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The China Plan: A Transatlantic Blueprint for Strategic Competition



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Executive Summary and Principal Recommendations

China presents the United States and its partners with the most serious set of challenges they have faced since the Cold War. The scope of those challenges is global. Their potential impact is deep. Left unaddressed, they will harm the fundamental, vital interests of democratic nations everywhere. Collective action between the United States and its European partners, coordinated with like-minded nations in Asia, is needed to deflect these challenges, protect our vital interests, and seek a change in China's policies. Several strategies have been offered to manage China. What is missing is a blueprint—a "China Plan"—to guide the United States and its partners in this endeavor. This study represents such a blueprint.

Conducted over the course of a year and drawing on the research and opinions of hundreds of experts, policy makers, and academics in the United States, Europe, and Asia, this study delves into three broad trends and analyzes five major areas in which Chinese actions threaten transatlantic interests: human rights, coercive diplomacy, predatory economic practices, technology competition, and security challenges.

In doing so, this study identifies areas of convergence, divergence, and asymmetry in transatlantic attitudes towards China, arguing forcibly that a transatlantic response is urgent and necessary to prevent China from remaking the rules-based order to its singular advantage. It concludes with ten recommended steps for minimizing divergences as a means to building a coordinated transatlantic blueprint for confronting, competing with, and, where possible, cooperating with China.

Three Defining Trends

Three major developing trends together provide both an opportunity and a requirement for transatlantic nations to make a concerted effort to promote and protect their interests in the face of a broad spectrum of assertive Chinese policies. China's increased assertiveness in its international relations combined with bipartisan consensus about the threat China poses in the United States and growing discontent with harmful Chinese behavior in Europe create an environment ripe for closer collaboration among transatlantic nations. These three trends are discussed in Chapter I.

1. Xi's China has become more authoritarian, outward-facing, and assertive in promoting Chinese interests.

Under Chinese President Xi Jinping, the Chinese Communist Party (CCP) has taken a more dominant position in governance in China, the economy has become more state-driven, and Western liberal values have been explicitly disavowed. Externally, 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, at times aggressively coercive, outward approach. China's economic strengths give it a strong platform on which to base its international actions. But beyond economics and trade, 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 nondemocratic countries. Heightened military threats to Taiwan, India, Japan, Vietnam, and to virtually all the rival claimants in China's maritime territorial disputes are yet another aspect of this shift in policy. As a result, the risk of open conflict in Asia involving China has increased during this past year.

2. Bipartisan consensus in the United States provides a strong foundation for policy.

In the United States, there is now bipartisan agreement that the best way to deal with China is to confront it in a unified manner with global partners. A recent Pew Research Center poll found that 73 percent of Americans expressed an unfavorable view of China.¹ The Trump administration pursued erratic unilateral efforts with respect to challenging China until late in its tenure, leaving many European partners alienated and unwilling to pursue united actions in concert with Washington. US President Joseph R. Biden, Jr., has indicated he will challenge China similarly to the Trump administration, but with a different style and emphasis. Biden has said he will focus on international rules of the road and be extremely competitive, but seek to avoid

¹ Laura Silver, Kat Devlin, and Christine Huang, *Americans Fault China for Its Role in the Spread of COVID-19*, Pew Research Center, July 30, 2020, <https://www.pewresearch.org/global/2020/07/30/americans-fault-china-for-its-role-in-the-spread-of-covid-19/>.

conflict. Members of his new administration have already criticized China's economic and human rights policies, and a representative of Taiwan was invited to Biden's inauguration. In his first phone call with Xi on February 10, Biden criticized China for its coercive and unfair economic practices, human rights abuses, and increasingly assertive actions in Asia. Biden has continued vigorous Freedom of Navigation Operations in the South China Sea and US Naval transits of the Taiwan Strait. At the same time, he has mentioned pursuing practical, results-oriented engagements with China when it is in US and allied interests. Coordinating policies with allies and partners is a centerpiece of Biden's foreign policy agenda.

3. European leaders have grown more skeptical of China, paving the way for strengthened transatlantic cooperation.

Many European leaders have recently done an about face and become more concerned about Chinese policies, issuing unprecedented critical remarks including a call for greater unity among democratic nations to manage a rising China. European Union (EU) High Representative Josep Borrell believes that "the West was naive with regard to China," while NATO Secretary General Jens Stoltenberg has 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."² Numerous national and EU leaders have voiced similar concerns. France and the United Kingdom in particular have indicated their strong opposition to China's human rights abuses and attempts to restrict the freedom of navigation. Germany has been less forceful, but it has consistently offered safe harbor to Chinese dissidents. Sweden has gone farthest in its efforts to curb authoritarian influences by terminating all Confucius Institutes and city partnership programs. Some countries that had previously joined China's 17+1, such as Lithuania and the Czech Republic, have recently intensified their contacts with Taiwan, indicating a weakening of that framework. Several European nations are backing away from using Huawei 5G communications infrastructure while others such as Germany seem to be hedging their bets. On the other hand, many European countries still maintain strong ties to China, and some, like Greece and Hungary, have blocked statements by the EU condemning China's human rights record. In general, however, European nations will be inclined to cooperate with the Biden administration.

In December 2020, the EU and China concluded in principle the EU-China Comprehensive Agreement on

Investment (CAI), which is designed to level the investment playing field. As with the US Phase One trade agreement with China, the CAI was concluded without close transatlantic consultation. China may feel that reaching this agreement with the EU will undercut this building consensus for a comprehensive transatlantic approach to confronting China. The EU must now prove China wrong. This modest agreement should not serve as an excuse for European backpedaling on transatlantic cooperation.

Speed is thus important in developing a consolidated transatlantic strategy. The United States' democratic partners want to stop China's malign activities without starting another Cold War or severing all ties with China. They are increasingly ready to join forces to better define and defend their common interests with the United States. Success, however, requires working in a spirit of partnership that is not unilaterally dictated by Washington.

A Blueprint for Transatlantic Cooperation

This study provides the following blueprint for the Biden administration as it engages with its European and Asian partners in addressing China. It includes the following eight steps, each of which is elaborated below:

- i. Create a new transatlantic coordinating mechanism on China.
- ii. Develop a common transatlantic intelligence picture of Chinese strategic intentions.
- iii. Design common transatlantic goals for addressing China.
- iv. Based upon those goals, construct a common transatlantic strategic approach to China which combines rivalry, competition, and cooperation.
- v. Design specific initiatives in areas of transatlantic convergence to counter aggressive Chinese behavior.
- vi. Manage approaches to China in areas of transatlantic divergence and asymmetry, reducing differences wherever possible.
- vii. Cooperate with China in areas of global common interest while verifying Chinese compliance.
- viii. Coordinate each step with partners in Asia.

² Josep Borrell, "China, the United States and us," European External Action Service, July 31, 2020, https://eeas.europa.eu/headquarters/headquarters-homepage/83644/china-united-states-and-us_en; NATO, "Remarks by NATO Secretary General Jens Stoltenberg on launching #NATO2030 - Strengthening the Alliance in an increasingly competitive world," June 8, 2020, https://www.nato.int/cps/en/natohq/opinions_176197.htm.

Five Areas of Transatlantic Convergence, Divergence, and Asymmetry

A critical element of this blueprint is identifying areas of convergence of transatlantic interests, areas where transatlantic interests may diverge, and areas where asymmetric interests exist. By understanding areas of maximum convergence, transatlantic initiatives can be more easily developed. By identifying areas of divergence, transatlantic disputes can be avoided, and initiatives can still be designed. By understanding areas of asymmetric interest, priorities can be better understood and managed.

The areas of greatest potential transatlantic convergence, analyzed in Chapter II, deal primarily with values: Chinese human rights practices, the global competition over the means of governance, China’s coercive diplomatic practices, and China’s influence operations across the globe. These issues go to the heart of what transatlantic nations stand for. In these areas, there should be ample potential and opportunity for transatlantic partners to design common approaches to protect democratic institutions and human rights. Even so, China is able to intimidate many transatlantic nations, preventing them from acting on these values alone or even speaking out. Only with a more concerted and unified transatlantic approach can sanctions or shaming have any impact on Chinese behavior.

The areas of lesser convergence, discussed in Chapter III, include China’s economic practices and its efforts to dominate new technologies and set international technology standards. Divergence among transatlantic partners here was due initially to the fact that many nations had registered immediate benefits from their economic and technological ties with China while ignoring the longer-term and less obvious risks. Divergence has appeared in the handling of the Huawei 5G issue and is also demonstrated by the fact that both the United States and the EU have negotiated trade and investment pacts separately with China. Nonetheless, China has overplayed its hand in enough instances since the onset of the COVID-19 pandemic that transatlantic partners are increasingly finding common ground on these issues as well. A place to start is countering Chinese subsidies, leverage-seeking investments, supply dependencies, cyber espionage, and similar predatory practices that give China dangerous economic, political, and technical leverage over democratic nations.

Chapter IV addresses military and security challenges where transatlantic interests are seen as asymmetric. There is general agreement on the broad challenges presented by China’s military rise, but geography in many cases creates differing priorities and responsibilities. The United States is a Pacific as well as an Atlantic power with formal commitments to defend several Asian nations and informal

obligations to protect the security of others in the region. It has sufficient military capabilities to deter and challenge China, and, if necessary, defend its interests in the Indo-Pacific. With the possible exception of France, Europe has neither similar security commitments nor the military capabilities to counter China. Its security priorities are generally not in Asia. The United States’ priorities in Asia are increasing as China emerges as a major global power.

Nonetheless, the security consequences for Europe of a Sino-US military conflict are much more severe than generally appreciated. With US forces engaged in Asia, fewer available US capabilities would be dedicated to European security, European trade with China would be seriously disrupted if not completely halted, global attacks on cyber and space systems would occur, and NATO’s Article 5 on collective defense could be triggered. Europe needs to strengthen its role in deterring conflict in Asia and carry a larger military load for deterring Russia in Europe should the United States need to divert more of its forces to Asia. There is significant transatlantic convergence with respect to the impact of Chinese strategic penetration in and near Europe, but there is, thus far, limited consensus in European capitals about how to respond.

While there are recommendations throughout this study for specific policy initiatives that transatlantic nations can develop, Chapter V considers ways in which Europe and the United States can better organize themselves to manage China.

Principal Recommendations for a Transatlantic Approach

With this analysis of convergence, divergence, and asymmetry in the transatlantic space as a cornerstone, the following ten principal recommendations emerge as a blueprint for a coordinated transatlantic strategy toward China.

1. **To counter China’s divide and conquer policies, the transatlantic partners should develop an overall unified comprehensive policy** toward China that combines confrontation where necessary and genuine, implemented cooperation where possible. Greater unity is needed to confront Chinese malign practices—transatlantic nations must work together to establish resilient capabilities to assure their economies, security, and values in the face of damaging Chinese activities. Policies can be designed based in large part on the degree of convergence that exists among the partners. Areas of cooperation with China may include climate change, global health, international peacekeeping, nuclear nonproliferation, and economic development; but in seeking cooperation, the transatlantic partners must not be naive.

They must insist on verifiable Chinese actions rather than idle promises that go unfulfilled.

2. To organize for this effort, the partners should create a “Transatlantic Coordinating Council on China” as the central forum for discussion and coordination among relevant actors on the multiple issues that China presents. Such a forum would include the member nations of both the EU and NATO, as well as the EU and NATO as entities. The establishment of a “Transatlantic Coordinating Council on China” would allow decision making that takes into account the full scope of the issues that China presents, including when decisions in one arena have ramifications for another.

3. To align transatlantic perspectives, the partners should develop a unified, comprehensive, and dynamic “common intelligence picture” of China’s strategic direction. They should establish a consortium of national-level allied and partner intelligence services to cooperate on analytic and intelligence-gathering activities on China.

4. To develop common transatlantic goals, the partners should consider the following:

- i. minimizing transatlantic differences as nations design their policies toward China
- ii. protecting common transatlantic interests from the impact of malign Chinese economic, technological, and diplomatic practices
- iii. upholding democratic and human rights values
- iv. deterring Chinese military practices that could lead to armed conflict
- v. convincing China’s leadership that it is in their best interest to operate in the current liberal international order
- vi. cooperating with China where interests align in order to meet these goals

5. To counter malign Chinese domestic human rights and autocratic practices, the partners should

- i. organize a concerted effort, including using the proposed D-10 mechanism, to promote the value of democracy, human rights, and importance of good governance;
- ii. continue a staunch, multilateral push for independent investigation and fact-finding missions to

China to investigate human rights violations, including through the EU and the United Nations Human Rights Council;

iii. swiftly negate all extradition treaties with China or Hong Kong under the principle of non-refoulement. No other country should enter into further extradition agreements with China; and

iv. enact stringent legislation limiting exports of European and US technology to China that could be used for mass surveillance purposes, establish a monitoring system to enhance transparency along supply chains and introduce in-depth assessments of human rights risks, and introduce liability legislation for companies that use supplies and suppliers where forced labor is a known risk.

6. To counter coercive Chinese diplomacy, excessive intelligence gathering, and disinformation practices, the partners should

i. respond collectively to any case of diplomatic bullying of one partner with a “coercion against one is coercion against all” policy;

ii. reengage in international organizations to limit Chinese power;

iii. create transatlantic rapid-response mechanisms to offset Chinese disinformation; and

iv. register Chinese “civil society” groups operating in the transatlantic space to limit intelligence gathering and influence peddling.

7. To counter predatory Chinese economic policies, the partners should

i. exclude any Chinese products and services from supply chains vital to national security;

ii. for non-strategic sectors unfairly affected by China’s state-directed economic practices, establish frameworks to have selective offsetting impact, including import restraints and tariffs. For other commercial products and services to commercial users, subject trade to the caveats that access to the US and European markets should depend on generally comparable access to China’s domestic market and that forced technology transfer should be barred;

iii. work together to ensure that there are alternatives to China’s Huawei and ZTE by developing open-architecture 5G capabilities;

- iv. create a resilience plan for all key critical infrastructure supply chains to avoid over-dependency on China, including having sufficient non-Chinese companies in critical infrastructure supply chains so that China does not have a dominant position;
- v. develop a coordinated transatlantic approach to establishing resilient cybersecurity architectures to be utilized by businesses as a key element in providing protection against Chinese cyber espionage; and
- vi. work together to provide investment and technical assistance in sectors related to climate change, environment, health, and water as alternatives to Chinese sponsored action.

8. To counter Chinese efforts to dominate global technology, the partners should

- i. systematically educate industry and government stakeholders on the risks of covert technology transfers through regular business and research and development (R&D) exchanges with Chinese entities;
- ii. bolster R&D in strategic sectors and protect industries from unfairly subsidized competition in domestic and global markets;
- iii. enhance US and allied presence in technology standard-setting bodies; and
- iv. block technology transfers to China that could further fuel China's military buildup, even indirectly.

9. To counter China's global and regional military challenges, the partners should

- i. enhance Europe's military capabilities so that Europe has effective defenses should conflict in Asia divert US attention and forces;
- ii. enhance deterrence in Asia by clarifying to China that NATO allies would not stand by should China attack US forces in Asia;
- iii. commit through NATO to defend freedoms in the global commons;
- iv. prevent further Chinese strategic investments in NATO countries that would stall NATO decision making or mobilization during a crisis;
- v. organize NATO to give it maximum capability to deal with the challenges from China; and
- vi. form a "NATO-China Council" similar to the NATO-Russia Council to engage with China to discuss security issues.

10. These unified efforts need not be packaged in one set of comprehensive demands. The general transatlantic strategy toward China should be a coordinated effort to deter Chinese malign behavior where necessary and cooperate with China where possible, making sure that cooperation is implemented. **These efforts are likely more manageable if approached in bite-sized chunks, allowing consensus among democratic nations to form around them.** As specific transatlantic initiatives emerge, they need to be balanced to account for national priorities.

Introduction

By Christopher Skaluba and Hans Binnendijk

China's increasingly ambitious global reach is animating debates about a new era of great-power competition and catapulting China to the top of the transatlantic and transpacific political agendas. Buoyed by rapid economic growth, rising nationalism, authoritarian governance, and a sense of national destiny, China is exhibiting growing confidence and influence on the global stage.

Through its provocative actions in the South China Sea, distortive economic policies, aggressive military and technological investments, efforts to expand commercial and political leverage through the Belt and Road Initiative (BRI), cyber espionage and intelligence operations skilled at appropriating intellectual property, and an ability to project both hard and soft power into every region of the world, China is seeking to reshape the existing liberal international order and the Western-based institutions that underpin it.

Understanding China's grand strategy and transatlantic reactions to it is necessary to understand the implications for the rules-based international order so painstakingly built by the transatlantic community over the last seventy years. Beijing is both benefitting from and challenging this system, looking to remake it in a manner more accommodating to its authoritarian political philosophy. Beijing's political worldview, of course, is at odds with the democratic ideals traditionally cherished by the Euro-Atlantic family and thus a source of tension between China on the one hand and the United States, Canada, and Europe on the other.

The United States has clearly prioritized China as an economic and security challenge and it is the rare policy issue to have achieved a degree of bipartisan consensus in Washington. Europe until recently has taken a more restrained approach, recognizing its dependence on Chinese markets and investments for the health of its economy, while unconcerned about China as a regional security challenger. Chinese investments in Europe in areas as diverse as transport, utilities, infrastructure, real estate, financial services, biotech, and the automotive sector are important for some European economies—an uncomfortable reality as European leaders awaken to the fact that Chinese investments have serious strategic implications and constitute political leverage over European governments and institutions.

While Europe on the whole still sees close partnership with the United States as paramount, it is occasionally caught

between the United States and China on thorny issues. Recent debates regarding Huawei's 5G technologies are illustrative as European governments struggle with the fact that access to China's subsidized and advanced digital communications infrastructure comes with significant security risks to their own countries and are unacceptable to the United States. Even as Europe is awakening to the strategic implications of Chinese investments, the approach to China from governments across the Continent remains uneven.

As a result of these developments, the Atlantic Council has initiated a series of papers on China that have been published during the past year. This is the seventh paper in that series. The others include:

- i. Franklin D. Kramer. *Managed Competition: Meeting the China Challenge in a Multi-Vector World*. December 2019.
- ii. Hans Binnendijk, Sarah Kirchberger, and Christopher Skaluba. *Capitalizing on Transatlantic Concerns about China*. August 2020.
- iii. Jeffrey Cimmino, Matthew Kroenig, and Barry Pavel. *A Global Strategy for China*. September 2020.
- iv. Franklin D. Kramer. *Priorities for a Transatlantic China Strategy*. November 2020.
- v. Jeffrey Cimmino and Matthew Kroenig. *Global Strategy 2021: An Allied Strategy for China*. December 2020.
- vi. Anonymous. *The Longer Telegram: Toward a New American China Strategy*. January 2021.

Several compatible themes emerge from these papers.

In *Managed Competition*, Kramer argues that the main elements of the United States' China strategy should include enhancing US innovation, increasing resilience, particularly against Chinese cyber espionage, providing both assurance and deterrence, and establishing selective trade and economic limitations for strategic sectors vital to national security and sectors affected by China's predatory economic practices, all undertaken in coordination with the United States' close allies and partners. The long-term goals of this strategy should be to: i) ensure modernization

for the United States and its close allies and partners, ii) constrain negative Chinese behavior, and iii) allow for cooperation on “one world” issues.

In *Capitalizing on Transatlantic Concerns about China*, the authors recognize that under Chinese President Xi Jinping, China has shifted to a harder brand of authoritarianism and a more aggressive foreign and defense policy. China has a well-thought-out strategy to meet its goals, while the United States and its partners have no compatible strategy to counter China. However, this shift in Chinese policies under Xi has resulted in a growing common concern among transatlantic partners about Chinese behavior. The study suggests that this convergence could form the basis for a new transatlantic strategy on China. By developing such a unified strategy and extending it to Asian partners, China would be dissuaded from implementing its often-successful divide and conquer policies.

In a *Global Strategy for China*, the authors expand upon these two earlier studies by focusing on three key elements of a US China strategy. Those elements include: i) strengthening like-minded allies and partners and the rules-based system for a new era of great-power competition, ii) defending against Chinese behavior that threatens to undermine core principles of the rules-based system, and iii) engaging China from a position of strength to cooperate on shared interests and, ultimately, incorporate China into a revitalized and adapted rules-based system.

In *Priorities for a Transatlantic China Strategy*, Kramer proposes the establishment of a Transatlantic Coordinating Council to provide a central forum for discussion and coordination on the multiple issues that China presents. Such a forum would include the member nations of both the European Union and the North Atlantic Treaty Organization as well as the EU and NATO as entities.

The Longer Telegram argues that US strategy and policy toward China must be laser-focused on the fault lines among Xi and his inner circle, aimed at changing their objectives and behavior and thus their strategic course. The anonymous author argues that Chinese Communist Party (CCP) elites are much more divided about Xi’s leadership

and vast ambitions than is widely appreciated. The principal goal of US strategy, the paper argues, should be to cause China’s ruling elites to conclude that it is in China’s best interests to continue operating within the US-led liberal international order rather than building a rival order, and that it is in the CCP’s best interests to not attempt to expand China’s borders or export its political model beyond China’s shores.

This paper builds on the previous six. It assesses Chinese behavior in five key areas where China’s challenge has become more malign and dangerous during the past year: human rights violations, coercive diplomatic practices, unfair trade and investment policies, technological entrapment, and aggressive security measures. In reviewing these five areas, the study analyzes elements of transatlantic convergence, divergence, and asymmetry that can be used to design unified transatlantic approaches to China.

Using this analysis, this paper presents a practical blueprint with specific actionable recommendations for the Biden administration and European policy makers. The blueprint is designed to align transatlantic policies, coordinate those policies with Asian partners, protect common interests, and meet common goals. Like the other papers, it envisions confronting China where necessary and cooperating with China where possible, provided that China implements its agreements. Combined, these actions will provide a resilient capability on the part of the transatlantic nations to achieve their economic, security, and values objectives even in the face of negative Chinese actions. Moreover, the combined effort might affect internal Chinese politics and ultimately lead to modifying some of China’s policies as *The Longer Telegram* envisions.

In developing this paper, a series of four major online conferences were held to gather views from the United States, Europe, and Asia. Perspectives from the dozens of participants in these four conferences have been incorporated into this paper. In addition, a core group of experts met with the principal authors on a biweekly basis to discuss issues, refine arguments, and craft recommendations. Six members of this team each drafted significant sections of this report.

Chapter I: Assessing the Problem

By Sarah Kirchberger, Hans Binnendijk, and Connor McPartland

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).”³

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.⁴ There is a systemic rift between a Leninist⁵

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 survivability. 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.”⁶

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

3 Nadège Rolland, *China's Vision for a New World Order*, NBR Special Report No. 83, National Bureau of Asian Research, January 2020: 6, <https://www.nbr.org/publication/chinas-vision-for-a-new-world-order/>.

4 Hybrid CoE, *Trends in China's Power Politics*, Hybrid CoE Trend Report 5, July 2020: 22, <https://www.hybridcoe.fi/publications/hybrid-coe-trend-report-5-trends-in-chinas-power-politics/>.

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).

6 Dai Bingguo, “Stick to the path of peaceful development,” *China Daily*, December 13, 2010, http://www.chinadaily.com.cn/cndy/2010-12/13/content_11689670.htm.



National People's Congress, Beijing. *Source:* Wikimedia Commons/Voice of America

political elite can hardly be overstated, and a plethora of Chinese studies have dissected its causes and effects.⁷ 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).⁸ 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.⁹ Numerous leaders' speeches for internal constituencies warn specifically of this threat from "hostile Western forces."¹⁰

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

7 A. Greer Meisels, "What China learned from the Soviet Union's fall," *Diplomat*, July 27, 2012, <https://thediplomat.com/2012/07/what-china-learned-from-the-soviet-unions-fall/>.

8 An internal circular issued by the CCP General Office to cadres in the propaganda system titled "关于当前意识形态领域情况的通报" (Communiqué on the Current State of the Ideological Sphere) a.k.a. "9号文件" or "中办发(2013)9号" (Document No. 9) bears eloquent witness to this ideological threat perception. It was leaked and translated into English in 2013. See ChinaFile, "Document 9: A ChinaFile Translation: How Much is a Hardline Party Directive Shaping China's Current Political Climate?" November 8, 2013, <https://www.chinafile.com/document-9-chinafile-translation>.

9 Richard McGregor, *The Party: The Secret World of China's Communist Rulers* (New York: HarperCollins, 2012), 237-238.

10 See for an example a speech given by Xi Jinping's predecessor, Hu Jintao, to the Central Military Commission on December 24, 2004, titled "认清新世纪新阶段我军历史使命" (Understand the New Historic Missions of Our Military in the New Period of the New Century) that explicitly warns of "hostile Western forces" that "never abandoned their wild ambition of destroying us, and are strengthening their political strategy of Westernizing and splitting us. They aim to transform us with their political models and values," trans. S. Kirchberger, accessed March 10, 2018, <https://web.archive.org/web/20150509235846/http://gjfy.jxnews.com.cn/system/2010/04/16/011353408.shtml>; see also Nigel Inkster, *China's Cyber Power* (Oxon: Routledge, 2016), 87-88.

sabotage China,” and citizens are offered high financial rewards for “busting” spies.¹¹ 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.”¹²

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.¹³ 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.¹⁴

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.¹⁵ 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

11 *Economist*, “Spy Kids: In China, even schoolchildren are told to catch spies,” May 25, 2017, <https://www.economist.com/china/2017/05/25/in-china-even-schoolchildren-are-told-to-catch-spies>.

12 Xi Jinping, “Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era,” report delivered at the 19th National Congress of the Communist Party of China, Beijing, October 18, 2017, http://www.chinadaily.com.cn/china/19thcpnationalcongress/2017-11/04/content_34115212.htm.

13 Wendy Wu and Choi Chi-yuk, “Coup plotters foiled: Xi Jinping fended off threat to ‘save Communist Party,’” *South China Morning Post*, October 19, 2017, updated October 23, 2017, <http://www.scmp.com/news/china/policies-politics/article/2116176/coup-plotters-foiled-xi-jinping-fended-threat-save>.

14 Richard McGregor, “How the State Runs Business in China,” *Guardian*, July 25, 2019, <https://www.theguardian.com/world/2019/jul/25/china-business-xi-jinping-communist-party-state-private-enterprise-huawei>.

15 Kai Strittmatter, *We Have Been Harmonized: Life in China’s Surveillance State*, transl. Ruth Martin (London: Old Street Publishing, 2019).

16 Yang Jisheng, *Tombstone: The Great Chinese Famine, 1958-1962* (New York: Macmillan, 2012); Frank Dikötter, *Mao’s Great Famine: The History of China’s Most Devastating Catastrophe, 1958-1962* (London: Bloomsbury, 2010).

17 Josh Rudolph, “Party History and What The People Can’t be Told (Updated),” *China Digital Times*, January 3, 2018, <https://chinadigitaltimes.net/2018/01/translation-party-history-people-cant-told/>.

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.

(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,”²³ 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 coerce 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, for instance in blocking Taiwan diplomatically, have mostly backfired.²⁴

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,²⁵ 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

21 Hybrid CoE, *Trends*, 17-18.

22 Tobin Harshaw, “Emperor Xi’s China Is Done Biding Its Time,” Bloomberg Opinion, March 3, 2018, <https://www.belfercenter.org/publication/emperor-xis-china-done-biding-its-time>.

23 *Helsinki Times*, “Finland in the New Great Game,” October 13, 2020, <https://www.helsinkitimes.fi/finland/finland-news/politics/18164-finland-in-the-new-great-game.html>.

24 Fergus Hanson, Emilia Currey, and Tracy Beattie, *The Chinese Communist Party’s Coercive Diplomacy*, Australian Strategic Policy Institute, International Cyber Policy Centre Policy Brief, Report No. 36/2020, <https://www.aspi.org.au/report/chinese-communist-partys-coercive-diplomacy>.

25 Tasha Wibawa, “China’s national security and the ‘three warfares’: How Beijing decides who or what to target,” ABC News, February 25, 2019, <https://www.abc.net.au/news/2019-02-26/chinas-three-warfares-how-does-beijing-decide-who-or-what-to/10825448>; Jeffrey Engstrom, *Systems Confrontation and System Destruction Warfare: How the Chinese People’s Liberation Army Seeks to Wage Modern Warfare*, RAND Corporation, 2018, https://www.rand.org/pubs/research_reports/RR1708.html.

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,²⁶ 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.”²⁷ While the incident was resolved diplomatically, it raised concerns among China hardliners in Washington that Beijing was becoming more assertive in the region.²⁸ However, the 9/11 terrorist attack forced the Bush administration to recalibrate its national security priorities.²⁹ 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.³⁰

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.³¹

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.³² 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

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.

28 Congressional Research Service, *China-U.S. Aircraft Collision Incident of April 2001: Assessment and Policy Implications*, CRS Report for Congress, updated October 10, 2001, <https://fas.org/sgp/crs/row/RL30946.pdf>.

29 US Department of Defense, *Quadrennial Defense Review Report*, September 30, 2001, <https://archive.defense.gov/pubs/qdr2001.pdf>.

30 Carnegie Endowment for International Peace, “China as a Responsible Stakeholder,” June 11, 2007, <https://carnegieendowment.org/2007/06/11/china-as-responsible-stakeholder-event-998>.

31 The 2018 National Security Strategy referred to “strategic competition” with China.

32 Reuters staff, “Trump says ‘great’ bond with China’s Xi changes after COVID-19,” August 11, 2020, <https://www.reuters.com/article/us-usa-china-trump/trump-says-great-bond-with-chinas-xi-changed-after-covid-19-idUSKCN2571QM>.



Then-US President Donald J. Trump, joined by Chinese Vice Premier Liu He, sign the US China Phase One Trade Agreement Wednesday, Jan. 15, 2020, in the East Room of the White House. *Source:* Official White House Photo by Shealah Craighead

“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.³³ 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.”³⁴

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

33 Hans Nichols, “Biden’s China plan: Bring allies,” *Axios*, October 29, 2020, <https://www.axios.com/biden-china-confront-allies-3aa289c0-53b6-4bd9-8e20-0a5a1adc90b0.html>; Edward Wong and Chris Buckley, “U.S. Says China’s Repression of Uighurs Is ‘Genocide,’” *New York Times*, January 19, 2021, <https://www.nytimes.com/2021/01/19/us/politics/trump-china-xinjiang.html>.

34 Nichols, “Biden’s plan.”

Representative Robert E. Lighthizer took a strong stand on China's economic practices³⁵ but also resisted policies that might undercut the Phase One trade agreement with China. Pompeo focused on a broader list of security issues, for example, saying "the world will not allow Beijing to treat the South China Sea as its maritime empire."³⁶ And former US National Security Advisor Robert C. O'Brien stressed the ideological battle ahead, stating: "Chinese President Xi Jinping's ambitions for control are not limited to the people of China. Across the globe, the CCP aims to spread propaganda, restrict speech, and exploit personal data to malign ends."³⁷ During 2020, Trump walked away from the World Health Organization (WHO) because of disputed accusations that it covered up China's role in the pandemic, closed the Chinese consulate in Houston, took steps against Huawei Technologies Co., Ltd., and TikTok, sanctioned Hong Kong Chief Executive Carrie Lam, retained about \$360 billion in tariffs on Chinese exports, and sought to remove Chinese companies from the New York Stock Exchange.³⁸

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."³⁹ Others, like Flournoy, raise the concern that China and the United States could stumble into a conflict because US deterrence has eroded.⁴⁰ Tom Donilon, who served as national security advisor in the Obama administration, criticized Trump's use of trade wars to coerce a trade agreement.⁴¹

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."⁴²

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."⁴³

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

35 Robert E. Lighthizer, "How to Make Trade Work for Workers," *Foreign Affairs*, July/August 2020, <https://www.foreignaffairs.com/articles/united-states/2020-06-09/how-make-trade-work-workers>.

36 Adela Suliman, Eric Baculinao, and Ed Flanagan, "U.S. says most of China's claims in South China Sea are unlawful," NBC News, July 14, 2020, <https://www.nbcnews.com/news/world/u-s-says-most-china-s-claims-south-china-sea-n1233745>.

37 Robert C. O'Brien, "How China Threatens American Democracy," *Foreign Affairs*, October 21, 2020, <https://www.foreignaffairs.com/articles/china/2020-10-21/how-china-threatens-american-democracy>.

38 Nichols, "Biden's China plan."

39 Kurt M. Campbell and Jake Sullivan, "Competition Without Catastrophe," *Foreign Affairs*, September/October 2020, <https://www.foreignaffairs.com/articles/china/competition-with-china-without-catastrophe>.

40 Michèle A. Flournoy, "How to Prevent a War in Asia," *Foreign Affairs*, June 18, 2020, <https://www.foreignaffairs.com/articles/united-states/2020-06-18/how-prevent-war-asia>.

41 Tom Donilon, "Trump's Trade War Is the Wrong Way to Compete With China," *Foreign Affairs*, June 25, 2019, <https://www.foreignaffairs.com/articles/china/2019-06-25/trumps-trade-war-wrong-way-compete-china>.

42 Joseph R. Biden, Jr., "Why America Must Lead Again," *Foreign Affairs*, March/April 2020, <https://www.foreignaffairs.com/articles/united-states/2020-01-23/why-america-must-lead-again>.

43 David M. Herszenhorn, "Pompeo says US ready to team up on China, but EU eyes post-Trump world," *Politico*, June 25, 2020, <https://www.politico.eu/article/pompeo-says-us-ready-to-team-up-on-china-but-eu-eyes-a-post-trump-world/>.

commons.⁴⁴ 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).⁴⁵ 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.⁴⁶

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 worldviews 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.”⁴⁷ 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.⁴⁸

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.⁴⁹ 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

44 Sebastian Bersick, “Europe’s Role in Asia: Distant but Involved” in *International Relations of Asia*, 2nd ed., eds. David Shambaugh and Michael Yahuda (Lanham, MD: Rowan & Littlefield, 2014), 122-23.

45 Ibid., 126.

46 Mikko Huotari and Max J. Zenglein, The EU-China Comprehensive Agreement on Investment (CAI) is a test for the future trajectory of the EU-China relationship, press release, MERICS, December 22, 2020, <https://merics.org/en/press-release/eu-china-comprehensive-agreement-investment>.

47 Bersick, “Europe’s Role,” 119-121.

48 For an overview of individual EU member states’ positions on China, see François Godement and Abigaël Vasselier, *China at the Gates: A New Power Audit of EU-China Relations*, European Council on Foreign Relations, December 1, 2017, 98-125, https://ecfr.eu/publication/china_eu_power_audit7242/.

49 European Union External Action Service, *Country Strategy Paper China 2007-2013*, April 3, 2013, https://eeas.europa.eu/headquarters/headquarters-homepage/15399/country-strategy-paper-china-2007-2013_iv.



Chinese President Xi Jinping in Greece, 2019. Source: Ministry of Foreign Affairs of Greece/ΑΠΕ-ΜΠΕ

leverage in Europe by supporting the euro and by multiplying 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.⁵⁰ The EU has, however, remained in line with the United States and a number of other countries in refusing to consider these demands.⁵¹ In 2008, China for the first time cancelled an EU-China summit because 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 Asia⁵² 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 cooperation 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.

50 Bersick, "Europe's Role," 125-127.

51 Laura Puccio, *Granting Market Economy Status To China: An analysis of WTO law and of selected WTO members' policy*, European Parliamentary Research Service In-Depth Analysis, November 2015, [https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/571325/EPRS_IDA\(2015\)571325_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/571325/EPRS_IDA(2015)571325_EN.pdf).

52 Council of the European Union, "Guidelines on the EU's Foreign and Security Policy in East Asia," June 15, 2012, http://www.eeas.europa.eu/archives/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 Naiveté

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 naive 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

53 Max J. Zenglein, *Mapping and recalibrating Europe's economic interdependence with China*, MERICS China Monitor, November 17, 2020, <https://merics.org/en/report/mapping-and-recalibrating-europes-economic-interdependence-china>.

54 Godement and Vasselier, *China at the Gates*, 21.

55 Bersick, “Europe's Role,” 115-144, 128.

56 Finbarr Bermingham, “EU-China investment deal faces backlash in European Parliament,” *South China Morning Post*, February 24, 2021, <https://www.scmp.com/news/china/diplomacy/article/3122991/eu-china-investment-deal-faces-backlash-european-parliament>.

57 Rebecca Arcesati et al., “Towards a ‘Principles First’ Approach in Europe's China Policy: Drawing lessons from the COVID-19 crisis,” MERICS Papers on China No. 9, September 2020, <https://merics.org/en/report/towards-principles-first-approach-europes-china-policy>.

58 Kunsang Thokmay, “China's Leaders Facing Global Resistance,” *Asia Times*, August 5, 2020, <https://asiatimes.com/2020/08/chinas-leaders-facing-global-resistance/>.

59 Josep Borrell, “China, the United States and us,” European External Action Service, July 31, 2020, https://eeas.europa.eu/headquarters/headquarters-homepage/83644/china-united-states-and-us_en.

60 Atlantic Council, “NATO 2030: Secretary General Jens Stoltenberg on strengthening the Alliance in a post-COVID world,” June 9, 2020, video, 41:33, https://www.youtube.com/watch?v=MBtpSod-TPA&feature=emb_title.

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.”⁶¹

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.⁶² 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.”⁶³ 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.”⁶⁴ The Swedish decision to suspend all Confucius Institutes,⁶⁵ terminate all city partnerships with Chinese counterparts, and block Huawei from the nation’s 5G networks came as the culmination of a deepening rift after years of tensions that are reminiscent of a previous six-year diplomatic freeze between Norway and China over a human rights issue.⁶⁶ The Czech Republic, meanwhile, recently made headlines when its Senate leader visited Taiwan with an eighty-nine-person-strong delegation in defiance of Chinese threats of retaliation.⁶⁷

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 guidelines⁶⁸ 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.⁶⁹ 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

61 Stuart Lau, “RCEP a ‘wake-up call’ for Europe and the US to unite against China,” *South China Morning Post*, November 18, 2020, <https://www.scmp.com/news/china/diplomacy/article/3110349/rcep-wake-call-europe-and-us-unite-against-china>.

62 *Business Insider*, “The UK is reportedly granting a record ‘five passports a minute’ to Hong Kong residents,” *South China Morning Post*, December 6, 2020, <https://www.scmp.com/news/hong-kong/article/3112738/uk-reportedly-granting-record-five-passports-minute-hong-kong>.

63 Sophia Gaston and Rana Mitter, *After the Golden Age: Resetting UK-China Engagement*, British Foreign Policy Group, July 29, 2020, <https://bfp.gco.uk/2020/07/resetting-uk-china-engagement/>.

64 Joshua Posaner, “Estonia to reject China-backed Baltic tunnel plan over security fears,” *Politico*, July 31, 2020, <https://www.politico.eu/article/estonia-to-reject-china-backed-baltic-tunnel-plan-over-security-fears/>.

65 Jan Petter Myklebust, “Confucius institutions close as China relations deteriorate,” *University World News*, May 16, 2020, <https://www.universityworldnews.com/post.php?story=20200513092025679>.

66 Richard Milne, “Norway and China resume diplomatic ties after Nobel rift,” *Financial Times*, December 19, 2016, <https://www.ft.com/content/2161aeef-c5d1-11e6-8f29-9445cac8966f>.

67 Joyce Huang, “China’s ‘Coercive Diplomacy’ Backfires as Czech Senate Delegation Visits Taiwan,” VOA, August 30, 2020, <https://www.voanews.com/east-asia-pacific/chinas-coercive-diplomacy-backfires-czech-senate-delegation-visits-taiwan>.

68 German Federal Foreign Office, “‘Germany-Europe-Asia: shaping the 21st century together’: The German Government adopts policy guidelines on the Indo-Pacific region,” September 1, 2020, <https://www.auswaertiges-amt.de/en/aussenpolitik/regionaleschwerpunkte/asien/german-government-policy-guidelines-indo-pacific/2380510>.

69 Eryk Bagshaw and Latika Bourke, “Germany refuses to turn a ‘blind eye’ to China, teams up with Australia,” *Sydney Morning Herald*, November 2, 2020, <https://www.smh.com.au/world/asia/germany-refuses-to-turn-a-blind-eye-to-china-teams-up-with-australia-20201102-p56apf.html>; Abhijnan Rej, “German Defense Minister Continues Her Indo-Pacific Campaign,” *Diplomat*, November 5, 2020, <https://thediplomat.com/2020/11/german-defense-minister-continues-her-indo-pacific-campaign/>;

suppliers or not.⁷⁰ 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.⁷¹

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-Eurasian bridgehead and transport corridor to the EU market through trade, investment, cultural exchanges, and people-to-people connectivity.⁷² 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.⁷³

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 naiveté 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.”⁷⁴ 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.”⁷⁵

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

70 Daniel Delhaes, Dana Heide, and Moritz Koch, “Germany may impose de facto Huawei 5G ban,” *Handelsblatt*, August 2, 2019, <https://www.handelsblatt.com/english/politics/it-security-germany-may-impose-de-facto-huawei-5g-ban-/23964582.html>; Guy Chazan, “Germany sets high hurdle for Huawei,” *Financial Times*, December 16, 2020, <https://www.ft.com/content/cadc6d26-97e1-4e63-b6ca-f24110c90379>; Beryl Thomas, “What Germany’s new cyber security law means for Huawei, Europe, and NATO,” European Council on Foreign Relations, February 5, 2021, <https://ecfr.eu/article/what-germanys-new-cyber-security-law-means-for-huawei-europe-and-nato/>.

