Chapter IV: Security as an Area of Asymmetric Interests

By Hans Binnendijk

Europe’s overall interests in dealing with China’s growing military power and security challenges are surprisingly congruent with those of the United States. Those common interests include:

i. Avoiding and deterring conflict with China over Taiwan or the South China Sea;

ii. Maintaining military forces that are not overmatched by China;

iii. Strengthening the security of Asian nations that share democratic, human rights, and open market values;

iv. Circumscribing a stronger Sino-Russian alliance;

v. Maintaining freedoms in the global commons;

vi. Limiting Chinese influence along Belt and Road Initiative (BRI) and Arctic approaches to Europe;

vii. Reducing China’s ability to disrupt NATO decision making and operations;

viii. Restraining the growth of China’s nuclear weapons;

ix. Limiting the effects of China’s military activities in space; and

x. Guarding against China’s disabling cyberattacks that target key critical infrastructure.

Most fundamentally, the common task for Europe and the United States is establishing a viable long-term relationship with China that provides context for competition without military confrontation. And yet it may be difficult to design unified transatlantic initiatives to protect many of the abovementioned common interests because of asymmetric priorities and responsibilities. The United States is a Pacific as well as an Atlantic power with various formal commitments to defend about half a dozen Asian states and informal interests to protect the independence of others. It has military capabilities to challenge China, if necessary, and to defend its interests. Europe has neither these commitments nor the capabilities. With the exception of France, which has sizable Pacific territories and regularly deploys thousands of troops in theater, European security priorities are not in Asia. The United States’ priorities in Asia are increasingly important as China emerges as a major global power. Europe has a level of economic and technical dependence on China that tends to override some of the common security interests.

The following four sections explore elements of China’s security challenges to the transatlantic partners. Two related elements are highly asymmetric: China’s growing military prowess and the risk of conflict in Asia. The other two display converging interests: Sino-Russian entente and the challenge posed by China in the European neighborhood.

Section A: Growing Chinese Military Capabilities

1. The Challenges

China’s growing military capabilities may present the area of greatest transatlantic asymmetry in security because the United States needs to maintain its military edge in order to protect its Asian allies and partners. Despite a limited British and French presence in the region, Europe has no similar obligations or intent. The burden of responding to China’s military growth then falls primarily on the United States with support from its Indo-Pacific allies.

Chinese defense budgets, though not an accurate measure of military capability, have grown at an average rate of about 10 percent between 2000 and 2016. 465 That growth has tapered a bit recently. In 2020, China announced a defense budget of $178.2 billion, an increase of about 6.6 percent over the previous year. 466 While China’s annual budget is about a quarter of the United States’ annual defense budget, it has grown at a much faster pace.

defense spending in dollar terms, the equation shifts when purchasing power parity, reporting structure, labor costs, research and development costs, and other factors are taken into account. For example, a Defense One analysis concluded that in 2017 China’s defense budget, measured using purchasing power parity, amounted to 87 percent of the United States’ defense budget that year.\footnote{Terrence Kelly et al., Developing a U.S. Strategy for Dealing with China - Now and into the Future, RAND Corporation Research Brief, 2014, https://www.rand.org/pubs/research_briefs/RB9802.html.} And China’s defense budget is focused primarily on regional capabilities in Asia, while the US budget is spent to defend US interests in three primary regions across the globe (Europe, the Middle East, and Asia). In addition, the US military is stressed by having to shift its orientation from two decades of counterinsurgency missions to interstate strategic competition.\footnote{US Department of Defense, Introduction, in Summary of the 2018 National Defense Strategy of the United States: Sharpening the American Military’s Competitive Edge.}

The growth in Chinese defense spending has led the US Defense Intelligence Agency (DIA) to conclude that “China is building a robust, lethal force with capabilities spanning the air, maritime, space and information domains which will enable China to impose its will in the region,”\footnote{US Defense Intelligence Agency, China Military Power.} China unquestionably seeks to transform its military, and particularly its navy, to be dominant over all regional fleets and a “near-peer” competitor like the US Navy. In particular, the anti-access and area denial (A2/AD) potential of China’s People’s Liberation Army (PLA) poses a real challenge to US naval operations, particularly within the First Island Chain.\footnote{The First Island Chain is generally the outer boundary of the waters claimed by China. Various maps show slightly different configurations. In general, it extends from Japan, through the Ryukyu Islands, includes Taiwan, the northern Philippines, and continues north of Borneo to Vietnam. The Second Island Chain extends from Japan to Guam.} Dealing with this challenge is a top US Navy priority and focus of investment, both material and technological.

China’s military transformation has been encouraged by Chinese President Xi Jinping, who in October 2017 called on the PLA to “prepare for military struggle in all strategic directions.” In his speech to the 19th National Congress of the Communist Party of China, Xi stressed three goals for the PLA: i) to be a mechanized force with increased “informatized” and strategic capabilities by 2020, ii) to be a fully modernized force by 2035, and iii) to be a world-class military by 2050.\footnote{US Department of Defense, Military and Security Developments Involving the People’s Republic of China 2020. Annual Report to Congress, ii, https://media.defense.gov/2020/Sep/01/2002488889/-1/-1/2020-DOD-CHINA-MILITARY-POWER-REPORT-FINAL.PDF.} In assessing the PLA’s progress, the International Institute for Strategic Studies (IISS) in London concludes: “Beijing’s efforts likely hinge on its capacity to introduce and exploit networked platforms, sensors and weapons that can support not only better and more integrated command-and-control (C2) systems but potentially also over-the-horizon targeting at extended ranges.”\footnote{Frederico Bartels, “Chinese Defense Spending Is Larger Than It Looks,” Defense One, March 25, 2020, https://www.defenseone.com/ideas/2020/03/chinas-defense-spending-larger-it-looks/164060/.} The impact, according to the RAND Corporation, is that the PLA’s “growing array of anti-access area denial (A2/AD) capabilities will make future involvement of US forces in Asian conflicts more challenging.”\footnote{Nick Childs and Tom Waldyyn, “China’s Naval Shipbuilding: delivering on its ambition in a big way,” Military Balance Blog, May 1, 2018, https://www.iiss.org/blogs/military-balance/2018/05/china-naval-shipbuilding.}

