



**Testimony before the U.S.-China Economic and  
Security Review Commission**

**Europe, the United States, and Relations with China:  
Convergence or Divergence?, Panel III:**

**Convergence and Divergence: Strategic Issues**

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Co-chairs Commissioner James Mann and Commissioner Aaron Friedberg, members of the Commission and staff, thank you very much for your invitation to testify on Europe-China strategic relations and transatlantic cooperation.

## **Summary**

Europe-China relations have undergone a significant shift. Europe is generally more skeptical of Chinese global and regional strategic ambitions, over the compatibility of its system and interests vis-à-vis the liberal international rules based order in which shared principles are key, and European governments have broadly speaking grown concerned of reported Chinese influence, interference and coercion within their own borders as well as those of partners and allies. This has brought Europe in greater alignment with the United States on China policy. However, two major difference remain: firstly, that the European Union (EU) views itself as a third pole in a multipolar world and secondly, ambitions remain for strategic sovereignty from the United States (US) in some European capitals. The implications of this are that Europe and the US remain unaligned on certain matters, for example on certain principles such as trade, climate change, or the governance of and behavior in the global commons. This influences the debate in Europe over Europe's relationship with both China and the US. However, the EU and Europe's overarching view of incompatibility increasingly concern China more than the United States, as Europe adopts a strategy of strategic 'de-risking' from China.

Europe is, of course, also not a single homogenous actor. Within the region, the United Kingdom (UK) through its special relationship with the US has moved closer, though not fully, towards Washington DC's perspective of China. Skepticism and critique of China has also grown in Eastern European states who have been at the receiving end of Russia's aggression in the past and Chinese assertiveness and coercion in recent years. Russia's war of aggression against Ukraine has awakened much of Europe of the interlinkages between European and Indo-Pacific security and the Russia-China relationship in particular. With strategic geo-economic interest in the Indo-Pacific having played an important factor in the adoption of Indo-Pacific strategies, guidelines and documents in recent years, European countries have become more, not less, aware of the potential global disruption that would result from a conflict in the Indo-Pacific and the fragility of stability in the region – particularly around flashpoints such as Taiwan. But limited economic and military resources in Europe, already under strain from the aftermath of the COVID-19 pandemic and now the war in Ukraine, will necessitate careful and creative Europe-US burden sharing and cooperation in the Indo-Pacific.

## **Evolving Europe-China Relations**

The general trend across Europe over China has been one of growing skepticism that China is a political, economic and military growing power with compatible values and benign intentions. In the European Union and its member states, China has since 2019 been described as a triptych: a partner,

an economic competitor, and a strategic rival.<sup>1</sup> As was evident with the debate around whether Huawei should be included in national 5G systems, Europe has not always seen eye-to-eye with the United States. Indeed, earlier examples of disagreements included cooperation with China on the Galileo global navigation satellite system, which the US cautioned against.<sup>2</sup> Europe has long prioritized engagement with China as a central pillar of its approach, and European businesses have over time come to rely on the Chinese market as well as manpower for their manufacturing supply chains.<sup>3</sup> In 2019, the value of goods exported from Germany to China was equal to the total of all other EU members exports to China.<sup>4</sup>

However, the mood in Europe shifted following Beijing's reaction to COVID and the subsequent employment of 'wolf warrior diplomacy' in Europe by Chinese diplomats and officials, economic coercion against European member state Lithuania, as well as the announcement of the 'limitless partnership' between Russia and China shortly before Russia's unlawful invasion of Ukraine and repeated reluctance to condemn Russia. The impact of COVID and the war in Ukraine on critical supply chains, as well as the potential for further disruption should conflict occur in the Indo-Pacific, have alerted European capitals to the importance of both national resilience and potential diversification away from China including toward other partners in the Indo-Pacific region.

