



Dealing with the Dragon

China as a Transatlantic Challenge



CENTER ON
U.S.-CHINA
RELATIONS

China Policy Program

Elliott School of
International Affairs
THE GEORGE WASHINGTON UNIVERSITY

BertelsmannStiftung

Dealing with the Dragon

China as a Transatlantic Challenge

A Joint Report of:

Bertelsmann Stiftung, Program Germany and Asia

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

China Policy Program, George Washington University

Table of Contents

Background of the Project	6
Principal Findings	8
Transatlantic Perspectives on China Over Time	10
Exploring Transatlantic Debates	13
American Debates	13
European Debates	15
Sectoral Discussions	20
Trade & Investment Concerns	20
The China Technology Challenge	22
Connectivity: Dealing with the Belt & Road	24
Human Rights in China	25
China's Influence Activities	26
China and Global Governance	28
Challenges in the Security Arena	30
Conclusions: Convergencies, Divergencies, Recommendations	32
Appendix: Symposium Participants	34
Endnotes	36
Imprint	38

Background of the Project

This report is the product of a symposium convened in Berlin, Germany in February 2020, co-organized by the Bertelsmann Stiftung's Program Germany and Asia, the Asia Society's Center on U.S.-China Relations, and the China Policy Program at the Elliott School of International Affairs of George Washington University.¹ It was co-organized by Bernhard Bartsch, Evan Medeiros, Orville Schell, David Shambaugh, and Volker Stanzel. The symposium brought together 43 thought leaders and China specialists from the United States and 11 European countries (see Appendix for list of participants) for intensive discussions over three days.² While a number of participants had previously served in official government capacities, there were no current government officials invited to participate in the symposium. The participants did not review or approve this report, which was written by the co-organizers (and thus it is not a “consensus document,” although it does accurately reflect the symposium discussions).³

The animating purposes for the symposium were threefold. First, there has been a long and productive history of transatlantic consultations on world affairs among Americans and Europeans, befitting of allies and partners who share common values and interests. Second, mutual discussions about American and European relations with China have also been a longstanding commonality for decades.⁴ Third, while these transatlantic dialogues on China have exhibited both a majority of commonalities and a minority of differences, in recent years significant new developments have occurred in China itself and in U.S.-China and European-China relations (both EU and non-EU) which present a changing landscape that requires better understanding. There have been many significant changes in China since Xi Jinping came to power in 2012, and consequently vigorous debates about China and China policy have erupted on both sides of the Atlantic in recent years.

For these reasons, the co-organizers and participants all participated in the symposium in “listening mode”—to listen carefully to these new perspectives, debates, issues, and mutual relations with China—and to discuss the specific content of changes in China’s internal and external behavior. The symposium was thus intended, first, as an educational exercise and, second, to identify commonalities and divergencies in transatlantic approaches and policies toward China. The first half of the symposium agenda was thus intentionally structured to probe the debates on both sides of the Atlantic, while the second half was a “deep dive” into seven specific dimensions of China’s behavior and U.S. and European encounters with China.

The discussions more than fulfilled these goals. A great deal was learned about both sides' assessments of China, their current calculations about China, and the diversity of thinking and debates about China within the United States and Europe. Since the symposium was held at the time of the first wave of the coronavirus pandemic in Europe and the United States it was discussed only briefly, mainly in view of its repercussions on China, and—in hindsight—insufficiently concerning its potential global impact and its consequences for future European and American China policies.

This report highlights our discussions, in the hope that it fosters deeper understanding of the shifting perspectives and policies concerning China on both sides of the Atlantic and will stimulate common purpose and further such transatlantic dialogues.

Principal Findings

Given the complexities of the multiple dimensions of China's relations with the United States and Europe, perhaps the primary value of this report lies in its detailed discussions in the main body of the text. However, the following main points and principal findings emerged:

- 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. There was a prevailing sentiment at the symposium that the Chinese Communist Party (CCP) has become considerably more assertive, demanding, unyielding, confrontational, and punitive in its international posture. Externally, this includes "Wolf Warrior diplomacy," economic "punishments," increased foreign propaganda and "influence operations," mercantilist trade behavior, and a rapidly modernizing military. Internally, China has become substantially more repressive in multiple domains, which are of serious concern to the United States and Europe.
- Facing a changed China, American and European strategies, policies, and tactics need to be readjusted as well. The symposium explored in depth both China's "new" behavior as well as the implications for and possible responses by the United States and Europe.
- The steadily increasing U.S.-China rivalry and competition has directly and indirectly affected Europe—with governments, businesses, and other European actors all impacted.⁵ In many sectors Europeans feel pressure to "choose" between America and China, while many Europeans believe that the EU should find its own autonomous path between America and China.
- Although the symposium took place when the global coronavirus pandemic was just unfolding, it has exacerbated the growing strains in U.S.-China and Europe-China relations.
- Under these changed circumstances, as previously, the United States and Europe continue to share a large number of commonalities in their perceptions of China as well as possible responses to China's behavior. Their commonalities continue to far outweigh their differences.

- While our respective interests and perspectives on China continue to substantially overlap, the Trump administration’s behavior (and that of President Trump himself) towards European allies and partners has substantially eroded transatlantic trust. It is not yet “broken,” but it is badly frayed. Repeated Trumpian affronts have severely damaged European perceptions of, and trust in, the United States and decades (if not centuries) of deep transatlantic commonalities have been deeply shaken as a result. Americans need to understand and grasp the seriousness of this “trust deficit” (which most do not).
- Without common trust, it is increasingly difficult to coordinate common transatlantic policies and approaches towards China (or other issues). Such divisions play right into the hands of Beijing, which always looks for divisions to be exploited in the time-honored Chinese tradition of “playing barbarians against barbarians” (以夷制夷).
- Beyond this erosion of trust, European participants complained of a lack of *predictability* and *stability* on the part of the United States under Trump. Without underlying stability of policy and predictability of actions, they expressed a sense of feeling increasingly “on their own” when facing China and other international challenges. There is thus a strong and urgent need to repair and refocus transatlantic ties. Concerns about China could be one primary opportunity and catalyst for doing so.
- Among the many agreements and recommendations to emerge from the symposium was the unanimous belief in regularizing transatlantic dialogues on China—not only at the “Track 2” level among academic and think tank experts, at “Track 1.5” (mixed official/unofficial), but also better institutionalizing “Track 1” (governmental) interactions. For example, a “transatlantic caucus” of European parliamentarians and members of Congress would be a useful new initiative. It was also suggested that clusters of American and European specialists could be convened on different functional issues—such as technology competition, Chinese investments, export controls, and CCP influence operations. There was also a strong sense that having such “trilateral” dialogues together with Chinese counterparts had lost much of its earlier promise—as Chinese participants have become increasingly strident and propagandistic in such settings, and their presence only compromises the openness and forthrightness that characterize transatlantic discussions.
- The symposium discussed seven specific areas where China’s actions already or potentially challenge American and European interests. These include more “traditional” concerns such as human rights and China’s improving military capacities, but also many newer concerns such as the challenges that “Made in China 2025” pose in the technology and innovations spheres; Chinese investment into, and acquisition of, leading Western technology firms; various impacts of the Belt & Road Initiative; the CCP’s “influence operations” and propaganda abroad; and China’s increasing role in international institutions and global governance.

Transatlantic Perspectives on China Over Time

While the United States and European Union have sometimes differed over *tactics* of managing their mutual relations with China, there has been broad implicit agreement on the underlying *strategy* over the past 40 years. Despite some differences and irritations, for four decades these were rooted in a number of core shared assumptions and goals:

- Integrating China into the global liberal institutional order, giving the PRC its appropriate place and voice at the table of multilateral institutions, and thereby strengthening existing institutions, while encouraging Beijing to multilaterally address a broad menu of global governance challenges.
- Supporting China's own domestic reforms that were congruent with international practices.
- Contributing to “capacity building” inside of China, so that the Chinese government at all levels could improve its governance practices, effectively address its domestic challenges, and rule in a more humane manner consistent with international standards and United Nations covenants. Both the U.S. and EU governments and private sectors have contributed enormous economic and human resources towards improving multiple areas of Chinese domestic governance, making a positive difference in several spheres.
- Facilitating a more politically and socially liberal China, even within the framework of a one party-state system.
- Helping create a stable China, albeit one humanely governed according to UN international standards.
- Encouraging a more open Chinese media, intellectual sphere, and increasingly autonomous civil society.
- Supporting economic reforms through increasing marketization driven by the private sector that adheres to WTO and other international institutional standards.
- Working with China to substantially reduce its carbon footprint and contribute to global climate change protocols.

- Engendering a China that lives at peace with its neighbors and contributes positively to Asia-Pacific security, interdependence, and economic growth.
- Cultivating a China that does not challenge the existing security architectures in Asia or elsewhere, which are important for global security and stability.
- Demanding China fully respects its own commitments to the autonomous nature of “One Country, Two Systems” for Hong Kong, as enshrined in the Basic Law and Sino-British Joint Declaration, and a mainland China that is constructively engaging to narrow differences with Taiwan.

These are among the main commonalities the U.S. and EU have agreed on and pursued in tandem or in parallel since the 1980s. Many of these aforementioned goals were premised on a China that would become a *partner* and move in a *convergent* direction with Western democracies and other newly industrializing and neo-liberal polities, societies, and economies. After 1989–1991, this hope was infused by “end of history” hubris in the United States that was paralleled by European efforts to remold former communist states in eastern and central Europe. Over the decades from 1980–2010 it must be said that, overall, considerable “progress” was made towards these ends. With a few exceptional periods (such as the post-1989 Tiananmen aftermath) China did indeed seem to be on a progressively linear path—albeit a zig-zag one—in these directions.

However, since 2009–2010, and particularly since Xi Jinping came to power in 2012, China has retrogressed in many ways that have put it in contradiction with these transatlantic policy premises. Today the United States and Europe are facing a very different China that evinces many new and very disturbing features. These include:

- A re-strengthened Chinese Communist Party Leninist-type party-state, with substantially upgraded methods of political and social control—including the “social credit system,” AI-enhanced pervasive surveillance, and Orwellian information controls—and enhanced repression. All previous pretense to a collective and consultative leadership and earlier CCP efforts at “inner party democracy” and societal consultation have now given way to a revitalized Leninist apparatus under personal dominance of Xi Jinping. Beginning in 2009, China has lurched backwards from neo-authoritarianism towards neo-totalitarianism, and from “soft Leninism” to “hard Leninism.”
- Draconian crackdowns on Tibetans and Uighurs combined with ever more egregious suppression of dissent and human rights abuses throughout the country.
- Undermining Hong Kong’s legal autonomy through passage of national security legislation by Beijing.
- Despite the primacy of the private sector as the main driver of economic growth, Xi’s CCP has led a re-strengthening of state-owned enterprises (SOEs), “national champions,” and the public sector of the economy (that is now back up to 40% of GDP).
- Mercantilist and protectionist trading and investment practices in the global marketplace.