71 Michael Roth, “Die Sicherheit unserer Bürger steht auf dem Spiel” [The security of our citizens is at stake], *Der Spiegel*, August 2, 2020, <https://www.spiegel.de/politik/ausland/china-als-europas-systemrivale-die-sicherheit-unserer-buerger-steht-auf-dem-spiel-gastbeitrag-a-c8a2df41-8b57-41d6-8540-40768dfd51f3>.

72 Valbona Zeneli, “China and Europe” in *China’s Global Influence: Perspectives and Recommendations*, eds. Scott D. McDonald and Michael C. Burgoyne, 132, <https://apcss.org/wp-content/uploads/2019/09/00-Introduction.pdf>.

73 European Union External Action Service, “Connecting Europe & Asia: The EU Strategy,” factsheet, September 26, 2019, https://eeas.europa.eu/headquarters/headquarters-homepage/50699/connecting-europe-asia-eu-strategy_en.

74 Lau, “RCEP.”

75 Max J. Zenglein, *Mapping and recalibrating Europe’s economic interdependence with China*, MERICS, November 17, 2020, <https://merics.org/en/report/mapping-and-recalibrating-europes-economic-interdependence-china>.

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 felt that China's growing military power was a good thing. Relatedly, 24 percent of Americans listed China as the state most likely to be a threat to the United States in the future—equal with Russia and five percentage points higher than in 2014.⁸⁰

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 Indeed, a 2019 *New York Times* poll found that 58 percent of Americans believed that the Trump administration's trade war with China would hurt the United States.⁸⁴

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

76 Laura Silver, Kat Devlin, and Christine Huang, *US Views of China Turn Sharply Negative Amid Trade Tensions*, Pew Research Center, August 13, 2019, <https://www.pewresearch.org/global/2019/08/13/u-s-views-of-china-turn-sharply-negative-amid-trade-tensions/>.

77 Ibid.

78 Ibid.

79 Ibid.

80 Ibid.

81 Laura Silver, Kat Devlin, and Christine Huang, *Americans Fault China for Its Role in the Spread of COVID-19*, Pew Research Center, July 30, 2020, <https://www.pewresearch.org/global/2020/07/30/americans-fault-china-for-its-role-in-the-spread-of-covid-19/>.

82 Morning Consult and *Politico*, “National Tracking Poll #200554,” May 2020, <https://www.politico.com/f/?id=00000172-2f32-dc3e-aff6-2fbf64d40000>.

83 Silver, Devlin, and Huang, *Americans Fault China*.

84 Ben Casselman and Ana Swanson, “Survey Shows Broad Opposition to Trump Trade Policies,” *New York Times*, September 19, 2019 (updated September 20, 2019), <https://www.nytimes.com/2019/09/19/business/economy/trade-war-economic-concerns.html>.

85 Laura Silver, Kat Devlin, and Christine Huang, *Unfavorable Views of China Reach Historic Highs in Many Countries*, Pew Research Center, October 6, 2020, <https://www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/>.

opinions of China improved, compared to only 6 percent of French and 5 percent of Germans.⁸⁶ 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.⁸⁷

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.⁸⁸

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.⁸⁹ 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.⁹⁰ 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 expressing confidence in Russian President Vladimir Putin and 20.4 percent expressing confidence in Xi.⁹¹ 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,⁹² 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.⁹³ 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

86 Ivan Krastev and Mark Leonard, *Europe's Pandemic Politics: How the Virus has Changed the Public's Worldview*, European Council on Foreign Relations, June 2020, 16, https://ecfr.eu/archive/page/-/europes_pandemic_politics_how_the_virus_has_changed_the_publics_worldview.pdf.

87 Ibid., 15.

88 Laura Silver, Kat Devlin, and Christine Huang, *China's Economic Growth Mostly Welcomed in Emerging Markets, but Neighbors Wary of Its Influence*, Pew Research Center, December 5, 2019, 3, <https://www.pewresearch.org/global/2019/12/05/attitudes-toward-china-2019/>.

89 Richard Wike, Janell Fetterolf, and Mara Mordecai, *US Image Plummets Internationally as Most Say Country Has Handled Coronavirus Badly*, Pew Research Center, September 15, 2020, <https://www.pewresearch.org/global/2020/09/15/us-image-plummets-internationally-as-most-say-country-has-handled-coronavirus-badly/>.

90 Krastev and Leonard, *Europe's Pandemic Politics*, 16.

91 Wike, Fetterolf, and Mordecai, *US Image Plummets*.

92 Richard Wike et al., *Trump Ratings Remain Low Around Globe, While Views of US Stay Mostly Favorable*, Pew Research Center, January 8, 2020, 2, <https://www.pewresearch.org/global/2020/01/08/trump-ratings-remain-low-around-globe-while-views-of-u-s-stay-mostly-favorable/>.

93 Eli Yokley, "Biden's Election Makes US More Popular in Europe, Less Popular in China and Russia," Morning Consult, November 12, 2020, <https://morningconsult.com/2020/11/12/global-sentiment-biden-polling/>.



Entrance to the Forbidden City, Beijing. Source: Wikimedia Commons/Calflier001 (<https://creativecommons.org/licenses/by-sa/2.0/deed.en>)

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

94 Andrew Scobell et al., *China’s Grand Strategy: Trends, Trajectories, and Long-Term Competition*, RAND Corporation, 2020, 102-111, <https://doi.org/10.7249/RR2798>.

95 Naval News Staff, “Russia Could Cooperate With China In The Naval Field To Achieve Parity With The West – Part 1,” *Naval News*, November 16, 2020, <https://www.navalnews.com/naval-news/2020/11/russia-could-cooperate-with-china-in-the-naval-field-to-achieve-parity-with-the-west-part-1/>.

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.

Chapter II: Areas of Greatest Potential Convergence

By Clementine G. Starling and Didi Kirsten Tatlow

The areas of greatest potential transatlantic convergence deal primarily with values both in China and globally: China’s formidably poor human rights record, global competition over the means of governance, China’s coercive diplomatic practices, and China’s influence operations across the globe. This range of behaviors is at work at home and around the world. A transatlantic strategy to deal with China should have these as key pillars, not only because a united response is critical to calling out China and taking action, but also because they provide common ground for agreement among transatlantic allies. These issues go to the heart of what transatlantic nations stand for.

Across the board, the United States and European nations typically align their rhetoric and responses to China’s human rights violations, tending to opt for multilateral statements, legislation, or action, often through the use of international fora like the United Nations (UN) and the European Union (EU). Consistently, in bilateral and multilateral settings, most North American and European countries opt to call out China’s human rights abuses against domestic dissenters, including citizen journalists; in Xinjiang, Hong Kong, and Tibet; and against religious practitioners, and to voice concerns about China’s information, surveillance, and coercive diplomacy apparatus, including its growing digital capabilities. In these areas, there should be ample potential and opportunities for transatlantic partners to design common approaches to protect democratic institutions and human rights. And yet China is routinely able to intimidate transatlantic nations from taking action on these values or even speaking out. The tactics and mechanisms of China’s influence and interference, while long neglected and often difficult for outsiders to grasp due to linguistic and political factors, are similar around the world, making collaboration on resisting and defeating them entirely possible if the transatlantic political will is present. Only with a more concerted and unified transatlantic approach can sanctions or shaming have any impact on Chinese behavior.

Section A: China’s Malign Governance and Human Rights Practices

1. The Challenges

a) The governance debate

One of the foremost challenges to the transatlantic community is how to deal with China’s governance practices that differ so widely from those of the United States and Europe. China sees the world through an ideological lens, where autocracy is in competition with democracy. Its autocratic practices today look different than in previous decades. Instead of directly countering democracy, domestically, the Chinese Communist Party (CCP) has twisted democratic structures into tools of oppression and state control. Ruling politicians are able to gain more power than ever, using domestic elections as justification to impose a regime’s will rather than as an opportunity for the minority to have its say.⁹⁶

Autocracy and democracy are fundamentally incompatible types of political systems, but given this divergence, a key question for the United States and its allies is what policies to follow in the face of this divergence. China today seeks to make a “world safe for autocracy” so that the CCP can continue to rule at home without impingement. Reaching outward, autocratic China has offered alternatives to US-led institutions, aimed at undermining universal values and lending to the CCP’s own survival. Some experts now see an emerging security dilemma posed by this governance challenge wherein China’s “efforts to make the world safer for the CCP ... threaten liberal democracies overseas ... as a consequence of its defensive efforts.”⁹⁷

Internationally, China plays within existing international structures but seeks to undermine them by bending the

96 Griff Witte, “In our age of autocracy, leaders are turning democracy into a tool of oppression,” *Independent*, December 27, 2018, https://www.independent.co.uk/news/long_reads/new-autocrats-leaders-are-turning-democracy-tool-oppression-a8680161.html.

97 Center for Strategic and International Studies, “Are the United States and China in an Ideological Competition?” *Freeman Chair Blog*, December 13, 2019, <https://www.csis.org/blogs/freeman-chair-blog/are-united-states-and-china-ideological-competition>.

rules. For example, China's conduct and mixed compliance within the World Trade Organization (WTO) has been described by some experts as challenging the WTO's underlying norms⁹⁸ and thus undermining organizational credibility. A 2020 US Senate report outlined China's use of international systems to reshape norms and principles, including using these organizations to "institutionalize aspects of its agenda, erode human rights standards, and undermine a free and fair internet."⁹⁹

China also seeks to alleviate domestic economic challenges "through overseas investment and the creation of markets" around the world for Chinese goods.¹⁰⁰ If the CCP's legitimacy depends on its economic strength, then its global ambitions are intrinsically tied to autocracy. The crux of Chinese domestic power is information dominance; accordingly, the CCP manipulates the information space as a way to increase its legitimacy, including by attempting to shape the developing world's views on autocracy and China more generally. This also reinforces Chinese economic markets in the developing world.¹⁰¹ According to the director of the Federal Bureau of Investigation (FBI), Christopher Wray, the United States should view Chinese ambitions as "not just a whole-of-government threat but a whole-of-society threat," reflecting a fear that CCP protections come at the cost of democracy and the US-led international order.¹⁰²

Further, China has deepened its authoritarianism. As a result, it is spending billions of dollars to shape global political perceptions to its advantage.¹⁰³ Indeed, the CCP has more recently outlined the benefits and underpinnings of its socialist system to an external audience.¹⁰⁴ In 2017, Yang Jiechi, at the time state councilor and currently director of the CCP's Central Foreign Affairs Commission Office, said of China: "We should enhance confidence in the path, theories, system and culture of socialism with distinctive

Chinese features, and share our governance experience with other countries."¹⁰⁵ The ideas have also been reflected in Chinese President Xi Jinping's statements, including his address to the 19th National Congress of the CCP in October 2017.¹⁰⁶ This is a significant and interesting development as the CCP looks to communicate the benefits and value of its system.¹⁰⁷

Over the next decade, democracies like the United States and European countries will need to decide which Chinese efforts are acceptable and which undermine democracy and international institutions, and thus must be collectively countered. Regardless of that decision, China's global ambitions remain tied to its autocracy. Under Xi, Chinese governance at home is foundational to China's rise as a world power.¹⁰⁸

b) Chinese human rights violations

Critical to China's governance model is control of its power, people, and information. Alongside the challenge posed by China's governance practices, arguably one of the largest concerns about China's conduct is its record of human rights violations and undermining of other nations' sovereignty. China not only exports abusive human rights practices abroad, the CCP's largest violation is against the Chinese people. While the Universal Declaration of Human Rights states that all people possess "human rights and fundamental freedoms" that governments are bound to secure,¹⁰⁹ in China, the CCP's absolute and totalitarian rule systematically dispossesses Chinese citizens of their rights and curtails widespread freedoms in order to retain power. People in China are subject to extreme scrutiny and surveillance. They are prohibited from practicing the "religion or belief of their choice," expressing opinions, or forming "groups of their choosing without fear" of retribution or arrest, and members of minority groups are subject to mass detention, "political indoctrination, torture, forced abortions

98 Center for Strategic and International Studies, "How Influential is China in the World Trade Organization?" *China Power*, July 31, 2019, updated August 25, 2020, *China Power*, <https://chinapower.csis.org/china-world-trade-organization-wto/>.

99 Democratic Staff Report prepared for the use of the Committee on Foreign Relations, United States Senate, *The New Big Brother: China and Digital Authoritarianism*, July 21, 2020, <https://www.foreign.senate.gov/imo/media/doc/2020%20SFRC%20Minority%20Staff%20Report%20-%20The%20New%20Big%20Brother%20-%20China%20and%20Digital%20Authoritarianism.pdf>.

100 David O. Shullman, "Protect the Party: China's growing influence in the developing world," Brookings Institution, January 22, 2019, <https://www.brookings.edu/articles/protect-the-party-chinas-growing-influence-in-the-developing-world/>.

101 Ibid.

102 Jessica Chen Weiss, "A World Safe for Autocracy?" *Foreign Affairs*, July/August 2019, <https://www.foreignaffairs.com/articles/china/2019-06-11/world-safe-autocracy>.

103 *China's International Influence on Democracy*, US Senate Committee on Foreign Relations, 116th Cong. (2019) (testimony of Christopher Walker, vice president, studies and analysis, National Endowment for Democracy), <https://www.ned.org/chinas-international-influence-on-democracy/>.

104 Alice Ekman, "How Will Europe Handle Conceptual Divergence Between China and the US?" *GlobalAsia* 14 (2) (June 2019), https://www.globalasia.org/v14no2/focus/how-will-europe-handle-conceptual-divergence-between-china-and-the-us_alice-ekman.

105 Yang Jiechi, "Study and Implement General Secretary Xi Jinping's Thought on Diplomacy in a Deep-Going Way and Keep Writing New Chapters of Major-Country Diplomacy with Distinctive Chinese Features," *Xinhua*, July 17, 2017, http://www.xinhuanet.com/english/2017-07/19/c_136456009.htm.

106 "Postscript: Chinese Communist Party Secretary General Xi Jinping's Report to the 19th CCP Congress on 18 October 2017," *Chinese Law & Government* 50 (2018) (1): 87-90, <https://www.tandfonline.com/doi/abs/10.1080/00094609.2018.1445375?journalCode=mclg20>.

107 Ibid.

108 Center for Strategic and International Studies, "Are the?"

109 United Nations, *Universal Declaration of Human Rights*, <https://www.un.org/en/universal-declaration-human-rights/>.

and sterilization, and state-sponsored forced labor.”¹¹⁰ While specific cases of China’s human rights abuses do and should draw particular attention from the international community, the mass scale of curtailment of the Chinese people’s freedoms by the CCP should not be overlooked.

As the United States and European nations grapple with how to address the profound issues surrounding China’s human rights abuses, a complicating factor is the distinct differences in terminology and language used to describe this set of issues. Concepts of foreign policy vary greatly between China and the United States.¹¹¹ The widening gap between conceptual perspectives makes building a common language more difficult, and dialogue harder. This was demonstrated at the 2019 Shangri-La Dialogue where terms like “rules-based international order” versus “a Community of Common Destiny” and “Indo-Pacific” versus “Asia-Pacific” were used differently by US and Chinese officials. These notable differences in language depict variant global visions and make it easier for these nations to talk past each other. Significantly, in this context, “democracy”—the defining feature of governance in Europe and North America, requiring rule by the people for the people through free and fair elections and respect for individual rights—was coopted by Xi in 2019 to describe “China’s people’s democracy [as] a type of whole-process democracy.”¹¹² As Xi and the CCP endeavor to bestow democracy with “Chinese characteristics”¹¹³ rather than besmirch the term democracy completely, the Chinese president’s description of a “socialist democracy” makes it harder for the United States and European nations to conduct forthright dialogue that addresses the shortcomings of China’s systemic oppression. These different meanings and applications of shared language should be considered when the United States and European nations conduct dialogue with China because misrepresentations may extend to the use of the words “rights” and “freedoms,” complicating the picture on human rights.

The Uyghurs in Xinjiang. In 2017, authorities in the Xinjiang region in northwest China enacted regulation enforcing “de-extremification,” which resulted in up to one million Uyghurs, Kazakhs, and other ethnic minorities being sent to internment camps. “Many religious figures, intellectuals, and academics were detained in Xinjiang ... for exercising their rights to freedom of religion and expression.”¹¹⁴ This extreme crackdown on the rights and freedoms of minority Chinese people was preceded by terror attacks in China that the Chinese government attributed to Uyghur extremists. In 2009, ethnic rioting caused two hundred deaths in Xinjiang,¹¹⁵ while a train station attack in Kunming killed at least twenty-nine people and injured 143 people in 2014.¹¹⁶ The Chinese government has used such incidents to justify the rampant impingement on all Uyghurs’ rights. Following the 9/11 attacks on the United States, Beijing claimed that some Uyghur groups turned to terrorism, most notably the separatist East Turkestan Islamic Movement (ETIM)¹¹⁷ which calls for Xinjiang’s separation as “Eastern Turkestan.” The CCP considers these individuals to be “part of a network of Islamic terror, with funding from the Middle East.”¹¹⁸ Nonetheless, longstanding skepticism exists about Beijing’s characterization of the extent of the terrorist threat.¹¹⁹ In fact, in July 2020, the US Government removed ETIM from the US terror list, stating that “there’s no clear evidence that ETIM continues to exist” or pose a risk.¹²⁰

Despite the Chinese government’s claim that it will eventually phase out “transformation-through-education” detention centers in Xinjiang,¹²¹ reports show continued detention of predominantly Muslim ethnic groups. Outside of Xinjiang’s detention facilities, Chinese “authorities subject Turkic Muslims in Xinjiang to extraordinary restrictions on personal life. Authorities have recalled passports throughout the region”¹²² and created checkpoints between towns. “They are subjected to persistent political indoctrination, including compulsory flag-raising ceremonies and political

110 US Department of State, “China’s Disregard for Human Rights,” <https://www.state.gov/chinas-disregard-for-human-rights/>.

111 Ekman, “How Will?”

112 Xinhua, “Xi says China’s democracy is whole-process democracy,” Xinhuanet, November 3, 2019, http://www.xinhuanet.com/english/2019-11/03/c_138525172.htm.

113 Jo Kim, “Exploring China’s New Narrative on Democracy,” *Diplomat*, December 6, 2019, <https://thediplomat.com/2019/12/exploring-chinas-new-narrative-on-democracy/>.

114 Amnesty International, *China 2019*, accessed December 22, 2020, <https://www.amnesty.org/en/countries/asia-and-the-pacific/china/report-china/>.

115 *Economist*, “The riots in Xinjiang: Is China fraying?” July 11, 2009, <https://www.economist.com/briefing/2009/07/09/is-china-fraying>.

116 Ziad Haider, “The Attack in Kunming: Uyghurs and Beijing’s Response,” *Doctrine Blog*, 2014, <http://trumancenter.org/doctrine-blog/the-attack-in-kunming-uyghurs-and-beijings-response/>.

117 Ibid.

118 Chien-peng Chung, “‘China’s ‘War on Terror’: September 11 and Uighur Separatism,” *Foreign Affairs*, 81 (4) (July-August 2002): 8-12, <https://www.jstor.org/stable/20033235?seq=1>.

119 Haider, “The Attack.”

120 “US removes separatist group condemned by China from terror list,” *Deutsche Welle*, July 11, 2020, <https://www.dw.com/en/us-removes-separatist-group-condemned-by-china-from-terror-list/a-55527586>

121 Michel Clarke, “Xinjiang’s ‘Transformation Through Education’ Camps,” Lowy Institute, May 25, 2018, <https://www.loyyinstitute.org/the-interpretor/xinjiangs-transformation-through-education-camps>.

122 Kenneth Roth, *China: Events of 2018*, Human Rights Watch, 2019, <https://www.hrw.org/world-report/2019/country-chapters/china-and-tibet>.

or denunciation meetings. With unprecedented levels of control over religious practices, authorities have effectively outlawed the practice of Islam in the region.”¹²³

The people of Xinjiang are also subject to pervasive state surveillance.¹²⁴ According to the US Department of State, recorded human rights abuses include “coercive population control methods [forced sterilization and abortion, detention, etc.], forced labor, arbitrary detention in internment camps, torture, physical and sexual abuse, mass surveillance, family separation, and repression of cultural and religious expression.”¹²⁵ Many, if not all, of these practices are currently being conducted and mandated by the Chinese state in Xinjiang. Indeed, in January 2021, then-US Secretary of State Michael R. Pompeo declared that China is committing genocide against the Uyghurs and other minorities in Xinjiang, tantamount to crimes against humanity.¹²⁶ The statement followed US President Joseph R. Biden Jr.’s then-campaign describing China’s activities in Xinjiang as “genocide” in August 2020.¹²⁷ US Secretary of State Antony Blinken reaffirmed this view at his confirmation hearing before the Senate Foreign Relations Committee on January 19.¹²⁸ To date, these statements by both the Trump and Biden administrations are the strongest denunciation by any government of China’s actions against the Uyghurs. The term “genocide” has yet to be used by other transatlantic governments.

Hong Kong. An article in the Basic Law of Hong Kong’s “mini-constitution,” Article 23, stipulates that the city must enact its own national security law. In 2003, this stipulation prompted mass protests due to concerns about the “loss of freedom of speech and other civil liberties. Under this clause, national security laws must ban seven types of activity: treason, secession, sedition, subversion against the central government, theft of state secrets, the hosting of political activities by foreign political organizations or

bodies, and the establishment of ties between local and foreign political organizations.”¹²⁹

Chinese suppression of “free expression, association, and political participation in Hong Kong worsened considerably in 2018.”¹³⁰ In June 2019, peaceful protests began in Hong Kong against the government’s plans to allow the extradition of people to mainland China, a bill that would undermine judicial independence and endanger dissidents. Protests turned violent, with police firing live bullets into crowds and more than seven thousand people arrested.

On June 30, 2020, China imposed a wide-ranging national security law on Hong Kong that defines four new crimes: separatism, subversion, terrorism, and collusion with external powers. Significantly, this means that anyone who protests against China will be accused of collaborating with foreign governments, putting protesters in Hong Kong at risk of arrest and life imprisonment.¹³¹ The law extends beyond Hong Kong itself; according to Article 38, it also applies to crimes committed outside of Hong Kong, and any foreigner can be accused of threatening Chinese national security.¹³²

Under the “one country, two systems” arrangement, Hong Kong has its own judiciary and a separate legal system from mainland China, including the right to freedom of assembly and freedom of speech.¹³³ Yet, the harsh crackdown and disavowal of those freedoms to the people of Hong Kong has challenged the limited sovereignty of the state.

Tibet. In Tibet, religious freedom, free speech, freedom of movement, and freedom of assembly are extensively restricted by the authorities.¹³⁴ In one particular case in 2018, several hundred Tibetans traveling on Chinese passports to visit the Dalai Lama were threatened by officials in Tibetan areas, forcing them to return home for fear

123 Ibid.

124 Ibid.

125 US Department of State, *The Chinese Communist Party’s Human Rights Abuses in Xinjiang*, <https://www.state.gov/ccpabuses>.

126 Bill Chappell, “Pompeo Accuses China Of Genocide Against Muslim Uighurs In Xinjiang,” NPR, January 19, 2021, <https://www.npr.org/2021/01/19/958468971/pompeo-accuses-china-of-genocide-against-muslim-uighurs-in-xinjiang>.

127 Zachary Basu, “Biden campaign says China’s treatment of Uighur Muslims is ‘genocide,’” *Axios*, August 25, 2020, <https://www.axios.com/biden-campaign-china-uighur-genocide-3ad857a7-abfe-4b16-813d-7f074a8a04ba.html><https://www.axios.com/biden-campaign-china-uighur-genocide-3ad857a7-abfe-4b16-813d-7f074a8a04ba.html>.

128 Deirdre Shesgreen, “‘The world’s on fire’ and other takeaways from Biden’s secretary of state nominee confirmation hearing,” *USA Today*, January 19, 2021, <https://www.usatoday.com/story/news/politics/elections/2021/01/19/biden-nominee-antony-blinken-china-committing-genocide-uyghurs/4215835001/>.

129 Joshua Wong, China is committing human rights abuses in Hong Kong, Al Jazeera, April 18, 2020, <https://www.aljazeera.com/opinions/2020/4/18/china-is-committing-human-rights-abuses-in-hong-kong/>.

130 Roth, *China*.

131 Clémence Dogniez, author, “Europe’s Response to Hong Kong Security Law: Between Condemnation and restraint,” trans. Christian Gibbons, *New Federalist*, August 9, 2020, <https://www.thenewfederalist.eu/europe-s-response-to-hong-kong-security-law-between-condemnation-and?lang=fr>.

132 Ibid.

133 Felix Tam and Clare Jim, “‘One country, two systems’ can continue beyond 2047: Hong Kong leader,” Reuters, January 16, 2020, <https://www.reuters.com/article/us-hongkong-protests/one-country-two-systems-can-continue-beyond-2047-hong-kong-leader-idUSKBN1ZF0NO>.

134 Roth, *China*.

of retribution against them and their family members.¹³⁵ Chinese officials view Tibetan Buddhism and belief in the Dalai Lama as a threat, and thus merely possessing images of the spiritual leader can result in imprisonment and torture.¹³⁶ For the last five years, Freedom House has “ranked Tibet among the worst places in the world for the denial of freedom.”¹³⁷ Perversely, Tibetans have been encouraged to denounce members of their own community to authorities.

An extreme system of public surveillance exists in the region, including extensive security cameras, police checkpoints, and the monitoring of public movements and activities by party officials. China has also “repeatedly violated UN conventions through extensive use of torture against Tibetan political prisoners.”¹³⁸ Tibetans are imprisoned for small acts of expression, including “waving the Tibetan flag, calling for the return of the Dalai Lama, and sending information about events in Tibet abroad,” as well as on “unclear or unspecified charges.” In extreme cases, Tibetans may face the death penalty for charges related to “separatism,” described as “acts intended to divide or damage the Chinese state.”¹³⁹

c) Chinese surveillance tools and techniques

Technologies and tools. The Chinese government’s information control and grip on power is maintained by an intense system of mass surveillance, which is part of a deep-seated CCP belief in thought control. Under Xi, the Chinese government has invested heavily in technology that enables pervasive surveillance of its public, impinging on citizens’ privacy. It is estimated that the government has installed up to 2.7 billion cameras around the country—adding to an existing fifty million cameras with facial recognition—in order to reduce “blind spots” in populated and urban areas.¹⁴⁰

The CCP’s mass surveillance architecture is supported by private technology and Internet companies enabling

the use of “facial recognition, real-name registration systems, and big data” analytics.¹⁴¹ China maintains its “Great Firewall,” which bans a range of platforms and systems developed in the United States and Europe, including Facebook and Twitter. Retaliation by authorities for public use of these platforms is severe. In 2019, Twitter users in China were reportedly threatened and detained for being active on the platform.¹⁴² China maintains its extensive control of cyberspace in the country by executing “malware and denial of service attacks against overseas servers, websites and messaging apps” considered hard to control.¹⁴³ In addition, to maintain strict information flow, the Chinese government collects biometrics, such as DNA and voice samples, to deploy mass surveillance systems across the country. China uses “such biometrics for automated surveillance purposes,” developing “a nationwide reward and punishment system known as the ‘social credit system’” and developing and applying “big data’ policing programs aimed at preventing dissent. All of these systems are being deployed without effective privacy protections in law or in practice, and citizens are often unaware that their data is being gathered, or how it is used or stored.”¹⁴⁴

Not only is published content (in speeches, books, and online) monitored to ensure it remains in line with the CCP Central Committee,¹⁴⁵ “[i]n combination with banking data, mobile payment apps, WeChat, Social Credit Score, third-generation national ID card, biometric info[rmation], Great Firewall, mobile phones, televisions, and other surveillance hardware and software” these technologies abolish privacy and enforce control.¹⁴⁶ People so extensively monitored are unable to exercise their freedoms without fear of retribution.

Censorship apparatus. A “war on the truth” is central to the CCP’s survival.¹⁴⁷ The CCP’s propaganda and censorship apparatus keeps its citizens from knowing the extent of its corruption and repression. The security apparatus is made up of at least seven agencies responsible for

135 Edward Wong, “China Said to Detain Returning Tibetan Pilgrims,” *New York Times*, April 7, 2012, <https://www.nytimes.com/2012/04/08/world/asia/china-said-to-detain-returning-tibetan-pilgrims.html>.

136 Free Tibet, “Human Rights in Tibet,” <https://www.freetibet.org/about/human-rights>.

137 Ibid.

138 Ibid.

139 Ibid.

140 Bradley A. Thayer and Lianchao Han, “China’s weapon of mass surveillance is a human rights abuse,” *The Hill*, May 29, 2019, <https://thehill.com/opinion/technology/445726-chinas-weapon-of-mass-surveillance-is-a-human-rights-abuse>.

141 Amnesty International, *China 2019*.

142 Roth, *China*.

143 Amnesty International, *China 2019*.

144 Roth, *China*.

145 Eleanor Albert, Beina Xu, and Lindsay Maizland, *The Chinese Communist Party*, Council on Foreign Relations, <https://www.cfr.org/background/chinese-communist-party>.

146 Thayer and Han, “China’s weapon of mass surveillance.”

147 Dan Blumenthal and Linda Zhang, “China’s Censorship, Propaganda & Disinformation,” Jewish Policy Center, July 9, 2020, <https://www.jewishpolicycenter.org/2020/07/09/chinas-censorship-propaganda-disinformation/>.



Hong Kong protest 2019. Source: Flickr/Jonathan van Smit (<https://creativecommons.org/licenses/by-nc-nd/2.0/>)

restricting information and regulating communications. Moreover, “there are two major Internet censorship programs: the ‘Great Firewall’ and the ‘Golden Shield’ program. Both rapidly censor content ... produced within ... China.”¹⁴⁸ Internationally, China would like to assert “internet sovereignty” (giving countries the right to control domestic Internet space) and “data sovereignty” (data are subject to the laws of the country where they were collected).¹⁴⁹

Chinese censorship covers any content that is deemed to pose a risk to the survival of the CCP, including any coverage critical of the government, open religious practices, and content from the outside world or news sources that are deemed risky, among much else. The CCP cracks down

on news stories deemed to “expose state secrets,”¹⁵⁰ a policy that is loosely defined to enable the government to censor any information it considers harmful to party rule or image. Social media platforms are blocked and monitored to ensure group communication remains controllable, websites and publications are shut down, and journalists, dissidents, and activists are imprisoned for subverting authority.

One of the most notable cases of Chinese censorship is Google’s battle with the Chinese government over censoring the 2010 Nobel Peace Prize being awarded to imprisoned Chinese activist Liu Xiaobo.¹⁵¹ In a more recent case, the CCP has restricted China’s media to censor reporting on an antitrust probe into technology group Alibaba. In December 2020, the CCP’s propaganda apparatus

¹⁴⁸ Ibid.

¹⁴⁹ Ibid.

¹⁵⁰ Beina Xu and Eleanor Albert, “Media Censorship in China,” Council on Foreign Relations, last updated February 17, 2017, <https://www.cfr.org/backgrounders/media-censorship-china>.

¹⁵¹ Josh Halliday, “Google’s dropped anti-censorship warning marks quiet defeat in China,” *Guardian*, January 7, 2013, <https://www.theguardian.com/technology/2013/jan/04/google-defeat-china-censorship-battle>; Doug Young, *The Party Line: how the media dictates public opinion in modern China*, (Singapore: John Wiley & Sons, 2013) p. 36.

reportedly directed media outlets to “strictly invoke” the official party line on the investigation into Alibaba and to “not make changes or engage in extended analysis without permission.”¹⁵² The severe directive went on to state “if any company announcements oppose the official stance, do not publish, do not re-post, do not quote foreign media.”¹⁵³ This harsh crackdown is indicative of the sprawling nature of government censorship and the repercussions for any individual, company, or organization in China that goes against the party narrative. Information free of interference does not exist within the virtual walls of China’s “Golden Shield.”

CCP legal rule. In February 2019, Xi emphasized that the Chinese legal system should be under the CCP’s “absolute leadership.”¹⁵⁴ China legalized arbitrary and secret detention, along with an extrajudicial system of detention (*liuzhi*), allowing for “prolonged incommunicado detention and increased risk of torture” for forced “confessions.”¹⁵⁵ Between February and May 2019 alone, the United Nations Working Group on Enforced or Involuntary Disappearances investigated twenty cases of Chinese enforced disappearances.¹⁵⁶ The new regulation “increased the powers of law enforcement and security agencies,”¹⁵⁷ shielding police officers from legal responsibility for damages while carrying out their duties.¹⁵⁸

Treatment of the media. While the Chinese Constitution technically grants the country’s citizens freedom of speech and press, Chinese media regulations are unclear, allowing for crackdowns on news stories that meet the CCP’s vague definitions of “exposing state secrets.” Media outlets in China typically exercise their own monitoring systems to ensure content is compliant with what is politically acceptable. As part of the “Great Firewall,” websites that the CCP deems “potentially dangerous” to its control of information—like Wikipedia, Facebook, Twitter, YouTube,

and select Google services—are completely “blocked or temporarily ‘blacked out’ during periods” of unrest.¹⁵⁹ Such platforms pose a perceived threat to the CCP because they provide citizens with access to outside information, provide external people access to domestic information about China, and enable virtual congregation of citizens that is hard to monitor. The government ban extends beyond platforms to photos and videos viewed as threats to the state, as well as reports on issues “like official corruption, the economy, health and environmental scandals, certain religious groups, and ethnic strife, that officials deem could incite social unrest.”¹⁶⁰

China also has stringent rules in place that clamp down on press freedoms, including requiring foreign journalists to gain authorization before reporting in the country. These permissions are used to prevent journalists from reporting on topics undesirable to the CCP, including corruption, as well as economic and financial developments.¹⁶¹ In March 2020, China ordered US citizens from the *New York Times*, the *Wall Street Journal*, and the *Washington Post* “to return their press cards within ten days, prohibiting them from working in China, Hong Kong, and Macau.”¹⁶² This was the first time China had formally banned journalists from working in Hong Kong.¹⁶³ “Chinese authorities also ordered five US media outlets to provide details about their personnel, operations, and assets in China.”¹⁶⁴ These mechanisms, including visa denial and expulsion, are used to bar media groups for unfavorable coverage.¹⁶⁵ As Laura Rosenberger and Lindsay Gorman pointedly note, the controlling and manipulating practices outlined above that fall under the category of “information warfare” not only “create asymmetries in the information domain” between democratic and autocratic countries—a key problem for democracies lies in the fact that “construing information as a weapon or engaging in information warfare involving

152 Yuan Yang, “Beijing orders Chinese media to censor coverage of Alibaba probe,” *Financial Times*, January 7, 2021, https://www.ft.com/content/62fe82c5-b058-4dd0-bb15-e9428593f078?accessToken=zvAAAXboVhflkc9L_oLFsFhN0NO7FeIChZPweA.MEUCIG69Nc2xDNK6vwJxD25nuwEFJNuYML13WAaw8c8PxEGyAiEAldAjxqZ26Y2XPmDSazopNQW9DeAd-a8B15TAJX6rc0&sharetype=gif?token=1f786523-2f4b-47c4-9a56-bafbe7ec4a11.

153 Ibid.

154 Amnesty International, *China 2019*.

155 US Department of State, *Custom Report Excerpts: China (includes Tibet, Hong Kong, and Macau) – China*, <https://www.state.gov/report/custom/b8f72ab8d2/>.

156 Amnesty International, *China 2019*.

157 Ibid.

158 United Nations Human Rights, Office of the High Commissioner, “China: UN experts gravely concerned by enforced disappearance of three human rights defenders,” March 23, 2020, <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25735&LangID=E>.

159 Xu and Albert, “Media Censorship.”

160 Ibid.

161 Ibid.

162 Human Rights Watch, “China: Reverse Ban on American Journalists,” March 17, 2020, <https://www.hrw.org/news/2020/03/17/china-reverse-ban-american-journalists>.

163 *Wall Street Journal*, “China Banishes U.S. Journalists from Wall Street Journal, New York Times and Washington Post,” March 18, 2020, <https://www.wsj.com/articles/china-bans-all-u-s-nationals-working-for-the-wall-street-journal-new-york-times-washington-post-whose-press-credentials-end-in-2020-11584464690>.

164 Human Rights Watch, “China: Reverse Ban.”

165 Ibid.

non-military targets risks undermining the very space democracies seek to protect.¹⁶⁶

2. Transatlantic Convergence and Divergence

China's human rights abuses are a shared concern among European countries and the United States, even if approaches to addressing them can vary. Below are indications of key areas of opportunity for future coordination on this issue.

a) Areas of opportunity

EU coordination. Within Europe, existing coordination among EU member states is an indicator that there is widespread consensus on the need to mitigate human rights abuses and uphold international rights. The EU's European Consensus on Development commits the EU and its member states to implement a rights-based approach (RBA) to development cooperation with other countries, encompassing all human rights.¹⁶⁷ In November 2020, the EU released its Action Plan on Human Rights and Democracy 2020-2024 outlining its priorities and reaffirming its commitment to "further advancing universal values."¹⁶⁸ It is "the only instrument of its kind ... promoting a values-based agenda on the world stage."¹⁶⁹ The action plan focuses on protecting and empowering individuals; building resilient, inclusive, and democratic societies; promoting a global system for human rights and democracy; harnessing new technologies to address challenges; and delivering by cooperation. The measures will be implemented at country, regional, and multilateral levels.¹⁷⁰

Condemnation of the treatment of the Uyghurs. In July 2019, twenty-two countries sent a letter to the president

of the United Nations Human Rights Council (UNHRC) urging an investigation and demanding China end its arbitrary mass detentions and violence against the Uyghur population in Xinjiang. The United States was not a signatory.¹⁷¹ In September 2019, five "human rights organizations published a joint letter to the United Nations (UN) secretary-general urging the UN to step up pressure on China to end the mass detentions in Xinjiang."¹⁷² And in October 2019, twenty-three countries, including the United States and many European countries—except Hungary, Italy, Poland, and Turkey—issued a joint statement to the UN at the Third Committee Dialogue of the Committee for the Elimination of Racial Discrimination.¹⁷³ The statement called on China to "uphold its national laws and international obligations and commitments to respect human rights, including freedom of religion or belief, in Xinjiang and across China."¹⁷⁴

In June 2020, fifty UNHRC current and former special procedures (independent human rights experts) issued an "indictment of China's human rights record and call for urgent action."¹⁷⁵ They specifically referenced human rights abuses in Xinjiang, Tibet, and Hong Kong.¹⁷⁶ They "called for a special session on China, creating a dedicated expert on China, and asked UN agencies and governments to press China to meet its human rights obligations."¹⁷⁷ It remains to be seen whether there will be a response.¹⁷⁸ In September 2020, Chinese authorities attempted to rewrite norms to minimize scrutiny of Chinese misconduct. That same month, a coalition of more than three hundred civil society groups urged the UN in an open letter to "urgently create an independent international mechanism to address the Chinese government's human rights violations."¹⁷⁹ The coalition included organizations from more than sixty countries, echoing the fifty human rights experts' call for Chinese accountability

166 Laura Rosenberger and Lindsay Gorman, "How Democracies Can Win the Information Contest," *Washington Quarterly* 43:2 (2020), 76, DOI: 10.1080/0163660X.2020.1771045.

167 European Commission, *European consensus on development*, https://ec.europa.eu/international-partnerships/european-consensus-development_en.

168 European Council, Council approves conclusions on the EU Action Plan on Human Rights and Democracy 2020-2024, press release, November 19, 2020, <https://www.consilium.europa.eu/en/press/press-releases/2020/11/19/council-approves-conclusions-on-the-eu-action-plan-on-human-rights-and-democracy-2020-2024/>.

169 European Commission, *Human Rights*, https://ec.europa.eu/international-partnerships/topics/human-rights_en.

170 Ibid.

171 Joint letter from twenty-two countries to United Nations Human Rights Council president on human rights conditions in China, July 8, 2019, https://www.hrw.org/sites/default/files/supporting_resources/190708_joint_statement_xinjiang.pdf.

172 Amnesty International, *China 2019*.

173 Permanent Representative of the United Kingdom to the United Nations Karen Pierce, "Joint statement, delivered by the UK Rep to the UN, on Xinjiang at the Third Committee Dialogue of the Committee for the Elimination of Racial Discrimination," October 29, 2019, <https://usun.usmission.gov/joint-statement-delivered-by-uk-rep-to-un-on-xinjiang-at-the-third-committee-dialogue-of-the-committee-for-the-elimination-of-racial-discrimination/>.

174 Ibid.

175 Sophie Richardson, *China's Influence on the Global Human Rights System*, Human Rights Watch, September 14, 2020, <https://www.hrw.org/news/2020/09/14/chinas-influence-global-human-rights-system>.

