Chapter I: Assessing the Problem

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Section A: China’s Strategic Goals and Policies

The overall strategic goals of the People’s Republic of China (PRC) are intimately related to the Chinese Communist Party (CCP) leadership’s survival interests and threat perceptions—both domestic and external. As the National Bureau of Asian Research’s Nadège Rolland pointedly explains:

“In the Chinese leadership’s eyes, shaping the world is essentially about making sure that the international system accommodates the CCP’s ambitions for power as well as its anxieties about survival. Beijing’s vision for a new international order is an outward extension of what the party wants to secure (its perpetual rule and unchallenged power) and what it rejects as existential threats (democratic ideals and universal values).”

Some of Beijing’s perceptions of threats are conditioned by geography. For instance, the heavy dependence of China’s national economy on maritime transport routes, as well as the proximity of US and allied military installations on the so-called First Island Chain, give rise to fears of containment. Others are defined by shifts in the external political environment, such as the US-initiated trade war. And yet others are triggered by military-technological advances that could upend the military-strategic balance with the United States—such as ballistic missile defense, hypersonic weapons, artificial intelligence (AI), or robotics.

1. Preserving the Party-State Under the Leadership of the CCP

Among all these, the political-ideological threat perception is paramount. There is a systemic rift between a Leninist party-state’s functional logic and the universal values embraced by liberal democracies around the world, including Taiwan. These are seen as an existential threat to the CCP’s legitimacy and survival. Preserving the party-state is the top concern among China’s so-called core interests, a term Chinese officials use to signal a categorical unwillingness to compromise. In 2010, Dai Bingguo, at the time state councilor in charge of foreign policy, defined China’s “core interests” as follows:

“What are China’s core interests? My personal understanding is: First, China’s form of government and political system and stability, namely the leadership of the Communist Party of China, the socialist system and socialism with Chinese characteristics. Second, China’s sovereignty, territorial integrity and national unity. Third, the basic guarantee for sustainable economic and social development of China. These interests brook no violation.”

Systemic political-ideological confrontation is at the root of the great-power rivalry between China, the world’s most powerful autocratic state, and the United States, the most powerful champion of liberal democracy. It is further exacerbated by the fact that the United States is safeguarding Taiwan’s de facto independence from China and, thereby, stands in the way of fulfilling a key territorial “core interest” of China—unification—and by the fact that the United States is an ally of numerous countries in the Asia-Pacific region with which China has territorial disputes, including China’s prime World War II foe, Japan.

China’s leaders are acutely aware of the risks to the CCP’s continued hold on power and the danger of “chaos” due to traumatic historic experience with large-scale unrest, e.g., during the Cultural Revolution. The shocking effect that the Soviet Union’s collapse in 1991-1992 had on the Chinese

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5 Leninism here refers to a set of organizational principles, among them “democratic centralism” and the penetration of the entire state and society through party cells, rather than an ideology. Leninist control principles were first laid out by Lenin in 1902 in his treatise What Is To Be Done? Burning Questions of Our Movement and have been continuously employed by the CCP to this day to exercise control over society at large. They have also been used by the non-communist Kuomintang in Taiwan before democratization. See Bruce J. Dickson, Democratization in China and Taiwan: The Adaptability of Leninist Parties (Oxford: Oxford University Press, 1997).
political elite can hardly be overstated, and a plethora of Chinese studies have dissected its causes and effects. Ever since, China’s leaders have interpreted Western support for political reform in China, whether expressed by state organs or by privately funded NGOs, as hostile subversion attempts instigated by “bourgeois liberalism” (i.e., Western liberal values). Foreigners’ attempts to promote democracy or human rights within China are thus interpreted as part of a Western strategy of “peaceful evolution” similar to the one that contributed to the USSR’s downfall. Numerous leaders’ speeches for internal constituencies warn specifically of this threat from “hostile Western forces.”

Though a constant feature of Chinese politics since 1949, Chinese President Xi Jinping’s rise to power in 2012 has raised the preoccupation with Western subversion to unprecedented levels. Ordinary citizens and even schoolchildren have been called upon to “be on their guard against (Western) agents attempting to ‘infiltrate, subvert, split or...
sabotage China,”11 and citizens are offered high financial rewards for “busting” spies.12 In his report to the 19th National Congress of the CCP in 2017, Xi explicitly pointed out that:

“We must rigorously protect against and take resolute measures to combat all acts of infiltration, subversion, and sabotage, as well as violent and terrorist activities, ethnic separatist activities, and religious extremist activities.”13

At the same time, the 2012 Bo Xilai affair and subsequent purge and incarceration of several high-profile political figures accused of plotting a coup against Xi, including former Politburo and Central Military Commission members, highlighted significant tensions within the Chinese leadership itself.14 In its wake, a massive “anti-corruption” campaign purged the CCP of cadres of military officers whose loyalty to Xi was suspect, while control mechanisms have been reinforced. Even foreign-funded private enterprises now have to allow the formation of CCP party cells, formally bringing them under the umbrella of the party-state.15

Just how much the CCP leadership distrusts the loyalty of Chinese citizens is evident from the extent to which surveillance is directed against ordinary people on a regular basis. The combined cost of all “internal security” measures has long surpassed the defense budget and seems bound to create a dystopian surveillance state that is unprecedented in human history.16 The impact of these dramatic measures on Chinese society at large is still hard to gauge; at the same time, the “Digital Silk Road” aims to make many of these technologies available to other autocratic countries.