- State-driven innovation characterized by the CCP's "Made in China 2025" program where China seeks to dominate multiple sectors of advanced technology worldwide. This bold effort has combined with Beijing emphasizing economic and technological autonomy, the policy of so-called "self-reliance" (自力更生) and decoupling from some external sources of supply.
- Increasingly aggressive corporate espionage and IP theft.
- Growing cyber hacking of foreign companies, governments, think tanks, research institutions, universities, civil society organizations, and other entities.
- Increasingly active and sophisticated "influence" and "united front" operations conducted around the world (including throughout Europe and the United States).
- Much more "assertive" Chinese foreign policy abroad—and one that increasingly uses economic instruments to induce, reward, or punish other countries—and increased hyper-nationalistic "Wolf Warrior" public diplomacy.
- An increasingly modernized military with growing offensive power and global reach.

Thus, the United States and Europe (and all countries) are collectively confronted with a very different China than the one we had been trying to foster over the previous four decades. Perhaps we should not be surprised by this Leninist reversion, even if our Kantian liberal preferences led us to assume and project "convergence" with China on a wide range of issues. Liberals are hopeful people—but the skeptical "realists" suggest that they were naïve to begin with. This skepticism has led to an intensifying critique of the "engagement paradigm" in the United States as fundamentally flawed from its inception in the 1970s. Many American politicians and pundits now argue that, at a minimum, the intended neo-liberal trajectory of China was always a false horizon and, at a maximum, decades of engagement have produced a neo-totalitarian Frankenstein.

With "engagement" no longer the sole paradigm for thinking about and framing policies toward China, the United States and Europe are now collectively faced with fashioning a new and more variegated strategy to effectively deal with this "new" China and protect our mutual national (and collective) interests. Americans now routinely call China a "competitor" (with various adjectival modifiers in front of it),⁶ while the EU has now officially designated China as simultaneously a partner, competitor, and "systemic rival."⁷ Although both the U.S. and EU continue to pursue negotiated, cooperative, and mutually beneficial relations with China on selective issues, it is clear that the balance between cooperation and competition has shifted starkly in favor of the latter while shrinking the space for cooperation.

Exploring Transatlantic Debates

On both sides of the Atlantic, China has become an increasingly contested issue of policy debates. Many longstanding premises have been called into question and the whole spectrum of perceptions has shifted significantly towards views much more critical of China. While new consensuses are taking shape, China policies remain fluid, contested, and unsettled on both sides of the Atlantic. In order to explore and better understand these debates, the symposium devoted a full day to unpacking and dissecting these debates.

American Debates

American participants offered a number of observations concerning China debates in the United States, with the most important shift involving critiques of the decades-long policy of “engagement” of China. Echoing this sentiment, a widely-read article in the respected journal *Foreign Affairs* by Kurt Campbell and Ely Ratner captured the critiques and rang the death knell of the engagement policy—arguing that decades of engagement had failed to move China firmly in the more liberal direction that was the very basis on which engagement was premised.⁸ Critics of this assertion immediately pounced on their article and its arguments, claiming that this was never the expectation of the engagement policies in the first place. Rather than “changing China,” they argued, engagement had been a series of policies aimed at advancing American national interests and stabilizing the Asia-Pacific region. The divide in the American China community over the intended purposes and effects of engagement continues to this day, and the debate has not been settled. Moreover, one group of seasoned China specialists and former officials lamented not only the “end of engagement” but the overall deterioration of U.S.-China relations since Trump became president. These individuals wrote an “Open Letter” (in the form of an op-ed in the *Washington Post* and online petition) setting forth their views.⁹ This triggered a follow-on letter from a series of retired national security and military officials, arguing for the Trump administration to “stay the course.”¹⁰ The past two years has witnessed a veritable tsunami of American pundits and publications arguing over the direction of U.S. policy toward China.

In an effort to disentangle the continuing American debates on China, one symposium participant distinguished four different schools of thought:

- The “Confront and Contain” School. This is characteristic of the Trump administration and is an effort to degrade China’s capabilities across-the-board.
- The “Intensified Competition” School. This has become an increasingly mainstream view which sees China as increasingly threatening to both American interests and the global liberal order, seeks comprehensive “pushback” against China in multiple spheres and emphasizes coordinated action with allies and like-minded states, and robust promotion of liberal values.
- The “Competition and Cooperation” School. This view differs in degree (but not kind) from the previous school—but leaves greater scope for limited pragmatic cooperation with Beijing in specific issue areas. It is less categorical about Chinese ambitions and threats, and thus believes Beijing needs “reassurances” because it is a fundamentally insecure actor.
- The “Responsible Stakeholder” School. This is a reference to the famous 2005 speech by Robert Zoellick calling for China to become more engaged in global governance on a scale that was commensurate with its size, status, and power. As such, this school adopts a more “partner oriented” approach to Beijing and disagrees that China is a revisionist power that threatens the global liberal order.

While agreeing that this was a useful categorization of U.S. debates, another American distinguished four slightly different camps:

- “Wistful Engagers.” Those whose lives and careers have been involved and invested in the “engagement” approach, and who just cannot abandon their lives’ work, are deeply uncomfortable with Sino-American frictions, and believe that there is no practical alternative to working with China.
- “Selective Engagers/Competitors.” Those who try to pragmatically find *selective* areas of pragmatic common purpose and policy with Beijing, while simultaneously pushing back and competing with China in most areas.
- “Comprehensive Competitors.” Those who reject the potential for selective cooperation and opt instead for across-the-board competition and pressure on China.
- “Containers.” Those who seek to use multilateral mechanisms to contain—and reverse—China’s position in the world.

Yet another American participant distinguished a strand of thought that viewed the Chinese Communist regime as one that is fragile, vulnerable, and could be brought down with adequate pressure brought to bear from outside. While very much a minority view, it does exist in certain quarters.

While there is considerable bipartisan consensus on China between the Democratic and Republican parties, there are also significant differences over tactics.

Democrats, for example, are far more inclined to pursue policies towards China in tandem with allies and reject Trump's unilateral approach. Democrats also emphasize human rights in China, which Trump himself does not. Republicans may be tougher on export controls, investment, and business with China more generally than are Democrats.

Beyond these clusters of opinion among China hands and the American foreign policy community, largely "inside the Beltway," several U.S. participants also pointed to the deteriorating view of China in the broad American public over the past couple of years—where nearly two-thirds of the public now view China "unfavorably" and as a "rival."¹¹

The COVID-19 pandemic has also further stressed U.S.-China relations, adding to a long list of antagonistic and controversial elements in the relationship. Much commentary has surrounded this issue. One school of thought has argued that the failure of the United States to exercise global leadership combined with China's contributions of medical supplies to multiple countries could alter the global "balance of influence" between the United States and China in the aftermath of the crisis,¹² while another school argues that America's power and reputation will emerge intact.¹³ What is certain is that the pandemic has further exacerbated the existing fissures, frictions, and tensions between Beijing and Washington.

While useful schematics for distinguishing the different strands and identifiable schools of thought in the American debates on China, and while a seeming majority consensus has emerged around some form of the "competition paradigm," the debates in the United States are ongoing and fluid, and continue to be contentious, divided, and polarized.

European Debates

Identifying and distinguishing European debates about China is not easy, despite the fact that China has become a very animated topic among publics, politicians, journalists, and academics throughout Europe. Robust discussions and debates are occurring with increasing intensity. While there seems to be much more European unanimity when it comes to the United States under Trump (overwhelmingly negative),¹⁴ when it comes to China there is much less consensus. Overall, though, it is evident that Europe's relations with China have become considerably more stressed and Xi Jinping's regime has come in for increased criticisms and concerns among many European countries (but by no means all).¹⁵ The coronavirus pandemic has only further strained relations. As a recent European Council on Foreign Relations report by Andrew Small of the German Marshall Fund of the United States clearly summarized it:¹⁶

In recent weeks Europe's interactions with China have been bruising but clarifying. Long-held assumptions about Beijing's behavior and intentions towards Europe were already creaking under pressure; they have now collapsed altogether. European officials and analysts have become firmer in their hypotheses about issues ranging from the risks of closer Sino-Russian coordination to the Chinese party-state's willingness to use its power to advance an ideological agenda hostile to European values.

While the ground seems to be fundamentally shifting, unfortunately, there are few surveys of China across the entirety of the EU 27 (plus UK) to capture a broad plurality of European views. One notable exception was the Bertelsmann Stiftung's own January 2020 survey.¹⁷ When asked whether China was a "partner" or "competitor" for Europe, a composite 25% said the former with 45% the latter (and 30% "don't know"). Interestingly, three out of four respondents (75%) described the rising "conflict" between the United States and China as either "very" or "somewhat" worrying. This finding is very pertinent to the subject of our symposium and this report. The respondents also identified "economic interests" as the strongest tie between Europe and China, while convergence of "political interests" and "common values" was negligible. Despite the extant concerns about Trump's America and growing concerns about a rising China, the Bertelsmann Stiftung survey findings still evinced broad "commonalities" across all three categories (economic interests, political interests, and common values) with the United States.

Beyond public surveys, European participants in the symposium spent half a day presenting and summarizing the diversity of their views of China. A broad range of points were made—reflecting a wide variety of viewpoints and thus the lack of any coherent "European" viewpoint or identifiable cleavages across the continental discourse.

Generally speaking, European views of China often reflect the degree of intensity in their relations with China that European countries had in the past and have at present. Thus, the more critical perceptions of China are apparent in northern Europe (Scandinavia) and in Western Europe (France, Germany, and the Benelux countries).¹⁸ Southern Mediterranean countries (Greece, Italy, Spain) are mixed in their views about China, with Greece very positive but Italy and Spain more negative (pre-coronavirus crisis). Central-Eastern European states are similarly mixed, with varying views from the northern Baltics (more critical) down to the southern Balkans (more sympathetic). Overall, with the advent of the China-Eastern Europe (CEE) 17+1 mechanism,¹⁹ there has been generally more positive imagery among central Europeans.

In some parts of Europe there are very specific aspects of China that are debated, such as China's growing investment footprint in Central Europe; attempted PRC corporate acquisitions of high-tech companies in Germany; whether or not to buy Huawei 5G; growing concerns over Chinese "influence operations"; the incarceration of Uighurs in Xinjiang. These debates tend to exist over very specific *elements* of China's behavior rather than China as a composite actor (as in the United States). Unlike the United States, European debates about China tend not to be framed in terms of geopolitics or national security.