China’s naval buildup has been particularly critical to its strategy of becoming the dominant military actor in the South China Sea and coercing Taiwan. China is building warships at a record pace. An IISS study concluded that between 2014 and 2018, China had added naval vessels with a total tonnage equivalent to that of the entire Royal Navy to its fleet.\footnote{Terence Kelly et al., Developing a U.S. Strategy for Dealing with China - Now and into the Future, RAND Corporation Research Brief, 2014, https://www.rand.org/pubs/research_briefs/RB9802.html.} China currently has two small aircraft carriers, with a third near completion and a fourth due soon thereafter. It boasts fifty-nine mostly diesel-powered submarines, eighty-two principal surface combatants, and more than seven hundred coastal patrol craft, including the China Coast Guard, which are primarily for littoral engagements. It is expanding its shipyard which builds its nuclear-powered submarines. The US Department of Defense (DoD) estimates China has a higher number of surface combatants (one hundred and thirty) and concludes “the PRC has the largest navy in the world, with an overall battle force of approximately 350 ships and submarines ... in comparison, the U.S. Navy’s battle force is approximately 293 ships as of early 2020.”\footnote{US Department of Defense, Military and Security Developments Involving the People’s Republic of China 2020. Annual Report to Congress, ii, https://media.defense.gov/2020/Sep/01/2002488889/-1/-1/2020-DOD-CHINA-MILITARY-POWER-REPORT-FINAL.PDF.} Given that any potential naval conflict with China would take place near its home waters, this is a substantial challenge for the US Navy. US ships are increasingly vulnerable to China’s growing missile threat. China is also developing a blue water navy with a global reach. It has established a critical overseas naval facility in Djibouti and is reportedly considering strengthening its port access in the
Eastern Mediterranean, including in Syria.\textsuperscript{478} While the size and quality of the US Navy, coupled with that of its regional allies, would probably still allow it to dominate the PLA Navy (PLAN) in a protracted conflict, the gap is narrowing.

The PLA Air Force (PLAAF) operates some two thousand five hundred combat-capable aircraft, most of which can operate over the likely combat area.\textsuperscript{479} The Pentagon further concludes that “the PRC has more than 1,250 ground-launched ballistic missiles (GLBMs) and ground-launched cruise missiles (GLCMs) with ranges between 500 and 5,500 kilometers. It also has one of the world’s largest forces of advanced long-range surface-to-air systems—including Russian-built S-400s, S-300s, and domestically produced systems—that constitute part of its robust and redundant integrated air defense system architecture.”\textsuperscript{480} China also has some ninety-eight nuclear-tipped intercontinental ballistic missiles (ICBMs) with ranges capable of striking Europe as well as four nuclear-powered, ballistic missile-carrying submarines, or SSBNs.\textsuperscript{481} And it has deployed its new dual-capable Intermediate-Range Nuclear Forces (INF) Treaty-range DF-26 launchers in Shandong Province, which could put US allies at greater risk.\textsuperscript{482} Overall, Chinese conventional military power exceeds that of any other regional state and has, at the very least, significantly narrowed the United States’ relative advantages. In particular, it challenges US naval and air potential inside the First Island Chain, thereby, at a minimum, making it harder for a rapid, effective response from the United States, which must operate at a great distance from the theater.

China’s nuclear doctrine has thus far been to “maintain a limited, survivable nuclear force that can guarantee a damaging retaliatory strike.”\textsuperscript{483} This has in the past included a “no first use doctrine.” To implement China’s minimal deterrent concept, it has a force of up to three hundred and twenty nuclear warheads that can be delivered primarily by missiles and submarines.\textsuperscript{484} This gives China a powerful “coercive” potential to discourage resistance to Chinese limited aggression. In addition, US commanders have warned that Beijing will “at least double” the size of its nuclear warhead stockpile over the next decade.\textsuperscript{485} This has led Pentagon officials to suggest that the United States will need to either find a way to limit China’s growth or reevaluate its own arsenal.\textsuperscript{486} That poses a dilemma since efforts to bring China into future strategic arms control agreements will be problematic. China has little incentive to freeze its arsenal at levels significantly lower than those of the United States and Russia. And US efforts to do so in formal trilateral negotiations could undercut future US-Russian arms control negotiations.

China is also actively developing its space and cyber programs for potential military use. The DIA concludes that “China continues to develop a variety of counter-space capabilities designed to limit or prevent an adversary’s use of space-based assets during crisis or conflict.”\textsuperscript{487} The IISS also reports that both China and Russia are continuing their anti-satellite (ASAT) testing and development programs.\textsuperscript{488} In the cyber domain, the PLA is organizing its Strategic Support Forces in order to maximize its ability to use of space-based assets during crisis or conflict.\textsuperscript{489} The IISS also reports that both China and Russia are continuing their anti-satellite (ASAT) testing and development programs.\textsuperscript{488} In the cyber domain, the PLA is organizing its Strategic Support Forces in order to maximize its ability to conduct multiple cyber operations, including cyber theft, cyber reconnaissance, cyberattacks on information systems, and cyber warfare.\textsuperscript{489}

2. Transatlantic Convergence and Divergence

China’s military buildup does create some areas of transatlantic convergence. For example, areas relating to the global commons, such as space, cyber, and freedom of the seas, point to common transatlantic interests with similar priorities. Many of these issues can be addressed through increased transatlantic efforts to enhance the resilience of space and cyber assets. There are two areas, however, in
which transatlantic priorities may diverge: the requirement of the United States to address China’s capabilities in the conventional and nuclear realms.