While Europe, including the EU and its member states, have been critical of US language around 'de-coupling' from China, Europe has adopted a new term, 'de-risking'. EU Commission President Ursula von der Leyen in a landmark speech in March 2023 stated that Europe's approach to China was changing.<sup>5</sup> As a lesson learned from Europe's significant reliance on Russia for energy and its ultimate weaponization by Moscow as a form of coercion, Europe now seeks to reduce its strategic dependencies on China through diversifying supply chains away from it in order to afford Europe greater strategic balance against China. Brussels will also increase trade instruments, from the existing inward investment screening framework, to tightening export controls, and now monitoring outbound investment to protect economic security. In 2021, the EU – in coordination with the UK, US and Canada - also took the unprecedented step of sanctioning Chinese officials and one entity for their connection to the mass detention and persecution of Uyghurs in Xinjiang.<sup>6</sup> China responded

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<sup>1</sup> European Commission and HR/VP Contribution to the European Council, 'EU-China – A Strategic Outlook', 12 March 2019. <https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf>

<sup>2</sup> Veerle Nouwens, 'A Transatlantic Approach to China in the Global Commons: Convergence and Divergence in Seas and Outer Space', Whitehall Report 3-22 (March 2022), <https://static.rusi.org/322-WHR-Global%20Commons.pdf>

<sup>3</sup> Pepijn Bergsen, Anthony Froggatt, Veerle Nouwens, and Raffaello Pantucci, 'China and the Transatlantic Relationship', Chatham House, 16 June 2022, <https://www.chathamhouse.org/2022/06/china-and-transatlantic-relationship/about-authors>

<sup>4</sup> Pepijn Bergsen, 'The EU's Unsustainable China Strategy', Chatham House Research Paper, July 2021, <https://static.rusi.org/322-WHR-Global%20Commons.pdf>

<sup>5</sup> European Commission, 'Speech by President von der Leyen on EU-China Relations to the Mercator Institute for China Studies and the European Policy Centre', 30 March 2023, [https://ec.europa.eu/commission/presscorner/detail/en/speech\\_23\\_2063](https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063)

<sup>6</sup> Council of the European Union, 'EU Imposes further sanctions over serious violations of human rights around the world', 22 March 2021, <https://www.consilium.europa.eu/en/press/press-releases/2021/03/22/eu-imposes-further-sanctions-over-serious-violations-of-human-rights-around-the-world/>

with counter-sanctions.<sup>7</sup> While the multifaceted characterization of China remains in place, EU High Representative and Vice President (HR/VP) for Foreign Policy Josep Borrell recently made clear that the ‘rivalry aspect’ within the EU’s characterization of China has become more important over the years.<sup>8</sup>

This trend can likewise be seen in the United Kingdom, whose China relationship can be described as evolving from a ‘Golden Era’ in 2015 to the end of an Era in 2022. ‘The Golden Era is over’, Prime Minister Sunak announced in November 2022.<sup>9</sup> However, the wheels for this were set in motion years earlier as the UK sought to address challenges presented by China including questioning the security implications of including Huawei in its national 5G infrastructure, to the atrocities in Xinjiang, repression in Hong Kong and China’s description of the Sino-British Joint Declaration on Hong Kong as a historical document that has no meaning.<sup>10</sup> More recently, the UK has been concerned over China’s handling of the COVID-19 pandemic, its relationship with Russia and response to the war in Ukraine, as well as wider concerns around influence and interference within its borders.