In several European countries China is not even an issue of public discussion. A surprising example, noted by one British participant, is the United Kingdom—where there is no clear position of the government or consensus on approach. Another British participant spoke about "inchoate cakeism"—that British views are not only unformed and uninformed, but also wanting to "have its cake and eat it too" (to have unchallenged and uncontroversial relations with China). Part of this odd absence of debate in such a robustly democratic society was attributed to the residual "golden era" narrative of the Cameron-Osborne period, but a large part was attributed to the Brexit trauma that has so preoccupied the UK—with

the result that (it was observed) the British have little “bandwidth” for any other controversial issues. The Huawei controversy—brought on by American pressure—was thus both unusual as well as deeply uncomfortable for the British to deal with. However, in the wake of the coronavirus crisis there has been a re-thinking of the Huawei decision and China ties more broadly by the British government.²⁰ This has been encouraged by the British intelligence agencies, but also by a special House of Commons Foreign Affairs Committee inquiry.²¹ Indeed, elsewhere in Europe Huawei may prove to be a bellwether of shifting views and policies towards China.

The relations with China among individual European countries differ greatly—historically, economically, and politically.²² Despite ambitions and efforts of the EU Commission and the High Representative for Foreign & Security Policy, there is no evident spectrum of “schools of thought” comparable to those in the United States. All the same, over time what one might call “trends of thought” have evolved, mainly due to particular priorities in some countries, or the lack of thereof. The major ones are centered around *economic engagement, human rights, systemic rivalry, and security*.

Economic Engagement

The question of commercial benefits vs. drawbacks dominates the *economic engagement* discussion in the academic world and in the business community. In fact, the business community—especially in Germany and at the European Commission (DG Trade)—shapes much of the current debate on China. It should also be noted how strongly the entire China discussion in the EU is dominated by Germany and France—and for practical reasons (extent of economic engagement or global security interests) Berlin and Paris are not always on the same page. However, China specialists in both countries are clearly uncomfortable with the tactics of Trump’s trade war on China (even as they share many of the underlying concerns and rationale). The preference throughout Europe is to deal with these commercial concerns multilaterally and via a strengthened WTO.

The “hardening” of U.S. approaches towards China makes some European observers very nervous, because Europe generally does not view China geostrategically and hence Washington’s increasingly hard line exposes Europe as appearing commercially “opportunistic” and causes further distrust across the Atlantic. That said, the recent political pushback in some European countries against adopting Huawei’s 5G does demonstrate a nascent “wake-up call” to national security concerns that had previously been ignored. Thus, European China experts’ debates may begin to take on a more *realpolitik* cast and calls for technology decoupling may increase.

Human Rights

Human rights in China are among the most frequently discussed issues across Europe, which impact particularly when high-profile cases become publicly known, i.e. Liu Xiaobo, the Uighur internments, Tibet and the Dalai Lama or, very recently, Hong Kong demonstrations and passage by Beijing of new national security legislation. Therefore, the discussion at times transcends the scope of experts’ debates much more than the economic engagement discussion. The incarceration of over a million Uighurs in “reeducation” camps in Xinjiang has had very negative impact

on European public opinion—with one symposium participant declaring that it represented a “red line” and “decision moment” for Europeans. The death penalty in China is a longstanding concern in Europe. There also remains deep residual anti-communist sentiment in some Eastern European societies dating to the Soviet era.

In some European countries certain specific events have come to dominate public opinion and government policies towards China. Such was the case in Norway during its six years in China’s “deep freeze” following the awarding of the Nobel Peace Prize to the (now deceased) dissident writer Liu Xiaobo.²³ The same is true today in the case of Sweden—where a number of events have contributed to very strained and tense current relations (the most fraught in seven decades). Recent polls show that 70% of Swedes now see China in a negative light. The rapid deterioration of bilateral relations over the past two years, which has been accompanied by Beijing’s bullying tactics, has caused many Swedes to question whether their longstanding friendly approach to China had been naïve all along. Sweden’s rethink on China is evinced in the government’s recent official Communication on China (Sweden and the Netherlands are the only two European states to publish such a document).²⁴ Since its issuance, Stockholm’s relations with Beijing have deteriorated even further owing to the Gui Minhai case, the offensive behavior of China’s ambassador, political interference activities, and other egregious incidents.

Systemic Rivalry

The term “systemic rivalry” to describe China was first officially used by the European Commission in 2019, and as such is new in Europe. It is noteworthy and has attracted widespread attention. For Brussels, the new term mainly reflects the discussion of BRI and Chinese investments within the EU as a possible strategy by which the CCP seeks to export its authoritarian model around the world, directly enter the economically less developed parts of Europe, and acquire advanced technologies from the more advanced countries. Some European participants at our symposium said that China accepts the “structure of the international order,” but is seeking to “redefine the rules” of it. Among European China specialists, there are vocal proponents of going “all in” with China’s Belt & Road initiative, notably in southeastern and southern Europe. In the cases of Greece and Italy, however, government decisions to join BRI occurred with no consultation with civil society or the national parliaments; as a result, this led to subsequent pushback in the public debate. In authoritarian Hungary, Victor Orbán’s China strategy appears to be a “combination of investment, ideology, and corruption,” according to one participant, and it is criticized widely beyond the circles of China specialists.

Security

The topic of security is little discussed among Europeans concerned with China, except in countries with a tradition of global engagement such as—almost solely—France and the UK. Discussions of issues like the South China Sea therefore do not extend into the circles of China experts in many European countries. However, recently, an increasing number of China observers seem alarmed about the pervasive intrusions of Chinese “influence operations” in their countries—while political circles still seem somewhat complacent about such activities. For Europe, the experience of the Cold War teaches that it is possible to simultaneously “co-operate, compete, and fight back.”

The Impact of the COVID-19 Pandemic

Our symposium took place just as the coronavirus crisis had begun to spread outside of China, including into Europe. Since then, of course, it has taken a terrible toll all across Europe (with Italy, Spain, and UK the hardest hit). How the COVID-19 crisis will ultimately impact China-EU relations remains uncertain. Some believe that China's "mask diplomacy" will help to improve its image in Europe—while others are more skeptical.²⁵ In the near term, however, the pandemic has disrupted all types of exchanges. This includes the EU summit with China hosted by Chancellor Angela Merkel which was scheduled for mid-September but has now been postponed.

European perceptions of China—which have been both good and less than good—have also been impacted. On the positive side, China has been credited with flying planeloads of medical supplies into a variety of European countries. Given the shortage of PPE supplies, such gestures were appreciated (even if some materiel was found to be faulty and China charged for it while describing it as "aid"). On the other hand, negative perceptions of China have emerged as Beijing and its embassies in Europe have pushed hard on the propaganda front—both to deflect criticisms of its withholding critical information about the outbreak of the crisis in Wuhan, and to garner credit for its assistance to Europe. This has been criticized by many across Europe, including by the EU High Representative Josep Borrell who warned of a "battle of narratives" between the EU and China.²⁶

Thus, if there was uncertainty concerning Europe-China relations prior to the COVID-19 crisis, those uncertainties have only become more numerous in its wake. If Europe was divided over China before the crisis, it will certainly continue to be afterwards. But what seems apparent so far is that China's aid to Europe will likely reinforce preexisting perceptions: in countries like Italy, Greece, Serbia, and Hungary it will likely further fuel positive perceptions—while skepticism will continue in Germany, France, Poland, Scandinavia, and possibly the Baltic states. The impact on Central European states remains uncertain. As noted above, in the UK the crisis appears to be galvanizing a rethinking of relations with China (including over Huawei and 5G).

Sectoral Discussions

Following the discussion about mutual American and European perceptions of—and debates about—China, the second day of the symposium focused on seven specific areas of common transatlantic interest and concern vis-à-vis China.

Trade & Investment Concerns

There remains considerable overlap and commonality in both American and European corporate concerns about doing business in and with China.²⁷ But new fissures have opened up in the realms of screening of Chinese inbound investments and outbound export controls.

Although U.S. and EU companies have long faced similar market access restrictions in China, and have both complained *ad nauseum* to Chinese authorities over many years, these efforts have not been as well coordinated as they should have been. There was good transatlantic coordination during the negotiations leading up to China's entry into the WTO in December 2001, and since then there have been joint actions brought before the WTO. The European Chamber of Commerce and the American Chamber in Beijing both collaborate well together, and both have grown weary of Chinese failure to implement a number of reforms, creating what one European participant described as “promise fatigue.”

Despite these commonalities, since the Trump administration came to office and adopted an aggressive tariff approach against *both* China and the EU the two sides have begun to diverge significantly. By adopting such an offensive (in both senses of the word) approach towards the EU and American allies, the Trump administration badly eroded trust with European allies while simultaneously squandering a golden opportunity to bring concerted multilateral action and pressure against Beijing. Washington's unilateralism has seriously damaged both American credibility and interests.

Nonetheless, the “Phase 1” trade deal that the Trump administration reached with Beijing in January 2020 does potentially benefit European firms—notably in the areas of intellectual property (IP) protection, forced technology transfer, and financial services. However, not all Europeans see it this way. Said one participant: “The EU is learning that what we are getting are the bread crumbs from the U.S.-China negotiations.” The EU is also not at all supportive of economic “decoupling” with China, an idea that has gained considerable momentum in the U.S.²⁸

In the realm of Chinese investments into Europe,²⁹ in response to increased levels of investment into sensitive sectors, in March 2019 the European Parliament approved a new investment screening framework that applies to the entire European Union.³⁰ The mechanism has been described as such:

The EU-wide screening policy is a “coordination and cooperation” tool, rather than a tool by which investments can actually be blocked at the EU level. If member countries believe an investment could potentially impact their national security, they can request information from the country in which the investment is taking place. They cannot, however, stop that country from making the final decision to accept the investment. The policy also allows the European Commission to issue opinions on investments that could affect the security of multiple EU member states or the EU itself. If the Commission issues advice on an investment that it believes will affect the EU, the member state in which it is taking place must justify their decision—should they deviate from the Commission’s advice. EU member states are required to submit a report on inward FDI activity annually. They are also required to establish a national contact point for FDI matters.³¹

The amount of Chinese FDI into Europe had been steadily rising until 2016, but has declined substantially since.³² But it was not so much the quantity of the investment that raised concerns and triggered the EU to set up a new continent-wide screening mechanism, it was specific investments targeted at acquiring cutting edge technologies in robotics, artificial intelligence, and other high technologies associated with China’s “Made in China 2025” state-driven innovation and industrial policy. The Europeans—particularly Germany—see this plan as eroding their essential technological comparative advantages. The EU’s new investment screening mechanism is not nearly as stringent or binding as the American Committee on Foreign Investment in the United States (CFIUS), but it is a good beginning and potentially brings Washington and its European counterparts closer together in this important sphere. However, one symposium participant was still skeptical of European efforts, saying: “It is hard for the EU to deal with the tech/security nexus—the structures are in place, but the mindset is not there yet.”

