

Rallying for a China Strategy

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Abstract

In several summit meetings in June, the US administration tried to convince European allies and other G7 members to rally for a containment strategy against China. European, NATO and EU countries were pleased about the “America is back” diplomacy of the Biden administration. The three summits of the G7, NATO and US-EU demonstrated harmony. At the same time, there remain reservations in Europe about subscribing to the confrontational course against China. Despite a lot of criticism about China’s assertive, sometimes aggressive, foreign and economic policies, European governments try to find a modus for continued cooperation. The US foreign policy course vis-a-vis China is contested in both NATO and the EU. While strategic rivalry with China is developing into the decisive organising principle of the US foreign and security policy, European leaders are hesitant to advocate a China containment strategy, although this US-China rivalry is developing more and more into an ideological contest between the notion of a market-driven versus a state-capitalist economy and a democratic versus an authoritarian political model.

Introduction

US President Joe Biden made his first trip to Europe in June 2021 for in-person instead of online meetings to engage in a summit marathon. On the agenda were four different summit meetings, all within one week: the G7 meeting in Cornwall, the NATO and the EU summits in Brussels and his meeting with President Vladimir Putin in Geneva. The Biden-Putin

meeting was intended to recalibrate US-Russia relations, particularly to assess possibilities for nuclear arms control, and to establish some red lines. Not unexpectedly, this first meeting between Biden and Putin as Presidents was by no means a breakthrough and results proved somewhat vague. The other three summits had two primary objectives: firstly, after transatlantic irritations during the four erratic Trump years, the US wanted to demonstrate harmony of allies and friends in North America and Europe. This goal was achieved by emphasising alliance cohesion, friendship, common backgrounds and goals such as strengthening democracy and multilateralism. The impression conveyed was: “America is back!” and: We are a family of democracies based on common values.

The second and more pressing task of the Biden visit was to rally for a China containment strategy. The most important focus in Washington seems to be the mobilisation of allies in the fierce competition with China. Japan’s Prime Minister Yoshihide Suga met President Biden in April and South Korea’s President Moon Jae-in visited Washington in May. After reactivating the so-called “Quad” security dialogue (US, Australia, Japan and India), which has been in place since 2007, European leaders were called upon in June. This paper will look at the development of that rivalry and what role the Europeans—in their multiple memberships in the G7, in NATO and in the EU (see Table 1)—could play in this US foreign and security policy effort? Can and will NATO as a military alliance play a part? And to what extent are EU and US economic, foreign and security policies vis-à-vis China similar or supporting each other? What are the potential downsides of joining the US, all in the name of transatlantic solidarity? How does this strategy relate to the G20 and will it affect others like the BRICS? Why three summits within a week with overlapping memberships? Was it just convenient for Biden to use the first visit to Europe to emphasise common values in the G7 and the friendship of the transatlantic community by meeting with the most important European organisations or do these three organisations play a role in a division of labour? In other words, is this a carefully thought through strategic realignment of global dimension, or just an idea? This paper will look at the reactions in Europe and assess how successful the new US administration was in convincing the G7, NATO and the EU to join hands in countering China. While the US government is pushing hard for a joint effort, European leaders are balancing the different economic, technological, political and security interests.

Background to the Strategic Rivalry

USA: From Engagement to Containment

Attitudes towards China in the US are not uniform and have changed over the last two decades, the decades when China experienced a phenomenal economic growth, technological advances and development of its military capacities. Perceptions have worsened as a result of China’s bungled and misty reactions to the pandemic and have probably never been so negative for half a century, before Richard Nixon visited China in 1972. Chinese domestic reforms during the 1970s and 1980s enabled improved US-Chinese relations. The 1989 Tiananmen Square massacre interrupted this process and Cold War perceptions dominated again (Hirshberg 1993). Over the course of the Obama administration, China grew to become the second largest economy in the world. During that period, the US government tried to engage China in a wide range of issues of both regional

and global importance. Some progress was made in this cooperation to manage the global financial crisis of 2008; and the US and China liaised in their negotiations with and sanctions against Iran and North Korea, although US arms sales to Taiwan spoilt the relations (Lawrence and Lum 2011).

Although relations have fluctuated, the drastic change in strategy vis-à-vis China became obvious during the Trump administration in 2017. The US National Security Strategy responded under the heading “A Competing World” by stating: “China and Russia challenge American power, influence and interests, attempting to erode American security and prosperity.”¹ The US political elite became progressively disenchanted with the authoritarian style of government in Beijing, especially since Xi Jinping took over in 2012. Critique in the US was directed against the lack of reciprocity in the market, and the increasingly assertive, sometimes bellicose, diplomacy and bullying of the press (Kim 2021). In 2018, the Trump administration imposed sanctions against Chinese technology companies and launched a trade war. The reason was concern about American security. Many economic and political issues that had been irritating Washington were on the table now: the construction of militarily relevant islands in the South China Sea, human rights violations in Xinjiang, Beijing’s repressive security measures in Hong Kong, and supposed espionage activities by Chinese diplomats in the US. The US Congress passed several bills and imposed sanctions to punish Chinese activities (Kim 2021).

