

WORKING WITH OUR (EUROPEAN) ALLIES

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EXECUTIVE SUMMARY

U.S. foreign policy experts broadly agree that the U.S. would have much greater leverage in addressing China by “working with our allies” rather than acting unilaterally as the Trump Administration has so often done. For a new administration to act on this important idea, however, it must identify priority policy areas and concrete issues where effective collaboration is plausible and must also develop a diplomatic strategy to achieve that result. This essay identifies five promising priority areas for trans-Atlantic collaboration regarding China: (1) economic issues, (2) technology issues, (3) human rights, (4) re-invigorating the international system, and (5) climate change.¹

But working with our (European) allies to develop common and coordinated policies toward China will not be an easy effort. Although the trend within Europe is clearly toward a significantly tougher approach to China, our perceived interests and current policies diverge in important respects, and Europe’s basic approach to China is more multifaceted and nuanced than the current U.S. approach. On the economic front, Europe has greater economic dependence on China than the U.S., even as it is increasingly pushing back against China’s unfair economic policies; moreover, Europe and the U.S. are tough economic competitors themselves. Europe also does not share the superpower focus of the United States on geopolitics and intense national security concerns in the Asia-Pacific. Although increasingly vocal in criticizing China’s human rights abuses, Europe’s willingness to take concrete actions to impose costs on China for those abuses remains unclear. In addition, Europe has embraced close cooperation with China in areas such as climate change alongside their tougher stance in other areas, while the U.S. has currently abandoned most cooperation with China. Added to these differences

between the current China policies of the U.S. and Europe, Europeans are extremely distrustful of the United States after four years of the Trump administration.

For a new U.S. administration, developing a more collaborative policy regarding China with Europe must fit within a broader and intensive diplomatic restoration of trust with our European allies and the EU. Building back Europe’s trust will take time and skilled diplomacy, and even new understandings of what “American leadership” means. But the gains for the U.S. will be great if policymakers can develop strong trans-Atlantic collaboration on global challenges — and in no area is this more important than policies toward a powerful China.

THE PROBLEM

Virtually all foreign policy experts outside of the Trump administration agree that it has been a major mistake for the United States to act unilaterally on most foreign policy matters over the last four years and that we should be working with our allies — including on China policy. And rightly so. The U.S. will be much stronger and have greater leverage in addressing China if it develops and executes policies in coordination with allies and friends.

But what common policies are possible to develop and carry forward? This requires both understanding where the interests of countries converge and diverge even when they are “allies” and also what diplomatic strategies by the U.S. are needed to overcome the serious ruptures that have occurred with our allies during the Trump administration. This paper addresses these questions in the context of our European allies.

The election of Joe Biden as U.S. President creates major new opportunities. Both EU and European national leaders warmly welcomed the election outcome and the prospect of a broadly revitalized

trans-Atlantic partnership, with some explicitly including cooperative efforts regarding China. Josep Borrell, High Representative of the EU, stated on November 9, “We are ready . . . for close cooperation [with the incoming Biden administration] on China and the challenges it poses in terms of unfair trade practices, security and other issues where we both have concerns.”²

But a central problem in developing a collaborative approach with the Europeans is that U.S. and European interests related to China hardly converge across the board. Indeed, there are significant differences among different European countries, which China has been exploiting — for example, by separately engaging countries in Central and Eastern Europe (usually labelled the “17+1”). Nor have European policymakers followed the U.S. in starkly shifting their approach away from engagement with China. Debates about China policy are now vigorous in Europe, and the trend is clearly toward a significantly tougher approach to China. Nevertheless, substantial diverging interests exist between Europe and the U.S. and will almost certainly remain, and working with Europe on a joint China policy will have to deal directly with that reality.

Summits between the EU and China in June and September revealed both the potential and the challenges of trans-Atlantic collaboration on China.³ Europe’s position toward China continues to toughen — especially because of China’s unfair economic practices, human rights abuses, COVID-19 actions, and “Wolf Warrior” diplomacy — but very substantially differs from the policies of the United States under the Trump administration. The most important comprehensive statement of EU policy toward China is the March 2019 EU Commission document titled “EU-China: A strategic outlook.”⁴ It clearly signaled a sharper EU approach to China; but it describes the EU-China relationship in a multifaceted way:

“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 defense of interests and values.”

Many observers have correctly underscored the “systemic rival” concept as an importantly new and much tougher way in which the EU describes China. The EU has indeed increasingly underscored challenges to democracies arising from authoritarian systems — including China’s “influence” and “disinformation” activities, as well as the even more direct intrusions by Russia. But too many observers have ignored the other concepts that the EU embraces in the very same sentence: “cooperation partner,” “negotiating partner,” and “economic competitor.” EU Council President Ursula von der Leyen has confirmed that this multifaceted strategy remains the EU approach, and she concluded her prepared remarks after the June Summit with the statement, “It is not possible to shape the world of tomorrow without a strong EU-China partnership.”⁵ At their press conference at the close of the September Summit, EU Commission President Charles Michel, EU Council President von der Leyen, and German Chancellor Angela Merkel continued the tougher trend in Europe’s approach, but they also continued to characterize China with a verbal mixture of “cooperation” and “competition,” “partner” and “rival.”⁶ President Michel’s phrase “balanced relationship” succinctly summarized the EU’s current approach to China designed to “promote our values and defend our interests.”⁷

