Europe’s Foreign and Security Policy towards the People’s Republic of China*, (Oxford: Oxford University Press, 2022).

<sup>4</sup> Kerry Brown, *China and the EU in Context: Insights for Business and Investors*, (Basingstoke, UK: Palgrave MacMillan, 2014). Gemma Cheng

Deng, *China through European Eyes: 800 Years of Cultural and Intellectual Encounter*, (London: World Scientific Europe, 2022).

<sup>5</sup> John Fairbanks, *China: A New History*, (Cambridge, MS: Harvard University Press, 1994).

<sup>6</sup> Zsuzsa Ferenczy, *Europe, China, and the Limits of Normative Power*, (Cheltenham, UK: Edward Elgar, 2019).

<sup>7</sup> Tomasz Kaminski, *The Role of Regions in EU-China Relations*, (Lodz/Warsaw: University of Lodz, 2012). Dominik Mierzejewski, *China’s Provinces and the Belt and Road Initiative*, (London: Routledge, 2021). Wiebke Rabe, *China’s Provinces Go Global: Internationalization Under Guided Autonomy*, (London: Routledge, 2022).

It is the fourth “China,” China as a global actor, that has been most problematic for Europeans. During the Cold War and after the 1949 Revolution that role was largely ideological and, as such did have consequences in a Europe between those countries who were part of the Soviet Bloc and those who were not.<sup>8</sup> The Sino-Soviet split weakened the relations of some countries with China but also meant that China was no longer linked to the Soviet occupier. This plays out today, where views of China in Central and Eastern European countries, who are now members of the European Union, tend to be more favorable than in the initial members of the EU from Western Europe. A concrete example came to the fore during the COVID pandemic, when Hungary rapidly showed its willingness to accept vaccines from China alongside Serbia, an EU accession state.

It is the “China” as a global economic power that impinges most on Europe. After the four modernizations of Deng Xiaoping, China has followed the Asian developmental state model to become a centrally controlled capitalist economy seeking global markets, global resources, global investments, and global influence. The challenge for Europeans is that, unlike previous export-oriented Asian development states, such as Taiwan and South Korea, China is an enormous domestic market in its own right.

## **Background: Toward less optimistic European views of China**

In March 2019, the European Union issued a communication in which it described China as not only a “cooperation partner” or an “economic competitor, but also a “systemic rival promoting alternative models of governance.”<sup>9</sup> As Wang has observed, the 2019 Communication represents a paradigm shift in the EU’s discourse on China, which seemed to have been triggered by a deterioration in the relations between the two actors.<sup>10</sup> I shall return to this development below.

What had happened? The specifically Sino-European aspects must be seen in the light of three overriding trends.<sup>11</sup> The first of these is the shift of global

strategic gravity to Asia (and indeed) the Indo-Pacific. Concomitant with this shift—and definitely accentuated during the Trump administration—was the gradual retrenchment of the US from Europe since the end of the Cold War. It is too early to judge whether the “boomerang effect” of renewed US commitment to Europe following the ruthless Russian invasion of Ukraine is long-term. At the least the planned expansion of NATO and increased defense spending in Europe has seen both US resolve and, in my view, a not-incompatible effort at developing a degree of European strategic autonomy.

The second development is now that the PRC has the (economic, military and technological) capabilities, since the last decade or so, it has begun to use them. This has been translated into a more assertive foreign policy both in the Indo-Pacific and in relation to Europe. This is expressed in a less conciliatory “wolf warrior” diplomacy that challenges both Europe and the US in the arena of values. Domestically in China this has been accompanied by a more repressive political climate. This has seen de facto the end of the “one country, two systems” model in Hong Kong, repression in Xinjiang, and the draconian lockdown measures imposed for over two years by Beijing to cope (badly) with the COVID-19 pandemic.

Thirdly, the accentuated global competition between the United States and China has become a structural feature of global politics, generating many megabytes of commentary on the Thucydides trap, hegemonic decline, and a new Cold War. As in much of Asia and the Pacific, Europeans sense they are caught between “a rock and a hard place” or, to change the metaphor, “becoming the meat in the sandwich” in a rivalry they have not sought.

## **European reactivity: Muddling through**

Four phases can be identified in the Sino-European relations of the last three decades. In the 1990s, the EU wanted to be the “leading partner” in China’s modernization, by performing not only its role as a “normative power” but also as a “champion of

<sup>8</sup> Janick Schaufelbueht, Mario Wyss, and Valeria Zanier, *Europe and China in the Cold War: Exchanges between the Bloc Logic and the Sino-Soviet Split*, (Leiden: Brill, 2018).

<sup>9</sup> European Commission, “Communication to the European Parliament, the European Council and the Council: EU-China: A Strategic Outlook, Final,” Mar. 11, 2019, <https://ec.europa.eu/info/sites/default/files/communication-eu-china-a-strategic-outlook.pdf>.

<sup>10</sup> Earl Wang, “EU’s Paradigm Shift towards the Rise of China,” *IRSEM Research Paper No. 124*, Apr. 4, 2022, <https://www.irsem.fr/institut/actualites/research-paper-no-124-2022.html>

<sup>11</sup> Hugo Meijer, *Awakening to China’s Rise: Europe’s Foreign and Security Policy towards the People’s Republic of China*, (Oxford: Oxford University Press, 2022), 2.

multilateralism” and “liberal trade power.”<sup>12</sup> These last two roles were significant because, at this point, the EU’s main interest was to have China join the WTO, expecting it to engage in market opening and liberalization). As the eminent French sinologist François Godement argued, looking back on the first decade of the millennium. “The EU’s China strategy is based on an anachronistic belief that China, under the influence of European engagement, will [liberalize] its economy, improve the rule of law and [democratize] its politics.”<sup>13</sup> He later termed this belief a “convergence myth.”<sup>14</sup> Promoted particularly by Chancellor Angela Merkel in Germany,<sup>15</sup> the idea of *Wandel durch Handel* (“change through trade”) in relation to authoritarian ideas also had strong support from governments in the United Kingdom.<sup>16</sup> For example, President Xi Jinping made a state visit to Britain in October 2015 with Xi and British Prime Minister David Cameron heralding a “golden era” in UK-China relations as Britain became the first destination for Chinese investment.

Prior to 2008, Fox and Godement categorized European countries’ attitudes toward China in the

following, way by placing them alongside two axes of economic attitudes and political attitudes (see Figure 1).

In the interplay between these two attitudes, European news media has played a significant role in setting the agenda and influencing European policymaking. Li Zhang argues that coverage of changes in China “made the EU see China differently and played a significant role in helping to bring China back to the EU’s agenda in the middle of the 1990s.”<sup>17</sup> At the micro-level—the issue of human rights in China—and shifts in the EU’s foreign policy regarding China, influenced media coverage. This meant a shift from the confrontational approach following the Tiananmen Square repression in 1989 to a stress on dialogue. Thus, from the 1990s until about 2010 the range of human rights issues covered and a stress on human rights generally declined.

The second period, referred to as “the honeymoon period” began after the establishment of the strategic partnership in 2003 and continued until 2008. The EU insisted on China adopting some democratic and free

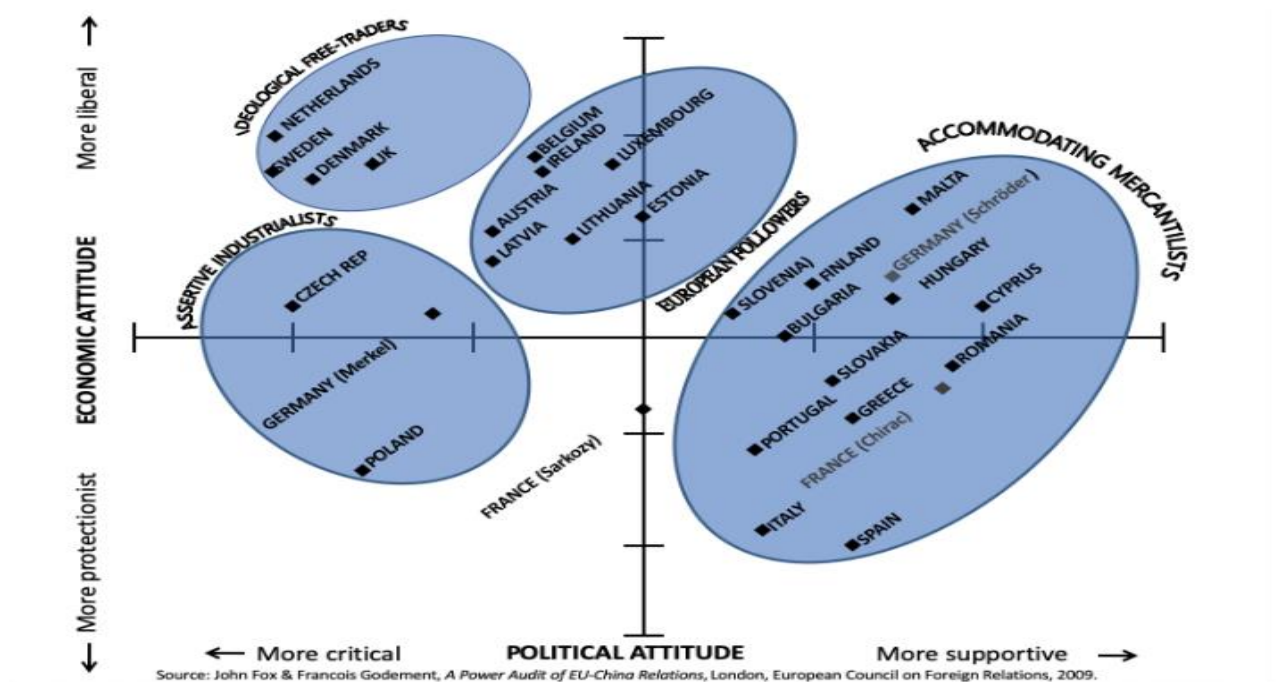


Figure 1 EU Member State Attitudes towards China before the Global Financial Crisis

<sup>12</sup> Anna Michalski and Zhongqi Pan, “Role Dynamics in a Structured Relationship: The EU-China Strategic Partnership,” *Journal of Common Market Studies* 55, no. 3 (2017): 611-627. DOI: 10.1111/jcms.1205.

<sup>13</sup> John Fox and François Godement, *A Power Audit of EU-China Relations* (London: European Council Foreign Relations, 2009).

<sup>14</sup> François Godement and Abigaël Vasselier, *China at the Gates: A New Power Audit of EU-China Relations*, (London: European Council on Foreign Relations, 2017).

<sup>15</sup> Andreas Fulda, “Germany’s China Policy of ‘Change Through Trade’ has Failed,” *RUSI Commentary*, Jun. 1, 2020. [https://www.rusi.org/explore-our-](https://www.rusi.org/explore-our-research/publications/commentary/germanys-china-policy-change-through-trade-has-failed)

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<sup>16</sup> A central argument of those, such as Boris Johnson, campaigning for Brexit was that a UK freed of the shackles of membership of the European Union would be able to become “Singapore on the Thames” negotiating Free Trade Agreements with economic powerhouses such as China. In fact since Brexit those few FTAs that have been signed with, say South Korea and Japan, duplicate existing EU FTA’s.

<sup>17</sup> Zhang Li, *News Media and EU-China Relations*, (Basingstoke, UK: Palgrave Macmillan, 2011).

market principles, as well as the rule of law while China, though rhetorically making some concessions, sought to maintain the “Chinese characteristics” of its development model. Tensions emerged over the granting of Market Economy Status to China in the World Trade Organization while the EU was gradually realizing that using its normative power in its efforts to socialize China within the international system had a limited effect.<sup>18</sup> In Brussels the European Commission financed the setting up of the Europe-China Research and Advice Network designed to provide research advice to the newly established European External Action Service as well as to other policy makers.<sup>19</sup> With the benefit of hindsight, the establishment of its own well-staffed European foreign ministry provided a first defensive tool in dealing with China. At the least, greater institutional capacity in Brussels meant that interaction with the PRC was no longer the sole prerogative of the member states, especially the larger ones. As a result, Beijing's ability to create divisions in Europe found a partial response.

## **The 2008 Global Financial Crisis, a watershed moment**

Initially during the Global Financial Crisis (GFC) of 2008 the EU became more accommodating towards China, as the latter provided significant financial resources.<sup>20</sup> Small argues that China's support in this difficult period influenced European perspectives of China, leading it to be seen as a pragmatic, low-key, and constructive actor. Small and his co-authors argue that for Europeans at the time China was seen as a not being an actively destructive power, because it did not use opportunities such as the GFC and later Brexit or the migration crisis to exploit internal divisions between member states.<sup>21</sup> This benevolent view was contested. Soon after the initial shock of GFC were absorbed, views of Chinese intentions changed rapidly with domestic debates on the

“Scramble for Europe.”<sup>22</sup> These debates led to more serious studies on the economic implications<sup>23</sup> of dependence on China and alarming reports from across the Atlantic on China's offensive in Europe.<sup>24</sup>

For Fox and Godement, Chinese action in Europe after the GFC had shuffled the place of countries on the two axes of political attitudes and economic attitudes, as shown in the following (see Figure 2).

The initial concern was that China was preying upon the weaker and highly indebted member states of Europe to bring them into its orbit. Later this converged around what was seen as Chinese attempts to create divisions with Europe especially in Central and Eastern Europe<sup>25</sup> such as through the 16+1 arrangement.<sup>26</sup> Igor Rogelja provides an interesting cameo of perceptions of China in these countries by examining the highly symbolic example of bridge-building by the state-owned China Road Bridge Corporation (CRBC).<sup>27</sup> The opening of the Pupin bridge in 2014 in aspiring EU member Serbia was a high-profile event involving the Chinese PM. That of the Peijesac Bridge in EU member Croatia in July 2022 was a much lower key affair. This may be the last public infrastructure effort by the CRBC to be allowed. In 2020 Chinese SOEs were excluded from building a \$1.2 billion rail line in Slovenia following the introduction of new EU guidelines excluding “third country” bidders from public tenders, particularly those relying on pan-European funding. I shall return to this subject later.

From this time China was increasingly perceived as an economic competitor not playing by the rules of the game. This can be seen in two industrial sectors—the construction of high-speed trains and the automobile sector—that are not only significant economically, but also are sources of European pride and self-confidence. In 2004 China's State Council announced a strategy, one in violation of WTO rules, forcing foreign high-speed rail companies to enter

<sup>18</sup> Nicola Casarini, *Remaking Global Order: The Evolution of Europe-China Relations and its Implications for East Asia and the United States*, (Oxford: Oxford University Press, 2009).