176 United Nations Human Rights Office of the High Commissioner, "UN experts call for decisive measures to protect fundamental freedoms in China," June 26, 2020, <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=26006&LangID=E>.

177 Richardson, *China's Influence*.

178 Ibid.

179 Human Rights Watch, "Global Coalition urges UN to Address China's Human Rights Abuses," September 9, 2020, <https://www.hrw.org/news/2020/09/09/global-coalition-urges-un-address-chinas-human-rights-abuses>.



Hong Kong anti-extradition protest, August 18, 2019. Source: Flickr/Studio Incendo (<https://creativecommons.org/licenses/by/2.0/>)

in June. In December 2020, the European Parliament adopted a resolution strongly condemning the Chinese government's system of forced labor and the exploitation of minority groups, including Uyghur, ethnic Kazakh and Kyrgyz, and other Muslim minority groups.¹⁸⁰ The statement urged the Chinese government to “put an immediate end to the practice of arbitrary detention without charge, trial or conviction for criminal offences” of minority communities and called on China to “end the ‘mass incarceration’ of ethnic minorities in camps and detention centres and demand the immediate and unconditional release of those detained.”¹⁸¹ The resolution was not unanimous, revealing perennial divergences among EU nations.

And in January 2021, then-US Secretary of State Michael R. Pompeo accused Beijing of “committing genocide and crimes against humanity in Xinjiang, China, targeting Uyghur

Muslims and members of other ethnic and religious minority groups.”¹⁸² Current US Secretary of State Antony Blinken has upheld this designation in statements made since his confirmation as well.¹⁸³

Hong Kong sanctions. In a July 2020 UNHRC session, fifty-three countries rallied behind China's controversial Hong Kong national security law. The twenty-seven countries that opposed it included Australia, Austria, Belgium, Belize, Canada, Denmark, Estonia, Finland, France, Iceland, Ireland, Germany, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Marshall Islands, Netherlands, New Zealand, Norway, Palau, Slovakia, Slovenia, Sweden, Switzerland, and the UK. Notably missing from the statement are Hungary, Italy, Poland, and Turkey who abstained from action, not signing onto a statement in support of China either.¹⁸⁴ The United States did not participate as an

180 European Parliament, Human rights breaches in China, Iran and Egypt, press release, December 17, 2020, <https://www.europarl.europa.eu/news/en/press-room/20201211IPR93641/human-rights-breaches-in-china-iran-and-egypt>.

181 Ibid.

182 Chappell, “Pompeo Accuses.”

183 Humeyra Pamuk and David Brunnstrom, “New US secretary of state favors cooperation with China despite genocide of Uighurs,” *Reuters*, January 27, 2021, <https://www.reuters.com/article/us-usa-china-blinken/new-u-s-secretary-of-state-favors-cooperation-with-china-despite-genocide-of-uighurs-idUSKBN29W2RC>.

184 Eleanor Albert, “Which Countries Support the New Hong Kong National Security Law?” *Diplomat*, July 6, 2020, <https://thediplomat.com/2020/07/which-countries-support-the-new-hong-kong-national-security-law/>.

opposing member to China's law given it ended its membership of the UNHRC in 2018. However, the United States has made its opposition clear by unanimously enacting a law to impose sanctions on Chinese "officials responsible for instituting and enforcing" the "security law targeting Hong Kong's autonomy."¹⁸⁵

As members of the EU, France and Germany have led an effort to get the EU to impose measures on China in response to Hong Kong's national security law. The Netherlands, Denmark, and Sweden all joined this EU-focused effort.¹⁸⁶ In December 2020, the EU adopted a regulation to establish a "global human rights sanctions regime." The framework will enable the body to "target individuals, entities and bodies – including state and non-state actors – responsible for, involved in or associated with serious human rights violations and abuses worldwide."¹⁸⁷ The measures will restrict individuals or entities through travel bans and the freezing of funds, and pertain to abuses such as genocide, crimes against humanity, and other serious human rights violations. This EU sanctions list will be updated as nations or the EU's high representative propose individuals and entities for inclusion. Significantly, the regulation will give the European Commission oversight of member states' travel bans, enabling the commission to take EU nations to the Court of Justice of the European Union if they fail to enforce the bans.

b) Nuances and potential challenges

Private industry actors and regulation. In September 2020, Amnesty International found three European companies—France's Morpho, Sweden's Axis Communications, and the Netherlands' Noldus Information Technology—all sold digital surveillance systems to China that were found, in some cases, to have directly been used in China's mass surveillance programs, "with the risk of being used against Uighurs and other predominantly Muslim ethnic groups" throughout China.¹⁸⁸ Nevertheless, France and Sweden, among other EU member states' governments,

have resisted calls to bolster national export regulations to include safeguards for human rights, especially in relation to biometric surveillance technologies.¹⁸⁹ European companies remain key players in the surveillance technology market and have willingly sold products "such as facial recognition technology and network cameras" to China.¹⁹⁰ Amnesty International and other organizations have highlighted shortcomings in the EU's existing Dual-Use Regulation export regulations. The European Commission met on this issue in September 2020, following a proposal to be firmer on surveillance technology exports earlier in 2020. However, it does not appear any changes have been enforced since the September 2020 meeting.¹⁹¹

US international withdrawal. Prior to the Trump presidency, the United States was at the forefront of challenging Chinese human rights abuses internationally. In 2018, the United States withdrew from the UNHRC, claiming that it is ineffective. Despite this criticism, the UN human rights system has been at the forefront of discussions, investigations, and demands with regard to human rights offenders.¹⁹² A weak US position on Chinese human rights abuses makes united opposition and the prospect of making human rights a central pillar in a transatlantic strategy more challenging. Indeed, China attempted to flip the script in 2020, calling out the United States at the UNHRC. China's ambassador to the UN referenced "the death of George Floyd and the shooting of Jacob Blake" as "incidents [that] show the long-standing and deep-seated racism, police brutality and social inequality [in the United States]."¹⁹³ China has recently pointed to the civil unrest in the United States to question moral objectivity in relation to its own human rights abuses. In the absence of US leadership, European allies may be less likely to act in conjunction with the United States and in opposition to China.

Chinese influence. "China's growing global power makes it an exporter of human rights violations,"¹⁹⁴ and as China's power grows, it makes it more politically challenging for other nations to push back. At the UN in 2018, China

185 Catie Edmondson, "Senate Sends Trump a Bill to Punish Chinese Officials Over Hong Kong," *New York Times*, July 2, 2020, updated August 7, 2020, <https://www.nytimes.com/2020/07/02/us/politics/senate-china-hong-kong-sanctions.html>.

186 Robin Emmott, "Sweden joins France, Germany in weighing measures against China over Hong Kong," Reuters, July 13, 2020, <https://nationalpost.com/pmn/news-pmn/crime-pmn/sweden-joins-france-germany-in-weighing-measures-against-china-over-hong-kong>.

187 European Council, EU adopts a global human rights sanctions regime, press release, December 7, 2020, <https://www.consilium.europa.eu/en/press/press-releases/2020/12/07/eu-adopts-a-global-human-rights-sanctions-regime/>.

188 Amnesty International, "EU companies selling surveillance tools to China's human rights abusers," September 21, 2020, <https://www.amnesty.org/en/latest/news/2020/09/eu-surveillance-sales-china-human-rights-abusers/>.

189 Ibid.

190 Ibid.

191 Vincent Manancourt, "EU is selling surveillance tech to China, says rights group," *Politico*, September 21, 2020, <https://www.politico.eu/article/amnesty-international-eu-is-selling-spyware-to-china/>.

192 Ted Piccone, "China's long game on human rights," *Order from Chaos*, September 24, 2018, <https://www.brookings.edu/blog/order-from-chaos/2018/09/24/chinas-long-game-on-human-rights/>.

193 John Ruwitch, "In George Floyd Protests China Sees A Powerful Propaganda Opportunity," NPR, June 3, 2020, <https://www.npr.org/2020/06/03/868566978/in-george-floyd-protests-china-sees-a-powerful-propaganda-opportunity>.

194 Roth, *China*.

“sought to block participation of its critics.”¹⁹⁵ In March 2018, China successfully put forward a UNHRC resolution on an approach touted as “win-win” or “mutually beneficial” cooperation. This approach draws directly from Chinese government propaganda and would require that states “not pursue accountability for serious human rights violations,” rather they would participate in “dialogue.” In China’s resolution, there would be no role for civil society actors in the human rights debate, only government participation, and a minor role for the UN itself.¹⁹⁶

Hungary and Italy. China is a large investor in Hungary and Italy, with Hungary even styling itself as “China’s gateway to Europe.”¹⁹⁷ As a result, these countries have been reluctant to criticize China’s Hong Kong national security law, impose sanctions on Chinese officials, or condemn abuses in Xinjiang. In March 2017, when eleven embassies signed onto a joint letter criticizing China over “credible claims” that lawyers and human rights activists had been tortured while in detention, Hungary did not sign on.¹⁹⁸ In fact, Hungary actually *prevented* the EU from signing on as a bloc and threatened to do so in the future as well. Hungarian Prime Minister Viktor Orbán has previously warned European leaders not to call out China over human rights, as Hungary seeks to promote future investment opportunities with China. Notably, the United States also abstained from signing on to the joint letter.¹⁹⁹

In 2019, Hungary was one of a few countries whose diplomats visited Xinjiang on tightly scripted trips to see “humane” facilities.²⁰⁰ Such actions help feed into Chinese propaganda about the situation in Xinjiang and signal a lack of opposition by key European countries. In Italy, politicians outside of the government majority have been vocal in rejecting Chinese actions in Hong Kong and Xinjiang.

However, the Italian government has been slow to act, not signing on to the joint statement delivered by the UK’s permanent representative to the UN on Xinjiang, and signing, only a whole year later, the joint statement to the UN at the Third Committee Dialogue for the Elimination of Racial Discrimination.²⁰¹

The Czech Republic and Poland. The Czech Republic has taken a strong stand against Chinese governance issues by actively engaging with Taiwan and Tibet,²⁰² and breaking off a city partnership agreement with China over a stipulation in the One-China policy.²⁰³ However, the Czech stance on China is much weaker when it comes to human rights. In November 2018, a Chinese diplomat visited the Czech Republic to discuss potential trade opportunities. The Czech people have criticized their government in the past for not pressing China on human rights issues during such visits, so this visit included a verbal agreement to meet and discuss these issues at a later date.²⁰⁴

Poland criticized China’s mass detention of the Uyghurs in Xinjiang at the UN in October 2020. However, this criticism came a year later than that by many other European countries, which condemned China’s actions in October 2019.²⁰⁵

Extradition treaties with China and Hong Kong. China has pursued a global campaign to sign extradition agreements with other nations as part of extraterritorial legal and extra-legal arrangements to return Chinese-identified “fugitives” found outside China’s jurisdiction to China for trial or punishment. China has extradition arrangements with fifty-nine countries, with thirty-nine of the agreements ratified by the other nation,²⁰⁶ a campaign that weakens international human rights norms. Notably, Belgium, Bulgaria,

195 Ibid.

196 International Service for Human Rights, “HRC43 | Vote on ‘mutually beneficial cooperation’ resolution highlights divisive nature of Chinese initiative,” June 22, 2020, <https://www.ishr.ch/news/hrc43-vote-mutually-beneficial-cooperation-resolution-highlights-divisive-nature-chinese>.

197 Hungarian Investment Promotion Agency, “Hungary May Be the Gateway for Chinese Investments Into the European Union,” October 21, 2016, <https://hipa.hu/hungary-may-be-the-gateway-for-chinese-investments-into-the-european-union>.

198 Simon Denyer and Emily Rauhala, “Eleven countries signed a letter slamming China for torturing lawyers. The US did not.” *Washington Post*, March 22, 2017, <https://www.washingtonpost.com/news/worldviews/wp/2017/03/22/eleven-countries-signed-a-letter-slamming-china-for-torturing-lawyers-the-u-s-did-not/?noredirect=on>.

199 Ibid.

200 Reuters, “US official denounces ‘choreographed’ visits for European diplomats to China’s Xinjiang region,” *Japan Times*, March 24, 2019, <https://www.japantimes.co.jp/news/2019/03/24/asia-pacific/u-s-official-denounces-choreographed-visits-european-diplomats-chinas-xinjiang-region/>.

201 Otto Lanzavecchia, “Did someone say Hong Kong? China’s crackdown divides Italy,” *Fromiche*, March 7, 2020, <https://formiche.net/2020/07/did-someone-said-hong-kong-china-crackdown-divides-italy/>.

202 Raphael Satter and Nick Carey, “China threatened to harm Czech companies over Taiwan visit: letter,” Reuters, February 19, 2020, <https://www.reuters.com/article/us-china-czech-taiwan/china-threatened-to-harm-czech-companies-over-taiwan-visit-letter-idUSKBN20DOG3>.

203 James M. Dorsey, “Standing up to China: Czech mayor sets a high bar,” *Modern Diplomacy*, December 5, 2019, <https://moderndiplomacy.eu/2019/12/05/standing-up-to-china-czech-mayor-sets-a-high-bar/>.

204 Daniela Lazarová, “Czech-Chinese talks focus on business as well as human rights issues,” Radio Prague International, November 6, 2018, <https://english.radio.cz/czech-chinese-talks-focus-business-well-human-rights-issues-8146675>.

205 Zachary Basu, “More countries join condemnation of China over Xinjiang abuses,” *Axios*, October 8, 2020, <https://www.axios.com/un-statement-china-uyghurs-xinjiang-6b29dbf5-b93c-4c70-bd4c-333e1c23471f.html>.

206 *Global Times*, “China concludes 59 extradition treaties with foreign nations,” October 26, 2020, <https://www.globaltimes.cn/content/1204670.shtml#:~:text=China%20has%20concluded%2059%20extradition,amid%20an%20anti%20corruption%20campaign>.

Cyprus, France, Lithuania, Portugal, Romania, Spain, and most recently Turkey each have extradition agreements in place with China. In 2020, France said it would not ratify its 2017 extradition treaty.²⁰⁷ China has ratified its treaties with Belgium and Cyprus, but neither country has yet ratified on their end,²⁰⁸ while Bulgaria, Lithuania, Portugal, Romania, and Spain's agreements remain in place.²⁰⁹ Spanish authorities, as recently as 2019, worked with Chinese authorities to extradite ninety-four Taiwanese living in Spain as part of China's "Operation Great Wall."²¹⁰ Europe's law enforcement and judicial cooperation with China, with regard to extradition, raises serious concerns about enabling China's subversion of human rights norms. In January 2021, China ratified an extradition treaty with Turkey that Ankara has not yet ratified. If it does, the law could potentially put at risk thousands of Uyghurs living in Turkey.²¹¹

France, Germany, and the United Kingdom. Of all the European nations, France, Germany, and the UK are the most vocal and consistent in their strong opposition to China's human rights abuses and interference in the sovereignty of Hong Kong. All three nations have condemned, independently and at the UN, China's egregious persecution of the Uyghurs and other minorities in Xinjiang. The UK, in part due to its historical ties to Hong Kong, has been more vocal about the impingement by China on the civil liberties of the Hong Kong people. In June 2020, in response to China's imposition of its new national security law on Hong Kong, the UK government pledged to admit three million Hong Kongers with British ties.²¹² The UK is also putting in place a new mechanism for targeted human rights sanctions. In July 2020, the UK, France, and Germany called on China to allow meaningful and unfettered access or "free entry"²¹³ to Xinjiang for independent observers, including the UN High Commissioner for Human Rights.²¹⁴ This was supported by thirty-eight other countries in the UN. All of these actions show positive will to do more to mitigate Chinese human rights abuses, even while more coordinated action is required.

However, trade and investment incentives that European nations receive from China continue to stymie actions against China's human rights practices. For instance, in January 2021, British Prime Minister Boris Johnson defeated a proposed amendment in the House of Commons that would have enabled London's High Court to rule on claims of genocide against potential trading partners, including China. If the amendment had passed, the UK government would have had to consider pulling out of trade deals with the nations involved.²¹⁵ This example shows the tension and trade-off European nations face between potential economic gains from China on the one hand and clear and repudiating criticism of China's human rights practices on the other.

3. Possible Transatlantic Responses

Setting objectives. There is considerable convergence among European nations and the United States about the need to stand up to China and call out its abysmal human rights practices. To that end, the United States and Europe must first agree on a set of key objectives to grapple with China's malign governance and human rights practices. To move from shared concern to collective action, countries must outline a shared understanding of redlines in terms of China's international behavior related to human rights, as well as its efforts to alter rules within international institutions. Objectives with regard to minorities in Xinjiang and Tibet need to be expanded upon to consider what action may be taken to alter the CCP's calculus, to name and shame China if it refuses to allow international scrutiny, and to provide long-term and more extensive support to persecuted peoples. With regard to Hong Kong, transatlantic nations need to increase their vocal support for civil and political freedoms, as well as orchestrate more transnational support, including providing safe haven for civil rights advocates within Hong Kong. Assuming agreement on objectives, a strategic framework must be developed that sets priorities and incorporates trade-offs.

207 Ibid.

208 *Asia Times Financial*, "China ratifies extradition treaties with Cyprus, Belgium," October 27, 2020, [https://www.asiatimesfinancial.com/china-ratifies-extradition-treaties-with-cyprus-belgium#:~:text=China's%20Discipline%20Inspection%20and%20Supervision,of%20Cyprus%20\(agreed%20in%20June](https://www.asiatimesfinancial.com/china-ratifies-extradition-treaties-with-cyprus-belgium#:~:text=China's%20Discipline%20Inspection%20and%20Supervision,of%20Cyprus%20(agreed%20in%20June)

209 Library of Congress, *Laws on Extradition of Citizens*, <https://www.loc.gov/law/help/extradition-of-citizens/chart.php>.

210 Steven Jiang, "94 Taiwanese criminal suspects extradited from Spain to Beijing," CNN, June 7, 2019, <https://www.cnn.com/2019/06/07/asia/taiwan-extradition-beijing-intl/index.html>.

211 Michael Caster, "Turkey should stand up for Uyghurs and refuse to ratify China extradition treaty," *Hong Kong Free Press*, January 6, 2021, <https://hongkongfp.com/2021/01/06/turkey-should-tell-china-no-new-extradition-treaty/>.

212 Mark Landler, "Boris Johnson Pledges to Admit 3 Million From Hong Kong to U.K.," *New York Times*, June 3, 2020, updated June 17, 2020, <https://www.nytimes.com/2020/06/03/world/europe/boris-johnson-uk-hong-kong-china.html>.

213 Reuters staff, "France says wants observers allowed into China's Uighur regions," Reuters, July 21, 2020, <https://www.reuters.com/article/us-france-ina-ighur/france-says-wants-observers-allowed-into-chinas-uighur-regions-idUSKCN24M1Y3>.

214 Permanent Representative of the German Mission to the United Nations Christoph Heusgen, "Joint Statement on the Human Rights Situation in Xinjiang and the Recent Developments in Hong Kong, Delivered by Germany on Behalf of 39 Countries," October 6, 2020, <https://usun.usmission.gov/joint-statement-on-the-human-rights-situation-in-xinjiang-and-the-recent-developments-in-hong-kong-delivered-by-germany-on-behalf-of-39-countries/>.

215 Sylvia Hui, "UK: 'Genocide' clause to China trade deals narrowly defeated," Associated Press, January 19, 2021, <https://apnews.com/article/global-trade-china-courts-asia-pacific-bills-e501c38f6f37fdc8724e9c1661416d03>.

Condemning abuses in Xinjiang. In countless dialogues, both the EU and European nations have criticized China's abuses in Xinjiang and record on freedom of belief and human rights, but have made little actual progress on changing behaviors. On the situation in Xinjiang in particular, the EU and its member states have taken only modest actions, including issuing statements condemning the detention centers and offering haven to a small number of Uyghurs who are able to flee to Europe.²¹⁶ However, it is clear that statements are not enough; they have, so far, done little to deter China's actions or redress the dire situation in which the Uyghurs find themselves. In March 2019, a joint letter²¹⁷ signed by a number of NGOs, including Amnesty International and Human Rights Watch, pushed the EU on the issue of China's human rights violations and urged it to "press China to allow meaningful access to Xinjiang" for UN representatives, secure the release of jailed foreigners, have the European Union External Action Service (EEAS) publish a "frank assessment" of the aforementioned late-2020 human rights dialogue, identify specific human rights issues China must address, and more. Additionally, members of the European Parliament wrote to urge the EU to condemn China's human rights violations at the EU-China summit in September 2020, but the EU failed to do so meaningfully.²¹⁸

Condemning behavior in Hong Kong. In comparison to an extraordinarily short EU declaration,²¹⁹ the United States, Canada, Australia, and the UK released a joint statement on May 28, 2020,²²⁰ condemning China's new national security law vis-à-vis Hong Kong. Such statements by nations help mitigate the shortcomings of organization-wide responses and should continue to be used to publicly shame China about its human rights record. Nevertheless, the EU, along with the United States and the UK, should endeavor to push for organizational statements that make clear a shared consensus among these nations that they will not stand for China's human rights abuses.

Improving EU-China human rights dialogue. Introduced in 1995, the EU-China human rights dialogue in its current form provides a platform that has allowed the Chinese government to push its own agenda and undermine attempts to criticize its human rights violations publicly. Beijing has reduced the number of dialogues it will participate in and refuses to allow participation of third parties and NGOs critical of its government.²²¹ The EU-China leaders' summits, including the latest held in September 2020, have been insufficient in bringing about any real pressure on China with regard to human rights and have instead provided a platform for China to repeat propaganda. The EU has used such occasions to reiterate its "serious concerns about the treatment of ethnic and religious minorities, the situation of human rights defenders, as well as the limitations to freedom of expression and access to information."²²² However, the summit's agenda was dominated by trade and investment concerns.

Delivering on ILO commitments. The most recent development is the negotiation of the EU-China Comprehensive Agreement on Investment (CAI), which is set to replace the twenty-six existing bilateral investment treaties between twenty-seven individual EU member states and China. This proposed legal framework for EU-China investment ties includes provisions on core environmental and labor standards for the two parties to meet. This is significant as more than one hundred thousand Uyghurs and other ethnic minorities in China are kept under the conditions of forced labor following detention in "re-education" camps.²²³ China has continued to come under scrutiny for its poor labor practices, denying citizens their basic rights.²²⁴ While, as part of the CAI, the EU announced that "for the first time, China has also agreed to ambitious provisions on sustainable development, including commitments on forced labour,"²²⁵ the details give far less reason for optimism that this agreement will bring about a sea change in Chinese labor practices. In reality, China has agreed to "undertak[e]

216 David Marques, "The EU, China, and human rights in Xinjiang: Time for a new approach," European Council on Foreign Relations, April 2, 2019, https://ecfr.eu/article/commentary_the_eu_china_and_human_rights_in_xinjiang_time_for_a_new_approac/.

217 Human Rights Watch, "NGOs Urge the EU to Press China on Human Rights: Joint Letter to the EU and EU member states," March 13, 2019, <https://www.hrw.org/news/2019/03/13/ngos-urge-eu-press-china-human-rights>.

218 ANI, "MEPs urge EU to take strong action on China for human rights violation," *Business Standard*, September 18, 2020, https://www.business-standard.com/article/international/meps-urge-eu-to-take-strong-action-on-china-for-human-rights-violation-120091800773_1.html.

219 European Council, Declaration of the High Representative on behalf of the European Union on Hong Kong, press release, May 29, 2020, <https://www.consilium.europa.eu/en/press/press-releases/2020/05/29/declaration-of-the-high-representative-on-behalf-of-the-european-union-on-hong-kong/>.

220 US Department of State, "Joint Statement on Hong Kong," media note, Office of the Spokesperson, May 28, 2020, <https://www.state.gov/joint-statement-on-hong-kong/>.

221 Ibid.

222 European Commission, EU-China Leaders' Meeting: Upholding EU values and interests at the highest level, joint press release by President Michel, President von der Leyen and Chancellor Merkel, September 14, 2020, https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1648.

223 US Department of Labor, *Against Their Will: The Situation in Xinjiang*, Bureau of International Labor, <https://www.dol.gov/agencies/ilab/against-their-will-the-situation-in-xinjiang>.

224 Peter Bengsten, "China's Forced Labor Problem," *Diplomat*, March 21, 2018, <https://thediplomat.com/2018/03/chinas-forced-labor-problem/>.

225 European Commission, EU and China reach agreement in principle on investment, press release, December 30, 2020, https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2541.

commitments in the areas of labour” and “China has also agreed to make continued and sustained efforts to ratify the ILO [International Labour Organisation] fundamental Conventions on forced labour.”²²⁶ Such a commitment is extremely vague and doesn’t actually obligate China to meet labor standards.

Creating an EU sanctions regime. Unlike the United States’ Global Magnitsky Human Rights Accountability Act, the current EU regulation does not feature “corruption” as a criterion for sanctions. In addition, to date, no other transatlantic nation except the United States has declared that China’s treatment of the Uyghurs and other minorities in Xinjiang is “genocide.” Were they to do so it would be significant rhetorically and would have a knock-on effect on legislation and other engagements with China.²²⁷ As the EU implements its human rights sanctions regime, it is critical for targeted sanctions to be enacted in a timely fashion, and for the measures provided in the regulation, such as asset freezes and travel bans, to be put in place on individuals already identified by the United States, the UK, and others who have already implemented their own regulations. The EU should also consider recognizing corruption as a qualifying criterion in its regulation and should additionally use the full breadth of its financial powers to hold human rights abusers to account, including implementing regulations on businesses with potential supply chain exposures to Xinjiang.

Limiting surveillance technology and imports of forced labor products. The EU should also seriously consider drafting stringent legislation that limits exports to China of European technology that could be used for mass surveillance purposes. The EU might institute technology export legislation to place restrictions on private industry transfers and exports in relation to human rights. This legislation would help instill standards and rectify past mistakes made e.g., by Sweden and the Netherlands in the transfer of technology to China that has been used for mass surveillance. In addition, the EU should create a comprehensive list of the types of technology used by China in mass surveillance, including facial recognition technology and networked cameras, that should be used as the basis of a “ban list” on those specific sales to China. Alongside this, the United States and European nations should ban imports from China of key goods manufactured by forced

labor. In 2020, the United States blocked cotton imports from Xinjiang after obtaining information about the use of forced and convict labor to produce it.²²⁸ The EU, the UK, and the United States should conduct similar assessments in other areas of the market and should apply economic pressure if supply chains involve such labor.

Reversing extradition procedures. Finally, China’s Operation Fox Hunt—a state-sanctioned campaign to repatriate Chinese dissidents living in countries like Australia, Canada, New Zealand, the UK, and the United States, which make up the Five Eyes intelligence-sharing alliance—should be carefully monitored by the United States and all European nations. The extradition of members of the Chinese diaspora—often to face criminal charges with opaque proceedings—relies on the cooperation of law enforcement agencies in the United States and Europe. A Swedish court in 2019 refused China’s request to extradite former government official Qiao Jianjun due to human rights concerns.²²⁹ And the US Department of Justice (DOJ) in 2020 charged eight Chinese agents with harassing, stalking, and coercing Chinese nationals living in the United States to return to China as part of Operation Fox Hunt.²³⁰ Continued resilience and monitoring of this operation by the United States and European nations is critical to upholding the human rights of Chinese fleeing retribution from the Chinese state.

4. Major Recommendations

- i. All European nations and the United States should require human rights transparency clauses and a commitment to labor standards in trade, investment, and other economic agreements made with Chinese entities. The EU should also modify the CAI to require a binding commitment (and mechanisms for measuring compliance) from China to the International Labour Organization’s fundamental conventions on forced labor.
- ii. Continue a staunch, multilateral push for independent investigation and fact-finding missions to China to investigate human rights violations, including through the EU and UNHRC.
- iii. Countries with extradition treaties with China or Hong Kong – including, Belgium, Bulgaria, Cyprus, France,

226 Ibid.

227 Dolkun Isa, “Europe said ‘never again.’ Why is it silent on Uighur genocide?,” *Politico*, September 14, 2020, <https://www.politico.eu/article/uighur-genocide-china-why-is-europe-silent/>

228 Rebecca Falconer, “U.S. blocks cotton imports from China’s Xinjiang region over forced labor,” *Axios*, December 3, 2020, https://www.axios.com/us-bans-cotton-imports-xinjiang-china-forced-labor-10edbbf8-1866-480b-84e0-844ecdce640c.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosworld&stream=world.

229 William Zheng, “China-US animosity frustrates Beijing’s ‘Fox Hunt’ for overseas fugitives,” *South China Morning Post*, November 28, 2020, <https://www.scmp.com/news/china/diplomacy/article/3111766/china-us-animosity-frustrates-beijings-fox-hunt-overseas>.

230 Abhijnan Rej, “8 Accused by the US of Participating in China’s Operation Fox Hunt,” *Diplomat*, October 29, 2020, <https://thediplomat.com/2020/10/8-accused-by-the-us-of-participating-in-chinas-operation-fox-hunt/>.

Lithuania, Portugal, Romania, Spain, and Turkey – should swiftly negate their treaties under the principle of non-refoulement. No other country should enter into extradition agreements with China. Such agreements should not exist to any country where due process and fair trials are denied, and where torture and disappearances are rampant. The practice of European countries—for example, Spain—of extraditing Taiwanese nationals to mainland China should be immediately discontinued.

- iv. Transatlantic nations should enact stringent legislation to limit exports of European and US technology to China that could be used for mass surveillance purposes. In addition, countries should ban imports from Xinjiang and other parts of China where forced labor is used. The EU should establish a monitoring system to enhance transparency along supply chains and introduce in-depth assessments of salient human rights risks to those working within these chains or affected by a company’s operations. Transatlantic nations should adopt mandatory due diligence legislation to establish civil and legal liability for companies that use material, imports, or work with suppliers where forced labor is a known risk.

Section B: Chinese Diplomacy and Interference Operations Abroad

1. The Challenges

a) Global governance

China’s goals. China seeks to reshape global governance to suit its interests. It phrases this desire in different ways, for example, as fixing “global deficits” in governance.²³¹ On January 2, 2021, Chinese Foreign Minister Wang Yi gave an unusually clear indication of this intention, saying: “We will proactively engage in the reform of global governance.”²³²

Its first goal is to make the world “safe” for the CCP by negating challenges in order to preserve the party’s power at home. This is a defensive move, but with offensive consequences. The second goal is to achieve “the great rejuvenation of the Chinese people” or “national rejuvenation” or simply “the Chinese Dream” by 2049. This is an outward-focused vision of a rising power. In reality, internal and external security in China today is seamless. According to the 2015 State Security Law:

“In national security work, overall arrangements shall be made on internal security and external security; territorial security and citizen security; conventional security and unconventional security; and own security and common security.”²³³

The law continues, importantly, “In maintenance of national security, priority shall be given to prevention.” Since the CCP’s concept of state, or national, security is preemptive and global in nature, removing anticipated threats, not just reacting to existing or perceived ones, means the CCP “must” shape the global governance landscape.²³⁴

In addition, the open human rights and democracy-based vision of the UN world order is asymmetric to China’s system of “people’s democratic dictatorship,” which establishes a closed circle, in reality a hierarchy, of power, ruling out challenge *a priori*. Article 1 of the Chinese Constitution states:

“Leadership by the Communist Party of China is the defining feature of socialism with Chinese characteristics. It is prohibited for any organization or individual to damage the socialist system ... All power in the People’s Republic of China belongs to the people.”²³⁵

Such an arrangement cannot tolerate bottom-up challenges encapsulated, for example (and not coincidentally), by the mechanism of the UNHRC, which allows for citizens to independently review their governments’ human rights progress via the Universal Periodic Review. Cao Shunli, a Chinese lawyer and human rights activist who

231 Xinhua, “Xi Jinping outlines 4-pronged proposal on global governance,” March 27, 2019, http://www.xinhuanet.com/english/2019-03/27/c_137925702.htm.

232 Consulate General of the People’s Republic of China in New York, “State Councilor and Foreign Minister Wang Yi Gives Interview To Xinhua News Agency and China Media Group On International Situation and China’s Diplomacy in 2020,” January 7, 2021, <http://newyork.china-consulate.org/eng/xw/t1844885.htm>.

233 Ministry of National Defense of the People’s Republic of China, *National Security Law of the People’s Republic of China (2015)*, March 3, 2017, http://eng.mod.gov.cn/publications/2017-03/03/content_4774229.htm.

234 Samantha Hoffman and Peter Mattis, “Managing the Power Within: China’s State Security Commission,” *War on the Rocks*, July 18, 2016, <https://warontherocks.com/2016/07/managing-the-power-within-chinas-state-security-commission/>.

235 The National People’s Congress of the People’s Republic of China, *Constitution of the People’s Republic of China*, January 19, 2021, http://www.npc.gov.cn/zgrdw/englishnpc/Constitution/node_2825.htm.

tried to exercise this power, was barred from traveling from Beijing to Geneva in September 2013 and died in custody six months later.²³⁶

The CCP proposes alternatives to the UN-based order, such as a (poorly defined) concept of “community of human destiny,” to “improve and strengthen” global governance. In 2021, eight years after Xi first presented it at the Moscow State Institute of International Relations,²³⁷ this concept remains a vague vision rather than a set of legally defined, or even concrete, proposals. There have been further suggestions of what the vision should fix: “four deficits in global affairs”—governance, trust, peace, and development—as Xi said in Paris in 2019. In 2020, Wang, the Chinese foreign minister, presented five ideas, though they, too, lack specificity.²³⁸ One idea, for example, is to “practice the principle of joint consultation, construction and sharing.” Overall, this vagueness enables the CCP to control interpretations and pursue a strategy of flexible dominance based on hierarchical relationships.

China’s second goal of reshaping global governance, which is offensive in nature, dovetails with the “community of shared human destiny” and involves a multi-decade, civilizational project to revive the power and wealth of dynasties past such as the Tang (618-907) or Ming (1368-1644), but strengthened by twenty-first century economic and technological prowess. The civilizational-political centrality of this vision is shown by three permanent exhibitions at “the ancestral temple of Chinese culture,” the National Museum of China in Beijing’s Tiananmen Square.²³⁹ These are *Ancient China*, *The Road of Rejuvenation*, and *The Road of Rejuvenation: New Era*.²⁴⁰ The latter explores national rejuvenation in the doctrinal “New Era” of Xi.

This goal requires, and the CCP has access to, a cat’s cradle of measures, not just economic but also diplomatic,

propagandistic, and psychological in nature. Key measures are examined below: the power of *story*, or narrative control; practical steps to build influence in *international organizations*; the exercise of *diplomacy* and *coercive diplomacy*; and last, but by no means least, *political influence* and *interference*, including via human actors, disinformation, and espionage. All these—at least partly intangible—factors are part of the CCP’s political warfare toolbox,²⁴¹ a well-honed set of measures and skills long neglected in Western analysis of China, the aim of which is to “win without fighting.” The United States and Europe can do much together in response by defining, facing, and countering these measures on a societal, political, and economic level. However, it will take political will. Kinetic military power will not be enough to defend democracy in the world of the future. Ideas matter.²⁴² Yet it is important to note that China is not neglecting military power. On January 1, 2021, the state updated its National Defense Law to include an innovation that appears to contradict the UN Charter provisions regarding the use of force. The new law inserted the phrase “development interests” four times, presenting the economic concept as grounds for military action.²⁴³ As a summary on the website of China’s Ministry of Defense says, “National Defense is the country’s survival and development security guarantee.” Article 2(4) of the UN Charter generally prohibits states from using force against other states when it is inconsistent with the purposes of the charter. The two big exceptions allowing the use of force, which are consistent with the charter’s purpose, are either (1) when the UN Security Council has authorized it or (2) when a state is subject to an “armed attack” and the right of self-defense is triggered. The negotiations for the charter deliberately ruled out economic coercion being able to trigger this right of self-defense.²⁴⁴

Tell the story. “Tell the China story well,” Xi’s exhortation at a National Propaganda and Ideology Work Conference

236 Didi Kirsten Tatlow, “Family Seeks Independent Autopsy of Activist Who Died in Detention,” *New York Times*, March 28, 2014, <https://sinosphere.blogs.nytimes.com/2014/03/28/family-fights-for-body-of-activist-who-died-in-detention/>.

237 Xi Jinping, “走向人类命运共同体” (Walking Towards a Community of Human Destiny), *Xinhua*, November 24, 2019, http://www.xinhuanet.com/politics/leaders/2019-11/24/c_1125268369.htm.

238 *Xinhua*, “王毅提出改革完善全球治理体系的五点建议” (Wang Yi proposes five points for reform and improvement of global governance), September 25, 2020, http://www.xinhuanet.com/2020-09/25/c_1126537444.htm.

239 National Museum of China, “Message from the Director,” accessed December 21, 2020, http://en.chnmuseum.cn/about_the_nmc_593/message_from_nmc_director_595/201911/t20191122_173222.html.

240 *Ibid.*

241 Kerry K. Gershaneck, *Political Warfare: Strategies for Combating China’s Plan to “Win without Fighting,”* (Marine Corps University Press, 2020). For a summary see Professor Kerry Gershaneck, “To Win Without Fighting: Defining China’s Political Warfare,” *Marine Corps University*, <https://www.usmcu.edu/Outreach/Marine-Corps-University-Press/Expeditions-with-MCUP-digital-journal/To-Win-without-Fighting/>.

242 Didi Kirsten Tatlow, *How “Democratic Security” can Protect Europe from a Rising China*, Policy Brief No. 13, German Council on Foreign Relations, July 2020, https://dgap.org/sites/default/files/article_pdfs/dgap-policy_brief-2020-13-en.pdf.

243 Ministry of National Defense of the People’s Republic of China, *Explaining the Revised National Defense Law in one picture*, December 31, 2020, http://www.mod.gov.cn/regulatory/2020-12/31/content_4876379.htm. For the law, see National People’s Congress of the People’s Republic of China, *National Defense Law of the People’s Republic of China* (revised at the 24th meeting of Standing Committee the 13th National People’s Congress), Baidu Reference, December 26, 2020, https://baike.baidu.com/reference/1759468/8886VNrZTTArNRk_j_ot6A1sjXtJJEJ5AiiNbeUPn5RcT1B13BBT6LqEKa9U4aW5jFFZFnpqjHVYtfcU0zKu9GJJ2PZoPKHdAw7Sa_5EErKV0bc5Fu-T4QTYshrbKOy7PTsk0uSdXKf45s4o.

244 Author’s private correspondence with a military legal specialist, January 7, 2021.

in 2013,²⁴⁵ may sound like a command for parents to do a better job at children’s bedtime. In reality, it is a global propaganda push to seize the narrative high ground, shape “hearts and minds,” persuade the world of the correctness of the CCP’s version of China, or its “story.” This story is contested by many people, including Chinese dissidents at home, exiles, the Uyghurs, Hong Kongers, Taiwanese, Tibetans, Mongolians, Christians, and Falungong and other spiritual or religious practitioners. The full quote from Xi, “Tell the China story well, broadcast well China’s voice,” echoes Mao Zedong in 1955: “Manage the world, make our voice heard everywhere on earth.”²⁴⁶ With its not-inconsiderable profile in European and US media and society, the CCP has done this well.²⁴⁷

However, the COVID-19 pandemic hit China’s image hard in Europe and the United States, a fact recognized by Chinese leaders. In July 2020, Xi directly quoted Mao, saying, reportedly for the first time in official remarks at a Politburo meeting, that due to challenges caused by the coronavirus and pushback from around the world, China had entered a phase of “protracted war.” This is an ideological uptick in how the CCP views its international position. “Many of the challenges we have encountered are of a medium- to long-term nature. We must understand this from the perspective of protracted war,” Xi said.

Protracted War is the title of a 1938 essay by Mao in which he predicted Chinese soldiers could defeat the Imperial Japanese Army if they adopted a long-term view and a three-stage strategy: retreat and defend, build up to a stalemate, and go on the offensive and through to final victory. Tellingly, the well-known phrase has been mentioned for years together with “national rejuvenation,” the “Chinese Dream,” and Xi’s “New Era,” suggesting it is part of the CCP’s vision, and underlining a sense that the party does not see ideological or values convergence with democratic nations as a possibility. Instead, it suggests that like the struggle against Japan, China’s rise will entail the West’s decline.

International organizations. The CCP has worked hard to grow China’s influence within the international system and,

especially, the UN. Technical agencies have been a key target. By 2020, Chinese officials headed or occupied senior management positions in thirty key organizations, including leading four of the UN’s fifteen specialized agencies.²⁴⁸ A bid for a fifth top job—director general of the World Intellectual Property Organization (WIPO)—was blocked in May 2020 by a vote of fifty-five to twenty-eight. An informal coalition of states was concerned that China, a country with well-known IP problems, including state policies aiding systematic, vast, global “grey zone” technology extraction,²⁴⁹ was an unsuitable candidate to lead the world’s IP agency. Had China succeeded, it would have been akin to “appointing the fox to guard the henhouse,” an experienced China commentator said.²⁵⁰ Chinese officials already lead standards-setting, strategically significant agencies such as the International Civil Aviation Organization (ICAO) and the International Telecommunication Union (ITU).