Thus, working with Europe on a joint China policy will have to confront directly these realities:

- Economic issues are clearly the top interest for Europe. Europe is far more dependent on trade and investment with China than the United States. China is the EU’s second largest trading partner, and the EU is China’s biggest trading partner. EU leaders have repeatedly expressed impatience with the progress of the EU’s multi-year negotiations with China on a comprehensive investment agreement to achieve more reciprocity and fairness, and a new U.S. president will find Europe much unhappier with China if no economic deal is reached by the announced goal of December 31. But Europe sees maintaining good economic relations with both the United States and China as core to its interests, certainly not wanting to choose between them. (Technology-related issues such as 5G and Huawei raise distinct issues.) Furthermore, the U.S. and the EU are themselves tough economic competitors, with

major complaints, lawsuits, penalties, and tariffs coming from both sides, very much including the high-tech space.

- Europe does not share the superpower focus on geopolitics and intense national security concerns related to the Asia-Pacific. Europe sees its interests in Asia overwhelmingly in economic terms. Europe's most important countries have long maintained a special relationship with the United States and a sense of shared values, but they do not want to be embroiled in a U.S.-China great power rivalry. Some European leaders like France's Emmanuel Macron are emphasizing "European sovereignty," which seems to mean European power as a kind of Third Way.
- Europe's leaders have been making increasingly strong public objections to China's human rights policies, most especially about Xinjiang and Hong Kong, but it is not yet clear what steps they will take beyond expressing public criticism. Significantly, on October 19 EU President von der Leyen announced a proposal to establish an EU Global Human Rights Sanctions Regime, although full EU endorsement remains uncertain.⁸
- The EU and European countries continue to embrace cooperation with China alongside their articulated differences and their announced systemic rivalry in models of governance. They work together on climate change within the Paris Accord, even as Europe presses China hard to do more; they have been cooperating on COVID-19 country-to-country and through the World Health Organization; and European parties to the Iran nuclear deal have continued to work with China. Europe will almost surely push the next U.S. administration to embrace similar cooperation with China.
- Europe itself is generally in political flux, exacerbated by continued COVID-19 threats, economic difficulties, and tensions within the EU. Working with our allies and friends in Europe requires navigating those political uncertainties, and also must carefully combine diplomacy with individual countries such as Germany and France and also with the EU as an institution. Importantly, Germany's leadership will change in 2021, and it is very unclear what ruling coalition will emerge and who will succeed Angela Merkel as chancellor.

- After four years of the Trump administration, European allies and Europeans more generally are extremely distrustful of the United States. President Trump has frequently expressed annoyance or even hostility towards Europe, and Washington is perceived as unreliable and unpredictable. A new U.S. administration should prioritize efforts to restore the lost trust among Europeans. But that will not be easy to do and will take time, skilled diplomacy, and a type of American leadership that includes listening, negotiating, and even compromising with our allies and friends in order to work effectively with them.

OBJECTIVES

Taking account of the divergences and other problems noted above, the objectives of the United States should be:

- Developing with European governments and experts a priority list of concrete policy issues where effective collaboration is possible that could increase leverage on China to change problematic behavior that concerns both the U.S. and Europeans, and that could also enhance international cooperation in addressing global challenges; and
- Developing a diplomatic strategy to persuade European countries and the EU generally to implement a collaborative approach on these matters.

RECOMMENDATIONS

Areas of specific policy collaboration:

Working with our European allies on a joint China policy will require us to accept that our collaboration is unlikely to occur across the board. The most promising priority areas for trans-Atlantic collaboration on China policy include (1) economic issues, (2) technology issues, (3) human rights, (4) re-invigorating the international system; and (5) climate change. Specific examples where policy collaboration seems possible include:

- (1) Economic issues:** Because economic issues are Europe's top priority with China, and because Europe and the U.S. have similar objections and concerns about China's economic practices,

this is the most promising area for trans-Atlantic cooperation that could significantly increase leverage over China. But significant obstacles need to be overcome where American and European interests diverge and in fields where they are strong competitors. Promising economic areas for developing similar policies and a coordinated and united “carrots and sticks” approach to China include:

- state subsidies (promoting greater transparency and constraining rules);⁹
- intellectual property protection;
- market access reciprocity;
- in-bound investment screening;
- export controls;
- government procurement rules; and
- WTO reform.¹⁰

(2) Technology: Technology issues overlap with both vital economic and national security issues. The U.S. and Europe have shared (but not identical) concerns about Chinese practices. Even though the U.S. and Europe are themselves economic competitors in this crucial area, there are important potential areas for greater trans-Atlantic cooperation beyond the important areas of economic collaboration listed above, including:

- Developing shared approaches on 5G standards, supply chain security, acceptable state subsidies, and on Huawei, and manage our own 5G competition;
- Working together to advance international technical standards for new technologies that align with shared values, recognizing Europe’s opposition to U.S. technology dominance; and
- Attempting to overcome the current large divergence in approaches to data protection.