As the United States modernizes its conventional forces to maintain its overall advantage and stay competitive in key technologies like artificial intelligence (AI), quantum computing, robotics, etc., Europe will benefit both directly through defense cooperation and indirectly through a sustained US commitment to the transatlantic alliance. However, once the COVID-19 shock to national budgets wears off, there will be renewed pressure to increase the US defense budget to precisely address China’s growing military competencies. This is unlikely to be true in Europe, however, despite NATO’s goal that member states spend at least 2 percent of their GDP on defense. In Washington, some analysts are already discussing the need for a broad “division of labor” in NATO, with the United States focusing primarily on the challenge from China and Europe focusing on Russia. While stimulating European defense spending is important, this division of labor concept could be detrimental to NATO if it results in a dramatic shift of US forces to Asia since NATO’s European members do not independently have adequate capabilities to defend themselves against a determined Russia unless they dramatically increase their defense spending. Finding the resources and the political will to engage in Europe to compensate for a shift in the United States’ attention to Asia will be a challenge for European allies and partners.

The expected growth of China’s nuclear arsenal also raises two sets of potentially divisive questions for the transatlantic alliance. First, if NATO’s commitment to its own minimal deterrent posture (of dual-capable aircraft and B61 bombs) falters, and there are signs that it may, then the transatlantic partnership faces the political prospect of Chinese nuclear growth just as NATO wavers, though, of course, the French and UK deterrent forces are also part of the NATO nuclear deterrent. Second, calls for post-New START strategic arms control to include China raise the question of placing limits on French and British nuclear weapons as well. Those two nations may resist.

3. Possible Transatlantic Responses

Meeting the Chinese military challenge will be the primary responsibility of the United States. There is convergence on this point. But given the risk that transatlantic relations could be negatively affected as a result, there are two things the NATO allies should do.

First, Europe needs to understand that the push for greater burden sharing in the United States is bipartisan and growing. The reason for this is the United States’ increased need to shoulder responsibilities in Asia, not a lack of empathy for European budget constraints. Transatlantic nations should conduct a strategic war game focused on the overall impact of Sino-US military conflict in Asia as a means of assessing the impact on European security and Europe’s ability to deter Russia with limited American support. The results might stimulate European nations to recognize that it is in their own long-term security interest to boost their defense spending.

Second, NATO’s nuclear deterrent posture can’t be seen as collapsing while China’s expands. And arms control solutions that are acceptable to China, the United Kingdom, and France will need to be sought. One idea would be to negotiate a separate global limit on all nuclear-capable, intermediate-range, ground-launched missiles. Another suggestion would be a freeze on the number of Chinese, British, and French warheads deployed on intercontinental delivery vehicles as long as the United States and Russia continue to reduce their comparable warhead totals.

4. Major Recommendations

i. NATO should review the impact that a US military conflict with China would have on European security and design offsetting military measures, including greater burden sharing, to ensure lasting deterrence and defense in Europe.

ii. At the same time, US defense planners should not focus on potential conflict with China at the expense of commitments to defense and deterrence in Europe, especially in light of growing Sino-Russian cooperation.

iii. The United States and transatlantic Allies and partners should conduct a strategic war game or series of war-games assessing the impact on European security in case of a Sino-US conflict in the Indo-Pacific.

490 The Chinese View on Strategic Competition with the United States, US-China Economic and Security Review Commission, 116th Cong. (June 24, 2020) (testimony of Michele Flournoy co-founder of WestExec Advisors and former under secretary of defense for policy), https://www.uscc.gov/sites/default/files/2020-06/Flournoy_Testimony.pdf. Flournoy concludes: “The most important thing for the United States to do is to invest more substantially in the drivers of U.S. competitiveness here at home. This includes science and technology, research and development, using federal funding to incentivize private sector investment in key technology areas (e.g., AI, robotics/autonomy, quantum computing, biotech, etc.), STEM education, broader access to affordable higher education, and 21st century education, and infrastructure like 5G.”
Section B: Enhanced Sino-Russian Security Cooperation

1. The Challenges

Six decades after the Sino-Soviet split, which divided the communist world during the Cold War, close Sino-Russian cooperation is back. While it is a marriage of convenience rather than a formal alliance like NATO, it poses a significant security challenge for the transatlantic allies. Russian President Vladimir Putin stresses “mutual interests” while Xi has referred to Putin as his “best friend.” The two leaders are said to get along well.

There is a long list of reasons why, in theory, this arrangement should not evolve into a formal military alliance. The memory of Soviet dominance of the relationship during the Cold War remains fresh in Chinese minds. Russia’s declining economy is a stark contrast to China’s, which may soon be the largest economy in the world. Russia fears Chinese encroachment in a nearly vacant Siberia. Neither wants to be dragged into a conflict with the United States by the other’s risky behavior. Russia is wary of Chinese technology theft. China is wary of ethnic bias in Russia. Russia sells vast quantities of arms to China’s chief regional rival, India.

Nonetheless, in October 2020, Putin told a Valdai Discussion Club video conference that “we don’t need it (an alliance), but, theoretically, it’s quite possible to imagine it.” A Chinese Foreign Ministry spokesman responded saying that Putin’s comments “demonstrate the high level and special nature of our bilateral ties.”

i. The ideological gap that drove them apart six decades ago is gone. Both are autocratic states with a new form of nationalism substituting for bygone ideologies;

ii. Both have common cause against the West over the nature of global and domestic governance;

iii. Both pursue initiatives designed to eliminate the rights of other nations to interfere in their internal affairs, including with respect to human rights violations;

iv. Long-standing border problems were for the most part settled in 2008;

v. Bilateral trade is growing dramatically, topping $110 billion in 2019. Neither side is the other’s top trading partner, but trade has become balanced in economic terms, benefiting both sides;

vi. China, as the second-largest global importer of petroleum products, relies on Russia for oil and fuel products to the tune of $42 billion annually. China has invested heavily in Russian LNG operations, and the Power of Siberia gas pipeline supplying China’s northeast is now operational;

vii. Both find advantage in working together in international organizations. This was particularly evident at the United Nations General Assembly session in September 2020 when China and Russia united against then-US President Donald J. Trump;

viii. US political and economic pressures have driven Russia and China together. Both are subject to Western economic sanctions, stimulating greater bilateral economic interaction to compensate.