In the past two years, successive public statements have pointed towards the significant shift in UK concern over China and the subsequent influence this is having on policy approaches. In the UK’s Integrated Review Refresh, China has been deemed the UK’s ‘epoch-defining challenge’.<sup>11</sup> UK intelligence officials have likewise alerted concerns around Chinese undue influence and interference in the country. In June 2022, in a rare joint address, MI5 Director General Ken McCallum and FBI Director Chris Wray spoke to business and academic communities in London of the ‘massive shared challenge’ posed by China and the need for a whole-of system response to protect economies, institutions and democratic values of the US and UK.<sup>12</sup> In his annual foreign policy speech, UK Foreign Secretary James Cleverly deviated from the occasion’s traditional tour d’horizon of UK foreign policy and almost exclusively focused on the UK-China relationship. Despite criticisms of having no official and publicly published China strategy, the position of the Sunak Government is

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<sup>7</sup> European Parliament, ‘Chinese Counter-Sanctions on EU Targets’, May 2021, [https://www.europarl.europa.eu/RegData/etudes/ATAG/2021/690617/EPRS\\_ATA\(2021\)690617\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2021/690617/EPRS_ATA(2021)690617_EN.pdf)

<sup>8</sup> European External Action Service, ‘EP Plenary: Speech by High Representative/Vice-President Josep Borrell on EU-China Relations’, 18 April 2023, [https://www.europarl.europa.eu/RegData/etudes/ATAG/2021/690617/EPRS\\_ATA\(2021\)690617\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2021/690617/EPRS_ATA(2021)690617_EN.pdf)

<sup>9</sup> ‘Rishi Sunak: Golden Era of UK-China Relations is Over’, BBC, 29 November 2022, <https://www.bbc.com/news/uk-politics-63787877>

<sup>10</sup> ‘China Says Sino-British Joint Declaration on Hong Kong No Longer Has Meaning’, Reuters, 30 June 2017, <https://www.reuters.com/article/us-hongkong-anniversary-china/china-says-sino-british-joint-declaration-on-hong-kong-no-longer-has-meaning-idUSKBN19L1J1>

<sup>11</sup> HM Government, ‘Integrated Review Research 2023L Responding to a More Contexted and Volatile World’, March 2023, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1145586/11857435\\_NS\\_IR\\_Refresh\\_2023\\_Supply\\_AllPages\\_Revision\\_7\\_WEB\\_PDF.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1145586/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_7_WEB_PDF.pdf)

<sup>12</sup> UK Foreign, Commonwealth and Development Office, ‘Our Position on China: Foreign Secretary’s 2023 Mansion House Speech’, 25 April 2023, <https://www.gov.uk/government/speeches/our-position-on-china-speech-by-the-foreign-secretary>

not unlike those of others in Europe.<sup>13</sup> As Foreign Secretary Cleverly noted in his speech, it is ‘impossible, impractical and unwise to sum up China in one word – threat, partner, or adversary’ and ‘no punchy catchphrase or plausible adjective can do justice so such a country or to any sensible approach towards it’. Instead, the UK will pursue a three-pronged approach: i) strengthening national security protections vis-à-vis challenges posed by China at home in the UK; ii) deepening cooperation and strengthening alignment with friends and partners in the Indo-Pacific and beyond; and iii) engaging China directly, bilaterally and multilaterally.

Although promising a complete audit of UK-China relations should they come to power in the forthcoming general election set to take place by January 2025, Labour Shadow Foreign Secretary, David Lammy MP’s characterization of his party’s approach to China seems little different, namely that it would ‘challenge, compete and cooperate’ with Beijing.<sup>14</sup> Overwhelmingly, the multi-faceted relationship with China which seeks to strive a balance between competition and engagement, prosperity and security, is one that both Europe and the US face and understand. Indeed, as Secretary Blinken noted in March 2021, the US’ relationship with China would be “Competitive when it should be, collaborative when it can be and adversarial when it must be.” It is also one which is increasingly more closely aligning to the view of the US in viewing the competitive element of the relationship to be increasingly important.

