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Transcript

CHINA IN THE WORLD PODCAST

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Guest: **Jan Techau**

Episode 62: China's Relations With a Strategic
Europe

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Haenle: From the Carnegie–Tsinghua Center in Beijing, China, this is the China in the World podcast, hosted by Paul Haenle. I’m here with my Brussels colleague, or my Brussels counterpart—I like to say—Jan Techau, who is the director of Carnegie Europe. Jan is in town this week for the third annual Carnegie Global Dialogue at the Carnegie–Tsinghua Center. Jan, it’s a delight to have you back in Beijing this week. Thank you for joining the podcast and thank you for joining the roundtable this morning.

Techau: Thanks, Paul. You know, it is a great pleasure to be here again after one and a half years—high time for me to get updated on what’s cooking here, and what you guys are doing, and damage you are doing over here.

Haenle: Well, thank you also for joining the China in the World podcast. This is the first time we’ve had somebody from Carnegie-Europe on the podcast and it’s nice to start with the director, the leader of the organization. Before we get into talking about China-EU, I wanted to ask you a little bit about Carnegie-Europe.

When you came on-board four years ago, you told me that you wanted to transform Carnegie-Europe from a platform for dialogue and engagement to a real research center. It seems to me that you have done that, but I wanted to get your assessment on how things have developed over the four years that you’ve been there.

Techau: Yes, that was the mandate that I was given when I was hired in 2011. They said, it’s been a platform office now for four years or so, meaning that it served the Carnegie community when they came to Europe, so that they would find their counterparts and would have a platform to have events at. But, they really wanted more out of the office. They wanted some real analysis, some commentary, papers, and all the rest of the think tank stuff, and, real impact on the European side, and so I was kind of the lucky guy who got that mandate, saying, “build a research center,” that’s the—

Haenle: The right guy at the right time.

Techau: Well, I like to believe that myself. Often you sit there and think to yourself, “Oh my God,” I hope all goes well—

Haenle: But you’ve taken on this issue of strategic Europe as well, as kind of the focus-agenda item. Can you talk a little bit about that?

Techau: When I came into the place, I needed to build that research approach. I said, “Okay, what I need here is some sort of label for it, some kind of umbrella topic that covers it, and that people will associate with Carnegie Europe after a while.” And, I chose strategic Europe because at the time, the idea of global Europe was everywhere. Everybody talked about, “Europe should have, a bigger, better foreign policy; it should be present around the globe.” And, I was also very skeptical whether global Europe was perhaps a bit too big, and too grandiose, in terms of the language. For me, it was strategic Europe because strategy is all about choice. You have limited resources, so you pick the stuff that’s really relevant; that means that you need to prioritize. So, you have all elements for strategy already there. So, I called it “strategic Europe,” and we started using this very heavily. We published under that label, we started a blog under that label, and it kind of

caught on and now it's associated with us. And, when you punch it into Google—which I recommend all listeners do—you will find Carnegie Europe there.

Haenle: Well, I'd recommend our listeners going there because there's some really great stuff. Let's start talking about Europe. When you came here last, in the fall of 2014—you mentioned this morning during the roundtable when you were here last that there was tremendous stress then on the political system in Europe. And, so, before we look at China I want to ask you about the European Union itself. For a long time, the EU has been the pioneer in experimenting with this idea of a super-national structure.

Nationalism, however, has always been the sort of “specter” haunting that European integration, Europe's ability to integrate. You wrote recently that nationalism, if used properly, could actually help integration, and I wanted to—although you said it would not be easy, but it could help integration—and I wanted to start by asking you what you meant by that, and if you'd explain that a little bit.

Techau: I picked nationalism, and I wrote about this, and tried to give it a positive twist because I think Nationalism is, in our kind of Western policy debates, almost entirely negatively connotated. People have nothing positive to say about it. But research—and I have to bore people with a little bit of research here—when you actually look at what Benedict Anderson wrote—a guy who just died last year, a big political scientist, a Brit, who wrote the standard book about nationalism called “Invented Communities”—he talked about this phenomenon of how nationalism is actually capable of creating solidarity among people that don't know each other. Before nationalism, before the nation, loyalty and solidarity were exercised at the family and clan level; it didn't go beyond that. Nationalism, all of a sudden, provided a framework in which you could feel associated with somebody else from your same nation, whom you had never seen, whom you would never see, and whom you had nothing really in common with, apart from the fact that he was also part of your nation. So, it expanded the scope of solidarity. It didn't shrink it, that's how we—it turned into a bigger entity in which you could think about, “he was one of us,” and I think that's the forgotten element of nationalism, that it originally, in its original purpose and function, it was able to expand the horizon of solidarity and belonging. And, this is why it's still such a powerful phenomenon at work.