<sup>19</sup> Kerry Brown, *China and the EU in Context: Insights for Business and Investors*, (Basingstoke, UK: Palgrave MacMillan, 2014)

Kerry Brown, *The EU-China Relationship, European Perspectives: A Manual for Policy Makers*, (London: Imperial College Press, 2015)

<sup>20</sup> Anna Michalski and Zhongqi Pan, “Role Dynamics in a Structured Relationship: The EU-China Strategic Partnership,” *Journal of Common Market Studies* 55, no. 3 (2017): 611-627. DOI: 10.1111/jcms.1205.

<sup>21</sup> Andrew Small, “The Meaning of Systemic Rivalry: Europe and China beyond the Pandemic,” ECFR Policy Brief, May 2020, <https://www.irsem.fr/institut/actualites/research-paper-no-124-2022.html>

<sup>22</sup> François Godement and Jonas Parelló-Plesner, *The Scramble for Europe*, (London: European Council on Foreign Relations, 2011).

<sup>23</sup> Jonathan Holslag, *The Silk Road Trap: How China's Trade Ambitions Challenge Europe*, (Cambridge: Polity Press, 2019).

<sup>24</sup> Philippe Le Corre and Alain Sepulchre, *China's Offensive in Europe*, (Washington DC: Brookings Institute, 2016).

<sup>25</sup> Weiqing Song, *China's Relations with Central and Eastern Europe: From Old Comrades to New Partners*, (London: Routledge, 2019).

Gabriela Pleschova, *China in Central Europe: Seeking Allies, Creating Tensions*, (Cheltenham, UK: Edward Elgar, 2022).

<sup>26</sup> Andreea Brînză, “How China's 17+1 Became a Zombie Mechanism,” *The Diplomat*, Feb. 10, 2021. <https://thediplomat.com/2021/02/how-chinas-171-became-a-zombie-mechanism/>

<sup>27</sup> Igor Rogelja, “China's waning influence in Southeast Europe,” East Asia Forum, Dec. 17, 2022. <https://www.eastasiaforum.org/2022/12/17/chinas-waning-influence-in-southeast-europe/>

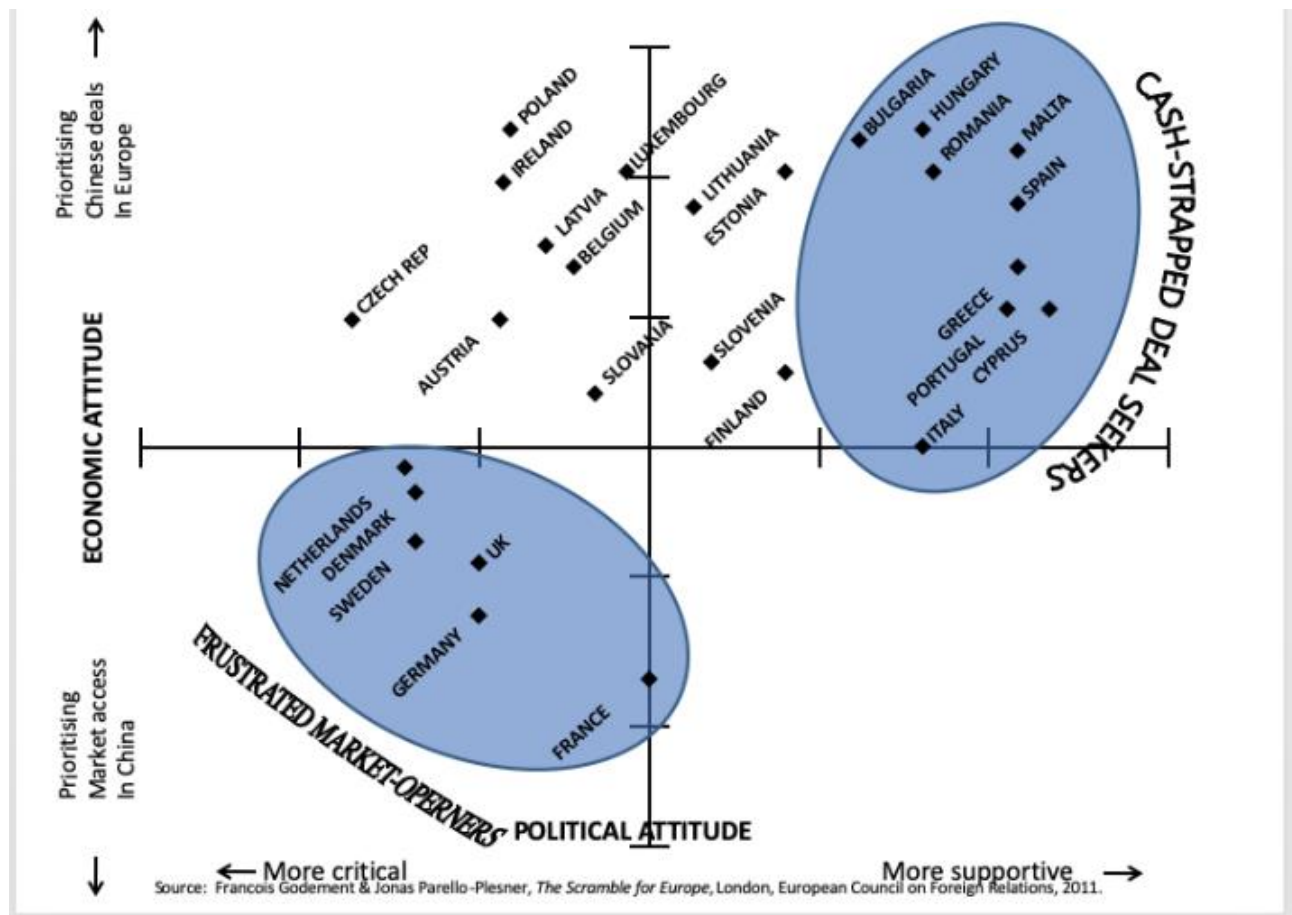


Figure 2 EU Member State Attitudes towards China after the Global Financial Crisis

into joint ventures and transfer technology as a condition of market access. This pitted two major European manufacturers, Alstom and Siemens, against each other, with each becoming part two competing joint ventures. Once the technology was acquired, the Chinese government then merged the two companies into a giant state-owned manufacturer, Chinese Railway Construction Corporation (CRCC), which since has had a virtual monopoly domestically. By 2016 it had also conquered two-thirds of foreign markets for high-speed rail. The Europeans had help create a competing monster.<sup>28</sup> In Europe, the creation of the high-speed rail equivalent of Airbus, the epitome of a European champion, through the merging of Alstom and Siemens this was blocked in February 2019 by the European Commission. Margarethe Vestager the European Commissioner for Competition vetoed the merger in February 2019 on the grounds that it would be detrimental to the

European domestic market. Her veto was ferociously criticized by the French and German governments and by many economists. There was a twofold argument. On the one hand, the European market was already saturated and, on the other, the main competitor in the international market, the CRCC, was a disloyal competitor.<sup>29</sup> Not only had it acquired European technologies in a dubious way but it had a monopoly situation in its home market.<sup>30</sup> However, the trade unions of rail workers, fearing job losses following a merger, were supportive of the veto.

In the automobile manufacturing sector, the acquisition by the Chinese company Geely of the Swedish automobile manufacturer Volvo was already something of a shock, mitigated by the fact that the company had previously been purchased by Ford. However, SAAB, another iconic Swedish brand of automobiles ceased to exist in August 2015 after the purchase of its factories by a consortium

<sup>28</sup> David Fickling, "Alstom and Siemens show how not to deal with China," Bloomberg, Feb. 6, 2019.

<https://www.bloomberg.com/opinion/articles/2019-02-06/alstom-and-siemens-show-how-not-to-deal-with-china-and-vestager>

<sup>29</sup> Like Japanese automobile manufacturers such as Toyota and Nissan who produce in Europe for the European market, the Japanese high-speed rail

manufacturer, Hitachi Rail, move dits global headquarters to London in 2014 and set up a factor in northern England.

<sup>30</sup> Viviana Zhu, "Europe-China rail competition - 'Bigger is better'?", Institut Montaigne Analysis, Feb. 11, 2019. <https://www.institutmontaigne.org/en/analysis/europe-china-rail-competition-bigger-better>



involving a Chinese manufacturer.<sup>31</sup> Today the concern is that even Europe's major manufacturers such as Renault or Volkswagen no longer have a technological, let alone cost advantage over Chinese manufacturers in electric vehicles.<sup>32</sup> Europeans find themselves in something of a self-made trap. The EU sees itself at the forefront in reducing greenhouse emissions hence, for example, the banning in France of petrol-driven cars in 2030. Yet European companies, unlike their Chinese competitors, have not received state subsidies like their Chinese competitors to achieve a comparative advantage in electric vehicle technology. Nor do companies in Europe have the control of rare earths and the battery-building capacity of their Chinese competitors.

### **Towards the "Sinatra Doctrine" on China**

Three factors have come into play in the evolving US approach to China. The first of these is institutional, related to what Christopher Hill in a seminal essay termed the expectations-capability gap in European Foreign relations.<sup>33</sup> In 2008, the European Union lacked a foreign ministry. Two years later, pursuant to the Lisbon Treaty, the European External Action Service was created, as well as the position of the high representative of the European Union for foreign affairs and security policy (responsible to the Council of the European Union). The high representative is also vice-president of the European Commission, providing him/her with a potential influence lacking previously. The European External Action Service is a textbook case of institutional momentum at the heart of the neo-functionalist view of European construction. Creating an institution, providing it with the material resources (e.g., the 136 EU delegations worldwide), and, above all, the human resources leads to it taking on new responsibilities and entering new areas.

Leadership also counts, and a change of actors in Brussels is a second development. The first HR/VP, Baroness Catherine Ashton, from the UK was mainly concerned with establishing the EEAS and ensuring its staffing, both with diplomats seconded from the

foreign ministries of member states, as well as those directly recruited. Her successor, the Italian Federico Mogherini, was perceived as pursuing a value-oriented approach and, on China, deferring to the more powerful European member states.

The appointment of Josep Borrell, an experienced former Spanish foreign minister, and like his two predecessors from the center-left of the European political spectrum, marked a shift in European views of China. In an essay published for the key Italian IR think tank,<sup>34</sup> Borrell described Xi Jinping's China in three words: "assertive," "expansionist," and "authoritarian."<sup>35</sup> As a response he argued:

"If the EU does not want to remain entrenched in the dispute between the US and China, it must look at the world from its own point of view and act to defend its values and interests, which do not always coincide with those of the US. In short...the EU has to do things 'its own way.'"<sup>36</sup>

He went on to argue that China had taken advantage of the economic relationship with the EU through continuing to claim to be a developing country, by using trade and investment barriers, and through subsidies to its state-owned companies. While China and the EU were too economically interdependent to decouple, as preached by the Trump administration, the asymmetries in the relationship needed to be addressed. Borrell's views reflected, somewhat, changes in public opinion in Europe. An opinion poll conducted by the European Council of Foreign Relations showed this increasing wariness of China<sup>37</sup> as exemplified in this chart (see Figure 3 and 4).

With Britain no longer a member of the EU, Chinese efforts at causing divisions had limited effect with a grudging acceptance that a common approach toward Beijing was more salient, albeit one in which at least some countries should try to lead (see Figure 5).

Two cases demonstrate this greater wariness towards China and the development of defensive mechanisms providing a shield in Europe. On May 19, 2019, then-US President Donald Trump signed an executive

<sup>31</sup> SAAB had previously been owned by General Motors who was forced to sell it after its own bankruptcy.

<sup>32</sup> Peter Campbell, "Chinese electric vehicles take on Europe," *Financial Times*, Oct. 27, 2022. <https://www.ft.com/content/25b4bb0c-f149-4858-a74d-2531698fd35e>

<sup>33</sup> Christopher Hill, "The Capability-Expectations Gap, or Contextualizing Europe's International Role" *Journal of Common Market Studies* 31, no. 3 (1993): 305-328. DOI: 10/1111/j.1468-5965.1993.tb0466.x

<sup>34</sup> Josep Borrell, "The Sinatra Doctrine. How the EU Should Deal with the US-China Competition," IAIA Paper, No. 24, Sept. 2, 2020.

<https://www.iai.it/sites/default/files/iaip2024.pdf>

<sup>35</sup> Ibid

<sup>36</sup> Ibid

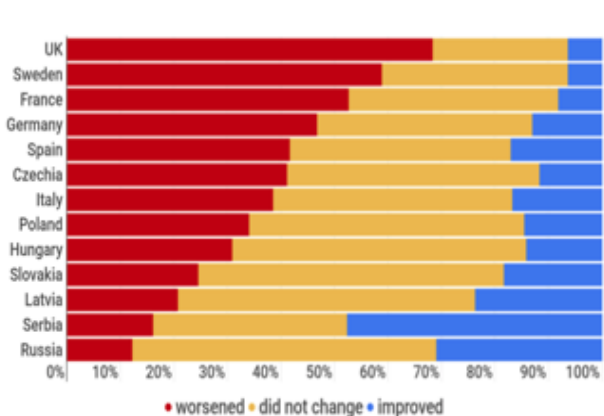
<sup>37</sup> Janka Oertel, "The new China consensus: How Europe is growing wary of Beijing," ECFR Policy Brief, Sept. 7, 2020. [https://www.ecfr.eu/publications/summary/the\\_new\\_china\\_consensus\\_how\\_europe\\_is\\_growing\\_wary\\_of\\_beijing](https://www.ecfr.eu/publications/summary/the_new_china_consensus_how_europe_is_growing_wary_of_beijing)

order blacklisting the Chinese tech giant Huawei in the US market. The US then urged its fellow members of the Five Eyes Intelligence Sharing Arrangement—Australia, Canada and the United Kingdom—to follow suit. European countries, especially, the majority who are NATO members, were faced with a conundrum. While some countries shared some US security concerns, others did not want to deprive themselves of cost-effective Chinese technology; others wanted to support their own high-tech companies, such as Erikson and Nokia. Above all, there was a consensus not to single out China as the object of a ban, and thus follow Trump's approach of converting the protection of national security interests into a trade war.

Following recommendations from the European Commission in March 2019, in October the Council finalized a coordinated risk assessment of 5G network security. In January a *Toolbox of Mitigation Measures for 5G Security* was published with member states called to implement the main toolbox measures.<sup>38</sup> The result has been that, while never named, Huawei has been de facto excluded from the most sensitive areas of 5G network development. China has not been singled out as a villain and Huawei's lower-tech products, such as cellphones, are widely available. The UK, on the contrary, has been criticized by Beijing for its unilateral decision to remove all Huawei technology from sensitive security networks by 2027.

During the years of the Trump administration, in which both China and Europe became victims of the trade war launched by Washington, there was a sense, initially, that Brussels and Beijing could find common ground. Although it was not stated, a common adversary helped in this rapprochement. At the end of 2020, the Chinese government indicated willingness to conclude negotiations for an EU-China Comprehensive Agreement on Investments (CAI). Such an agreement had been first proposed in 2013, although negotiations had been on hold for several years. Seen from Brussels, the agreement was designed to give the EU the same advantages as the US-China Phase One Trade Deal negotiated with the Trump administration in 2020.