The debate in the US has invigorated the China-threat argument. Mike Pompeo, then-US Secretary of State, declared in July 2020 the failure of the engagement strategy and underlined the ideological divide: “The free world must triumph over this new tyranny.”² While President Biden maintains a different style and tone in the relationship with China, the basic critical approach remains, and it is likely that the hard-line policies against China will continue as well. Apparently, the perception of China as an unpleasant competitor, at best, and an enemy, at worst, remains and the Biden administration continues Donald Trump’s confrontational course against China’s assertive agenda.

An important part of Biden’s trip to Europe in June 2021 was to mobilise support of allies to out-compete China. While Trump was fixated on the Chinese trade surplus, Biden wants the West to collectively challenge the power of China.

China: Establishing its Role in a Changed Global Order

Chinese political development, especially its foreign policy, is complex, sometimes confusing and controversial. The foreign policy is complex since China has acted over the last two or three decades in different roles and identities. It maintained, and still does so occasionally, the image of a developing country, that fights poverty at home and wants to change the rules of the global order. To influence global rules, particularly international

¹ National Security Strategy of the United States of America, December 2017, p. 2. <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>

² Speech by Mike Pompeo, Communist China and the Free World’s Future. <https://2017-2021.state.gov/communist-china-and-the-free-worlds-future-2/index.html>

financial and development institutions, it has formed alliances (e.g. BRICS and the Shanghai Cooperation Organization), intensified bilateral links with other organisations (like ASEAN and the EU) and promoted South-South cooperation. China has also strengthened its role as a regional power through institutionalised organisations and its influence in Asia has grown; the country has become a motor of economic growth. But China is also a member of the UN Security Council with veto power, which influences global concerns (especially peace and conflict), and it is a member of the G20 which established itself to moderate or solve global issues. By now, China is a superpower, second only to the US (Breslin 2013).

For a long time, the debate in China revolved around whether it should remain reserved in the international domain or pursue an active global role. Under Deng Xiaoping, who had initiated the transformation to open up in the early 1990s when China faced international isolation after the Tiananmen Square incident, China gradually engaged in international affairs and gave up its 'victim mentality' that was so prevalent under Mao Zedong (Medeiros and Fravel 2003).

China began embracing existing global norms and collaboration mechanisms when it joined international institutions like the WTO in 2001 and took over more responsibility in the UN, including investing more financial and human resources. But it also pushed for reforms of institutions like the IMF and the World Bank (Breslin 2013). At that time, American experts even suggested establishing a Group of Two (G2) forum to facilitate a special relationship between the US and China and to place more global responsibility on China. This group has never been formalised, although China did participate as a guest during the mid-2000s in G8 meetings to discuss climate issues. It joined the Paris Agreement on climate change in 2016 and has emerged as an active global player. However, a long-standing principle of Chinese policy is still important: external actors have no right to get involved in domestic affairs. This principle dates back to the mid-1950s when China and India proclaimed five principles of peaceful co-existence, which also included mutual respect for sovereignty and territorial integrity. These codes are still upheld today and are the basis for China's rejection of human rights criticism or, as previously, China's currency policies. Despite the current hard external criticism of China's behaviour, its global role today represents an important evolution.

The Summits and Their Results: Europeans Trying to Balance Their Interests

G7: Demonstrating Harmony and Determination

The Group of Seven (G7) rich industrialised nations (Canada, France, Germany, Italy, Japan, UK, USA) along with the EU presented a largely harmonious front in Cornwall. Leaders from Australia, India, South Africa and South Korea were also invited. Three years ago, China was not even mentioned in the G7 summit communique. In practical political terms, these summits, with their promises to fight the Covid-19 pandemic as well as climate change, brought little if any progress to previous commitments of the G7 and the transatlantic

community. Big promises have been made in Cornwall, but gaps remain in detail and in implementation.³

The Cornwall G7 meeting tried to respond to China's rise, which is increasingly perceived as a threat. President Biden was keen to come to a common understanding of the G7 and collectively agree on a tougher course on China. The communique, after the three-day meeting, was quite explicit on human rights and territorial disputes in Asia:

At the same time and in so doing, we will promote our values, including by calling on China to respect human rights and fundamental freedoms, especially in relation to Xinjiang and those rights, freedoms and high degree of autonomy for Hong Kong enshrined in the Sino-British Joint Declaration and the Basic Law...

We underscore the importance of peace and stability across the Taiwan Strait, and encourage the peaceful resolution of cross-Strait issues. We remain seriously concerned about the situation in the East and South China Seas and strongly oppose any unilateral attempts to change the status quo and increase tensions.⁴

China was quick to denounce the critical G7 statement, and a spokesman for their embassy in London said: "China's internal affairs must not be interfered in, China's reputation must not be slandered, and China's interests must not be violated."⁵

China is perceived now as a challenger to the liberal world order and an ideological alternative. It seems strategic rivalry with China is developing into the decisive organising principle of the US foreign and security policy (Groitzl and Viola 2021) and Biden wants to co-opt allies in Europe and Asia for this confrontative strategy. The leader of the Social Democrats in the German parliament concluded: "Supported primarily by Great Britain, the USA sees the confrontation with China – analogous to the Cold War with the Soviet Union – as a systemic conflict between two alternative models" (Mützenich 2021).