These growing ties have several security consequences for the transatlantic alliance. NATO no longer faces a major power that stands alone. Chinese support, in the United Nations Security Council or otherwise, prevents Moscow’s isolation on issues like Ukraine or Syria and emboldens Russian mischief making. The joint message that autocratic governance is more efficient and effective than Western democracy is proving attractive to nations across the


496 In contrast, Sino-US bilateral trade was about $650 billion in 2019.

497 Russia Briefing from Dezan Shira & Associates, “Russia-China Bilateral Trade.”

globe, especially when paired with Chinese investment. Over time, Sino-Russian defense cooperation will provide Russia with advanced information technologies otherwise unavailable to it.

Of immediate concern is the growing set of joint global military exercises conducted by Russia and China, many of them in and around Europe. Joint military training began in 2005 and accelerated beginning in 2012. These exercises provide joint operational experience while signaling to all competitors, like NATO, the ability of the two militaries to work cooperatively and project power. Moreover, Russia has sold advanced military equipment, like the S-400 surface-to-air missile and the Su-35 fighter jet, to China. While the value of Russian arms sales to China has declined since a peak in 2005, the sales now include more sophisticated weapons. This has helped enable China to create what the Pentagon sees as a considerable A2/AD problem. Chinese technological prowess in areas like 5G and AI complements Russia’s strong defense industry. Together they can produce better military platforms with more modern technology. Since 2015, the two nations have signed multiple agreements to cooperate on innovation, research, and development. They are

499 In 2015, China participated in a Mediterranean Sea exercise. In 2016, joint naval exercises were held in the South China Sea. In 2017, China sent three naval ships to now periodic exercises with Russia called “Joint Sea” in the Baltic Sea. En route, the three PLAN combatants conducted live-fire exercises in the Mediterranean Sea. In 2018, China participated in Russia’s Vostok exercises in Siberia and the Russian Far East. In 2019, China participated in Russia’s Tsentr 2019 exercises in its Central Military District. It also conducted strategic bomber exercises with Russia and joint naval exercises with Russia and Iran. And, in 2020, China again joined Russia, this time for the Kavkaz 2020 exercises held in Russia’s Southern Military District.


502 Sinkkonen, China-Russia.

working together on the production of several systems, including a heavy lift helicopter, the quiet Lada-class submarine, and missile defense early warning systems for China’s use.\textsuperscript{504} The future of their defense cooperation may be less about one-way arms sales and more about greater defense coproduction.\textsuperscript{505} That would allow Russia to further improve its military capabilities, with consequences for European defense.

2. Transatlantic Convergence and Divergence

Despite its entente with Russia, China does not appear to constitute a direct military threat to Europe at this time. China is, however, a direct military threat to the United States’ Asian allies, and hence to the United States. As a result, transatlantic interests diverge on this fundamental point of immediate threat.

But Europe does share some risk. Article 9 of the 2001 Sino-Russian treaty of friendship has a security clause which states: “When a situation arises in which one of the contracting parties deems that peace is being threatened and undermined or its security interests are involved or when it is confronted with the threat of aggression, the contracting parties shall immediately hold contacts and consultations in order to eliminate such threats.”\textsuperscript{506} In 2019, China’s national defense white paper for the first time mentioned NATO, noting its continued enlargement, its deployments in Central and Eastern Europe, and its frequent military exercises.\textsuperscript{507} Some Chinese missiles can reach Europe. While China would probably not join in combat against NATO should the Alliance be engaged in military conflict with Russia, say over the Baltic states, it might well help Russia in other ways. For example, it could fulfill Article 9 of the 2001 treaty by providing Russia with military equipment or disruptive cyber operations in times of emergency or engage in disruptive cyber operations. China could also create military tensions in the Indo-Pacific region to draw US attention away from Europe. There is also an open question as to whether China would be willing to leverage its many investments in European infrastructure to aid Russia in a time of crisis, for example, by shuttering port operations or disabling communications. The economic consequences of doing so would be enormous but cannot be ruled out in a worst-case scenario.

As a result, China’s cooperative ties with Russia are more daunting for European nations than they appear on the surface. NATO recognized this state of affairs during its December 2019 Leaders Meeting in London and has since conducted a classified “China Review” to make a preliminary assessment of the problem. This was reinforced by NATO Secretary General Jens Stoltenberg in a June 2020 interview with Germany’s Welt am Sonntag newspaper in which he said: “One thing is clear: China is coming ever closer to Europe’s doorstep ... NATO allies must face this challenge together.”\textsuperscript{508} How NATO will react to the growing Chinese security challenge remains to be seen, although the NATO 2030 report published in November of 2020 portrayed a seeming consensus among its authors that NATO must play a more active role in confronting China, not least because of Sino-Russian ties. A new NATO Strategic Concept, expected to be launched in 2021, will be forced to address this issue head on.

3. Possible Transatlantic Responses

The transatlantic allies can probably do little to dramatically reverse the increasing cooperation between their two major power rivals. Unlike 1972, when then-US President Richard M. Nixon was able to take advantage of the Sino-Soviet split, it may not be feasible to side with one nation against the other and divide them. But some useful steps can be taken. A starting point would be to assess the consequences of this cooperation within NATO and, in the process, to differentiate between these two potential adversaries. Russia, at least thus far, has been much more willing to use direct military force to change the international status quo than China has. China, by contrast, has generally used economic tools to influence others, though it also uses military exercises and deployments to coerce its neighbors. Both, however, are active and dedicated to using hybrid tactics to further political goals. Nevertheless, China’s ambitions are different from Russia’s—a fact that may offer insights on how to confront each.

