



**Testimony before the
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“China, the EU, and the Transatlantic Alliance”

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A Statement by

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China, the EU, and the Transatlantic Alliance

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I. Introduction

Members of the Commission, thank you for inviting me to speak with you today concerning the possible effects of the deepening relationship between the European Union (EU) and China on the transatlantic alliance. The rise of China in recent years as a global economic power, as a dominant power in Asian security, and as an increasingly significant force in international diplomacy adds a further complicating dynamic to a transatlantic relationship that has yet to come to terms with the end of the cold war or the best ways to confront the new dangers of international terrorism.

2004 was a year of transatlantic misunderstandings over China. For the rest of this year and into the next, U.S. and European policy makers must make a concerted effort to explain and listen to their respective fears, ambitions, and priorities about China. Only through an enhanced public and intergovernmental transatlantic dialogue on China and security in East Asia can each side start to coordinate their policies in ways that will be constructive rather than conflictual. This and other hearings that the Commission has held can play an important part in this process.

In this written statement, I will address briefly two key questions that the Commission Cochairs posed to me: (1) What role does Beijing envision for Europe in its hopes for a multi-polar world?, and (2) What are the implications for the transatlantic alliance of China’s “strategic partnership” with the EU?

Let me note at the outset that I approach these questions from my position as Director of the CSIS Europe Program and of the CSIS Initiative for a Renewed Transatlantic Partnership, rather than as a student of Chinese policy. In addition, I will touch only briefly on the EU-China economic relationship which Dr. Dent covers in detail in his presentation.

II. Beijing's hopes for Europe in a Multi-polar World

There is little doubt that China's current leaders would like to draw Europe and the EU into a multi-polar world order in which the transatlantic alliance would be weakened and in which China's ability to maneuver between Washington, Brussels, and EU member state capitals (as well as between Moscow, Delhi, and other key capitals) on its policy priorities would be maximized. From a zero-sum perspective, a weakening of the transatlantic bond would be a net plus in terms of the Chinese government's freedom of action domestically and on the world stage. This is nothing new. China has a long history of wanting to "triangulate" between global power centers and thus lessen the strength of the dominant power that appears most threatening to its interests – this being the United States in the 1950s and 1960s and then the Soviet Union in the 1970s, when the Sino-American rapprochement took place. Now, at the start of the 21st century, Chinese leaders once again look to balance America's predominant power and see the EU as a potential balancer.

You can see why China might hold out hope for such a strategic objective. A number of European leaders have expressed concern since the end of the cold war over growing U.S. hegemony and a U.S. willingness to apply its power unilaterally, now that the United States appears unencumbered by the need for allies that characterized its strategic policy during the cold war stand-off with the Soviet Union. France's President Jacques Chirac has gone further, speaking openly of his vision of the rise of a multi-polar world order over the coming decades, in which the United States, the EU, China, India, and Russia would constitute the dominant poles of power.

However, Beijing is likely to be disappointed if it believes that it can find in the European Union a partner with which to construct a new multi-polar world order. There are three principal reasons. First, European relations with China, despite their growing intensity at the economic and political levels, are still beset by fundamental differences in values concerning domestic and international governance. These differences include China's commitment to democratic institutions, the rule of law, protection of human rights and minority rights, and the use of force. The recent intense debate within the EU over lifting its arms embargo on China, and the strong voices of opposition that were raised to such a course of action among European legislators and in the European media, exposed the limitations of the rhetoric of EU-Chinese rapprochement.

Second, from a semantic perspective, much, if not all, European talk of a new multi-polar world is descriptive rather than prescriptive. Rather than advocating multi-polarity, many Europeans see the emergence of multi-polarity as an inevitable consequence of the end of the cold war and the rise of new powers, especially China.

Third, although Europeans might talk of the emergence of a multi-polar world, their preferred vision is of a multilateral, rather than multi-polar world order. European nations, more than others, have experienced first hand the dreadful consequences of trying to sustain multi-polar balances at a regional level. Following the Second World War, European leaders decided to eschew this failed strategy and develop a new

European order based on a program of economic and political integration which has at its core, a dilution or “pooling” of national sovereignty within the structures of the EU. European leaders would undoubtedly like to export their model of governance internationally. Chinese leaders, however, with their obsession over preserving sovereign prerogatives and sovereign freedom of action are far from sharing this EU vision.