Central to the CCP’s effort to grow China’s influence is how China connects its Belt and Road Initiative (BRI), for which Europe is a geographic endpoint, to the UN’s flagship Sustainable Development Goals (SDGs). UN Secretary-General António Guterres has publicly supported this. At the Second Belt and Road Forum for International Cooperation in Beijing in 2019, Guterres pledged the support of UN country teams, including agencies, funds, and programs, for the BRI, saying “the pillars of the Belt and Road Initiative link to the SDGs.”²⁵¹ With a few exceptions, transatlantic countries have declined to join the BRI, seeing it as a way for China to establish geo-economic and, ultimately, geopolitical and military dominance.

Some of the most public political struggles between China and the US-led transatlantic and democratic nations at the UN have been at the UNHRC and the World Health Organization (WHO). Amid the COVID-19 pandemic, the United States (which left the UNHRC in 2018) announced it was also withdrawing from the WHO, alleging excessive Chinese influence. In particular, the United States objected to the words and actions of WHO Director-General Tedros Adhanom Ghebreyesus, a former Ethiopian foreign minister. In 2017, the year “Dr. Tedros” took the top job, WHO

245 Xi Jinping, “讲好中国故事 传播好中国声音 (*Tell China's story well, broadcast China's voice well*),” Xinhua, August 21, 2013, http://www.xinhuanet.com/zgjx/2013-08/21/c_132648439.htm.

246 Dr Andrew Foxall and Dr John Hemmings, eds., *The Art of Deceit: How China and Russia Use Sharp Power to Subvert the West*, Henry Jackson Society, December 2019, 25, <https://henryjacksonsociety.org/wp-content/uploads/2019/12/HJS-Sharp-Power-Report-FINAL.pdf>; see also Mao Zedong, 毛泽东新闻工作文选 (*Selected Writings on Journalism*) (Beijing: Xinhua Press, 1983), 183.

247 Ibid. See also Didi Kirsten Tatlow, “600 U.S. Groups Linked to Chinese Communist Party Influence Effort with Ambition Beyond Election,” *Newsweek*, October 26, 2020, <https://www.newsweek.com/2020/11/13/exclusive-600-us-groups-linked-chinese-communist-party-influence-effort-ambition-beyond-1541624.html>.

248 US-China Commission, *PRC representation in International Organizations*, last updated April 2020, https://www.uscc.gov/sites/default/files/2020-04/PRC_Representation_in_International_Organizations_April2020.pdf.

249 William C. Hannas and Didi Kirsten Tatlow, eds., *China's Quest for Foreign Technology: Beyond Espionage*, (Routledge, 2021).

250 Frank Ching, “China loses battle for control of another UN specialized agency,” *ejinsight, Hong Kong Economic Journal*, March 9, 2020, <https://www.ejinsight.com/eji/article/id/2397843/20200309-china-loses-battle-for-control-of-another-un-specialized-agency>.

251 UN News, “At China’s Belt and Road Forum, Guterres calls for ‘inclusive, sustainable and durable’ development,” April 26, 2019, <https://news.un.org/en/story/2019/04/1037381>.

signed a memorandum of understanding with Beijing to implement the BRI: “This agreement was the starting point for a new kind of WHO-China relationship focusing on global health,”²⁵² it said in a press release, using CCP language for international relations, “a new kind of relationship.”

China has pushed to increase its influence at the WHO since at least 2006, not long after the end of the first SARS virus crisis, when Margaret Chan became director-general. An unpublished report for a German think tank detailed how Chan’s candidacy was supported by Beijing, which in this way monitored and, reportedly, influenced activities at the world body.²⁵³

A key goal for Beijing at the WHO is political, not health: keeping out Taiwan, which it regards as a target for take-over (or “reunification”) by force if necessary. Beijing has blocked Taiwan’s limited, observer-only participation at the World Health Assembly, the governing body of the WHO, since 2016, when a Taiwanese political party, the Democratic Progressive Party led by Taiwanese President Tsai Ing-wen, won national elections there.

The exclusion of Taiwan arguably had disastrous results during the pandemic. The WHO followed Beijing’s lead and—at least publicly—ignored warnings from Taiwanese officials in December 2019 about human-to-human transmission of the SARS-CoV-2 virus. In fact, the WHO did not address the issue until January 21, 2020, tweeting then that there was “at least some human-to-human transmission.” It also reportedly bowed to pressure from China not to declare a global pandemic until March 2020. Although the facts remain unclear, China may have known earlier that the virus was spreading between humans. Patients in the Chinese city of Wuhan were quarantined in December 2019, suggesting at least the suspicion that the disease was infectious; according to some Chinese-language media reports vaccine development began in China on January 4, 2020, suggesting the authorities may have known the disease was transmissible more than two weeks before they acknowledged it publicly.²⁵⁴

To this day, Taiwan, with twenty-four million people, has one of the best COVID-19 management records in the world precisely by *not* trusting the WHO and China. Perhaps uniquely, it has not suffered economic contraction in 2020. The episode vividly demonstrates the global risks created by China’s growing clout in international organizations.

Underlining its push to influence international organizations, China has established effective dominance, with allies such as Cuba and Venezuela, at the UNHRC, where it introduced language that seeks to change global rights protection by introducing vagueness in place of legal principles and replacing clarity with a woolly concept of “relationships” that is hierarchical in nature, according to human rights experts.²⁵⁵ In particular, it has sought to introduce the phrase “mutually beneficial cooperation.” One expert described this as an effort to “embed Xi Jinping’s ideas, discourse, and policy into the work and language of the Council.”²⁵⁶

The Trump administration’s decisions to abandon the UNHRC in 2018, and the WHO, were widely unpopular in Europe. Yet, these actions may also have focused minds. At the most recent UNHRC membership vote in 2020, support for China, which had grown since 2006, fell by forty-one votes, from a 2018 high. Germany has taken on a more active role, speaking out and helping shift votes, demonstrating what allies can achieve when they pull together.²⁵⁷ Biden has, meanwhile, reversed the Trump administration’s decision to leave the WHO.

b) Coercive diplomacy

Intimately tied to China’s growing clout in international organizations is the expansion of Chinese diplomacy as part of a bigger “foreign affairs system” that includes external propaganda (exoprop) and political interference activities.²⁵⁸ “Diplomatic work is a political struggle; you don’t engage in a war of weapons, you engage in a war of words,” Mao told China’s first diplomats,²⁵⁹ and recently that approach is increasingly visible as China sheds its traditional caution and moves center stage in the world.

252 World Health Organization, *Cooperating globally to respond to health crises and disease outbreaks*, <https://www.who.int/china/activities/cooperating-globally-to-respond-to-health-crisis-and-disease-outbreaks>.

253 One of the authors of this Atlantic Council paper attended a briefing. Unfortunately, the report was not published due to its sensitive content.

254 This story ran in several Chinese-language media, including the pro-CCP *Ta Kung Pao*, “中国新冠疫苗临床试验超速全球 临床后上市至少需一年 (China’s novel corona virus vaccine clinical trials have sped up the world, from bedside to market it will take at least a year),” April 17, 2020, <https://web.archive.org/web/20201202121104/http://www.takungpao.com/news/232108/2020/0417/438408.html>.

255 Andréa Worden, *China’s win-win at the UN Human Rights Council: Just not for human rights*, Sinopsis, May 28, 2020, <https://sinopsis.cz/en/worden-win-win/>.

256 Ibid.

257 Permanent Mission of the Federal Republic of Germany to the United Nations, “Statement by Ambassador Christoph Heusgen on behalf of 39 Countries in the Third Committee General Debate,” October 6, 2020, <https://new-york-un.diplo.de/un-en/news-corner/201006-heusgen-china/2402648>.

258 Newsroom, “Chinese interference: Anne-Marie Brady’s Full Submission,” May 8, 2019, updated September 2, 2020, <https://www.newsroom.co.nz/anne-marie-bradys-full-submission>.

259 Anne-Marie Brady, “China’s new wolf warrior diplomacy is a Maoist resurrection,” *Sydney Morning Herald*, November 16, 2020, <https://www.smh.com.au/national/china-s-new-wolf-warrior-diplomacy-is-a-maoist-resurrection-20201111-p56dln.html>; also see Xinhua, “Xi urges breaking new ground in major country diplomacy with Chinese characteristics,” Xinhuanet, June 2, 2018, http://www.xinhuanet.com/english/2018-06/24/c_137276269.htm.

Under Xi, the CCP practices what it calls “major country diplomacy with Chinese characteristics.” At a Foreign Affairs Work Conference in 2018, Xi said: “(D)iplomacy represents the will of the state, and the diplomatic power must stay with the CCP Central Committee.”²⁶⁰ By the end of 2019, China had the most diplomatic representations of any country in the world (276), overtaking the United States (273).²⁶¹

Speaking at the opening of the Xi Jinping Thought on Diplomacy Studies Centre in Beijing in July 2020, Wang, China’s foreign minister, described China’s diplomatic goals as bringing “a new international political and economic order to a new historical level, aiming at a community with a shared future for mankind, a new type of international relations, and reform of the global governance system.”²⁶² The sentence may seem like sloganeering, but note its use of the word “new” three times, how it calls for a “new ... order,” a “new type of international relations,” and “reform.” Stating the obvious perhaps, Wang added, “First, Xi Jinping Thought on Diplomacy is an integral component of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era.”

Chinese diplomacy says it implements good neighborliness, benevolence, and “win-win situations” alongside a practice-based Marxist-dialectical analysis of foreign affairs. It spurns what it calls the “traditional realist theory of international relations,” as well as “unilateralism, protectionism and bullyism.”²⁶³

And yet, demonstrably, “bullyism” is increasingly practiced by Chinese diplomats. Also called “coercive diplomacy,” it is not ordinary diplomacy but an attempt to project power, including through the wide use of both real and inauthentic social media accounts, and online automated bot networks. Overall, countries and other targets, including individuals, have struggled to develop an effective toolkit to push back.

One report recorded 152 cases of coercive diplomacy by China affecting twenty-seven countries, as well as the EU, with a sharp escalation since 2018.²⁶⁴ Broadly divided into economic and non-economic measures, they are: trade sanctions, investment restrictions, tourism bans, popular boycotts, arbitrary detention (or hostage-taking), restrictions on official travel, and state-issued threats. The measures seek to “punish undesired behaviour and focus on issues including securing territorial claims, deploying Huawei’s 5G technology, suppressing minorities in Xinjiang, blocking the reception of the Dalai Lama and obscuring the handling of the Covid-19 pandemic,” the report said. Europe, North America, Australia, New Zealand, and East Asia recorded the most instances of coercive diplomacy over the last decade.

Examples in Europe are Sweden (over the detention of the Chinese-born Swede Gui Minhai and other issues including perceived trickery over the true purpose of a China-built scientific research station in Kiruna north of the Arctic Circle)²⁶⁵ and the Czech Republic (over a trip to Taiwan by the president of its Senate). Further afield and of special importance perhaps to the United States, two of its Five Eyes allies have been heavily targeted: Canada (over the detention of Meng Wanzhou, chief financial officer of Huawei Technologies Co., Ltd.) and Australia (for challenging CCP interference in Australia and “demanding an independent investigation into the origins of the COVID-19 pandemic”²⁶⁶).

The focus on smaller countries is unlikely to be a coincidence. “Gather your best forces, annihilate the enemy one by one,” Mao wrote on how to defeat a powerful enemy: first eliminate the real enemy’s smaller allies to ensure a step-by-step victory.²⁶⁷

In 2019, then-Chinese ambassador to Canada, Lu Shaye, described Canadians as “white supremacists” amid a triangular dispute involving the arrest in Canada, on a US warrant, of Meng, the daughter of the founder of Huawei,

260 Xinhua, “Xi urges breaking new ground in major country diplomacy with Chinese characteristics,” Xinhuanet, June 2, 2018, http://www.xinhuanet.com/english/2018-06/24/c_137276269.htm.

261 Bonnie Bley, “The New Geography of Global Diplomacy,” *Foreign Affairs*, November 27, 2019, <https://www.foreignaffairs.com/articles/china/2019-11-27/new-geography-global-diplomacy>.

262 Chinese Foreign Minister Wang Yi, “Study and Implement Xi Jinping Thought on Diplomacy Conscientiously and Break New Ground in Major-Country Diplomacy with Chinese Characteristics,” speech at the inauguration ceremony of the Xi Jinping Thought on Diplomacy Studies Centre in Beijing, July 20, 2020, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1799305.shtml.

263 Ibid.

264 Fergus Hanson, Emilia Currey, and Tracey Beattie, *The Chinese Communist Party’s Coercive Diplomacy*, Australian Strategic Policy Institute, September 1, 2020, <https://www.aspi.org.au/report/chinese-communist-partys-coercive-diplomacy>.

265 Sam Olsen, “China is learning how to lose friends and alienate countries,” *What China Wants*, December 14, 2020, <https://whatchinawants.substack.com/p/china-is-learning-how-to-lose-friends..>

266 US Senate Committee on Foreign Relations Majority Report, *The United States and Europe: A Concrete Agenda for Transatlantic Cooperation on China*, November 2020, 57, [https://www.foreign.senate.gov/imo/media/doc/SFRC%20Majority%20China-Europe%20Report%20FINAL%20\(P&G\).pdf](https://www.foreign.senate.gov/imo/media/doc/SFRC%20Majority%20China-Europe%20Report%20FINAL%20(P&G).pdf).

267 Mao Zedong, “集中优势兵力，各个歼灭敌人” (Gather your best forces, annihilate the enemy one by one), Marxists.org, September 16, 1946, <https://www.marxists.org/chinese/maozedong/marxist.org-chinese-mao-19460916.htm>.

and subsequent retaliation by China which arrested two Canadian citizens, Michael Kovrig and Michael Spavor.²⁶⁸

In January 2020, China's ambassador to Sweden, Gui Congyou, comparing the relationship between Swedish journalists and the Chinese government said, "It's like a 48-kilogram lightweight boxer who provokes a feud with an 86-kilogram heavyweight boxer, who out of kindness and goodwill urges the (smaller) boxer to take care of himself."²⁶⁹ In France, an anonymous article posted on the website of the Chinese Embassy in Paris in 2020 claimed carers in Western nursing homes abandoned their jobs and left residents to die of COVID-19.²⁷⁰ Despite public protests by French politicians the article was not taken down. After a visit by Czech Senate President Milos Vystrcil to Taiwan in August 2020, Wang, China's foreign minister, said Vystrcil would "pay a high price for his shortsighted behaviour."²⁷¹

Chinese state media have called Australia "gum on China's shoe" and Chinese diplomats have issued a list of fourteen grievances which included reining in Australia's independent media and research.²⁷² In November 2020, Zhao Lijian, a key "wolf warrior" diplomat, warned the Five Eyes countries not to meddle in China's core interests "lest those eyes be poked out and blinded."²⁷³

"Wolf warrior" diplomacy (named for its verbal and conceptual aggression, the term is taken from two eponymous, Chinese-made films) revives Cultural Revolution-style messaging, one expert said.²⁷⁴ Even in Germany, Chinese Ambassador Wu Ken, not considered a "wolf warrior," has threatened the auto industry's extensive business in China saying, "If the German government made a decision that led to the exclusion of Huawei from the German market, it will have consequences—the Chinese government will not stand idly by."²⁷⁵

Today, key diplomats such as Chinese Ministry of Foreign Affairs spokespersons Zhao Lijian and Hua Chunying,



Zhao Lijian, deputy director of the Chinese Ministry of Foreign Affairs Information Department and a key "wolf warrior" diplomat. Source: Wikimedia Commons/China News Service (<https://creativecommons.org/licenses/by/3.0/deed.en>)

English-language media such as the party's *Global Times* and its editor Hu Xijin, and overseas state media reporters such as Chen Weihua regularly take to social media and other channels to lash out at criticism of China and accuse

268 Mike Blanchfield, "'White supremacy' a factor in detainees cases, Chinese ambassador charges," CBC, January 9, 2019, <https://www.cbc.ca/news/politics/china-ambassador-white-supremacy-1.4971884>.

269 Associated Press, "Chinese official in hot water after branding Sweden a 'lightweight,'" *Euronews*, January 19, 2020, <https://www.euronews.com/2020/01/19/chinese-official-in-hot-water-after-branding-sweden-lightweight>.

270 John Irish, "Outraged French lawmakers demand answers on 'fake' Chinese embassy accusations," Reuters, April 15, 2020, <https://www.reuters.com/article/us-health-coronavirus-france-china-idUSKCN21X30C>.

271 Euronews, AP, and AFP, "China threatens retaliation after Czech delegation visits Taiwan," August 31, 2020, <https://www.euronews.com/2020/08/31/china-threatens-retaliation-after-czech-delegation-visit-to-taiwan>.

272 Jonathan Kearsley, Eryk Bagshaw, and Anthony Galloway, "'If you make China the enemy, China will be the enemy': Beijing's fresh threat to Australia," *Sydney Morning Herald*, November 18, 2020, <https://www.smh.com.au/world/asia/if-you-make-china-the-enemy-china-will-be-the-enemy-beijing-s-fresh-threat-to-australia-20201118-p56fqs.html>.

273 Xinhua, "外交部发言人就'五眼联盟'涉港声明、中澳关系、美方涉华文件等问题答记者问" (Foreign Ministry Spokesperson answers journalist questions on 'Five Eyes' statement that interferes in Hong Kong, China-Australia relations, U.S. interfering in Chinese documents, and other questions), November 19, 2020, http://www.xinhuanet.com/2020-11/19/c_1126762091.htm.

274 Anne-Marie Brady, "China's new wolf warrior diplomacy is a Maoist resurrection," *Sydney Morning Herald*, November 16, 2020, <https://www.smh.com.au/national/china-s-new-wolf-warrior-diplomacy-is-a-maoist-resurrection-20201116-p56dln.html>.

275 Scott Bicheno, "China threatens Germany over Huawei," *telecoms.com*, December 16, 2019, <https://telecoms.com/501405/china-threatens-germany-over-huawei/>.

non-Chinese critics of racism, in comments amplified by disinformative and propagandistic online behaviors.²⁷⁶ A leading cyber research institute says the CCP's contemporary projection of political power in the information environment is "a high-conflict approach to diplomacy that breaks with international norms, combined with patriotic fervour that can mobilise pro-China nationalistic responses to perceived slights, compounded by the party-state's complete control over Chinese social media platforms."²⁷⁷

So, while globally China has made substantial progress in building economic and diplomatic ties in the Middle East, including in Iraq²⁷⁸ and Iran, in Pakistan, across Africa, and in South America—some of these countries today are among China's supporters in international fora—an upshot of the pandemic and coercive diplomacy is that China's image in the world has deteriorated (see discussion in Chapter I), including in Europe where it was viewed more positively than in the United States.²⁷⁹ In June 2020, the EU High Representative for Foreign Affairs and Security Policy Josep Borrell said that Europe had been "too naïve" in its relations with China. "I said that several times. I think that we have to build a realistic relationship with China in order to defend our values and interests," Borrell said at a press event.²⁸⁰ Despite that, in December 2020, the EU agreed on a potentially far-reaching business deal with China, the CAI, amid significant controversy.

c) Diplomatic interference

"Wolf warrior" diplomacy blends with other activities by the CCP, such as propaganda, disinformation, and interference work by the United Front Work Department (UFWD) and other parts of the party and security state, as well as more familiar, old-school economic and political espionage to create a wide spectrum of difficult-to-deal-with behaviors.

The mechanisms of CCP influence and interference around the world are slowly coming to light as researchers and journalists uncover this hitherto poorly understood area.²⁸¹ Increasingly, analysts use the term "interference," not "influence," to characterize efforts that are in reality "covert, coercive and corrupting"²⁸² in order to distinguish them from legitimate diplomacy practiced by all nations. However, in practice the line between influence and interference is often blurred.

Key here is the CCP's United Front strategy, which is a whole-of-party strategy. The UFWD, a special department directly under the CCP's Central Committee, formally carries out this work through many subsidiary organizations, such as the Overseas Chinese Affairs Office.

"The United Front Work Department (UFWD) is the organisation through which the Party reaches out to many key non-party groups within and outside China in order to achieve important political goals. It also monitors sensitive constituencies and selects representatives from them who they can then incorporate into the political system," wrote Gerry Groot, a foundational researcher of the United Front system.²⁸³

In this "patriotic united front structure" the (nominally non-communist) Chinese People's Political Consultative Conference, with more than six hundred thousand members nationwide, is also key.²⁸⁴ But these organizations do not cover the entire range of work. All CCP members, committees, and organizations are expected to support and carry out United Front work. "The united front is the business of the whole party, the united front is the work of the whole party, the whole party must view it with importance and everyone do it together," the *People's Daily* wrote in May 2015 when United Front regulations were updated,

276 Dr Jacob Wallis et al., *Retweeting through the Great Firewall*, Australian Strategic Policy Institute, June 12, 2020, <https://www.aspi.org.au/report/retweeting-through-great-firewall>.

277 Albert Zhang, Ariel Bogle and Jake Wallis, "Tweet storm shows China aims to project power through provocation," *Strategist*, December 9, 2020, <https://www.aspi.org.au/tweet-storm-shows-china-aims-to-project-power-through-provocation/>.

278 See, for example, Jamil Anderlini, "China's Middle East strategy comes at a cost to the US," *Financial Times*, September 9, 2020, <https://www.ft.com/content/e20ae4b9-bc22-4cb5-aaf6-b67c885c845c>.

279 Laura Silver, Kat Devlin, and Christine Huang, "Unfavorable Views of China Reach Historic Highs in Many Countries," Pew Research Center, October 6, 2020, <https://www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/>.

280 European Union External Action Service, "EU-China Strategic Dialogue: Remarks by High Representative/Vice-President Josep Borrell at the press conference," June 9, 2020, https://eeas.europa.eu/delegations/vienna-international-organisations/80639/eu-china-strategic-dialogue-remarks-high-representativevice-president-josep-borrell-press_id.

281 Didi Kirsten Tatlow, "The Chinese Influence Effort Hiding in Plain Sight," *Atlantic*, June 12, 2019, <https://www.theatlantic.com/international/archive/2019/07/chinas-influence-efforts-germany-students/593689/>. See also, Tatlow, "600 U.S. Groups."

282 US Assistant Secretary of State in the Bureau of East Asian and Pacific Affairs, David R. Stillwell, "Covert, Coercive, and Corrupting: Countering the Chinese Communist Party's Malign Influence in Free Societies," speech (virtual) to the Hoover Institution, Stanford University, Asia Society, October 30, 2020, <https://www.state.gov/covert-coercive-and-corrupting-countering-the-chinese-communist-partys-malign-influence-in-free-societies/>.

283 Gerry Groot, *The United Front in an Age of Shared Destiny*, China Story Yearbook, Australian National University, 2014, press-files.anu.edu.au/downloads/press/p328871/pdf/ch03_forum_groot.pdf.

284 Gov.cn, *The Nature of the Chinese People's Political Consultative Conference (CPPCC)*, 2012, http://english1.english.gov.cn/2005-09/02/content_28614.htm.

citing Xi.²⁸⁵ Emphasizing the importance of this, essentially conspirative, work for the party (conspirative as it reaches deep into Chinese, overseas Chinese, and non-Chinese society on behalf the party but under a non-party guise), in January 2021 the CCP updated those 2015 regulations to further “strengthen and improve” United Front work.²⁸⁶

Rooted in the early years of the party’s history, the United Front is a political concept imported from Europe, founded in the Soviet Union by Vladimir Lenin in 1921 and applied in Germany in the 1920s, to weaken and undermine opposition to communist influence. It was deepened by Mao and Zhou Enlai, and today remains a fundamental, overarching strategy of the CCP, as well as a tactic that aims to coopt non-communists through profit, pressure, or both, thereby reducing the number of “enemies” at home and abroad. It is political warfare. Increasingly, the party is working to Sinify United Front work by tying it to the traditional Chinese philosophical concept of *Tianxia*, or “all under heaven,” a dynastic vision of single authority, all-encompassing governance, creating an increasingly complex nexus of contemporary CCP politics and civilizational values.²⁸⁷

Uncovering United Front work, especially overseas, is delicate as it touches on business, social, and political; individual; and group interests built up over decades. The party expects overseas Chinese to remain loyal to the “motherland,” and overseas Chinese are a key (though not the only) target of UFW work: “As long as the overseas Chinese are united they can play an irreplaceable role in realising the Chinese Dream of national rejuvenation as they are patriotic and rich in capital, talent, resources and business connections,” Xi said.²⁸⁸

Despite this, some observers in the transatlantic space continue to miss, or even question, the importance of United Front work; its activities and inroads into both local and elite power structures, often via business, are underestimated everywhere. In just one marker, the budget for UFW organizations in China exceeded \$2.6 billion in 2019, outstripping spending by China’s Ministry of Foreign

Affairs.²⁸⁹ Nearly \$600 million (23 percent) was set aside to influence foreigners and overseas Chinese communities, making it highly unlikely the effort is not of real significance to the CCP.²⁹⁰

Overall, the CCP’s United Front work, UFW departments, and other parts of the party-state that follow similar goals such as the Chinese People’s Association for Friendship with Foreign Countries (CPAFFC), have helped establish or shape interest groups around the world, especially but not just those with ethnic ties to China. These include hometown associations, cultural groups, business chambers, professional associations, and student groups. Chinese diplomats and officials, including those belonging to organizations within the formal UFW system (such as the Chinese Overseas Exchange Association or the Zhigong Party), liaise—directly or indirectly—with the groups, providing “guidance,” and sometimes organizational support, as well as business and professional opportunities. Some are active in lobbying, including at the EU.²⁹¹ The United Front has built up an extensive Chinese-language media network among the Chinese diaspora in transatlantic countries, with a baseline count of nearly one hundred such online and traditional media outlets across Europe alone, strengthening the Party’s reach in ways that are mostly invisible to non-Chinese.²⁹² These networks are extensive in all transatlantic countries. Many people who are part of these community groups are unaware of their political background, or interests are so merged with daily life that it is hard to say what is political and what is not.

In Germany alone, there are about two hundred and thirty such groups in total, a number made up of several different elements, including the Federation of Chinese Professional Associations in Europe (FCPAE) in Frankfurt, about eighty Chinese Student and Scholar Associations (CSSAs), a network of about three dozen German civil society groups under contract with the CPAFFC to jointly implement BRI projects, and at least ninety-seven of professional guilds for graduated Chinese students staying in Europe.²⁹³ These work to establish business and facilitate knowledge and

285 *People’s Daily*, “统战工作要靠全党共同来做 (United Front work relies on the whole party to do it together),” Tianjin United Front Work Department, May 25, 2015, <http://www.tjtz.org.cn/zt/system/2018/05/17/030008146.shtml>.

286 www.gov.cn, “中共中央印发《中国共产党统一战线工作条例》” (CCP issues CPP United Front Work regulations), January 5, 2021, http://www.gov.cn/zhengce/2021-01/05/content_5577289.htm.

287 *People.cn*, “Explaining Chinese culture, the Central Institute of Socialism proposes the ‘10 Clarities,’” December 2, 2016, <http://politics.people.com.cn/n1/2016/12/02/c1027-28921096.html>. There is a small, but growing, body of research on this issue.

288 Groot, *The United Front*.

289 Ryan Fedasiuk, “Putting Money in the Party’s Mouth: How China Mobilizes Funding for United Front Work, Jamestown Foundation,” *China Brief* (20) (16) (September 16, 2020), <https://jamestown.org/program/putting-money-in-the-partys-mouth-how-china-mobilizes-funding-for-united-front-work/>.

290 *Ibid.*

291 Jichang Lulu, *Repurposing Democracy: The European Parliament China Friendship Cluster*, Sinopsis, November 26, 2019, <https://sinopsis.cz/wp-content/uploads/2019/11/ep.pdf>.

292 Didi Kirsten Tatlow, “Tell the Chinese Story Well: China’s Great External Propaganda in Europe,” in Andrew Foxall and John Hemmings (ed.), *The Art of Deceit: How China and Russia Use Sharp Power to Subvert the West*, The Henry Jackson Society, 2019, 25-31, <https://henryjacksonsociety.org/wp-content/uploads/2019/12/HJS-Sharp-Power-Report-FINAL.pdf>.

293 Didi Kirsten Tatlow, *Mapping China-in-Germany*, Sinopsis, October 2, 2019, <https://sinopsis.cz/en/mapping-china-in-germany/>.

The Netherlands delivered protective equipment and medical supplies from Beijing, China to Podgorica, Montenegro, in support to NATO efforts against the COVID-19 global pandemic. United Front actors mobilized to ship protective equipment to stricken European countries as part of China's "Wolf Warrior" diplomacy. Source: NATO



technology extraction back to China, thus demonstrating a key, practical goal of political influence and interference: technology transfer.²⁹⁴

The situation in the United States is similar, suggesting a significant opportunity for transatlantic cooperation in this area. A recent count of groups, based on cross-membership of prominent individuals with formal UFWD organizations in China, high-level access to Chinese leaders that can only be won by "friendly organizations," technology transfer activities coordinated with United Front groups as well as other factors²⁹⁵ produces a figure of about six hundred.²⁹⁶ This figure includes the 265 CSSAs in the United States. Students and scholars are a major target of United Front work.²⁹⁷

Overall, this system marginalizes non-CCP Chinese voices, spreading the party's "China story" at the expense of other, independent and authentic voices, and lived realities. This not easily visible within host countries. An especially troubling issue is that many, if not most, members themselves may not be aware their membership may be used by the

CCP, including by the Ministry of State Security (MSS). The MSS's Twelfth Bureau (of eighteen identified bureaus) "handles MSS contributions to the CCP's united front work system."²⁹⁸ This difficult mixture of innocent and non-innocent manipulates the normal functioning of a democracy where ethnic and other identity politics flourish. Attempts to point out the challenges are typically met with accusations of "racism" within a liberal democratic political environment, rather than an attempt to address the problem itself or acknowledge its uniquely political nature. This is the case in all transatlantic societies, but especially so in the United States.

d) Disinformation campaigns

The COVID-19 pandemic resulted in a surge in disinformation by Chinese diplomats and state media online via social media and in person by "wolf warriors" (discussed above). This included claims that the coronavirus, which caused the pandemic, did not originate in China but in many other locations, from the United States to northern Italy to India

294 Hannas and Tatlow, eds., *China's Quest*.

295 Committee of 100, "President Xi Jinping Commends Committee of 100 Efforts to Strengthen U.S.-China Friendship During Seattle Speech," September 22, 2015, <https://www.committee100.org/events/event-president-xi-jinping-makes-speech-in-seattle-mentions-committee-of-100/>.

296 Tatlow, "600 U.S. Groups."

297 Parliament of Australia, "Submission by Clive Hamilton and Alex Joske," 2017, https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Intelligence_and_Security/Espionage/Interference/Submissions.

298 Peter Mattis and Matthew Brazil, *Chinese Communist Espionage: An Intelligence Primer* (Naval Institute Press, 2019), 56.

to Australia. After initially draining Europe and the United States of personal protective equipment (PPE),²⁹⁹ as the United Front system activated to ship PPE to China in January and February 2020, the Chinese economic state machinery then reversed that process and flooded stricken transatlantic nations with PPE, sometimes presented as aid. This behavior and the still-unresolved origins debate have alerted some Europeans to the risks presented by the CCP. Overall, neither the United States nor the EU are on top of the situation. The EU's East Stratcom Taskforce, set up in 2015 within the EEAS, tracks Chinese disinformation but is restricted in scope being originally set up to monitor Russian behavior.³⁰⁰ In 2020, Borrell, the EU's high representative, and his US counterpart began a bilateral dialogue that involved foreign ministers of the EU countries,³⁰¹ but it remains to be seen to what extent it will deal with urgent issues such as CCP disinformation, coercive diplomacy, United Front interference, and espionage.³⁰² Europe remains behind the United States in mitigating the situation and China wants to keep it that way, hoping to separate Europe from the United States and to keep Europe internally divided.³⁰³ Unsurprisingly, an opinion piece published by CGTN, a Beijing-based English-language news channel operated by a state-controlled media organization, greeted the announcement of new EU-US dialogue on China³⁰⁴ in a downbeat fashion, labeling it as "dead on arrival."³⁰⁵

e) Espionage and trade secret theft

While United Front strategy remains extremely difficult to counter, involving as it does many innocent people, the US Department of Justice's (DOJ's) China Initiative,³⁰⁶ launched in November 2018, directly and openly addresses the issue of systemic economic espionage and trade secret theft by China against the United States. No

parallel effort exists in Europe. The DOJ's goals include, "increased focus on the investigation and prosecution of trade secret theft and economic espionage, to better countering threats posed by Chinese foreign investment and supply chain vulnerabilities."

Associated with the administration of former US President Donald J. Trump, in reality the pushback began in 2014, during then-US President Barack Obama's second term. That year the Federal Bureau of Investigation (FBI) issued a first "Wanted" notice against five China-based officers of Unit 61398 of the Third Department of the People's Liberation Army (PLA) for computer hacking, economic espionage, and other offenses against five US companies and one US trade union. These were the first criminal charges to be filed against known state actors for hacking, according to the FBI.³⁰⁷ The judge in the case, brought in Western Pennsylvania, described it as "21st century burglary."³⁰⁸ Many cases have followed, with FBI Director Christopher Wray saying the bureau opens a China-related case every ten hours.

One such case was charges brought against a New York policeman and US Army reservist in 2020 for acting as an illegal agent of China as well as committing wire fraud, making false statements, and obstructing an official proceeding.³⁰⁹ One of the man's Chinese consulate-based handlers worked for the "China Association for Preservation and Development of Tibetan Culture," a division of the UFWD, according to the charge. "This Department is responsible for, among other things, neutralizing potential opponents of the PRC and co-opting ethnic Chinese individuals living outside the PRC," the charge read. In 2014, a Chinese citizen working for the same association was evicted from a UNHRC meeting in Geneva for intimidating a witness.³¹⁰

299 Congressional Research Service, *COVID-19: China Medical Supply Chains and Broader Trade Issues*, updated December 23, 2020, <https://crsreports.congress.gov/product/pdf/R/R46304>.

300 "EU vs. Disinfo," EU's East Stratcom Task Force, <https://euvsdisinfo.eu/>.

301 European Commission, EU-US: A new transatlantic agenda for global change, press release, December 2, 2020, https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2279.

302 Ibid.

303 Tatlow, *How "Democratic Security."*

304 European Commission, EU-US: A new.

305 Ken Moak, "The EU-U.S. dialogue on China is 'dead on arrival,'" CGTN, October 1, 2020, <https://news.cgtn.com/news/2020-10-01/The-EU-U-S-dialogue-on-China-is-dead-on-arrival--Uem6omzFYc/index.html>.

306 US Department of Justice, *The China Initiative: Year-in-Review (2019-20)*, press release, November 16, 2020, <https://www.justice.gov/opa/pr/china-initiative-year-review-2019-20>.

307 FBI.gov, "Five Chinese Military Hackers Charged," May 19, 2014, <https://www.fbi.gov/news/stories/five-chinese-military-hackers-charged-with-cyber-espionage-against-us>. The targets: Westinghouse Electric Co., US subsidiaries of SolarWorld AG, United States Steel Corp., Allegheny Technologies Inc., the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, and Alcoa Inc.

308 Ibid.

309 US Department of Justice, *New York City Police Department Officer Charged with Acting As an Illegal Agent of the People's Republic of China*, press release, September 21, 2020, <https://www.justice.gov/opa/pr/new-york-city-police-department-officer-charged-acting-illegal-agent-people-s-republic-china>.

310 Didi Kirsten Tatlow, "U.N. Investigates 'Intimidation' of Activist at Human Rights Council," *Sinosphere*, March 21, 2014, <https://sinosphere.blogs.nytimes.com/2014/03/21/u-n-investigates-intimidation-of-activist-at-human-rights-council/>. See also Didi Kirsten Tatlow, "Chinese Man, Ostensibly From an N.G.O., Is Barred From U.N. Human Rights Hearing," *Sinosphere*, March 24, 2014, <https://sinosphere.blogs.nytimes.com/2014/03/24/chinese-ngo-member-barred-from-united-nations/>.

In 2020, the US Department of State took the rare step of closing China's consulate in Houston, Texas—one of China's five consulates in the United States. According to China experts in the intelligence community, the Houston consulate was involved in a range of illicit behaviors that crossed a line in terms of what could be tolerated from a foreign diplomatic mission. Officials singled out a number of problematic activities by Chinese diplomats.³¹¹ These are worth listing in detail as they represent a typical range of behaviors the CCP engages in:

- i. Involvement in espionage and trade secret theft;
- ii. Guiding military researchers who concealed their affiliation with the People's Liberation Army (PLA) on visa applications and advising them on how to obstruct investigations into this fraud;
- iii. Aiding grant fraud by researchers at a Texas institution by guiding them on what information to collect;
- iv. Serving as a base for "Fox Hunt" teams—agents sent from China to coerce economic fugitives, meaning political rivals of Xi, CCP critics, and refugees—to return to China;
- v. Enabling direct lobbying of state and local officials, and businesspeople, to favor Chinese interests—normal activity except when conducted in a coercive and covert fashion, and to be kept within bounds when carried out by a foreign government; and
- vi. Publicly criticizing Hong Kong pro-democracy activists and supporting nationalistic Chinese counter demonstrators.³¹²

Crucially, these actions do not target only people of Chinese ethnicity, but also top-level scientists, businesspeople, and politicians. All of the above patterns and activities are underway in Europe. In fact, the CCP may be using laxer controls in Europe to conduct espionage activities against the United States by meeting there with agents in order to avoid the FBI's increasingly watchful gaze, according to US Assistant Attorney General for National Security John C. Demers.³¹³

One example is Xu Yanjun, also known as Qu Hui and Zhang Hui, a member of the Jiangsu province MSS, arrested in Brussels in 2018 before being extradited to the United States on charges of economic espionage and stealing trade secrets from US aviation and aerospace companies.³¹⁴

The China Initiative has certainly made progress in managing interference efforts in the United States, yet there is no such initiative in Europe. Arrests are rarely made, prosecutions are rarely launched, and when they are, they often fall apart—apparently for lack of evidence. This despite the fact that Germany's counterintelligence organization, the Bundesamt für Verfassungsschutz, highlighted growing challenges from Chinese espionage and the UFWD. According to its 2019 report, published in 2020:

"The scale of identifiable political and economic espionage has significantly increased, without a reduction in efforts to extract information from military targets. ... In addition, intelligence agents control and direct overseas Chinese communities in Germany. Obedient behavior is secured and strengthened through close institutional ties between Chinese companies, student groups and cultural clubs and institutions, and the ... united front."

2. Concrete Transatlantic Responses

a) Immediate and independent responses in Europe and the United States

- i. Properly fund and prioritize research to assess the challenge. Investigate to what degree politics, civil society, and business have been penetrated by United Front actors and strategies and other forms of CCP interference.
- ii. Publicize this information wherever possible to build democratic security³¹⁵ via strategic communication. Clearly identify core values, and the challenges to these.
- iii. Assess domestic resources, capabilities, and weaknesses. In Europe, the EU's disinformation task force

311 US Department of State, "Briefing With Senior U.S. Government Officials On the Closure of the Chinese Consulate in Houston, Texas," special briefing, Office of the Spokesperson, via teleconference, July 24, 2020, <https://www.state.gov/briefing-with-senior-u-s-government-officials-on-the-closure-of-the-chinese-consulate-in-houston-texas/>.

312 Ibid.

313 Center for Strategic and International Studies, "Online Event: Countering Chinese Espionage," August 12, 2020. video, 1:05:26, https://www.youtube.com/watch?time_continue=1&v=k-b5rQo2P28&feature=emb_logo.

314 US Embassy in Belgium, "Chinese Intelligence Officer Charged with Economic Espionage Involving Theft of Trade Secrets from Leading U.S. Aviation Companies," Department of Justice, Office of Public Affairs, October 10, 2018, <https://be.usembassy.gov/chinese-intelligence-officer-charged-with-economic-espionage-involving-theft-of-trade-secrets-from-leading-u-s-aviation-companies/>.

315 Tatlow, *How "Democratic Security."*

should be immediately expanded to include a full, language and ethnographically fluent team focused on China. This effort should be mirrored in every nation state. National bodies should compare findings and cooperate as many United Front activities are transnational.

- iv. Following on from (i.), identify beneficial ownership of businesses to create clarity around proxies.³¹⁶ Take measures to address this situation where it is duplicitous. Require falsely registered United Front groups to re-register as political actors.
- v. Push the core message: without national security there is no economic security. This is especially important in Europe where threat perception is low.
- vi. Take cybersecurity seriously. This is still not the case in many, if not most, places. This requires funding.
- vii. Malign actors should be “named and shamed.”