China intends to transform the international order so that it is no longer based exclusively on Western interests but serves Chinese interests as well. China's expansive course and its rise to major power status is seen in Washington, in a zero-sum game, as its own loss. Washington has moved from a strategy of *engagement*, trying to influence China's trade, foreign and security policy, to a policy of *containment*.

³ The German weekly "Der Spiegel" commented on the vaccination promises: "The rich vaccinate, the poor continue to die". <https://www.spiegel.de/ausland/globale-pandemiebekämpfung-die-reichen-impfen-die-armen-warten-a-e715a6c5-0d86-4996-a126-0bb875848d96>. And the BBC quoted comments of activist on the climate change: "There were ambitious sounding statements on climate change too, although again, campaign groups question the extent of the commitments." <https://www.bbc.com/news/uk-politics-57461693>.

⁴ Paragraphs 49 and 60 of the Communique: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/13/carbis-bay-g7-summit-communique/>

⁵ <https://www.reuters.com/world/china/china-denounces-g7-statement-urges-group-stop-slandering-country-2021-06-14/>

The G7 responded in the Cornwall meeting to China's global activities also in more practical terms. President Biden was keen not to only decry Chinese economic might, but he proposed a plan for a Western Belt and Road Initiative, a plan to replace Huawei's dominance and—as a consequence of the pandemic—a plan to secure supply chains in critical areas in order to reduce dependence on China. The idea is to offer alternatives to China's New Silk Road project, adding resilience to their own economies and strengthening partnerships around the world. Biden was able to convince the other G7 members of his idea of “build back a better world, through a step change in our approach to investment for infrastructure...”⁶ This agreement is a new project among the G7 countries and it is hoped to mobilise billions. It is not clear where the money will be raised but the expectation is that private capital might be invested directly or into a fund. Not many details have been spelled out yet and it is not clear how such a fund will be managed. But after the sabotaging of the mechanism of many international organisations by the Trump administration, the idea is to repair these mechanisms and to provide credible alternatives to China's Belt and Road Initiative and its Asian Infrastructure Investment Bank (Rudd 2021).

The vague formulations in the G7 communique enabled all leaders present in Cornwall to agree, but it is no secret that some European governments, particularly the German government because of its high economic stakes in China and others because of the need to cooperate on such issues as climate change, are sceptical about the confrontative course and tough stance of the US government, which is also concerned about China's military activities and armament programmes. The British *Guardian*, in a comment to the G7 statements, addressed the dilemma: “To put it crudely, can the west hang tough with China on a Monday over trade, human rights and investment rules, and cooperate with them on a Tuesday over climate change?”⁷

The emphasis of the West, wanting to act as a ‘value community’, obfuscates that there are a range of different interests that governments need to consider: besides political, primarily economic and security interests. Thakur (2013) argues that there is not a single ‘national interest’ but a ‘balance of interests’ that compels an assessment of broader and wider considerations and that there are usually competing actors. This is exactly the reason why in all three summits there was a general consensus on the need for a tougher line on China but much less agreement on how to concretely pursue such a course.

NATO: A Transatlantic, Not a Pacific Military Alliance

Similar to the G7, it was the Trump administration that pushed China onto NATO's agenda in 2017. President Biden took up this view and called on his NATO allies at the 2021 virtual Munich Security Conference to “prepare together for a long-term strategic competition with China.”⁸ NATO was slow to respond—it did not even mention China in the previous

⁶ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/13/carbis-bay-g7-summit-communique/>

⁷ <https://www.theguardian.com/world/2021/jun/13/g7-leaders-seek-right-balance-dealing-with-china-dilemma-trade-human-rights-climate-crisis>

⁸ The White House, <https://www.whitehouse.gov/briefing-room/speeches-re>

meetings—until 2019 in London where “security in communications, including 5G” was mentioned as a concern. The Brussels 2021 meeting struck a different, more worried tone about China’s growing influence and military might. NATO apparently perceives this as a challenge.

China's stated ambitions and assertive behaviour present systemic challenges to the rules-based international order and to areas relevant to Alliance security. We are concerned by those coercive policies which stand in contrast to the fundamental values enshrined in the Washington Treaty. China is rapidly expanding its nuclear arsenal with more warheads and a larger number of sophisticated delivery systems to establish a nuclear triad. It is opaque in implementing its military modernisation and its publicly declared military-civil fusion strategy. It is also cooperating militarily with Russia, including through participation in Russian exercises in the Euro-Atlantic area. We remain concerned with China’s frequent lack of transparency and use of disinformation. We call on China to uphold its international commitments and to act responsibly in the international system, including in the space, cyber, and maritime domains, in keeping with its role as a major power.⁹