Given a disastrous track record of CCP rule during its first three decades (1949-1978) that saw the death of dozens of million Chinese citizens as collateral damage of Mao Zedong’s failed developmental policies,16 and in light of the violent suppression of peaceful anti-government protests in June 1989, the CCP aims to inhibit any public acknowledgment of these self-inflicted catastrophes and atrocities in order to safeguard the party’s public image.17 The CCP has no interest in debating its past mistakes18 and places great emphasis on shaping the public narrative on its track record, both within and outside China.19

Another aspect of the Chinese threat perception is related to China’s geostrategic and security situation of potentially facing Western containment. Chinese strategic thinkers point out that China, while heavily dependent upon its maritime sea lines of communication (SLOCs), is partly “encircled” through the close proximity of US and its allied militaries’ bases on the First Island Chain and around the South China Sea, and, in particular, by the US alliance with Japan.20 For China, gaining control over Taiwan would massively change the geostrategic situation in China’s favor and provide its People’s Liberation Army Navy (PLAN) with easier and less-contested access to the open Pacific.

Apart from censoring the public debate within China, China’s leaders employ a dual strategy of fanning Chinese nationalism and creating a positive vision for China’s future. To keep the populace from turning against the party, and to achieve a glorious “national rejuvenation” of the Chinese nation as promised in Xi’s vision of a “Chinese Dream,” Beijing has explicitly committed itself to an ambitious plan for developmental stages with demarcated milestones to be reached by 2021 and 2049. (These two points in time correspond to important anniversaries in China’s history: 2021 relates to the centenary of the CCP’s founding, and 2049 to the centenary of the people’s republic itself.) In service of this plan, China has published the Made in China 2025 strategy of achieving technological superiority and uses a variety of approaches—the Belt and Road Initiative

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18 It is worth asking what China might have looked like in 1978 had Deng Xiaoping’s more rational economic policies been followed already since the 1950s, given that once the CCP’s restrictions on economic activity were gradually lifted from 1980 onward, the hard-working Chinese populace quickly created a widely-admired growth miracle that saw living standards in many parts of China rise sharply, while hundreds of millions were able to leave poverty behind.
19 Hybrid CoE, Trends, 22-23.
20 For example, cf. the works of Chinese military writers Zhang Wenmu, Dai Xu, and Ju Hailong. See Andrew S. Erickson and Joel Wuthnow, “Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific ‘Island Chains,’” China Quarterly 225 (March 2016): 1-22.
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China's leadership hopes to generate through its foreign dependencies on China have undermined the trust that attempts over the past decade to coerce foreign governments and even when yielding occasional success, for instance in blocking Taiwan diplomatically, have mostly backfired. Another aspect of China's grand strategy involves several interlocking “counter-intervention strategies” that aim to deter military opponents and, especially, a technologically superior power. These strategies include what has been termed an “anti-access/area denial” approach to securing China's homeland against outside attack, as well as the “three warfares” (political, information, and legal warfare) and asymmetric “system destruction warfare” that provide a non-kinetic framework for countering military threats, and, as a last resort, classic nuclear deterrence.

Depending on their geographic location and the nature of their relationship with China, democracies around the world increasingly feel the heat of these interlocking strategies to varying degrees, but none remain unaffected. Constructively engaging China against the backdrop of the US-China trade war, the COVID-19 pandemic, and rising military tensions has become much harder for European nations. More transatlantic coordination is urgently needed to effectively tackle the common challenges China poses, while finding better ways to engage China on issues of common concern, such as climate change.

Section B: US Policies and Approaches

Sino-US relations have undergone several sharp turns in the past seven decades. In each case there was a significant degree of bipartisan agreement on China policy in the United States. History suggests, and recent statements by his newly-minted administration show, that US President Joseph R. Biden, Jr., will continue to challenge China, although with a different style and with different areas of emphasis than his immediate predecessor.

1. Relative Bipartisanship Historically

The first turn in Sino-US relations resulted from the 1949 revolution that brought Mao to power. Kuomintang China had been a World War II ally of the United States and when Chiang Kai-shek was forced off the mainland to Taiwan, he did so with US support. Soon, China and the United States were at war in Korea. The United States formally committed to the defense of the Republic of China (ROC) in

(BRI), 17+1, and other types of “economic statecraft”—as tools of a mercantilist economic strategy to draw other countries into China's orbit, gain political influence, and find support for China's agenda abroad.21

2. More Assertiveness Under Xi Jinping

Beginning with the 2008 financial crisis, but especially since 2012 under Xi, Deng Xiaoping's traditional admonition to “bide one's time and hide one's light” lest the outside world gang up on a rising China has been given up in favor of a more assertive, and at times aggressively coercive, outward presentation.22 As a consequence, the CCP's domestic insecurities are now projected outward, be it in the form of bolstering the leadership of autocratic nations by exporting surveillance and control technologies, infiltrating the leadership structures of international organizations with party-state representatives, attempting to control public discourse within democratic countries where it relates to Chinese interests, or aligning China closer with Russia, Iran, and other powerful non-democratic countries. Heightened military threats to Taiwan, India, Japan, and to virtually all the rival claimants in China's maritime territorial disputes are yet another aspect of this about-face. With China's economic power and influence at an all-time high, the world needs to contend with a regime that is attempting to secure its survival by altering the international system in its favor and using any means necessary to shape public perceptions abroad in order to weaken its detractors and divide, coerce, and block its critics.