- v. Adopt the Taiwan model whereby government departments have “one hour to respond.”³¹⁸
- vi. Require Chinese civil society groups tied to the United Front system to re-register as political actors, in order to ensure transparency. Where appropriate, criminalize and punish malign behaviors.³¹⁹
- vii. Scrutinize money flows in academia, politics, and think tanks to exclude influence and interference. In the United States, the Department of Education is enforcing reporting rules after years of neglect;³²⁰ in Europe this effort is controversial and underfunded, carried out by independent civil society actors. German universities may charge around \$1,000 for a single inquiry over funding sources.³²¹
- viii. Civil society and governments should partner in active strategic messaging and public education, utilizing a full range of open-source and other information, to raise awareness and build democratic security.

b) Responses in the transatlantic space

- i. Reengage across the board with international organizations to challenge and limit Chinese influence and interference. Nature abhors a vacuum—do not permit the CCP to fill it. Engage with allies in Asia, Africa, and elsewhere.
- ii. Deepen and widen the Democratic Order Initiative,³¹⁷ or “D-10” (Democracies 10) alliance, to strengthen political and economic partnerships and supply chains.
- iii. Respond collectively to diplomatic bullying against any partner.
- iv. Create transatlantic rapid response mechanisms to offset Chinese disinformation.

3. Major recommendations

To counter coercive Chinese diplomacy, excessive intelligence gathering, and disinformation practices, the partners should:

- i. Respond collectively to any case of diplomatic bullying of one partner with a “coercion against one is coercion against all” policy;
- ii. Reengage in international organizations to limit Chinese power;
- iii. Create transatlantic rapid-response mechanisms to offset Chinese disinformation; and
- iv. Register Chinese “civil society” groups operating in the transatlantic space to limit intelligence gathering and influence peddling.

³¹⁶ Jerker Hellström, Oscar Almén, and Johan Englund, *Kinesiska bolagsförvärv i Sverige: en kartläggning* [Chinese corporate acquisitions in Sweden: a survey], Swedish Department of Foreign Affairs, November 27, 2019.

³¹⁷ “Democratic Order Initiative,” Atlantic Council, <https://www.atlanticcouncil.org/programs/scowcroft-center-for-strategy-and-security/global-strategy-initiative/democratic-order-initiative/>.

³¹⁸ French Institute of International Relations, “Conversation on Technological Change and its Implications, with Audrey Tang, Digital Minister, Taiwan,” November 30, 2020, video, 57:20, https://www.youtube.com/watch?v=jSxeEkIXecA&feature=emb_logo.

³¹⁹ See Hannas and Tatlow, eds., *China’s Quest* for more recommendations.

³²⁰ US Department of Education, U.S. Department of Education Uncovers Vast Underreporting of Foreign Gifts and Contracts by Higher Education Institutions, press release, October 20, 2020, <https://www.ed.gov/news/press-releases/us-department-education-uncovers-vast-underreporting-foreign-gifts-and-contracts-higher-education-institutions>.

³²¹ David Missal, *Chinas Geld an deutschen Unis* (Chinese Money at German Universities), accessed February 28, 2021, <https://unis.davidmissal.de/>.

Chapter III: Areas of Lesser Initial Convergence

By Franklin D. Kramer and Sarah Kirchberger

Areas of lesser transatlantic convergence include China's trade and investment practices and its efforts to dominate new technologies and set international technology standards. Divergence among transatlantic partners here was due initially to the fact that many nations had registered immediate benefits from their economic and technological ties with China while ignoring the longer-term and less obvious risks. Divergence has appeared in the handling of the Huawei Technologies Co., Ltd. 5G issue and is also demonstrated by the fact that both the United States and the European Union (EU) have negotiated separately with China on trade and investment pacts. Nonetheless, China has overplayed its hand in enough instances since the onset of the COVID-19 pandemic that transatlantic partners are increasingly finding common ground on these areas of lesser convergence. A place to start is by countering Chinese subsidies, leverage-seeking investments, supply dependencies, and similar predatory practices that give China dangerous economic, political, and technical leverage over democratic nations.

Section A: Economic Challenges

1. The Challenges

China presents significant economic challenges to transatlantic nations that can usefully be divided in a first, and necessarily oversimplified, approximation into challenges arising within markets in the transatlantic nations, markets within China, and markets in the rest of the world. The most consequential challenges include those arising in the transatlantic markets—unfair competitive practice,

resilience issues, cyber espionage, investments in sensitive industries—and in China, particularly issues of technology transfer and access to markets.

A related, but different, challenge is the ability of the United States and Europe, including especially the EU, to undertake complementary approaches in dealing with the economic issues raised by China.

a) Challenges within transatlantic markets

China presents five key challenges in transatlantic markets.

First is the issue of the impact on market competition from unfair practices undertaken by China's state-driven economic model.³²² For example, in a paper on “leveling the playing field as regards foreign subsidies,” the European Commission highlighted the problem of China's use of “heavy subsidies to both state-owned and private sector companies.”³²³ Reports by the United States Trade Representative (USTR) to Congress have thoroughly described Chinese unfair market practices,³²⁴ which can be summarized accordingly: “In an attempt to dominate critical global markets and manufacturing industries, China leverages policy tools such as low interest loans; subsidized utility rates; lax environmental, health, and safety standards; and dumping to boost its industry. China also uses counterfeiting and piracy, illegal export subsidies, and overcapacity to depress world prices and push rivals out of the global market. It has implemented these tactics to capture much of the world's solar and steel industries and intends to extend its dominance to other industries such as automobiles and robotics.”³²⁵

Second, China presents a series of resilience challenges for the transatlantic nations.³²⁶ Chinese companies are

322 This section draws directly in places from the chapter author's prior reports, Franklin D. Kramer, *Effective Resilience and National Strategy: Lessons from the Pandemic and Requirements for Key Critical Infrastructures*, Atlantic Council, October 9, 2020, 13, <https://www.atlanticcouncil.org/wp-content/uploads/2020/10/Effective-Resilience-Latest.pdf>, and Franklin D. Kramer, *Managed Competition: Meeting China's challenge in a multi-vector world*, Atlantic Council, December 12, 2019, 15, <https://www.atlanticcouncil.org/in-depth-research-reports/report/managed-competition-meeting-chinas-challenge-in-a-multi-vector-world/>.

323 European Commission and HR/VP contribution to the European Council, *EU-China – A strategic outlook*, March 12, 2019, 5, <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>.

324 United States Trade Representative, *2018 Report to Congress on China's WTO Compliance*, February 2019, <https://ustr.gov/sites/default/files/2018-USTR-Report-to-Congress-on-China%27s-WTO-Compliance.pdf>.

325 Report to President Donald J. Trump by the Interagency Task Force in Fulfillment of Executive Order 13806, *Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States*, September 2018, 36, <https://media.defense.gov/2018/Oct/05/2002048904/-1/-1/ASSESSING-AND-STRENGTHENING-THE-MANUFACTURING-AND%20DEFENSE-INDUSTRIAL-BASE-AND-SUPPLY-CHAIN-RESILIENCY.PDF>.

326 Kramer, *Effective Resilience*, 12.

pervasively present in supply chains.³²⁷ As one analysis described: “In addition to China dominating many material sectors at the upstream source of supply (e.g., mining), it is increasingly dominating downstream value-added materials processing and associated manufacturing supply chains, both in China and increasingly in other countries. Areas of concern ... include a growing number of widely used and specialized metals, alloys, and other materials, including rare earths and permanent magnets.”³²⁸ Moreover, “that pervasiveness raises the issue of whether China will remain a reliable supplier, particularly when there are political or other pressures such as can occur during a pandemic. Historically, in order to achieve its geopolitical goals, China has utilized economic pressure including restricting supply chains.”³²⁹

One highly important resilience issue arises from China’s involvement in the information technology and communications supply chains. Those considerations are specifically presented by China’s role in 5G technology, in particular through Huawei, and raise the issues of system and component vulnerabilities, including the potential for the introduction of malware.³³⁰ Moreover, the recent, very significant SolarWinds intrusions into US government and private sector networks that were accomplished through compromised software supply chains³³¹ underscore the degree of vulnerability that Chinese engagement in supply chains presents.³³²

Third, China has used cyber espionage against the transatlantic nations for economic (and national security) advantage. A recent example has been Chinese espionage against companies working on the development of vaccines for the coronavirus. The seriousness of the problem was highlighted by the Department of Homeland Security and the Federal Bureau of Investigation (FBI) issuing a joint alert “warning ... of ... targeting and attempted network

compromise by the People’s Republic of China ... [of] [h] ealthcare, pharmaceutical, and research sectors working on the COVID-19 response.”³³³ This action by China is, of course, in complete disregard of its promise to the United States to halt commercial cyber espionage.³³⁴ China’s coronavirus espionage highlights the dangers faced on both sides of the Atlantic by firms seeking to develop and market emerging and advanced technologies. Companies, and especially small and medium-sized companies, cannot be expected to undertake effective cyber protection against the very significant cyber capabilities of China.

Fourth is the key issue of Chinese foreign direct investment (FDI) focused on Western companies with sensitive and/or security-related technologies.³³⁵ In Europe, China’s acquisition of the German robotics firm Kuka led to a heightened degree of focus on Chinese acquisitions throughout Europe. As a consequence, in 2019, the EU enacted a regulation “establishing a framework for the screening of foreign direct investments into the Union.”³³⁶ In the United States, analyses have comparably concluded, for example, that “High-tech industries such as artificial intelligence (AI), biotechnology, and virtual reality have been the primary targets of Chinese VC [venture capital] activity ... [One] study found that Chinese investors targeted sensitive technologies in 78 percent of all U.S. VC funding rounds involving a Chinese investor between 2000 and May 2018 ... These investments are not just lucrative business opportunities, they also enable Chinese firms to acquire valuable U.S. technology and IP.”³³⁷

Fifth, China is directing substantial resources into innovation and advanced technologies.³³⁸ The Made in China 2025 program identifies ten areas in which China plans to be a world leader.³³⁹ More recently, Chinese President Xi Jinping has focused on AI, quantum computing, and other comparable arenas as exemplified by the “New Generation

327 Ibid.

328 Report to President Donald J. Trump, *Assessing*, 36-37.

329 Kramer, *Effective Resilience*, 12.

330 Ibid.

331 Cybersecurity & Infrastructure Security Agency, “Joint Statement by the Federal Bureau of Investigation (FBI), the Cybersecurity and Infrastructure Security Agency (CISA), the Office of the Director Of National Intelligence (ODNI), and the National Security Agency (NSA),” January 5, 2021, <https://www.cisa.gov/news/2021/01/05/joint-statement-federal-bureau-investigation-fbi-cybersecurity-and-infrastructure>.

332 While the SolarWinds intrusions have been ascribed to Russia, China is an equally capable cyber adversary.

333 Cybersecurity & Infrastructure Security Agency, *Chinese Malicious Cyber Activity*, accessed May 13, 2020, <https://www.us-cert.gov/china>.

334 David E. Sanger and Steven Lee Myers, “After a Hiatus, China Accelerates Cyberspying Efforts to Obtain U.S. Technology,” *New York Times*, November 29, 2018, <https://www.nytimes.com/2018/11/29/us/politics/china-trump-cyberespionage.html?auth=login-email&login=email>.

335 Kramer, *Managed Competition*, 15.

336 *Official Journal of the European Union*, “Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union,” March 21, 2019, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0452&from=EN>.

337 U.S.-China Economic and Security Commission, Report to 115th Congress, Second session, November 2018, 39, https://www.uscc.gov/sites/default/files/annual_reports/2018%20Annual%20Report%20to%20Congress.pdf.

338 Kramer, *Managed Competition*.

339 U.S. Chamber of Commerce, *Made in China 2025: Global Ambitions Built on Local Protections*, 2017, 10, https://www.uschamber.com/sites/default/files/final_made_in_china_2025_report_full.pdf.

Artificial Intelligence Development Plan.”³⁴⁰ These significant efforts have potential consequences for economic markets³⁴¹ (and for national security) as advanced and emerging technologies will be the leading drivers of the global economy.³⁴² The competition in innovation is entangled with the ability to have fair and efficient markets for transatlantic advanced and emerging technology companies in the face of China’s unfair market practices.³⁴³

b) Challenges in markets within China

For markets within China, transatlantic companies face numerous nontariff barriers that restrict their ability to compete and must also contend with the forcible transfer of their technology to Chinese firms. Additionally, recently promulgated rules, approved by China’s State Council, could have a potentially significant impact on firms that are subject to US or European constraints on dealing with China, though the practical application of these rules is yet to be determined.³⁴⁴

One analysis by the USTR enumerated multiple Chinese actions affecting transatlantic firms: “WTO-inconsistent activities pursued by China [include]: (1) local content requirements in the automobile sector; (2) discriminatory taxes in the integrated circuit sector; (3) hundreds of prohibited subsidies in a wide range of manufacturing sectors; (4) inadequate intellectual property rights (IPR) enforcement in the copyright area; (5) significant market access barriers in copyright-intensive industries; (6) severe restrictions on foreign suppliers of financial information services; (7) export restraints on numerous raw materials; (8) a denial of market access for foreign suppliers of electronic payment services; (9) repeated abusive use of trade remedies; (10) excessive domestic support for key agricultural commodities; (11) the opaque and protectionist administration of

tariff-rate quotas for key agricultural commodities; and (12) discriminatory regulations on technology licensing.”³⁴⁵

Second, China uses several approaches that lead to the “forcible transfer of technology,” including, as described by USTR: “(1) pressuring the transfer of technology through the abuse of administrative processes and other means; (2) using discriminatory regulations to force non-market licensing outcomes for U.S. businesses; (3) leveraging state capital to acquire U.S. high-technology assets for transfer to Chinese companies in accordance with China’s industrial policy objectives; and (4) obtaining U.S. intellectual property and sensitive business information through cyber theft for the commercial benefit of Chinese industry.”³⁴⁶

Third, China has determined to rely heavily on domestic capabilities, as exemplified in its “dual-circulation” policy.³⁴⁷ The recently concluded Fifth Plenum of the Central Committee of the Chinese Communist Party (CCP) reiterated the policy of dual circulation,³⁴⁸ with the communiqués stating that China would “accelerate the construction of a new development pattern with the domestic cycle as the main body and the domestic and international dual cycles mutually promoting each other.”³⁴⁹ While the precise impact is yet to be determined, China, for example, “ordered all government offices and public institutions to remove foreign computer equipment and software within three years.”³⁵⁰

Fourth, as noted above, China has issued rules that “allow government officials to issue orders saying that companies do not have to comply with certain foreign restrictions. Chinese companies that incur losses because of another party’s compliance with those laws can sue for damages in Chinese courts, according to the Commerce Ministry’s notice.”³⁵¹ The impact of the rules is yet to be determined: “It is unclear whether global companies would end up

340 Gregory C. Allen, *Understanding China’s AI Strategy: Clues to Chinese Strategic Thinking on Artificial Intelligence and National Security*, Center for a New American Security, February 2019, <https://s3.amazonaws.com/files.cnas.org/documents/CNAS-Understanding-Chinas-AI-Strategy-Gregory-C.-Allen-FINAL-2.15.19.pdf?mtime=20190215104041>.

341 Kramer, *Managed Competition*.

342 Kramer, *Effective Resilience*, 13.

343 *Ibid.*, 12.

344 Amy Qin, “China’s New Rules Could Hit U.S. Firms and Send a Message to Biden,” *New York Times*, January 9, 2021, <https://www.nytimes.com/2021/01/09/business/china-rules-trump-biden-sanctions.html?referringSource=articleShare>.

345 United States Trade Representative, *2018 Report*.

346 *Ibid.*, 6.

347 Fengyang, “China’s ‘dual-circulation’ strategy means relying less on foreigners,” *Economist*, November 7, 2020, <https://www.economist.com/china/2020/11/07/chinas-dual-circulation-strategy-means-relying-less-on-foreigners>.

348 Reuters staff, “Factbox: Key details from fifth plenum of China’s Communist Party,” Reuters, October 29, 2020, <https://www.reuters.com/article/us-china-politics-plenum-factbox/factbox-key-details-from-fifth-plenum-of-chinas-communist-party-idUSKBN27E1XY>.

349 Xinhuanet, Communiqué of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China, https://translate.google.com/translate?hl=en&sl=zh-CN&u=http://www.xinhuanet.com/2020-10/29/c_1126674147.htm&prev=search&pto=aue.

350 Yuan Yang and Nian Liu, “Beijing orders state offices to replace foreign PCs and software,” *Financial Times*, December 8, 2019, <https://www.ft.com/content/b55fc6ee-1787-11ea-8d73-6303645ac406>.

351 Qin, “China’s New Rules.”

being punished in China for complying with U.S. sanctions. Under the rules ... companies could seek a waiver from the Commerce Ministry in order to comply with American restrictions.”³⁵²

c) Challenges in markets worldwide

China utilizes both economic pressure and investments to achieve its goals in worldwide markets.

Economic coercion is regularly practiced by China, including by “[p]unish[ing] countries that undermine its territorial claims and foreign policy goals with measures such as restricting trade, encouraging popular boycotts, and cutting off tourism.”³⁵³ One listing of particular examples of economic coercion included: “(1) Chinese restrictions on rare earths exports and other measures directed at Japan after a collision between a Chinese fishing boat and a Japanese coast guard ship near the disputed Senkaku/Diaoyu islands in 2010; (2) Chinese restrictions on imports of Norwegian salmon after Liu [Xiaobo] won the Nobel Peace Prize in 2010; (3) Chinese reductions of imports of bananas and other agricultural goods from the Philippines as well as cuts in tourism from China after a dispute over the South China Sea from 2012 to 2016; (4) Chinese reductions in tourism and other measures against Taiwan in response to the election of Tsai [Ing-wen] in 2016; (5) Chinese tourism reductions and restrictions on certain trade with South Korea after Seoul agreed to deploy a US THAAD missile defense system in 2016; and (6) temporary Chinese restrictions on cross-border trade with Mongolia after it allowed the Dalai Lama’s visit in 2016.”³⁵⁴

China’s international economic investments are generally undertaken through its Belt and Road Initiative (BRI). The BRI has come to be more of a general approach than a highly specific initiative. The investment amounts are substantial though precise data are not easily available, distinctions are often not made between actual and planned investment, and the impact of the COVID-19 pandemic is also unclear. The World Bank had reported that, as of May 2018, “projects in all sectors that are already executed, in implementation or planned are estimated to amount to US\$575 billion.”³⁵⁵ More recently, however:

“New data released by the American Enterprise Institute show that most countries of the Belt and

Road Initiative (BRI) have experienced a decline in Chinese investments in the first half of 2020. Overall investments in the BRI were USD 23.4 billion in the first six months of 2020, dropping by about 50% from USD 46 billion invested during the first six months of 2019 (and dropping by 60% compared to the first six months of 2018). 2020 BRI investments were the slowest of any 6 months period since the BRI had been announced in 2013.”³⁵⁶

Another recent analysis, with a still different investment number, underscored the foreign policy and influence aims of the BRI:

“Five years down the road, China has invested more than 90 billion USD into BRI-related infrastructure projects, not counting projects still under construction or in the planning phase, which involve much larger investment volumes. It is clear by now that BRI is about much more than securing China’s trade routes and energy supplies as well as exporting its industrial over-capacities to far-away construction projects. The initiative is a key part of Xi Jinping’s grand foreign policy design to increase China’s influence in its regional neighborhood and beyond.”³⁵⁷

2. Transatlantic Convergence and Divergence

The transatlantic countries have generally similar analyses of the economic challenges presented by China. The more open issues arise as to what should be the actual responses, which are also affected by transatlantic differences in other areas such as antitrust, data, taxation, and transatlantic trade.

The discussion above set forth significant US concerns regarding the challenges presented by Chinese distortive market behaviors, including issues surrounding subsidies, supply chain dependencies and vulnerabilities, and investments into sensitive industries. Europe, including at both the EU and national levels, has reached broadly similar conclusions.

The European Commission’s trade policy of “open strategic autonomy” recognizes that this “commitment must go

352 Ibid.

353 Peter Harrell, Elizabeth Rosenberg, and Edoardo Saravalle, *China’s Use of Coercive Economic Measures*, Center for a New American Security, June 2018, 2, https://s3.us-east-1.amazonaws.com/files.cnas.org/documents/China_Use_FINAL-1.pdf?mtime=20180604161240&focal=none.

354 Ibid., 7-8.

355 World Bank, “Belt and Road Initiative,” March 28, 2018, <https://www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative>.

356 Christoph Nedopil Wang, “Brief: Investments in the Chinese Belt and Road Initiative (BRI) in 2020 during the Covid-19 pandemic,” Green Belt and Road Initiative Center, July 31, 2020, <https://green-bri.org/investment-report-belt-and-road-initiative-bri-2020-covid19>.

357 MERICS, *MERICS Belt and Road Tracker*, accessed November 10, 2020, <https://merics.org/en/bri-tracker>.

hand in hand with efforts to ensure that our openness is not abused by unfair, hostile or uncompetitive trade practices.”³⁵⁸ Relatedly, the commission recently presented an “Action Plan on Critical Raw Materials” which, recognizing the issue of overdependency on single sources, includes a focus on China which “provides 98% of the EU’s supply of rare earth elements.”³⁵⁹ Further, as noted above, the European Commission highlighted the problem of China’s use of “heavy subsidies to both state-owned and private sector companies.”³⁶⁰ That concern, as well as the broader challenges of a state-driven economy, have been raised by the European private sector, including Germany’s Federation of German Industries (BDI).³⁶¹

Responding to such issues, the EU enacted a regulation “establishing a framework for the screening of foreign direct investments into the Union.”³⁶² A number of European nations, including France, Germany, Italy, the Netherlands, and Spain, have enacted legislation consistent with the regulation, and the United Kingdom has also increased its FDI reviews.³⁶³ Those actions are broadly similar to the expansion in the United States of the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS).³⁶⁴

In March 2019, the “EU Heads of State or Governments called for a concerted approach to the security of 5G networks,” which led to the establishment in January 2020 of the “EU toolbox of risk mitigating measures” whose progress the European Commission continues to monitor.³⁶⁵ The “tool kit,” if adhered to, essentially limits the use

of Huawei 5G capabilities, and an expanding number of nations, including the Czech Republic, Denmark, Estonia, France,³⁶⁶ Latvia, Poland, Romania, Slovenia, Sweden, and the UK have effectively determined not to utilize Huawei in their 5G networks.³⁶⁷ The United States has effectively restricted the use of Huawei in the United States (and elsewhere by others) through a variety of mechanisms, including inclusion on the Commerce Department’s entity list and limits on the use of US semiconductors in projects in which Huawei components are to be utilized.³⁶⁸

The EU and the United States, along with Japan, have also had ongoing talks regarding reform of the World Trade Organization (WTO) in response to issues stemming from China’s actions.

Despite this general convergence, however, there is no coordinated transatlantic policy regarding how to address economic challenges posed by China, whether for transatlantic markets, for markets in China, or worldwide. The United States and the EU have engaged in separate trade negotiations with China. The United States struck a so-called Phase One deal that focused on reducing the US trade deficit with China, though currently available statistics indicate that its terms have not been met by China in 2020, for among other reasons, the issues raised by the pandemic.³⁶⁹

The EU and China in December of 2020 agreed in principle to a Comprehensive Agreement on Investment (CAI), though the precise terms have yet to be established and

358 European Commission, “A renewed trade policy for a stronger Europe,” Consultation Note, June 16, 2020, 8, https://trade.ec.europa.eu/doclib/docs/2020/june/tradoc_158779.pdf.

359 European Commission, “Communication From The Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Critical Raw Materials Resilience: Charting a Path Towards Greater Security and Sustainability,” September 3, 2020, 3, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0474&from=EN>.

360 European Commission and HR/VP contribution to the European Council, 5.

361 Federation of German Industries (BDI), “Partner and Systemic Competitor: How Do We Deal With China’s State-Controlled Economy?” policy paper, January 10, 2019, <https://english.bdi.eu/publication/news/china-partner-and-systemic-competitor/>.

362 *Official Journal of the European Union*, “Regulation (EU) 2019/452.”

363 Henry Smith and Alexandra Kellert, “The rise of investment screening in Western Europe,” *Lexology*, August 4, 2020, <https://www.lexology.com/library/detail.aspx?g=380ff627-4579-4973-969c-312635ddfee2>.

364 US Department of the Treasury, “Summary of the Foreign Investment Risk Review Modernization Act of 2018,” <https://www.treasury.gov/resource-center/international/Documents/Summary-of-FIRRMA.pdf>; U.S. Department of the Treasury, “Title XVII—Review of Foreign Investment and Export Controls,” https://home.treasury.gov/sites/default/files/2018-08/The-Foreign-Investment-Risk-Review-Modernization-Act-of-2018-FIRRMA_0.pdf.

365 European Commission, *Report on Member States’ progress in implementing the EU Toolbox on 5G Cybersecurity*, July 24, 2020, <https://ec.europa.eu/digital-single-market/en/news/report-member-states-progress-implementing-eu-toolbox-5g-cybersecurity>.

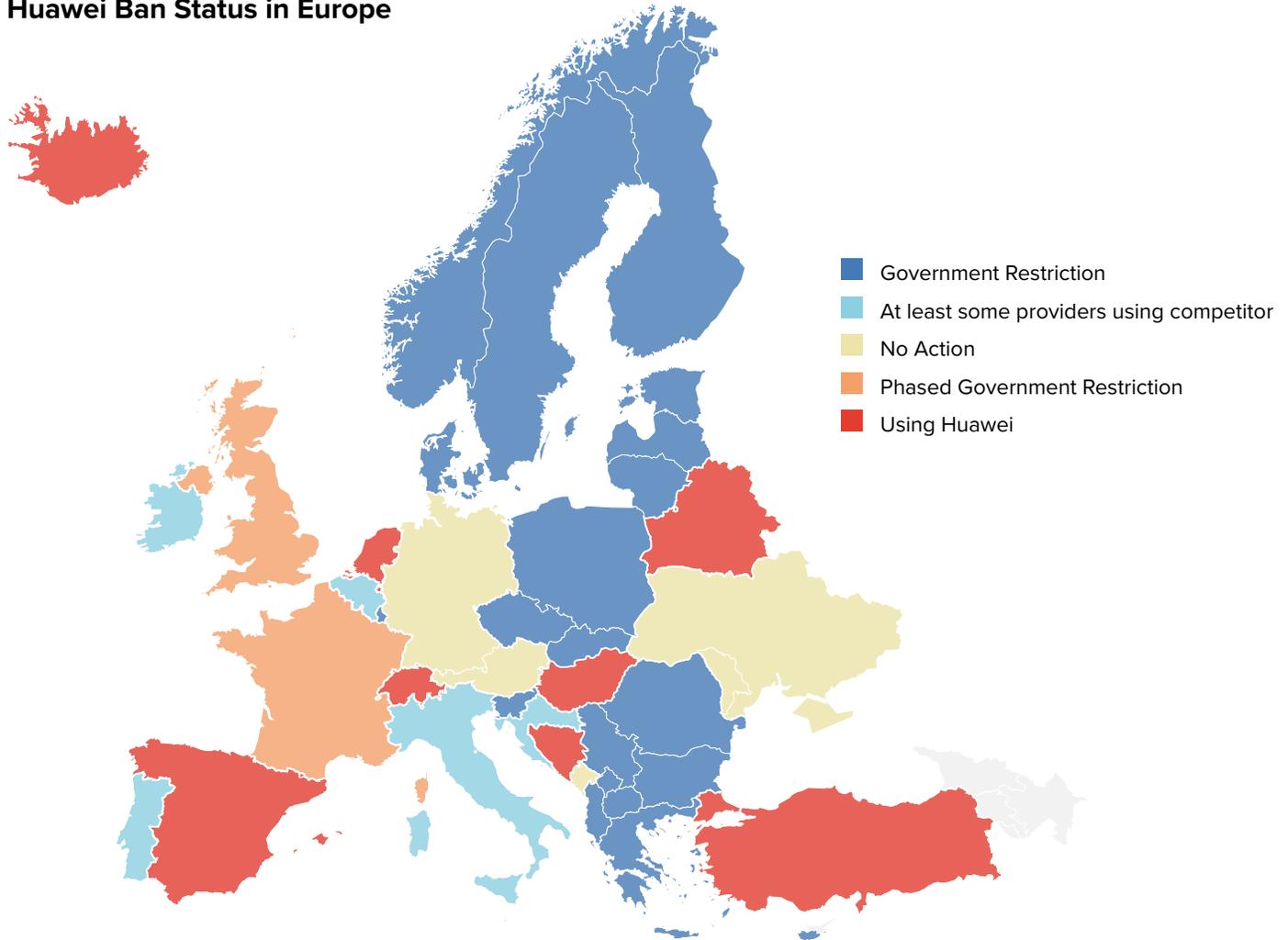
366 Reuters, “France’s limits on Huawei 5G equipment amount to de facto ban by 2028,” *South China Morning Post*, July 23, 2020, <https://www.scmp.com/news/world/europe/article/3094312/frances-limits-huawei-5g-equipment-amount-de-facto-ban-2028>.

367 See, e.g., Robbie Gramer, “Trump Turning More Countries in Europe Against Huawei,” *Foreign Policy*, October 27, 2020, <https://foreignpolicy.com/2020/10/27/trump-europe-huawei-china-us-competition-geopolitics-5g-slovakia/>; Laurens Cerulus, “Huawei challenges legality of 5G bans in Poland, Romania,” *Politico*, November 2, 2020, <https://www.politico.eu/article/huawei-hints-at-legal-action-against-5g-bans-in-poland-romania/>; US Secretary of State Michael R. Pompeo, Welcoming the United Kingdom Decision To Prohibit Huawei From 5G Networks, press statement, US Embassy in Mauritania, July 14, 2020, <https://mr.usembassy.gov/welcoming-the-united-kingdom-decision-to-prohibit-huawei-from-5g-networks/>.

368 US Department of Commerce, Commerce Department Further Restricts Huawei Access to U.S. Technology and Adds Another 38 Affiliates to the Entity List, press release, August 17, 2020, <https://www.commerce.gov/news/press-releases/2020/08/commerce-department-further-restricts-huawei-access-us-technology-and>.

369 Chad P. Bown, “US-China phase one tracker: China’s purchases of US goods (As of November 2020),” Peterson Institute for International Economic, January 8, 2021, <https://www.piie.com/research/piie-charts/us-china-phase-one-tracker-chinas-purchases-us-goods>.

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the agreement will have to be ratified by the EU.³⁷⁰ The agreement in principle was concluded despite a statement by Jake Sullivan, at the time the Biden administration’s national security advisor-designate, encouraging US-EU consultations about China’s economic practices.³⁷¹

The timing of the CAI as well as some of its terms raise the question of whether the United States and the EU will have a cooperative approach to countering China’s malign economic actions, including distortive trade behavior and commercial espionage. Neither the Phase One agreement nor the CAI appear to answer this question. Among other points, it is worth first noting that neither is an initiating agreement—that is, there has been a great

deal of both US and EU trade and investment with China in the absence of such agreements, so each agreement is intended to be more of a regulating arrangement than a new undertaking—though, of course, there are new terms. Second, there are provisions in each agreement, including terms seeking to limit forced technology transfers and provide greater market access, that demonstrate a commonality of objectives between the United States and the EU. On the other hand, the CAI calls on China to take certain steps—for example, with respect to labor standards—that many observers consider very unlikely, thus raising the prospect that the EU will accept promises rather than actions.

370 European Commission, EU and China reach agreement in principle on investment, press release, December 30, 2020, https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2541.

371 Jake Sullivan (@jakesullivan), “The Biden-Harris administration would welcome early consultations with our European partners on our common concerns about China’s economic practices,” Twitter, December 21, 2020, 7:33 p.m., <https://twitter.com/jakesullivan/status/1341180109118726144>.

A bigger question is whether having signed the agreement the EU will continue to view China as a “systemic rival” and whether it maintains the view that stringent constraints on distortive Chinese economic behavior will still be needed particularly for the protection of transatlantic markets. China certainly intends that the answer be no. In a statement issued following a meeting between the Chinese foreign minister and his Cypriot counterpart shortly after the agreement in principle on the CAI, China’s Ministry of Foreign Affairs wrote, “Consensus between China and the EU outweigh differences, as the two sides are cooperative partners, rather than systemic rivals.”³⁷² That would, of course, be a major policy shift after two years of the EU and its member states having adopted increasingly tougher positions vis-à-vis China, including on issues ranging from 5G technology to direct investment by China.

Despite increasingly common positions, the Trump administration utilized more aggressive rhetoric and took more restrictive actions with respect to China than has Europe. In addition to the limits on Huawei, the CFIUS process has been utilized to bar Chinese acquisitions of US firms.³⁷³ Additionally, the Trump administration issued two significant executive orders³⁷⁴—one for the information and communications technology sector and the other for the bulk-power system—“establishing a framework to prohibit transactions in each of these arenas with a foreign adversary that poses significant risk.”³⁷⁵ China is the obvious target although the implementing regulations have yet to be established. Additionally, there have been US sanctions against Chinese companies over human rights violations, especially regarding the Uyghur minority; the New York Stock Exchange is faced with the issue of delisting Chinese state-run companies three major Chinese state-run companies; and there are limits on the use of US software and machines to make chips for Huawei.³⁷⁶ There are, by contrast, no comparable European actions. Moreover, a number of European countries appear to be more focused on the benefits of Chinese investment rather than the dangers, as illustrated to some extent by the fact that eighteen EU member states have engaged with the BRI,³⁷⁷ and there is further engagement in the “17+1”

initiative between China and seventeen EU and non-EU nations, even as some of these participants have begun to grow wary of China’s intentions.³⁷⁸

There have been calls on both sides of the Atlantic for greater commonality of action with respect to China. The advent of a new US administration significantly increases the prospect of common transatlantic approaches to China, though it is far from clear precisely what the Biden administration will decide regarding the already significant actions that the United States has taken vis-à-vis China. Additionally, the differences over antitrust, data, taxation, and transatlantic trade that exist between the United States and the EU—while not directly China-related—may add to the difficulty of achieving common China policies. As the foregoing analysis suggests, consultations are clearly necessary and agreement on a coordinated approach to China’s most harmful actions would appear of high importance. The discussion in the next section proposes key elements of a coordinated transatlantic economic policy toward China.

3. Possible Transatlantic Responses

An effective transatlantic strategy to respond to China’s economic challenges would include common US and European approaches to protecting their own markets from Chinese depredation, coordinated efforts for access to markets in China, and common approaches with respect to economic policies worldwide. Generally, it will be most useful to seek an approach of strategic compatibility and coordination rather than a more formal approach that collective action would require, especially given calls for European “autonomy” and “sovereignty” as well as the multiplicity of bureaucratic structures that Europe presents. As has been described: “Europe now has the size, capabilities, inclinations, and bureaucratic structures that generate decision-making in many areas without requiring engagement with the United States. ... Even when the broad strategy is in accord, such differences can require a degree of flexibility of approach in support of common objectives. The European Union is, of course, a main player. But, not

372 Ministry of Foreign Affairs of the People’s Republic of China, “Wang Yi Meets with Cypriot Foreign Minister Nicos Christodoulides,” January 5, 2021, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/11844488.shtml.

373 David McLaughlin, Saleha Mohsin, and Jacob Rund, “All About Cfius, Trump’s Watchdog on China Dealmaking,” *Washington Post*, September 15, 2020, https://www.washingtonpost.com/business/energy/all-about-cfius-trumps-watchdog-on-china-dealmaking/2020/09/15/fdb46fa-f762-11ea-85f7-5941188a98cd_story.html.

374 The White House, “Executive Order on Securing the United States Bulk-Power System,” May 1, 2020, <https://www.whitehouse.gov/presidential-actions/executive-order-securing-united-states-bulk-power-system/>; the White House, “Executive Order on Securing the Information and Communications Technology and Services Supply Chain,” May 15, 2019, <https://www.whitehouse.gov/presidential-actions/executive-order-securing-information-communications-technology-services-supply-chain/>.

375 Kramer, *Effective Resilience*, 21.

376 Qin, “China’s New Rules.”

377 Green Belt and Road Initiative Center, *Countries of the Belt and Road Initiative (BRI)*, <https://green-bri.org/countries-of-the-belt-and-road-initiative-bri#:~:text=34%20BRI%20countries%20are%20in,are%20part%20of%20the%20BRI>.

378 Emilian Kavalski, “How China lost central and eastern Europe,” *Conversation*, July 20, 2020, updated July 30, 2020, <https://theconversation.com/how-china-lost-central-and-eastern-europe-142416>.

only is it not the simplest structural entity (for example, three EU presidents combined to give a press conference after a meeting with China), it is not the only European Indo-Pacific actor. Relevant competencies are also found at national levels ...”³⁷⁹

Effective transatlantic coordination will, therefore, require multiple channels. As part of such efforts, dialogue between the United States and EU will be important, but a broader and more effective approach would be generated by the establishment of a “Transatlantic Coordinating Council on China” that would include Canada, Iceland, Norway, and the UK, important nations for trading and security issues that are not encompassed within the EU.³⁸⁰ The proposed council would provide a central forum for discussion and coordination among relevant players on the multiple issues that China presents. Such a forum would include the member nations of both the EU and NATO as well as the EU and NATO as entities. Establishment of a “Transatlantic Coordinating Council on China” would allow decision making that takes account of the full scope of the issues that China presents, including when decisions in one arena have ramifications for another. An expanded exchange of intelligence and diplomatic information, as well as including engagements with the private sector, would also be helpful in establishing a common perspective on which to base policy.

a) Policy for transatlantic markets

A commonly agreed approach to trade with China in transatlantic markets that includes a focus on resilience of supply chains could provide a basis for compatible transatlantic policies. Key elements would include limitations in transatlantic markets as a consequence of strategic or important equitable market competition considerations,³⁸¹ enhancement of resilience for key critical infrastructures, and tying Chinese access to transatlantic markets to reciprocal access to Chinese markets. The United States and Europe could agree on the following:

Trade. For strategic sectors vital to national security or other critical national objectives, Chinese products, components, and services should be excluded from the supply

chain unless their use is specifically approved by the government in question.³⁸² Comparable limitations should be placed on Chinese investments in strategic sectors whether through financial, licensing, or other transactions. Those limitations would necessarily include the defense and intelligence sectors, and perhaps others, such as advanced and emerging technologies.

For sectors not designated strategic for national security reasons, the question of China’s exclusion from the supply chains or investments in transatlantic markets should nonetheless be evaluated at a more granular level,³⁸³ and a particular attention should be given to key critical infrastructures. Those key critical infrastructures would include energy (electric grid and pipelines), food, finance, health, information and communications technology, transportation, and water.³⁸⁴

Supply chain issues will be of greatest concern in the context of software. Software frequently includes flaws, creating vulnerabilities that can be exploited, and supply chains are mechanisms for inserting maliciously intended flaws.³⁸⁵ The United States and Europe should prohibit the use of Chinese software in elements of the supply chain for key critical infrastructures that could lead to exploitation posing significant risks.³⁸⁶

For non-strategic sectors unfairly affected by China’s state-directed economic practices—particularly for emerging technologies like those identified in China’s Made in China 2025 initiative—the United States and Europe should develop frameworks that will have selective, but effective, offsetting impact, including import restraints and/or selective focused tariffs so as to ensure a level playing field for US and European firms.³⁸⁷

For other sectors, the United States and Europe should seek to establish generally open trade for commercial products and services to commercial users, but subject to the caveat that access to the US and European markets should depend on generally comparable access to China’s domestic market.³⁸⁸ However, it will also be important for the United States and Europe to have common approaches to new Chinese rules regarding responses to limits on

379 Franklin D. Kramer, *Priorities for a Transatlantic China Strategy*, Atlantic Council, November 2020, 6, <https://www.atlanticcouncil.org/wp-content/uploads/2020/11/PRIORITIES-FOR-A-TRANSATLANTIC-CHINA-STRATEGY-IB.pdf>.

380 Ibid.

381 Kramer, *Managed Competition*, 3.

382 Kramer, *Effective Resilience*, 2.

383 Ibid.

384 Ibid., 19.

385 Ibid., 2.

386 Ibid.

387 Kramer, *Managed Competition*, 2.

388 Ibid.

trade with China, as described above. Those Chinese rules are so new as of this writing that the most that can be said of them is that their potential impact should be a key element of transatlantic consultation.

Enhancing Resilience. Effective resilience will best be achieved by the transatlantic nations working together. First, it should be made clear that North America and Europe will be considered reliable elements in the supply chains for one another.

Second, investments will be required to obviate reliance on certain Chinese capabilities, for example, both the rare earth sector and 5G technologies. A coordinated transatlantic approach could support both innovation and investment efficiency in such cases.

Third, the United States and Europe should additionally agree that key critical infrastructures should have a resilience plan that would avoid overdependency on China for their supply chains. A resilience plan mandate should require key critical infrastructure companies to have at a minimum non-Chinese companies in their supply chains—a “China-plus one” approach—to a sufficient extent so that China does not have an exclusive or predominant position affecting such critical infrastructures. Moreover, the creation of new suppliers will be more economically efficient if markets exist on both sides of the Atlantic. Providing economic incentives for the establishment of such new capabilities could be important, and transatlantic cooperation on common incentives would be valuable. Finally, as noted above, both sides of the Atlantic should agree that China should be excluded from the strategic supply chains of defense and intelligence activities, areas where the transatlantic nations work extremely closely together in the context of NATO and otherwise.

