

Broadening the Transatlantic Partnership to Address the China Challenge

by Carisa Nietzsche

The COVID-19 pandemic has been a turning point in Europe's calculus regarding China. Beijing's ham-fisted mask diplomacy, attempt to rewrite the pandemic's origins and use of the World Health Organisation to advance the objectives of the Chinese Communist Party (CCP) underscored for Europe the nature of Beijing's objectives.¹ Europe has grown more attuned to the "strategic challenge" China poses in the economic, technology and global governance realms as a result.²

The growing convergence between US and European perspectives on China provides a solid foundation for future cooperation between the transatlantic partners. Yet, addressing the China

challenge will require broadening beyond the transatlantic partnership and bringing Indo-Pacific partners to the table.

As a direct result of the current US administration's strategy toward Europe, including the imposition of Section 232 tariffs, Europe mistrusts Washington's intentions and fears that the United States is a self-interested actor playing geopolitical games to advance its own objectives in a strategic competition with China. Democracies in the Indo-Pacific, such as Taiwan, Japan, South Korea, Australia and India, would be effective interlocutors, serving as credible voices communicating the challenges that China poses. These countries will also be key partners for the US and Europe as they embark on a new global strategy to address the China challenge.

For one, the US and Europe could learn from the experiences of partners in Asia to better understand the challenge

¹ Hinnerk Feldwisch-Drentrup, "How WHO Became China's Coronavirus Accomplice", in *Foreign Policy*, 2 April 2020, <https://foreignpolicy.com/2020/04/02/china-coronavirus-who-health-soft-power>.

² European Commission, *A New EU-US Agenda for Global Change* (JOIN/2020/22), 2 December 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020JC0022>.

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China poses. Like-minded democracies in the Indo-Pacific have decades of experience with the CCP playbook and know how to counter Beijing's tactics. As a first step, the United States, Europe and Indo-Pacific democracies should share risk assessments across multiple policy areas. For instance, the transatlantic allies and Indo-Pacific partners should pool data on China's forced technology transfers and intellectual property (IP) theft.³ Not only would such collaboration begin to document the extent of China's aggressive campaign to build their domestic industries through theft, but it would also enhance the resiliency of democracies by encouraging countries to protect their industries.

Countries should also closely examine China's development and use of key technologies, such as fifth-generation wireless technology (5G), and share risk assessments that detail the full scope of risks that Beijing's technology can present to democracies.⁴ To formalise insights from these shared risk assessments, the United States and Europe should release an annual report examining Beijing's efforts to advance its objectives across the technology, trade, investment and

global governance domains.⁵

However, sharing risk assessments is not enough. Like-minded democracies should also share best practices and develop coordinated, if not joint, strategies to manage the China challenge. Given the growing technological competition between the US, the EU and China, stopping the flow of critical technologies to China, particularly through export controls, is a shared goal. First, the US should work with allies to share best practices on how best to craft their export control laws. Doing so can help harmonise export control laws, making joint action easier. In recent years, the United States' go-it-alone approach has not always succeeded in stopping the flow of critical technologies to malign actors in China.

For export control regimes to be effective, the United States must cooperate with Europe and Indo-Pacific democracies, especially Korea, Japan and Taiwan, to establish and multilateralise export controls on critical technologies.⁶ The US and Europe could achieve this through a small grouping of technology-producing allies or through an institution such as the Wassenaar Arrangement. Because many technologies are widely available outside the United States, unilateral export controls are often useless, since Beijing can still acquire the technology from other sources. Sharing best practices on export control laws will lead to better-coordinated action

³ Julie Smith et al., "Charting a Transatlantic Course to Address China", in *GMF Reports*, October 2020, <https://www.gmfus.org/node/15341>; Andrew Imbrie and Ryan Fedasiuk, "Untangling the Web: Why the U.S. Needs Allies to Defend Against China Technology Transfer", in *Brookings Reports*, April 2020, <https://brookings/3cC4whV>.

⁴ Carisa Nietsche and Martijn Rasser, "Washington's Anti-Huawei Tactics Need a Reboot in Europe", in *Foreign Policy*, 30 April 2020, <https://foreignpolicy.com/2020/04/30/huawei-5g-europe-united-states-china>.

⁵ Julie Smith et al., "Charting a Transatlantic Course to Address China", cit., p. 33.

⁶ Ibid., p. 15.

against China.

In trade policy, the US and EU have a shared goal of combatting China's aggressive state subsidies in a variety of industries. However, existing World Trade Organisation (WTO) rules on subsidies have proven inadequate to respond to the unique challenges posed by China. Given the unanimity required to amend WTO rules on subsidies, a broad base of support will be critical to persuade China to agree to any changes that would target them. Recent trilateral US–EU–Japan efforts illustrate that Indo-Pacific partners are critical to develop proposed changes to the WTO's subsidy rules to address China.⁷ The US and EU should thus seek to build on this work and engage with additional Indo-Pacific allies to improve WTO rules. This sharing of best practices can then be the basis for pursuing changes to subsidy rules in the WTO.