NATO has taken on board the US sensitivity by calling China’s ambitions a systemic challenge to the rules-based order. But NATO is far from rallying in unified fashion behind the US proposals. NATO’s role in this rivalry is contested among its members and the summit communique language usually hides the different interests that governments try to balance. The Secretary General of NATO, Jens Stoltenberg, makes efforts to find formulations that everyone in NATO can live with, like that China’s rise and presence in NATO’s vicinity demands “a more global approach” from NATO.¹⁰ NATO’s Reflection Group (2020) and its Report on NATO’s future puts China on the same level as Russia, referring to “two systemic rivals”. In contrast, French President Emmanuel Macron who had called NATO “brain dead” in 2019¹¹ and who is more interested in “strategic autonomy” of the EU, reminded the NATO summit that it is a transatlantic and not a pacific military alliance as the name suggests. But this French position of a Europeanisation of NATO is highly controversial, within both NATO and the EU.

The future focus of NATO is contested, and internal divisions illustrate that NATO is far from wholeheartedly subscribing to the US China-containment strategy. Three alternatives are proposed and discussed: concentration on European defence against Russia, expansion into stabilisation missions in North Africa and expansion into a role in the Pacific (Dembinski and Fehl 2021).

[marks/2021/02/19/remarks-by-president-biden-at-the-2021-virtual-munich-security-conference/](https://www.nato.int/cps/en/natohq/news_185000.htm)

⁹ NATO Summit Communiqué, Paragraph 55,

https://www.nato.int/cps/en/natohq/news_185000.htm

¹⁰ https://www.nato.int/cps/en/natohq/opinions_178195.htm

¹¹ Interview with the British weekly *The Economist*, 21 October 2019, <https://www.economist.com/europe/2019/11/07/emmanuel-macron-in-his-own-words-english>

Should NATO continue to be the centrepiece of European defence? Most of the central and East European countries, like the Baltic and the Balkan states, opt for this future. Poland is most outspoken on this issue. The Polish government, in the past years always a staunch supporter of the US security policy, calls for strengthening the Eastern flank rather than opting for an expansion into the Pacific. The National Security Strategy of the Government of Poland (2020) states:

The most serious threat is the neo-imperial policy of the authorities of the Russian Federation, pursued also by means of military force. The aggression against Georgia, the illegal annexation of Crimea and activities in eastern Ukraine have violated the basic principles of international law and undermined the pillars of the European security system.

The Southern European nations, including Greece, Italy, Spain and also France are particularly concerned about instability in Northern Africa and the Middle East and want NATO to concentrate on this European neighbourhood. Countries like Norway and Canada are concerned about Russia's activities in the Arctic. Many governments are worried that the US might shift its attention away from Europe as Obama's "Pivot to Asia" already indicated. Should Europe compensate for that possible relocation? This raises again the question of "burden sharing", prominently elevated by the Trump administration into a question of "free-riders" in Europe who spend too little on their military. A particular case is Turkey which has a long-standing conflict with Greece and has recently intensified its cooperation with Russia (during the war in Syria and by importing the Russian S-400 air defence system) to the consternation of other NATO members. Furthermore, Turkey sees China as a partner rather than a systemic rival.

Other unresolved questions about the future of NATO relate to a possible functional (not necessarily geographic) expansion or broadening of the security agenda by considering space, cyber-attacks, climate change and hybrid wars as security risks that need attention (NATO Reflection Group 2020). After the dire experiences of the intervention in Afghanistan and within UN Peace Keeping missions in Africa (currently particularly in Mali), NATO members seem quite reserved on new interventions since these interventions were not exactly a winning strategy.

Probably closest to the US strategy vis-à-vis China is the British government, which has always cultivated its special relationship with the US and, in its February 2021 "Global Britain", emphasises its "leadership in the world 2021" and the reassessment of its naval power (Government of the United Kingdom 2021). As a signal, the UK government sent the new aircraft carrier strike group on a flag-flying mission off the coast of China. In general, NATO still struggles with its future role, and US and European interests in relation to China are not automatically congruent.

Table 1: Membership in Selected Groups and Organisations

	G7	NATO	EU	G20	BRICS
Albania					
Argentina					

	G7	NATO	EU	G20	BRICS
Australia					
Austria					
Belgium					
Brazil					
Bulgaria					
Canada					
China					
Czech Republic					
Croatia					
Cyprus					
Denmark					
Estonia					
France					
Germany					
Greece					
Finland					
Hungary					
Iceland					
India					
Indonesia					
Ireland					
Italy					
Japan					
Korea, Republic					
Latvia					
Lithuania					
Luxemburg					
Malta					
Mexico					
Montenegro					
Netherlands					
Norway					
North Macedonia					
Poland					
Portugal					
Romania					
Russia					
Saudi Arabia					
Slovakia					
Slovenia					
South Africa					
Spain					
Sweden					
Turkey					
United Kingdom					
USA					
European Union					
No. of Members	7+	30	27	20	5