There seemed to have been a convergence of interests. The first was that the Chinese seemed intent on cementing an agreement in Europe prior to the inauguration of Joe Biden as US president. A successful agreement would also have provided German Chancellor Angela Merkel with vindication for her China-friendly strategy and confirm her legacy as Europe's most powerful leader prior to her announced retirement from politics. Thirdly, signing the CAI would crown a successful lobbying effort by the influential EU-China Chamber of Commerce in Beijing by levelling the playing field for European investment in China and opening up, just a little further, the Chinese market. In theory, at least, this



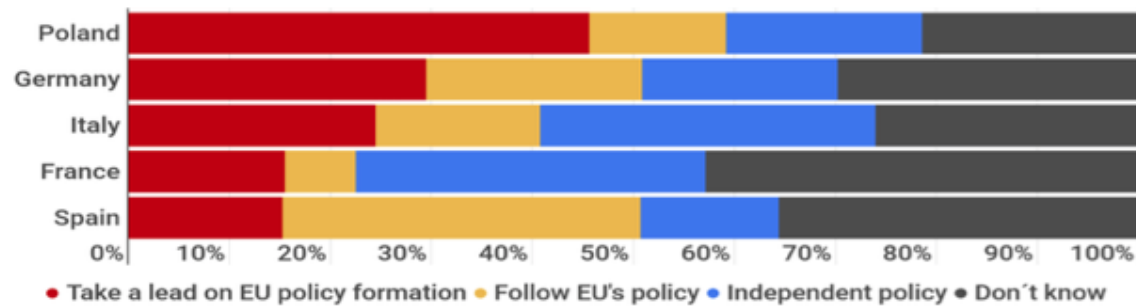
Source: Richard Turcsanyi *et al* (2020) *European public opinion on China in the age of COVID-19: Differences and common ground across the continent*, Olomouc: Palacky University Olomouc / Bratislava: Central European Institute of Asian Studies.

Figure 3 Feeling towards China among Europeans (% of respondents)

Figure 4 Change of feeling towards China among Europeans in the past three years (% of respondents)

<sup>38</sup> European Commission, "EU Toolbox for 5G Security," Mar. 24, 2021. <https://digital-strategy.ec.europa.eu/en/library/eu-toolbox-5g-security>





Source: Richard Turcsanyi *et al* (2020) *European public opinion on China in the age of COVID-19: Differences and common ground across the continent*, Olomouc: Palacky University Olomouc / Bratislava: Central European Institute of Asian Studies (

Figure 5 Should your country have an independent China-policy or contribute to a common EU policy?

would involve the Chinese side making concessions, for example, on upholding labor rights and climate conditionalities.<sup>39</sup> However, for CAI to come into force it would require the agreement both of the European Parliament and then of the Council (the 27 member states) as well as possibly, the parliaments of the 27 member states.

In March 2021 the EU sanctioned four Chinese officials involved in internment camps in Xinjiang. Beijing responded by imposing a series of retaliatory sanctions against different EU officials, including MEPs who were most vocal in denouncing China's human rights abuses. In a result that could have been expected, on May 20, 2021 the European Parliament voted to suspend ratification proceedings for CAI.<sup>40</sup> There is some debate as to the reasons for the Chinese action. It is difficult to believe that the Chinese Embassy in Brussels would have been unaware that sanctions on democratically elected MEPs would lead to hostility against ratification. My own view is that the Chinese leadership were happy to abandon an agreement they only reluctantly proposed and for which they, and not the Europeans, would make the most concessions, albeit ones without enforcement mechanisms. Eighteen months later the ratification process remains blocked with some suggesting the deal, "already on ice," is dead.<sup>41</sup> The war in Ukraine and China's reluctance to distance itself from Russia

has led to a further reluctance to enter into any further economic partnership agreements them.

The blocked situation on CAI, in my view, perpetuated already unfolding efforts to reinforce Europe's (economically) defensive capacities in relation to a rising China.<sup>42</sup> The most notable of these, referred to above, is after 10 years of negotiation the announcement, in March 2022, of Europe's International Procurement Instrument providing guidelines on public procurement.<sup>43</sup> These guidelines were in part introduced following the dismay of public opinion, expressed in the European Parliament, in seeing projects financed by European taxpayers benefiting non-European (and especially) Chinese companies and workers. While China is not explicitly targeted in these guidelines, it is excluded because it is not a party to the WTO Agreement on Government Procurement. As in the Huawei case cited above, the Europeans have found a shield against predatory Chinese economic activities without designating Beijing as a culprit.<sup>44</sup> These restrictions on public procurement echoed bans on Chinese acquisition of high technology companies in a Germany, France and the Netherlands?

## An offensive strategy: Europe's "sword," the Indo-Pacific

<sup>39</sup> François Godement, "Wins and Losses in the EU-China Investment Agreement (CAI)," Institut Montaigne Policy Paper, Jan. 2021. <https://www.institutmontaigne.org/en/publications/wins-and-losses-eu-china-investment-agreement-cai>

<sup>40</sup> Stuart Lau, "China throws EU trade deal to the wolf warriors," *Politico*, Mar. 22, 2021. <https://www.politico.eu/article/china-throws-eu-trade-deal-to-the-wolf-warriors-sanctions-investment-pact/>

<sup>41</sup> William Yuen Yee, "Is the EU-China Investment Agreement Dead?" *The Diplomat*, Mar. 26, 2022. <https://thediplomat.com/2022/03/is-the-eu-china-investment-agreement-dead>

<sup>42</sup> François Godement, "Wins and Losses in the EU-China Investment Agreement (CAI)," Institut Montaigne Policy Paper, Jan. 2021.

<https://www.institutmontaigne.org/en/publications/wins-and-losses-eu-china-investment-agreement-cai>

<sup>43</sup> Marcin Szczepanki, "EU International procurement instrument," Briefing EU Legislation in Progress, PE 649.403, Nov. 2022. [https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/649403/EPRS\\_BRI\(2020\)649403\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/649403/EPRS_BRI(2020)649403_EN.pdf)

<sup>44</sup> Tara Rudra and Elisha Kemp, "Two years on... notable enhancement in the EU foreign investment screening landscape, but shortfalls remain," Linklaters Blog, Nov. 11, 2022. <https://www.linklaters.com/fr-fr/insights/blogs/foreigninvestmentlinks/2022>

The measures outlined above concerning restrictions on Chinese investment, and participation in EU-funded public procurement activities, can be considered defense strategies. What Europe has lacked is an offensive strategy with dealing with China as the “holy trinity” of partner, competitor, and systemic rivalry. In the last two years a coherent response has emerged, albeit one with only a marginal hard security dimension. The first is the EU’s Strategic Compass, which proposes a shared approach to traditional and non-traditional security issues. The second is the EU’s Global Gateway Initiative, designed as a competing expression of European (market) power to China’s Belt and Road Initiative. Southeast Asia is the first focus of this project.

In a sense there is a return to the future in Europe’s recent embrace of the “Indo-Pacific”; after all, the term was invented in Europe at the same time as the study of geopolitics. The celebrated German strategic thinker, Gen. Karl Haushofer, created the geographical denomination “Indo-Pacific” in his 1924 opus *Geopolitik des Pazifischen Ozean*.<sup>45</sup> A century later, in October 2020, the German foreign ministry framed its Asia policy guidelines as directed towards what it described as the Indo-Pacific region.<sup>46</sup>

As is often the case in Europe, it was its French counterpart which had paved the way, publishing in mid-2018 a policy paper on an “inclusive Indo-Pacific region.”<sup>47</sup> The French president, Emmanuel Macron, in meetings with the prime ministers of India and Australia, respectively, in March and May 2018, found the term indeed rather salient in defining France as “an Indo-Pacific nation,” given its overseas territories in both the Indian Ocean and the South Pacific.

Completing the EU trio, on Nov. 13, 2020 the Dutch Ministry of Foreign Affairs joined the chorus with its own Indo-Pacific policy paper.<sup>48</sup> As for the UK, since Brexit, promoting a “Global Britain” has involved a “very British tilt towards the Indo-Pacific” to use the title of a policy paper issued in November 2020.<sup>49</sup> A change of British prime ministers and foreign ministers in September 2022 saw a reinforcement of the commitment towards the Indo-Pacific linked to the war in Ukraine.<sup>50</sup>

As for Europe overall, in 2018 in a seminal briefing paper by the EU Institute of Strategic Studies the term Indo-Pacific entered into the lexicon of the Brussels-linked foreign policy community.<sup>51</sup> The pivot toward the Indo-Pacific was followed by some limited hard security efforts: the sending of the flagship of the Royal Navy, HMS *Queen Elisabeth*, accompanied by a Dutch frigate, for freedom of navigation exercises in the region as well as Berlin’s dispatch of a frigate to exercise with the Royal Australian Navy. This dispatch had been mooted for some six years and these are symbolic gestures, but that is the point.<sup>52</sup>

Although the EU would not claim to embrace the US concept of the Indo-Pacific, there is a Transatlantic dimension to its evolution. In fact, overall, the European Indo-Pacific strategy—with the stress it places on Southeast Asia, on economic cooperation, and on values as well as lesser emphasis on hard military means—resembles the Canadian Indo-Pacific Strategy published in November 2022.<sup>53</sup>

As for the US, on Dec. 2, 2020, High Representative for European Security and Foreign Affairs Josep Borrell issued a Joint Communication to the European Council and the European Parliament proposing a

<sup>45</sup> (Haushofer [1924], 2002) Hansong Li, “The ‘Indo-Pacific’: Intellectual Origins and International Visions in Global Contexts,” *Modern Intellectual History* 19, (2022): 807-833. DOI: 10.1017/S14792244321000214.

<sup>46</sup> Federal Foreign Office, Germany, “Policy guidelines for the Indo-Pacific. Germany-Europe-Asia. Shaping the 21st century together,” Sept. 2020. <https://www.auswaertiges.amt.de/blob/2380514f9784f7e3b3fa1bd7c5446d274a4169e/200901-indo-pazifik-leitlinien--1--data.pdf>

<sup>47</sup> Ministry for Europe and Foreign Affairs, France, “2030 French Strategy in Asia-Oceania: Towards an Inclusive Asian Indo-Pacific Region,” White Paper, Jun. 2018. [https://www.diplomatie.gouv.fr/IMG/pdf/livre\\_blanc-com-fr-eng\\_cle876fb2-1.pdf](https://www.diplomatie.gouv.fr/IMG/pdf/livre_blanc-com-fr-eng_cle876fb2-1.pdf)

<sup>48</sup> Ministry of Foreign Affairs, Netherlands, “Indo-Pacific: Guidelines for Strengthening Dutch and EU Cooperation with Partners in Asia,” Government of the Netherlands, Nov. 13, 2020. <https://www.rijksoverheid.nl/documenten/publicaties/2020/11/13/indo-pacific-een-leidraad-voorversterking-van-de-nederlandse-en-eu-samenwerking-met-partners-in-azie>

<sup>49</sup> Stephen Harper, et al. “A Very British Tilt: Towards a new UK strategy in the Indo-Pacific,” London: Policy Exchange.

<https://policyexchange.org.uk/wp-content/uploads/2022/05/A-Very-British-Tilt.pdf>

<sup>50</sup> Senju Sadayasu, “Interview: Indo-Pacific more crucial because of Ukraine war: U.K.’s top diplomat,” *Nikkei Asia*, Sept. 28, 2022.

<https://asia.nikkei.com/Editor-s-Picks/Interview/Indo-Pacific-more-crucial-because-of-Ukraine-war-U.K.-s-top-diplomat>

<sup>51</sup> Eva Pejsova, “The Indo-Pacific: A passage to Europe?” in *Europe’s Indo-Pacific Puzzle*, (London: Routledge, 2021)

<sup>52</sup> Jacob Parakilas, “Europe as a Major Military Power in Asia? Don’t Bet on it,” *The Diplomat*, Nov. 25, 2020. <https://thediplomat.com/2020/11/europe-as-a-major-military-power-in-asia-dont-bet-on-it/>

<sup>53</sup> Government of Canada, “Canada’s Indo-Pacific Strategy,” 2022.

<https://www.international.gc.ca/transparence-transparence/assets/pdfs/indo-pacific-indo-pacifique/indo-pacific-indo-pacifique-en.pdf>. Paul Evans, “Canada’s new Indo-Pacific strategy bids au revoir to middle power ambitions,” *East Asia Forum*, Dec. 19, 2022. <https://www.eastasiaforum.org/2022/12/19/canadas-new-indo-pacific-strategy-bids-au-revoir-to-middle-power-ambitions/>

new EU-US agenda for global change.<sup>54</sup> The paper called *inter alia* for aligning EU and US strategic objectives concerning the Indo-Pacific, a region within which they should promote democratic change. The previous day, on Dec. 1, the EU signed a Strategic Partnership Agreement (SPA) with ASEAN.<sup>55</sup> This adds to a SPA and an Economic Partnership Agreement ratified with South Korea in October 2010 and two similar agreements signed with Japan in February 2019. While a SPA was signed with India in 2004, talks on a Free Trade Agreement launched three years later are still on hold.<sup>56</sup>

## **“Although the EU would not claim to embrace the US concept of the Indo-Pacific, there is a Transatlantic dimension to its evolution.”**

In the words of the Gunnar Wiegand, the managing director for Asia Pacific in the EEAS “we do not want to design a strategy for confrontation in the Indo-Pacific, but one of cooperation... (the EU) considers that its Indo-Pacific strategy should be inclusive and not exclusive.”<sup>57</sup> The term “inclusive” is added to two adjectives used by the US and its Quad members, Australia, India, and Japan: “free and open.” The use of the term “inclusive” is deliberately designed to suggest that the EU strategy is not directed at China, unlike Beijing’s view of the US Indo-Pacific strategy.

In this author’s view, embracing the Indo-Pacific idea has five interrelated goals for the EU. Firstly, it is a way of giving an overall coherence to its wider Asia policy and, partly, compensate for the lacuna in this patchwork of arrangements. Secondly as shown by

the Global Gateway initiative, it is a political statement on the salience of Europe’s regulatory power in Asia.<sup>58</sup> Thirdly, read also in the light of “A Strategic Compass for Security and Defence,” published in March 2022, it provides a foundation for a shared Transatlantic understanding to articulate a joint response to the PRC.<sup>59</sup> European participation in the Biden administration’s neglected 2021 Summit for Democracy demonstrated the value-oriented dimension of their shared objectives in Asia.