If a grand strategy is understood to be an “all-encompassing game plan for survival in a turbulent world,” China's grand strategy encompasses the vision of the Chinese Dream's “national rejuvenation” combined with an “anti-containment strategy” in the form of the BRI that aims to secure access to trade and transport routes and generate political support for China abroad. However, multiple attempts over the past decade to coercion foreign governments economically by exploiting their trade or tourism dependencies on China have undermined the trust that China's leadership hopes to generate through its foreign trade and investment policies, and even when yielding occasional success.

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21 Hybrid CoE, Trends, 17-18.
1955. By 1960, the defense of two small islands claimed by Taiwan became an issue during the US presidential campaign. In the late 1960s, China supported North Vietnam. While McCarthyism and the “China lobby” sometimes made for extreme positions, there was still a basic degree of consensus among most Americans that the China of the Great Leap Forward and the Cultural Revolution was a militarily weak but politically important adversary that, like the Soviet Union, needed to be contained.

In 1972, then-US Secretary of State Henry Kissinger saw a geostrategic opportunity to break up the communist world and engineered the second major turn in the Sino-US relationship. The Shanghai Communiqué was the cornerstone of then-US President Richard Nixon’s seven-day visit to China in 1972 and set up a normalization process that was completed by Nixon’s Democratic successor, Jimmy Carter, showcasing a relatively bipartisan US approach to China. The United States recognized the PRC in 1979, terminated the mutual defense treaty with the ROC in 1980, and rephrased its defense commitment under the Taiwan Relations Act. The China of Deng, Jiang Zemin, and Hu Jintao followed relatively moderate international policies with the notable exceptions of the Tiananmen Square crackdown and sustained intellectual property theft. The Taiwan Strait Crisis of 1995-1996 marked a difficult moment in the relationship, but then-US President Bill Clinton’s strong support for permanent normalization of trade relations with Beijing in the last days of his administration paved the way for China’s entry into the World Trade Organization (WTO) in 2001.

Sino-US relations under US President George W. Bush started under duress as a result of the April 1, 2001, “Hainan Island incident.” While the incident was resolved diplomatically, it raised concerns among China hardliners in Washington that Beijing was becoming more assertive in the region. However, the 9/11 terrorist attack forced the Bush administration to recalibrate its national security priorities. Bush sought allies and partners in the fight against al-Qaeda and cultivated Beijing as a partner on counterterrorism and counterproliferation issues. In short order, China went from being a “strategic competitor” to a “responsible stakeholder” and a key partner in maintaining global stability. The next turn took place more slowly during Xi’s presidency, which began in 2013. At first, periodic strategic and economic consultation during the Obama administration proceeded normally until 2012 when China wrestled control over Scarborough Shoal from the Philippines, an early precursor of China’s increasingly coercive posturing in the South China Sea. By the middle of the decade, however, the Sino-US relationship began to change. China aggressively pursued its claims to the South and East China Seas by turning reefs into fortified islets and in the process threatening freedom of navigation in these waters. In 2016, the Democratic Progressive Party’s Tsai Ing-wen was elected president of Taiwan raising concerns in Beijing that Washington would support her agenda for eventual independence from mainland China. The Obama administration emphasized the “pivot” to Asia and began ramping up its military activities in the region to preserve its interests and those of its allies. By 2017, the US National Security Strategy began referring to major-power competition as the United States’ main challenge.

2. Trump and Biden Policies

Former US President Donald J. Trump began his term in office by praising his “very good relationship” with Xi and focused on a new trade pact. That agreement, consummated in 2020, was coerced by high US tariffs and a disruptive trade war that strained Sino-US relations. Trump’s relationship with Xi frayed rapidly as a result of the novel coronavirus pandemic. Trump’s insistence on calling COVID-19 the “China virus” as a means to deflect blame from his administration’s poor handling of the pandemic during his reelection effort made bilateral relations difficult. Criticizing China became a cornerstone of his campaign and he painted his Democratic opponent, Biden, as weak on China, a claim that did not square with the former US vice president’s record. Each candidate accused the other of financial improprieties with China.

Deteriorating relations also resulted from China’s accelerated military buildup, implementation of its Hong Kong national security law, treatment of its Uyghur minority in Xinjiang province, aggressive claims in the South and East China Seas, increased military pressure on Taiwan, and

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26 This was initiated when Taiwan’s first democratically elected president, Lee Teng-hui, was granted permission to give a speech at his alma mater in the United States, Cornell University.
27 A Chinese People’s Liberation Army Navy (PLAN) fighter collided with a US Navy EP-3 reconnaissance plane forcing its crew of twenty-four to make an emergency landing on Hainan Island where they were detained for ten days.
31 The 2018 National Security Strategy referred to “strategic competition” with China.
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“wolf warrior” diplomacy across the globe. US retaliatory sanctions and arms sales to Taiwan led to further deterioration in relations. Bilateral ties reached a low point at the end of the Trump administration, marked by the US Department of State’s decision to ease restrictions on meetings with Taiwanese officials. Much of the blame can be laid at Xi’s doorstep, but Trump’s erratic policies, while drawing increased international attention to the challenges posed by Beijing, accelerated the decline. At the same time, the Trump administration’s often-unilateral approach significantly reduced the effectiveness of US efforts by failing to bring allies on board.

While there is a consensus in the United States that China’s economic growth has not yielded the political and economic liberalization that some expected, there are differences about where to focus and what steps to take next.