EU: Having the Cake and Eating it Too

The US-EU meeting joint statement made explicit reference to the G7 discussions “to build back better for the world...” and both sides assured each other of cooperation in their approaches to China. The communique underlines the EU terminology by referring to “elements of cooperation, competition, and systemic rivalry.” It also mentions—as in the G7 meeting—concerns about “ongoing human rights violations in Xinjiang and Tibet; the erosion of autonomy and democratic processes in Hong Kong; economic coercion; disinformation campaigns; and regional security issues. There is also a reference to “the situation in the East and South China Seas.”¹²

Despite the summit rhetoric, the EU does not see itself as a decisive player in this global competition between the two economic and military powerhouses. The EU is certainly closer to the US and will continue to foster its alliance with the US. At the same time the EU pursues a policy of cooperation with China to find a balance of interests. China has become uncooperative and expects others to bend to its wishes. Recent comments about China have been much more critical. The EU official 2019 EU-China outlook, which has not been revised as a result of the recent US-EU summit, illustrates the cautious approach, the ambition of the EU to assert itself and, at the same time, come as close as possible to the US position without, hopefully, antagonising China:

China is, simultaneously, in different policy areas, a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance. This requires a flexible and pragmatic whole-of-EU approach enabling a principled defence of interests and values.¹³

But that whole-of-EU approach is difficult to achieve, since EU member states pursue different interests at the same time and some do rely economically more on China than others: Greece, Italy and Balkan countries, for example, strive for Chinese investments, while Germany guards its exports. Italy, between 2000 and 2019, received the third largest Chinese investments in Europe. Next to the US, China is the biggest export market for the German automobile industry. Several countries in the Balkan region look actively for Chinese infrastructure investments. Thus, in this foreign policy arena, the EU does not speak with one voice and is struggling to find common ground or ‘balance its interests’ (Thakur 2013). In his interview with *The Economist* in 2019, French President Macron spoke of the “risk of bipolarisation” between the US and China that could marginalise Europe. This fear, quite realistic during the Trump administration, no longer needs to be a primary worry; the Biden visit to Europe and his clear Atlanticist policy have contributed to a more trusting relationship. Nevertheless, Macron would like to see Europe as “a balancing power” in this rivalry. Josep Borrell, EU High Representative for Foreign Affairs and Security Policy and

¹² <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/15/u-s-eu-summit-statement/>

¹³ EU-China Strategic Outlook, Brussels, March 2019. <https://ec.europa.eu/commission/sites/beta-politi-cal/files/communication-eu-china-a-strategic-outlook.pdf>

vice president of the European Commission, envisages a strong role for the EU: “To avoid being the losers in today’s US-China competition, we must relearn the language of power and conceive of Europe as a top-tier geostrategic actor.”¹⁴

But the EU and its member states are still in the process of defining their role in this global setting. Among the principles of the EU is the emphasis on engaging and cooperating rather than a confrontational course. The aim of the EU is not to decouple from China but to assert the EU and the Western values in some areas, to cooperate in others and to compete in yet other areas. This, of course, is not easy and depends also on the willingness of the Chinese government to play by the rules. During the Cold War, the US and the USSR acted—fully aware of their political and ideological differences—through jointly established rules to prevent a nuclear war. Such rules still need to be established with China. In order to arrive at agreement on such rules, it is essential to accept complexities and difficulties in the relations. Rudd (2021) calls for a “managed strategic competition” according to jointly crafted rules that will help to prevent war.

Table 2: Selected Areas of Confrontation, Conflict, Competition and Cooperation

Confrontation:	Human rights
Conflict:	Territorial ambitions and disputes, arms racing
Competition:	Trade, technology, Belt-and-Road-Initiative, space programme, sustainable supply chains
Cooperation:	Climate change, UN Peace Keeping and stabilisation missions, arms control

Ideological Differences and Differences of Interest

The present rivalry between the US and its allies with China has not only an economic background but is also seen as an ideological and geopolitical conflict. There are differences in the market-driven Western capitalist and the Chinese authoritarian capitalist system which China calls the “China development model”. This model is indifferent to liberal norms (Mitter 2021, p. 162). Fundamental ideological differences and disagreement on the foundation of global governance play a role in the G7 and several other groupings. The G7 originated from an *ad hoc* meeting of finance ministers in 1973 as a reaction to the oil crisis. In the meantime, it has changed its format and has become a formal venue at which heads of state discuss global issues, primarily to promote free trade and multilateralism, at least once a year. In the 1990s, international security and conflict was added to the G7 agenda and lately also climate change and the Covid-pandemic. In 1997, Russia became a formal

¹⁴ Josep Borrell, Embracing Europe’s Power, in: IPG, 25 February 2020, <https://www.ips-journal.eu/regions/europe/article/show/embracing-europes-power-4095/>

member, but this membership was suspended in 2014 after the annexation of Crimea and the conflict in Ukraine.