To reclaim the initiative within international institutions and security alliances, the United States and Europe must expand the pool of democracies with whom they work. China's capture of international institutions, especially standard-setting organisations such as the International Telecommunications Union (ITU), poses a threat to the future democratic order.⁸

⁷ Philip Blenkinsop, "U.S., EU, Japan Agree New Subsidy Rules with China Trade in Focus", in *Reuters*, 14 January 2020, <https://reut.rs/2tgBqDK>.

⁸ Kristine Lee and Alexander Sullivan, "People's Republic of the United Nations. China's Emerging Revisionism in International Organizations", in *CNAS Reports*, 14 May 2019, <https://www.cnas.org/publications/reports/peoples-republic-of-the-united-nations>.

Reclaiming leadership in international institutions will require the United States and Europe to put forward candidates from like-minded countries. The World Intellectual Property Organisation's Director General leadership contest illustrates how broadening the pool of countries involved can be an asset for the transatlantic partners.

In the WIPO contest, the US and EU coordinated with The Group of 77 countries to put forward and support a Singaporean candidate, who prevailed over the Chinese candidate.⁹ When the US and Europe increase the number of countries at the table, they are more likely to be successful. The US and EU must replicate this process in upcoming appointments for industrial standard-setting bodies, such as the ITU and the International Organization for Standardisation.

Additionally, transatlantic partners should create an Indo-Pacific Council within NATO to engage NATO's global partners, such as Korea, Japan and Australia.¹⁰ Beyond facilitating the sharing of best practices, an Indo-Pacific Council would open lines of communication and signal to Beijing that the partners are united in their mission to address Beijing's shared challenges. As part of these efforts, the North Atlantic Treaty Organisation should also conduct joint exercises with NATO's Indo-Pacific partners. Conducting an exercise under the NATO

⁹ Julie Smith et al., "Charting a Transatlantic Course to Address China", cit., p. 28.

¹⁰ Ian Brzezinski, "NATO's Role in a Transatlantic Strategy on China", in *New Atlanticist*, 1 June 2020, <https://www.atlanticcouncil.org/?p=260421>.

flag or a freedom of navigation exercise in the South China Sea with Indo-Pacific partners would be a low-cost way to signal unity among transatlantic and Indo-Pacific partners.¹¹

Finally, the United States and Europe must work with Indo-Pacific partners to put forward an affirmative agenda to address China. A positive, affirmative agenda will help the United States and Europe maintain their competitive edge and technology leadership. The US, EU and Japan should consider forging a technology alliance to facilitate joint innovation.¹² Joint innovation has the benefit of pooling the research and development (R&D) efforts of all three partners, which will enable them to be the first movers on new technologies. Joint innovation has a dual benefit of enabling democratic partners to shape technology regulations and norms from the start.

One area ripe for multilateral cooperation is joint R&D and development of open radio access network (ORAN) solutions for 5G. ORAN solutions transform the radio access network from a single-vendor system to an ecosystem of companies that provide interoperable products. This transformation enables countries

to reduce their reliance on a single infrastructure provider, providing an alternative to Huawei's 5G infrastructure and an opportunity for US and European industry. A multilateral coalition of telecommunications technology leaders in the United States, Japan, South Korea, Finland and Sweden would enable new and existing companies, such as Nokia, Ericsson and Samsung, to deploy open architecture solutions, and emerge as possible alternatives to Huawei for other countries around the globe.¹³

A renewed transatlantic strategy is the first step to address the China challenge. However, a pre-condition for success will be expanding beyond the transatlantic allies to engage like-minded democracies, especially in the Indo-Pacific. Competition between democracies and autocracies will dominate the 21st century, and the stakes are simply too high to let the authoritarian vision prevail.

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¹¹ Carisa Nietsche, Jim Townsend and Andrea Kendall-Taylor, "Enlisting NATO to Address the China Challenge", in *CNAS Commentaries*, 5 October 2020, <https://www.cnas.org/publications/commentary/enlisting-nato-to-address-the-china-challenge>.

¹² Julie Smith et al., "Charting a Transatlantic Course to Address China", cit., p. 16; Robert D. Atkinson, "The Case for a National Industrial Strategy to Counter China's Technological Rise", in *ITIF Publications*, 13 April 2020, <https://itif.org/node/9068>.

¹³ Martijn Rasser testimony before the Subcommittee on Economic Policy, US Senate Banking Committee, 22 July 2020, <https://www.banking.senate.gov/download/rasser-testimony-7-22-20>.

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