Fourth, as discussed above, Chinese capabilities should not be included in information technology and communications networks. Since transatlantic companies are targets of Chinese cyber espionage, a coordinated transatlantic approach to establishing resilient cybersecurity architectures to be utilized by businesses, but run on their behalf by expert cybersecurity providers, could be a key element in providing protection and an important component of an effective transatlantic China strategy.³⁸⁹ Additionally, an

“International Cyber Stability Board,” comprised of like-minded nations, could undertake campaigns designed to protect against Chinese cyber espionage and other disruptive cyber actions.³⁹⁰

Fifth, the United States and Europe should each enact policies to enhance innovation, including the provision of significant resources for research and development and the use of governmental programs and policies to support key initiatives—with particular attention to small and medium-sized enterprises.³⁹¹ With substantial governmental funds available to businesses as a result of COVID-19, utilizing some of these resources to spur innovation would be desirable.

b) Policy for markets in China

The key issues related to Chinese markets are protection against forced technology transfers and equitable market access.

Where US or European firms export to China or operate via subsidiaries, joint ventures, or other such arrangements in China, the United States and Europe should limit the transfer of technology, including emerging technologies and research into advanced technologies, unless approved by national governments. Each side of the Atlantic should adopt an enhanced review mechanism, which by requiring automatic review will provide support to companies as the government will be engaged in the decision making.³⁹²

The United States and Europe could agree on those categories of technology that would be generally limited and those generally authorized for transfer, thereby limiting restrictions to important arenas. At a minimum, this would require prohibition of support to Chinese military and security agencies. The United States and Europe would likewise need to come to agreement on rules for advanced and emerging technologies as well as to determine how to deal with China’s military-civil fusion (MCF) policy.³⁹³

Otherwise, as noted above, the United States and Europe should seek generally open trade for commercial products and services to commercial end users, but subject to the very important caveat that Chinese access to US and European markets should depend on generally

389 Kramer, *Effective Resilience*, 28.

390 Frank Kramer, Bob Butler, and Catherine Lotrionte, “Raising the Drawbridge with an International Cyber Stability Board,” *Cipher Brief*, March 4, 2019, <https://www.thecipherbrief.com/raising-drawbridge-international-cyber-stability-board>.

391 See, e.g., European Council and Council of Europe, *COVID-19: the EU’s response to the economic fallout*, accessed January 10, 2021, <https://www.consilium.europa.eu/en/policies/coronavirus/covid-19-economy/>.

392 Kramer, *Managed Competition*, 2.

393 US Department of State, *The Chinese Communist Party’s Military-Civil Fusion Policy*, accessed January 10, 2021, <https://www.state.gov/military-civil-fusion/>.



Charles Michel, president of the European Council, at the EU-China leaders meeting via video conference, December 30, 2020, Brussels. Source: European Union

comparable US/European access to China’s domestic market.³⁹⁴ Achieving actual reciprocity and obtaining such access to Chinese markets will, however, face significant difficulties, especially given China’s focus on building up its domestic capabilities as its recently announced “dual-circulation” policy states. The United States and Europe have each taken steps through the Phase One agreement and the CAI, respectively. Despite these agreements, there is essentially no likelihood that there will be any fundamental change in China’s approach to its own internal markets. That means that, despite language in the agreements, the United States and the EU should prepare for China to favor its own companies and not be transparent with respect to the support that the government provides to markets.

The United States and the EU, therefore, should plan to squarely face such obstacles and undertake to support the transatlantic private sector through a two-part US-European effort: first, establishing a common platform for reporting to and review by governments of requests for technology transfer with the intent of limiting pressure on companies to transfer technology in order to obtain market access,³⁹⁵ and, second, as has been done with the Phase One and CAI agreements, utilizing direct government negotiations to ensure market access, including by establishing agreements—such as the use of targets—for sectors.³⁹⁶ An approach that achieves effective access through direct actions, including bargaining on a continuing basis by governments, is necessary since it is unlikely that any

394 Kramer, *Managed Competition*, 2.

395 *Hearing on Risks, Rewards, and Results: US Companies in China and Chinese Companies in the United States*, US-China Economic and Security Review Commission, February 28, 2019, revised March 10, 2019, (statement of Mary E. Lovely, professor of economics and Melvin A. Eggers Faculty Scholar at Syracuse University’s Maxwell School of Citizenship and Public Affairs and a nonresident senior fellow at the Peterson Institute for International Economics in Washington, DC), 8-9, <https://www.piie.com/system/files/documents/lovely20190228.pdf>.

396 Kramer, *Managed Competition*, 2.

rules-based mechanism in and of itself will be effective in removing the many non-tariff barriers in Chinese markets (many of which operate at the provincial and local levels) that effectively restrict reciprocal access.³⁹⁷ The need for continuing bargaining and enforcement of the terms of the agreements by governments will be a critical factor to support transatlantic companies that operate in China's domestic markets. Those companies, no matter how large, do not have the capacity to withstand Chinese governmental pressures and it will be up to the transatlantic governments to support their companies. A common transatlantic approach in this regard will be far more effective than separate efforts by the United States and Europe.

c) Policies for markets worldwide

Significant issues for the transatlantic nations with respect to China and worldwide markets include the future of the WTO, establishing secure 5G networks utilizing open architectures as an alternative to Huawei, and coordination of international economic activities.

For the WTO, challenges include resolving issues surrounding the dispute settlement mechanism, which is not specifically China-related but a necessary predicate to a common transatlantic WTO approach, and determining how China's state-driven economy should fit into the framework of WTO rules. Each of these is worthy of, and has been the subject of, extensive discussion. A common transatlantic perspective, as may be more likely with the new US administration, will be essential for a resolution that meets the economic objectives of the transatlantic nations. However, it is not likely that China will acquiesce to change its state-driven economic system under its current leadership. Accordingly, transatlantic nations must determine how to work together, including how to recalibrate their approach to the WTO in light of this circumstance.

5G networks will be important components of future personal, business, and government activities. The transatlantic nations should work together to ensure that there are alternatives to China's Huawei by developing open-architecture 5G capabilities. Open architectures would allow multiple companies to provide capabilities and components to the networks and, thereby, increase competitiveness, promote innovation, and eliminate reliance on untrustworthy vendors.³⁹⁸

Global markets present significant challenges for a coordinated transatlantic approach. Transatlantic firms are in competition with one another in many arenas, even as China will be a significant competitor, especially as its state-driven approach will allow it to undercut pricing of transatlantic firms. Governments can, however, provide useful support.

By way of example, each side of the Atlantic has undertaken actions to support the nations of the Indo-Pacific. The United States has its Indo-Pacific strategy, the EU its Connecting Europe and Asia strategy, and some nations, including France and Germany, have established their own Indo-Pacific policies. As part of these efforts, governments have provided support, including resources, to infrastructure, energy, and information technology efforts, and have developed standards and increased transparency on Chinese activities through, for example, the US Blue Dot Network.³⁹⁹ These efforts are broadly in alignment, but diplomatic coordination could enhance their impact.

Moreover, additional common efforts could have significant added value, and it might even be possible to have some coordinated funding. For instance, establishing a multilateral "Blue-Green Initiative" that "focuses on climate change, environment, water, and health would be of high value."⁴⁰⁰ The United States and the EU—along with other partners such as Canada and Japan— "could undertake a coordinated approach to providing investment and technical assistance in each of these areas."⁴⁰¹ As one example, a significant effort will be needed to provide vaccines and therapeutics for the coronavirus, and a common transatlantic approach would be highly valuable. Such activities would be valuable in and of themselves, and would also act as a counterpoint to the BRI.

4. Major Recommendations

- i. A "Transatlantic Coordinating Council on China" should be established to provide a central forum for discussion and coordination on the multiple issues that China presents. Such a forum would include the member nations of both the EU and NATO as well as the EU and NATO as entities.
- ii. For strategic sectors vital to national security or other critical national objectives, Chinese products, components, and services should be excluded from the

³⁹⁷ Ibid., 3.

³⁹⁸ See, e.g., Martijn Rasser and Ainikki Riikonen, *Open Future: The Way Forward on 5G*, Center for a New American Security, July 28, 2020, <https://www.cnas.org/publications/reports/open-future>.

³⁹⁹ US Department of State, *Blue Dot Network*, <https://www.state.gov/blue-dot-network/>.

⁴⁰⁰ Kramer, *Managed Competition*, 3.

⁴⁰¹ Ibid.

supply chain unless their use is specifically approved by the government in question. For non-strategic sectors unfairly affected by China's state-directed economic practices, the United States and Europe should develop frameworks that will have selective, but effective, offsetting impact, including import restraints and/or selective focused tariffs so as to ensure a level playing field for US and European firms. For other sectors, the United States and Europe should seek to establish generally open trade for commercial products and services to commercial users, but subject to the caveats that access to the US and European markets should depend on generally comparable access to China's domestic market and that forced technology transfer should be barred.

- iii. The transatlantic nations should work together to ensure that there are alternatives to China's Huawei by developing open-architecture 5G capabilities. Open architectures would allow multiple companies to provide capabilities and components to the networks and, thereby, increase competitiveness, promote innovation, and eliminate reliance on untrustworthy vendors.
- iv. The United States and Europe should agree that key critical infrastructures should have a resilience plan that would avoid overdependency on China for their supply chains. A resilience plan mandate should require key critical infrastructure companies to have at a minimum non-Chinese companies in their supply chains—a “China-plus one” approach—to a sufficient extent so that China does not have an exclusive or predominant position affecting such critical infrastructures.
- v. Since transatlantic companies are targets of Chinese cyber espionage, a coordinated transatlantic approach to establishing resilient cybersecurity architectures to be utilized by businesses, but run on their behalf by expert cybersecurity providers, could be a key element in providing protection and an important component of an effective transatlantic China strategy.
- vi. The United States and the EU—along with select Asian allies—should work more closely together to provide investment and technical assistance in sectors related to climate change, environment, health, and water as alternatives to Chinese sponsored action.

Section B: Technology and Cyber Competition

Allied nations need to consider the trade, investment, military/security, as well as human rights challenges associated with China's rise as a technology and cyber superpower. The relative importance of these concerns is evaluated unevenly among transatlantic allies so far, with the United States and NATO being particularly concerned about the military and security implications of technology and cyber competition. Meanwhile, European allies and the EU tend to worry more about reciprocal market access, investment screening, risks to their industrial base, and data privacy protection. This may be shortsighted: Recent reports about alleged Chinese cyberattacks against India's electricity grid during the border tensions of 2020 suggest that critical infrastructures protection should be a key concern for all allies.⁴⁰²

Since technology and cyber issues intersect with several other topics that are covered in this study, the human rights-related problems of Chinese surveillance technologies and the trade, investment, and infrastructure-related challenges of technology and cyber competition with China have already been discussed in previous sections of this report. Accordingly, this section will primarily focus on the security-related aspects of technology and cyber competition with China.

Leadership on issues of high-technology and cyber innovation plays a key role for nearly all of China's strategic goals. The CCP defines progress not just in terms of the country's overall economic development but aims for ambitious technological milestones to be reached by 2049 that are to prove to the world at large, and especially to the Chinese public, the realization of the “Chinese Dream” and of the “rejuvenation of the Chinese nation.” To this end, technological breakthroughs, no matter in which field, feature heavily in Chinese state propaganda. Technology-specific goals of the Made in China 2025 strategy include “70 per cent self-sufficiency in high technology industries by 2025 and global market dominance by 2049.”⁴⁰³ A further goal is to build a “strong military that can fight and win wars.” By leapfrogging the United States and Europe, China aims to become a “science and technology superpower” and close “the gap with the West in areas such as robotics, artificial intelligence, unmanned and fully automated

402 David E. Sanger and Emily Schmall, “China Appears to Warn India: Push too Hard and the Lights Could Go Out,” *New York Times* February 28, 2021, <https://www.nytimes.com/2021/02/28/us/politics/china-india-hacking-electricity.html>.

403 Hybrid CoE, *Trends in China's Power Politics*, Hybrid CoE Trend Report, July 5, 2020, 24, <https://www.hybridcoe.fi/publications/hybrid-coe-trend-report-5-trends-in-chinas-power-politics>.

systems, quantum computing, space technology and hypersonic weapons.”⁴⁰⁴ Technological innovations, such as surveillance technologies, further serve as key enablers of domestic control and are also exported, thus becoming instruments of outreach for strengthening China’s political and economic relations with like-minded countries.

Since 2013, China officially pursued a strategy of “civil-military integration” (CMI) that was elevated to the level of a national strategy in 2015 under a slightly changed moniker, Military-Civil Fusion (MCF), which indicated a strengthening of the concept.⁴⁰⁵ It was bolstered in 2017 through the establishment of a Central Commission for Integrated Military and Civilian Development led by Xi himself that includes four CCP Politburo Standing Committee members in its ranks, indicating its exalted role within the Chinese government system. The goal of CMI or MCF has been described as “a comprehensive promotion of the integration of the military and civilian society in a variety of areas such as economic, science and technology, education, and human resource development.”⁴⁰⁶

So far, this strategy has been successful: since Xi’s ascent to power in 2012, a variety of technological breakthroughs have been achieved in highly prestigious fields such as moon landing, space docking, supercomputers, and quantum computing. In arms innovation, China has developed advanced aircraft prototypes and unmanned aerial and maritime systems, is constructing its second indigenously developed aircraft carrier, and has achieved an astounding overall naval fleet modernization within record time.

1. The Challenges

The security challenge faced by the United States and its allies from China’s envisaged rise as a “tech superpower” is threefold: in the economic sphere, there is a need for allies to protect domestic technology industries against unfair competition and intellectual property theft; in the military-security sphere, there is a need to inhibit technology transfers to China that could further fuel China’s military

buildup and, thereby, exacerbate the existing security dilemma in the Indo-Pacific; and, last, there is a need to ensure the survivability and resilience of allies’ critical infrastructures against interference, sabotage, or espionage.

a) Chinese state subsidies and the creation of a military-industrial-financial complex

To achieve the goal of becoming a science and technology superpower, China has extensively invested in research and development of emerging technologies. This was supported by a top-down industrial policy approach—a state-led and -financed effort to create a vast military-industrial-financial complex under the umbrella of large state-owned conglomerates which began in the mid-1990s under the leadership of Jiang Zemin. External shocks such as the Western arms embargo imposed on China after its massacre of pro-democracy protesters in Tiananmen Square in June 1989, the military-technological superiority demonstrated by US forces during the 1991 Gulf War, and the 1995-1996 standoff in the Taiwan Strait prompted Jiang to reconsider China’s previous economic strategy that had been focused primarily on economic growth rather than military technology innovation.

Even though the lure of Chinese market access had already prompted many foreign firms to accept technology transfers within forced joint ventures, Jiang now urged China’s science and technology elite to realize that “some of the world’s most advanced technology is not for sale,” implying it needed to be obtained by other means.⁴⁰⁷ An indigenous innovation drive began that was funded generously by state-owned banks and, especially from the 2008 financial crisis onward, enabled Chinese companies to go on an investment spree in crisis-ridden technology sectors abroad.⁴⁰⁸

At the same time, China’s leaders used their control of the state-owned banking sector to flood the defense-industrial base with a veritable avalanche of cash. The 12th Five-Year Plan (2011-2015) announced the government’s intent to

404 Meia Nouwens and Helena Legarda, *Emerging technology dominance: what China’s pursuit of advanced dual-use technologies means for the future of Europe’s economy and defence innovation*, IISS-MERICS China Security Project Report, December 2018, 3-4, https://merics.org/sites/default/files/2020-05/181218_Emerging_technology_dominance_MERICS_IISS.pdf.

405 According to Audrey Fritz, “MCF can be defined as a strategy that strives to reinforce the PRC’s ability to build the country into an economic, technological, and military superpower by fusing the country’s military and civilian industrial and S&T resources. The strategy is aimed at promoting the sharing of resources and collaboration in research and applications, which ensures the mutually beneficial coordination of economic and national defense construction. MCF evolved from the former, more limited approach of CMI, which emphasized combining the military and civilian sectors. What distinguishes MCF from CMI is an increased level of coordination of military and civilian relations, a more balanced emphasis between military and civilian developments, and an institutional upgrade from simple combination to comprehensive integration.” See Audrey Fritz, “China’s Evolving Conception of Civil-Military Collaboration,” *Trustee China Hand*, August 2, 2019, <https://www.csis.org/blogs/trustee-china-hand/chinas-evolving-conception-civil-military-collaboration>.

406 Hirofumi Kiriya, “PLA Aims to Become a World-class Force,” *East Asian Strategic Review* 2018, 70-71.

407 From a speech delivered by then-Chinese President Jiang Zemin on May 26, 1995, at the high-level Chinese National Conference on Science and Technology titled “努力实施科教兴国的战略” (Strive hard to implement the strategy of rejuvenation through science and education), <http://www.reformdata.org/1995/0526/4385.shtml>.

408 Sarah Kirchberger and Johannes Mohr, “China’s Defence Industry” in *The Economics of the Global Defence Industry*, eds. Keith Hartley and Jean Bélin (London: Routledge, 2019), 35-68; 53.

pour \$600 billion into strategic sectors within that time-frame; an IHS Jane's analysis of the publicly announced state bank loan deals to state-owned aerospace companies between 2007 and 2017 alone amounted to at least \$87 billion. Individual companies, such as the shipbuilding conglomerates China State Shipbuilding Corporation (CSSC) and China Shipbuilding Industry Corporation (CSIC) or the aviation holding Aviation Industry Corporation of China (AVIC), have received loans from state-owned banks in the order of dozens of billions of dollars within a single year.⁴⁰⁹ A non-state-owned (although founded by former military officers) company like Huawei, a rare example of a nominally private company acting as a trusted supplier of critical communications infrastructure to the People's Liberation Army (PLA), was given access to huge credit lines from state banks. In December 2019, an investigation by the *Wall Street Journal* concluded that Huawei had over the years received state aid, including tax breaks, financing, and access to cheap resources, amounting to a staggering \$75 billion.⁴¹⁰

By listing their subsidiaries on foreign stock exchanges to raise foreign capital, and through the creation of cross-shareholdings between Chinese defense industries and large state-owned banks, the vast financial resources available to the Chinese technology and defense-industrial base through subsidies and tax breaks have been further supplemented.⁴¹¹ This state-capitalist approach to research and development (R&D) was further complemented by covert and illicit technology acquisition strategies.

China is focusing its R&D efforts especially on emerging technologies in dual-use fields such as artificial intelligence (AI), robotics, unmanned systems, and space that have potential military uses. Many emerging technologies are inherently dual-use and directly or indirectly contribute to China's military modernization, while also enhancing the CCP's capacity to control its population. Even civilian AI firms (e.g., Baidu, Alibaba, Tencent, or iFlytek) are directly

engaged in the development of dual-use technologies and have established dedicated research facilities for it.⁴¹²

Furthermore, Chinese companies' market access abroad, for example, along the BRI, is bolstered through political support and state subsidies for exports, while foreign companies do not enjoy reciprocal market access in China. Western enterprises thus operate on an uneven playing field when competing with Chinese technology entities. This circumstance, when combined with a multitude of covert and illicit methods to acquire foreign technology that range from traditional espionage to cyber espionage to seemingly innocent academic exchanges, poses grave dangers to the long-term security of the industrial bases of Western high-tech countries.⁴¹³

b) Surveillance technologies and 'digital authoritarianism'

Domestically, to secure the CCP's power, China's leaders have created a dystopian surveillance state—a high-tech dictatorship of a previously unknown type.⁴¹⁴ In addition to featuring the world's most extensive system of Internet control, the "Great Firewall," in its latest form the Chinese surveillance state employs a wide range of automated, AI-supported recognition technologies. These include a pervasive use of automated facial recognition in the public sphere, even public toilets; "smart glasses" worn by police officers; and even "robotic birds"—unmanned aerial vehicles in bird shape that use gait recognition for surveilling individuals from the air.⁴¹⁵ These technologies are used in service of a "Social Credit System" that aims to make the individual Chinese citizen fully transparent to the state and incentivize "good" behavior while discouraging unwanted actions through a variety of punitive consequences inflicted upon individuals with a negative overall score.

This approach also extends to foreigners and foreign entities in the form of the "Social Credit System for Foreign Companies."⁴¹⁶ Western companies have, perhaps in some

409 Jon Grevatt, "China's CSIC secures 'international credit line' worth USD7.3 billion," *Jane's Defence Weekly*, December 6, 2018.

410 Chuin-Wei Yap, "State Support Helped Fuel Huawei's Global Rise," *Wall Street Journal*, December 25, 2019, <https://www.wsj.com/articles/state-support-helped-fuel-huaweis-global-rise-11577280736>.

411 Jon Grevatt, "China to Double Lending to Strategic Industries," *Jane's Defence Weekly*, March 8, 2011; Jon Grevatt, "A Great Leap Forward," *Jane's Defence Weekly*, May 3, 2017.

412 Elsa B. Kania, *Technological entanglement: Cooperation, competition, and the dual-use dilemma in artificial intelligence*, ASP's International Cyber Policy Centre Policy Brief Report No. 7/2018, 7, <https://www.aspi.org.au/report/technological-entanglement>.

413 Nouwens and Legarda, *Emerging technology*; William C. Hannas and Huey-Meei Chang, "Chinese Technology Transfer: An Introduction" in *China's Quest for Foreign Technology: Beyond Espionage*, William C. Hannas and Didi Kirsten Tatlow (London: Routledge, 2020), 3-20.

414 Kai Strittmatter, *We Have Been Harmonized: Life in China's Surveillance State*, trans. Ruth Martin, (London: Old Street Publishing, 2019).

415 Sigal Samuel, "China Is Going to Outrageous Lengths to Surveil Its Own Citizens," *Atlantic*, August 16, 2018, <https://www.theatlantic.com/international/archive/2018/08/china-surveillance-technology-muslims/567443/>; Stephen Chen, "China takes surveillance to new heights with flock of robotic Doves, but do they come in peace?" *South China Morning Post*, June 24, 2018, <https://www.scmp.com/news/china/society/article/2152027/china-takes-surveillance-new-heights-flock-robotic-doves-do-they>.

416 Tom Hancock, "China to impose 'social credit' system on foreign companies," *Financial Times*, August 28, 2019, <https://www.ft.com/content/726905b6-c8dc-11e9-a1f4-3669401ba76f>.



Participants interact with robots at the World Economic Forum - Annual Meeting of the New Champions in Tianjin, People's Republic of China 2018. Source: World Economic Forum/Greg Beadle (<https://creativecommons.org/licenses/by-nc-sa/2.0/>)

cases unwittingly, contributed key technologies to this vast surveillance and Internet control effort.⁴¹⁷ The speed and scope of this development has been staggering. While the surveillance capacity in Xinjiang province is so far the most extensive, China's Ministry of Public Security has funneled billions of dollars into the "Skynet" and "Sharp Eyes" projects to enable comprehensive surveillance of the entire Chinese population, with the aid of an additional four hundred million cameras and advanced facial recognition technology.⁴¹⁸ The combined cost of all "internal security" measures in China has long surpassed the defense budget.

c) Exporting 'digital authoritarianism'

By exporting surveillance technologies to other BRI countries within the framework of a "Digital Silk Road," China

popularizes its governance approaches and technical standards while building political leverage within countries to spread its political narratives abroad, in addition to potentially opening the door for surveillance and sabotage of critical infrastructures in BRI countries.⁴¹⁹ In Europe, Serbia has been at the forefront of utilizing Chinese surveillance technologies, but individual localities in the EU have also opted for "smart city" projects with Chinese partners, including Duisburg and Gelsenkirchen in Germany and Valenciennes in France. As the Australian think tank ASPI's database of worldwide Chinese technology investments shows, the twenty-three largest Chinese technology companies as of October 2020 had created a vast web of overseas infrastructure investments that consist, among other things, of terrestrial and undersea data cables, research centers, R&D labs, manufacturing facilities, satellite calibration centers, 5G networks, and smart city-public security

417 Yaya J. Fanusie, "Don't sleep on China's new blockchain internet," *Lawfare*, November 10, 2020, <https://www.lawfareblog.com/dont-sleep-chinas-new-blockchain-internet>.

418 Fergus Ryan, Danielle Cave, and Vicky Xiuzhong Xu, *Mapping More of China's Tech Giants: AI and Surveillance*, ASPI International Cyber Policy Centre Issues Paper Report No. 24/2019, November 28, 2019, 17, <https://www.aspi.org.au/report/mapping-more-chinas-tech-giants>.

419 Hybrid CoE, *Trends*, 25.

projects.⁴²⁰ Chinese surveillance technical solutions have been exported to at least ninety-six countries, while Chinese 5G network technology is used by least forty-five countries, and, so far, at least 115 smart city-public security projects exist in seventy-one countries in Europe, Africa, Asia, and South America. In Europe, non-EU countries Serbia, Bosnia and Herzegovina, Moldova, and Turkey, but also EU member states such as Hungary, the Netherlands, France, Germany, the Czech Republic, and Italy, have smart city projects in partnership with Huawei.⁴²¹

d) Cyber connectivity and defining global technology standards

China's cyber innovation and control strategy, according to Nigel Inkster, has "the potential to shape the future of the internet at a global level," a fact that "has attracted little attention from the West's top policymakers." In a recent non-paper on EU cyber diplomacy, EU members Estonia, France, Germany, Poland, Portugal, and Slovenia warn against the danger of "major actors that are increasingly willing to shape the digital environment and the discussion surrounding it, meaning that the EU and its Member States have to assert themselves in international cyberspace norm-setting and technological standard-setting bodies." Furthermore, the non-paper points out that: "States with an authoritarian outlook are increasingly trying to enforce their interests in cyberspace and in the technological realm and the EU and its Member States have to react by promoting their values and interests, which include human rights, prosperity, security and Europe's digital sovereignty."⁴²²

China's cyber strategy leverages the sheer size of the Chinese user community to force foreign companies active in China to "comply with Chinese restrictions and technical criteria," concretized in a new Cybersecurity Law in 2017. China purposefully nurtures indigenous

technology companies such as Huawei, ZTE, or Alibaba to become global giants, exports Chinese network technology to developing countries, creates "cyber-security partnerships" (e.g., with Russia in 2015), cooperates with Shanghai Cooperation Organisation countries within the United Nations to further an International Code of Conduct for Information Security, and promotes concepts such as "cyber sovereignty" and "information security" to defend its right to censor and control the Chinese Internet.⁴²³

China is pursuing a top-down approach to invest heavily in supercomputing and quantum computing and is among the technological leaders in other quantum technologies, such as quantum cryptography and quantum radar, all of which have military applications.⁴²⁴

A further aspect is China's promotion abroad of its indigenous Global Navigation Satellite System (GNSS), BeiDou, within the context of the BRI Space Information Corridor. BeiDou, a system crucial to China's military development that was purposefully developed into a dual-use infrastructure enabling a wide variety of civilian applications, reached full global coverage ahead of schedule and earlier than its European rival, Galileo, in mid-2020 and, according to a study, 85 percent of the world's capital cities in 195 countries already have more frequent SatNav connection with BeiDou satellites than with US GPS satellites.⁴²⁵ BeiDou is further partnering with the Russian GNSS system GLONASS by using the same chipset system, which allows users to combine the signals of at least forty satellites, enhancing reach and resolution.⁴²⁶

As European governments and the EU increasingly recognize, there is indeed a danger that through the Digital Silk Road and the BRI Space Information Corridor and by partnering with Russia and other authoritarian countries, China will define technical standards in vast stretches of the globe.⁴²⁷

420 ASPI International Cyber Policy Centre, *Mapping China's Tech Giants Public Database*, <https://chinatechmap.aspi.org.au>.

421 Ibid.

422 German Federal Foreign Office, "EU Cyber Diplomacy — working together for a free and secure cyberspace," November 19, 2020, <https://www.auswaertiges-amt.de/en/ausussenpolitik/themen/eu-cyber-non-paper/2418984>.

423 Nigel Inkster, *China's Cyber Power* (Oxon: Routledge, 2016), 14-15.

424 Michael Raska, "China's Quantum Satellite Experiments: Strategic and Military Implications," RSIS Commentary No. 223, September 5, 2016, <https://www.rsis.edu.sg/rsis-publication/rsis/co16223-chinas-quantum-satellite-experiments-strategic-and-military-implications/>; Paul Verhagen and Erik Frinking, *Understanding the Strategic and Technical Significance of Technology for Security: Implications of Quantum Computing within the Cybersecurity Domain*, The Hague Center for Strategic Studies, September 18, 2019, 17, <https://hcss.nl/report/understanding-strategic-and-technical-significance-technology-security-implications-quantum/>; Sebastien Roblin, "No More 'Stealth' Submarines: Could Quantum 'Radar' Make Submarines Easy to Track (And Kill)?" *Buzz*, April 27, 2019, <https://nationalinterest.org/blog/buzz/no-more-stealth-submarines-could-quantum-radar-make-submarines-easy-track-and-kill-54547>.

425 Toru Tsunashima, "In 165 countries, China's BeiDou eclipses American GPS," *Financial Times*, November 30, 2020, <https://www.ft.com/content/58fd14f0-4fba-4242-bf25-3f493979125e>.

426 Mark Episkopos, "Is this the real Russia-China alliance America should fear?" *Buzz*, December 16, 2018, <https://nationalinterest.org/blog/buzz/real-russia-china-alliance-america-should-fear-38762>.

427 Sam Olsen, "China is winning the war for global tech dominance," *The Hill*, October 4, 2020, <https://thehill.com/opinion/technology/518773-china-is-winning-the-war-for-global-tech-dominance/>; Daniel H. Russel and Blake H. Berger, *Weaponizing the Belt and Road Initiative*, Asia Society Policy Institute Report, September 2020, 8, <https://asiasociety.org/policy-institute/weaponizing-belt-and-road-initiative>.

e) Threats to allied critical infrastructures

Concern over the security of allies' critical infrastructures, such as data cables, 5G networks, electricity grids, transport and logistics infrastructures, satellite systems, etc., has alarmed NATO sufficiently for its secretary general, Jens Stoltenberg, to comment in 2020 that "China is coming closer to us, we see that in the Arctic, we see they are heavily investing in critical infrastructure in Europe, and we see of course China also operating in cyberspace," pointing out that NATO's new approach to China "is not about deploying NATO into the South China Sea, but responding to the fact that China is coming closer to us."⁴²⁸ These remarks also reflect increasing concern regarding Chinese investments in ports in the Mediterranean and on European Atlantic coasts—not merely because of possible PLA Navy (PLAN) access, but also because of the potential for sabotage and surveillance of allied military vessels that routinely use these ports.⁴²⁹ Further concerns exist regarding data cable security, e.g., a planned "Arctic Connect" data cable linking Asia and Europe through the Northern Sea Route along the Arctic Coast as part of the "Digital Silk Road."⁴³⁰ Among the approximately 385 active undersea fiber-optic data cables that carry about 95 percent of global Internet traffic, Huawei Marine, a daughter company of Huawei, has already worked on ninety cable projects worldwide—potentially offering it the ability to "attach devices that divert or monitor data traffic—or, in a conflict, to sever links to entire nations."⁴³¹

A particularly problematic infrastructure project in the European Arctic is the fully Chinese-built and -operated

China Remote Sensing Satellite North Pole Ground Station in Kiruna, Sweden, that was opened in 2016 and aims to bolster China's military remote sensing satellite constellations—Yaogan and Gaofen—by enhancing the data download rate significantly and, thereby, according to Chinese experts quoted on the issue, significantly boosting China's "capability for global data surveillance."⁴³² Sweden was apparently chosen because it is not a NATO member, and it seems the implications of this station for enhancing China's military remote sensing capabilities were deliberately hidden from Swedish counterparts during the negotiations, as were the military affiliations of the Chinese project leaders.⁴³³

Infrastructure security concerns in Europe have grown more acute due to an intensifying Sino-Russian military cooperation that encompasses increasingly sophisticated types of technological cooperation in strategic fields, ranging from cyber control and 5G to unmanned systems development, joint submarine development, the abovementioned GLONASS-BeiDou navigational satellite systems cooperation, and even ballistic missile early warning.⁴³⁴ Since Russian President Vladimir Putin no longer rules out the possibility of a full-fledged Sino-Russian military alliance,⁴³⁵ the United States and its allies need to consider the implications of increasing strategic technology and cyber coordination between China and Russia. They should especially consider its meaning for the security of critical infrastructures in Europe in the event of tensions with Russia, should they have been built with the help of Chinese technology partners such as Huawei that are subject to party-state control via embedded CCP party cells

- 428 Reuters staff, "NATO chief says on Huawei: UK review of 5G security is important," Reuters, June 10, 2020, <https://www.reuters.com/article/us-britain-huawei-nato-idUSKBN23H0US>.
- 429 *Maritime Executive*, "Study: 'Belt and Road' Ports Align with China's Military Interests," April 19, 2018, <https://www.maritime-executive.com/article/study-belt-and-road-ports-are-intended-for-china-s-navy>; Devin Thorne and Ben Spevack, *Harbored Ambitions: How China's Port Investments Are Strategically Reshaping the Indo-Pacific*, C4ADS Report, April 17, 2018, <https://static1.squarespace.com/static/566ef8b4d8af107232d5358a/t/5ad5e20ef950b777a94b55c3/1523966489456/Harbored+Ambitions.pdf>; Yonah Jeremy Bob, "China wins on Haifa port, but fights with US for the future - analysis," *Jerusalem Post*, December 12, 2019, <https://www.jpost.com/israel-news/china-wins-on-haifa-port-but-fights-with-us-for-the-future-analysis-610510>; Joanna Kakissis, "Chinese Firms Now Hold Stakes In Over A Dozen European Ports," *Morning Edition*, NPR, October 9, 2018, <https://www.npr.org/2018/10/09/642587456/chinese-firms-now-hold-stakes-in-over-a-dozen-european-ports>; Stanislav Abaimov and Paul Ingram, *Hacking UK Trident: A Growing Threat*, British American Security Information Council (BASIS), June 2017, http://www.basiscint.org/wp-content/uploads/2018/06/HACKING_UK_TRIDENT.pdf.
- 430 Frank Jüris, *Handing over infrastructure for China's strategic objectives: 'Arctic Connect' and the Digital Silk Road in the Arctic*, Synopsis Policy Brief, March 7, 2020, <https://sinopsis.cz/en/arctic-digital-silk-road/>.
- 431 Jeremy Page, Kate O'Keefe, and Rob Taylor, "America's Undersea Battle With China for Control of the Global Internet Grid," *Wall Street Journal*, March 12, 2019, <https://www.wsj.com/articles/u-s-takes-on-chinas-huawei-in-undersea-battle-over-the-global-internet-grid-11552407466>.
- 432 Stephen Chen, "China launches its first fully owned overseas satellite ground station near North Pole," *South China Morning Post*, December 16, 2016, <http://www.scmp.com/news/china/policies-politics/article/2055224/china-launches-its-first-fully-owned-overseas-satellite>; Xiao-Ming Li et al., "Capabilities of Chinese Gaofen-3 Synthetic Aperture Radar in Selected Topics for Coastal and Ocean Observations," *Remote Sensing*, November 30, 2018, 3, doi:10.3390/rs10121929.
- 433 Sam Olsen, "China is learning how to lose friends and alienate countries," *What China Wants*, December 14, 2020, <https://whatchinawants.substack.com/p/china-is-learning-how-to-lose-friends>.
- 434 Samuel Bendett and Elsa B. Kania, *A new Sino-Russian high-tech partnership: Authoritarian innovation in an era of great-power rivalry*, ASPI International Cyber Policy Centre Policy Brief Report No. 22/2019, <https://www.aspi.org.au/report/new-sino-russian-high-tech-partnership>; Caleb Larson, "Russia and China Want to Build a 'Non-Nuclear' Submarine Together," *Buzz*, August 28, 2020, <https://nationalinterest.org/blog/buzz/russia-and-china-want-build-non-nuclear-submarine-together-167911>; Tracy Cozzens, "Russia passes law on GLONASS-BeiDou cooperation," *GPS World*, July 29, 2019, <https://www.gpsworld.com/russia-passes-law-on-glonass-beidou-cooperation/>; Rajeswari Pillai Rajagopalan, "Russia-China Strategic Alliance Gets a New Boost with Missile Early Warning System," *Diplomat*, October 25, 2019, <https://thediplomat.com/2019/10/russia-china-strategic-alliance-gets-a-new-boost-with-missile-early-warning-system/>.
- 435 Associated Press, "Putin: Russia-China military alliance can't be ruled out," *Yahoo News*, October 22, 2020, <https://news.yahoo.com/putin-russia-china-military-alliance-173246293.html>; Jun Mai, "Beijing gives cautious welcome to Vladimir Putin's hint over Russia-China military alliance," *South China Morning Post*, October 25, 2020, <https://www.scmp.com/news/china/diplomacy/article/3107027/beijing-gives-cautious-welcome-vladimir-putins-hint-over>.

and beholden to the Cybersecurity Law and the National Security Law of the People's Republic of China.⁴³⁶ When weighing cost factors against security implications in critical infrastructure development, allies should err on the side of caution.

f) Dual-use high-tech exports aiding China's military buildup

A 2019 C4ADS report that analyzed import records and investment transactions of 1,655 companies linked to China's defense-industrial base warns that there is "a clear risk that foreign strategic technologies and expertise could inadvertently contribute to China's growing military capabilities," thereby aggravating the existing security dilemma in the Indo-Pacific.⁴³⁷

In some cases, transfers have occurred legally through mergers and acquisitions (M&A). According to IHS Jane's, at least a dozen Western commercial aerospace companies were taken over by Chinese counterparts between 2009 and 2014;⁴³⁸ but an especially striking case of transferred dual-use technology with potentially grave repercussions was the 2008 takeover of the British firm Dynex Semiconductor by a Chinese railway company, the Hong Kong-listed Zhuzhou CSR Times Electric, which is a subsidiary of the large state-owned enterprise China South Rail (CSR). This takeover seems to have enabled the PLA to manufacture insulated-gate bipolar transistor (IGBT) semiconductors, a critical component in electromagnetic aircraft launch systems (EMALS) used on next-generation aircraft carriers as well as in railguns. This technology is subject to EU export controls and since 2009 was listed under Category III of the UK Strategic Export Control Lists as part of the EU Council Regulation 428/2009. Nevertheless, in 2008, the UK government did not block the takeover of Dynex Semiconductor.

China's unexpectedly early acquisition of EMALS technology could now mean that it will be able to skip past the

stage of steam catapults for its future carriers, a significant military advantage.⁴³⁹ In many other cases, Western companies have legally exported dual-use technologies that have military applications which are not immediately apparent when seen in isolation. For instance, by combining foreign-sourced hydrographic survey equipment, other technologies that enable oceanographic research, unmanned maritime systems, and navigational equipment with AI and supercomputing, China has begun to create an underwater surveillance network in the South China Sea whose purpose is the enhancement of territorial control over a contested maritime area.⁴⁴⁰ The degree to which European technologies, technology investments, and technology cooperation have been directly benefitting China's military buildup is, so far, a largely overlooked aspect of the challenge posed by China's technology acquisition strategy. It should be reviewed.

g) Illicit and covert technology transfers

Next to R&D, China has long been engaged in a massive effort to overcome technology bottlenecks through espionage, both cyber and traditional. Documented cases reveal that the focus lies on acquiring aerospace technologies, military electronics, unmanned systems, rockets, space systems, source codes, and also particular military-grade materials and subcomponents. Military cyber espionage is conducted by specialized units of the PLA.⁴⁴¹ Recently published studies of Chinese illicit and covert technology acquisition methods have further shown that a multitude of instruments are used across a wide range of countries to supplement outright espionage. These range from United Front Work Department (UFW) activities, talent programs such as the "1000 Talents Program," and academic exchanges to the insertion of active PLA personnel posing as civilian researchers at Western high-tech research facilities and universities.⁴⁴² This is an area where allies would benefit from stronger monitoring and data-exchange efforts; for instance, the relationships between National Key Laboratories, key S&T university

436 Mathieu Duchâtel and François Godement, *Europe and 5G: the Huawei Case, Part 2*, Policy Paper, Institut Montaigne, June 2019, <https://www.institutmontaigne.org/en/publications/europe-and-5g-huawei-case-part-2>.

437 Marcel Anglivièl, Benjamin Spevack, and Devin Thorne, *Open Arms: Evaluating Global Exposure to China's Defense-Industrial Base*, C4ADS Report, October 17, 2019, 3, <https://www.c4reports.org/open-arms>.

438 Tate Nurkin, "Catching Up: China's Space Programme Marches On," *Jane's Defence Weekly*, July 30, 2015.

439 Anglivièl, Spevack, and Thorne, *Open Arms*, 47-50; Paul Huang, "By Snatching Up British Company, China Closes Gap on US Naval Supremacy," *Epoch Times*, December 15, 2017, updated February 4, 2018, https://www.theepochtimes.com/by-snatching-up-british-company-china-closes-gap-on-us-naval-supremacy_2389025.html.

