



Executive Summary

Dealing with the Dragon

China as a Transatlantic Challenge

Executive Summary

This report summarizes changing U.S. and European views of, and relations with, China. It is the outgrowth of a symposium convened in Berlin, Germany in February 2020, co-organized by Bertelsmann Stiftung, the Center on U.S.–China Relations at Asia Society, and the China Policy Program at George Washington University.

The Symposium brought together 43 strategists and China specialists from the United States and 11 European countries for intensive discussions over three days. The first half of the Symposium was structured to probe the debates on both sides of the Atlantic, while the second half was dedicated to “deep dives” into seven specific dimensions of China’s behavior and U.S. and European encounters and responses. The report follows this structure.

Participants met just as the coronavirus crisis began to spread outside of China, but before it had taken its devastating toll in Europe and the United States. If there was uncertainty concerning Europe–China and U.S.–China relations prior to the COVID-19 crisis, those uncertainties have only become more acute in its wake.

Key Findings

- The conference discussions began against the backdrop of unique changes in relations among the United States, Europe, and China. This included growing transatlantic tensions and U.S.–China tensions with Washington pushing European leaders on issues related and unrelated to China.
- Despite these changing circumstances, U.S. and European views on China—both its behavior and policy responses—are converging. China’s party–state that the United States and Europe now face is a very different one than the one that both sought to work with in partnership over the past four decades.
- The Chinese Communist Party (CCP) has become considerably more assertive, demanding, unyielding, confrontational, and punitive in its international posture. This includes, for example, China’s embrace of an aggressive “Wolf Warrior diplomacy.” Internally, China has become substantially more repressive in multiple domains. The symposium explored both China’s new behavior as well as the implications for possible new responses on both sides of the Atlantic.
- The U.S. embrace of the “strategic competition” framework has directly and indirectly affected European perceptions and policies. On some issues, Europe–

ans feel pressure to “choose” between America and China, on others they feel more closely aligned with the United States, while on some other issues, such as trade, they feel invested in their ties with China. Many Europeans believe that Europe must find its own autonomous path between America and China.

- While U.S. and European respective interests and perspectives on China continue to substantially overlap, the Trump administration’s (and President Trump’s own) behavior towards European allies and partners has substantially eroded transatlantic trust. Europeans emphasized that Americans needed to understand and be responsive to the seriousness of this trust deficit.
- In addition, European participants complained of a lack of predictability and stability on the part of the United States under Trump and expressed a sense of feeling increasingly “on their own” when facing China and other international challenges. Both sides expressed an urgent need to repair transatlantic ties and suggested that shared concerns about China could be a catalyst for doing so.
- Divergencies of viewpoints were discussed. Notably, the dominant role security concerns play in the American approach and how that focus leads various issues (notably economic and technological ones) to be “securitized” (to be viewed through a security lens) whereas in Europe commerce with China is seen more neutrally.
- Participants agreed that “engagement” was no longer the sole paradigm for framing policies toward China. Americans now routinely call China a “strategic competitor” and the EU has officially designated China as simultaneously a partner, competitor, and “systemic rival.” For both U.S. and European policy-makers, the balance between cooperation and competition has shifted starkly in favor of the latter.
- Participants expressed a unanimous belief in the need for regularizing transatlantic dialogues on China—not only at the “Track 2” level among academic and think tank experts and “Track 1.5” (mixed official/unofficial), but also better institutionalizing Track 1 governmental interactions.
- Discussions were divided into seven sectoral issue areas summarized below. It was clear that commonalities across the Atlantic continue to far outweigh differences.

American and European Debates

- On both sides of the Atlantic, China policy has become a highly contested and debated issue and many longstanding premises are being called into question as the whole spectrum of perceptions is shifting significantly towards views much more critical of China.
- American participants highlighted the speed and scope of shift in the U.S. away from engagement and cooperation towards competition and “push back” against Chinese coercion, predation, and aggression.

- Several U.S. participants also pointed to a deterioration of views on China among the American public over the past couple of years. Nearly two-thirds of the public now view China “unfavorably” and as a “rival.”
- While there is new bipartisan consensus on China in the United States, important differences remain. Democrats, for example, are far more inclined to pursue policies towards China in tandem with allies and reject Trump’s unilateral approach.
- In Europe, debates about China are also occurring with increasing intensity evincing a broad range of views. This variety of viewpoints contributes to but at the same time often poses an obstacle to forming a coherent “European” perspective. However, overall, Europe’s relations with China have become considerably more stressed as Xi Jinping’s regime has raised concerns among many European countries (but by no means all).
- European debates on China tend to be about specific elements of China’s behavior rather than China as a composite actor. The specific issues include: China’s investment footprint in Central Europe; attempted corporate acquisitions of high-tech companies in Germany; whether or not to buy Huawei IT; Chinese influence operations; and the incarceration of Uighurs in Xinjiang.
- Europeans are less inclined to think of China in terms of geopolitics or national security than in the United States, and more in terms of trade.

Trade and Investment Concerns

- For many years, U.S. and European companies experienced similar sets of problems (e.g., market access, industrial subsidies, poor IP protection) and are now similarly wearied by unfulfilled Chinese commitments. Nonetheless, with a few exceptions, U.S. and EU actions to address these problems have occurred largely in parallel, rather than in coordination.
- Due to the Trump administration’s aggressive use of tariffs against China and the EU, Washington has badly eroded trust and squandered a golden opportunity to bring concerted multilateral pressure against Beijing. Many European participants noted that most European economies do not see themselves as major beneficiaries of the Phase One Trade Deal and do not support the decoupling agenda.
- While many Americans see Chinese inbound investment through a national security lens, Europeans tend to be more concerned about protecting a technological comparative advantage. American experts welcomed the March 2019 EU regulations to screen Chinese inbound investment but noted that these are only a first step and not sufficient.
- Export controls are a new element of contention across the Atlantic. Despite a years-old legislative push to reform the EU’s dual-use regulations, the bloc still has a weak mandate on export controls and limited scope to ramp up its scrutiny of emerging technologies. The United States sees export controls and FDI screening as linked and complementary tools. European politicians do not.