In broad terms, Republicans have tended to stress China’s economic challenges, while Democrats have focused more on its human rights abuses. Trump started a trade war with China. Biden’s campaign accused China of “genocide” in Xinjiang, a point reiterated by Trump’s outgoing secretary of state, Michael R. Pompeo, on his last day in office and by Secretary of State Anthony Blinken during his confirmation hearings. Both Republicans and Democrats now grasp China’s military challenges. Michèle A. Flournoy, under secretary of defense for policy in the Obama administration, has suggested that the United States should have the capability “to sink all of China’s military vessels, submarines, and merchant ships in the South China Sea within 72 hours.”

While Trump administration officials tended to take a hard line, even they had differences of opinion. Former US Trade

34 Nichols, “Biden’s plan.”
Democratic analysts tend to highlight both strategic competition and the need for cooperation in selected areas of common interest with China. Kurt M. Campbell, Biden's "Indo-Pacific czar" and Jake Sullivan, Biden's national security advisor, for example, wrote in *Foreign Affairs* in 2020 that US policy toward China should be one of coexistence. They argue that "Such coexistence would involve elements of competition and cooperation.... Even as China emerges as a more formidable competitor than the Soviet Union, it has also become an essential U.S. partner." Others, like Flournoy, raise the concern that China and the United States could stumble into a conflict because US deterrence has eroded. Tom Donilon, who served as national security advisor in the Obama administration, criticized Trump's use of trade wars to coerce a trade agreement.

However, both Democrats and Republicans have now come to understand that the best way to deal with China is to confront it in a unified manner with global partners. Biden wrote in *Foreign Affairs* in March 2020 that "The United States does need to get tough with China ... The most effective way to meet that challenge is to build a united front of U.S. allies and partners to confront China's abusive behaviors and human rights violations, even as we seek to cooperate with Beijing on issues where our interests converge."

The Trump administration, by contrast, spent much of its term acting unilaterally and often bullied European allies for not embracing US policies. Finally, late in the Trump administration, Pompeo sought to engage the European Union (EU) in a more constructive effort to develop coordinated policies toward China. In June 2020, he accepted EU High Representative for Foreign Affairs and Security Policy Josep Borrell's proposal to create a US-EU dialogue on China, stressing China's coronavirus coverup and its provocative military actions. This dialogue did not gain much traction, however, as Europe eyed the "post-Trump world."

The Biden administration has an opportunity to capitalize on the relatively bipartisan consensus on China in the United States and the growing concerns about China in Europe.

**Section C: European Policies and Approaches**

Despite a long history of activity in Asia, Europe, as a whole, and the EU, in particular, have lacked the attributes of hard power as well as a common foreign and security policy, rendering Europe a “weak actor” in the perception of the region. Economic considerations, especially trade and investment, were always at the forefront of Europe’s interests in Asia. In the field of security, the European countries are, therefore, “largely free riders that rely on the US military posture in Asia-Pacific” for securing the global
The EU-China relationship, while based mostly on trade, is complex and consists of more than fifty dialogues resting on three main pillars: a high-level economic and trade dialogue (since 2007), a strategic dialogue (since 2010), and a high-level people-to-people dialogue (since 2012). During 2019-2020, the relationship saw a steep deterioration as a result of several mutually reinforcing factors: “wolf warrior” diplomacy, the Hong Kong protests, human rights concerns over the treatment of the Uyghurs in Xinjiang, the Sino-US trade war, military tensions in the Taiwan Strait, and the COVID-19 pandemic. However, it received an unexpected boost in late 2020 when China and the EU concluded in principle an investment deal, the EU-China Comprehensive Agreement on Investment (CAI), which had been under negotiation for seven years.

1. Historical Context Since the 1970s

Since the establishment of diplomatic relations in the 1970s, Europe’s relationship with China has gone through several phases. Until the 1990s, Western European world-views and foreign policy priorities were mainly defined by the transatlantic relationship, with the United States as Europe’s main trading partner and military security provider. A “rediscovery” of Asia during that decade and the economic rise of China led to a number of national and EU-level concept papers, but there was no coherent response, mainly due to inner-European complexities. Only in the area of trade was the EU able to establish a supranational policy. The reasons for this are primarily institutional since “the EU is, unlike a nation-state, an incomplete and evolving global political actor” beholden to the national interests of its twenty-seven member states. In spite of the establishment of the European External Action Service (EEAS) and a high representative for foreign affairs through the Lisbon Treaty in 2009, the EU’s internal structures continue to involve a complex set of actors. Critics note that these actors remain “characterized by a lack of leadership, lack of consistency, and inadequate allocation of resources.” Nonetheless, the EU’s normative and regulatory power makes it a potentially highly impactful actor in the transatlantic response to China, and the EU as an organization has indeed often been more aware and more critical of harmful Chinese behaviors than its individual member states.