440 Jeffrey Lin and P.W. Singer, "The Great Underwater Wall Of Robots: Chinese Exhibit Shows Off Sea Drones," *Popular Science*, June 22, 2016, <https://www.popsci.com/great-underwater-wall-robots-chinese-exhibit-shows-off-sea-drones/>; Anglivièl, Spevack, and Thorne, *Open Arms*, 51-54.

441 William C. Hannas, James Mulvenon, and Anna B. Puglisi, *Chinese Industrial Espionage: Technology Acquisition and Military Modernization* (London: Routledge, 2013), 250-270; Nalani Fraser et al., "APT41: A Dual Espionage and Cyber Crime Operation," *Threat Research*, August 7, 2019, <https://www.fireeye.com/blog/threat-research/2019/08/apt41-dual-espionage-and-cyber-crime-operation.html>; Mandiant Corporation, *APT1: Exposing One of China's Cyber Espionage Units*, February 19, 2013, <https://www.fireeye.com/content/dam/fireeye-www/services/pdfs/mandiant-apt1-report.pdf>.

442 William C. Hannas and Didi Kirsten Tatlow, eds., *China's Quest for Foreign Technology: Beyond Espionage* (London: Routledge, 2020); Alex Joske, *Picking flowers, making honey: The Chinese military's collaboration with foreign universities*, ASPI International Cyber Policy Center Policy Brief, Report No. 10/2018, October 30, 2018. <https://www.aspi.org.au/report/picking-flowers-making-honey>.

laboratories, and commercial R&D labs is often not sufficiently well understood in Western countries, but form a key element of MCF. Searchable databases, such as ASPI's China Defence Universities Tracker, are useful tools for gaining a better understanding of a research unit's affiliation and the level of risk through exchanges with particular Chinese entities.⁴⁴³

2. Transatlantic Convergence and Divergence

Transatlantic allies have somewhat different perceptions of the Chinese technology and cyber challenge depending on their own role as either recipient or producer of technological innovations, their vulnerability toward China in a security sense, and their relative need for infrastructure investments and resulting openness to Chinese investment. No matter their orientation, it is important for allies to realize that Chinese attempts to shape and define technical standards of emerging technologies across the globe, and the willingness to use exports of technological solutions to bolster political aims, make clear that “technology is not an ethics-neutral domain, but instead is underpinned by subjective values that can be challenged.”⁴⁴⁴

From the US viewpoint, the technology and cyber challenges posed by China have both economic and military implications because China has emerged as a peer competitor whose actions threaten to upend the postwar balance of power in Asia. While the United States is at risk of becoming involved in a military conflict with China due to extensive security guarantees for China's neighbors Japan, South Korea, the Philippines, and implicitly also Taiwan, the foundation of US supremacy—its economic and technological superiority—is being challenged by China's aggressive technological development strategy, and, as a result, the military balance has begun to tilt.

European allies tend to be far less concerned with the military risks and more focused on economic security aspects of the challenge. With the publication of *Made in China 2025*, a strategy for turning China into a global innovation powerhouse within just a decade, Western high-tech producers finally woke up to the challenge posed by an aggressive, state-led growth strategy intent on leapfrogging over developmental stages and harvesting the fruit

of innovation at the expense of other players. The effect of this was particularly noticeable in Germany where the industry elite became aware of the risk to German high-tech leadership, realizing that China was about to become Germany's main technological rival.⁴⁴⁵ China subsequently dropped public references to this strategy after it became apparent how much irritation it had caused abroad, but its goals were not abandoned. Rather, the silence was a purely tactical move.⁴⁴⁶

Countering infringements on Western technology companies' intellectual property rights is, therefore, a prime concern of European allies to be addressed with China, as is the problem of subsidized (or de facto subsidized) Chinese companies dominating markets worldwide, not just along the BRI, but within Europe itself, while China is not granting reciprocal access to foreign actors within its own market. How far such access will be improved through the CAI remains to be seen. However, a recent report by the European Court of Auditors on Chinese investments in Europe found that “it was difficult to obtain complete and timely data and thus to gain an overview of investments, which are part of the Chinese investment strategy in the EU,” noting that “no formalized comprehensive analysis of the risks and opportunities for the EU” could be found. The report recommends to “improve the setting, implementing, monitoring, reporting and evaluation of the EU-China strategy” and “to coordinate the response of the EU institutions and Member States, by promoting the exchange of information.”⁴⁴⁷

3. Possible Transatlantic Responses

The United States and its European allies share similar security concerns in terms of ensuring maximum resilience of critical infrastructures against foreign sabotage, and of maintaining the competitiveness of their own national industrial base in the face of Chinese competition.

They also share an interest in curbing Chinese state influence at the highest levels of leadership in international organizations that play a role in setting international technology and cyber standards, ranging from public health organizations such as the World Health Organization (WHO) to bodies like the International Civil Aviation Organization

443 ASPI, *China Defence Universities Tracker*, database, <https://unitracker.aspi.org.au>.

444 Sam Olsen, “China is winning the war for global tech dominance,” *The Hill*, October 4, 2020, <https://thehill.com/opinion/technology/518773-china-is-winning-the-war-for-global-tech-dominance>.

445 DW, “China emerging as Germany's main economic rival,” August 18, 2017, <https://www.dw.com/en/china-emerging-as-germanys-main-economic-rival/a-40153468>.

446 Max J. Zenglein and Anna Holzmann, *Evolving Made in China 2025: China's industrial policy in the quest for global tech leadership*, MERICS Papers on China No. 8, July 2019, <https://merics.org/en/report/evolving-made-china-2025>.

447 European Court of Auditors, *The EU's response to China's state-driven investment strategy*, Review No. 03/2020, September 10, 2020, 4-5, <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=54733>.

(ICAO), the UN International Telecommunications Union (ITU), the UN Human Rights Council (UNHRC), Interpol, and the World Intellectual Property Organization (WIPO).

a) Replace ‘empty negotiations’ with meaningful dialogue bolstered by enhanced capacity

Allies need to realize clearly that state-subsidized technological innovation, “digital authoritarianism,” and Internet controls are instrumental for China’s aims of achieving “national rejuvenation” and are strategic priorities that will not be readily abandoned in the face of international pressure or censure. Accordingly, William C. Hannas and Huey-Meei Chang believe: “Weaning China away from ... predatory practices with platitudes about fairness and the respect of the world community, while hoping for the best, is more pipedream than solution.” Further, they warn of complacency and point out that Western innovation superiority could prove transitory: “the West fails to appreciate that its storied penchant for breakthrough science matters little without the will, skills, and infrastructure to commercialize its abstract discoveries”—something China is poised to achieve.⁴⁴⁸ To this end, China launched its program, China Standards 2035, in 2018, with details still to be published. According to a Federation of German Industries (BDI) analysis, this program is in line with, and effectively a technical upgrade of, Made in China 2025, aiming to enable Chinese industries to shape technical standards in the key industrial sectors identified by Made in China 2025: cybersecurity, autonomous driving, Industry 4.0, and robotics, and also energy. If Chinese industries achieve global leadership in such fields, this would effectively offer China the chance to define future technology standards.⁴⁴⁹ Bolstering European and US domestic and joint R&D efforts, not least by vastly increased funding, is, therefore, a necessity if allies aim to strengthen their hand in negotiations with China and to effectively negotiate over standards and practices to make sure that Chinese technical standards will not become the global norm in fields that are projected to have a heavy impact on the future world economy.

b) Provide alternatives for subsidized Chinese technology and bolster allies’ technology base

This new awareness might stimulate new initiatives, such as governmental efforts to subsidize or otherwise protect Western technologies that compete with Chinese-subsidized firms, or “framework nation” concepts where more technologically advanced countries can be paired with less capable ones to work through the mechanics of technological independence from China.⁴⁵⁰ A Western equivalent might be needed to counter the influence of the Digital Silk Road and BRI Space Information Corridor that could, if unchecked, lead to a Chinese domination of global technology standards, be it in Internet Protocols (“New IP”), blockchain, digital communication, or AI.⁴⁵¹ The new EU Connectivity Strategy could, perhaps, become part of such an allied approach. Subsidizing Western 5G infrastructure solutions and AI development to compete with Chinese subsidized firms might become a necessity. Meanwhile, a joint EU 5G Toolbox of Risk Mitigation Measures that was adopted by the EU in January 2020 seems to have achieved the goal of strengthening and streamlining member states’ evaluation processes of 5G network security, illustrating the EU’s norm-setting capabilities.⁴⁵² And in the fall of 2020, the EU announced a new regulation of trade in dual-use items as an update to its 2009 export control system to address the new challenges.⁴⁵³ Non-EU NATO members should adopt similar approaches where necessary.

c) Stop illicit military technology transfers

Cases of past dual-use technology transfers that have directly benefitted China’s military buildup, and that were mentioned above, illustrate the difficulty of regulating this field. It can be difficult for businesses to understand the security-related implications of individual technologies—not just now, but in future applications. Evaluating the risk of such transfers is, however, an urgent concern. A recent C4ADS report points out that “the burden is on states, companies, and universities engaging with Chinese firms and institutions to proactively

448 William C. Hannas and Huey-Meei Chang, “Chinese Technology Transfer: An Introduction” in William C. Hannas and Didi Kirsten Tatlow, eds., *China’s Quest for Foreign Technology: Beyond Espionage* (London: Routledge, 2020), 15.

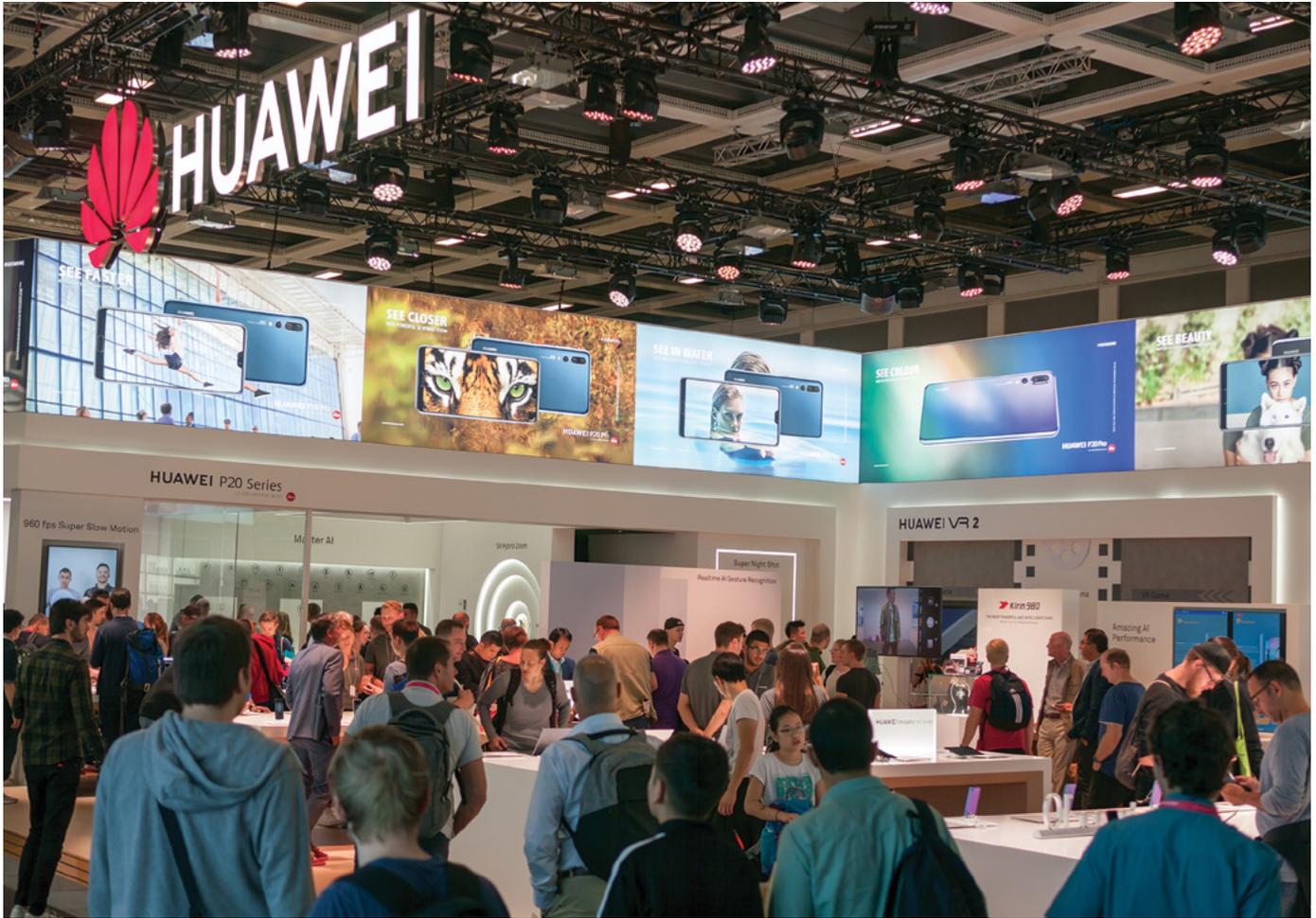
449 Ferdinand Schaff, “Chinese Creative Drive: China Standards 2035,” BDI, August 13, 2020, <https://english.bdi.eu/article/news/chinese-creative-drive-china-standards-2035/>.

450 Hans Binnendijk, Sarah Kirchberger, and Christopher Skaluba, *Capitalizing on transatlantic concerns about China*, Atlantic Council, August 24, 2020, <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/capitalizing-on-transatlantic-concerns-about-china/>.

451 Olsen, “China is winning.”

452 See European Commission, *Cybersecurity of 5G networks - EU Toolbox of risk mitigating measures*, law, January 29, 2020, <https://ec.europa.eu/digital-single-market/en/news/cybersecurity-5g-networks-eu-toolbox-risk-mitigating-measures>; for a progress report on the toolbox process, see European Commission, 5G security: Member States report on progress on implementing the EU toolbox and strengthening safety measures, press release by the European Commission and the German Presidency of the Council of the EU, July 24, 2020, https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1378.

453 “New rules on trade of dual-use items agreed,” Council of the European Union, November 9, 2020, <https://www.consilium.europa.eu/en/press/press-releases/2020/11/09/new-rules-on-trade-of-dual-use-items-agreed/>; “Commission Delegated Regulation (EU) 2020/1749 of 7 October 2020 amending Council Regulation (EC) No 428/2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items,” *Official Journal of the European Union* (2020) 63, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2020:421:FULL&from=EN>.



Huawei exhibit at the Internationale Funkausstellung 2018, Berlin. Source: Wikimedia Commons/Matti Blume (<https://creativecommons.org/licenses/by-sa/4.0/deed.en>)

prevent misappropriation of their technology.”⁴⁵⁴ They need better guidance, and allies should find mechanisms for transnational and trans-sectoral cooperation that can increase awareness and help implement better controls. In particular, industry stakeholders should be educated on the scale and magnitude of Chinese industrial espionage and the ways in which CCP-controlled entities typically exercise influence over corporate boards, disguise party-state affiliations of individuals, and hide ties to state-owned enterprises or military-affiliated research facilities. A recent *Foreign Policy* report detailed how Chinese venture capital with connections to government entities is used as a vehicle to gain access to high-technology start-ups in Western countries, particularly in innovation hot spots such as Cambridge in the UK or Silicon Valley in California, in an undisclosed fashion.⁴⁵⁵

Existing monitoring instruments that can help determine the risk of cooperation and transactions, such as the ASPI database on Chinese military research institutions, should be promoted and their use popularized.⁴⁵⁶ A recent C4ADS report contains a list of Risk Assessment Indicators (nine primary and five secondary) that point to an individual Chinese entity acting as a vehicle for the illicit transfer of sensitive technologies to China’s military which could be used to refine screening mechanisms.⁴⁵⁷ The aim should be for such screening mechanisms to enable all stakeholders to use publicly accessible data to understand Chinese technology acquisition strategies and make informed decisions on how to protect themselves and their assets. Allies should discuss and coordinate how relevant information and methods can best be gathered and made publicly available, and

454 Angliviell, Spevack, and Thorne, *Open Arms*, 3.

455 Elisabeth Braw, “How China Is Buying Up the West’s High-Tech Sector,” *Foreign Policy*, December 3, 2020, <https://foreignpolicy.com/2020/12/03/how-china-is-buying-up-the-west-s-high-tech-sector/>.

456 ASPI, *China Defence*.

457 Angliviell, Spevack, and Thorne, *Open Arms*, 64-66.

how regular exchanges between government and industry stakeholders within and across countries can be facilitated.

Learning processes based on past instances of accidental military technology transfers could be initiated among allies—this should include an honest reckoning of how Western technology has contributed to the Chinese surveillance state system.⁴⁵⁸ Allies should dissect past cases and share the lessons learned regarding deceptive strategies employed by Chinese counterparts, such as hiding party-state influence, hiding military affiliations, or obfuscating the end user of a product. Such cases should be publicly exposed and scrutinized. Regular transnational and national-level consultations should be established between military-technological specialists and industry representatives to achieve a common picture of the problem and to give companies more reliable and effective guidance. Better investment screening and monitoring mechanisms for transfers of critical technologies need to be established across Europe and coordinated with the United States to inhibit harmful technology transfers. Likewise, the various arms embargos in place among allies against China should be reviewed and harmonized, and more effective export controls also covering non-lethal military technologies such as sensor systems and propulsion plants that have so far been exempt from the embargo in some countries should be implemented in a transnational approach.⁴⁵⁹

d) Protect critical infrastructure

Though the risk associated with granting Huawei a role in European 5G networks was initially evaluated rather differently among allies,⁴⁶⁰ since the COVID-19 pandemic the positions have begun to tilt strongly toward the critical stance promoted by the former Trump administration. Many allied countries have either banned entirely or limited the role of Huawei, with only a few still undecided.⁴⁶¹ On a subnational level, some individual telecommunication companies in undecided countries have preemptively declared their intention to avoid or phase out Huawei technology in their networks.⁴⁶² Allies hesitant to ban Huawei technology from their 5G networks should be aware that China's National Security Law of 2015 (Articles 11 and 77) compels all Chinese individuals, organizations, and enterprises to fully cooperate

with Chinese authorities on all matters of “national security.” This, presumably, includes an obligation to transfer user data.⁴⁶³ Competitive pricing and supposedly higher quality are not very convincing arguments in Huawei's favor given the vast amount of state subsidies Huawei has received and given that a recent breakdown of a 5G core station conducted in 2020 by the Japanese newspaper *Nikkei* revealed that Huawei still relies on US-supplied technology for nearly 30 percent of the components, while the main semiconductor actually came from Taiwan.⁴⁶⁴ National security interests should in any case outweigh pricing considerations, and European 5G champions Nokia and Ericsson should be strengthened to be better able to compete with Huawei in markets outside Europe and efforts to implement “Open Radio Access Networks” which will allow for interoperability and multiple vendors should be supported.

4. Major Recommendations

- i. Understanding the complex security implications of technological cooperation with China is a challenge too big for many individual stakeholders to tackle effectively, leading to many loopholes and unintended technology transfers. A concerted effort to educate Western political and industry stakeholders on risks, past failures, and commonly employed Chinese technology transfer practices should be initiated in national and transnational as well as EU and NATO settings.
- ii. R&D in strategic sectors should be massively bolstered financially and effective measures should be employed to neutralize the disadvantages encountered by allied industries in competition with Chinese state-subsidized and de facto state-subsidized industries.
- iii. A strong US and allied presence in technology standard-setting bodies is needed and has to be coordinated among allies and existing transatlantic differences bridged to effectively counter the Chinese presence in these bodies.
- iv. Block technology transfers to China that could further fuel China's military buildup, even indirectly.

458 P.W. Singer and Emerson Brooking, “Here's China's Massive Plan to Retool the Web,” *Popular Science*, October 4, 2018, <https://www.popsci.com/chinas-massive-plan-to-retool-web/>.

459 Noah Barkin, *Export Controls and the US-China Tech War: Policy challenges for Europe*, MERICS China Monitor, March 18, 2020, <https://merics.org/en/report/export-controls-and-us-china-tech-war>.

460 Duchâtel and Godement, *Europe and 5G*.

461 Frank Umbach, *EU Policies on Huawei and 5G Wireless Networks: Economic-Technological Opportunities vs Cybersecurity Risks*, S. Rajaratnam School of International Studies Singapore, December 23, 2020, 22-31, <https://www.rsis.edu.sg/wp-content/uploads/2020/12/WP332.pdf>.

462 Katharina Buchholz, “Which Countries Have Banned Huawei?” Statista, January 30, 2020, <https://www.statista.com/chart/17528/countries-which-have-banned-huawei-products/>.

463 Frank N. Pieke, Katja Drinhausen, and Mareike Ohlberg, *Chinese Telecommunication Companies: Political and legal vulnerabilities and how Europe should deal with them*, MERICS Policy Brief, March 2019, <https://merics.org/en/policy-brief/chinese-telecommunication-companies>.

464 Umbach, *EU Policies on Huawei*, 8; Yap, “State Support”; Norio Matsumoto and Naoki Watanabe, “Huawei's base station teardown shows dependence on US-made parts,” *Nikkei Asia*, October 12, 2020, <https://asia.nikkei.com/Spotlight/Huawei-crackdown/Huawei-s-base-station-teardown-shows-dependence-on-US-made-parts>.

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

⁴⁶⁵ US Defense Intelligence Agency, *China Military Power: Modernizing a Force to Fight and Win*, 2019, <https://apps.dtic.mil/dtic/tr/fulltext/u2/1066163.pdf>.

⁴⁶⁶ Mike Yeo, "China announces \$178.2 billion military budget," *Defense News*, May 22, 2020, <https://www.defensenews.com/global/asia-pacific/2020/05/22/china-announces-1782-billion-military-budget/>.

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.⁴⁶⁷ 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.⁴⁶⁸

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."⁴⁶⁹ 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.⁴⁷⁰ 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 2050.⁴⁷¹

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."⁴⁷² The impact, according to the RAND Corporation, is that the PLA's "growing array of anti-access area denial (A2AD) capabilities will make future involvement of US forces in Asian conflicts more challenging."⁴⁷³

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.⁴⁷⁴ 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.⁴⁷⁵ It is expanding its shipyard which builds its nuclear-powered submarines.⁴⁷⁶ 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."⁴⁷⁷ 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

467 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/>.

468 US Department of Defense, "Introduction," in *Summary of the 2018 National Defense Strategy of the United States: Sharpening the American Military's Competitive Edge*.

469 US Defense Intelligence Agency, *China Military Power*.

470 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.

471 US Defense Intelligence Agency, *China Military Power*, 6.

472 International Institute for Strategic Studies, *Military Balance 2020* (Abingdon, UK: Routledge, 2020), 9.

473 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.

474 Nick Childs and Tom Waldwyn, "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>.

475 International Institute for Strategic Studies, *Military Balance 2020*, 259-268.

476 H I Sutton, "Chinese Increasing Nuclear Submarine Shipyard Capacity," *USNI News*, October 12, 2020, <https://news.usni.org/2020/10/12/chinese-increasing-nuclear-submarine-shipyard-capacity>.

477 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/01/2002488689-1-1/1/2020-DOD-CHINA-MILITARY-POWER-REPORT-FINAL.PDF>.

PLAN Aircraft and Helicopter Carrier Fleet — Type and Age Structure, 2021

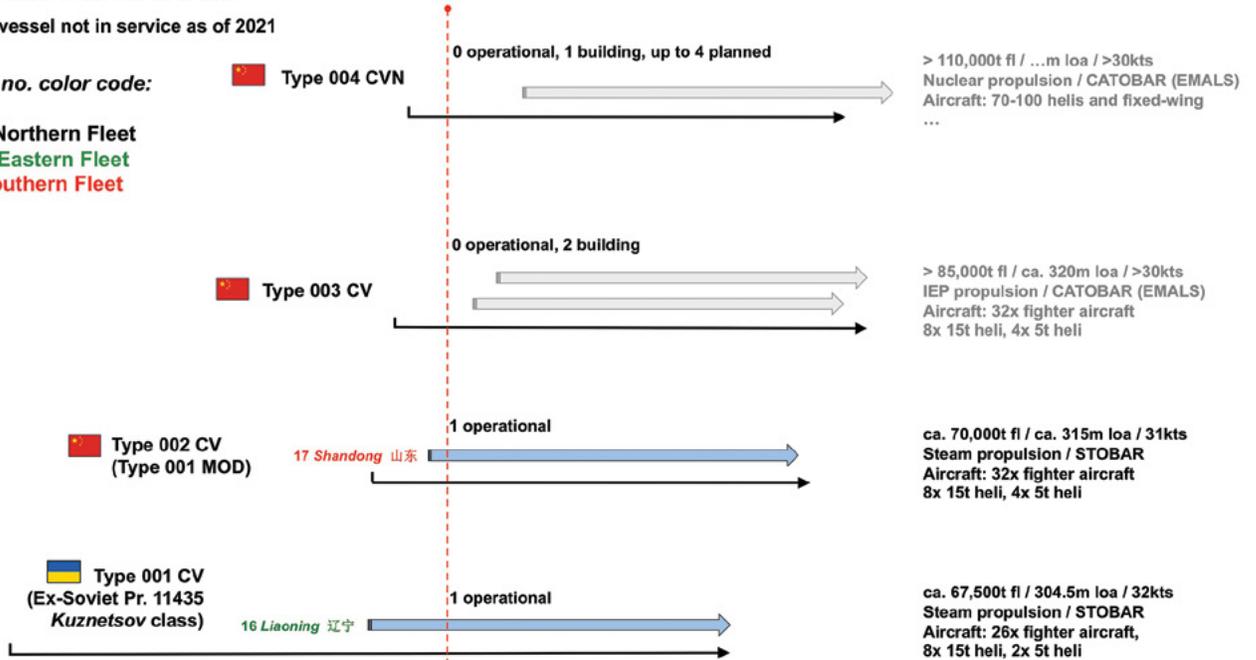
Aircraft Carrier (CV / CVN)

 vessel in service as of 2021
 vessel not in service as of 2021

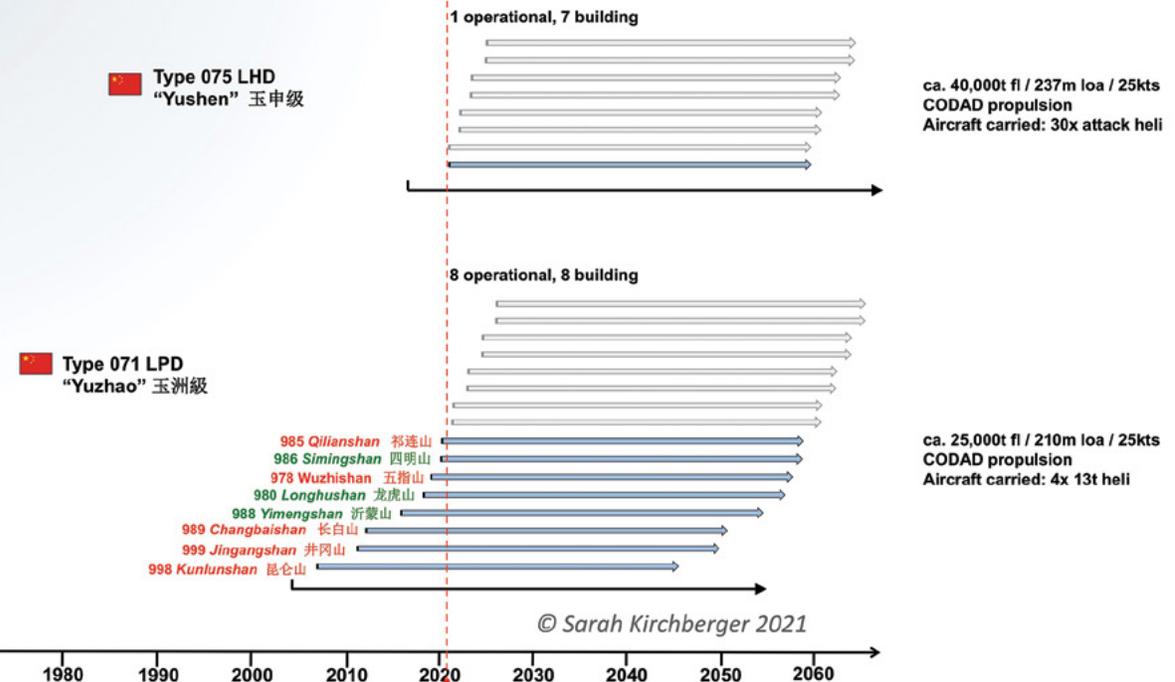
Pennant no. color code:

 Type 004 CVN

Black = Northern Fleet
Green = Eastern Fleet
Red = Southern Fleet



Ambiguous Assault Ships (LPD / LHD)



Eastern Mediterranean, including in Syria.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.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.”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.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.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.”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.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.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.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.”⁴⁸⁷ The IISS also reports that both China and Russia are continuing their anti-satellite (ASAT) testing and development programs.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.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

478 Dr. James M. Dorsey, “Syria Is Tempting, But Will China Bite?” Begin-Sadat Center for Strategic Studies, July 17, 2020, <https://besacenter.org/perspectives-papers/syria-reconstruction-china/>. See also Tom O’Connor, “Russia Not Alone in Syria’s West, China and Iran Are Also Moving in Near Sea,” *Newsweek*, April 23, 2019, <https://www.newsweek.com/russia-west-syria-war-china-iran-1404051>.

479 International Institute for Strategic Studies, *Military Balance*, 259-268.

480 US Department of Defense, *Military and Security Developments*, ii.

481 International Institute for Strategic Studies, *Military Balance*, 260-261.

482 Hans M. Kristensen, “China’s New DF-26 Missile Shows Up At Base In Eastern China,” Federation of American Scientists, January 21, 2020, <https://fas.org/blogs/security/2020/01/df-26deployment/>.

483 US Defense Intelligence Agency, *China Military Power*, 36.

484 Center for Arms Control and Non-Proliferation, “Fact Sheet: China’s Nuclear Arsenal,” April 2, 2020, <https://armscontrolcenter.org/fact-sheet-chinas-nuclear-arsenal/>. US Department of Defense public estimates of China’s nuclear holdings are in the “low 200s.” See US Department of Defense, *Military and Security Developments*, ix.

485 Carla Babb, “Chinese Nuke Arsenal Next on Beijing’s ‘To Do’ List,” VOA, September 14, 2020, <https://www.voanews.com/usa/chinese-nuke-arsenal-next-beijings-do-list-us-commander-warns>.

486 James Anderson, “China’s Arms Buildup Threatens the Nuclear Balance,” *New York Times*, July 29, 2020, <https://www.nytimes.com/2020/07/29/opinion/russia-china-nuclear-weapons.html>.

487 US Defense Intelligence Agency, *China Military Power*, 40.

488 International Institute for Strategic Studies, *Military Balance*, 18.

489 US Defense Intelligence Agency, *China Military Power*, 45. Chinese strategic thinking now emphasizes the concept of “system destruction warfare,” which focuses on non-kinetic ways of disabling an opponent’s ability to wage war through information operations.

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.,⁴⁹⁰ 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 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 Michèle 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.⁴⁹¹ 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.⁴⁹² 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.”⁴⁹³ A Chinese Foreign Ministry spokesman responded saying that Putin’s comments “demonstrate the high level and special nature of our bilateral ties.”⁴⁹⁴ Today, multiple factors draw Russia and China together:

- 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 2019.⁴⁹⁵ Neither side is the other’s top trading partner,⁴⁹⁶ 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.⁴⁹⁷ 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;⁴⁹⁸ and
- 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

491 For an excellent discussion of these issues see Center for a New America Security’s *Brussels Sprouts* podcast, a discussion between hosts Andrea Kendall-Taylor and Jim Townsend with Mike Kofman and Alexander Gabuev on “The Russia-China Defense Relationship,” June 12, 2020, <https://www.cnas.org/publications/podcast/the-russia-china-defense-relationship-with-mike-kofman-and-alexander-gabuev>.

492 Dimitri Simes, “Russia up in arms over Chinese theft of military technology,” *Nikkei Asia*, December 20, 2019, <https://asia.nikkei.com/Politics/International-relations/Russia-up-in-arms-over-Chinese-theft-of-military-technology>.

493 Vladimir Isachenkov, “Putin: Russia-China military alliance can’t be ruled out,” Associated Press, October 22, 2020, <https://apnews.com/article/beijing-moscow-foreign-policy-russia-vladimir-putin-1d4b112d2fe8cb66192c5225f4d614c4>.

494 Jun Mai, “Beijing gives cautious welcome to Vladimir Putin’s hint over Russia-China military alliance,” *South China Morning Post*, October 25, 2020, <https://www.scmp.com/news/china/diplomacy/article/3107027/beijing-gives-cautious-welcome-vladimir-putins-hint-over>.

495 Russia Briefing from Dezan Shira & Associates, “Russia-China Bilateral Trade Hits US\$110 Billion in 2019 — What is China Buying?” January 14, 2020, <https://www.russia-briefing.com/news/russia-china-bilateral-trade-hit-us-110-billion-2019-china-buying.html/>.

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

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

498 Margaret Besheer, “US-Russia-China Rift Simmers at UN,” VOA, September 24, 2020, <https://www.voanews.com/usa/us-china-russia-rift-simmers-un>.



Russian President Vladimir Putin presents an award to a People's Liberation Army soldier following the Vostok 2018 exercise in eastern Russia. *Source:* Wikimedia Commons/President of the Russian Federation (www.kremlin.ru)

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 2012.⁴⁹⁹ 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.⁵⁰⁰

Moreover, Russia has sold advanced military equipment, like the S-400 surface-to-air missile and the Su-35 fighter jet, to China.⁵⁰¹ While the value of Russian arms sales to China has declined since a peak in 2005,⁵⁰² 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.⁵⁰³ 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 PLA Navy (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.

500 See discussion of "geopolitical signaling" in Elina Sinkkonen, *China-Russia security cooperation: geopolitical signaling with limits*, Finnish Institute of International Affairs, FIIA Briefing Paper 231, January 16, 2018, <https://www.fia.fi/en/publication/china-russia-security-cooperation>.

501 See Andrea Kendall-Taylor and Jeffrey Edmons, *Addressing Deepening Russia-China Relations*, Center for a New American Security, August 31, 2020, <https://www.cnas.org/publications/commentary/addressing-deepening-russia-china-relations>.

502 Sinkkonen, *China-Russia*.

503 Samuel Bendett and Elsa B. Kania, "China, Russia Deepen Technological Ties," *Defense One*, October 4, 2019, <https://www.defenseone.com/threats/2019/10/china-russia-are-turning-each-other-tech-help-west-limits-access/160364/>.

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.⁵⁰⁴ The future of their defense cooperation may be less about one-way arms sales and more about greater defense coproduction.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."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.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."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

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

505 See comments by Mike Kofman on Center for a New America Security's *Brussels Sprouts* podcast, "The Russia-China Defense Relationship."

506 Sinkkonen, *China-Russia*.

507 Anthony H. Cordesman, *China's New 2019 Defense White Paper: An Open Strategic Challenge to the United States, But One Which Does Not Have to Lead to Conflict*, Center for Strategic and International Studies, working draft, July 24, 2019, https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/190724_China_2019_Defense.pdf.

508 Deutsche Welle, "NATO's Jens Stoltenberg sounds warning on China's rise," June 13, 2020, <https://www.dw.com/en/natos-jens-stoltenberg-sounds-warning-on-chinas-rise/a-53795384sche>.

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.

509 Hans Binnendijk, *Friends, Foes, and Future Directions: U.S. Partnerships in a Turbulent World* (Santa Monica, California: RAND Corporation, 2016), 108-109.

510 Minnie Chan, "Chinese military takes charge of war powers with new defense law," *South China Morning Post*, January 3, 2021, <https://www.scmp.com/news/china/military/article/3115988/chinas-military-takes-charge-war-powers-new-defence-law>.

511 Binnendijk, *Friends*, 97-122.

512 Ben Westcott, "Chinese President Xi Jinping tells troops to focus on preparing for war," *CNN World*, October 14, 2020, <https://www.cnn.com/2020/10/14/asia/xi-jinping-taiwan-us-esper-intl-hnk/index.html>.

513 Asia Maritime Transparency Initiative, *China Island Tracker*, <https://amti.csis.org/island-tracker/china/>.

514 Tom Phillips, Oliver Holmes, and Owen Bowcott, "Beijing rejects tribunal's ruling in South China Sea case," *Guardian*, July 12, 2016, <https://www.theguardian.com/world/2016/jul/12/philippines-wins-south-china-sea-case-against-china>.

515 US Department of State, U.S. Position of Maritime Claims in the South China Sea, press statement by US Secretary of State Michael R. Pompeo, July 13, 2020, <https://www.state.gov/u-s-position-on-maritime-claims-in-the-south-china-sea/>.



PACIFIC OCEAN (Jan. 29, 2018) The Arleigh Burke-Class guided-missile destroyer USS Michael Murphy (DDG 112) and the French frigate FNS Vendemiaire are underway in formation during a passing exercise (PASSEX) in the Pacific Ocean. Michael Murphy is operating in the Pacific region as part of the Carl Vinson Carrier Strike Group. *Source:* U.S. Navy photo by Mass Communication Specialist 3rd Class Jasen MorenoGarcia/Released

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.⁵¹⁶ 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.⁵¹⁷ 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.⁵¹⁸ The

⁵¹⁶ Kyodo News, "Chinese ships remain in Japan waters near Senkakus for record time," October 13, 2020, <https://english.kyodonews.net/news/2020/10/8c669beaa966-update4-chinese-ships-remain-in-japan-waters-near-senkakus-for-record-time.html>.

⁵¹⁷ Brad Lendon and Junko Ogura, "Vote in Japan to change status of disputed islands threatens to raise tensions with China," CNN, June 22, 2020, <https://www.cnn.com/2020/06/21/asia/china-japan-island-dispute-intl-hnk-scli/index.html>.

⁵¹⁸ David B. Larter, "In challenging China's claims in the South china Sea, the US Navy is getting more assertive," *Defense News*, February 5, 2020, <https://www.defensenews.com/naval/2020/02/05/in-challenging-chinas-claims-in-the-south-china-sea-the-us-navy-is-getting-more-assertive/>.

US Navy conducted thirteen FONOPs in 2020 and the Biden administration has already conducted two in 2021.⁵¹⁹ 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 Communiqué⁵²⁰ and the 1979 Taiwan Relations Act.⁵²¹ 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 airspace⁵²² and Chinese Premier Li Keqiang dropped the word “peaceful” while discussing reunification before the National People’s Congress in May of 2020.⁵²³ 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.⁵²⁴ 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.⁵²⁵ 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.”⁵²⁶

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.⁵²⁷ 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

519 John Feng, “US Navy Destroyer Challenges Beijing’s South China Sea Claim in Latest Op,” *Newsweek*, February 17, 2021, <https://www.newsweek.com/us-navy-destroyer-challenges-beijing-south-china-sea-claims-1569890>.

520 US Department of State, *The Joint US-China Communiqué, Shanghai, February 27, 1972*, https://photos.state.gov/libraries/ait-taiwan/171414/ait-pages/shanghai_e.pdf. In the communiqué, the United States declares that “there is but one China and Taiwan is part of China.”

521 Taiwan Relations Act, Pub.L. 96-8, Section 2(b)(1-6) (1979).

522 Caleb Larson, “China keeps Flying Its SU-30 Fighters Over Taiwan, but How Do They Stack Up?” *National Interest*, June 16, 2020, <https://news.yahoo.com/china-keeps-flying-su-30-144200195.html>.

523 Chinese Premier Li Keqiang, “Report on the Work of the Government,” speech delivered at the Third Session of the 13th National People’s Congress of the People’s Republic of China on May 22, 2020, http://www.xinhuanet.com/english/2020-05/29/c_139099211.htm.

524 Joe McDonald, “China to sanction Boeing, Lockheed, and Raytheon over Taiwan arms sales,” Associated Press, October 26, 2020, <https://www.defensenews.com/global/asia-pacific/2020/10/26/china-to-sanction-boeing-lockheed-and-raytheon-over-taiwan-arms-sales/>.

525 Richard Haass and David Sacks, “American Support for Taiwan Must Be Unambiguous,” *Foreign Affairs*, September 2, 2020, <https://www.foreignaffairs.com/articles/united-states/american-support-taiwan-must-be-unambiguous>.

526 Richard C. Bush, *A One-China Policy Primer*, East Asia Policy Paper 10, Brookings Institution, March 2017, iv, <https://www.brookings.edu/wp-content/uploads/2017/03/one-china-policy-primer.pdf>.

527 Ploughshares Fund, “World Nuclear Weapon Stockpile,” updated March 9, 2020, <https://ploughshares.org/world-nuclear-stockpile-report>. According to other estimates, North Korea has as many as thirty nuclear weapons, with adequate fissile material being generated every year to add significantly to this total.