An ad hoc approach might pay some dividends. Chinese dependence on trade with both the United States and the European Union (EU) might be leveraged to limit its more blatant cooperation with Russia. For example, China might usefully caution Russia to reduce tensions in areas like Ukraine, the Black Sea, and the Eastern Mediterranean if

\textsuperscript{504} Sinkkonen, China-Russia. Also see Christopher Weidacher Hsiung, Missle defense and early warning missile attack system cooperation: Enhancing the Sino-Russian defense partnership, Norwegian Institute for Defence Studies, July 2020.

\textsuperscript{505} See comments by Mike Kofman on Center for a New America Security’s Brussels Sprouts podcast, “The Russia-China Defense Relationship.”

\textsuperscript{506} Sinkkonen, China-Russia.


it understood that these tensions were affecting its bottom line. As for Russia, its interests in the Arctic and in freedom of navigation may conform a bit more with Western perspectives than with China’s.

4. Major Recommendation

NATO should, working where possible with the EU, assess the impact that the Sino-Russian entente is having on European security and consider policies to mitigate that impact.

Section C: Potential for Confrontation in the Indo-Pacific Region

1. The Challenges

China has developed increasingly aggressive policies along its periphery to reinforce what it sees as its sovereign rights. This is part of a grand strategy. With its border disputes with Russia generally resolved and its northern approaches secured by closer Sino-Russian ties, it has the opportunity to consolidate power internally and to pursue sovereign claims on its other borders. Internally, it has crushed dissent in Tibet, Hong Kong, Xinjiang, and elsewhere. Externally, it has doubled down on territorial claims in the South and East China Seas, in Taiwan, and along the border with India.

But China’s perception of sovereign rights encroaches upon competing maritime claims of its neighbors and increasingly upon the security of Taiwan. Meanwhile, an unstable North Korea could also escalate into a regional conflict. The United States has varying security commitments to Japan, South Korea, Australia, the Philippines, Thailand, and Taiwan. It also has close ties with India, Indonesia, Vietnam, Singapore, New Zealand, and Malaysia, among others.509

This delicate situation may have been made more unstable on New Year’s Day 2021 when China revised its National Defense Law, removing defense policy and decision making from the State Council and moving it to the Central Military Commission (CMC), headed by Xi, thus giving the PLA a greater voice in military decisions. The law also authorizes the CMC to mobilize civilian assets for defense purposes.510

There are at least six scenarios for possible military conflict in the Indo-Pacific region that could involve the United States and China, with significant consequences for the transatlantic partners.511 Xi told a PLA gathering in October to “put all (their) minds and energy on preparing for war.”512 Conflict between the United States and China over maritime claims would likely take place by accident or miscalculation. Conflict over Taiwan could be premeditated. Conflict over North Korea would be born of chaos. Conflict between China and India would be less likely to draw in the United States.

The first scenario involves a clash between China and a US partner over competing claims in the South China Sea. China claims a historic right to the waters contained within the “nine-dash line” that encompasses the South China Sea. That area includes the Paracel, Spratly, and Pratas Islands and Scarborough Shoal. To buttress its claims and coerce its neighbors, China added three thousand two hundred acres of land, turning reefs into islands. It also militarized many of the islands to include anti-ship and anti-air missiles. It currently maintains outposts on twenty islands in the Paracel Islands, seven on the Spratly Islands, and a constant coast guard presence near Scarborough Shoal.513 In 2016, the Permanent Court of Arbitration ruled in favor of the Philippines, deciding that the nine-dash line did not grant China rights to resources in the area. China and Taiwan both rejected this ruling.514 In July 2020, then-US Secretary of State Michael R. Pompeo declared that “Beijing’s claims to offshore resources across most of the South China Sea are completely unlawful, as is its campaign of bullying to control them.”515 Confrontations between China and its neighbors over these differing claims are frequent. Since January 2018, there have been nine recorded incidents, six with Vietnam, two with the Philippines, and one with Malaysia. While the risk of incidents remains high, the prospect for direct US involvement is probably low unless the incidents escalate dramatically.

511 Binnendijk, Friends, 97-122.
The second scenario involves disputes in the East China Sea between China and Japan over the Senkaku/Diaoyu Islands. Japan’s claim of sovereignty over the islands dates to 1895 and was not contested by China until 1971 when it resurrected its own claims dating to 1534. The area around the uninhabited islands has rich oil, gas, and fisheries resources. Japan and China periodically send fishing fleets and coast guard vessels to the area to reinforce their claims. They have overlapping Air Defense Identification Zones (ADIZs) over the islands. This confrontation escalated in 2020 when the Okinawa municipal council chose to alter the name and administrative status of the islands, prompting a strong response from China. But Japan has a strong military presence in the region and the US defense commitment to Japan extends to the Senkakus as result of the 1972 reversion of Okinawa from the United States to Japan. US President Joseph R. Biden, Jr., has reaffirmed previous American statements of commitment to the Senkakus. China is likely to be cautious as a result while continuing to reinforce its claims. The risk of a conflict that draws in the United States is, therefore, probably low.

The third related scenario involves a possible incident associated with US freedom of the seas and intelligence-gathering operations in the region. China has traditionally harassed US P-8 intelligence-gathering flights that take place well outside of China’s twelve-mile territorial limit. And US Freedom of Navigation Operations (FONOPs) designed to underline US innocent passage and transit rights have become more common. In 2019, for example, nine US FONOPs took place in the South China Sea, most of which encountered harassment from the PLAN. The

---


US Navy conducted thirteen FONOPs in 2020 and the Biden administration has already conducted two in 2021. In 2001, a US Navy reconnaissance aircraft collided with a PLAN jet near Hainan Island. The incident, which resulted in an international dispute between the United States and China, illustrated the risk of escalation. A bilateral US-China “incidents at sea agreement” could help alleviate this risk.