There are however two other dimensions to the European strategy. The first of these is found in the importance the EU gives to its relations to the countries of Southeast Asia and their regional organization ASEAN. The European strategy on the Indo-Pacific reflects in its language that of the Indonesian-inspired ASEAN Outlook on the Indo-Pacific (AOIP) in not defining China as an adversary to be contained.<sup>60</sup> In the preamble in the Joint Leaders Statement at the EU-ASEAN Commemorative Summit on Dec. 14, 2022 it is stated: “...both the AOIP and the EU Strategy for Cooperation in the Indo-Pacific share relevant fundamental principles in promoting an open, inclusive, transparent, and rules based regional architecture in the Indo-Pacific region, in which ASEAN is central.”<sup>61</sup>

More importantly, both in theory and in the practice of European minilateralism (the developing of multiple partnerships) in the Indo-Pacific has a twofold benefit. On the one hand, it allows a way of reducing dependence on China in an unprovocative way, while pursuing economic and security objectives in the wider region. On the other hand, it enables pursuit of a degree of “strategic autonomy” in a way that is unprovocative for Washington, given its complementarity with US objectives.

The EU-ASEAN Commemorative Summit of Dec. 14, 2022 referred to above was revealing in multiple

<sup>54</sup> Josep Borrell, “Joint Communication to the European Parliament, The European Council, and the Council: A new EU-US agenda for global change,” Brussels, Dec. 2, 2020. [https://ec.europa.eu/info/sites/info/files/joint-communication-eu-us-agenda\\_en.pdf](https://ec.europa.eu/info/sites/info/files/joint-communication-eu-us-agenda_en.pdf)

<sup>55</sup> European Commission, “Joint Communication to the European Parliament and the Council: Elements for an EU Strategy on India” 2018. [https://eeas.europa.eu/sites/eeas/files/jc\\_elements\\_for\\_an\\_eu\\_strategy\\_on\\_india\\_-\\_final\\_adopted.pdf](https://eeas.europa.eu/sites/eeas/files/jc_elements_for_an_eu_strategy_on_india_-_final_adopted.pdf)

<sup>56</sup> European Commission, “Joint Communication to the European Parliament and the Council: Elements for an EU Strategy on India” 2018. [https://eeas.europa.eu/sites/eeas/files/jc\\_elements\\_for\\_an\\_eu\\_strategy\\_on\\_india\\_-\\_final\\_adopted.pdf](https://eeas.europa.eu/sites/eeas/files/jc_elements_for_an_eu_strategy_on_india_-_final_adopted.pdf)

<sup>57</sup> Hugo Meijer, *Awakening to China's Rise: Europe's Foreign and Security Policy towards the People's Republic of China* (Oxford: Oxford University Press, 2022), 232.

<sup>58</sup> Anu Bradford, *The Brussels Effect How the European Union Rules the World*, (New York: Oxford, 2020)

<sup>59</sup> Council of the European Union, “A Strategic Compass for Security and Defence- For a European union that protects its citizens, values and interests and contributes to international peace and security,” 2022. <https://www.consilium.europa.eu/en/press/press-releases/2022/03/21/a-strategic-compass-for-a-stronger-eu-security-and-defence-in-the-next-decade/>

<sup>60</sup> ASEAN Secretariat, “ASEAN Outlook on the Indo-Pacific,” Bangkok, June 23, 2019. [https://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](https://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf)

<sup>61</sup> Council of the European Union, “EU-ASEAN Commemorative Summit- Joint Leaders’ Statement,” Brussels, Dec. 14, 2022. 3. <https://www.consilium.europa.eu/media/60846/eu-asean-leaders-statement.pdf>

ways. Neither the US nor China were referred to once in the Joint Leader's Statement,<sup>62</sup> although their presence was very much in the background with the Joint Statement affirming the "importance of maintaining and promoting peace, security, stability, safety, and freedom of navigation in and overflight above the South China Sea, in accordance with international law, including UNCLOS."<sup>63</sup>

## Conclusions

Writing in 2020, Robert Ross, by evoking the literature on power transition, concluded an edited volume by describing the international order as one involving a period of uncertainty. President Trump himself had previously contributed to this clarification with his "America First" strategy to decouple from China, in ways that made European countries collateral victims.<sup>64</sup> As I write the Biden administration's pursuit of that policy is provoking Transatlantic tensions, for example, because of the protectionist elements in the Inflation Reduction Act that favor US companies.

Thanks to President Vladimir Putin and President Xi Jinping, seen from Europe there is less uncertainty. Putin's invasion and brutal war in Ukraine has seen the "return of the West"<sup>65</sup> and Transatlantic cooperation unprecedented since the end of the Cold War, with Germany, for example, committing itself to meeting its 2% of GDP obligations more in NATO.<sup>66</sup> Putin has done more to strengthen European integration, notably by ending the marginal status of the countries of Central and Eastern Europe. A spin-off from this is that these countries have become warier of China and Chinese efforts in creating the 16+1 arrangement have shown their limits outside the Balkans.<sup>67</sup>

This indeed poses a challenge—and an opportunity—for the United States. The

strengthening of Transatlantic relations since Russia's war in Ukraine has been accompanied by a search for a degree of strategic autonomy in Europe itself. Like, many countries in the Indo-Pacific, European countries do not want to be enrolled on the side of the US in a Cold War against China. The paradox is that European countries depend on the US within the NATO context for their hard security. In the Indo-Pacific, European countries both have fewer direct hard security concerns, but also very limited hard security capacity. As a consequence, with the exception of an orphaned post-Brexit United Kingdom, Europeans feel they can maintain a degree of autonomy both from the US and China. Minilateral arrangements with other regional players (Japan, India, Australia, Indonesia, South Korea, etc) provides them with the space to do so.

These political choices also reflect European public opinion about a Cold War with China as shown in a study conducted by the European Council on Foreign Relations (see Figure 6).

French President Emmanuel Macron described the struggle for supremacy between the two major powers "a big risk and a big challenge" arguing we "don't believe in hegemony we don't believe in confrontation; we believe in stability and a dynamic balance"<sup>68</sup> But strategic autonomy is no longer merely a French preoccupation. For German Chancellor, Olaf Scholz, in the *Foreign Affairs* article mentioned above the world is facing a "*Zeitenwende*, an epochal tectonic shift" especially due to the war in Ukraine but also to China's emergence as a global player. For Chancellor Scholz, the central question is "how can we, as Europeans and as the European Union, remain independent actors in an increasingly multipolar world?"<sup>69</sup>

China today is not Russia today. There is a Transatlantic consensus that following the invasion

<sup>62</sup> Council of the European Union, "EU-ASEAN Commemorative Summit-Joint Leaders' Statement," Brussels, Dec. 14, 2022. <https://www.consilium.europa.eu/media/60846/eu-asean-leaders-statement.pdf>

<sup>63</sup> From a European perspective the fact that the US has never ratified UNCLOS diminishes its moral authority in relation to China and the countries of the Indo-Pacific.

<sup>64</sup> Rosemary Foot, "US-China relations in the era of Xi and Trump: Implications for Europe," in Robert Ross, Oystein Tunsjo, and Wang Dang, *US-China Foreign Relations: Power Transition and its Implications for Europe and Asia* (London: Routledge, 2021).

<sup>65</sup> Gideon Rachman, "Putin, Ukraine and the revival of the West," *Financial Times*, Apr. 15, 2022. <https://www.ft.com/content/7d9f69b9-2f04-451a-a0d5-e1242a2bcb99>

<sup>66</sup> Olaf Scholz, "The Global Zeitenwende: How to Avoid a New Cold War in a Multipolar Era," *Foreign Affairs*, Jan.-Feb.

<https://www.foreignaffairs.com/germany/olaf-scholz-global-zeitenwende-how-avoid-new-cold-war>

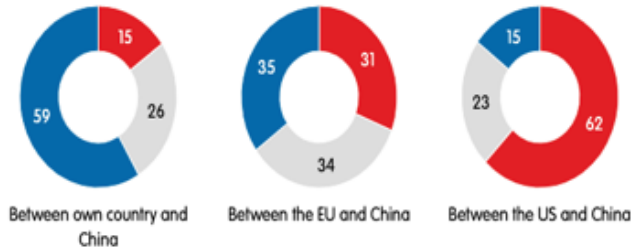
<sup>67</sup> Vladimir Shopov, "Decade of Patience: How China Became a Power in the Western Balkans," ECFR Policy Brief, Feb. 2021, <https://ecfr.eu/wp-content/uploads/Decade-of-patience-How-China-became-a-power-in-the-Western-Balkans.pdf>

<sup>68</sup> Emmanuel Macron, "Déclaration de M. Emmanuel Macron, président de la République, sur les défis et priorités dans les relations internationales," Nov. 18, 2022. <https://www.vie-publique.fr/discours/287228-emmanuel-macron-18112022-relations-internationales>

<sup>69</sup> Olaf Scholz, "The Global Zeitenwende: How to Avoid a New Cold War in a Multipolar Era," *Foreign Affairs*, Jan.-Feb. 2. <https://www.foreignaffairs.com/germany/olaf-scholz-global-zeitenwende-how-avoid-new-cold-war>

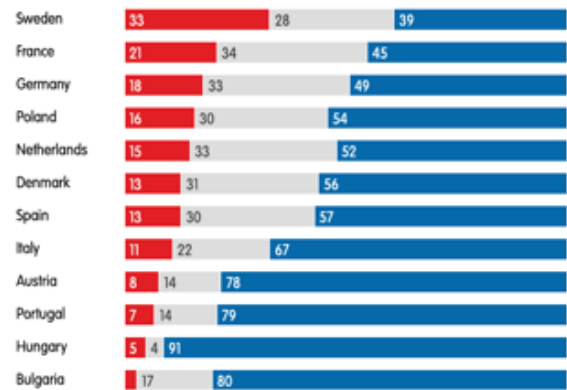
**More than two-thirds of Europeans believe that the US is in a new cold war with China. In per cent.**

■ Cold war happening ■ Not sure ■ Cold war not happening



**Most Europeans do not believe that a new cold war is happening between their own country and China. In per cent.**

■ Cold war happening ■ Not sure ■ Cold war not happening



Source: Krastev, Ivan & Leonard, Mark (2021) "What Europeans think about the US-China Cold War" *ECFR Policy Brief*, September (<https://ecfr.eu/publication/what-europeans-think-about-the-us-china-cold-war/>)

Figure 6 Opinion about a Cold War with China as shown in a study conducted by the European Council on Foreign Relations

of Ukraine, a united Transatlantic front against Moscow, as during the Cold War, is crucial. However, there is no consensus on a possible Transatlantic united front to contain Beijing not *despite* different perceptions of China as a systemic rival, but, rather, *because* of those shared perceptions. China is not seen as a threat to Europe's great power status, because it does not possess, or aspire to, such a status. Like the countries of Southeast Asia, who do not want to have to choose between the US and China,<sup>70</sup> Europeans—like Canadians—are more comfortable in a multipolar world and are uneasy about abandoning multilateralism.<sup>71</sup> It is thus counterproductive for Washington to push European capitals to make a declaration of support for the American side in Sino-American rivalry.<sup>72</sup> What counts after all is, in practice, a sharing of views on China through the channels that have been established,<sup>73</sup> a degree of harmonization of approaches and mechanisms for dealing with differences.<sup>74</sup>

<sup>70</sup> Jonathan Stromseth, "Don't Make us Choose: Southeast Asia is in the throes of US-China rivalry," *Foreign Policy* at Brookings, Oct. 2019. <https://www.brookings.edu/research/dont-make-us-choose-southeast-asia-in-the-throes-of-us-china-rivalry/>

<sup>71</sup> David Henig, "US has abandoned multilateralism, EU must not follow," *Borderlex*, Dec. 12, 2022. <https://borderlex.net/2022/12/12/perspectives-us-has-abandoned-multilateralism-eu-must-not-follow/>

<sup>72</sup> Carisa Nietzsche, "Don't Force Europe to Choose Between the United States and China," *The Diplomat*, Dec. 14, 2022. <https://thediplomat.com/2022/12/dont-force-europe-to-choose-between-the-united-states-and-china/>

<sup>73</sup> Sarah Aarup, "US and EU resuscitate 'dialogue on China,'" *Politico*, Mar. 24, 2021. <https://www.politico.eu/article/us-and-eu-resuscitate-dialogue-on-china/>

<sup>74</sup> These include the EU-US Trade and Technology Council.



# 3

## **Strategic Realities: Deepen Transatlantic Ties with the European Union—Not NATO—to Cooperate in the Indo-Pacific**

*Kelly Grieco*

### *Abstract*

NATO's new strategic concept asserts that China's "stated ambitions and assertive behavior" present "systematic challenges" to transatlantic security. In response, NATO aims to play a greater role in the Indo-Pacific and has begun to deepen political and military ties with countries in the region. What are the possibilities and limits of NATO-Indo-Pacific partner defense cooperation? What are risks of extending NATO's remit to the Indo-Pacific region? Rather than widen its gaze toward China, NATO could contribute more effectively, if indirectly, to Indo-Pacific security by reducing the defense burden on the United States. To that end, European members should gradually assume greater responsibility in guaranteeing their own security, freeing the United States to allocate more resources to the Indo-Pacific region. Though Europe may not have a large military role to play in the Indo-Pacific, it remains a critical—even indispensable—strategic partner to the United States to counter China's rise. The United States will need Europe's diplomatic clout and economic, financial, and technological resources to form an effective coalition to balance against China's power and influence. The European Union—not NATO—ought to be the locus of a close American-European alignment, one focused on addressing problematic Chinese behavior on issues of global governance, trade and investment, and technological cooperation.



At the Madrid Summit in June 2022, the North Atlantic Treaty Organization (NATO) released its new Strategic Concept, sounding a tough new tone on China. The document, which lays out the Alliance's strategic purpose and priorities until 2030, acknowledges China's "stated ambitions and assertive behavior" present "systematic challenges" to transatlantic security. In a discussion of these challenges, NATO characterizes Beijing's policies as "assertive and coercive," its hybrid and cyber activities as "malicious," and its rhetoric as "confrontational." More alarming still is the "deepening strategic partnership" between China and Russia, with the document warning that "their mutually reinforcing attempts to undercut the rules-based international order run counter to our values and interests."<sup>1</sup> Since the Strategic Concept constitutes the second most important political document after NATO's founding treaty, the inclusion of China the first time—coming amid the war in Ukraine—is a watershed moment in the Alliance's history.