While the EU views investment screening as a means of protecting technological comparative advantages, the Trump administration increasingly views Chinese outbound investment through a national security lens. For the U.S. Government, this tendency to “securitize” trade and investment with China has increasingly fused together the FDI and export controls spheres.

Export controls have thus appeared to be a new element of contention across the Atlantic. One participant cogently described it as follows:³³

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. Until now, the EU has been a rule-taker rather than a rule-maker in this sphere. The EU adopts one-for-one controls that are agreed in multilateral regimes like the Wassenaar Arrangement, but it does not have the power to add controls itself. Nor does it have a formal mandate to explore dual-use risks tied to emerging technologies. Although officials in some European member states have begun to wrestle with the question of restrictions on emerging technologies, progress has been hindered by a lack of political attention at the

highest levels. This was not the case for investment screening, which was seen as a defensive measure. The United States sees export controls and FDI screening as closely linked and complementary tools. European politicians don't.

Further complicating the discussion at the EU level is the fact that only a handful of advanced technology-producing states will be directly affected by U.S. controls. Therefore, the issue is not a priority for the majority of member states. As we have seen on the 5G debate, particularly in Germany, Europe does not have the structures in place to cope with this new nexus of trade, technology, and security. This is hard enough to get right in one country—but dealing with these complex issues at the EU level with 27 countries is close to impossible.

Following a year of intense U.S. lobbying to convince European partners to ban Chinese suppliers from their 5G networks, Washington's push to curb the transfer of sensitive technologies to China risks becoming a new source of tension in the transatlantic relationship. The U.S. push has significant implications for European states and industry and will confront the EU with a series of difficult choices beginning this year.

The EU shares many of Washington's concerns about China. Yet while a rough European consensus has emerged in recent years on the use of defensive measures to shield companies and critical infrastructure from acquisitive Chinese rivals, there is a healthy skepticism in European capitals about Washington's use of offensive economic tools, such as export controls, to counter China. First, export controls are seen by many in Europe as a blunt, antiquated instrument for curbing technology transfers in a world where supply chains are deeply integrated and global. The fear is that they will inhibit innovation and disrupt value chains, doing self-inflicted damage to home-grown companies and industries. Second, there are concerns that the U.S. effort is being driven not by a fear that western technology could be used by the Chinese for military purposes, but rather by a desire to contain China's technological rise more generally. This is seen as a form of economic warfare and is not a goal that European countries support.

Whether European countries ultimately decide to go along with the United States in restricting the export of certain technologies or to push back against these new controls, Europe needs to formulate its own approach to this issue—as it has tried to do on FDI from China and risks tied to Chinese 5G suppliers. If it fails to do so, the risk is an “every country for itself” approach which opens up new divisions between European states and undermines the leverage of the EU as an actor on trade matters.

Thus, even as it highlighted obvious common interests, the symposium discussions on trade, investment, and technology revealed remaining fissures across the Atlantic, as well as within Europe itself.

The China Technology Challenge

This discussion spilled over into a separate session that focused exclusively on technology. The discussion in this session ranged across technology issues related to surveillance, espionage, maintaining Western competitiveness in key frontier technologies, R&D and innovation, technical standards, and how U.S. and European governments and private sector actors should respond in all of these areas.

There was significant shared concern over what one participant described as China's “totalitarian surveillance state.”³⁴ Yet this participant also noted that, for Europeans, America's

“surveillance capitalism” and U.S. Government (National Security Agency) eavesdropping was also of major concern to Europeans. The Snowden and other revelations of U.S. spying on European citizens and officials alike has notably contributed to the eroded trust that European allies have long rightfully expected of the United States.

Discussion also covered the significant threat posed by Chinese industrial and technological espionage that is widespread on both sides of the Atlantic. Law enforcement and intelligence agencies are increasingly alert to—and overwhelmed by—Chinese espionage efforts. In both the United States and Europe, however, civilian institutions—notably universities and research laboratories—have been slow to recognize the problem and even slower to put in place protocols to monitor and stop it. Significantly increased awareness and monitoring is definitely called for—offering a prime area for pan-European cooperation and enforcement, as well as for transatlantic consultation and coordination. Common transatlantic “codes of conduct” for university and think tank interactions with China would be an effective antidote that should be explored.

The challenge of maintaining Western comparative advantages across a range of technologies is now acute, as China’s indigenous innovation has made great strides in recent years and is now challenging for global supremacy in a number of technologies.³⁵ One participant identified four sectors of immediate and critical concern: artificial intelligence, 5G wideband, semiconductors, and quantum technologies. In the first and second domains, China has *already* pulled ahead—while it is closing the gap in the third and fourth. In addition, under the “Made in China 2025” initiative China is aiming to become globally competitive or dominate specifically identified sectors: biotechnology, nanotechnology, medical instruments, new materials, green energy technologies, autonomous vehicles, aerospace, high-speed rail, numerical control tools and robotics, ocean engineering equipment, power generation, and other technologies. As we have learned from the pandemic crisis, reliance on Chinese suppliers and supply chains can pose daunting challenges for countries in crisis if China chooses to reward, punish, or otherwise seek to influence or affect policies advantageous to it.

The advances in Chinese innovation have set off alarm bells in Silicon Valley and the U.S. Government—as well as in Germany, Scandinavia, France, and the UK. However, several European participants noted that European governments have been much slower to recognize the threat. “Most Europeans are blind to what this means, and they are defenseless,” according to one symposium participant. Consequently, this individual said, the Trump administration entreaties and pressure over 5G and other technologies, although off-putting and largely ineffective when it comes to 5G, have however had a salutary effect on making European governments more aware of the national security implications of certain aspects of China’s indigenous innovation progress (such as telecoms, robotics, bio and nano-tech, etc.).

Research and development (R&D) is the foundation for innovation. According to the World Intellectual Property Organization, in aggregate terms (2017) the United States spent \$511 billion, followed closely by China (\$452 bn.) on R&D.³⁶ As a percentage of GDP, the United States ranks 9th worldwide (2.8%), China 15th (2.13%), and many European countries rank in the top 20.³⁷ At our Berlin symposium,

several participants raised concerns over China's advances in innovation, noting in particular the rapidity of progress in several areas. In many sectors China is now setting the global state-of-the-art standards, and this trend is likely only going to continue over the coming years. This is also the case with technological and product standards. Despite the fact that China has a state-driven technological industrial policy (epitomized by Made in China 2025), which capitalizes on the private sector where many of the most noteworthy advances are the result of "within-firm innovation." One participant with long and deep experience on the ground in China observed: "My worry is that China might go totally private market. I do not worry about the SOEs, but I do worry about private companies." When taken together with the subsidies and leverage that SOEs can bring to bear, China is becoming a new kind of hybrid technological superpower.

What to do? One participant made the case that innovation knows no borders and is intrinsically a cross-national phenomenon. As such, he argued, it is not in American or European interests to try and "decouple" technologically from China. Other participants disagreed however, evincing a real urgency about the situation, viewing innovation in more zero-sum terms, and arguing for a coordinated effort to compete with China. "We are way behind the curve," one European lamented. Another American observed that "We are like frogs that are being boiled in a pot. We are waking up now, but are we going to be able to jump out of the pot in time?" To deal with the problem practically, one participant suggested the formation of a "Tech 10":

A consortium of countries who share values to coordinate national postures on technology development, use, and access. The inaugural members could include the United States, Germany, the United Kingdom, Australia, Canada, France, India, Israel, Japan, and South Korea. Others could apply to join as long as they agree to adhere to the same high standards. Regular coordination and working group meetings would occur through the respective ministries of defense, intelligence, and trade, with the input of academic and private institutions. From the defensive perspective, these countries could share information and coordinate on, for example, standards setting for 5G and other advanced technologies, some narrowly tailored export controls, investment restrictions, and cyber security. The Tech 10 could also share best practices and intelligence about Chinese progress, and shape shared perspectives and norms related to deterrence policy tools (e.g. CFIUS, export controls), supply chain security, investment in and licensing of critical infrastructure and dual-use technologies, among other relevant topics.

While this session did not come to consensus on this recommendation, it was thought to be worthy of further exploration. Of all the various and concerning issues related to China discussed at the symposium, the potential dangers that China's potential breakthroughs in technology pose could be the most significant—because they have spill-over into so many other areas.

Connectivity: Dealing with the Belt & Road

The divergencies noted above concerning trade and investment were also apparent in the session concerning China's BRI initiative. Generally speaking, Americans were more concerned about its geopolitical implications than its commercial or

infrastructure dimensions. Some Europeans noted that there is “greater hype than reality” with regard to BRI projects in the Balkans, Greece, Italy, and Central Europe. There is “more bark than bite,” as many promised projects in Hungary, the Balkans, the Czech Republic, and Slovakia have been slow to materialize. Some argued that China has overplayed its hand in central Europe.³⁸ Nonetheless, European participants noted that China has been able to establish inroads in these countries through BRI—supplementing its diplomatic foothold of the 17+1 China and Central and Eastern Europe (CEE) mechanism.³⁹

American participants took a broader view of BRI beyond Europe. The geopolitical implications (i.e. the security and military dimensions) of China’s BRI figure prominently for many American analysts, who tend to view all of China’s global activities through the prism of great power competition with the United States. Some American and European participants see BRI as an attempt to export China’s authoritarian political model around the world (although there are debates among American scholars). Many participants echoed the “debt trap diplomacy” meme (although there is also debate about the accuracy of this). Others focused on the quality, appropriateness, and terms of the infrastructure projects being foisted on BRI recipient countries. Still others are critical of the environmental and labor conditions, and the significant corruption associated with BRI projects.

All in all, Americans tended to be quite skeptical and critical of the Belt & Road. This may say more about the United States than about China and the BRI itself, as Americans may be experiencing some “development envy”—no longer having the resources, capacities, and deep pockets of China. As a result, the Trump administration has undertaken several steps to offer countries alternatives to China through its BUILD Act, Asia Reassurance Act, Blue Dot Initiative, and partnerships with Japan via the Asian Development Bank. One American participant also suggested that a publicly accessible global database of all BRI projects worldwide should be established.