However, this does not inherently lead to a perfectly unified China approach between Europe and the US. Europe has been wary of the US’ terminology around ‘de-coupling’ and any characterisation of a dichotomous and fractured international system driven by zero-sum US-China competition. Nevertheless, the growing convergence between Europe and the US is that China is increasingly heading into the direction of authoritarianism, which manifests both domestically within China through repression, surveillance and nationalism, and overseas through greater assertiveness, as well as Chinese overt and covert interference. While Europe, including the UK, refused to adopt the language of decoupling, there appears now to be acceptance amongst European countries, the US and other partners in the G7 of focusing on ‘de-risking’ and cooperative arrangements between partners and allies to build shared resilience.<sup>15</sup>

Similarly, Europe is moving away from its previous use of ‘strategic autonomy’ to now focus more on ‘strategic sovereignty’, in an effort to balance its relationship between the US and China<sup>16</sup>. However, there remain instances where European inclinations toward ‘strategic autonomy’ and

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<sup>13</sup> UK House of Lords, ‘UK-China Relations: International Relations and Defence Committee report’, 10 October 2022, <https://lordslibrary.parliament.uk/uk-china-relations-international-relations-and-defence-committee-report/>

<sup>14</sup> Labour Party, ‘David Lammy Speech to Chatham House’, 24 January 2023, <https://labour.org.uk/press/david-lammy-speech-to-chatham-house/>

<sup>15</sup> ‘UK’s Sunak Says China Poses World’s Biggest Security Challenge’, Reuters, 21 May 2023, <https://www.reuters.com/world/uks-sunak-says-china-poses-worlds-biggest-security-challenge-2023-05-21/>; ‘G7 Aligns on Shared ‘De-Risk, Not Decouple’ Approach to China’, Reuters, 20 May 2023, <https://www.reuters.com/world/white-house-says-g7-will-align-shared-de-risk-not-decouple-approach-china-2023-05-20/>

<sup>16</sup> Nicolai von Ondarza and Marco Overhaus, ‘Rethinking Strategic Sovereignty’, SWP Comment, 28 April 2022, <https://www.swp-berlin.org/10.18449/2022C31/>

internal divisions on how to manage China resurface. Most recently this can be seen in the statement by President Emmanuel Macron of France that the Taiwan crisis “is not ours” and that Europeans should not be “America’s followers”, doubling down on his statement shortly thereafter in an official visit to the Netherlands where President Macron stated that ‘being ally does not mean being a vassal’.<sup>17</sup> So, too, have there been criticisms over inconsistent messaging by European officials, including President Macron and German Chancellor Olaf Scholtz, for bringing large business delegations to China in their state visits late last year and this year despite Europe’s attempt to send a signal that EU-China relations could not be ‘business as usual’ as long as China supported Russia over Ukraine.<sup>18</sup> Further inconsistent messaging has emerged over Taiwan, as newly-appointed European Ambassador to Beijing noted that the European Union does not support an independent Taiwan, but rather a ‘peaceful reunification’ with China.<sup>19</sup> The official position remains that the EU does not support unilateral action across the Taiwan Strait and supports a peaceful resolution.

Divergences also exist between the US and Europe. Despite a better transatlantic relationship under the Biden Administration, decisions like the Inflation Reduction Act (IRA) have strained Europe-US relations and underscored a suspicion in some quarters that the US will continue to adopt a policy that at its heart is one of ‘America First’.<sup>20</sup> Europe viewed the IRA’s subsidies for re-shoring businesses as incompatible with global trade rules and undermining European business in the energy transition sector. However, Brussels has since followed suit through its own ‘Green Deal Industrial Plan’, and further announcements have been made indicating some negotiations of European inclusion in the IRA.<sup>21</sup> Another area of disagreement between European partners has been the US’ October 7 export controls, the breadth of which may have taken partners like the Netherlands by surprise.<sup>22</sup> Here, too, however, efforts by both the Netherlands and the US has apparently resolved the initial disagreement.