In Madrid, Indo-Pacific partners—Australia, Japan, New Zealand, and the Republic of South Korea—participated together for the first time, underscoring the new and growing Atlantic-Pacific partnership.<sup>2</sup> Japanese Prime Minister Kishida Fumio hailed the "historic significance" of his participation in the summit, and said the move reflected a mutual realization that the security of Europe and the Indo-Pacific is "inseparable." He also used the occasion to announce an agreement to revise Japan's Individual Partnership and Cooperation Program with the Alliance and "raise the Japan-NATO relationship to a new level."<sup>3</sup> In the last year, Tokyo has stepped up its program of military exercises with NATO while boosting its bilateral ties with European member states, from holding its first-ever air force drill with

Germany in the Indo-Pacific to agreeing to sign a bilateral defense cooperation pact with the United Kingdom at an early date.<sup>4</sup> Similarly, South Korea has recently strengthened its ties with NATO and European countries, establishing its first diplomatic mission to NATO in Brussels, expanding its participation in NATO exercises, and holding working-level defense talks on space cooperation with France.<sup>5</sup> Reaffirming its commitment to practical cooperation, NATO and Indo-Pacific countries also recently held a large-scale multinational air combat exercise in Australia, bringing together NATO air forces from France, Germany, the Netherlands, the United Kingdom, and the United States with regional air forces from Australia, Japan, New Zealand, South Korea, among others.<sup>6</sup> NATO aspires to play a greater global role in the Indo-Pacific, and countries in the region are seemingly receptive to the idea.

But NATO's widening agenda raises new questions for an alliance founded to defend Europe and the North Atlantic—not the Indo-Pacific region. What are the possibilities and limits of NATO-Indo-Pacific partner defense cooperation? What are risks of extending NATO's remit to the Indo-Pacific region? Beyond the military sphere, how might Europe and the United States build a robust transatlantic agenda to address common challenges posed by China's rise? This chapter argues that expanding NATO's role to the Indo-Pacific is a strategic distraction from its core mission—the collective defense of Europe and the North Atlantic—at a time when the Alliance needs to be less globally ambitious and prioritize strengthening its conventional deterrence and defense in Europe. Rather than widen its gaze toward China, NATO could contribute more effectively, if indirectly, to Indo-Pacific security by reducing the defense burden on the United States. To that end, European members should gradually assume greater responsibility in guaranteeing their own security,

<sup>1</sup> NATO 2022 Strategic Concept (Brussels: NATO, June 2022), p. 5.

<sup>2</sup> Sydney Tucker, 2022 NATO Summit: China High on the Agenda (Washington, DC: Stimson Center, July 5, 2022).

<sup>3</sup> Michael Kaiya and Yomiuri Shimbun, "Kishida aims to enhance Japan-NATO Cooperation," *The Japan News*, June 30, 2022, <https://japannews.yomiuri.co.jp/politics/defense-security/20220630-41900/>; "Japan, NATO revise partnership program early," *Nippon*, June 30, 2022, <https://www.nippon.com/en/news/yj2022063000020/>

<sup>4</sup> Ryo Nemoto, "Japan's top uniformed officer to attend 1<sup>st</sup> NATO military chiefs meeting," *Nikkei*, May 17, 2022, <https://asia.nikkei.com/Politics/International-relations/Japan-s-top-uniformed-officer-to-attend-1st-NATO-military-chiefs-meeting>; Mari Yamaguchi, "Japan, NATO step up ties amid Russia's invasion of Ukraine," *Associated Press*, June 7, 2022, <https://apnews.com/article/russia-ukraine-japan-asia-tokyo-e433ec7b8d519aa49050ab4b37b0841>; "Japan and Britain vow to sign defense pact at early date," *The Japan Times*, September 21, 2022, <https://www.japantimes.co.jp/news/2022/09/21/national/jpn-uk-talk>; Gabriel Dominquez, "With drills and fighter jets, German defense

minister seeks stronger Indo-Pacific ties," *The Japan Times*, September 26, 2022, <https://www.japantimes.co.jp/news/2022/09/26/asia-pacific/german-defense-minister-asia-pacific-engagement/>.

<sup>5</sup> S. Korea, France hold working-level defense talks on security cooperation," *Yonhap News Agency*, March 18, 2022, <https://en.yna.co.kr/view/AEN20220318007500325>; Ji Da-gyum, "S. Korean military to joint US-led major, multinational cyber exercise for first time," *The Korea Herald*, June 27, 2022, <https://www.koreaherald.com/view.php?ud=20220627000667>; Yonhap, "Yoon, French president discuss cooperation in nuclear power, space," *The Korea Herald*, June 30, 2022, <https://www.koreaherald.com/view.php?ud=20220630000155>; Jo He-rim, "NATO approves of South Korea's establishment of diplomatic mission to NATO," *The Korea Herald*, September 28, 2022, <https://m.koreaherald.com/amp/view.php?ud=20220928000729>.

<sup>6</sup> "Allies and partners work hand in glove in Australian exercise Pitch Black," NATO Allied Air Command Public Affairs Office, September 5, 2022, [https://ac.nato.int/archive/2022/Ex\\_PB22\\_update](https://ac.nato.int/archive/2022/Ex_PB22_update).



freeing the United States to allocate more resources to the Indo-Pacific region. Though Europe may not have a large military role to play in the Indo-Pacific, it remains a critical—even indispensable—strategic partner to the United States to counter China’s rise. The United States will need Europe’s diplomatic clout and economic, financial, and technological resources to form an effective coalition to balance against China’s power and influence. The European Union—not NATO—ought to be the locus of a close American-European alignment, one focused on addressing problematic Chinese behavior on issues of global governance, trade and investment, and technological cooperation.

This chapter proceeds in five parts. The first section addresses the grand strategic concept of organizing a transregional coalition of democracies to counter China’s rise. The next section examines why aligning America’s European and Indo-Pacific allies and partners more closely to counter China’s rise is likely to be both ineffective and counterproductive. The third section outlines an alternative approach for the transatlantic alliance in responding to China’s rise. It offers recommendations for implementing a new division of labor, using China-related planning scenarios to identify European capability shortfalls and set investment priorities and goals. The fourth section identifies other areas of transatlantic cooperation with policy recommendations for collectively addressing global governance, trade and investment, and technological issues. The chapter concludes with a discussion of the transatlantic agenda in the coming decade.

## **The Atlantic-Pacific partnership as an organizing principle**

President Joe Biden has cast 21<sup>st</sup> century international politics as a grand struggle between democracy and autocracy. “I think we’re in a contest—not with China per se, but a contest with autocrats, autocratic governments around the world—as to whether or not

democracies can compete with them in the rapidly changing 21<sup>st</sup> century,” the president declared.<sup>7</sup> Russia’s full-scale invasion of Ukraine has ostensibly solidified this worldview. President Biden has repeatedly depicted the war in Ukraine as the “frontlines” in a global contest to protect “democracy and freedom” from authoritarian repression.<sup>8</sup> His message resounded loudly across the Atlantic, where, ever since, European leaders have framed the war as in Ukraine as a defense of democracy against autocracy. NATO Secretary-General Jens Stoltenberg promised, “Democracy will always prevail over autocracy,” while European Commission President Ursula von der Leyen affirmed, “Democracy is standing up against autocracy” in Ukraine.<sup>9</sup> By aligning with Russia to counter the United States, including a public declaration of a “no limits” friendship between the two countries, Beijing placed itself in America and Europe’s collective ideological crosshairs.<sup>10</sup>

## **“European leaders have framed the war as in Ukraine as a defense of democracy against autocracy.”**

It also nudged European allies to embrace Washington’s strategy of building a transregional coalition of democracies to confront China. In March 2022, the White House released its Indo-Pacific strategy, asserting, “Allies and partners outside of the region are increasingly committing new attention to the Indo-Pacific, particularly the EU and the North Atlantic Treaty Organization (NATO)” and vowing to “harness this opportunity to align our approaches” and “bring together our Indo-Pacific and European partners in novel ways” to secure a competitive advantage over China.<sup>11</sup> The Biden administration’s strategic approach builds on Anthony Blinken and

<sup>7</sup> President Joe Biden, “Remarks by President Biden in Press Conference,” June 13, 2021, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/06/13/remarks-by-president-biden-in-press-conference-2/>.

<sup>8</sup> President Joe Biden, “Remarks by President Biden on the United Efforts of the Free World to Support the People of Ukraine,” March 26, 2022, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/03/26/remarks-by-president-biden-on-the-united-efforts-of-the-free-world-to-support-the-people-of-ukraine/>.

<sup>9</sup> NATO Secretary General Jens Stoltenberg, Press Briefing, February 24, 2022, [https://www.nato.int/cps/en/natohq/opinions\\_192408.htm](https://www.nato.int/cps/en/natohq/opinions_192408.htm); Caroline de Camaret and Dominique Baillard, “‘Democracy is standing up against autocracy’ in Ukraine, EU’s von der Leyen says,” *France 24*, March 18, 2022,

<https://www.france24.com/en/tv-shows/talking-europe/20220318-democracy-is-standing-up-against-autocracy-in-ukraine-eu-s-von-der-leyen-says>.

<sup>10</sup> Chao Deng, Ann M. Simmons, Evan Gershkovich, and William Mauldin, “Putin, Xi Aim Russia-China Partnership against US,” *Wall Street Journal*, February 4, 2022, [https://www.wsj.com/articles/russias-vladimir-putin-meets-with-chinese-leader-xi-jinping-in-beijing-11643966743?mod=article\\_inline](https://www.wsj.com/articles/russias-vladimir-putin-meets-with-chinese-leader-xi-jinping-in-beijing-11643966743?mod=article_inline). For a more nuanced assessment of the Sino-Russian partnership, see Yun Sun, *The Ukraine Crisis: Beijing’s Support of Russia and Its Limits* (Washington, DC: Stimson Center, February 22, 2022).

<sup>11</sup> *Indo-Pacific Strategy of the United States* (Washington, DC: White House, February 2022), pp. 10 and 13.

Robert Kagan's 2019 proposal to forge a "democratic cooperative network," which links together the United States, Europe, and Indo-Pacific liberal democracies against rising Chinese power and influence.<sup>12</sup>

The Russian invasion invigorated the Biden administration's commitment to this grand strategic concept. In its view, the global democratic coalition that formed to support Ukraine in the face of Russian aggression—imposing sanctions on Moscow and sending military equipment and humanitarian aid to Kyiv—has laid the cooperative groundwork for containing China.<sup>13</sup> The war in Ukraine has bonded the United States and Europe more tightly together while simultaneously deepening transatlantic ties with Indo-Pacific democracies.<sup>14</sup> "What we're seeing now is an unprecedented level of Asian interest and focus," in joining with the United States and Europe to "sustain a country under siege," Kurt M. Campbell, the White House Coordinator for the Indo-Pacific said. "And I believe one of the outcomes of this tragedy will be a kind of new thinking around how to solidify institutional connections beyond what we've already seen between Europe and the Pacific," he added.<sup>15</sup> The Biden administration aims to build on this momentum, repurposing and strengthening these links to more effectively confront China as well as Russia.<sup>16</sup>

## **"Only two European allies—France and the United Kingdom (UK)—maintain a regular maritime presence in the region."**

### **Coming back down to reality**

Despite the extraordinary level of transregional democratic solidarity demonstrated in supporting Ukraine and punishing Russian aggression, aligning NATO and Indo-Pacific allies more closely to counter China's rise may prove not only ineffective but also counterproductive. First, extending NATO's role to the Indo-Pacific region is overly ambitious, given the hard-cold realities of European interests and capabilities. Only two European allies—France and the United Kingdom (UK)—maintain a regular maritime presence in the region.<sup>17</sup> Even these two major European maritime powers have demonstrated the capacity to deploy no more than seven frigates and two destroyers to the region for an extended period.<sup>18</sup> In the case of France, at least some of these ships would be needed to fulfill existing obligations around Reunion, New Caledonia, and French Polynesia.<sup>19</sup> Other European navies are even more limited—the total number of frigates and destroyers fell 32 percent between 1999 and 2018.<sup>20</sup> European naval missions in the Indo-Pacific may be politically symbolic, but they are not in themselves credible deterrent forces.

Similarly, European air forces do not have an independent capacity to project airpower over vast distances. European military aircraft have taken part in training exercises with Indo-Pacific partners in recent years, but expanding Europe's military air presence in the region faces significant barriers.<sup>21</sup>

<sup>12</sup> Anthony J. Blinken and Robert Kagan, "'America First' is only making the world worse. Here's a better approach," *Washington Post*, January 1, 2019, [https://www.washingtonpost.com/opinions/america-first-is-only-making-the-world-worse-heres-a-better-approach/2019/01/01/1272367c-079f-11e9-88e3-989a3e456820\\_story.html](https://www.washingtonpost.com/opinions/america-first-is-only-making-the-world-worse-heres-a-better-approach/2019/01/01/1272367c-079f-11e9-88e3-989a3e456820_story.html)

<sup>13</sup> Michael Beckley and Hal Brands, "The Return of Pax Americana," *Foreign Affairs* (March 14, 2022), <https://www.foreignaffairs.com/articles/russia-fsu/2022-03-14/return-pax-americana>.

<sup>14</sup> Michael Crowley and Edward Wong, "Ukraine War Ushers in 'New Era' for US Abroad," *New York Times*, March 12, 2022, <https://www.nytimes.com/2022/03/12/us/politics/biden-ukraine-diplomacy.html>.

<sup>15</sup> Kurt Campbell, "US-Europe Cooperation in the Indo-Pacific," *The German Marshall Fund*, February 28, 2022, <https://www.gmfus.org/event/us-europe-cooperation-indo-pacific>.

<sup>16</sup> The *National Security Strategy* notes, "We will continue to prioritize seeking out new ways to integrate our alliances in the Indo-Pacific and Europe and develop new and deeper means of cooperation." See *National Security Strategy* (Washington, DC: White House, October 2022), p. 17.

<sup>17</sup> Ben Barry and Hugo Decis, "Posturing and presence: the United Kingdom and France in the Indo-Pacific," *Military Balance Blog*, June 11, 2021, <https://www.iiss.org/blogs/military-balance/2021/06/france-uk-indo-pacific>.

<sup>18</sup> Paul von Hooft, Benedetta Girardi, and Tim Sweijts, *Guarding the Maritime Commons: What role for Europe in the Indo-Pacific* (Hague: The Hague Centre for Strategic Studies, February 2022), <https://hccs.nl/wp-content/uploads/2022/02/Guarding-the-Maritime-Commons-HCSS-2022.pdf>.

<sup>19</sup> Rear Adm. Jean-Mathieu Rey, "French Maritime Security in the Indo-Pacific," Indo-Pacific Defense Forum, September 24, 2021, <https://ipdefenseforum.com/2021/09/french-maritime-security-in-the-indo-pacific/>.

<sup>20</sup> Pierre Morcos and Colin Wall, "Are European Navies Ready for High-Intensity Warfare," *War on the Rocks*, January 31, 2022, <https://warontherocks.com/2022/01/are-european-navies-ready-for-high-intensity-warfare/>.