Human Rights in China

Mutual concerns about, and efforts to improve, human rights in China have always been among the strongest transatlantic commonalities. Enormous efforts and amounts of resources have been devoted by the United States and EU (and individual EU member states) over the past four decades to educate Chinese officials at all levels of government. University courses on international human rights law—such as the flagship program set up by Sweden at Peking University—have been established. Diplomats and students have been educated. Human rights lawyers have been trained. Much positive systemic progress (compared to the Maoist era) has been made. Human rights laws and regulations have been adopted. Penal reform has been undertaken and the reform-through-labor (劳动改造) system has been abolished. More specifically, individual prisoners have been released on occasion as the result of closed-door discussions between Chinese and American or European leaders. Multiple official bilateral human rights dialogues have been established between the Chinese and foreign governments. Private NGOs, such as the Duihua Foundation, have also succeeded in securing prisoner releases.

However, despite these positive efforts, which need to be recognized as part of the human rights story with China, the PRC has long been an international outlier and pervasive abuser of human rights. Systematic repression of Tibetans and their religious practices has been a longstanding problem. More recently such repression has been ramped up in the form of a systematic incarceration of ethnic Uighurs and Kazaks in “reeducation” camps (which are prisons and labor camps) in Xinjiang Autonomous Region—causing international outrage. Political dissidents have also long been harassed, arrested, tried (on charges of “subversion of state power”), and imprisoned. In recent years, dozens of human rights lawyers and NGO activists have similarly been detained and incarcerated. Intellectuals of various types are regularly intimidated and sometimes arrested. Any potential political dissent is crushed. LGBT rights are not protected in China, and sexual harassment remains commonplace (despite a nascent #MeToo movement).

These are all longstanding human rights abuses in China—and *all* have increased under the Xi Jinping regime. After halting zig-zag forward progress over previous decades, there appears to be substantial retrogression and repression in the eight years since Xi came to power.

The symposium session on human rights in China thus wrestled with all of these problems, and participants expressed deep concern over China’s regression and repression—but participants also expressed a deep frustration over how to deal with China’s backsliding and the deteriorated situation in new and effective ways. Bilateral governmental human rights dialogues achieve little—as China uses them as “diplomatic deflection devices” and their diplomats have become increasingly caustic in such settings. Public “naming and shaming,” as one participant put it, may increase international attention to certain human rights cases (not a bad thing), but it tends to make PRC authorities even more resistant to releasing prisoners and upholding the country’s international UN human rights commitments. Moreover, participants lamented how effective China has become in navigating and manipulating international organizations such as the UN Human Rights Council (from which the Trump administration has regrettably withdrawn). Moreover, Beijing has also been successful in leveraging its economic ties with certain Western states (e.g. Greece) to block human rights measures in the EU itself.

American and European concerns about human rights abuses in China remain deep—but there is also a deep sense of frustration, fatigue, and futility. The stronger China gets, the less willing it has become to even engage perfunctorily with the West on the issue. Meanwhile, on the ground in China, the situation has deteriorated substantially. Participants in the symposium agreed that the time has come to develop new strategies and tactics to address human rights.

China’s Influence Activities

A relatively new issue on the transatlantic China agenda concerns the Chinese Communist Party’s (CCP) “influence” and “united front” activities. Some of these activities spill over into traditional public diplomacy, which China practices like many other countries. But China’s “influence activities” in the United States, Europe, and elsewhere are multifaceted and illicit. Others have described them as “covert, coercive, and corrupt”—which makes them malign, illegitimate, and distinguished from legitimate public diplomacy.

While a relatively new subject of concern, there has been more and more written and published about China's influence and united front activities over the past three years. While still a niche area of research, there is now a growing community of researchers who are armed with Chinese language skills who have dug deep to unearth and unpack the wide range of such activities worldwide. The ChinfluenCE and Sinopsis projects, both based in the Czech Republic, have both done path-breaking research into such CCP activities in central Europe.⁴⁰ The Friedrich Ebert Stiftung has published similarly pathbreaking work on southeastern Europe.⁴¹ In the United States the Hoover Institution and Asia Society teamed up on a comprehensive report mapping the parameters of the CCP's influence campaign in the United States.⁴² The National Endowment for Democracy, Woodrow Wilson Center, Hudson Institute, Congressional committees and commissions, and other American institutions have also undertaken studies. Canada has also experienced the phenomenon of expanding Chinese influence activities.⁴³ In New Zealand, scholar Anne Marie Brady has been a one-person workshop producing multiple pathbreaking analyses.⁴⁴ But probably no other country has done more to expose the CCP's influence activities than the media, think tanks, and individual scholars in Australia.⁴⁵ Curiously, there has been little research done in southern, western, and northern Europe,⁴⁶ and only one study published in the UK.⁴⁷

Since China's (or more precisely the CCP's) influence activities are now a global phenomenon and are attracting global attention, our symposium devoted one session to discussing the parameters and implications of these activities in the United States and Europe. We were fortunate to have a number of the world's leading experts on the subject present, and our conversations could have gone on forever. In fact, one recommendation to emerge from these discussions was to form a transatlantic working group to monitor such activities, bring them to the attention of appropriate government authorities, and publicize them when necessary.

Participants discussed the principal purposes of China's foreign influence activities. It was agreed that the overwhelming purpose of the CCP and Chinese government's activities (which involve an enormous bureaucracy of institutions) is to *influence and attempt to control international narratives about China*. To date, unlike Russian influence operations, China's have not (yet) been targeted at meddling in and directly undermining Western democracies, their electoral institutions, or their political processes. Rather than trying to sow discord and confusion in democracies, as Moscow has done, Beijing's main purpose seems to be to try and influence and control *perceptions* of China and tilt government *policies* towards China-friendly positions.

Participants also discussed the main arenas and targets of China's foreign influence activities, including: foreign media and journalists; foreign politicians (at all levels of government); foreign academics and think tank researchers; foreign universities; commercial publishers and journals; foreign corporations; foreign political parties; overseas Chinese diaspora; foreign intelligence agencies; and other actors. Collectively, these activities are known in China as "great external propaganda" (大外宣), although they extend well beyond Chinese media organs and involve a wide range of party, government, and military institutions. One primary target is what one participant described as "elite capture": the attempt to co-opt foreign elites who influence public opinion and government policies. Not only do these activities attempt to get foreigners to advocate for positions and policies that dovetail

with Chinese priorities, but they also seek to induce self-censorship on the part of foreigners so that they do not criticize China. Should foreigners publicly criticize China, then they are placed in a separate category as “unfriendly to China” which involves various forms of exclusionary and punitive intimidation in order to silence them.

Similarly, China’s foreign influence activities are also very much targeted at PRC citizens living, studying, and working abroad as well as foreign citizens of Chinese descent. The goal in both cases is twofold: first, to silence any dissenting views that are critical of the CCP or China and, second, to use Chinese abroad to advance Beijing’s propaganda narratives and policies. These acts of control and intimidation not only affect the Chinese diaspora communities abroad—but also Chinese students, researchers, and citizens abroad. On foreign campuses such activities directly infringe on Western freedoms of speech and open academic inquiry. In this context, participants also highlighted the critical importance of protecting the rights of Chinese—including foreign nationals of Chinese descent—and not falsely stigmatizing them.

All participants concluded that CCP influence and external propaganda may be relatively new issues on the policy agenda (although they date back to the beginning of the PRC), but they are likely to only grow in magnitude. As such, significant efforts need to be put into educating various 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 certainly have their appropriate roles to play—but there needs to be significantly heightened awareness among private sector actors, universities, and NGOs. Several European participants noted that the level of awareness of this issue among European societies is very shallow. It is not much better in the United States—but has improved over the past couple of years and as a result of both public reports, Congressional inquiries, and private FBI and government briefings for universities and other private sector actors.

In all cases, the best defense against Chinese (and Russian) influence activities is *transparency*. The metaphor that the “best disinfectant is sunlight” is very apt. This means that all kinds of internal institutional safeguards (such as scrutiny of Chinese financial gifts and contracts with universities and think tanks), as well as public registration of Chinese influence organizations abroad (including Chinese media), should be *de rigueur*.

China and Global Governance

The subject of global governance (transnational issues that impact multiple nations and societies and are normally dealt with through international institutions) has been one primary area of transatlantic agreement in recent decades. As noted at the outset of this report, bringing China into the international institutional order—both as a sovereign and normative member—has been one of the three principal goals pursued in tandem by the United States and Europe since the 1980s (the other principal goals have been to contribute to China’s own governance capacities and to foster the liberalization of China’s economy, society, and polity). There has been remarkable and consistent agreement across the Atlantic on these goals.

However, despite such agreement, symposium participants noted that the United States and Europe have very different approaches to global governance and its institutions. The Trump administration's withdrawal from the Paris COP-21 global climate change accord, the Iran nuclear accord, the UN Human Rights Council, and most recently the World Health Organization—have all been profoundly disturbing for Europeans to witness and experience. Multilateralism is hard-wired into European thinking and diplomacy. One European said: "The global governance system is of *primary importance* for Europe." Another noted, "As long as it's multilateral, we (Germans) think it's good. But the global governance system cannot be upheld by Europeans alone. We need partners."

Thus, from the European perspective, it is *America's* ambivalence and lack of firm commitment to global governance that is currently deeply troubling. One European starkly stated: "The problem in global governance and multilateralism is not China—but the United States!"

One American participant pointed out that however distressing the Trump withdrawals have been, they reflect a more longstanding ambivalence and "deep distrust" in American society concerning international institutions and responsibilities for global governance. "Many Americans believe that the WTO's inability to constrain China's mercantilist behavior is proof positive of this distrust in international organizations and multilateralism," this individual noted.

China's role in global governance has certainly been a work-in-progress. Over time China has progressively become an institutional member of international society and gradually assimilated many of the norms and rules of international institutions.⁴⁸ And, as one American participant noted, China's diplomats have become very knowledgeable and adroit in debating global governance issues and navigating the procedures of international institutions.

While China *has* become more constructively involved and invested in global governance (notably since Xi Jinping came to power), it has become adept at leveraging international rules and norms to co-opt global institutions and promote authoritarian values. One participant noted five ways in which China is now trying to shape the global governance agenda:

- The use of personnel appointments in international institutions (4 of 15 UN agencies are now headed by Chinese);
- The framing of issues to use Chinese phrases to shape institutional agendas;
- Using the UN and other institutions to push the BRI;
- Advancing multiple Chinese agendas through single institutions;
- Being unrelenting, overwhelming institutions with the volume of Chinese proposals, and having inexhaustible and massive resources.