Haenle: Is your argument then—extrapolating from there—that you could move from the nation-state, to the European Union and bring that nationalism to that extent?

Techau: No, that's not my argument. I don't think that the super-national structure of the EU can ever replace the identity-creating force of the nation. I don't think we will be able to move that, at least not within a timeframe that is relevant for us here.

Haenle: So, is there an example then that would show how nationalism helps, as opposed to hinders, integration? The kind of integration that the EU is looking for.

Techau: I think the key is to understand that nationalism does what I've just explained. Because if you accept that this is the case, then your nationalism is just as good as that other guy's nationalism. If you realize that what it does for you—that you feel and identify with compatriots, quite literally, people that are total strangers, and yet, you feel that this also works for the other—

then, all of a sudden, your own nationalism becomes relative-aided and you can turn it into a positive force.

And I'm also making this argument as a warning. I don't think that the EU, or the European Union as such, or the super-nationalist project should aspire to replace the identity that is created by the nation; that would be a futile attempt. In the past, it was all about overcoming old identities, we need to "lift us" to a higher level. I think that's nonsense, I think what's important is to understand the power of this, to acknowledge it, not to replace it, but use its basic idea of expanding the area, or the circle of solidarity. And, if we can do this, and if we can add to the nationalism that people have, then the natural kind of affiliation they feel with their nation—if we add to this another layer that doesn't replace the nation, but adds another layer of sophistication to this, I think that would be good. And, it's possible because our identities are already layered. You come from a town, but also from a state, and then from a nation; and, then you're coming from a university, and you're rooting for a football club, and you are part of a family, and then another family, so you already have layered identities. It's perfectly fine to expand it a little more, add a layer, without destroying your national identity. And, that should take a lot of fear that people have vis-à-vis that super-national project away.

Haenle: Closely related to successful political integration, of course, of Europe, is a more coordinated foreign policy, and this is something that you've looked at quite closely. How do you think the EU is balancing a more coordinated foreign policy with respect to the prerogatives of individual member countries? And, are there examples, maybe related to China or Asia, where different interests among member states have caused divisions, or prevented a more coordinated and coherent strategy?

Techau: Well, the Europeans don't balance it very well. EU foreign policy is the big un-kept promise of the integration project. There is no such thing as a common foreign policy in the EU. It's a field that is still one that is dealt with by the member states between themselves, it has not been communalized, it has not been delegated to Brussels. It's the member states that need to seek consensus, on each of these cases, again, and again, and again. The member states saw to it that they would retain the veto over the key decisions in foreign policy. So, in the end, for the most part, the national approach, the splintered, fragmented approach to foreign policy, is the one that prevails in Brussels.

Haenle: Going forward, are you hopeful that things will move in that direction, or, less optimistic?

Techau: Well, it depends on whether you buy into the sheer necessity argument. If you are a friend of the sheer necessity argument, then you can make an overwhelmingly strong case about why it's necessary and why it would come. Because the pressure from the outside on coming together—it's quite obvious, it's quite clear. You can make such an absolutely flawless, intellectually sound case, for more cooperation; none of the European nations are particularly large, none of them are particularly powerful, none of them are a real military power. The case for sticking together, formulating common approaches, and executing them together in a coordinated way is absolutely very strong. So, necessity would dictate: yes.

But the logic of politics is not always the logic of necessity. And, identities, rivalries, pride—issues like this play out very big—and if you don't have enough of an overlap of interests, in a community of 28, where you have to build consensus between places like Finland and

Portugal, between places from Poland to Ireland—very different geopolitically located places—it's very difficult. My sense is that in the future what we will see is a continuation of the current trend, which is that we will have a case-by-case foreign policy. On occasion, we will have enough factors in common that the 28 can congregate, but the default position will still be fragmentation and a very slow-paced answer. That's not good, that's going to harm Europe, but my feeling is that learning through pain is probably the only option here.

Haenle: Well, you're here in China this week, so let's take a look at relations with China.

You said today in the roundtable this morning, you started out by saying that relations are primarily driven by mercantilism—trade, business, economic, commercial relations—but that relations increasingly now feature a geopolitical aspect, a geopolitical side. Why is the geopolitical component of relations emerging now?