<sup>21</sup> Franz-Stefan Gady, "United Kingdom and Japan Hold First-Ever Joint Fighter Exercise," *The Diplomat*, October 25, 2016, <https://thediplomat.com/2016/10/united-kingdom-and-japan-hold-first-ever-joint-fighter-exercise/>; "German fighter jets en route to Australia as Berlin shifts focus to Indo-Pacific," *Reuters*, August 15, 2022, <https://www.reuters.com/world/europe/german-fighter-jets-en-route-australia-berlin-shifts-focus-indo-pacific-2022-08-15/>; Ryo Nemoto, "Japan conducts first air force drill with Germany at home," *Nikkei*, September 29, 2022, <https://asia.nikkei.com/Politics/International-relations/Indo-Pacific/Japan-conducts-first-air-force-drill-with-Germany-at-home>; "India, France air exercise in Jodhpur," *Economic Times*, October 29, 2022,

European air forces possess relatively few fifth-generation aircraft and long-range strike capabilities. They also continue to rely heavily on the United States for critical enablers, such as aerial refueling, transport, and intelligence, surveillance, and reconnaissance (ISR) capabilities.<sup>22</sup> “The chaotic withdrawal from Afghanistan was a sobering demonstration of these limitations,” noted a recent report, “as European states were incapable of evacuating their own citizens and allies without logistical support from Washington.”<sup>23</sup> Should a military contingency arise in the Indo-Pacific, the United States may not have the spare capacity to support European deployments. While Germany and other European allies have pledged to increase defense expenditures, spurred by Russia’s war in Ukraine, those funds will mainly focus on replenishing weapons stocks sent to Ukraine and closing urgent capability gaps for collective defense against Russia.<sup>24</sup> Most of this heavy weaponry—including artillery, anti-tank missiles, and tactical drones—does little to improve Europe’s capacity for power projection into the Indo-Pacific. Put simply, NATO’s Strategic Concept has a means-ends mismatch; its overly ambitious goals outstrip available military resources. From the perspective of Indo-Pacific partners, these deployments raise pressing questions about their ultimate strategic purpose and long-term sustainability.<sup>25</sup>

Second, given that NATO does not have a surfeit of military resources, its shifting attention to the Indo-Pacific is a dangerous distraction from its core mission—the collective defense of Europe and the North Atlantic. It needs to be less globally ambitious

and more focused territorial defense to secure its eastern flank against threats from Russia. President Vladimir Putin’s willingness to use force and take risks has alarmed Europe and altered perceptions of his intentions.<sup>26</sup> This revised threat assessment steered the direction of NATO’s Strategic Concept, with Russia called “the most significant and direct threat to Allies’ security and to peace and stability in the Euro-Atlantic area.”<sup>27</sup> By comparison, China is a peripheral security concern—a political rival, an economic competitor but not an immediate military threat. Geography matters.<sup>28</sup>

NATO’s broader global agenda runs the serious risk of depleting NATO Europe’s already limited military capabilities at home for what amounts to a minor contribution to Indo-Pacific security in the end.<sup>29</sup> As the British historian Christopher Hill wisely put it, “The quest for a unique role, like the pursuit of the Holy Grail, is a fatal distraction to politicians with responsibilities.”<sup>30</sup> Any military forces and capabilities that NATO Europe might contribute to support the United States and other Indo-Pacific countries in the event of a military conflict with China would also be needed to stop a Russian attack.<sup>31</sup> Paradoxically, the more Europe overstretchers itself, the more the United States will be called on to step into the European breach to the detriment of Indo-Pacific security. It is also a recipe for undermining political cohesion within the alliance. Eastern European member states tend to view NATO’s widening gaze toward the Indo-Pacific as a dangerous and unnecessary distraction from what ought to be the Alliance’s true purpose, namely

<https://economictimes.indiatimes.com/news/defence/india-france-air-exercise-in-jodhpur/articleshow/95152543.cms?from=mdr>.

<sup>22</sup> Justin Bronk, “The Future of NATO Airpower: How Are Future Capability Plans within the Alliance Diverging and How can Interoperability Be Maintained,” *Whitehall Paper 94* (London: Taylor and Francis, 2020); Anika Binnendijk, Gene Germanovich, Bruce McClintock, and Sarah Heintz, *At the Vanguard: European Contributions to NATO’s Future Combat Airpower* (Santa Monica, CA: RAND, 2020); Seth G. Jones, Rachel Ellehuus, and Colin Wall, *Europe’s High-end Military Challenges: the Future of European Capabilities and Missions* (Washington, DC: Center for Strategic and International Studies, November 2021).

<sup>23</sup> Max Bergmann, Pierre Morcos, Colin Wall, and Sean Monaghan, *Transforming European Defense* (Washington, DC: Center for Strategic and International Studies, August 2022).

<sup>24</sup> Jaroslaw Adamowski, “Europe goes on shopping spree to fill capability gaps,” *Defense News*, September 6, 2022, <https://www.defensenews.com/global/europe/2022/09/06/europe-goes-on-shopping-spre-to-fill-capability-gaps/>.

<sup>25</sup> Rory Medcalf, *AUKUS, the QUAD, and the EU: Inclusive and Exclusive Visions in the Indo-Pacific* (Milan: Italian Institute for International Political Studies, March 2022); Brad Glosserman, “As Japan courts Europe, keep expectations in line,” *Decode39* (June 9, 2022), <https://decode39.com/3575/japan-europe-defence-expectations-nato/>; Peter K. Lee, Alice Nason, and Tom Corben, “Managing Cross-Regional Expectations after the NATO Summit,” *The Diplomat*, July 7, 2022,

<https://thediplomat.com/2022/07/managing-cross-regional-expectations-after-the-nato-summit/>.

<sup>26</sup> Christopher Bort, “Putin the Gambler,” *Foreign Affairs*, March 10, 2022, <https://www.foreignaffairs.com/articles/ukraine/2022-03-10/putin-gambler>; Stephen M. Walt, “What are Sweden and Finland Thinking?” *Foreign Policy*, May 18, 2022, <https://foreignpolicy.com/2022/05/18/nato-sweden-finland-russia-balance-threat/>.

<sup>27</sup> NATO 2022 Strategic Concept, p. 4.

<sup>28</sup> Stephen M. Walt, “Will Europe Ever Really Confront China?” *Foreign Policy*, October 15, 201, <https://foreignpolicy.com/2021/10/15/will-europe-ever-really-confront-china/>.

<sup>29</sup> Paul van Hooft, *China and the Indo-Pacific in the 2022 NATO Strategic Concept* (Hague: Hague Centre for Strategic Studies, September 2022); Jan Gerber, *NATO Should Defend Europe, Not Pivot to Asia* (Washington, DC: Defense Priorities, February 18, 2022).

<sup>30</sup> Christopher Hill, “Britain’s elusive role in world politics,” *Review of International Studies*, Vol. 5, Issue 3, October 1979, pp. 248-259.

<sup>31</sup> Ben Barry, Douglas Barrie, Lucie Béraud-Sudreau, Henry Boyd, Nick Childs, and Basian Giegerich, *Defending Europe: Scenario-based capability requirements for NATO’s European members* (London: International Institute of Security Studies, May 2019); Franz-Stefan Gady and Oskar Glaese, “What Could European Militaries Contribute to the Defense of Taiwan,” *The Diplomat*, April 1, 2022, <https://thediplomat.com/2022/04/what-could-european-militaries-contribute-to-the-defense-of-taiwan/>.

investing in a credible forward defense posture to protect them against Russian aggression.<sup>32</sup> Finally, NATO's greater involvement in the Indo-Pacific may well do more harm than good to regional security and stability. From NATO's perspective, it's more muscular approach to Beijing is a defensive reaction to China's growing power and strategic ambition, particularly its declaration of a "no limits" partnership with Russia.<sup>33</sup> "We have to address the fact that China is coming closer to us" in cyberspace, in the Arctic, and even in Europe," NATO Secretary-General Jens Stoltenberg has said, adding, "we don't regard China as an enemy or an adversary."<sup>34</sup> NATO's enhanced dialogue and cooperation with Indo-Pacific partners aims to strengthen the defense of the rules-based international order and promote stability in both regions.<sup>35</sup> Even though NATO's motives are defensive, its policies and associated rhetoric may appear threatening to China and thereby provoke its leaders to act more aggressively toward the Alliance and its member countries.<sup>36</sup>

Beijing has grown increasingly suspicious of Washington's intentions and fearful that its efforts to "grow the connective tissues" between its allies and partners in Europe and the Indo-Pacific is an attempt to contain or "encircle" China.<sup>37</sup> Beijing has repeatedly characterized US alliances as "exclusive," "zero-sum," and "Cold-War relics," and suggested

they provide evidence of Washington's destabilizing "hegemonism and power politics."<sup>38</sup> "As a relic of the Cold War, NATO, which should have disbanded long ago, has become a handy tool for the United States to contain other countries, in particular, China and Russia," said the government-run *China Daily* in its coverage of NATO's Strategic Concept.<sup>39</sup> Similarly, China's mission to the Europe Union accused NATO of "provoking confrontation" and promised "firm and strong responses."<sup>40</sup> Chinese mistrust of NATO's intentions is longstanding, including opposition to NATO's expansion eastward and the extension of its mission to conduct out-of-area operations.<sup>41</sup> Beijing has also not forgotten NATO's accidental bombing of its embassy in Belgrade in 1999.<sup>42</sup>

Though NATO has offered repeated assurances that it will not admit Indo-Pacific members, Beijing continues to fear such a prospect. "The NATO summit this year has not only hyped the so-called 'China threat,' but also invited some Asia-Pacific allies of the US," It exactly exposed the "strategic scheme of the US to make NATO's foray into the Asia-Pacific," warned the *People's Daily*, the official newspaper of the Communist party.<sup>43</sup> Regardless of Brussels' peaceful intentions, NATO's expanding military presence and practical cooperation with Indo-Pacific countries will likely be interpreted as offensive and threatening and, in turn, elicit backlash

<sup>32</sup> To this point, Eastern European countries were reportedly disappointed with the compromise on deterrent force posture reached at Madrid. See Justyna Gotkowski and Jacek Tarociński, *NATO after Madrid: how much deterrence and defence on the eastern flank?* (Warsaw: Ośrodek Studiów Wschodnich, July 5, 2022); Sean Monaghan, "The Sword, the Shield, and the Hedgehog: Strengthening Deterrence in NATO's New Strategic Concept," *War on the Rocks*, August 23, 2022, <https://warontherocks.com/2022/08/the-sword-the-shield-and-the-hedgehog-strengthening-deterrence-in-natos-new-strategic-concept/>.

<sup>33</sup> "Chris Buckley and Steven Lee Meyers, 'In Beijing, Olympic Spectacle and Global Power Games,'" *The New York Times*, February 4, 2022, <https://www.nytimes.com/2022/02/04/world/asia/olympics-beijing-xi-putin.html>.

<sup>34</sup> "Transcript: 'China is coming closer to us' – Jens Stoltenberg, NATO's Secretary-General," *Financial Times*, October 18, 2021, <https://www.ft.com/content/cf8c6d06-ff81-42d5-a81e-c56f2b3533c2>.

<sup>35</sup> NATO 2022 Strategic Concept, p. 11.

<sup>36</sup> Adam P. Liff and G. John Ikenberry, "Racing toward Tragedy?: China's Rise, Military Competition in the Asia Pacific, and the Security Dilemma," *International Security*, Vol. 39, No. 2, Fall 2014, pp. 52-91; Joel Wuthnow, "Contested strategies: China, the United States, and the Indo-Pacific security dilemma," *China International Strategy Review*, Vol. 1, No. 1, June 2019, pp. 99-110; Alastair Iain Johnson, "China's Contribution to the US-China Security Dilemma," Avery Goldstein and Jacques DeLisle, eds., *After Engagement: Dilemmas in U.S.-China Security Relations* (Washington: Brookings Institution Press, 2021), pp. 78-123. On the the security dilemma as a foundational concept in realist theory, see John Herz, *Political Realism and Political Idealism: A Study in Theories and Realities* (Chicago: University of Chicago Press, 1951); Robert Jervis, *Perception and Misperception in International Politics* (Princeton, NJ: Princeton University Press, 1976), chap. 3; and Jervis, "Cooperation under the Security Dilemma," *World Politics* 30, no. 2 (January 1978): 167-214; Charles L. Glaser, "The Security Dilemma Revisited," *World Politics* 50, no. 1 (October 1997): 171-201; Shipping Tang, "Fear in International Politics: Two

Positions," *International Studies Review* 10, no. 3 (September 2008): 451-70; Shipping Tang, "the Security Dilemma: A Conceptual Analysis," *Security Studies*, Vol.18, No. 3 (2009): 587-623.

<sup>37</sup> Adam P. Liff, "China and the US alliance system," *The China Quarterly*, Vol. 233, March 2018, pp. 137-165; Joel Wuthnow, "US 'Minilateralism' in Asia and China's Responses: A New Security Dilemma?" *Journal of Contemporary China*, Vol. 28, No. 115, July 2019, pp. 133-150.

<sup>38</sup> Quoted in Liff, p. 141.

<sup>39</sup> "NATO's new Strategic Concept exposes Washington's hegemony pursuit," *China Daily*, July 8, 2022, <https://global.chinadaily.com.cn/a/202207/08/WS62c793e6a310fd2b29e6b41d.html>.

<sup>40</sup> "Spokesperson of Chinese Mission to the EU Speaks on a Question Concerning NATO's Comments on China in its Strategic Concept," Mission of the People's Republic of China to the European Union, June 29, 2022, [http://eu.china-mission.gov.cn/eng/fyrjh/202206/t20220630\\_10712350.htm](http://eu.china-mission.gov.cn/eng/fyrjh/202206/t20220630_10712350.htm).

<sup>41</sup> Dennis J. Blasko, "China's Views on NATO Expansion: A Secondary National Interest," *China Brief* (Washington, DC: Jamestown Foundation, March 4, 2009); Chu Shulong, *China and the US-Japan and US-Korea Alliances in a Changing Northeast Asia* (Stanford, CA: Shorenstein Asia-Pacific Research Center, June 1999).

<sup>42</sup> Gregory J. Moore, "Not Very Material but Hardly Immaterial: China's Bombed Embassy and Sino-American Relations," *Foreign Policy Analysis*, Vol. 6, Issue 1, January 2010, pp. 23-41; Zhou Yuguang, "Shared Victimhood: The Reporting by the Chinese Newspaper the People's Daily on the 1999 NATO Bombing of Yugoslavia," *Comparative Southeast European Studies*, Vol. 70, Issue 2, June 2022, pp. 202-223; Miłosz Kucharski, "China in the age of American primacy," *International Relations*, Vol. 26, Issue 1, March 2012, pp. 60-77.

<sup>43</sup> Zhong Sheng, "NATO indeed 'systemic challenge' against global peace, stability," *People's Daily*, July 6, 2022, <http://english.people.com.cn/n3/2022/0706/c90000-10119510.html>.

and counterbalancing, including increased Sino-Russian collaboration and cooperation.

The result will be a destabilizing action-reaction cycle with a reduction in stability and security in Europe and the Indo-Pacific. If drawn into US-China security competition, NATO will find itself overextended in the Indo-Pacific, exposed to Russian aggression, and ultimately less secure. Rather than follow Washington into the Indo-Pacific, Europe might contribute more effectively, and indirectly, to Indo-Pacific security by using its limited resources to strengthen deterrence and defense of NATO's eastern front so the United States might allocate more resources to the Indo-Pacific.