The fourth scenario involves a Chinese military effort to gain control over Taiwan. It is likely the most dangerous of the six scenarios discussed. The status of the US commitment to Taiwan has been somewhat vague since the 1972 Shanghai Communiqué and the 1979 Taiwan Relations Act. US policy is “to consider any effort to determine the future of Taiwan by other than peaceful means ... of grave concern to the United States.” There is no longer a treaty committing the United States to defend Taiwan, but that has not stopped the United States from selling significant quantities of weapons to provide for the island’s self-defense. Moreover, US credibility in the region would be at stake in the event China attempted to invade Taiwan. China’s redline has consistently been that Taiwan should not declare its independence. However, Beijing’s recent aggressive actions in Hong Kong have catalyzed a major backlash in Taiwan over concerns about what “one country, two systems” means in practice.

In response to the reelection of Taiwanese President Tsai Ing-wen of the independence-leaning Democratic Progressive Party in January 2020, China is flying Su-30 fighters into Taiwan’s airspace and Chinese Premier Li Keqiang dropped the word “peaceful” while discussing reunification before the National People’s Congress in May of 2020. The former Trump administration late in its term agreed to a multibillion-dollar set of arms sales to Taiwan, prompting China to sanction three US arms manufacturers. In January 2021, Pompeo changed the US diplomatic protocol with regard to Taiwan and Taiwan reconfigured its passport cover in a way that seemed to disassociate Taiwanese citizens from those on the mainland. Both of these developments will be interpreted in Beijing as steps toward Taiwanese independence. Collectively, these developments have prompted a debate in the United States about whether greater “strategic clarity” is needed to avoid a Chinese miscalculation. A stronger US commitment to Taiwan seems plausible. Any stronger US commitment, however, should be contingent upon Taiwan adhering to its current status and not unilaterally declaring independence. European allies, meanwhile, should find ways to amplify that commitment by promising nonmilitary responses to threatening action from Beijing. Diplomatically, the United States should reaffirm its long-standing One China policy and its “abiding interest” in a “resolution of the dispute that is peaceful and acceptable to the people of Taiwan.”

The fifth scenario relates to North Korea. This might occur either as a result of a political implosion in Pyongyang or cross-border conflict with South Korea. Three US-North Korean summits during the Trump administration have not reversed North Korea’s nuclear weapons program, now estimated at twenty or more warheads. An implosion in North Korea might result in efforts by both China and the United States to seize that country’s nuclear arsenal. North-South relations deteriorated in 2020, partly the consequence of the launch of South Korean propaganda balloons and punctuated by North Korea’s destruction of the joint liaison office near the border town of Kaesong. While the situation could spin out of control, neither China nor the United States has an interest in seeing a conflict between them triggered by events in Pyongyang.

Finally, there is the border conflict between India and China along the Line of Actual Control (LAC), a holdover from the 1962 war between the two. In the summer of 2020, Chinese and Indian troops clashed in the Galwan Valley. Around twenty Indian soldiers and an undisclosed number of Chinese troops were killed in hand-to-hand combat. Troops have since concentrated on both sides of the LAC. Chinese
and Indian diplomats are seeking to defuse the situation, but nationalism is running high on both sides. Recently the
New York Times reported that Indian electrical outages in Mumbai and elsewhere were the result of Chinese cyber-
attacks intended to warn India not to press its claims too hard.528 The United States is unlikely to be involved directly
in any major conflict between China and India, but it could well support India diplomatically and with materiel.

Given the number of plausible scenarios for conflict in the Indo-Pacific, including some in which direct conflict
between the United States and China is possible, trans-
Atlantic allies need more routine discussions about the
knock-on effects for European security. A war with China
would probably be unlike the United States’ earlier wars
in Asia—in Korea and Vietnam—where conflict was geo-
graphically limited.

2. Transatlantic Convergence and Divergence

There is a high degree of transatlantic asymmetry in these
six scenarios. Europe is, as of now, a limited player in any
of them even as NATO is considering how to respond to
China’s aggressiveness. Individual NATO nations do have
security interests in Asia. France has several island ter-
ritories in the Indian and Pacific Oceans, French naval
ships traverse the South China Sea at least twice a year,
and a French Ministry of the Armed Forces report says
France is developing a network of strategic partnerships
in the region. The UK has small outposts in Diego Garcia,
Bahrain, Brunei, Singapore, and Nepal. It also has a se-
ries of Five Power Defense Arrangements with Australia,
New Zealand, Malaysia, and Singapore and there is spec-
ulation that the UK might establish a new small military
base elsewhere in Southeast Asia. While the 2020 Rim
of the Pacific (RIMPAC) exercises were smaller due to the
COVID-19 pandemic (only ten nations participated), the
2018 exercises included twenty-five participating countries,
including Canada, France, Germany, the Netherlands, and
the UK. Nevertheless, none of these interests are compel-
ing enough to expect European allies to play a significant
role in a US-China conflict.

From another perspective, however, Europe’s interest in
preventing any one of these scenarios from taking place
is far greater than its current interests and activities in the
region indicate. Should the United States and China en-
gage in open military conflict, the United States would shift
many of its major air and naval capabilities to Asia, weak-
ening deterrence against Russia. The United States would
likely engage in immediate economic warfare with China,
which could include freezing China’s economic assets,
halting China’s access to the dollar, stopping all bilateral
trade, and seeking to interrupt Chinese electronic financial
transactions through the Society for Worldwide Interbank
Financial Telecommunications (SWIFT). Maritime trade in
the South China Sea and air traffic in the region of conflict
would be badly disrupted. The United States could be ex-
pected to ask its allies to support those efforts with their
own sanctions on China. Economic chaos would ensue.
Such a conflict would also probably significantly disrupt
cyber and space activities upon which Europe relies, with
supportive European states likely to experience direct
cyber and hybrid attacks. Should China attack US territory,
Article 5, the collective defense article of NATO’s founding
treaty, could be triggered.