Taken together, this participant observed, these tactics are "much more than salami-slicing. They add up to a systematic Chinese attempt to reshape the international institutional order." There was much discussion of this assertion, with some

in agreement and others not. But, at a minimum, there seemed to be agreement that China has become much more active than ever 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 policy preferences.

In this context, there was further agreement that there needs to be much greater coordination between the U.S. and EU vis-à-vis China’s expanding role in the global governance realm. “We need to be more proactive and go on offense,” one symposium participant said. Another asserted that we need a “coalition of democracies” to “counter China’s authoritarian agendas.” And *all* agreed that the United States needs to return to multilateralism, the global governance arena and its traditional active leadership role. Without a renewed American commitment to the liberal system it was instrumental in building, several European participants warned that there is a real danger of a “decoupling” in global governance—with China, Russia, and other authoritarian states pushing an illiberal agenda, the EU another, and the United States losing its voice and relevance.

Challenges in the Security Arena

Discussions in this session revolved around the modernization of China’s military and its broadening international military footprint and security roles. American and European experts provided their assessments of the People’s Liberation Army’s ground, air, naval, cyber, missile, space, and other capabilities—and all argued that the PLA’s capabilities in each of these areas have made significant advances in recent years. As a result, the PLA can now conduct a broad range of maneuvers and activities in the Indo-Pacific area of operation (AOR) that were unthinkable just a few years ago. These enhanced capabilities and activities have altered the balance-of-forces and balance-of-power in the western Pacific. The gaps between the U.S. and China’s militaries have narrowed substantially (particularly within the first and second island chains), to the point where most analysts agree that American forces’ ability to operate in this domain during wartime would be compromised and very risky.

China’s capabilities vis-à-vis Taiwan have also become dominant, with Taiwan’s armed forces only possessing a minimal deterrent capacity (absent U.S. intervention). The South China Sea is another regional theater where China’s military capacities have the *potential* to tip the balance of power—if and when China deploys air, naval, and missile assets on the seven man-made islands in the Spratly island chain. At this time, China has *not* (yet) deployed significant military assets there, although naval and air forces rotate through and defensive anti-air and anti-ship missiles have been deployed. When it does, it will be a “game-changer” for Southeast Asian security. China’s continued assertion of sovereignty over almost the entirety of the South China Sea (inside the so-called “Nine Dash Line”) is firmly opposed by the United States and the European Union, in line with the 2016 Hague International Tribunal ruling, but that has not stopped China’s continued reclamation activities and military deployments.

Beyond Asia, China has also broadened its military footprint and deepened its presence. It has established its first overseas base (a logistics facility) in Djibouti,

while PLA Navy (PLAN) ships regularly ply the Gulf of Aden and have sailed into and conducted joint exercises with the Russian Navy in both the Mediterranean Ocean and Baltic Sea. PLAN ships also regularly pay port call visits throughout the Asia-Pacific, the Indian Ocean, and Europe.

At the same time, China has also become increasingly involved in a range of international security activities. These include antipiracy patrols in the Gulf of Aden; UN peacekeeping operations (UNPKO) in the Middle East and Africa; pandemic relief in Africa and Europe; economic security; environmental security; nuclear non-proliferation; and contributions to other “non-traditional security” threats. One European participant emphasized the overlap of these Chinese activities with European security concerns. Participants also noted China’s increased global arms sales (now ranking No. 3 worldwide).

Conclusions: Convergencies, Divergencies, Recommendations

All symposium participants agreed that the three days of discussions were particularly rich, deep, and diversified. Much ground was covered. The atmosphere was one of true and constructive candor, illustrating the depth and durability of historical, cultural, and political bonds across the Atlantic between Europe and the United States.⁴⁹ For those who have participated in decades of transatlantic dialogues about China this was particularly welcome, a reminder that further efforts need to be made in this regard in the future. As an intellectual exercise, it delivered beyond expectations—taking on a broad and complex agenda of issues. New intellectual capital was built through the exchanges. The quality of participants' contributions was very high and well-informed. This was possible because China specialists were speaking with China specialists. There also existed an underlying sense of concern about China today, and a parallel sense that traditional methods for dealing with China may no longer be effective and new methods need to be found.⁵⁰ “We share an urgency about China, and that sense of urgency should drive us,” one European observed. Another European observed that “We have lost our confidence—China has been successful in lowering our self-confidence.” An American concluded that jointly “We need to rediscover the West.”

The agenda of transatlantic China issues has also evolved over time, and the symposium did well in identifying and addressing relevant new issues. The group wrestled with the new nature and set of China challenges and agreed that publics on both sides of the Atlantic need education about their nature and urgency. To do so, it was agreed that it might be useful to create a simplified “bumper sticker” term that yet captures the complexities and the totality of China challenges and threats—perhaps “*comprehensive competition*.”

It was abundantly apparent from the discussions that commonalities across the Atlantic continue to far outweigh differences. The strong transatlantic commonality of values and shared democratic systems truly cements Americans and Europeans together.

Not to diminish the recognition that commonalities remained predominant, but divergencies of viewpoints were also apparent. As one European put it: “There is a realization that our concerns are close but not the same, our analyses are close but not the same.”

Many of the points of divergence involved differing national interests. For example, the significant, even dominant, role that security concerns play in the American approach to China leads various issues (notably economic and technological) to be “securitized” (to be viewed through a security lens)—whereas in Europe commerce with China is seen more neutrally. “We do not have a strategic mindset on these topics,” one European admitted. If Europeans have a concern in this sphere it is losing comparative advantages in technology and manufacturing—whereas Americans view commerce with China increasingly through a national security (military) lens.

Another apparent divergence is somewhat derivative from this consideration and concerns language of how to conceive of and speak about China. One participant noted that Americans need to learn to “think European”—by which it was meant that the United States does not understand the bureaucratic language of the Brussels EU bureaucracy (which emphasizes multilateralism, “competencies,” etc.). In response, an American noted that Europeans need to learn how to “think American”—by which it was meant to prioritize national security issues vis-à-vis China. This minor exchange about semantics did illustrate, however, deeper conceptual differences in the ways that Americans and Europeans view China. The total absence of European military forces, allies, and “hard security” concerns in Asia really is—and has long been—a significant difference in how China is viewed. As a result, Europe has focused on commerce, human rights, the environment, and “soft security” issues—while “hard” security concerns figure prominently in American thinking.

Another divergence that surfaced early on the first day and continued to underlie discussions throughout the symposium was the unilateralism and anti-multilateralism of Donald Trump and his administration. The rupture of transatlantic trust that this has caused is palpable, and the American participants were not previously fully appreciative of this fact. If there is a new American president in January 2021, the remedial work to repair the frayed ties and address the “trust deficit” will be substantial. However, if there is not a new American president, transatlantic decoupling becomes a much greater prospect. Even with a more traditional Europe and NATO-friendly President Biden, the “Trump interregnum” has taught Europeans that their interests do not always coincide with America’s and that, therefore, European states need to have greater autonomy of action that better safeguards their national and collective interests.

Finally, the “elephant in the room” throughout the symposium was the now very evident US-China competition and rivalry. Other than the opening session, however, this was not discussed much or addressed directly. Yet it underlies, and hangs over, Europe’s approach to and dealings with China. This is also true for the entire world going forward—Asia, Middle East, Africa, and Latin America. All countries and continents are going to have to manage their relations with both Washington and Beijing in the context of increasing frictions and rivalry between the two powers.

Appendix: Symposium Participants

American Participants

Craig Allen, President, U.S.-China Business Council

Kurt M. Campbell, Chairman & CEO, The Asia Group

Stephen J. Del Rosso, Program Director, Peace & Security Program, Carnegie Corporation of New York

Elizabeth C. Economy, C.V. Starr Senior Fellow and Director for Asian Studies, Council on Foreign Relations

M. Taylor Fravel, Arthur and Ruth Sloan Professor of Political Science & Director of the Security Studies Program, Massachusetts Institute of Technology (MIT)

Paul Gewirtz, Potter Stuart Professor of Constitutional Law and Director of the Paul Tsai China Center, Yale University School of Law

Melanie Hart, Senior Fellow & Director for China Policy, Center for American Progress

Michael Laha, Program Officer, Center on U.S.-China Relations, Asia Society

Anja Manuel, Partner, RiceHadleyGates LLC & Director of the Aspen Strategy Forum

Evan S. Medeiros, Penner Family Chair in Asian Studies & Cling Family Distinguished Fellow in U.S.-China Relations, Georgetown University

Andrew J. Nathan, Class of 1919 Professor of Political Science, Columbia University

Orville Schell, Arthur Ross Director, Center on U.S.-China Relations, Asia Society

David Shambaugh, Director, China Policy Program, and Gaston Sigur Professor of Asian Studies, Political Science & International Affairs, George Washington University

Bruce Stokes, Executive Director, Transatlantic Task Force, German Marshall Fund (GMF) of the United States

European Participants

Franco Algieri, Associate Professor and Head, International Relations Department, Webster Vienna Private University

Noah Barkin, Senior Visiting Fellow, Asia Program, German Marshall Fund of the United States (GMF)

Bernhard Bartsch, Senior Expert China & Asia Pacific, Bertelsmann Stiftung

Reinhard Bütkofer, Member of the European Parliament (Greens/EFA)

Mathieu Duchâtel, Director, Asia Program, Institut Montaigne

Timothy Garton Ash, Professor of European Studies, University of Oxford & Senior Fellow, The Hoover Institution

François Godement, Senior Advisor for Asia, Institut Montaigne

Martin Hála, Lecturer, Department of Sinology, Charles University & Director of Sinopsis

Benjamin Hartmann, Legal and Policy Officer, I.D.E.A., European Commission

Sebastian Heilmann, Professor Government and Political Economy of China, University of Trier

Mikko Huotari, Director, Mercator Institute of China Studies (MERICS)

Ivana Karásková, China Research Fellow, Association of International Affairs (Prague), Founding Director of MapInfluenCE, Founder and Head of China Observers in Central and Eastern Europe, CHOICE

Katrin Kinzelbach, Professor International Politics of Human Rights, Friedrich-Alexander-Universität Erlangen-Nürnberg (FAU)

Agatha Kratz, Associate Director, Rhodium Group (European Office)

Anika Laudien, Project Manager, Germany & Asia Program, Bertelsmann Stiftung

Franziska Luettge, Program Coordinator, Asia Program, German Marshall Fund of the United States (GMF)

Rana Mitter, Professor of the History of Modern China & Director of the China Center, University of Oxford

Janka Oertel, Director, Asia Program, European Council on Foreign Relations (ECFR)