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<sup>17</sup> Jamil Anderlini and Clea Caulcutt, ‘Europe Must Resist Pressure to Become ‘America’s Followers’, Says Marcon’, Politico, 9 April 2023, <https://www.politico.eu/article/emmanuel-macron-china-america-pressure-interview/>; Natashi Li, ‘France Seeks to Reassure Taiwan over Macron’s Controversial Remarks’, France24, 16 April 2023, <https://www.france24.com/en/europe/20230416-france-seeks-to-reassure-taiwan-over-macron-s-controversial-remarks>

<sup>18</sup> Thosrten Benner, ‘Europe is Disasterously Split on China’, GPPI Commentary, 12 April 2023, <https://gppl.net/2023/04/12/europe-is-disastrously-split-on-china>

<sup>19</sup> John Feng, ‘EU Envoy Endorses China’s ‘Peaceful Reunification’ With Taiwan’, Newsweek, 19 July 2022, <https://www.newsweek.com/eu-china-taiwan-reunification-ambassador-jorge-toledo-1725869>.

<sup>20</sup> Leigh Thomas, ‘Explainer: Why the US Inflation Reduction Act has Europe Up in Arms’, Reuters, 1 December 2022, <https://www.reuters.com/markets/why-us-inflation-reduction-act-has-europe-up-arms-2022-11-30/>

<sup>21</sup> Anna Gumbau, ‘The EU Struggles to Respond to US Green Subsidy Race’, China Dialogue, 21 March 2023, <https://chinadialogue.net/en/energy/the-eu-struggles-to-respond-to-us-green-subsidy-race/>; The White House, ‘US-EU Joint Statement of the Trade and Technology Council’, 31 May 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/31/u-s-eu-joint-statement-of-the-trade-and-technology-council-2/>

<sup>22</sup> Gregory C. Allen and Emily Benson, ‘Clues to the US-Dutch-Japanese Semiconductor Export Controls Deal are Hiding in Plain Sight’, CSIS, 1 March 2023, <https://english.almayadeen.net/news/politics/us-pushes-dutch-chip-firm-to-halt-china-exports-netherlands>; ‘Dutch Trade Minister: Won’t Summarily Agree to US Rules on China Exports’, Reuters, 17 January 2023, <https://www.reuters.com/technology/dutch-trade-minister-wont-summarily-agree-us-rules-china-exports-2023-01-16/>



More broadly, however disagreements with the US still exist, for example in the global commons, which the United States, unlike European countries and the EU, does not recognize.<sup>23</sup> These differences are particularly pronounced where there are debates over economic competition and potential for exploitation in new domains such as outer space. This has knock-on effects on how the US and Europe have engaged in international fora, including for example with the US establishing its own Artemis Accords initiative for conduct in outer space, which only 4 European nations have joined, while the EU attempted and failed to develop and then negotiate its own proposal within the UN on conduct in outer space. Nevertheless, these disagreements do not fundamentally tip the balance from a closer partnership in favour of China over the United States. It does, however, indicate a need for the United States to at times be more receptive to European principles if a closer transatlantic relationship on China is to be achieved. In that respect, there is also a sense of wariness over the upcoming US elections and whether a ‘Trump 2.0’ lies ahead which could once more complicate transatlantic relations and lead to renewed friction.<sup>24</sup>

### **EU and Europe in the Indo-Pacific: Interests and Roles**

Europe has recognized that the global economic and geostrategic centre of gravity has shifted to the Indo-Pacific, bringing with it economic opportunities as well as concerns.<sup>25</sup> One significant driving factor is around Chinese economic and military assertiveness in the Indo-Pacific and what Europeans and the US fear may be China’s ambition to establish a Chinese sphere of influence and their own hardening attitudes towards China due to the aforementioned shifts in China’s own behavior. However, there are also additional issues that stand to increase instability in the Indo-Pacific, including climate change, transnational organized crime, and issues such as global health likewise impacting regional stability. This has resulted in significant overlaps between the various Indo-Pacific strategies, guidelines and documents in Europe, including those of the EU, France, Germany, the Netherlands, the United Kingdom, and more recently the Czech Republic, while Sweden has stated it will work to implement the EU’s Indo-Pacific Strategy and has recently organized an EU Indo-Pacific Forum in Stockholm.<sup>26</sup> NATO also adopted language on the Indo-Pacific in its 2022 Strategic Concept.<sup>27</sup>