In 2003, the EU established a “strategic partnership” with China (as well as Japan), followed in 2004 by a strategic partnership with India. By contrast, a partnership with the Association of Southeast Asian Nations (ASEAN), the EU-ASEAN Strategic Partnership, was only established in late 2020. In the wake of the strategic partnership with China, during 2004-2005, some EU countries went as far as to start an initiative to unilaterally lift an arms embargo against China—without prior consultation with the United States or any Asian stakeholders. The embargo had been placed in response to China’s crackdown on peaceful demonstrators in Tiananmen Square in 1989. The embargo remained in place as a result of massive US pressure. Increasing awareness of China as a new and strategic economic competitor led to two new European Commission (EC) documents on EU-China relations in 2006, and the EU issued its China Strategy Paper (2007-2013) in 2007. This document described the EU’s attitude toward China in supportive terms, pledging support for China’s domestic reform programs to be delivered through various sectoral dialogues; assistance for Chinese efforts to address environmental, energy, and climate change issues of global concern; and support in human resources development. However, the 10th EU-China summit in 2007 already showed signs of friction when no joint statement could be agreed on. Nonetheless, the EU launched a High-Level Economic and Trade Dialogue with China that year and began negotiations over a Partnership and Cooperation Agreement (PCA) which, as of 2020, had not yet been concluded.

2. Impact of Financial Crisis on the Sino-European Relationship

The 2008 financial crisis and EU sovereign debt crisis diminished Europe’s ability to act in a unified fashion toward China. European decision makers turned their focus inward, and the double shocks of the 2015 migrant crisis and the Brexit vote in 2016 further strengthened this inward orientation of the EU.

As a result of these crises, Chinese elites came to see the EU as a “power in relative decline” rather than a “rising power” as before and began to more forcefully pursue Chinese national interests at the expense of European interests. In particular, China used the opportunity to create

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45 Ibid., 126.
47 Bersick, “Europe’s Role,” 119-121.
leverage in Europe by supporting the euro and by multi-
plying its investments in European countries. This support
was then explicitly linked by then-Premier Wen Jiabao
to Chinese demands regarding contentious issues, such
as lifting the arms embargo and the question of granting
China market economy status.\(^\text{50}\) The EU has, however, re-
mained in line with the United States and a number of other
countries in refusing to consider these demands.\(^\text{51}\) In 2008,
China for the first time cancelled an EU-China summit be-
cause of then-French President Nicolas Sarkozy’s meeting
with the Dalai Lama. In 2010, a strategic EU dialogue with
China was launched, while the EU's guidelines for foreign
and security policy in East Asia\(^\text{52}\) from mid-2012 stressed
the need for a deepened military balance in cross-strait
relations and on the arms export question.

The “Pivot to Asia” proclaimed by then-US President
Barack Obama in late 2011 led to a joint US-EU statement
on developments in the Asia-Pacific by then-EU High
Representative Catherine Ashton and then-US Secretary
of State Hillary Clinton in 2012, while at the same time a
High-Level People-to-People Dialogue with China was
launched, and the 2007 EU guidelines were updated to
aim for closer security relations with the Asian region and
strengthening EU-China defense and security policy coop-
eration through training exchanges and regular dialogues,
crisis management, and anti-piracy efforts. In the same
year, the EU became China’s largest trading partner and
the largest provider of manufactured goods, while China
became the EU’s largest source of imports and the EU’s
second-largest trading partner behind the United States.

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51 Laura Puccio, Granting Market Economy Status To China: An analysis of WTO law and of selected WTO members’ policy, European Parliamentary
EN.pdf.
docs/asia/docs/guidelines_eu_foreign_sec_pol_east_asia_en.pdf.
Compared with 2000, by 2019, the EU’s trade volume had increased almost eightfold to €560 billion.53 EU countries are major sources of foreign direct investment (FDI) in China, and Chinese investments in Europe have rapidly picked up since the 2008 financial crisis. This was a stark departure from the situation during the previous decade, when Europe had been “of little importance to China.”54

3. Opening Rifts and the End of Naïveté

The year 2013 marked the beginning of trade tensions with China over subsidized Chinese photovoltaic exports. The EU took anti-dumping measures, and China retaliated with sanctions on wine imports and successfully divided EU members by exploiting German fears over the automotive sector, which hindered a strong EU response.55 The CAI, which had been under negotiation since 2013 and which was a source of frustration for European counterparts because of China’s unwillingness to compromise, was finally agreed in December 2020 after China made unforeseen concessions. These concessions were most likely an effort by China to score a diplomatic victory before the inauguration of the new Biden administration in January 2021—a point noted by CAI critics within the European Parliament.56 This development has complicated transatlantic solidarity toward China.

Russia’s annexation of Crimea in 2014 marked the beginning of a heightened sense of security concerns in European policy circles, which at first necessarily focused on the threats from Russia. But from 2016, transatlantic tensions began to rise due to the Trump administration’s trade policies toward China and Europe, and Trump implicitly calling into question the future of NATO. These dynamics impacted Europe’s relationship with China. US pressure on NATO countries forced Europeans to take geopolitical and military-security aspects of the relationship with China more strongly into account, while Sino-Russian joint naval exercises in the Mediterranean and Baltic Seas did their part to heighten threat perceptions of China. Meanwhile, China’s strategic development goals, such as Made in China 2025, alerted high-tech producers in Europe (notably Germany) to the hidden dangers of Chinese investments to national economic growth.

In light of a stronger US military focus on Asia at the expense of the European theater, harsh US criticism of underperforming European NATO allies (in particular, Germany), and an unpredictable Russia, European concerns about the future viability of its industries and the security of critical infrastructures contributed to a sense that the European relationship with China needed recalibration. This turn toward China-skepticism in many European capitals was then massively accelerated by the COVID-19 pandemic.