Malin Oud, Director (Stockholm office), Raoul Wallenberg Institute

Ana Palacio, Former Minister of Foreign Affairs of Spain

Charles Parton, Senior Associate Fellow, Royal United Services Institute (RUSI)

Angela Stanzel, Research Associate, Asia Division, German Institute for International & Security Affairs (SWP)

Volker Stanzel, Fellow, German Institute for International & Security Affairs (SWP) and former German Ambassador to China and Japan

Sabine Stricker-Kellerer, Senior Partner, SSK Law

Ágnes Szunomár, Head, Research Group on Development Economics, Institute of World Economics & Associate Professor, Corvinus University, Hungary

Didi Kirsten Tatlow, Senior Fellow & Asia Program Director, German Council on Foreign Relations (DGAP)

Plamen Tonchev, Head of Asia Unit, Institute of International Economic Relations, Greece

Stephan Vopel, Director, Bertelsmann Stiftung

Jörg Wuttke, Vice President and Chief Representative, BASF China, President of European Chamber of Commerce in China

Endnotes

- 1 On the American side the symposium was one of several working groups of the Task Force on U.S.-China Policy, co-organized by the Asia Society's Center on U.S.-China Relations and the University of California San Diego's 21st Century China Center, with support from the Carnegie Corporation of New York.
- 2 These countries included: Austria, Czech Republic, France, Germany, Greece, Hungary, Ireland, Italy, Spain, Sweden, UK.
- 3 The organizers are profoundly grateful to our three superb conference rapporteurs Michael Laha, Anika Laudien, and Franziska Luetge. Without their detailed notetaking, this report would not have been possible.
- 4 A wide variety of institutions in Europe and the United States have been involved in organizing such dialogues over the years (too numerous to list), but the German Marshall Fund of the United States has been particularly noteworthy. Many of these dialogues have not produced subsequent publications, but some have. See, for example, David Shambaugh and Gudrun Wacker (eds.), *American & European Relations with China: Advancing Common Agendas* (Berlin: SWP, 2008): https://www.swp-berlin.org/fileadmin/contents/products/research_papers/2008_RP03_shambaugh_wkr_ks.pdf. There is also a separate and very large body of literature on Europe-China and U.S.-China relations, with some studies of triangular U.S.-China-Europe relations.
- 5 Also see Barbara Lippert and Volker Perthes (eds.), *Strategic Rivalry between the United States and China: Causes, Trajectories & Implications for Europe* (Berlin: SWP, 2020): https://www.swp-berlin.org/fileadmin/contents/products/research_papers/2020RP04_China_USA.pdf; European Think-Tank Network on China (ETNC), *Europe in the Face of U.S.-China Rivalry* (Madrid: Real Instituto Elcano, 2020): <http://www.realinstitutoelcano.org/wps/wcm/connect/82e36c36-03a1-40f2-81a0-9a78ea6dfa95/ETNC-Europe-in-the-face-of-US-China-rivalry.pdf?MOD=AJPERES&CACHEID=82e36c36-03a1-40f2-81a0-9a78ea6dfa95>.
- 6 See, for example, Aaron Friedberg, "Competing with China," *Survival* 60, No. 3 (2018); Robert D. Blackwill and Ashley J. Tellis, *Revising U.S. Grand Strategy Towards China*, Council on Foreign Relations Special Report No. 72, March 2015, http://carnegieendowment.org/files/Tellis_Blackwill.pdf; Robert D. Blackwill, *Implementing Grand Strategy Toward China* (New York: Council on Foreign Relations, Special Report No. 85, January 2020); Orville Schell and Susan L. Shirk, eds., *Course Correction: Toward an Effective and Sustainable China Policy*, Center on U.S.-China Relations, February 2019, https://asiasociety.org/sites/default/files/inline-files/CourseCorrection_FINAL_2.7.19_1.pdf; Kurt Campbell and Jake Sullivan, "Competition without Catastrophe: How America Can Both Challenge and Coexist with China," *Foreign Affairs* (September/October 2019); Evan Medeiros, "The Changing Fundamentals of U.S.-China Relations," *The Washington Quarterly*, Vol. 42, No. 3 (Fall 2019); David Shambaugh, "Dealing with China: Tough Engagement and Managed Competition," *Asia Policy* (January 2017); Timothy R. Heath and William R. Thompson, "Avoiding U.S.-China Competition Is Futile: Why the Best Option is to Manage Strategic Rivalry," *Asia Policy* (April 2018); Ely Ratner et al, *Rising to the China Challenge* (Washington, DC: CNAS, 2019); <https://www.cnas.org/publications/reports/rising-to-the-china-challenge>; The Aspen Strategy Group, *The Struggle for Power: US-China Relations in the 21st Century* (Washington, DC: The Aspen Institute, 2020); <https://assets.aspeninstitute.org/content/uploads/2020/01/TheStruggleForPower.pdf?ga=2.99487838.1356467423.1586570162-758916497.1586570162>.
- 7 The European Commission, *EU-China - A Strategic Outlook: Joint Communication to the European Parliament, the European Council, and the Council*: <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>.
- 8 Kurt M. Campbell and Ely Ratner, "The China Reckoning: How Beijing Defied American Expectations," *Foreign Affairs* (March/April 2018).
- 9 M. Taylor Fravel, J. Stapleton Roy, Michael D. Swaine, Susan A. Thornton and Ezra Vogel, "China Is Not an Enemy," *Washington Post*, July 3, 2019.
- 10 "Stay the Course on China: An Open Letter to President Trump," *The Journal of Political Risk*, July 18, 2019, <http://www.jpolrisk.com/stay-the-course-on-china-an-open-letter-to-president-trump/>.
- 11 See: Chicago Council of Global Affairs, "US an China: Mostly Rivals?": <https://www.thechicagocouncil.org/publication/lcc/public-and-opinion-leaders-views-us-china-trade-war>; Pew Research Center, "U.S. View of China Increasingly Negative Amidst Coronavirus Outbreak," April 21, 2020: <https://www.pewresearch.org/global/2020/04/21/u-s-views-of-china-increasingly-negative-amid-coronavirus-outbreak/>; Pew Global Research Center, "Share of Americans Who Have Unfavorable View of China Reaches New High," August 13, 2019: <https://www.pewresearch.org/global/2019/08/13/u-s-views-of-china-turn-sharply-negative-amid-trade-tensions/>.
- 12 See, for example, Kurt M. Campbell and Rush Doshi, "The Coronavirus Could Reshape Global Order," *Foreign Affairs*, March 18, 2020: <https://www.foreignaffairs.com/articles/china/2020-03-18/coronavirus-could-reshape-global-order>; Mira Rapp-Hooper, "China, America, and the International Order After the Pandemic," *War on the Rocks*, March 24, 2020: <https://warontherocks.com/2020/03/china-america-and-the-international-order-after-the-pandemic/>; David Shambaugh, "Competition and the Coronavirus," *China-US Focus*, March 29, 2020: <https://www.chinausfocus.com/foreign-policy/competition-and-the-coronavirus>.
- 13 See, for example, Michael Green and Evan S. Medeiros, "The Pandemic Won't Make China the World's Leader," *Foreign Affairs*, April 15, 2020: <https://www.foreignaffairs.com/articles/united-states/2020-04-15/pandemic-wont-make-china-worlds-leader>; Joseph S. Nye, "No, The Coronavirus Will Not Change the Global Order," *Foreign Policy*, April 16, 2020: <https://foreignpolicy.com/2020/04/16/coronavirus-pandemic-china-united-states-power-competition/>.
- 14 <https://www.pewresearch.org/global/2020/01/08/trump-ratings-remain-low-around-globe-while-views-of-u-s-stay-mostly-favorable/>.
- 15 One of the earliest studies to track this trend was John Fox and François Godement, *A Power Audit of EU-China Relations* (London: European Council on Foreign Relations 2009). Also see François Godement and Abigaël Vasselier, *A New Power Audit of EU-China Relations* (London: ECFR, 2017); Yaroslav Trofimov, "Europe's Face-Off with China," *Wall Street Journal*, February 29, 2020.
- 16 See Andrew Small, *The Meaning of Systemic Rivalry: Europe and China Beyond the Pandemic* (London: European Council on Foreign Relations Policy Brief, May 2020), p. 17: https://www.ecfr.eu/page/-/the_meaning_of_systemic_rivalry_europe_and_china_beyond_the_pandemic.pdf. Also see Mark Leonard, "The End of Europe's Chinese Dream," Project Syndicate, May 26, 2020: <https://www.project-syndicate.org/commentary/europe-new-strategy-toward-china-by-mark-leonard-2020-05>.