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<sup>23</sup> Veerle Nouwens, ‘A Transatlantic Approach to China in the Global Commons: Convergence and Divergence in Seas and Outer Space’, Whitehall Report 3-22 (March 2022), <https://static.rusi.org/322-WHR-Global%20Commons.pdf>

<sup>24</sup> Marianne Schneider-Petsinger, Veerle Nouwens, Alice Billon-Galland, Andrew Gainey, and Dr. Gareth Price, ‘Transatlantic Cooperation in the Indo-Pacific’, Chatham House, 17 November 2022, <https://www.chathamhouse.org/2022/11/transatlantic-cooperation-indo-pacific>

<sup>25</sup> Ibid.

<sup>26</sup> Ibid; Ministry of Foreign Affairs of the Czech Republic, ‘The Czech Republic’s Strategy for Cooperation with the Indo-Pacific’, October 2022, [https://www.mzv.cz/file/4922486/CZ\\_Strategy\\_Indo\\_Pacific\\_2022.pdf](https://www.mzv.cz/file/4922486/CZ_Strategy_Indo_Pacific_2022.pdf); Government of Sweden, ‘Swedish Presidency of the Council of the European Union’ (2023), <https://swedish-presidency.consilium.europa.eu/media/40ac5ru3/the-swedish-presidency-programme.pdf>; European External Action Service, ‘EU Indo-Pacific Forum Stockholm 2023’, [https://www.eeas.europa.eu/eeas/eu-indo-pacific-forum-stockholm-2023\\_en](https://www.eeas.europa.eu/eeas/eu-indo-pacific-forum-stockholm-2023_en).

<sup>27</sup> NATO, ‘NATO 2022 Strategic Concept’, 29 June 2022, [https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/2022/6/pdf/290622-strategic-concept.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/2022/6/pdf/290622-strategic-concept.pdf)

These strategies conceptualise the Indo-Pacific region as encompassing India and the South Pacific and all that lies in between. However, there are also differences within Europe and between Europe and the United States on the geographic scope of the Indo-Pacific, the prioritization of the Indo-Pacific in national strategies, and the role of Europe in the region. While the US and UK view the geographic scope of the Indo-Pacific as stretching from India to the South Pacific, France includes the Western Indian Ocean in its strategy due to its overseas territories. This difference in emphasis on sub-regions in the Indo-Pacific is not necessarily a weakness of potential future European and US engagement in the region, but indeed can be a strength.

There is also broad agreement across the strategies on who the main partners in the Indo-Pacific region are - Australia, India, Japan, and New Zealand - and on countries that Europe seeks closer partnership with, namely Indonesia, Malaysia, South Korea and Vietnam. These Indo-Pacific partners are selected and prioritized for a variety of reasons ranging from historical ties to strategic interests around prosperity and security. Regional multilateral architectures are also seen as key in order to achieve effective engagement – in particular, ASEAN.

However, while some countries' strategies have emphasized the Indian Ocean Rim Association, others point towards the Pacific Island Forum or the Quad. Such differences are of strategic value given that neither Europe nor the US can be everywhere doing everything all at once and burden sharing between partners is required in such a vast region. There is also a difference between Europe and the United States in prioritising the Euro-Atlantic and Indo-Pacific theatres. While the United States has labeled the Indo-Pacific its priority theater, Europeans recognize its importance but also feel the pressure of a war on Europe's doorstep and the need to rebalance against decades of reliance on the US for European security.<sup>28</sup>

Given limited defence resources and the tyranny of distance, only the United Kingdom and France maintain power projection capabilities into the Pacific.<sup>29</sup> As such, 'hard power' defence questions in the Indo-Pacific are generally viewed as a policy area in which the US plays the leading role, and in which European militaries can play supporting ones. Indeed, although Germany and the Netherlands have indicated deployments to the Indo-Pacific will take place every few years, most European countries by virtue of their limited capacity hold little interest in engaging militarily in the Indo-Pacific. Opportunities for defence diplomacy and defence industry promotion are perhaps an exception to this.