III. Implications for the Transatlantic Alliance of China’s “strategic relationship” with the EU.

Chinese ambivalence about multilateralism and EU ambivalence about being drawn into a multi-polar world order with China do not lessen either side’s desire to develop a broad “strategic partnership.” The reasons are relatively straightforward. On the one hand, there is the economic driver. The volume of EU-China bilateral trade has grown exponentially in recent years, and China is now the EU’s second largest external trading partner behind the United States. European companies have also taken advantage of the Euro’s recent strength in recent years to finance growing levels of direct investment in China, especially since China’s hunger for infrastructure investment plays to the strengths of European companies. For their part, Chinese companies are now starting to invest in middle-sized companies in Europe, at this stage primarily to gain technical know-how and expertise, but, ultimately to access the EU market more directly.

The expectation is that this bilateral economic relationship could overtake the transatlantic economic relationship in trading terms in the coming years, even if the “deep integration” caused by levels of transatlantic foreign direct investment would take decades to replicate. Efforts to capture this “new economic space” have already and will continue to create a potentially divisive competitive dynamic into the transatlantic relationship.

A second impetus behind the talk of a “strategic relationship” is described by the European Commission’s September 2003 report on EU-China relations. The report concludes that China’s actions will have a direct effect on each of the key challenges facing the EU and the world in the coming decades, whether this involves stemming the proliferation of WMD or the spread of global health epidemics, managing world energy supplies, controlling environmental degradation, embedding respect for intellectual property, or driving global economic growth. The report concluded, therefore, that “it is in the clear interest of the EU and China to work as strategic partners on the international scene.”

These two drivers – the bilateral economic agenda and the sense of China’s growing impact on questions of global governance – have given rise to a plethora of regular EU-China ministerial meetings, working groups, official visits, and educational and scientific exchanges, all overseen by annual EU-China summits, that together are giving some shape to the label “strategic” in the EU-China relationship. A third factor in the emergence of this “strategic partnership,” therefore, is the level of comfort that negotiators in China and the EU appear to have in developing such a multi-layered

agenda. China's decentralized and incrementalist system of governance appears to mesh well with the EU's own decentralized and consensual forms of internal coordination.

Clearly, EU leaders hope that engaging their Chinese counterparts in this web of consultations will help "socialize" China both to undertake gradual domestic economic and political reforms and, ultimately, to become a more constructive player in international for a such as the UN.

This strategic vision of the EU in how to develop its relations with China poses a near-term challenge to the United States and to the transatlantic alliance. On the one hand, the United States had grown accustomed from the 1970s through the mid-1990s to being the dominant interlocutor with China at a strategic level. U.S. commitments to security in East Asia, its alliances with South Korea, Japan, and Taiwan, and its deployed military forces inevitably gave it a pre-eminent diplomatic position. The United States has not been accustomed to having to consult with European leaders on its China policy.

Today, U.S. policy makers must take into account a more triangular relationship with China within which the EU is an increasingly important player at the political and economic levels, but without possessing the encumbrances of America's security commitments. The intense transatlantic dispute over plans to lift the EU arms embargo on China in 2004 and early 2005 exposed the differences in approach that each side can bring to its relationship with China.

The need for transatlantic coordination on China is imperative. European and U.S. leaders share the same basic strategic objectives toward China, whether promoting China's domestic political reforms and the further opening of its economy, limiting its role as a weapons proliferator, or encouraging China to play a constructive role in regional Asian security. However, China presents the United States and its European allies with the difficult challenge of needing to coordinate closely their diplomatic approaches even while sustaining their distinct bilateral lines of communication and influence. This means that the United States must be open to dialogue with its EU counterparts on an effective strategy of incentives and disincentives to China that will support its integration into global institutions. For their part, European leaders can no longer keep difficult questions of Asian regional security separate from their burgeoning economic and diplomatic relationship with China.