3. Possible Transatlantic Responses

NATO will have many opportunities during 2021—including
the development of a new Strategic Concept; US President
Joseph R. Biden, Jr.’s first NATO Summit; various ministeri-
als; and periodic statements from the secretary general—to
shape its approach to China. It should:

i. Provide a clear indication to China that military co-
ercion or invasion of Taiwan will not be tolerated;

ii. Work actively to support freedom of navigation and
to seek diplomatic solutions to contending claims in
the South and East China Seas;

iii. Encourage NATO member states to participate in fu-
ture US FONOPs, Passing Exercises (PASSEXs), and
RIMPAC multilateral maritime exercises along with
the United States’ allies in the Indo-Pacific region;

iv. Strengthen its ability to gain better intelligence on
Chinese activities across the globe, including gai-
ing even better access to intelligence sources
across Asia;

v. Design a NATO-agreed proposal to rejuvenate the
Intermediate-Range Nuclear Forces (INF) Treaty (li-
miting INF Treaty-range systems that are nuclear-ar-
med) and seek to extend it in some way to China;529

vi. Create a new “NATO-Asia Forum” to coordinate
security policies and operations with regard to
China;530

528 Sanger and Schmall, “China Appears to Warn India.”
529 For example, China might be convinced to freeze such systems at current levels.
530 See James Hildebrand et al., “Build an Atlantic-Pacific Partnership,” in NATO 20/2020: Twenty bold ideas to reimagine the Alliance after the 2020 US
election, ed. Christopher Skaluba, Atlantic Council, October 2020, https://www.atlanticcouncil.org/content-series/nato20-2020/build-an-atlantic-pacific-
partnership/.
vii. Provide Japan and South Korea with Enhanced Opportunity Partner status, the same status as Australia now has;

viii. Create a “NATO-India Commission” to enhance military cooperation;

ix. Create a NATO “Liaison Office” in Asia, located perhaps in Japan; and

x. Encourage the creation of a new “NATO Center of Excellence” on China, collocated with the “Liaison Office,” to provide thought leadership on NATO’s future engagement in the Indo-Pacific.

4. Major Recommendations

i. European nations and institutions should make clear that Chinese military conflict with the United States in Asia will result in a significant European political and economic response to China.

ii. NATO should form new partnerships with Indo-Pacific nations that share common values with the Alliance while invigorating and collectivizing current regional partnerships as a means of countering China’s assertive actions against Indo-Pacific democracies.

Section D:
Military and Security Challenges in the European Area

1. The Challenges

The previous sections have assessed many of the ways that Chinese resurgence has impacted European security. The risk of Sino-US conflict in the Indo-Pacific has increased, drawing the US focus toward that region. Chinese defense cooperation with Russia improves the capabilities and determination of NATO’s principal adversary. China has extended its military reach to Europe with Sino-Russian military exercises and Chinese missile ranges that make Europe vulnerable. This section explores other ways that China’s rise is affecting European security. It will review the impact of Chinese investments and infrastructure projects in Europe as well as what might be called China’s “approaches to Europe:” the BRI and the High North. Europe is still waking up to this impact.

The terminus of both China’s BRI and its Polar Silk Road is continental Europe where China has proven highly successful at creating multiple inroads with different regional characteristics. More than half of NATO’s members have signed BRI-related agreements. In Eastern Europe, China has created Cooperation Between China and Central & Eastern Europe Countries (CEEC) that share a post-communist legacy, an arrangement commonly known as 17+1 after Greece also joined. This group includes fifteen NATO members plus Serbia, Bosnia, and China and serves as a trans-Eurasian bridgehead and transport corridor to the EU market through trade, investment, cultural exchanges, and people-to-people connectivity. China has used the 17+1 arrangement to invest in strategic areas in ways that conflict with EU regulations. China has also sold CH-92A armed drones to Serbia and is making military inroads there.

Several key NATO members, including Italy, Greece, and Portugal, have signed bilateral BRI agreements and accepted harbor investments that offer Beijing a geo-strategically important gateway to the Mediterranean and Atlantic. China has also invested in Portugal’s electricity grid, in other large infrastructure projects (primarily in non-EU countries), and in scientific research centers (e.g., the China-Belgium Technology Center in Louvain-la-Neuve). Other Chinese investments in European critical infrastructure include bridges and roads. Together, these Chinese investments can negatively impact NATO’s political and military responses in times of crisis. Investment screening that considers security implications is still nascent at both the EU and national levels.

Recent experience has highlighted two additional concerns: defense-related supply chain dependence and dependence on China’s near monopoly of rare earth minerals, both of which have implications for security and military procurement. The pandemic has especially highlighted Western dependence on Chinese exports, including equipment important for defense. In 2019, China threatened to limit exports of rare earth minerals, both of which have implications for security and military procurement. The pandemic has especially highlighted Western dependence on Chinese exports, including equipment important for defense. In 2019, China threatened to limit exports of rare earth minerals needed in modern electronics and military equipment.
The United States and Europe are now seeking to reduce their dependence on China for rare earth minerals. Maximizing diversity and resilience in these two areas is critical. However, both the United States and the EU need to guard against efforts at supply chain independence that undercut the advantages gained from transatlantic defense industrial cooperation.

China's efforts to gain industrial and military intelligence in Europe are also causing concern. Its military-civil fusion (MCF, jun-min ronghe) effort is designed to identify civilian sector technologies that have military applications. Europe remains a prime target of this effort. Chinese intelligence personnel are particularly focused on NATO activities in Brussels where special security precautions are needed to limit penetration.

China's activities in Europe, then, have raised alarms around issues that include theft of military technology, intelligence gathering, political influence enabled by debt traps, influence on NATO decision making, and strategic supply-chain dependencies that could allow China to deny the use of spare parts, ports, and infrastructure in the event of NATO mobilization. China's cyber capabilities, in particular, present significant challenges to the transatlantic nations and institutions, including use of espionage against military technology; intellectual property theft related to sensitive technologies, industries, and infrastructure; and disinformation, such as in the context of the COVID-19 pandemic. The cumulative impact may be more than the sum of the parts because it pervades NATO's military capabilities, strategic decision making, and operational requirements.

