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Transcript

CHINA IN THE WORLD PODCAST

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Guest: **Erik Brattberg**

Episode 103: Shifting European Perceptions of
China

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Haenle: Welcome to the China in the World Podcast. Today I'm fortunate to be joined by Erik Brattberg, the director of Carnegie's Europe Program based in Washington D.C. Erik is a leading expert on European politics and security, as well as transatlantic relations. Prior to joining Carnegie, Erik was the director for special projects and a senior fellow at the McCain Institute for International Leadership at Arizona State University. He's also held distinguished roles as a fellow at the German Marshall Fund, the Atlantic Council, and the Center for New American Security. Erik is originally from Sweden but based in Washington D.C. now with the Carnegie Endowment and works closely with the Center in Brussels. Erik is visiting the Carnegie-Tsinghua center here in Beijing this week for our Carnegie Global Dialogue Europe and we're pleased to have him join the China in the World Podcast for the first time. As part of the program this week, he's been meeting with a range of Chinese scholars, business leaders, and officials to discuss EU foreign policy in relation to China. I'm looking forward to hearing his insights and perspectives on China-EU relations. Welcome to China in the World podcast, Erik.

Brattberg: Thanks for having me.

Haenle: There has been some discussion, and a recent New York Times article in fact, that asserts that, given the contempt and distrust of Trump after being elected last year, European leaders had held out some hopes that President Xi and China would be the country and the leadership that would preserve or champion the rules and norms of a global system. This New York Times article that was published recently says that a year on, hopes have diminished and few see China moving towards Western values embodied through democratic institutions and rule-of-law. Do you agree with that assertion?

Brattberg: I think there's some truth to that Paul. I think president Xi's speech at the Davos summit in 2017 was very well received by Europeans. He seemed to advocate a multilateral trading order, he seems to defend the need to curb climate change, and of course this came on top of the election of Donald Trump and the really immense European backlash against the new American president. But it has changed, I think European view on China is slowly changing, especially in Western European capitals like Paris and Berlin. There really is a sense that China is not playing by the rules. It's not necessarily defending multilateral trade but it's really pursuing a much more mercantilist, and advocating different values and principles than those of the liberal world order, so I think the European view is slowly changing but there still is a lot of internal disagreements within Europe on how to view China and what to do about it.

Haenle: I want to ask you more questions on European perceptions of China but before I do that, the notion a year ago that you say some Europeans held that China might play this role, I think many American analysts were very skeptical a year ago and in fact, when President Xi gave his speech, noted a disconnect between the rhetoric and the reality of the kind of economic player China is in the global system and saw the speech as somewhat hypocritical, saying that China is willing to play this role as champion of the global economic and trading system yet its markets

remained closed off in large part for foreign competition. Major issues around IPR and forced technology transfer. One analyst I talked to said it was remarkable that Chinese leadership is saying this at Davos because, if every country in the world operated its economy like China does, the global economic and trading system would implode. So a year ago, was this a function of wishful thinking by European leaders or was the analysis just not there? Is it that Europe has now woken up to China perhaps, after the 19th Party Congress and the new rhetoric around the 19th Party Congress, or was it wishful thinking?

Brattberg: I think there's something to that. I think Europe has a tradition of not necessarily viewing China through a strategic lens, I think they have traditionally viewed China almost exclusively as a commercial partner. European companies get to export to China and there's some investments coming from China into Europe. Very few European countries have viewed it as a strategic challenge whereas in Washington, I think there's been this emerging view over at least the past decade, that China does represent the long term strategic adversary to the United States—not just in the economic sphere but also politically and militarily. Europeans have not really shared that assessment but I think it's beginning to change, and I think in some parts it has to do with China's increased assertiveness in the economic sector but I think some European capitals are seeing what China is doing, for instance in the South China Sea, as being problematic when it comes to upholding rules-based international order, the Belt and Road Initiative and what sort of values and principles that this is underpinned by, so I think that some of these things are beginning to inform the European debate. I think there's also the issue of the potential for China to have increased political influence in Europe. China is engaging in the 16+1 constellation of countries in Central and Eastern Europe and some member state capitals in the European Union see this as a sort of attempt by Beijing to divide and conquer European Countries and assert itself politically to try to not only get more economic influence and cooperation with Europe but assert itself politically to get political influence.

Haenle: I want to talk about the Belt and Road in a bit. Before we get to that, it is interesting, this debate from a strategic standpoint, as you note, has been going on for some time in the United States and I have to often point out to my Chinese friends in Beijing this debate is not unique to the Trump administration. We now see the debate that's been happening over the last four or five years within the think-tank and the academic community is now reflected in official documents—the national security strategy and defense strategy documents—that have been published in the Trump Administration, but this debate has actually been going on for some time in the United States. You mentioned it's fairly new in Europe—this strategic view and consideration of China—what are the factors that have led to this new debate on China and this reexamination of China as a global player and the China-EU interaction?