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 cyberattacks 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, transatlantic 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 geographically 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 territories 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 series of Five Power Defense Arrangements with Australia, New Zealand, Malaysia, and Singapore and there is speculation 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 compelling 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 engage in open military conflict, the United States would shift many of its major air and naval capabilities to Asia, weakening 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 expected 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 ministerials; and periodic statements from the secretary general—to shape its approach to China. It should:

- i. Provide a clear indication to China that military coercion 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 future 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 gaining even better access to intelligence sources across Asia;
- v. Design a NATO-agreed proposal to rejuvenate the Intermediate-Range Nuclear Forces (INF) Treaty (limiting INF Treaty-range systems that are nuclear-armed) 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.⁵³¹ 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).⁵³² 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 needed in modern electronics and military equipment.⁵³³

531 Valbona Zeneli, “China and Europe,” in S. McDonald and M. Burgoyne, eds., *China’s Global Influence: Perspectives and Recommendations*, 132, <https://apccs.org/wp-content/uploads/2019/09/00-Introduction.pdf>.

532 Joanna Kakissis, “Chinese Firms Now Hold Stakes in Over A Dozen European Ports,” *Morning Edition*, NPR, October 9, 2018, <https://www.npr.org/2018/10/09/642587456/chinese-firms-now-hold-stakes-in-over-a-dozen-european-ports>; Sam Morgan and Sarantis Michalopoulos, “China set to fully control Portugal’s power grid amid Europe’s inertia,” EURACTIV.com, updated July 20, 2018, <https://www.euractiv.com/section/eu-china/news/china-set-to-fully-control-portugals-power-grid-amid-europes-inertia/>; Antoaneta Roussi, “China charts a path into European science,” *Nature*, May 8, 2019, <https://www.nature.com/immersive/d41586-019-01126-5/index.html>.

533 June Teufel Dreyer, “China’s Monopoly on Rare Earth Elements —And Why We should Care,” *Foreign Policy Research Institute*, October 7, 2020, <https://www.fpri.org/article/2020/10/chinas-monopoly-on-rare-earth-elements-and-why-we-should-care/>.

Chinese State Owned Enterprise (SOE) Influence in European Container Ports



Source: Olaf Mark, "China's Participation in European Container Ports: Drivers and possible future Scenarios," *Revue Internationale et stratégique* 117 (2020) 41-42.

The United States and Europe are now seeking to reduce their dependence on China for rare earth minerals.⁵³⁴ 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,⁵³⁵ 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.

534 John Boyd, "U.S. and Japan Seeking to Break China's Grip on rare Earths Production," *IEEE Spectrum*, July 23, 2020, <https://spectrum.ieee.org/tech-talk/semiconductors/materials/us-and-japan-seeking-to-break-chinas-grip-on-rare-earths>.

535 John Hurley, Scott Morris, and Gailyn Portelance, *Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective*, CGD Policy Paper 121, March 2018, <https://www.cgdev.org/publication/examining-debt-implications-belt-and-road-initiative-a-policy-perspective>.

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.⁵³⁶ 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.⁵³⁷

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.⁵³⁸ 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.⁵³⁹

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.⁵⁴⁰

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.”⁵⁴¹

536 Stephen Chen, “China launches its first fully owned overseas satellite ground station near North Pole,” *South China Morning Post*, December 16, 2016, <http://www.scmp.com/news/china/policies-politics/article/2055224/china-launches-its-first-fully-owned-overseas-satellite>.

537 Roderick Kefferpütz, “The Arctic: Enter the Dragon,” *MERICS*, December 16, 2020, <https://merics.org/en/opinion/arctic-enter-dragon>.

538 *Ibid.*

539 Swee Lean Collin Koh, “China’s strategic interest in the Arctic goes beyond economics,” *Defense News*, May 12, 2020, <https://www.defensenews.com/opinion/commentary/2020/05/11/chinas-strategic-interest-in-the-arctic-goes-beyond-economics/>.

540 Andrew Chatzky and James McBride, “China’s Massive Belt and Road Initiative,” Council on Foreign Relations, updated January 28, 2020, <https://www.cfr.org/backgrounders/chinas-massive-belt-and-road-initiative>.

541 Report of the NATO Reflection Group, *NATO 2030: United for a New Era*, November 25, 2020, https://www.nato.int/nato_static_fl2014/assets/pdf/2020/12/pdf/201201-Reflection-Group-Final-Report-Uni.pdf.

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.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.

⁵⁴² For additional discussion of these recommendations see Franklin D. Kramer, Lauren Speranza, and Conor Rodihan, "NATO needs continuous responses in cyberspace," *New Atlanticist*, December 9, 2020, <https://www.atlanticcouncil.org/blogs/new-atlanticist/nato-needs-continuous-responses-in-cyberspace/>.

Chapter V: Toward a Transatlantic Blueprint

By Hans Binnendijk, Franklin D. Kramer, James P. Danoy, and Connor McPartland

The five areas discussed in Chapters II, III, and IV for potential transatlantic policy coordination in response to Chinese challenges—democracy and human rights, diplomatic coercion and influence, malign economic practices, technological competition, and security risks—reveal many issues of common transatlantic interest. This chapter suggests ways in which the transatlantic partners might organize themselves better to pursue a coordinated policy, starting with efforts to align their intelligence assessments on China. Next, it makes suggestions for bringing in like-minded Indo-Pacific partners. Finally, it suggests some areas in which the transatlantic partners might cooperate with China, for example, on meeting the challenge of climate change and pandemics.

Section A: Organizing for Policy Coordination with Europe

A thorough transatlantic strategic assessment will provide greater fidelity on the degree of policy convergence. Policy coordination will be easier in some areas than in others due to differing priorities and national economic dependencies. It may be impractical to design one comprehensive transatlantic policy toward China. It may equally be impossible to create just one organizational structure to coordinate transatlantic policies.

Bilateral organizational ties between both the United States and China and the European Union (EU) and China are currently more well-developed than those between transatlantic institutions and China. That should change.

The EU and China meet periodically at the summit level, with the twenty-second summit having been held in the summer of 2020. Major topics included the signing of the EU-China Agreement on Geographical Indications,⁵⁴³ discussion of the Comprehensive Agreement on Investment (CAI) and a Strategic Agenda for Cooperation 2025, climate change, biodiversity, COVID-19 responses, and international security issues (including a call for Chinese

restraint in the South China Sea).⁵⁴⁴ Central European states also meet with China in the 17+1 format, sometimes in apparent competition with the EU.

The United States and China have held periodic strategic talks—“senior dialogues” under the George W. Bush administration, which were upgraded in 2009 by then-US President Barack Obama. Eight sets of US-China Strategic and Economic Dialogues were held during the Obama administration.⁵⁴⁵ Under the Trump administration, these talks were broken down into four parts—diplomatic and security, economic, law and cyber, and social and cultural⁵⁴⁶—but most of these sessions were cancelled with the emphasis being placed on trade talks. Currently, the EU-China dialogue is much more robust than its US counterpart. The new Biden administration would be well advised to restart the dialogues held by the Obama administration, making sure they are productive.

A key requirement for an effective transatlantic China policy would be the establishment of an umbrella mechanism that might be called the “Transatlantic Coordinating Council on China” as the central forum for discussion and coordination among relevant players on the multiple issues that China presents. This umbrella organization would include all members of NATO and the EU, as well as those institutions themselves. While a US-EU dialogue will be important, a US-EU-only meeting leaves out Canada, Iceland, Norway, and the United Kingdom. Moreover, in addition to the EU, these nations need to be at the table because they maintain the governmental competency for many actions. Furthermore, for a variety of security issues, there will be significant benefits from engaging NATO.

Establishment of a “Transatlantic Coordinating Council on China” will allow decision making that takes into account the full scope of the issues, including when decisions in one arena have ramifications for another. The council could be structured as a voluntary organization as has been done for important organizations such as the Financial Stability Board or the Proliferation Security Initiative. Moreover, inasmuch as a number of issues will require, or benefit from, interaction with the private sector and while the center of

543 This will improve European access to some Chinese markets, especially agricultural products.

544 European Council, “EU-China leaders meeting via video conference, 14 September 2020,” <https://www.consilium.europa.eu/en/meetings/international-summit/2020/09/14/#>.

545 US Department of State, *U.S.-China Strategic and Economic Dialogue*, <https://2009-2017.state.gov/e/eb/tpp/bta/sed//index.htm>.

546 US-China Economic and Security Review Commission, Report to 115th Congress, First session, November 2017, 179, https://www.uscc.gov/sites/default/files/2019-09/2017_Annual_Report_to_Congress.pdf.

the new council would be governmental, the council could be structured with sufficient flexibility to include private sector entities, both for analysis and coordination.⁵⁴⁷

To make this “Transatlantic Coordinating Council on China” effective, a secretariat might be established and all parties would need to develop small teams of Sherpas to prepare the groundwork for council meetings that might take place semiannually. The council would work closely with NATO on security issues and would serve to coordinate NATO-EU perspectives. Once the council is established, one might envision trilateral US-EU-Chinese talks on key issues.

Other mechanisms might be created to deal with specific sets of issues discussed in previous chapters. A menu of ideas for consideration might include:

- i. Establish through NATO a coordinating mechanism that links US transatlantic and transpacific allies and partners to reinforce mutual security interests;
- ii. Establish within NATO a new assistant secretary general to focus on challenges to global stability, including challenges posed by China;
- iii. Create a permanent coordinating mechanism between NATO’s North Atlantic Council (NAC) and the Council of the European Union to deal with the various challenges posed by China;
- iv. Create a D-10 grouping of major democracies (including many European nations), which might lead on human rights and the defense of democracy issues. One might envision such a group engaging China in Helsinki Accords-like discussions on human rights;
- v. Energize the G-20 to discuss the negative impact of China’s “wolf warrior” diplomacy and seek to reverse it;
- vi. Establish a transatlantic system to review Chinese investments in sensitive technologies and the sale of such technologies to China. An updated version of the Cold War Coordinating Committee on technology transfers (COCOM) might be considered;
- vii. Create a transatlantic negotiating strategy to seek equal access to Chinese markets and to limit Chinese economic subsidies;
- viii. Work with allies in the Arctic Council and through the United Nations Law of the Seas Convention (UNCLOS) to protect transatlantic interests in freedom of the seas and peaceful use of Arctic waters; and
- ix. Design a coordinating mechanism to discuss nuclear weapons limitation efforts with China.

The activities of each of these other groupings might be coordinated closely with or in some cases they might even be imbedded in the “Transatlantic Coordinating Council on China” to retain a single focal point for planning.

Major Recommendation

Create a new “Transatlantic Coordinating Council on China,” consisting of all members of the EU and NATO as well as an umbrella group to coordinate transatlantic positions on China and liaise with NATO and other key organizations.

Section B: Aligning Intelligence Assessments

On April 1, 1945, in the waning days of World War II in Europe, British Prime Minister Winston Churchill is quoted as saying: “There is only one thing worse than fighting with allies, and that is fighting without them.” The formulation of a comprehensive, multilateral transatlantic strategy to address the challenge posed by China will require a common understanding among allies and partners of the current and future strategic environment and of China’s national aims and capabilities.⁵⁴⁸ In turn, the effective execution of that multilateral strategy will require the development of a common approach to China. Both the common understanding and the common approach toward China must be based on sound intelligence. This will require strengthening existing bilateral and multilateral foreign intelligence relationships, forging new intelligence partnerships, and constructing a secure and agile intelligence-sharing architecture that maximizes the unique collection and analytic capabilities of allied and partner intelligence services. The basis for multilateral intelligence cooperation on China currently exists among the so-called Five Eyes countries—Australia, Canada, New Zealand, the UK, and the United States—the long-standing intelligence-sharing alliance which has been in existence since World War II. The Five Eyes nations have reportedly agreed to increase intelligence sharing on China among their respective

547 Franklin D. Kramer, *Priorities for a Transatlantic China Strategy*, Atlantic Council, November 2020, 4-5, <https://www.atlanticcouncil.org/wp-content/uploads/2020/11/PRIORITIES-FOR-A-TRANSATLANTIC-CHINA-STRATEGY-IB.pdf>.

548 US House of Representatives, 116th Congress, *China Task Force Report*, September 2020, 18, <https://gop-foreignaffairs.house.gov/wp-content/uploads/2020/11/China-Task-Force-Final-Report-11.6.20.pdf>.

intelligence services and to seek intelligence-sharing arrangements with other key countries in Europe and Asia that are concerned about the security implications associated with China's increasingly assertive global activities.⁵⁴⁹

To complement this effort, NATO and the EU should prioritize the production of respective strategic intelligence assessments on China. These agreed-upon assessments, informed by member state intelligence services' analyses, while time-consuming, can provide a useful baseline for allied and partner states. These assessments should be supplemented by dynamic scenario-based alternative futures analysis and table-top exercises conducted among willing partners.

Associated with the production of agreed-upon strategic intelligence assessments must be a commitment for increased information sharing among allied and partner intelligence services on China's global activities, both on a bilateral and multilateral basis. This will require the streamlining of intelligence disclosure and release procedures among the cooperative intelligence services and the development of compatible information systems architecture. Maximizing the use of open-source intelligence (OSINT) through the use of commonly accepted tradecraft practices will facilitate analytical collaboration. Enhanced intelligence cooperation on China should also include establishing agreed-upon intelligence collection priorities and the leveraging of unique national-level collection capabilities against the China problem set through proper tasking mechanisms and protocols.

Identifying suitable partners is key to building and sustaining a value-added multilateral intelligence consortium on China. While the Five Eyes alliance can serve as the nucleus for such a consortium, constructing a robust intelligence coalition will be dependent on a number of key factors, including:

- i. Does the potential partner share one's overall values and national security threat perceptions?
- ii. Does the potential partner have the ability to acquire or facilitate access to desired information?
- iii. What intelligence collection and/or analytic capabilities does the potential partner possess, and are they unique and/or complementary to one's existing capabilities?

- iv. Is the potential partner open to an intelligence-sharing relationship?

Seeking additional partners in Asia, in addition to Japan, South Korea, and Taiwan, will be key to increasing situational awareness on China. The US-India Basic Exchange and Cooperation Agreement (BECA), signed in October 2020, which permits the United States to share geospatial intelligence with the Indian armed forces, is a significant step in this direction.⁵⁵⁰ Vietnam and Malaysia share US and European concerns about Chinese assertiveness and could contribute niche intelligence capabilities to an intelligence consortium. This may involve building partnership capacity in order to enhance their intelligence collection and analytic capabilities. Another more sensitive issue to overcome is that of safeguarding shared information and assessing the operational security and counterintelligence risk posed by Chinese intelligence services.

Overcoming these challenges will require the participation not only of the foreign intelligence services but also the foreign ministries of each country and political support at the highest levels of government. The need to fill information gaps on Chinese strategic capabilities and intentions is acute and the need to establish a common understanding of the China challenge is paramount. Publicly released national-level assessments on China, such as the recent US Department of Defense's annual report to Congress, *Military and Security Developments Involving the People's Republic of China 2020*,⁵⁵¹ and the 2019 US Defense Intelligence Agency publication, *China Military Power: Modernizing a Force to Fight and Win*,⁵⁵² form the basis for a common understanding of the China challenge, but they do not substitute for a "common intelligence picture," which can only be achieved through increased intelligence sharing that will inform allied and partner decision making on the way ahead on China.

Major Recommendations

- i. Develop a comprehensive and dynamic allied and partner "common intelligence picture" of China's strategic direction.
- ii. Prioritize the production of NATO and EU strategic intelligence assessments on China.

549 Noah Barkin, "Exclusive: Five Eyes intelligence Alliance Builds Coalition to Counter China," Reuters, October 12, 2018, <https://www.reuters.com/article/us-china-fiveeyes/exclusive-five-eyes-intelligence-alliance-builds-coalition-to-counter-china-idUSKCN1MM0GH>.

550 Vivek Raghuvanshi, "India, US sign intel-sharing agreement amid tensions with neighboring China," *Defense News*, October 28, 2020, <https://www.defensenews.com/space/2020/10/28/india-us-sign-intel-sharing-agreement-amid-tension-with-neighboring-china/>.

551 US Department of Defense, *Military and Security Developments Involving the People's Republic of China 2020*. Annual Report to Congress, <https://media.defense.gov/2020/Sep/01/2002488689/-1/-1/1/2020-DOD-CHINA-MILITARY-POWER-REPORT-FINAL.PDF>.

552 US Defense Intelligence Agency, *China Military Power: Modernizing a Force to Fight and Win*, 2019, <https://apps.dtic.mil/dtic/tr/fulltext/u2/1066163.pdf>.

- iii. Establish a consortium of national-level allied and partner intelligence services along the Five Eyes model to enhance cooperation on analytic and collection activities on China. This consortium might be part of the “Transatlantic Coordinating Council on China” structure.

Section C: Bringing in Asian Allies

Developing a common transatlantic approach to addressing the challenge posed by China is a critical step in safeguarding the rules-based international system. However, an approach focused solely on China in the transatlantic space will not be enough to prevent China’s worst behavior or compel it to work as a responsible actor in the world. As more and more of global economic and political power shifts from the West to Asia,⁵⁵³ working with like-minded nations in the Indo-Pacific region is more important than ever before in managing China’s rise, and developing joint transatlantic-transpacific initiatives will be critical to holding China accountable.

Although finding avenues for transatlantic-transpacific cooperation could be a key factor in effectively managing China’s rise, there are obstacles that may make such cooperation difficult. First and foremost, countries in the Indo-Pacific region are not a unified bloc. Intraregional divergences in the Indo-Pacific run much deeper than those in Europe, meaning that opportunities to create regionwide initiatives will be rare.

Second, where convergences do exist in the Indo-Pacific the priority paid to those policy areas and the degree of convergence is somewhat opposite that in the transatlantic space. Whereas there is more divergence in the transatlantic community over the Chinese security challenge, in the Indo-Pacific there is widespread concern about China’s growing military might.⁵⁵⁴ Conversely, the transatlantic community is in broad agreement on the importance of promoting human rights and democratic values in opposition to China’s abuses and authoritarian system. In the

Indo-Pacific region, however, a reliance on values-based initiatives may push more illiberal states with questionable human rights records closer to China out of fear of Western intervention in their own countries.⁵⁵⁵ Close economic links between China and countries in the Indo-Pacific, such as members of the Association of Southeast Asian Nations (ASEAN), may limit willingness to pursue any economic initiatives that could damage relations with China.⁵⁵⁶ Finally, there is growing discontent with aggressive Chinese diplomacy such as the “wolf warrior” strategy that has emerged since the beginning of the COVID-19 pandemic.

Despite the complex web of convergences and divergences within the Indo-Pacific region and between the region and the transatlantic community, there are still a number of initiatives that could be undertaken by “mini-lateral” coalitions of like-minded states in the transpacific and transatlantic communities to increase pressure on China.

In the economic space, the transatlantic community has already undertaken a number of efforts to bring about more economic cooperation, albeit they have not yet been in cooperation with each other. The EU has pursued economic agreements with several countries in the region, including a partnership agreement with Japan (2017), free trade agreement with Singapore (2018), and is pursuing further agreements with other ASEAN countries as well as Australia.⁵⁵⁷ The United States, for its part, has pursued bilateral agreements with Indo-Pacific countries since pulling out of the multilateral Transpacific Partnership (TPP) in 2017, revising the Korea-United States Free Trade Agreement (KORUS FTA), and signing two new trade measures with Japan. As mentioned above, China has pursued its own trade pacts with Asian nations, concluding the Regional Comprehensive Economic Partnership (RCEP) with fourteen Indo-Pacific nations in November 2020.

Future economic initiatives could include a revitalized TPP, with the United States rejoining the structure and expanding the partnership to include the EU, creating by far the world’s largest trading bloc. Strengthening economic cooperation among this large group would put immense pressure on China, and provisions could be added to the

553 Natalie Nougayrède, “Global power is shifting to Asia — and Europe must adapt to that,” *Guardian*, September 9, 2017, <https://www.theguardian.com/commentisfree/2017/sep/09/global-power-shifting-asia-europe-must-adapt>.

554 James Stavridis, “China’s military buildup is worry for neighbors and warning for US,” *Nikkei Asia*, October 1, 2019, <https://asia.nikkei.com/Opinion/China-s-military-buildup-is-worry-for-neighbors-and-warning-for-US>.

555 Douglas H. Paal, *America’s Future in a Dynamic Asia*, Carnegie Endowment for International Peace, January 2019, 39, https://carnegieendowment.org/files/09_18_Paal_Asia_final.pdf.

556 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/>.

557 Liselotte Odgaard, “Getting the Balance Right: Managing EU Relations with the US and China,” in *Strategies for the Indo-Pacific: Perceptions of the US and Like-Minded Countries*, ed. Satoru Nagao, Hudson Institute, December 16, 2019, 59, https://s3.amazonaws.com/media.hudson.org/Nagao_Strategies%20for%20the%20Indo-Pacific.pdf.



Standing NATO Maritime Group 1 flagship sailing with Japan Maritime Self Defense Force Training Squadron ships (JMSDF cadet training vessel JS Kashima) in the Baltic Sea during a Passing Exercise (PASSEX). *Source: NATO*

revised partnership to further increase pressure. For example, extra favor could be given to products manufactured in factories that have been moved out of China.

In the security space, NATO can play a more active role in building stronger connections between the transatlantic and transpacific communities. NATO already has established bilateral partnership arrangements with like-minded states such as South Korea, Japan, New Zealand, and Australia. NATO could work to integrate these bilateral relationships into a more formal “30+4” structure to better facilitate dialogue, training, intelligence sharing, and situational awareness.⁵⁵⁸ NATO can also increase its engagement with interested ASEAN members in areas such as capacity building and standardization.⁵⁵⁹ Initiatives that are focused on cooperation in emerging security areas, such as outer space and cyberspace, may also prove beneficial. The so-called Quad (the United States, Japan, Australia, and India) is seen by some as a precursor to an Asian NATO. Its Asian members have significant military capabilities, as

do partners like Vietnam. In addition to its partnership relationships with Japan and Australia, NATO might find ways to connect more directly with the Quad and thus bring India into closer consultations with the Alliance.

On the technology front, there is still time to work with Indo-Pacific countries to find alternatives to Huawei Technologies Co., Ltd.’s 5G infrastructure. Australia, Japan, Taiwan, and Vietnam have already signed onto the United States’ Clean Network program in which countries agree to exclude Huawei from their 5G networks. The United States and European participants in the program can work with Indo-Pacific states still weighing their 5G options to facilitate choosing safer alternatives to Huawei, such as Ericsson or Nokia. Outside of 5G, working to develop partnerships between companies in Europe, North America, and the Indo-Pacific to innovate on emerging technologies could allow the transatlantic community and partners in the transpacific community to maintain an innovative edge over China.

⁵⁵⁸ Hildebrand et al., “Build.”

⁵⁵⁹ *Ibid.*

Coalitions around human rights issues may prove to be less expansive than on areas like security. Countries in Southeast Asia, such as Myanmar and Laos, which have recently drawn criticism from transatlantic countries for human rights abuses, may find coalitions built around promoting human rights and democracy threatening to their own governments and move closer to China as a result. Nevertheless, there are still powerful coalitions that can be formed. Australia, Japan, and New Zealand all signed onto an October 2020 United Nations (UN) statement with thirty-six other, mostly Western, nations condemning Chinese treatment of the Uyghurs in China's northwestern Xinjiang region.⁵⁶⁰ Expanding this coalition to other like-minded states in the region, potentially combined with unified sanctions, could put more pressure on China to improve its behavior.

Finally, countries in the Indo-Pacific, as in the West, have been subject to coercive and aggressive Chinese diplomacy. This has included Chinese restrictions on tourists to South Korea in retaliation for South Korea's installation of the Terminal High Altitude Area Defense (THAAD) missile system and trade restrictions on Australian agricultural products after the Australian government called for an investigation into the origins of COVID-19.⁵⁶¹ States affected by this sort of coercion can join forces to raise awareness about these actions and support each other in diplomatic disputes with China. Joint attribution and collective push-back, or countermeasures, by coalitions of like-minded states could discourage China from targeting individual states with coercive measures.⁵⁶²

Major Recommendation

Once a "Transatlantic Coordinating Council on China" is established, it should develop close partnerships with Asian democracies.

Section D: Areas for Cooperation with China— 'One World' Challenges

Despite the importance of developing a united transatlantic front to limit China's negative activities, there are also areas of importance to the transatlantic nations where success will require productive actions by China. Such areas

include addressing climate change, enhancing global health, achieving nuclear nonproliferation, supporting economic development, and making international peacekeeping more effective. Combined, the transatlantic nations and China account for a significant portion of the world's economy. That could provide an impressive coalition with the potential to have demonstrable impact on some of the world's most pressing challenges. However, while the concept of transatlantic-China cooperation is easily enough suggested, the reality of achieving actual results will be more difficult. The discussion below describes some of the constraints, but also sets forth areas where China may be inclined to cooperate or, if not actively cooperate, at least participate in achieving a common goal.

Preliminarily, it is important to recognize that transatlantic cooperation with China requires agreement among the transatlantic nations themselves. The advent of the Biden administration makes such agreement more likely, but it will not be automatic. For example, in certain areas the EU has already taken steps on its own. The EU-China Comprehensive Agreement on Investment (CAI) describes commitments by China, including:

- i. "Commitments on environment and climate, including the commitment to implement the Paris Agreement to tackle climate change effectively."
- ii. "Commitments with regard to the ratification of the outstanding ILO fundamental Conventions, specific commitments on the ratification of the two fundamental Conventions on forced labour."
- iii. "Prohibition of lowering the standard of protection in the areas of labour and environment in order to attract investment."
- iv. "Commitment to support the uptake of corporate social responsibility and responsible business practices by EU and Chinese companies, wherever they operate."⁵⁶³

These commitments, if adhered to by China, are positive, but in terms of transatlantic cooperation, they demonstrate at least a onetime willingness on the part of the EU to act absent transatlantic consultation. What that implies for the future is yet to be determined, particularly in light of statements by both the EU and the new Biden administration on

⁵⁶⁰ Edith M. Lederer, "Nearly 40 nations criticize China's human rights policies," Associated Press, October 6, 2020, <https://apnews.com/article/virus-outbreak-race-and-ethnicity-tibet-hong-kong-united-states-a69609b46705f97bdec509e009577cb5>.

⁵⁶¹ Fergus Hanson, Emilia Currey, and Tracy Beattie, *The Chinese Communist Party's coercive diplomacy*, ASPI, September 1, 2020, <https://www.aspi.org.au/report/chinese-communist-partys-coercive-diplomacy>.

⁵⁶² Ibid.

⁵⁶³ European Commission, "Q&A: EU-China Comprehensive Agreement on Investment (CAI)," December 30, 2020, https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_2543.

the importance of consultations. As described in the sections above, however, establishing a coordinating mechanism such as a “Transatlantic Coordinating Council on China” may be important to accomplish transatlantic cooperation.

On the substance of cooperation between China and the transatlantic nations, China generally proposes to act constructively in each of the areas identified above—addressing climate change, enhancing global health, achieving nuclear nonproliferation, supporting economic development, and making international peacekeeping effective. That, of course, is a positive. But there is a substantial difference between a positive pledge and positive behavior. China has previously made important pledges which it has broken without compunction. These include its pledges not to militarize the islands in the South China Sea, not to engage in cyber commercial espionage, and, of course, the commitment to abide by the terms of the Hong Kong treaty signed with the UK. Each of these has been violated, and, as shown in its criticism of the ruling by an independent arbitral tribunal established under the United Nations Convention on the Law of the Sea (UNCLOS) on a case brought by the Philippines, China feels entirely free to ignore international law. In short, while pledges can be worthwhile, it is results that count. The probability of achieving cooperative results with, or at least useful parallel actions by, China on these “one world” issues is discussed below.

In the climate arena, there are myriad reasons for China to take climate change seriously, starting most obviously with the harms that climate change itself can engender. Additionally, a shift away from hydrocarbon fuels to increased use of renewables and/or nuclear power would reduce China’s dependence on hydrocarbon imports, assist in resolving China’s significant air pollution challenges, and likely enhance China’s food and water security. While the relationship between Chinese Communist Party (CCP) decision making and the desires of the Chinese population is not easy to discern, success by the CCP/Chinese government in these areas would reduce grounds for dissatisfaction with the party. Moreover, the fact of the Biden administration returning the United States to the Paris Climate Agreement is potentially an opportunity for greater cooperation with China. With the Chinese population

dwarfing that of Europe and the United States, little substantive change can occur without Beijing’s buy-in to reduce carbon emissions, making China’s pledge to become carbon neutral by 2060 a worthwhile step.⁵⁶⁴ In addition, China has made significant progress in developing green technologies that might form the basis for cooperative industrial efforts.

Nevertheless, cooperation is far from assured. First, most of the actions needed are largely internal to China—more parallel than cooperative. Positive parallel actions are certainly useful, but there are countervailing factors in China that might cause climate goals not to be achieved. Most obviously, China is building a great many coal plants to supply energy.⁵⁶⁵ If such plants operate over a usual time frame it will make it harder for China to achieve its climate goals. Second, in theory, a potential area of cooperation would be in developing and implementing technologies in combination with the transatlantic nations that would help mitigate climate change. However, China’s track record and policies such as “dual circulation” and Made in China 2025 that emphasize domestic innovation make actual cooperation less likely. Equally, and perhaps more, daunting—given the nature of China’s state-driven economy, including the use of subsidies by both central and provincial governments—China’s climate-friendly technologies potentially will be sold at prices significantly below those of transatlantic firms which do not receive such subsidies (analogous to the situation in the 5G arena). To support transatlantic firms in the renewable energy and related fields, limits on Chinese companies in transatlantic markets will be required (as described in the section on economics) in ways that reduce options for cooperation. Additionally, China could well object to certain transatlantic objectives, including, for example, a carbon border tax as has been discussed by the EU,⁵⁶⁶ again reducing prospects for cooperation. Finally, “Chinese companies are still making massive investments in coal-fired plants in central Asia, eastern Europe, Africa, and Latin America” and while this could change it will require a “shift in policy beyond China’s borders.”⁵⁶⁷

Global health is another area where international cooperation is critical. Scientific experts in the United States,

564 Steven Lee Myers, “China’s Pledge to Be Carbon Neutral by 2060: What It Means,” *New York Times*, September 23, 2020, updated December 4, 2020, <https://www.nytimes.com/2020/09/23/world/asia/china-climate-change.html>.

565 Darrell Proctor, “China Promotes Climate Goal, and Builds New Coal Plants,” *Power*, September 24, 2020, <https://www.powermag.com/china-promotes-climate-goal-and-builds-new-coal-plants/>; Thomas Hale and Leslie Hook, “China expands coal plant capacity to boost post-virus economy,” *Financial Times*, June 24, 2020, <https://www.ft.com/content/cdcd8a02-81b5-48f1-a4a5-60a93a6ffa1e>.

566 Janka Oertel, Jennifer Tollmann, and Byford Tsang, *Climate superpowers: How the EU and China can compete and cooperate for a green future*, European Council on Foreign Relations, December 3, 2020, <https://ecfr.eu/publication/climate-superpowers-how-the-eu-and-china-can-compete-and-cooperate-for-a-green-future/>; “[T]hrough the details of the proposal are not expected to be fleshed out until 2021, Chinese officials have consistently expressed opposition to such a tax by the EU”; Kerstine Appunn, “Emission reduction panacea or recipe for trade war? The EU’s carbon border tax debate,” *Clean Energy Wire*, November 30, 2020, <https://www.cleanenergywire.org/factsheets/emission-reduction-panacea-or-recipe-trade-war-eus-carbon-border-tax-debate>.

567 Oertel, Tollmann, and Tsang, *Climate superpowers*.

Europe, and China could work together to guard against future novel diseases that could have the same, or even greater, impact as COVID-19. US President Joseph R. Biden, Jr.'s decision to restore ties with the World Health Organization (WHO) might serve as an opportunity for closer cooperation. This might be particularly valuable in providing support for less-developed countries, including in managing the manufacturing, stockpiling, and provision of medical equipment, therapeutics, vaccines, and personal protective equipment (PPE). As a step in this direction, China has joined the COVID-19 Vaccines Global Access (COVAX) Facility backed by the WHO.

China, however, has not been open in its public treatment of the origins and response to COVID-19. It has objected to calls by Australia for a science-based review of the origins of the coronavirus,⁵⁶⁸ and its reaction has led to very significant tensions between the two countries.⁵⁶⁹ It has sentenced to prison or detained those who have questioned the official Chinese narrative.⁵⁷⁰ According to Amy Qin and Javier C. Hernandez, one “study last year by the Citizen Lab at the University of Toronto found that thousands of keywords related to the pandemic were censored on WeChat, a popular messaging app; many of the deleted posts were critical of Chinese officials.”⁵⁷¹ A refusal to have open and accurate dialogue about health issues will severely undercut the prospects for effective cooperation, even as China recently allowed WHO experts to visit for a tightly controlled investigation.⁵⁷² This does not mean that China does not care about health issues, but it does mean that cooperation may be limited and that efforts may be more in parallel than combined. The development of COVID-19 vaccines is an example of such parallel actions. China conducted clinical trials in multiple third countries and is now providing vaccines to countries.⁵⁷³

Nonproliferation of nuclear weapons is another area of potential cooperation. China, along with several European nations, is a party to the Joint Comprehensive Plan of Action (JCPOA), the nuclear deal with Iran. The Biden

administration will seek to have the United States rejoin that agreement. China also has influence with North Korea and could help restructure efforts to freeze and reverse North Korea's nuclear programs. However, as is the case regarding climate change and global health, China's future role in each of these matters is uncertain. China also recently negotiated a significant agreement with Iran. As described:

“Iran and China have quietly drafted a sweeping economic and security partnership that would clear the way for billions of dollars of Chinese investments in energy and other sectors, undercutting the Trump administration's efforts to isolate the Iranian government because of its nuclear and military ambitions.

“The partnership, detailed in an 18-page proposed agreement obtained by The New York Times, would vastly expand Chinese presence in banking, telecommunications, ports, railways and dozens of other projects. In exchange, China would receive a regular — and, according to an Iranian official and an oil trader, heavily discounted — supply of Iranian oil over the next 25 years.

“The document also describes deepening military cooperation, potentially giving China a foothold in a region that has been a strategic preoccupation of the United States for decades. It calls for joint training and exercises, joint research and weapons development and intelligence sharing — all to fight ‘the lopsided battle with terrorism, drug and human trafficking and cross-border crimes.’”⁵⁷⁴

While the China-Iran agreement, at least publicly, has not been finalized, it raises significant issues as to the willingness of China to work toward a revised JCPOA which could include constraints on Iran—such as on ballistic

568 Daniel Hurst, “Australia insists WHO inquiry into Covid origin must be robust, despite China tensions,” *Guardian*, December 28, 2020, <https://www.theguardian.com/world/2020/dec/29/australia-insists-who-inquiry-into-covid-origin-must-be-robust-despite-china-tensions>.

569 Damien Cave, “The World in a Vise: Sounding the Alarm on China, Then Running for Shelter,” *New York Times*, December 1, 2020, updated December 7, 2020, <https://www.nytimes.com/2020/12/01/world/australia/china-australia-morrison-tweet.html>.

570 Vivien Wang, “Chinese Citizen Journalist Sentenced to 4 Years for Covid Reporting,” *New York Times*, December 28, 2020, updated January 14, 2021, <https://www.nytimes.com/2020/12/28/world/asia/china-zhang-zhan-covid-convicted.html>; Amy Qin and Javier C. Hernández, “A Year After Wuhan, China Tells a Tale of Triumph (and No Mistakes),” *New York Times*, January 10, 2021, updated January 14, 2021, <https://www.nytimes.com/2021/01/10/world/asia/wuhan-china-coronavirus.html?searchResultPosition=1>.

571 Qin and Hernández, “A Year After.”

572 Associated Press, “China: WHO experts arriving Thursday for virus origins probe,” January 11, 2021, <https://apnews.com/article/pandemics-coronavirus-pandemic-wuhan-china-united-nations-82f38100db0fa1462ec3ae74fc74cf09>. The delegation subsequently concluded that the COVID virus was unlikely to have leaked from a Chinese research lab.

573 John Ruwitch, “China Plans To Sell COVID-19 Vaccines To Other Countries,” NPR, January 21, 2021, <https://www.npr.org/2021/01/11/955720013/china-plans-to-sell-covid-19-vaccines-to-other-countries>; Jon Cohen, “With global push for COVID-19 vaccines, China aims to win friends and cut deals,” *Science*, November 25, 2020, <https://www.sciencemag.org/news/2020/11/global-push-covid-19-vaccines-china-aims-win-friends-and-cut-deals>.

574 Farnaz Fassihi and Steven Lee Myers, “Defying U.S., China and Iran Near Trade and Military Partnership,” *New York Times*, July 11, 2020, updated November 30, 2020, <https://www.nytimes.com/2020/07/11/world/asia/china-iran-trade-military-deal.html?auth=login-email&login=email&searchResultPosition=1>.

missiles—that were not present in the original agreement. Similarly, while China has been party to UN resolutions regarding North Korean nuclear weapons, its enforcement of those resolutions has been called into question.⁵⁷⁵ China's willingness to take new steps is quite uncertain in light of such factors as China's worsened relationship with the United States and recent increased North Korean bellicosity toward the United States.⁵⁷⁶

International peacekeeping is another area where potential cooperation has been discussed. China currently provides about two thousand five hundred peacekeepers to UN peacekeeping missions—China is the tenth-highest troop contributor and second-largest financial supporter—but the United States (the UN's largest financial supporter) only provides about thirty troops, limiting opportunities for cooperation.⁵⁷⁷ China has been a constructive participant in maritime activities off the east coast of Africa but has not actually joined existing task forces.⁵⁷⁸ Finally, in Afghanistan, Iraq, and Syria, where the United States has been actively engaged, there seems little prospect for Chinese peacekeeping forces.

A final area where there may be valuable opportunity for at least parallel actions by the transatlantic nations and China is that of economic development. There are multiple fora for the United States, China, and Europe to work together when it comes to international development economics. China is an active member of the major multilateral development banks and founded the Asian Infrastructure Investment Bank. These institutions offer the prospects for collaborative actions. US, European, and Chinese counterparts can work with these organizations and shared development partners to empower greater cooperation across a range of objectives, including especially infrastructure but also others

such as enhancing data for decision making and statistical capacity building, improving food security, and championing education for women and girls. China also undertakes very large amounts of foreign direct investment abroad—in 2019, approximately \$117 billion (down from approximately \$196 billion in 2016).⁵⁷⁹ These are unilateral investments, not necessarily subject to cooperation. Moreover, as discussed above, China's Belt and Road Initiative (BRI) (under the auspices of which many of the investments are made) has significant deficiencies, including a lack of transparency and overbearing terms. However, a transatlantic focus on ensuring that recipient nations, including developing nations in the Indo-Pacific, Africa, and elsewhere, have full understanding of the terms in the agreements being proposed by China would be significantly important to avoid the downsides of Chinese investments.⁵⁸⁰ The United States has established the Blue Dot Network to create “shared standards for global infrastructure development.” That and similar approaches would enhance the value of parallel overseas investment by China.

As transatlantic partners develop common positions to confront Chinese behavior on an array of issues described in this study, it will also be important to find opportunities for transatlantic cooperation with China. A dual approach will make it easier to gain transatlantic cooperation and may help offset China's close relationship with Russia. Climate change, global health, nuclear nonproliferation, international peacekeeping, and global economic development are areas where some mutual interest exist that could lead to greater cooperation. But China's track record on implementation in these areas is not good. As transatlantic partners proceed to seek cooperation in these areas, they must develop mechanisms to ensure that Chinese promises are indeed implemented.

575 David Brunnstrom, “U.S. accuses China of ‘flagrant’ N. Korea violations, offers \$5 million reward,” Reuters, December 1, 2020, <https://www.reuters.com/article/usa-northkorea-china/u-s-accuses-china-of-flagrant-n-korea-violations-offers-5-million-reward-idUSKBN28B540>; Choe Sang-Hun, “Defying U.N. Ban, Chinese Ships Pay North Korea to Fish in Its Waters,” *New York Times*, July 22, 2020, updated August 14, 2020, <https://www.nytimes.com/2020/07/22/world/asia/north-korea-squid-sanctions-china.html>.

576 Justin McCurry, “North Korea set for collision course with US as Kim Jong-un solidifies one-man rule,” *Guardian*, January 12, 2021, <https://www.theguardian.com/world/2021/jan/12/north-korea-set-for-collision-course-with-us-as-kim-jong-un-solidifies-one-man-rule>.

577 Richard Gowan, “China's pragmatic approach to UN peacekeeping,” Brookings Institution, September 14, 2020, <https://www.brookings.edu/articles/chinas-pragmatic-approach-to-un-peacekeeping/>; United Nations Peacekeeping, *Troop and Police Contributors*, <https://peacekeeping.un.org/en/troop-and-police-contributors>.

578 Jérôme Henry, *China's Military Deployments in the Gulf of Aden*, IFRI Center for Asian Studies, November 2016, 13, https://globalmaritimehub.com/wp-content/uploads/attach_785.pdf.

579 Statista, *Annual outflow of foreign direct investment (FDI) from China between 2009 and 2019*, accessed January 12, 2021, <https://www.statista.com/statistics/858019/china-outward-foreign-direct-investment-flows/>.

580 It will be important to avoid European countries being overly influenced by either the BRI or the 17+1 initiative (as discussed in the economics section).

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