---


As polar ice recedes, China has taken a keen interest in the northern approach to Europe. In 2013, China gained observer status on the Arctic Council. In 2015, China began to promote its “Polar Silk Road.” And in 2018, China declared itself a “near-Arctic state.” China’s focus has been fairly comprehensive, including energy, shipping, communications cables, science and technology exploration, and fisheries. It has worked with several Arctic states to secure its interests, including two large natural gas projects with Russia; port construction in several places, including Russia’s Arkhangelsk deep water port; and scientific research with Finland, Sweden, Norway (in Svalbard), and Iceland. China is now one of the largest foreign investors in Greenland. In Sweden, China built a 100 percent Chinese-owned polar satellite ground station in Kiruna north of the Arctic Circle which, due to its near-polar location, offers faster download rates for China’s military reconnaissance satellites. China has worked with Finland on a submarine communications cable. Thus far, China has been respectful of environmental concerns in contrast to southern BRI investments. Its comprehensive Arctic activities, however, give China important insight and data on polar conditions that could be used in a military context.

In 2019, the United States and some European allies began sounding alarms. In May of 2019, then-US Secretary of State Michael R. Pompeo warned of the dangers of Chinese investment in the Arctic. Denmark later that year warned that the PLA was using scientific research in the Arctic for dual purposes. The US Department of Defense (DoD) is concerned about the presence of Chinese nuclear-armed submarines and Chinese Coast Guard operations in the Arctic Sea. Others point to Chinese acoustic and cold weather research that can be used for military purposes. There are additional apprehensions about what China’s planned Arctic Connect telecommunications cable, which runs under the Northern Sea Route, means for secure communications. This is on top of concerns about China’s defense cooperation with Moscow as Russia reinforces its military posture along its northern border.

China’s belt (land corridors) and road (shipping lanes) along its southern approaches to Europe are having geostrategic as well as economic impacts. About sixty countries have signed up to participate in some element of this vast project, with infrastructure loans made by China in excess of $1 trillion by 2027. The BRI transits some four thousand miles with branches through Southeast Asia, South Asia, and Central Asia. The infrastructure projects include roads, railways, energy pipelines, and some fifty economic zones. The United States is not participating in the BRI and has warned of debt traps being set for participating countries. French President Emmanuel Macron similarly noted that many BRI states will become “vassals.” Chinese arms sales along the route create further dependencies. The maritime road has also included Chinese access to naval facilities along the route, such as the one in Djibouti, which have affected naval operations of US allies. The transatlantic partners share a common interest in limiting Chinese strategic influence throughout the BRI route.

2. Transatlantic Convergence and Divergence

Chinese penetration into the European security space and the strategic approaches to Europe creates perhaps the area of greatest transatlantic convergence in the security realm. While economic interests differ among European nations, with Central Europe in particular seeing immediate benefits from Chinese investments despite potential security consequences, there is, nonetheless, a growing concern in Europe about China’s ability to undercut its security posture.

In November 2020, the NATO Reflection Group recognized this concern and made the following recommendation as to how NATO should manage security challenges emanating from China:

“The Alliance should infuse the China challenge throughout existing structures and consider establishing a consultative body to discuss all aspects of Allies’ security interests vis-à-vis China. It must expand efforts to assess the implications of China’s technological development and monitor and defend against any Chinese activities that could impact collective defense, military readiness or resilience in the Supreme Allied Commander Europe’s (SACEUR) Area of Responsibility.”

538 Ibid.
3. Possible Transatlantic Responses

As a result of this emerging convergence between the United States, the EU, and critical non-EU states like the UK and Norway, and consistent with the general thrust of the NATO Reflection Group’s suggestions, there are several initiatives that transatlantic partners could take to safeguard their interests. These include:

i. Creating a NATO/EU joint process to evaluate the strategic impact of Chinese investments in key infrastructure and establishing stronger screening mechanisms for these investments;

ii. Maximizing reliance on trusted transatlantic partners to maintain supply chain resilience in defense products;

iii. Reducing dependence on China for rare earth minerals;

iv. Supporting the Three Seas Initiative through coordination with the EU to provide nations in Europe’s east with opportunities for investment to displace China’s 17+1 effort;

v. Limiting China’s military activity in the Arctic;

vi. Guarding against China’s MCF efforts to gain intelligence useful to the Chinese military; and

vii. Energizing security cooperation with nations along the approaches to Europe that might otherwise become Chinese client states.

In the area of cybersecurity, there are three steps that transatlantic partners might take. First, there could be a coordinated transatlantic effort for the development and implementation of cyberattack-resilient architectures, especially for governance institutions, military forces, and key critical infrastructures. Second, a common approach to active cyber defense would provide resilience even when an attacker has breached cyber protections. And third, transatlantic nations with significant cyber capabilities could work together to engage and defeat malign Chinese activities that are intended to undercut the transatlantic nations in cyberspace.\textsuperscript{[542]}

4. Major Recommendations

i. As part of its new Strategic Concept process, NATO should develop a comprehensive strategy on how to manage China’s security challenge to Europe. Much of that strategy could focus on freedoms in the global commons, an area where there is a high degree of transatlantic convergence.

ii. NATO should add a new core task to supplement the existing three: collective defense, crisis management, and cooperative security. This new core task, which might be called “conserve stability,” could encompass managing major threats to the Alliance that are global in nature, China primary among them.

iii. A mechanism should be established to identify and reduce Chinese investments in European strategic infrastructure that could undercut NATO’s ability to act both politically and militarily, especially in times of crisis.

iv. NATO is not properly organized to deal with the many challenges posed by China and should consider steps such as establishing a “Liaison Office” and “Center of Excellence in Asia” as well as making Japan and South Korea enhanced opportunity partners.

v. NATO should offer to Beijing to stand up a “NATO-China Commission” to discuss security concerns and areas of potential cooperation, such as incident management in the NATO area.