The pandemic did not cause European distrust toward China, but it did catalyze and exacerbate it.57 In particular, China’s botched initial response and subsequent attempts to exploit the crisis diplomatically—through “mask diplomacy,” by “wolf warrior” diplomats’ divisive comments, and by trying to suppress the positive example of Taiwan’s comparatively more effective pandemic response—have dramatically reduced trust in the good intentions of the Chinese leadership across Europe and, in particular, within EU institutions. Tensions that had existed prior to the pandemic due to the ongoing Hong Kong protests were intensified, and the imposition of the Hong Kong national security law cemented that distrust, especially in the United Kingdom.58

European leaders have since 2019 issued stark warnings and delivered unprecedented critical remarks calling for greater unity among democratic nations for managing a rising China. Borrell pointed out that “the West was naïve with regard to China,”59 while NATO Secretary General Jens Stoltenberg stated: “In a world of greater global competition, where we see China coming closer to us from the Arctic to cyber space, NATO needs a more global approach.”60 Numerous national and EU leaders have voiced similar concerns. Manfred Weber, the leader of the European Parliament’s largest party, the European People’s Party (EPP), said in November 2020 that “China is absolutely an enemy to the EU’s ideas about the European way of life, to how we define what our society should look

54 Godement and Vasselier, China at the Gates, 21.
55 Bersick, “Europe’s Role,” 115-144, 128.

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like, especially having the developments in Hong Kong in mind.” On trade, Weber remarked that “the EU-China trade relationship is full of conflict,” pointing out that “65 per cent of all trade defence measures from the EU are currently linked to China.” According to Weber, “China is our biggest problem in the EU’s goal to have fair and normal trade relationships.” His remarks reflected increasing European frustration at the time with the lack of progress on the long-envisioned investment agreement with China; he suggested that if China should fail to accommodate European concerns, Chinese companies should become ineligible to bid for projects within the EU’s vast public procurement sector “which accounts for 14 per cent of the bloc’s GDP.”

4. Varying Views in Europe

There has been a dramatic deterioration in European ties with China almost across the board in 2020. Differences of opinion between European countries regarding China continue to exist, but many countries are urgently revising their policies. The UK has switched from hoping for a close trade relationship with China after Brexit and allowing Huawei a role in British 5G to a highly critical stance due to China’s handling of the situation in Hong Kong, and has even gone so far as to offer British citizenship to a large proportion of Hong Kong residents. A recent report concluded that “the UK’s public and private spheres have moved from a position of relative indifference toward China to a much broader and deeper hostility.” Even smaller nations such as Estonia have become concerned about the risks of infrastructure cooperation with China. On July 31, 2020, Estonian Minister of Public Administration Jaak Aab announced the rejection of a Chinese-funded plan to link Estonia’s capital, Tallinn, with Finland’s capital, Helsinki, via a tunnel under the Baltic Sea, citing “security reasons.”

Germany has long been seen as China’s most powerful supporter in Europe, not least due to its strong interest in maintaining a favorable climate for its automobile companies in China. Nonetheless, Germany in 2020 suspended its extradition treaty with Hong Kong, offered asylum to Hong Kong dissidents, and announced its intention to play a stronger security role in the Indo-Pacific, including naval deployments, by adopting Indo-Pacific policy guidelines that were conspicuously released on September 2, one day after Chinese Foreign Minister Wang Yi’s visit to Berlin. German Defense Minister Annegret Kramp-Karrenbauer in November 2020 affirmed this ambition in several high-profile discussions with Australian and Singaporean counterparts, notably stressing that China’s own actions, rather than the Trump administration’s pressure, were at the root of this notable change in Germany’s stance. Huawei’s participation in German 5G infrastructure, meanwhile, is still uncertain as the bureaucratic procedure envisaged for the certification of suppliers under a new draft IT law is complicated, and it remains unclear at this time of writing whether concerned stakeholders, such as the security services that have been vocally in favor of excluding Huawei, will be able to exercise a veto right against certain

suppliers or not. Critics of China in the German government and opposition ranks include Foreign Minister Heiko Maas and Minister of State for Europe Michael Roth who stressed the need for China to uphold human rights and called for European autonomy with respect to 5G technology because “after all, the security of our citizens is at stake here”; as well as prominent members of the Christian Democratic Union (CDU), Free Democratic Party (FDP), Social Democratic Party (SPD), and Green Party, indicating a wide political consensus over the need for a less-accommodating China policy during the final months of Angela Merkel’s tenure as chancellor.

In the past, China was highly successful at dividing Europe into zones that were treated quite differently. As Valbona Zeneli of the George C. Marshall European Center for Security Studies has pointed out, in the high-technology producing countries of North and Western Europe (e.g., the UK, France, Germany, the Netherlands, and the Nordic countries) China aims to engage with strategic industries and R&D networks through investments and academic exchanges. The Southern European countries—in particular Italy, Greece, and Portugal, who despite being NATO members all joined the BRI—are geo-strategically important gateways for China’s port and infrastructure investments; while Eastern European post-communist countries were skillfully brought under an umbrella of “16+1” by China in 2012, which was later enlarged to “17+1” through the addition of Greece, so they could serve as a trans-European bridgehead and transport corridor to the EU market through trade, investment, cultural exchanges, and people-to-people connectivity. Through this “divide and rule” strategy, China managed to establish an effective veto power within the complicated machinery of European bureaucracies on several occasions. The EU, to counter this, has, meanwhile, launched its own “Connectivity Strategy” as an alternative to the BRI.

A number of recent Atlantic Council virtual conferences with US, European, and Asian experts and scholars have confirmed that a palpable shift is underway in Europe and that the era of strategic naïveté seems to be irrevocably over.