- 17 Bertelsmann Stiftung, *Survey: Europe's View of China and the US-Chinese Conflict* (Berlin: Bertelsmann Stiftung, January 2020): https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/eupinions_China_DA_EN.pdf.
- 18 Conclusions in this paragraph drawn from Pew Research Center, "Global Opinions of China Divided," December 5, 2019: <https://www.pewresearch.org/fact-tank/2019/12/05/people-around-the-globe-are-divided-in-their-opinions-of-china/>.
- 19 Among many excellent recent studies, see Ivana Karásková et al, *Empty Shell No More: China's Growing Footprint in Central and Eastern Europe* (Praha: Association for International Affairs, 2020): https://chinaobservers.eu/wp-content/uploads/2020/04/CHOICE_Empty-shell-no-more.pdf.
- 20 See James Forsyth, "Escaping the Dragon: The Government's New Approach to China," *The Spectator*, May 30, 2020.
- 21 See House of Commons Foreign Affairs Committee, *China & the Rules-Based International System*, March 26, 2019: <https://publications.parliament.uk/pa/cm201719/cmselect/cmfaff/612/612.pdf>.
- 22 For historical surveys see Eberhard Sandschneider, David Shambaugh, and Zhou Hong (eds.), *China and Europe: Perceptions, Policies & Prospects* (London: Routledge, 2008); Nicola Casarini, *Remaking Global Order: The Evolution of China-Europe Relations* (Oxford: Oxford University Press, 2009).
- 23 See "Norway, China Normalize Ties After Nobel Peace Prize Row," Reuters, December 19, 2016: <https://www.reuters.com/article/us-norway-china/norway-china-normalize-ties-after-nobel-peace-prize-row-idUSKBN1480R4>.
- 24 *Government Communication: Approach to Matters Relating to China*, September 26, 2019: <https://www.government.se/4adb19/contentassets/e597d50630fa4eaba140d28fb252c29f/government-communication-approach-to-matters-relating-to-china.pdf>. The Dutch official policy paper, issued in May 2019 and entitled "The Netherlands and China: A New Balance," shows a similar stiffening of views and policies: <https://www.government.nl/documents/policy-notes/2019/05/15/china-strategy-the-netherlands-china-a-new-balance>.
- 25 See "What Does the Coronavirus Mean for EU-China Relations," *ChinaFile*, April 6, 2020: <https://www.chinafile.com/conversation/what-does-coronavirus-mean-eu-china-relations>; Erik Brattberg and Philippe Le Corre, "No, COVID-19 Isn't Turning Europe Pro-China (Yet)," *The Diplomat*, April 15, 2020: <https://thediplomat.com/2020/04/no-covid-19-isnt-turning-europe-pro-china-yet/>; Andrew Small, *The Meaning of Systemic Rivalry: Europe and China Beyond the Pandemic*, op cit.
- 26 See Josep Borrell, "The Coronavirus Pandemic and the New World Order It Is Creating," EU External Action Service, March 23, 2020: https://eeas.europa.eu/headquarters/headquarters-homepage/76379/corona-virus-pandemic-and-new-world-it-creating_en; Stuart Lau, "EU Fires Warning Shot at China in Coronavirus Battle of Narratives," *South China Morning Post*, March 24, 2020: <https://www.scmp.com/news/china/diplomacy/article/3076728/eu-fires-warning-shot-china-coronavirus-battle-narratives>; Mark Scott, Laura Kayali, and Laurens Cerulus, "European Commission Accuses China of Peddling Disinformation," *Politico*, June 11, 2020: HYPERLINK "[https://eur02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.politico.eu%2Farticle%2FEuropean-commission-disinformation-china-coronavirus%2F&data=02%7C01%7C%7Caf0d111baa77467c23c508d80f121243%7C1ca8bd943c974fc68955b-ad266b43f0b%7C0%7C637275917579128574&sdata=gQ4%2FHuiqo3YWQBOldDVuHkRfqD7GPJB%2Bwww2SLZw1BM%3D&reserved=0"](https://eur02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.politico.eu%2Farticle%2FEuropean-commission-disinformation-china-coronavirus%2F&data=02%7C01%7C%7Caf0d111baa77467c23c508d80f121243%7C1ca8bd943c974fc68955b-ad266b43f0b%7C0%7C637275917579128574&sdata=gQ4%2FHuiqo3YWQBOldDVuHkRfqD7GPJB%2Bwww2SLZw1BM%3D&reserved=0) <https://www.politico.eu/article/european-commission-disinformation-china-coronavirus/>.
- 27 European concerns were comprehensively and starkly stated in a January 2019 policy paper published by the influential Federation of German Industries (BDI): https://www.wita.org/wp-content/uploads/2019/01/201901_Policy_Paper_BDI_China.pdf.
- 28 See, for example, Ali Wyne, "How to Think About Potentially Decoupling from China," and Aaron Friedberg and Charles W. Boustany, Jr., "Partial Disengagement: A New U.S. Strategy for Economic Cooperation with China," *The Washington Quarterly*, Vol. 43, No. 1 (2020).
- 29 See Philippe Le Corre and Alain Sepulchre, *China's Offensive in Europe* (Washington, DC: Brookings Institution Press, 2016).
- 30 European Commission, *Proposal for a Regulation of the European Parliament and of the Council Establishing a Framework for Screening of Foreign Direct Investments into the European Union*, September 13, 2017: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52017PC0487&from=EN>.
- 31 "Investment Screening in the EU: Impact on Chinese FDI," *China Briefing*, May 2, 2019: <https://www.china-briefing.com/news/investment-screening-eu-impact-chinese-fdi/>.
- 32 See The Rhodium Group and MERICS, *Chinese FDI in Europe: 2018 Trends and Impact of New Screening Policies*, March 6, 2019: <https://www.merics.org/en/papers-on-china/chinese-fdi-in-europe-2018>; The Rhodium Group and MERICS, *Chinese FDI in Europe: 2019 Update*, April 2020: https://www.merics.org/sites/default/files/2020-04/MERICS-Rhodium%20Group_COFDI-Update-2020%20%282%29.pdf; The Rhodium Group, MERICS, and Bertelsmann Stiftung, *Beyond Investment Screening: Expanding Europe's Toolbox to Address Economic Risks from Chinese State Capitalism*, October 15, 2019: https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/DA_Studie_ExpandEurope_2019.pdf.
- 33 The following discussion is drawn from a background paper prepared by one of the European participants.
- 34 See Kai Strittmatter, *We Have Been Harmonized: Life in China's Surveillance State* (Exeter, UK: Old Street Publishing, 2019).
- 35 See "The U.S. vs. China: Who is Winning the Key Technology Battles?" *Wall Street Journal Special Report*, April 12, 2020: <https://www.wsj.com/articles/the-u-s-vs-china-who-is-winning-the-key-technology-battles-11586548597>.

- 36 Followed by Japan (\$166 bn.), Germany (\$119 bn.), South Korea (\$78 bn.), France (\$62 bn.), India (\$50 bn.), and United Kingdom (\$48 bn.). Source: World Intellectual Property Organization (WIPO), *Global Innovation Index 2019* (Geneva, Switzerland: WIPO, 2019), Figure 1.
- 37 In 2017 Switzerland ranked 3rd (3.37%), Sweden 4th (3.31%), Austria 6th (3.16), Denmark 7th (3.19%), Germany 8th (3.04%), Finland 10th (2.06%), Belgium 11th (2.61%), France 13th (2.19%), Norway 16th (2.11%), Netherlands 17th (2.0%), Slovenia 19th (1.85%), Czech Republic 20th (1.79%). Source: UNESCO Institute of Statistics, as published in Index Mundi: <https://www.indexmundi.com/facts/indicators/GB.XPD.RSDV.GD.ZS/rankings>.
- 38 Also see David Hutt, "A Weaker Welcome for China," *Nikkei Asian Review*, February 10, 2020.
- 39 For a useful survey of the various dimensions of China's relations with the 17+1 states see Weiqing Song (ed.), *China's Relations with Central and Eastern Europe: From "Old Comrades" to New Partners* (London: Routledge, 2018).
- 40 See: <https://www.chinfluence.eu>; <https://sinopsis.cz/en/>.
- 41 See Plamen Tonchev, *China's Soft Power in Southeastern Europe* (Sarajevo: Friedrich Ebert Stiftung, 2020): <http://library.fes.de/pdf-files/bueros/sarajevo/16005.pdf>.
- 42 Larry Diamond and Orville Schell (eds.), *China's Influence & American Interests: Promoting Constructive Vigilance*: https://www.hoover.org/sites/default/files/research/docs/diamond-schell_corrected-april2020finalfile.pdf.
- 43 See, for example, Jonathan Manthorpe, *Claws of the Panda: Beijing's Campaign of Intimidation and Influence in Canada* (Toronto: Cormorant Books, 2019).
- 44 See, in particular, Anne Marie Brady, *Magic Weapons: China's Political Influence Activities Under Xi Jinping* (Washington, DC: Woodrow Wilson Center, 2017): https://www.wilsoncenter.org/sites/default/files/media/documents/article/magic_weapons.pdf; "On the Correct Use of Terms," *China Brief*, Vol. 19, No. 9 (March 2019): <https://jamestown.org/program/on-the-correct-use-of-terms-for-understanding-united-front-work/>.
- 45 Among many studies (pro and con) see Clive Hamilton, *Silent Invasion: China's Influence in Australia* (Sydney: Hardie Grant, 2018).
- 46 One notable exception is Thorsten Benner et al, *Authoritarian Advance: Responding to China's Growing Political Influence in Europe* (Berlin: GPPI and MERICS, 2018): https://www.merics.org/sites/default/files/2018-02/GPPI_MERICS_Authoritarian_Advance_2018_1.pdf. Also see Didi Kirsten Tatlow, "The Chinese Influence Effort Hiding in Plain Sight," *The Atlantic*, July 12, 2019: <https://www.theatlantic.com/international/archive/2019/07/chinas-influence-efforts-germany-students/593689/>; and Didi Kirsten Tatlow, *Cosmological Communism: A Challenge to Liberal Democracies* (Berlin: MERICS, 2018): https://www.merics.org/sites/default/files/2018-07/180718_MERICS_China_Monitor_46_CosmologicalCommunism.pdf.
- 47 Charles Parton, *China-UK Relations: Where to Draw the Border Between Influence & Interference?* (London: Royal United Services Institute, 2019): https://rusi.org/sites/default/files/20190220_chinese_interference_parton_web.pdf.
- 48 There has been much published on this subject. See, for example, Scott Kastner, Margaret Pearson, and Chad Rector, *China's Strategic Multilateralism: Investing in Global Governance* (Cambridge: Cambridge University Press, 2018); Alastair I. Johnston, *Social States: China and International Institutions, 1980-2000* (Princeton: Princeton University Press, 2007); Gerald Chan et al (eds.), *China Engages Global Governance* (London: Routledge, 2011); Li Mingjiang (ed.), *China Joins Global Governance* (Lanham, MD: Lexington Books, 2012).
- 49 It was also noted that, ideally, Canada should also be represented in such meetings.
- 50 In this context, in June 2020 members from eight parliaments launched a multinational initiative called the „Inter-Parliamentary Alliance on China“ (IPAC). Its founding members included parliamentarians from Australia, Canada, the European Union, Germany, Japan, Sweden, United Kingdom and the United States. Prominent members include US Senators Marco Rubio (R-Florida) and Robert Menendez (D-New Jersey) as well as EU-Legislator Reinhard Buetikofer. Parliamentarians from other democracies were quick to join. See David Brennan, „From US to Japan, Lawmakers from Opposing Parties Unite Across World to End 'Naïve' China Strategy,“ *Newsweek*, June 5, 2020: <https://www.newsweek.com/us-japan-lawmakers-opposing-parties-unite-world-end-naive-china-strategy-1509029>.

Imprint

© Bertelsmann Stiftung, Gütersloh
The Asia Society Center on U.S.-China Relations
China Policy Program, George Washington University

June 2020

Authors

Bernhard Bartsch
Evan Medeiros
Orville Schell
David Shambaugh
Volker Stanzel

Editors

Laura Chang
Michael Laha
Anika Laudien

Cover image
©Natis / stock.adobe.com

Graphic design

Markus Diekmann, Bielefeld

Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany

www.bertelsmann-stiftung.de/asien

Asia Society
Center on U.S.-China Relations
725 Park Avenue
New York, NY 10021
United States

www.asiasociety.org/chinacenter

China Policy Program
Elliott School of International Affairs
George Washington University
1957 E Street NW
Washington, DC 20052
United States

www.elliott.gwu.edu