The China Technology Challenge

- Discussions reflected shared concerns across technology issues including: surveillance, espionage, maintaining competitiveness in key frontier technologies, R&D and innovation, technical standards, and how U.S. and European governments and private sector actors should respond to China in these areas.
- Participants expressed wide agreement that the challenge of maintaining Western advantages across a range of technologies is now acute, because China's indigenous innovation has begun challenging other developed countries for global supremacy in a number of critical technologies including AI, 5G, semiconductors, and quantum technologies.
- Advances in Chinese innovation have set off alarm bells in the U.S. government as well as in Germany, Scandinavia, France, and the UK. However, several European participants noted that their governments have been much slower to recognize this threat. Several Europeans observed that Washington's appeals and pressures especially in regards to 5G have fostered an awareness among European governments of the national security risks, even though they have often been off-putting.
- Some European participants called for the creation of a Tech 10 modeled on the G20, as a multilateral consortium to coordinate policies on technology development, use, and access. This idea has already gained traction within the UK government.

Connectivity: Dealing with the Belt & Road Initiative (BRI)

- There were notable differences between the U.S. and European participant responses to China's BRI. Americans were more concerned with its geopolitical implications while Europeans focused on its commercial or infrastructural dimensions. Some Europeans noted that there is "greater hype than reality" to the BRI and that many promised projects in Southern and Central Europe have been slow to materialize.
- American participants focused on the implications of BRI beyond Europe, tending to view China's global activities through the prism of the security and military dimension of BRI. Some U.S. and European participants saw BRI as an attempt to export China's authoritarian political model around the world.

Human Rights in China

- Mutual concerns about, and efforts to improve, human rights in China have always been among the strongest transatlantic commonalities. Enormous resources have been devoted by the United States and the EU (and individual EU member states) over the past four decades to improve human rights in China. However, participants acknowledged that, despite these efforts, China continues to be an international outlier and pervasive abuser of human rights.

- Participants expressed a deep frustration over China’s backsliding and the ineffectiveness of U.S. and European efforts to address the situation. They agreed that bilateral governmental human rights dialogues have achieved little, as China has used them as “diplomatic deflection devices.” Public “naming and shaming” may increase international attention to certain human rights cases, but it tends to make PRC authorities even more resistant to upholding the country’s international UN human rights commitments.
- Moreover, participants lamented how effective China has become in navigating and manipulating international rights organizations such as the UN Human Rights Council (from which the Trump administration has regrettably withdrawn). Several European participants noted that Beijing has successfully leveraged economic ties with some European states (e.g. Greece) to block human rights measures in the EU itself.

China’s Influence Activities

- Both U.S. and European experts noted that China’s overseas political influence activities are a relatively new area of shared concern. There is now a growing community of researchers on both sides of the Atlantic who are armed with Chinese language skills who have dug deep to unearth and unpack the wide range of such activities.
- Participants agreed that, unlike Russian influence operations which typically aim to undermine Western democracies, Beijing’s main purpose is to influence and control perceptions of China and tilt government policies towards China-friendly positions.
- All participants concluded that CCP influence seeking and external propaganda efforts are only likely to grow in magnitude. Significant efforts need to be put into educating institutional actors and sectors of society in both the United States and Europe about the scope of the problem. Law enforcement, intelligence, and counter-intelligence agencies have their appropriate roles to play, but there needs to be significantly heightened awareness among private sector actors.

China and Global Governance

- U.S. and European participants acknowledged that bringing China into the international institutional order had been one of their principal common goals pursued in tandem since the 1980s. However, several Europeans argued these gains are now at risk due to changes in both U.S. and Chinese behavior.
- Both Americans and Europeans argued that the Trump administration’s withdrawal from several key agreements put such cooperation, as well as the integrity of the order itself, at risk. All agreed that the U.S. should reengage with multilateralism.

- Some argued that China has gradually assimilated many of the rules and norms of international institutions with only minor modifications. Others highlighted the ways in which China is actively seeking to alter global institutions to serve its interests including: personnel appointments at UN agencies, using institutions to advance the BRI agenda, and injecting Chinese phrases into UN documents.
- Both sides agreed that China has become much more active, even aggressive, than before; is at least “moderately revisionist”; and is investing enormous financial, diplomatic, institutional, and human resources in trying to shape global institutional rules more in line with Chinese preferences.

Challenges in the Security Arena

- U.S. security interests in Asia and globally drive its strategies and policies toward China and East Asia more broadly. U.S. participants emphasized that the pace and scope of Chinese military modernization has advanced to the point that the balance of power in the region was being dangerously altered to the detriment of the United States and its allies.
- While European experts were interested in the Chinese military’s growing regional footprint and its expanding activities in Southeast Asia and the Indian Ocean, they evinced limited interest in participating in efforts to counter such maritime assertions.
- Of all the China-related issues that divide the United States and Europe, it is the issue of military security in Asia that perhaps most starkly distinguished the concerns of each. Without significant military presence in the region, Europeans tend to view China more as an economic and trade, than a national security issue. Whether China’s increasingly assertive and militarily expansive posture will change this calculus, is an area worth exploring through future transatlantic discussions.

Imprint

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 The Asia Society Center on U.S.-China Relations
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June 2020

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