This might well translate into a renewed focus on transatlantic security cooperation, in particular through NATO, but could also lead to a greater ability of EU institutions to coordinate more effective and efficient policies for countering China’s harmful activities in the realms of diplomacy, technology, infrastructure, and trade in Europe, while taking a stronger stance abroad, including in the Indo-Pacific. In this regard, China’s success in November 2020 in concluding the China-Pacific free trade agreement, the Regional Comprehensive Economic Partnership (RCEP), which includes Japan and Australia and created the world’s largest free trade area, may serve as a catalyst for better transatlantic cooperation. Commenting on RCEP, the EPP’s Weber said, “We need a reunification of the so-called Western world, now with Joe Biden as a constructive partner, to face this challenge of China. It’s the key question for the upcoming decade.” He proceeded to call RCEP “a wake-up call to join forces.” In that light, the European Commission’s decision to move forward with the CAI shortly before the Biden administration’s inauguration has been widely criticized as sending mixed signals during a volatile period.

Analysts, meanwhile, point out that the degree of European economic dependence on China in terms of investments and trade is often overstated. According to MERICS’ Max J. Zenglein, when compared with the presence of US actors in Europe, “Chinese investments in Europe are still relatively minor,” while “economic dependence also cuts both ways: China has much to lose from deteriorating relations with the EU, which is one of the largest foreign investors — and job-creators — in the country, as well as an important market and source of know-how.”

Section D: Public Attitudes Toward China

Concerns about China’s rise and the impact it is having on the transatlantic community are not limited to elite policy making circles. Increasingly, popular opinion on both sides of the Atlantic is turning against China. Declining opinions of China have only been exacerbated by the COVID-19
pandemic and the Chinese government’s largely botched attempts to hide the spread of the virus and deflect blame elsewhere. Despite the increasing convergence of the transatlantic public’s opinion there remain key divergences that have the potential to slow common measures if not handled properly.

1. Opinion in the United States

US opinions of China have been on a decline for several years with the COVID-19 pandemic only serving to accelerate this trend. According to polls by the Pew Research Center, Americans last expressed a majority favorable opinion of China in 2011, with 51 percent expressing favorable views.76 However, favorability toward China has not risen above 44 percent since the beginning of the Trump administration in 2017. Over the Trump administration’s first three years, from 2017 to 2019, unfavorable views of China increased from 47 percent to 60 percent, an all-time high up to that point.77 Even before the outbreak of the COVID-19 pandemic in late 2019-early 2020, unfavorable views of China were consistent across US society, with majorities of both Democrats and Republicans having a negative opinion of China. Younger respondents were the only demographic where less than a majority expressed negative views of China (49 percent negative to 34 percent positive).78

Bellicose rhetoric around economic issues and the ongoing trade tensions between the United States and China were seen as likely culprits for the declining opinion of China in the United States during the Trump administration.79 However, other factors were also at play that drove opinions of China down among the US public. Although there is general concern about China’s impact on the US economy, in 2019, 50 percent of Americans still felt that China’s growing economy was a positive development for the United States. However, only 11 percent of Americans believed that the Trump administration should work to promote human rights in China even at the expense of economic relations. Half of Americans also think that China should in some way be held accountable for the spread of COVID-19, again without regard to the economic effect. However, a bare majority of Americans (51 percent) would, in general, prefer building a strong economic relationship rather than “getting tough on China.”83

In 2020, opinion of China in the United States declined amid the COVID-19 pandemic. The Pew Research Center found that 73 percent of Americans expressed an unfavorable view of China in July 2020, with 78 percent of respondents placing at least some blame on the Chinese government for the widespread outbreak of the novel coronavirus.81 A Morning Consult and Politico poll found that by May 2020, 61 percent of Americans either viewed China as unfriendly or as an enemy, compared to 59 percent who felt the same about Russia.82

Despite increasingly negative views of China in the United States, there is still mixed opinion on how tough a stance the United States should take. There is broad support for US sanctions in response to Chinese abuses against the Uyghurs, and 73 percent of Americans say that the US should work to promote human rights in China even at the expense of economic relations. Half of Americans also think that China should in some way be held accountable for the spread of COVID-19, again without regard to the economic effect. However, a bare majority of Americans (51 percent) would, in general, prefer building a strong economic relationship rather than “getting tough on China.”83

2. Opinion in Europe

As in the United States, public views of China have been trending more negative in Europe since the beginning of the COVID-19 pandemic. In several countries, negative opinions reached all-time highs, including 74 percent of Britons, 71 percent of Germans, 73 percent of Dutch, 63 percent of Spaniards, and 81 percent of Swedes.85 There is, however, more internal divergence within European opinion than in the United States. While European opinions of China generally worsened during the pandemic, notable swaths of Europeans, particularly in Southern and Eastern Europe, saw their opinion of China improve. Fourteen percent of Poles, 17 percent of Spaniards, 21 percent of Italians, and 22 percent of Bulgarians all said that their

77 Ibid.
78 Ibid.
79 Ibid.
80 Ibid.
83 Silver, Devlin, and Huang, Americas Fear China.
opinions of China improved, compared to only 6 percent of French and 5 percent of Germans. A quarter of Italians also said that China had been their greatest ally during the pandemic compared to 6 percent who said the United States and just 4 percent who said the EU.

This geographic divergence of opinion on China was present even before the pandemic. In 2019, countries in Western Europe were more likely to have unfavorable views of China than those in Eastern Europe. For example, 20 percent of Bulgarians, 34 percent of Poles, and 33 percent of Lithuanians had unfavorable views of China compared to 56 percent of Germans, 55 percent of Britons, and 70 percent of Swedes.