Brattberg: I think in large part, again it's driven by economics, I think the perception in Europe that China is not playing by the books, by the rules, that their economic activities, their investments into Europe, especially in critical infrastructure but also Chinese acquisitions of

European tech companies, that these are raising not only economic concerns but also potentially security concerns. I think that's one aspect of this growing European wariness of where China's going and what it means for Europe. I think also, beyond that, there are concerns in Europe, and I think this is related in part to how Europe sees the United States and the willingness of the Trump administration to continue to assume the traditional U.S. global leadership role in upholding rules-based international order, that Europeans see the United States moving away from that traditional role while at the same time they see an increasingly assertive China its own region but also globally, for instance the Belt and Road Initiative. Europeans are concerned that the rules-based order that they depend on and is really the basis for European security, stability, and prosperity is eroding from the absence of US leadership but also from an increasingly assertive China potentially challenging some of the values, principles, and institutions underpinning that order.

Haenle: Let's talk about the economic factors, because when you describe some of the concerns coming out of Europe, whether it's the kind of investments the Chinese are making and how they're making these investments, where are they getting the resources to come in and bid for European companies at a rate much higher than other private companies can compete at, or the kind of technology that they're looking to invest in and the purposes behind investing in that technology, this of course resonates with me as an American looking at the U.S.-China relationship. This is obviously an issue front and center. There's moves right now in the United States to enhance our CFIUS process, the screening we use for national security considerations on foreign investment, market access is an issue you hear Europeans talking about much more, IPR. Of course, these are issues where we have common concern and I wonder your views on whether or not there's potential for the US and China [the EU] to come together on these issues and get greater leverage when dealing with China.

Brattberg: I think in principle there is a lot of opportunity there. I think there's a lot of convergence between how the US and the EU perceive China and what needs to be done to manage China's economic rise. There's a similar debate taking place in Europe about investment screening. We still have to see exactly where it ends up, but I think the sentiments are the same—that we need to apply national security considerations when it comes to addressing inbound Chinese investments into some of these critical sectors in the West. This is a very similar debate taking place. In principle, that should be the basis for a very fruitful transatlantic conversation on how to address China. This is actually something that was reflected in the U.S. national security strategy, which talked about the need for the U.S., together with its European allies and partners, to shape a common policy on addressing some of the joint concerns that we have about China. Unfortunately, in practice however, we're if anything moving further apart transatlantically. And I think this is due in large part to President Trump's decisions to take on European allies for instance over the latest steel and aluminum tariffs, which has Europeans very concerned about U.S. unilateral trade practices. If anything, we're not really making use of the emergence that is appearing on both sides to shape a joint approach towards China, if anything I think we're actually drifting when it comes to putting that approach together.

Haenle: It's unfortunate because, in the case that you mentioned of steel and aluminum, the Article 232 cases, we run the risk, depending on how the decision comes out, of alienating our European friends and other allies. Frankly, China is, in terms of steel imports into the US, it's only about 2%—number eleven on the list of countries in terms of the amount they import. It won't really hurt China that much at the end of the day. They'll be hurt more by aluminum but nevertheless, they'll be able to sit back to a certain extent and watch the United States fight with its allies in Europe and then they'll be able to claim the high ground—'it's the U.S. that's protectionist and we're supporting free trade and international economics'.

Brattberg: Absolutely. It's really a missed opportunity but even more so, I think it's a self-inflicted wound that the US is imposing upon itself that is dividing the U.S. with its closest allies and partners at a time when we need deepened cooperation within the West on addressing China, so I think it's very unfortunate. We're already seeing prospects for increased countermeasures from Europe. I think there's also the potential that Europeans will have to offset the cost of Trump's decision, we'll potentially have to even impose countermeasures against China, even though it's a small part of China's steel exports that goes to the US, if they need to seek an alternative market for that, we may see them dump that on the European market. I think Europeans will have to respond. We've seen European tariffs, particularly on steel particularly against China before, but I think the point is that these measures have been targeted, whereas Trump's latest measure is sweeping very broadly. It's not targeting China, it's hitting allies and partners, and that's undermining the potential to have a joint approach on addressing China.

Haenle: We've identified clearly common concerns between Europe and the United States in these economic and trade areas. What are the differences in how Europe and the United States—you mentioned that America traditionally has had more of a strategic lens in looking at China—what else are the differences, because I think as an American observer, when we understand we have common concerns, that is cause for greater cooperation but it's important to know going into discussions with Europeans, that perhaps we don't see things exactly the same.

Brattberg: I think that's right. Aside from a few countries like France and the United Kingdom, very few European countries have a military presence in Asia or play any kind of security role in Asia. We've seen the French and the Brits actually step up their regional security role in Asia, increasing partnerships with countries like Japan and India, participating and sometimes, in the case of France, even leading freedom of navigation exercises in the South China Sea, so in some capitals, you do have this more strategic perception of China but I think that's a rare situation in Europe. Again, most countries in Europe still view China through a commercial lens.

Haenle: The reason for involving those countries, France, Germany, involving themselves in those issues, is it mostly about preservation of the international system and the rules and the norms?