Techau: Because both the Chinese drive into that direction, and the Europeans' as well. The original force that, pulled them towards each other is economics. This is a weaker world economy, everybody's looking for new markets, for safe investments. Europe is a huge market, China is still a very dynamic economic powerhouse, so it's quite natural that they want to come together. So, that brings them together but it always has a spillover effect.

In the European case, the geopolitical issue is that it creates a dilemma—this attraction that China has—a strategic dilemma for them because it could potentially put them somewhere square in the middle between the U.S. and China. If you somehow assume that somewhere down the road there's some big power rivalry looming into the Asia-Pacific between the U.S. and China, then where do the Europeans fall? Whom will they side with? With their classic transatlantic ally who's their security guarantor? Or, with the new economic dynamism and the lure that's coming from China?

It will be a tremendously stressful situation where the Europeans have to make a judgment call, and I think they should mentally prepare for this. This is how geopolitics comes in from that side. But there is also a Chinese component to this, and that is that, of course, China is massively investing into this One Belt, One Road initiative, which clearly has Europe as its end point. It's this old Silk Road idea, connecting China to the European markets by going straight through central Asia, and, there are already massive investments from China in central Asia. The Europeans are being courted by the Chinese, they're trying to get influence over the Europeans, invest there, all of it it's playing out—

Haenle: On the face of it, it's a “mercantilistic” approach—commercial approach, economics, but you also mentioned this morning you see geopolitical spillover.

Techau: Yes, it's quite clearly—it's about gaining influence over the Europeans so that they can remind some European governments that a certain voting behavior in the European Council might be in order when it comes to divisive decisions about China-related issues, but also because it's interesting for China to see at least a little bit of a wedge being driven between the Europeans and the Americans. Whatever weakens the dominance of America as the big super power—which is something they have an enormous hiccup about over here in China—whatever weakens that position, whatever makes the number of true allies for America smaller is a positive thing for strategic Chinese calculations. So, they are trying it, and Europe is the obvious target for this, because they're the closest allies that the United States has.

Haenle: In terms of driving a wedge, it was interesting this morning in the discussion of Market Economy Status (MES), whether or not—this is a critical year, obviously, for the decision by the EU—whether or not they’ll grant it. One of the arguments we heard from one of our Chinese panelists was that the EU was being held hostage by the U.S., who does not want the EU to grant Market Economy Status. But you seemed to be presenting an argument that was based on European interests, and European interests only. Is this another example of driving a wedge between the U.S. and the EU—saying that the EU is beholden to the U.S. and that the EU should make its own decisions on these issues?

Techau: I think it’s true that America tries to influence Europe and its decisions; they have a certain kind of interest and they don’t think that the EU should grant the status. But the EU decision will be an independent decision, because they have, overwhelmingly, their own interests in mind, and even in that debate it’s not quite clear where they want to go, because you have two factions inside of Europe, one that is more hawkish on China and doesn’t want to grant, for their own reasons, and not for American reasons—

Haenle: What are those reasons?

Techau: —well, the reasons are that basically, the status—the fact that China wants it, and it’s Europe’s to give—is the last little bit of leverage that the Europeans really have over economic policy in China. They don’t have too much leverage, but this is the one thing that China really wants, and since the Europeans have a problem with the fact that their market is open to Chinese investment but the Chinese market is not open in equal measure for the Europeans, they feel that they have a rough deal—

Haenle: It’s the “asymmetric aspect” that Francois Godement talked about this morning.

Techau: Yes, that it’s not a fair partnership.

Haenle: The EU is open, and China is not.

Techau: And, that the Europeans, can use the market economy status as one way to get a better deal from the Chinese, to open up the market. And, since this is the last remaining real tool that they have, they shouldn’t give it away easily, and they should really use it as a political tool. So, that’s the hawkish argument.

Haenle: But, even given this argument, your prediction today was that the EU will probably grant Market Economy Status.

Techau: My feeling is that the dovish side will prevail, that the Europeans will probably grant it.

Haenle: And, the dovish argument is...?

Techau: The dovish argument is that you can’t really anger the Chinese too much, it’s important to play the reliable side, the legal obligation is there—which is actually doubtful, but they make the argument that it is. It will only lead the Chinese to retaliate, and these arguments—and that’s

the classic counterargument: treat the Chinese well or otherwise they are going to punish you. My feeling is that this is a flawed argument, because even though we've had plenty of disputes with them politically, the economic activity has never really been affected by it. I think the Chinese have a very, very clear cost-benefit analysis when it comes to investments and trade, and that can be completely separated from some of the hiccups about principles, and values, or Tibet, or whatever. You know, it's—

Haenle: Why do you think in the end that it would probably be passed, and what could change that?