The G7 format has often been criticised, largely for its anachronistic and selective membership of Western states. Therefore, representatives of other nations are regularly invited as guests. In addition, the Group of Twenty (G20) was founded in 1999, consisting of 19 countries with the world's largest economies and the EU (see Table 1 for its membership). It was established not as a replacement for the G7 but partly as a reaction to the selectivity of the G7, primarily as a response to economic crises during that time. The G20 members account for roughly three quarters of international trade and 90 percent of the world's economic output. Of course, the G20, with a diverse membership including China and Russia, could not serve the present purpose of the US government and its concern about China. The G7 China critique is as much a reaction to China's economic growth and unfair competitive practices in trade as it is allegedly an ideological confrontation between liberal democracies and authoritarian regimes. In contrast to the G7, the G20 does not share a common value system. Certainly, the present path taken by the G7 must have repercussions on the work of the G20. It is unlikely that the G20 forum, with its self-declared mission of stabilising the global economy, will ignore the frontal attack on China. Although the G7 leaders regularly commit to working with partners of the G20, the UN and the wider international community, a critique on both the G7 and the G20 is based on their unaccountable institutional structures that lack legitimacy under international law (Alexander et al. 2014).

Another grouping, BRICS (Brazil, Russia, India, China and South Africa) played an important role for China and partly also for the other BRICS members, in reformulating or transforming the world order to advance its own interests. BRICS, very active in the early 2010s, can be seen as a powerful successor to the Group of 77 and a counter model to the world dominated by the West. The West's liberal narrative on democracy and human rights, the protection of minorities and humanitarian intervention are seen—albeit to varying degrees—as an attack on the BRICS countries' sovereignty and territorial integrity. Although the BRICS members differ in their political systems, they showed a remarkable degree of consistency in their rejection of democracy exports, especially when combined with putative regime change. They accused the US of double standards, especially in view of racism at home and global surveillance activities. In this respect, BRICS pursued a clearly "Westphalian" concept, with sacrosanct state sovereignty and non-interference in a country's internal affairs. They challenged the Anglo-American/Western paradigm of a liberal world order, with emphasis on a neo-liberal market economy and the promotion of democracy and human rights. BRICS countries no longer wished to be subjected to the tutelage of a patronising and triumphal West, as occasionally happened after the end of the Cold War (Wulf and Debiel 2015). For some time, BRICS played an important role in agenda-setting but by now, due to internal conflicts (particularly between China and India), BRICS no longer plays an important role in finding a new balance in the global order. Through China's phenomenal economic growth and its own initiatives like the Belt-and-Road-Initiative or the foundation of the Asian Infrastructure Development Bank, China has outgrown the BRICS group and relies on Chinese-shaped institutions. Given the BRICS experience, it is not surprising that China has now warned the G7 leaders that the days when a "small" group of countries decided the fate of the world are long gone. China is no longer

prepared to accept the liberal world order or at least parts of it, like the human rights aspect. It calls the critique of the treatment of the Uyghurs in Xinyang an interference in China's internal affairs. The Beijing government reacted to US pressure, for example in 2021, by passing a law to punish companies that comply with US sanctions against China. The rationale is clear: global companies have to decide between the US or China which is not an attractive alternative.

In December 2020, the EU and China signed an investment deal. This agreement is again a case in point that US and EU interests are not always congruent, even if they are close allies, as has been underlined in all the three summits. In March 2021, the EU imposed sanctions on Chinese individuals for their involvement in human rights violations in Xinjiang. China retaliated by imposing travel restrictions on European members of Parliament and researchers. The EU-China investment deal is stuck now, since the EU Parliament refuses to sign the agreement unless the "baseless and arbitrary sanctions" are lifted.¹⁵ This most recent incident illustrates that interests within the EU (in this particular case, between the Commission and Parliament) are not always congruent either.

There exists a whole range of interests and decision-making factors that European governments do consider: economic dependencies and commercial benefits, technological competition, geopolitical and security considerations, alliance cohesion and other domestic pressures, cooperation in global issues like climate change or the pandemic.

The Brussels June NATO summit communique underlined that this military alliance is committed to a liberal value system as well:

NATO is the strongest and most successful Alliance in history. It guarantees the security of our territory and our one billion citizens, our freedom, and the values we share, including individual liberty, human rights, democracy, and the rule of law. We are bound together by our common values, enshrined in the Washington Treaty, the bedrock of our unity, solidarity, and cohesion.¹⁶

Such statements can be found in many NATO documents. However, how close are they to the reality and practice of the 30 NATO countries? How does NATO react to authoritarian tendencies in some member states? The leader of the Social Democratic Party in the German Parliament gave this reminder after the summit:

... it should not be forgotten that NATO has not been an alliance of 'flawless democracies' in either the past (Portugal, Greece) or the present (Turkey). And it has enough to do with fulfilling the task for which it was founded – the defence of the Alliance area (Mützenich 2021).

¹⁵ <https://www.europarl.europa.eu/news/en/press-room/20210517IPR04123/meps-refuse-any-agreement-with-china-while-sanctions-are-in-place>

¹⁶ https://www.nato.int/cps/en/natohq/news_185000.htm

Authoritarian tendencies and the rise of right-wing parties and populists in many NATO-member states endanger democracy probably more from within than China's or Russia's external pressures.

Furthermore, the reference to NATO as an alliance of a value community is contested among its members. NATO has always been seen in France, from Charles De Gaulle to Emmanuel Macron, primarily as a military organisation and not as a community of values. This position is prioritised in France; therefore, the EU should be the geopolitical partner of the US, not NATO.