Brattberg: I think it is to a large extent. I think it's also about being useful to the United States as allies, to demonstrate to Washington that European allies are sharing the security burden. I was also going to say that, I think for a lot of countries, especially smaller European Union member states in Southern Europe and Central Eastern Europe, they very much perceive China as a commercial player, an economic opportunity, and in some ways they also view China as an alternative. They can claim that by 'look we have alternatives, we're getting investment and trade from China' that can send a message to the European Union and Brussels, for instance. They can use this for their own domestic purposes or in their own relationships with the European Union to demonstrate they have alternatives.

Haenle: You mentioned the 16+1. Discuss a little bit about the dynamics around that and how that's playing out within the European Union.

Brattberg: It's an approach by China to create a constellation of countries in Central and Eastern Europe, some of them are members of the EU, some of them like Serbia and Albania are outside of the EU. The concern to some analysts is that this represents an approach by China to sort of divide European countries and try to influence not only the economics but also the political direction of some of these countries. We've seen attempts by China to use some of the economic leverage and especially in small countries that have very little alternatives when it comes to FDI and investments, to try to translate that into political influence, to try to get some of these countries to be supportive of watering down EU statements on things like the South China Sea or Chinese human rights violations or something like that.

Haenle: This is an element, in the United States right now, is a hotly debated topic around this issue of Chinese sharp power, the notion of using information warfare, using this kind of leverage that you talk about, the economic leverage that they have, to try to shape public perception, behavior by states, statements around South China Sea, human rights, other things like that. This is a hot topic in the United States, debating the kind of sharp power that we're seeing by the Chinese and of course the Russians in the interference in our US elections. But this notion of Chinese sharp power, is this being debated in Europe? How do Europeans see this issue?

Brattberg: It's actually beginning to be debated in Europe. There's been a couple of articles and even reports put out by think-tanks including organizations in Germany, highlighting China's political influence and to the extent that China is also learning from the Russian playbook of how to use influence operations, how to use social media, how to play a role in financing think-tanks or political parties or so forth. So there's beginning to be more consideration paid to these kinds of efforts by China in Europe, but I think it's still very far from the debate taking place in Europe about Russia, which is still to most European countries the number one security challenge, whereas in the United States, obviously there is also very lively discussion about Russia, but in terms of security priorities, it's clear that for the United States, if you read the national security strategy or the national defense strategy, China really does represent the long-term strategic

challenge whereas in Europe, I think the security concerns are much more in Europe's immediate neighborhood. It's Russia in the east, and it's instability, refugees, terrorism stemming from the South Mediterranean that is really the top priorities for European policymakers.

Haenle: The sharp power discussion about China in the US is centered around the notion of Chinese trying to control discussion on sensitive issues, think-tanks—you mentioned the influence on US think-tanks—the influence in US universities, of course we have a large number of Chinese students, the influence in Hollywood, frankly, and our movies. There is, I think the risk of overreacting in the United States, but I do think it's an issue worth watching. I find it interesting that this is also become an issue in Europe.

Brattberg: I think Europeans are paying attention to that debate, not only in the United States but also in other Western countries like Australia, where there's been similar concerns. I would expect to the extent that those debates continue elsewhere, I would expect Europeans to follow very closely and see what extent the same types of challenges apply closer to home.

Haenle: You mentioned the 16+1 and the different views of China as either a potential competitor or a potential economic partner, and of course I think about the Belt and Road. One of the big differences in the Belt and Road was pointed out yesterday in our discussion for the US and Europe is the United States is not on the Belt and Road. I think this is an interesting difference between Europe and the United States. The Belt and Road goes right through the Europe.

Brattberg: Europe is the end-point in many ways.

Haenle: That, I imagine, influences the perceptions in Europe. Describe a little bit how this very ambitious initiative by the Chinese is being perceived in Europe.

Brattberg: I think it has been perceived a little bit as an opportunity. China is bringing investments, they're building infrastructure, they're contributing to economic growth. I think that has been the dominant view until now. I think it's shifting again to be a little bit more skeptical of China's intentions about what this amounts to.

Haenle: We noticed here, statements when Prime Minister May was here and also out of France, the French Prime Minister [President] said, 'it can't be a one-way street'.

Brattberg: That's right. The European emphasis is increasingly that this needs to be something that is reciprocal. That China needs to, as they're building the One Belt and Road initiative, they need to uphold labor standards, human rights standards, important standards and regulations that, for European countries, are very important. But I think the flip coin is that, while China is increasing their activity in Europe's periphery and even within Europe, it's still keeping its own market very closed. I think that's another aspect that's informing and driving some of the

European concerns here, that China is asserting itself, it is stepping up its activity but it's still keeping its own market very closed for Western businesses.

Haenle: Well thank you very much Erik, both for joining us here in China for the Carnegie Global Dialogue Europe but also for also joining us on the China in the World Podcast and we hope to have you back again several times.

Brattberg: Thanks very much for having me.

Haenle: Thanks Erik.

Brattberg: Thanks.