Techau: My feeling is that overall the Europeans will not bring it about to play this the hawkish way. I don't think these voices will prevail. The Germans have essentially already sided with the dovish side, so have a number of other players, it seems to be a pretty weighty coalition on this side.

Haenle: Another issue in terms of the U.S. as a factor in the EU-China relationship is the recent launching of the Asia Infrastructure Investment Bank (AIIB), on which the U.S. and European countries took a very different approach. And, some say this revealed differences, divisions between the U.S.' and the EU's approaches to China. Some even have even said that the two bilateral relationships—the U.S.-China on one hand, the EU-China on the other hand —appeared to be heading in different directions. Do you agree with that?

Techau: I think that the decision of the Europeans, of some Europeans, to join the bank is a pretty good example of how the Europeans completely pursue their own interests, and often pursue them over the explicit wishes of the Americans who would like the Europeans to do it otherwise. I think the Europeans had two reasons in mind when they decided that they needed to be in that bank. The first one, is that that bank is meant to actually pour out money—contracts, big infrastructure projects—to companies that need to build them. The Europeans wanted a part of the cake, a share of that sum, and that's a very clear calculation. But, also when they look at it as a geopolitical project, I think they clearly see that it's better to be part of the story and not be outside of it. When you have voting rights inside, then at least you can influence it somewhat, as opposed to being outside and having no influence at all.

Haenle: Well, that's what we hear today—57 member countries. And, there's no one country that's necessarily going to decide the direction of the AIIB. There are 57 countries swarming around China, as it puts this thing together. So, that argument seems to be playing out.

Techau: I think the status gain of China is big because it runs this. Basically, it's the biggest player in it. Quite clearly, it's a big prestige issue for them. But, I think in terms of having a say in a new development, I think the argument of the Europeans is not all “spineless” as it sometimes seems to the Americans. I think it's proper *realpolitik*; it makes good sense.

Haenle: Last question: the previous Secretary of State Hillary Clinton seemed to really be focused on the Asia-Pacific, but this current Secretary of State John Kerry has dedicated extensive efforts on renewing the U.S. commitment to Europe. To some extent, because of the crises in Syria and Ukraine, we have a presidential election ongoing in the United States and we'll have a new

president in January. What suggestions would you have for this incoming president with regard to U.S.-EU relations?

Techau: This is always the hardest part because, who am I to recommend anything to a U.S. president? But nevertheless, being a think-tanker, I have recommendations. I think I have two, basically.

The first one is, if possible, to make this quadrupling of U.S. defense spending in Europe that was just announced a few months ago by president Obama as a reaction to the Ukraine crisis— and the need for a robust response, and reassurance within the NATO framework—to make that a permanent feature. It's currently a special part, this needs to be steadied, it needs to be a reinvestment in Europe. We have seen for 25 years a systematic disinvestment of the United States from Europe, not only in terms of its military presence, but also in terms of the political capital that a president can spend on Europe—how much can you ask, how much can you get away with? That needs to be, at least partly, healed and rectified because Europe is eminently strategic. It is a strategic landscape, it's not a done deal, it is a very fragile continent, it needs the U.S. investment and the U.S. infusion of trust. So, that's the big recommendation that I have. How do you pull this off? That's for the newly elected president to figure out.

Haenle: I'm not going to ask you to make a prediction on that.

Techau: I'm very thankful for that, and you don't have enough whisky to—

The second recommendation, is something a lot more technical and small, but I think it makes a difference. If possible, the new U.S. president, when announcing the new ambassadors in Europe should make professionals the new ambassadors, not give this to donors and fundraisers—apolitical appointees with no background in diplomacy—but give this to professionals. At least in the key six, or seven, or eight markets that matter in Europe. It is of enormous symbolism to have real diplomats in those jobs again, and not this signal that you send by putting an actor or a steel manufacturer in that job. Basically, what you're saying is, "You don't matter all that much anymore," and I think this is something that is actually something that is very cheap to have, but makes a big difference, and is a factor in the soft power that the U.S. has in Europe as well, so, I'd recommend that very strongly.

Haenle: Well it's a very, very interesting point. And, you make a great ambassador for Carnegie Europe. And we're glad you're out here in China this week to talk China-EU. You're welcome back anytime, Jan. Thank you very much for joining us today on the China and the World podcast.

Techau: Thank you, Ambassador Haenle.