## Adapting NATO for a multipolar world

NATO's main task is to adapt to the emerging multipolar world. China's rise still matters to the extent it has an effect on NATO's core collective defense tasks. First and foremost, leaders on both sides of the Atlantic will need to come to terms with global power shifts under way. The United States remains the world's preeminent economic and military power, but its power has declined in relative terms. The end of the American unipolar moment was hastened by the concomitant rise of China and US foreign policy misadventures, the Great Recession, and domestic political divisions.<sup>44</sup> At the same time, the global distribution of material power has shifted from Europe to the Indo-Pacific and, in turn, forged a new bipartisan consensus that China—not Russia—constitutes the main threat to US national security.<sup>45</sup> From a geopolitical standpoint, these twin trends underscore both the need for the United States to apply more resources and attention to Indo-Pacific and a narrowing margin for error.

The unipolar moment may have allowed Washington to avoid tradeoffs among its national security goals, but it will not be spared these hard choices against great-power threats. If the United States is to scale up conventional military deterrence in the Indo-Pacific, it will need to scale back its military presence in Europe. With the US defense budget rapidly approaching \$1 trillion per year, Washington will not be able to spend its way out this strategic conundrum.<sup>46</sup> A reckoning with the limits of American power is on the horizon, one that will require leaders on both sides of the Atlantic to accept that the United States might be willing but increasingly less able to contribute to European security.<sup>47</sup> Acknowledging the "two-war" model is no longer feasible, the Pentagon has now adopted a "one war" force planning construct in which it aims to defeat a single great-power adversary, while at best deterring aggression elsewhere.<sup>48</sup> In other words, the American military is overextended and unable to simultaneously fulfill its security commitments to both European and Indo-Pacific allies.

Fortunately, NATO Europe is well-placed to shoulder more of the burden for its own security and defense. NATO Europe has impressive latent power to wield against Russia. Its combined economies are more than eight times larger, and its population is three times that of Russia.<sup>49</sup> NATO's European members also collectively outspend the Russians with a defense budget of about \$280 billion annually, which amounts to somewhere between one and a half to four times Russian expenditures.<sup>50</sup> To be sure, European countries have some capacity shortfalls, and redundancies and other inefficiencies hinder the pooling of their militaries.<sup>51</sup> Yet European allies still have considerable military power with which to deter and defend Russia.<sup>52</sup>

<sup>44</sup> For a critique of post-Cold War US grand strategy, see Barry R. Posen, *Restraint: A New Foundation for US Grand Strategy* (Ithaca, NY: Cornell University Press, 2014). See also Christopher Layne, "This Time It's Real: The End of Unipolarity and the 'Pax Americana,'" *International Studies Quarterly*, Vol. 56, No. 1 (March 2012), pp. 203-213; Andrew J. Bacevich, *America's War for the Greater Middle East: A Military History* (New York: Random House, 2016); Robin Niblett and Leslie Vinjamuri, "The Liberal Begins at Home," *Foreign Affairs*, March 30, 2021, <https://www.foreignaffairs.com/articles/2021-03-30/liberal-order-begins-home>.

<sup>45</sup> Benjy Sarlin and Sahil Kapur, "Why China may be the last bipartisan issue left in Washington," *NBC News*, March 21, 2021, <https://www.nbcnews.com/politics/congress/why-china-may-be-last-bipartisan-issue-left-washington-n1261407>.

<sup>46</sup> Lawrence J. Korb and Kaveh Toofan, *A Trillion-Dollar Defense Budget?* (Washington, DC: Center for American Progress, July 12, 2022).

<sup>47</sup> Paul van Hooft, *US may be willing, but no longer always able: The need for transatlantic burden sharing in the Pacific Century* (Hague: Hague Centre for Strategic Studies, August 2021).

<sup>48</sup> Jim Mitre, "A Eulogy for the Two-War Construct," *Washington Quarterly*, Vol. 41, Issue 4, Winter 2019, pp. 7-30.

<sup>49</sup> "Gross Domestic Product" World Bank, 2021, <https://databankfiles.worldbank.org/data/download/GDP.pdf>; Stephen M. Walt, "Exactly How Helpless Is Europe?" *Foreign Policy*, May 21, 2021, <https://foreignpolicy.com/2021/05/21/exactly-how-helpless-is-europe/>; Posen, *Restraint*, pp. 87-91.

<sup>50</sup> Richard Connolly, *Russian Military Expenditures in Comparative Perspective: A Purchasing Power Parity Estimate* (Arlington, VA: CNA, October 2019); Simon T. Wezeman, "Russia's Military Spending: Frequently Asked Questions," (Stockholm: Stockholm International Peace and Research Institute, April 27, 2020).

<sup>51</sup> Hugo Meijer and Stephen G. Brooks, "Illusions of autonomy: Why Europe cannot provide for its security if the United States pulls back," *International Security*, Vol. 45, No. 4, Spring 2021), pp. 7-43.

<sup>52</sup> Barry R. Posen, "Europe Can Defend Itself," *Survival*, Vol. 62, Issue 6, December 2020, pp. 7-34.



Russia is nowhere near the conventional military threat to Europe that the Soviet Union once was. What's more, the war in Ukraine has exposed endemic Russian military weakness. Despite a decade of reforms and more defense spending, the Russian military still lacks basic combined arms proficiency—the ability to use different combat arms in coordination, with tanks, artillery, and aircraft supporting the infantry—and suffers from poor planning, weak logistics, low morale, and inept leadership.<sup>53</sup> Above all, the war shows that Russia cannot rapidly seize territory and present a fait accompli—the scenario in the Baltics that gives NATO the greatest concern.

## **“The NATO planning process ought to carefully consider the implications of Indo-Pacific conflict for NATO’s defense posture in Europe.”**

Even if Russia attempts to reform its military after the war in Ukraine ends, it will take a decade or longer to have an impact on Russian military effectiveness, giving the Alliance a window to improve European military capabilities and gradually transition primary responsibility for NATO deterrence and defense posture in the east to its European members. Europe is ramping up defense spending, but the challenge will be to sustain momentum in years to come. The United States has provided a large portion of NATO reinforcements sent to the eastern front in response to Russia’s full-scale invasion of Ukraine. The Alliance ought to establish clear benchmarks and a timeline, however, for transitioning the bulk of this troop presence to the Europeans themselves, so the United States can focus on China. This move would be the start of a rebalancing of defense responsibilities to

NATO’s European members. The United States, remaining firmly committed to the Alliance, would assume the role of security guarantor of last resort, and European militaries would become its first-line responders.<sup>54</sup>

To help build this European pillar, NATO should incorporate China-related conflict scenarios into its defense plans.<sup>55</sup> Specifically, the NATO planning process ought to carefully consider the implications of Indo-Pacific conflict for NATO’s defense posture in Europe.<sup>56</sup> If the United States had to commit significant military capabilities in response, it would likely need to move some military forces, especially low density, high-demand assets—intelligence, surveillance, and reconnaissance (ISR), command and control, fifth-generation fighters and bombers, combat drones, attack submarines, and a carrier strike group—from Europe to the Indo-Pacific region.<sup>57</sup>

NATO Europe would then need to quickly close any capability shortfalls to deter and defend against opportunistic Russian aggression. Using US-China scenarios would assist NATO as an organization, and particularly its European member states, to prepare for such a contingency. What potential vulnerabilities might Russia attempt to target and exploit? What additional missions will European allies need to take on? What locations, operations, and missions will NATO prioritize? Specifically, how will the Alliance address tradeoffs between bolstering deterrence and defense in the east and responding to illegal migration and maritime security in the south?<sup>58</sup>

The answers to these critical questions should serve as a basis for identifying European capability shortfalls and prioritizing the military investments of European member states.<sup>59</sup> As Pierre Haroche and Martin Quencez rightly note, “If Europeans had a clearer vision of the capabilities that the US might withdraw from Europe in the event of an Asian crisis, as well as the missions that it would no longer be able

<sup>53</sup> Robert Dalsjö, Michael Jonsson and Johan Norberg, “A Brutal Examination: Russian Military Capability in Light of the Ukraine War,” *Survival*, Vol. 64, Issue 3 (May 2022), pp. 7-28.

<sup>54</sup> As part of this new transatlantic bargain, Europe should not only assume primary responsibility for its own security and defense, but the United States should also become more willing to share leadership, starting with the appointment of a European Supreme Allied Commander Europe (SACEUR). See Kelly A. Grieco, *Engagement Reframed No. 3: Appoint a European SACEUR* (Washington, DC: Atlantic Council, February 2022); Kelly A. Grieco, “Biden should nudge Europe to lead NATO,” *Defense News*, March 22, 2022, <https://www.defensenews.com/global/europe/2022/03/22/biden-should-nudge-europeans-to-lead-nato/>.

<sup>55</sup> Stacie L. Pettyjohn, “War with China: Five Scenarios,” *Survival*, Vol. 64, Issue 1, February 2022, pp. 57-66.

<sup>56</sup> Pierre Haroche and Martin Quencez, “NATO Facing China: Responses and Adaptations,” *Survival*, Vol. 64, Issue 3, May 2022, pp. 73-86.

<sup>57</sup> Barry R. Posen, “A new transatlantic division of labor could save billions every year!” *Bulletin of the Atomic Scientists*, Vol. 77, Issue 5, September 2021, pp. 239-243.

<sup>58</sup> Luis Simón and Pierre Morcos, *NATO and the South after Ukraine* (Washington, DC: Center for Strategic and International Studies, May 2022).

<sup>59</sup> Stephan De Spiegeleire, “Ten Trends in Capability Planning for Defence and Security,” *The RUSI Journal*, Vol. 156, Issue 5, October 2011, pp. 20-28; Haroche and Quencez, p. 78.

to take on as its primary responsibility, discussions about increasing European efforts and capabilities would have a more solid foundation than they do today.”<sup>60</sup> These capabilities would include theater airlift, air defense, ISR, logistics, drones, and ample stockpiles of rockets, artillery, and missiles.<sup>61</sup>

All are long-known gaps in European capabilities, but China-based scenarios may help to concretize mission requirements and capabilities, as well as the risks of inaction. European allies need to view these investments as fulfilling their core national security interests, given the competing demands on US military resources in the Indo-Pacific, or risk deterrence failure. Rather than make a foray into the Indo-Pacific region, NATO should double down on its core collective defense tasks. A stronger European pillar within NATO would not only make conventional deterrence more resilient and robust against Russian threats but also contribute indirectly to Indo-Pacific security.

## **Recalibrating Transatlantic Cooperation on the China Challenge**

Though NATO and European militaries may not have a large role to play in the Indo-Pacific, Europe—particularly the European Union—can help to counter China in other ways. Indeed, Washington will need Europe’s diplomatic influence and economic, financial, and technologies resources as a counterweight to Beijing’s power and influence. In recent years, NATO has made strengthening national and societal resilience a key component of collective deterrence and defense. To safeguard their societies, NATO countries have agreed to focus on securing and diversifying supply chains, protecting technology and intellectual property, and countering harmful economic activities.<sup>62</sup> NATO’s approach

focuses squarely on defense, however, emphasizing robust civil preparedness and cyber defenses in terms of force projection capacity. Importantly, NATO’s mandate precludes its involvement in trade and investment disputes, technology policy, and other political-economic issues. These issues are the domain of the individual states themselves or the European Union. To respond to China’s growing diplomatic assertiveness and economic influence, the United States will need to strengthen its cooperation with the European Union.<sup>63</sup>

China is arguably the most formidable strategic competitor the United States has ever faced in terms of economic and military potential. America’s previous great power rivals or coalition of rivals—Wilhelmine Germany during the First World War, Imperial Japan and Nazi Germany during the Second World War, and the Soviet Union during the Cold War—never crossed the mark of reaching 60% of US gross domestic product (GDP).<sup>64</sup> Even if China never surpasses the United States as the world’s largest economy, Chinese GDP is already more than three-quarters the size of the US economy.<sup>65</sup> The United States will therefore need Europe’s power potential to form an effective balancing coalition against China. The United States and Europe should therefore increase diplomatic coordination, expand trade and investment cooperation, and foster technological innovation and resilience.

This should proceed along several tracks. First, the United States and Europe should work together to together to promote good governance. Chinese President Xi Jinping has called for his country to “lead the reform of the global system,” reshaping global rules and norms to better reflect its values and interests.<sup>66</sup> China, like other great powers before it, has become more assertive in influencing international institutions as its power has grown.<sup>67</sup> Though Beijing rejects many key elements of the

<sup>60</sup> Haroche and Quencez, p. 78.

<sup>61</sup> Gustav Gressel and Nick Whitney, *Out of the dark: Reinventing European defence cooperation* (Berlin: European Council on Foreign Relations, March 2022); Lukas Mengelkamp, Alexander Graef, and Ulrich Kühn, “A Confidence-Building Defense for NATO,” *War on the Rocks*, June 27, 2022, <https://warontherocks.com/2022/06/a-confidence-building-defense-for-nato/>; Max Bergmann, Colin Wall, and Sean Monaghan, *Transforming European Defense* (Washington, DC: Center for Strategic and International Studies, August 2022).

<sup>62</sup> “Strengthened Resilience Commitment,” NATO, June 14, 2021, [https://www.nato.int/cps/en/natohq/official\\_texts\\_185340.htm](https://www.nato.int/cps/en/natohq/official_texts_185340.htm).

<sup>63</sup> Pierre Morcos, *NATO’s Pivot to China: A Challenging Path* (Washington, DC: Center for Strategic and International Studies, June 2021); Jens Ringsmose and Sten Rynning, “China Brought NATO Closer Together,” *War on the Rocks*, February 5, 2020, <https://warontherocks.com/2020/02/china-brought-nato-closer-together/>; Sten Rynning, “NATO’s Struggle for A China Policy: Alliance, Alignment, or Abdication?” *Asian Affairs* (2022), pp. 1-19.

<sup>64</sup> Rush Doshi, *The Long Game: China’s Grand Strategy to Displace American Order* (New York: Oxford University Press, 2021), pp. 313-314.

<sup>65</sup> World Development Indicators (database), “GDP (Current US\$)” (Washington, DC: World Bank, 2021), <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>. On China’s long-term economic forecast, see Roland Rajah and Alyssa Leng, *Revising Down the Rise of China* (Sydney: Lowy Institute, March 2022); Rushira Sharma, “China’s economy will not overtake the US until 2060, if ever,” *Financial Times* (October 24, 2022).

<sup>66</sup> “Xi urges breaking new ground in major country diplomacy with Chinese characteristics,” *Xinhua News Agency*, June 24, 2018, [http://www.xinhuanet.com/english/2018-06/24/c\\_137276269.htm](http://www.xinhuanet.com/english/2018-06/24/c_137276269.htm).