(3) Human rights: With greatly increased European concern about China’s human rights violations, especially in Xinjiang and Hong Kong, jointly pushing back on China’s human rights policies is a promising area of trans-Atlantic cooperation.

As noted throughout this monograph, the core of the China policy of the United States overall has to be strengthening America at home, and this applies to the areas of human rights and values promotion. The centerpiece must be that the U.S. demonstrates the success of the democratic political model and actual commitment to proclaimed values – and so too with Europe, which has seen the emergence of some authoritarian leaders, racist/fascist parties, and other threats.

With that premise, the U.S. and Europe should work closely to develop a common approach and collaborative actions that seek to impose costs on China for its human rights violations and wrongs, including:

- Imposing reputational costs by naming and shaming, both country-by-country and in multinational fora (a reason the U.S. should promptly rejoin the UN Human Rights Council);
- Imposing sanctions on officials and businesses (which the proposed EU Global Human Rights Sanctions Regime would facilitate, if adopted);¹¹ and
- Imposing export controls.

The effectiveness of these options in actually changing China’s behavior is uncertain, but a U.S.-Europe united front will increase the leverage over China and will also reinforce the U.S.’s own national values and a shared trans-Atlantic identity as liberal democracies.¹²

(4) Reinvigorating the international system:

As China seeks greater influence within international institutions – a trend accelerated by the U.S.’s absence, withdrawal, and criticism during the Trump Administration – a new administration must reengage these institutions and play a reinvigorated leadership role. COVID-19 has unfortunately strengthened nationalist trends rather than empowering global responses through international institutions. The global order, including international institutions, will necessarily evolve and adapt as power balances continue to shift worldwide (including the greater ambitions of the EU itself). Going forward, the global order is likely to include international institutions and their rules

and also more limited multi-lateral entities of like-minded nations. The latter are essential, as NATO and our alliance system demonstrate, but it would be extremely dangerous for international institutions to collapse and rival institutions reflecting adversarial camps take their place. Although U.S. and European interests will not always align, collaboration can do two main things to reinvigorate the international system in response to China:

- Counterbalancing China where values and policies diverge within international institutions (ranging from WTO reform to the Human Rights Council); and
- Providing like-minded approaches in “cooperative” efforts with China, such as seeking to control climate change (with the U.S. rejoining the Paris Accord), nuclear non-proliferation efforts involving countries like Iran, and, ideally creating better international processes for dealing with pandemics as a “lesson learned” from COVID-19.

(5) Climate change: Rejoining the Paris Accord will be only the beginning of new U.S. efforts to address climate change globally. Since China accounts for such a high percentage of greenhouse gas emissions, climate change cannot be contained without China doing more and both the U.S. and China cooperating to play leadership roles globally, as they did in shaping the Paris Accord. Bilateral cooperation with China on this issue is essential, and so too is working through multilateral fora. Collaboration on climate change with a climate-focused Europe is essential for its own sake in addressing this existential challenge and also to increase pressure and incentives for China to do more. Ways that a re-engaged next U.S. administration can work with Europe include:

- Building on the EU’s work with China on climate issues following the U.S. announced withdrawal from the Paris Accord in 2017 and the rapid deterioration of U.S.-China relations across the board;
- Working with Europe to jointly pressure China to reduce national targets and reduce its use of coal domestically and in Belt and Road projects; and

- Expanding global cooperation in developing clean energy technologies, green technology standards, and assisting developing countries to finance expanded use of clean energy technologies and practices.

U.S. diplomatic strategy

The U.S. will need a carefully considered diplomatic strategy toward Europe in order to develop and implement this collaborative approach. America needs to understand clearly the degree and depth of distrust and anger that many European officials currently feel toward the United States. Our diplomatic strategy with Europe must begin with a broad effort to rebuild trust, including a sense of like-mindedness and true alliance with our allies. We must also recognize that the United States and Europe often have diverging interests and are often tough competitors.

A collaborative policy regarding China must fit within this broader diplomatic restoration of trust with Europe. The U.S. and Europe have overlapping interests concerning China that should enable robust collaboration, but our interests also diverge. European countries may be willing to adjust some of their preferred policies to gain increased leverage with China through collaborating with the U.S. For the same reason, the U.S. may also have to adjust some preferred policies to gain European buy-in. A new U.S.-EU dialogue on China launched by the Trump administration just prior to the U.S. election might provide a nominal platform for going forward, but, if so, the substance, form and tone would need a makeover and the context should be broadly revitalized trans-Atlantic relations.

Rebuilding Europe’s trust will take time, concrete actions, proven predictability and reliability, and skilled U.S. diplomacy. To state the obvious regarding China or anything else, working with our allies should not entail telling the Europeans “here’s the policy” and expecting them just to sign on. Indeed, the concept of “American leadership” in almost all areas will require new understanding of what such “leadership” means: convening, listening, providing expertise, persuading, forging acceptable compromises and mobilizing, and most importantly, not dictating to others what they “must do.”

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