Strategic Rivalry: Both Sides have an Extreme Superiority Complex

What might be the likely outcome of the strategic rivalry of the two superpowers? It seems a new "great game" of fierce competition and confrontation between major economic and military powers is in the making or already on. The contest between the US and China is likely to enter a decisive phase in this decade (Rudd 2021, p. 58). These trends are accompanied by the resurgence of geopolitics, the fight for the control of space: geographical, digital and outer space. The belief of geopolitics was that there are "vacuums" that need to be filled and many policy statements today reflect this. Or, in more modern terms, a zero-sum-situation: if we don't move, others will take advantage. With geopolitics, the multilateral world with international cooperation is far away.

The optimistic assessment of that rivalry's future outcome is a continued intensive connection between these major blocs. The economic ties are still strong and important. Many leaders and experts in Europe like to believe that the economic situation, especially trade relations with China, is a win-win situation; both sides can profit from free trade. Indeed, the shares of both sides are very high. But the notion of economic interdependence which would lead to a changing political system in China and liberalise the society, which was very popular during the Cold War (Keohane and Nye 1977) is no longer realistic. From today's perspective, it is wishful thinking since the development in China and China's international approach is directed at changing some established rules rather than adapting to the rules.

Furthermore, as the pandemic has illustrated, interdependence is not always preferable. The abrupt interruption of supply chains for critical products of the health sector and beyond at the beginning of the pandemic raised second thoughts about too intensive globalisation of the economy. Thus, there is an increased pressure, both in the EU and in the US, to build on more resilient domestic economies which in effect would result in shrinking trade relations. China also seeks to increase the autonomy of its economy. China's drive for self-sufficiency is intended to reduce dependencies on other countries, particularly through intensive technology development. President Xi calls this a "dual circulation economy" that entails a shift away from export dependency towards domestic consumption (Mitter 2021).

This outlook for restrained development of trade is fostered by the fact that China has recently punished states that did not perform according to Beijing's expectations, like Australia (for its call for an investigation about the cause of the pandemic) and Sweden (for

its distancing from the 5G Huawei network). China seems set on continuing to pursue a hard-line strategy, which has led in the case of India to military confrontations. At the same time, it applies a 'carrot and stick' policy to keep up important trade relations. Many countries have significant trade with China which has grown during the past decades to such an extent that quick and easy decline is unlikely.

Table 3: Trade Relations of Selected Countries with China

	China's share in country's total trade	Country's share on China's total trade
Australia	32.78 %	3.67 %
EU 27 plus UK	16.27 %	13.54 %
South Korea	23.29 %	6.23 %
USA	13.75 %	11.86 %