While the COVID-19 pandemic has led to a worsening view of China in Europe, it has also contributed to declining favorability of the United States, reaching record lows in the UK, France, and Germany. More than 70 percent of Danes, along with 65 percent of Germans and 68 percent of French, say that their opinion of the United States has worsened since the pandemic. US leadership is also viewed unfavorably in Europe, with an average of only 13.7 percent of people polled across nine European countries expressing confidence in Trump compared to 23.2 percent expressing confidence in Russian President Vladimir Putin and 20.4 percent expressing confidence in Xi. Opinions of US presidents in Europe may have some partisan bias, with Obama tending to garner more confidence among Europeans than either George W. Bush or Trump, but Trump’s numbers among Europeans were substantially lower than either of his two predecessors. However, initial polling conducted after the 2020 US election was called for Biden indicates a bump in public support from Europeans, with views of the United States improving by an average of twenty-two percentage points across five European allies—France, Germany, Italy, Spain, and the UK.

Despite these gains, the same polling indicated a plurality of Britons and majority of Germans still held unfavorable views of the United States. It may still take time for European views of the United States to recover completely, if at all.

3. Implications

The COVID-19 pandemic has accelerated a trend of worsening views of China on both sides of the Atlantic, opening room for policy makers to pursue tougher policies toward China. However, the variances between US and European opinion and the diversity of opinion within Europe could limit the range of possible actions taken by the transatlantic community as a whole. Furthermore, increasingly negative opinions of the United States under Trump could hamper the willingness of European publics to work with the United States, not just on issues related to China, but potentially in other areas of the transatlantic relationship as well. Biden’s election will hopefully ameliorate this trend. Like-minded policy makers will need to carefully craft their initiatives and messaging to ensure that they retain buy-in from their respective publics.

Section E: Potential Outcomes

Whether transatlantic partners can successfully come together to cope with the challenges posed by a rising China within the next five years or not will define the shape of the international system during the coming decades. After all, China’s development trajectory and foreign policy choices are among the most influential factors impacting and changing that system.

1. Four Potential Futures for China

A recent RAND Corporation study identified four possible scenarios for China’s development until 2050, depending on internal and external factors: i) A “triumphant China” that has successfully supplanted the United States by 2050 as the new geopolitical center of the world and achieved across-the-board success in terms of its declared developmental goals, including a peaceful unification with Taiwan; ii) an “ascendant China” that has come close to achieving its “national rejuvenation goals” and avoided many pitfalls, but has not quite become a global peer to

87 Ibid., 15.
90 Krastev and Leonard, Europe’s Pandemic Politics, 16.
the United States, either militarily or in terms of global geopolitical influence, and still has not unified with Taiwan; iii) a “stagnant China” that sees a reversal in terms of its growth and development after the 2020s and struggles to catch up from then onward; and iv) an “imploding China” that sees catastrophic failure and is torn by unresolved internal contradictions, remaining in a perpetual state of crisis. 94

RAND rates the “triumphant” and the “imploding China” scenarios as almost equally unlikely, with spectacular failure slightly more likely than overwhelming success; conversely, the “ascendant” scenario is rated as a “probable” and the “stagnant China” scenario as a “possible” outcome.

In light of the emerging backlash to Chinese malign behaviors during 2020, which was accelerated by the COVID-19 pandemic, it seems today unlikely that China could achieve across-the-board success. However, the likelihood for such an—from a transatlantic perspective—undesirable scenario rises in proportion to the inability of transatlantic partners to come together and contain or reverse harmful Chinese actions. Having learned from experience that there is no unified backlash, China’s elite could become emboldened to further erode existing norms, while Russia might be drawn more fully into China’s orbit, potentially forming a military alliance with China (either officially or in all but name), using its superior nuclear deterrence capability as a bargaining chip. 95 China and Russia might even successfully woo former US allies into their extensive cooperation. This outcome would call into question the ability of Western industries to remain globally competitive, would expose Western societies to surveillance and penetration by the Chinese party-state, and create increasing economic dependencies of many smaller countries on China.

that would make it all but impossible for individual nations to stand up to intrusive or hegemonic behaviors by Beijing. Containing predatory Russian behaviors in Europe would become more difficult as well.

2. Moving China in the Right Direction

If transatlantic allies can act in a unified manner to check undesirable Chinese behaviors, ideally together with democratic nations in the Indo-Pacific, it is far less likely that China will be able to realize across-the-board success of its strategies as implied in scenario (i) of the RAND study. Reality is likely to be a mix of successes and challenges for China and that would be far more desirable. Both scenarios are far more desirable to allied nations than the “triumphant” scenario, not to mention less risky than the “imploding China” scenario—an outcome that would in any case imply little capacity on the part of China to cooperate constructively on key global issues such as climate change and would likely come with a heavy human toll.

By raising the cost of harmful CCP behaviors, allies can provide China’s leadership with important feedback on what the international community will tolerate from China and what will be rejected, demonstrating to Beijing the effects of strong international consensus. This, in turn, might then lead to Beijing revising its strategy for dealing with the outside world. The long-standing principles of the post-World War II international system—international law, peaceful resolution of conflict, universal human rights—would again stand a chance to survive into the next era, with China still trying to adapt the rules to its preferences, but having to accept the normative foundations of the system.