<sup>67</sup> Nadège Rolland, “China’s Vision for a New World Order,” *Special Report No. 83* (Seattle, WA: National Bureau of Asian Research, 2020), pp. 14, 24-25. See also Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981).

existing global order, particularly Western norms relating to human rights and internet governance, it continues to support the Westphalian principles of sovereignty and noninterference.<sup>68</sup> The challenge is to find a balanced approach, one that gives China a voice on global governance issues while pushing back against its authoritarian rules and norms.<sup>69</sup> The United States and Europe should undertake coordinated transatlantic action to lead international institutions and shape the rules and norms governing the 21st century, but without fully excluding China.<sup>70</sup> Specifically, they should work to jointly elect candidates to top UN positions and increase the number of their citizens employed in the UN system. Chinese nationals have won a spate of elections to lead UN specialized agencies responsible for developing norms or setting standards, but they have generally not served their agencies independently, as required by international civil service standards, and, instead, used their positions to advance Chinese foreign policy goals.<sup>71</sup> For example, Zhao Houlin as head of the International Telecommunication Union (ITU), the UN agency responsible for setting standards for information and communications technologies, actively promoted Chinese technology companies, championed China's Belt and Road Initiative as a model for development, and undermined internet governing bodies such as the Internet Corporation for Assigned Names and Numbers (ICANN).<sup>72</sup> The United States and Europe should cooperate to elect top UN officials by carefully avoiding situations in which US and European

candidates both run, which is certain to split votes, and instead agree on a consensus candidate to support in leading these agencies.<sup>73</sup> The United States and those European countries classified as "underrepresented" in the UN system should increase efforts to place their citizens in UN jobs and Junior Professional Office (JPO) programs, or China continue to fill the void.<sup>74</sup>

Second, the United States and Europe should expand trade and investment cooperation in response to China's unfair practices. The Chinese government directs hundreds of billions in subsidies and investment funds to domestic industries, allowing these firms to export goods and services below market prices and thus capture a larger share of the global market.<sup>75</sup> In addition, Chinese finance, used to acquire everything from critical technology to large-scale infrastructure assets, has become a source of coercive leverage and involuntary intellectual property transfers.<sup>76</sup> Though the United States and Europe share similar concerns about China's market-distorting subsidies and cross-border investments, key differences remain on how best to respond to these challenges.<sup>77</sup> According to the Institute for Economic Research, a US-EU free-trade agreement would greatly mitigate the negative effects of a joint decoupling from China.<sup>78</sup> This seems unlikely, however, as neither policymakers in Washington nor Brussels are interested in reviving talks to establish the Transatlantic Trade and Investment Partnership

<sup>68</sup> Alastair Iain Johnston, "China in a World of Orders: Rethinking Compliance and Challenge in Beijing's International Relations," *International Security*, Vol. 44, No. 2 (Fall 2019): 9-60; Jessica Chen Weiss and Jeremy L. Wallace, "Domestic Politics, China's Rise, and the Future of the Liberal International Order," *International Organization*, Vol. 75, No. 2 (Spring 2021): 635-664.

<sup>69</sup> Jennifer Lind and William C. Wohlforth, "The Future of the Liberal Order is Conservative," *Foreign Affairs*, Vol. 98, No. 2, March/April 2019, pp. 70-82.

<sup>70</sup> As the EU Strategic Compass notes, "China's development and integration into its region, and the world at large, will mark the rest of this century. We need to ensure that this happens in a way that will contribute to uphold global security and not contradict the rules-based international order and our interests and values. This requires strong unity amongst us and working closely with other regional and global partners." Council of the European Union, Strategic Compass (Brussels: European Union, March 2022), p. 8.

<sup>71</sup> Melanie Hart and Blaine Johnson, *Mapping China's Global Governance Ambitions* (Washington, DC: Center for American Progress, February 2019); Krystine Lee and Alexander Sullivan, *People's Republic of the United Nations: China's Emerging Revisionism in International Organizations* (Washington, DC: Center for a New American Security, May 2019). See also International Civil Service Commission, *Standards of Conduct for the International Civil Service* (New York: United Nations, 2013).

<sup>72</sup> Brett Schaefer, *Chinese Leadership Corrupts Another UN Organization* (Washington, DC: Heritage Foundation, May 2020); United States Senate Committee on Foreign Relations, Majority Report, *The United States and Europe: A Concrete Agenda for Transatlantic Cooperation on China* (Washington, DC: United States Senate, November 2020), pp. 37-45; Tom

Wheeler, *The most important election you never heard of* (Washington, DC: Brookings Institution, August 2022).

<sup>73</sup> The joint effort to elect a Singaporean national to lead the World Intellectual Property Organization (WIPO) is a successful model. See Emma Farge and Stephanie Nebahay, "Singaporean defeats Chinese candidate to head UN patent office," *Reuters*, March 4, 2020, <https://www.reuters.com/article/us-un-election-wipo/singaporean-defeats-chinese-candidate-to-head-u-n-patent-office-idUSKBN20R17F>.

<sup>74</sup> "Less than Adequately represented nationalities" International Labor Organization, United Nations, September 2022, <https://jobs.ilo.org/content/Non--and-under-represented-member-States/>; United States Senate Committee on Foreign Relations, Majority Report, *The United States and Europe: A Concrete Agenda for Transatlantic Cooperation on China*, p. 42.

<sup>75</sup> Gerard DiPippo, *Red Ink: Estimating Chinese Industrial Policy Spending in Comparative Perspective* (Washington, DC: Center for Strategic and International Studies, March 2022).

<sup>76</sup> Dario Cristiani, Mareike Ohlberg, Jonas Parelló-Plesner, and Andrew Small, *The Security Implications of Chinese Infrastructure Investment in Europe* (Washington, DC: German Marshall Fund, September 2021); Jonathan Hackenbroich, Filip Medunic, and Pawel Zerka, *Tough trade: The hidden costs of economic coercion* (Berlin: European Council on Foreign Relations, February 2022).

<sup>77</sup> Perijn Bergsen, Antony Froggatt, Veerle Nouwens, and Raffaello Pantucci, *China and the transatlantic relationship: Obstacles to European-US cooperation* (London: Chatham House, June 2022).

<sup>78</sup> Clemens Fuest, Lisandra Flach, Florian Dorn, and Lisa Scheckenhofer, *Geopolitical Challenges and their Consequences for the German Economic Model* (Munich: ifo Institute, August 2022).



(TTIP).<sup>79</sup> Indeed, new tensions have emerged over the Biden administration's subsidies to boost America's electric car industry, with EU officials threatening to bring a case before the World Trade Organization (WTO).<sup>80</sup>

But while the TTIP may be moribund, the United States and Europe should try to conclude a series of smaller trade and investment agreements, paving the way for a comprehensive deal. They should sign and expand mutual recognition agreements (MRA) to cover a wider range of sectors, as well as restart lapsed negotiations on the Environmental Goods Agreement (EGA), intended to reduce tariffs on environmental goods and services.<sup>81</sup> In June, the European Council and European Parliament reached a "provisional political agreement" on new regulations to address cross-national subsidies, while Congress has introduced similar legislation to combat unfair market competition. These proposals provide a basis for further transatlantic cooperation on these critical issues.<sup>82</sup>

Finally, the United States and Europe should expand and deepen transatlantic technology cooperation.<sup>83</sup> China has made clear its intention to compete with the United States, Europe, and other advanced economies in technological innovation. A Fourth Industrial Revolution is underway, a revolution characterized by disruptive technological advances in fields as diverse as artificial intelligence (AI), big data, fifth- and sixth-generation wireless technologies, nanotechnology, biotechnology, robotics, the Internet of Things (IoT), and quantum computing.<sup>84</sup> Breakthroughs in these areas will

potentially reshape the global balance of power—a development that has not escaped Xi's notice. Observing "A new round of scientific and technological revolution and industrial transformation, such as artificial intelligence, big data, quantum information, and biotechnology, is gathering strength," he has argued, "We must seize this major opportunity to promote leapfrog development," allowing China to become a global technology leader.<sup>85</sup>

## **"China has made clear its intention to compete with the United States, Europe, and other advanced economies in technological innovation."**

This new era of technological competition will require careful navigation, however, as US sanctions on Chinese technology firms in recent years have heightened Chinese fears of being "strangled by others at the neck" and pushed Beijing to drive toward high-technology "self-sufficiency."<sup>86</sup> China's accelerating efforts have in turn amplified security fears among Washington and its European allies, prompting the Biden administration to adopt an aggressive strategy of technological "decoupling" from China.<sup>87</sup> This action-reaction cycle should caution US and European policymakers to carefully consider the risks and opportunities of technological competition with China.<sup>88</sup> The US-EU Trade and Technology Council (TTC), established in 2021, is a

<sup>79</sup> Randi Brown, TPP? TTIP? Key trade deal terms explained (Washington, DC: Brookings Institution, May 20, 2015).

<sup>80</sup> Barbara Moens, "Electric cars rekindle transatlantic trade war," *Politico*, August 31, 2022, <https://www.politico.eu/article/electric-car-rekindle-transatlantic-trade-war/>; Giorgio Leali and Barbara Moens, "France plays bad cop as transatlantic trade tensions ramp up," *Politico*, October 17, 2022, <https://www.politico.eu/article/france-us-eu-transatlantic-trade-tension/>.

<sup>81</sup> Claudia Schmucker, "Future Proofing Transatlantic Trade Relations (IV): Time to Enhance Trade Relations," *Internationale Politik Quarterly*, September 29, 2022, <https://ip-quarterly.com/en/future-proofing-transatlantic-relations-iv-time-enhance-trade-relations>; William Alan Reinsch and Emily Benson, *Environmental Goods Agreement: A New Frontier or an Old Stalemate* (Washington, DC: Center for Strategic and International Studies October 28, 2021).

<sup>82</sup> William Alan Reinsch, *Transatlantic Treatment of Transnational Subsidies Stalemate* (Washington, DC: Center for Strategic and International Studies July 22, 2022).

<sup>83</sup> Carisa Nietsche, Emily Jin, Hannah Kelley, Emily Kilcrease, Mega Lamberth, Martijn Rasser, and Alexandra Seymour, *Lighting the Path: Framing a Transatlantic Technology Strategy* (Washington, DC: Center for New American Security, August 2022); Christie Lawrence and Sean Cordey, *The Case for Increased Transatlantic Cooperation on Artificial Intelligence* (Cambridge, MA: Belfer Center for Science and International Affairs, Harvard Kennedy School, August 2020); Gregory Arcuri, *How is the*

*US Cooperating with Its European Allies on Issues of Technology?* (Washington, DC: Center for Strategic and International Studies, April 2022).

<sup>84</sup> Klaus Schwab, *The Fourth Industrial Revolution* (Geneva: World Economic Forum, 2016).

<sup>85</sup> Xi Jinping, "Follow the trend of the times and achieve common development," Speech at the BRICS Business Forum, July 25, 2018, <http://cpc.people.com.cn/n1/2018/0726/c64094-30170246.html>. See also Julian Baird Gewirtz, "China's Long March to Technological Supremacy," *Foreign Affairs*, August 27, 2019, <https://www.foreignaffairs.com/articles/china/2019-08-27/chinas-long-march-technological-supremacy>.

<sup>86</sup> Che Pan, "US-China tech war: Beijing's top policy official lays out strategy to address Washington's 'stranglehold' over China," *South China Morning Post*, January 26, 2021; Karen Hao and Sha Hua, "China's Xi Jinping Urges Self-Reliance in Tech Amid Rivalry with US," *Wall Street Journal*, October 17, 2022.

<sup>87</sup> Ana Swanson and Edward Wong, "With New Crackdown, Biden Wages Global Campaign on Chinese Technology," *New York Times*, October 13, 2022, <https://www.nytimes.com/2022/10/13/us/politics/biden-china-technology-semiconductors.html>; Jon Bateman, "Biden is Now All-I on Taking Out China," *Foreign Policy*, October 12, 2022, <https://foreignpolicy.com/2022/10/12/biden-china-semiconductor-chips-exports-decouple/>.

<sup>88</sup> Ang, Yuen Yuen. "The Myth of the Tech Race," *Project Syndicate*, April 28, 2020, <https://sites.lsa.umich.edu/yy->

step in the right direction. In May 2022, the TTC held its second ministerial meeting, outlining dozens of transatlantic initiatives to foster greater transatlantic technological alignment, from harmonizing technology standards and export controls and avoiding trade barriers to promoting green technology and securing supply chains.<sup>89</sup> The TTC should prioritize among these various initiatives, focusing on what is achievable in the short term, such as expanding information sharing on investment screening and coordinating efforts to avoid a subsidy race in the semiconductor industry.<sup>90</sup> The TTC now needs to show it is more than a “talk shop” and produce tangible results, if it is to be a basis for effective and sustained cooperation between the United States and Europe.<sup>91</sup> In addition, US and European policymakers should work to establish common regulatory standards to ensure technology is used in ways that are consistent with their shared values.<sup>92</sup>

## Conclusions

Competition with China may be inevitable, but it can also be bounded. For NATO, this means scaling back its global ambitions and recognizing China matters militarily to the extent its growing power and influence require the United States to increasingly shift attention and resources from Europe to the Indo-Pacific region. NATO’s indirect contribution to Indo-Pacific security should be for its European members to assume primary responsibility for their own security, freeing the United States to allocate more resources to the Indo-Pacific region. Though its direct military contribution to Indo-Pacific security will be limited, Europe can help to balance against China’s power and influence in the political-economic domain. Though there is great comfort in the familiar, the nature of the China challenge calls for organizing transatlantic cooperation through the EU rather than through NATO. Above all, such cooperation should focus carefully on targeting measures to address of China’s challenge for global governance, trade and investment, and technological innovation without it turning all relations with China into zero-sum competition.

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ang/wpcontent/uploads/sites/427/2020/05/PS-Myth-of-the-Tech-Race-final-color-pdf.pdf.

<sup>89</sup> *Fact Sheet: US-EU Trade and Technology Council Establishes Economic and Technology Policies & Initiatives* (Washington, DC: White House, May 16, 2022), <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/16/fact-sheet-u-s-eu-trade-and-technology-council-establishes-economic-and-technology-policies-initiatives/>

<sup>90</sup> US-EU Joint Statement of the Trade and Technology Council, May 16, 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/05/TTC-US-text-Final-May-14.pdf>.

<sup>91</sup> Carisa Nietzsche, “Future Proofing Transatlantic Relations (II): Taking Advantage of the 2023 Window for Opportunity,” *Internationale Politik Quarterly*, September 29, 2022, <https://ip-quarterly.com/en/future-proofing-transatlantic-relations-ii-taking-advantage-2023-window-opportunity>.

<sup>92</sup> Alex Engler, *The EU and US are starting to align on EU regulation* (Washington, DC: Brookings Institution, February 2022).

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