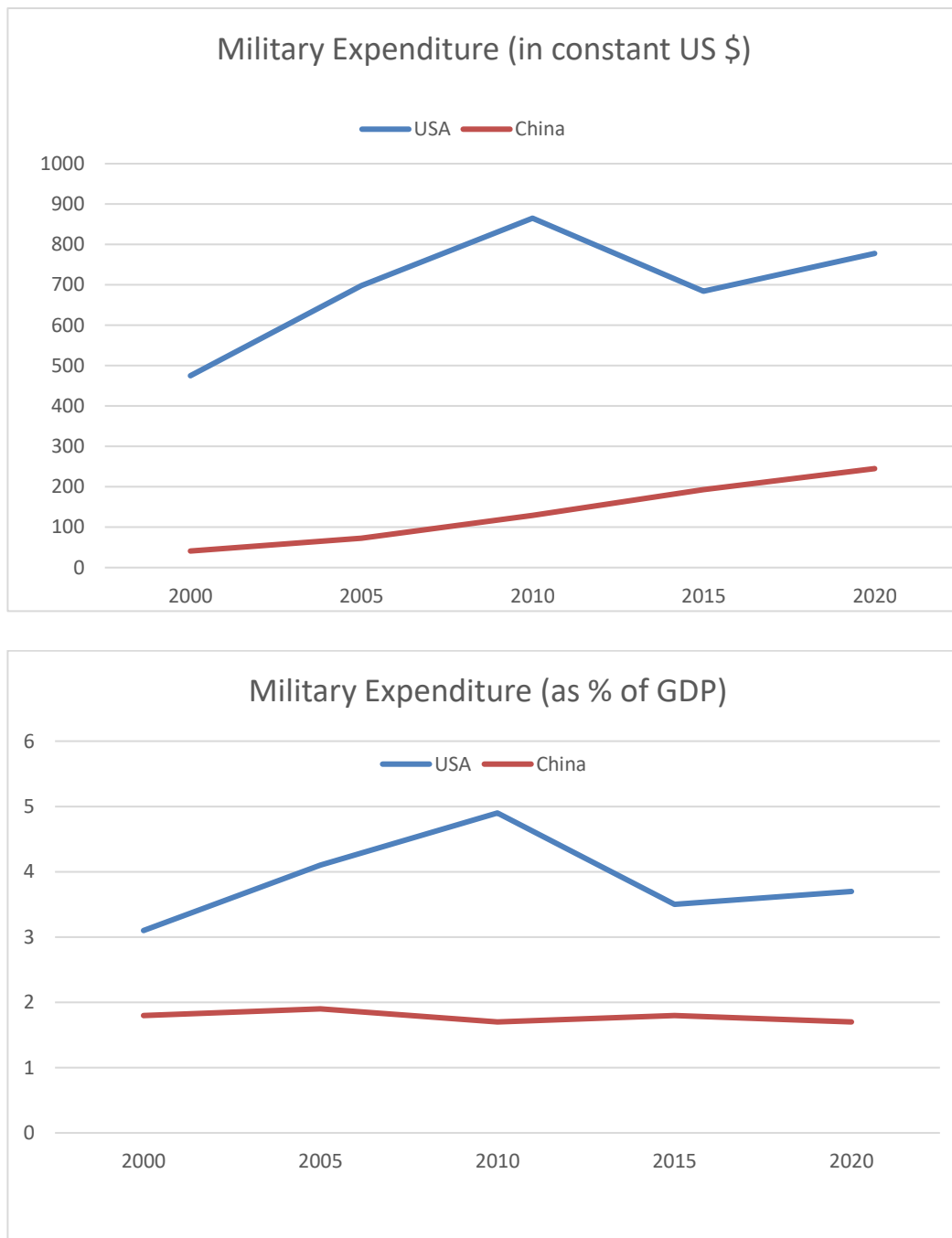
Source: Friedensgutachten 2021, p. 43

The pessimistic view on this strategic rivalry is scary and looks catastrophic since it does not exclude the possibility of war. Graham Allison (2017) attributes to both China and the US an "extreme superiority complex". Allison calls such situations the "Thucydides Trap" which recurs often. In an article in the Washington Post he wrote (during the Trump administration):

Historians know that when a rising power threatens to displace a ruling power, alarms should sound: extreme danger ahead. As Thucydides explained about the war that destroyed the two great city states of ancient Greece, 'It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable.' Likewise, a century ago, it was the rise of Germany and the fear it created in Britain that allowed an archduke's assassination to ignite a conflagration so devastating that it required an entirely new category: world war.¹⁷

Comparing the investments in the military potential of both the United States and China during the last two decades reveals two outstanding developments. First, China's military expenditures rose at extremely high rates. Its military expenditures are six times higher in 2020 than they were in the year 2000. But US expenditure is now still three times as high. Secondly, military expenditure, not only in absolute terms, but also as a percentage of GDP is much higher in the United States, while it remained stable (around 1.7%) in China, due to the Chinese high economic growth rate. Thus, the US invests more than double into the military measured as a percentage of its annual income. It is likely that the US will stay militarily ahead—at least for the foreseeable future—despite China's growing military capabilities and modernisation programme.

¹⁷ <https://www.washingtonpost.com/posteverything/wp/2017/03/31/how-trump-and-chinas-xi-could-stumble-into-war/>

Figure 1: US and Chinese Military Expenditure

Source: SIPRI (2021)

China's present course of action is similar to the US practice during the last century. It tries to pursue a combined strategy of economic, technological, military and cultural policy, all geared to outreach and expansion, with genuinely global ambitions that challenge the Western dominated global order. Through its infrastructure investments, it seeks to tie other countries closer to China. Despite a lot of criticism (like a Chinese debt-diplomacy that makes other countries dependent), 'money talks' and China offers money. How successful this will be and how attractive the Chinese cultural model is abroad remains to be seen. The new authoritarianism has already raised concerns in many countries and Beijing's hard-

handed and non-transparent approach to Covid-19 has added anxieties about Chinese trustworthiness. The Chinese leadership is not passive about the US containment rally against it. It views the US actions as a hostile strategy. Celebrating the 100th anniversary of the Communist Party in July, President Xi Jinping, made it clear that “the Chinese people will never allow foreign forces to bully, oppress or enslave us.” The people assembled at Tiananmen Square were enthusiastic when XI spoke about “achieving the great rejuvenation of the Chinese nation.”¹⁸ This was probably addressed to both audiences at home and abroad.

Uncertainties about the outcome of the strategic rivalry are likely to remain for a long time. This trend will probably fluctuate between a possible Cold War 2.0 and cooperative and competitive practices with internationalisation of tension, expanding Chinese influence beyond the Asian region, decoupling in certain sensitive technology fields and counter-strategies by Washington to mobilise its allies in Asia and in Europe.

¹⁸ Quoted in the New York Times, <https://www.nytimes.com/2021/07/01/world/asia/xi-china-communist-party-anniversary.html>

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Data on the Two Graphs

Military Expenditure in USA and China

<i>Year</i>	<i>USA</i>	<i>China</i>
2000	475	41
2005	698	73
2010	865	129
2015	684	193
2020	778	245

Military Expenditure as % of GDP

<i>Year</i>	<i>USA</i>	<i>China</i>
2000	3.1	1.8
2005	4.1	1
2010	4.9	1.7
2015	3.5	1.8
2020	3.7	1.7

Source: SIPRI (2021)

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