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<sup>28</sup> Jim Garamone, 'Defense Official Says Indo-Pacific Is the Priority Theater; China is DOD's Pacing Challenge', US Department of Defense News, 9 March 2022, <https://www.defense.gov/News/News-Stories/Article/Article/2961183/defense-official-says-indo-pacific-is-the-priority-theater-china-is-dods-pacing/>.

<sup>29</sup> 'Germany to Send Two Warships to Indo-Pacific in 2024 Amid South China Sea Tensions', Reuters, 2 June 2023, <https://www.reuters.com/world/germany-send-two-warships-indo-pacific-2024-amid-south-china-sea-tensions-2023-06-04/>; 'A Look at the Defence News 13-19 June', Netherlands Ministry of Defence, 22 June 2022, <https://english.defensie.nl/latest/news/2022/06/22/a-look-at-the-defence-news-13---19-june>



Europe sees its strength in the Indo-Pacific as fundamentally lying in trade and investment, regulatory power, and softer security issues such as connectivity, climate change, and development. Europe has economic capabilities.

European countries chiefly engage in the region bilaterally, as well as multilaterally as part of a coordinated effort through the EU. Indeed, some European strategies like that of the Netherlands specifically points towards a division of labour between its own actions and those it would seek from the EU in the Indo-Pacific region. The EU has its own initiatives such as the Global Gateway infrastructure initiative, Coordinated Maritime Presences concept which it will be extending to the Indian Ocean region, is a Dialogue Partner of ASEAN and other organisations, and has long been present in the Western Indian Ocean and the Horn of Africa as part of the EU NAVFOR's Operation ATALANTA.<sup>30</sup>

The UK has its own longstanding engagements in the region, such as through the Five Powers Defence Arrangements (with Singapore, Malaysia, Australia and New Zealand) and military facilities and bases in East Africa, the Gulf, and Southeast Asia, has two Offshore Patrol vessels stationed in the region, and joined new defence technology partnerships such as AUKUS (with the United States and Australia) and Global Combat Air Programme (with Italy and Japan).<sup>31</sup> The UK has also acceded to ASEAN as a Dialogue Partner, is seeking to join the CPTPP, and has signed several Memorandums of Understanding with countries such as Indonesia and signed an Indo-Pacific defence agreement with India to deepen their partnership, including in defence.<sup>32</sup>

But there are also growing areas of intra-European coordination and cooperation in the Indo-Pacific. Following the souring of political ties between France and the UK as a result of the AUKUS announcement, London and Paris committed to working together as permanent members of the UN Security Council, and members of G7, G20 and NATO to manage the shared challenges both countries face through greater intelligence sharing, complex weapons development, as well as coordinating deployments of their aircraft carriers to regions of shared interest to maintain a persistent

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<sup>30</sup> Veerle Nouwens, 'III. European Naval Cooperation Within the Indo-Pacific' in Ed Arnold (Ed.), 'Ad-Hoc European Military Cooperation Outside Europe', Konrad Adenauer Stiftung, <https://www.kas.de/documents/276969/277018/Ad-Hoc+European+Military+Cooperation+Outside+Europe+-+21+December+2021.pdf/1056b1ae-e462-3f3c-a99a-2d3430cee642?version=1.0&t=1640103347658>

<sup>31</sup> Veerle Nouwens, 'Why Europe's Enhanced Military Presence in the Indo-Pacific is an Asset', Internationale Politik Quarterly, 30 September 2021, <https://ip-quarterly.com/en/why-europes-enhanced-military-presence-indo-pacific-asset>; Veerle Nouwens and Garima Mohan, 'Europe Eyes the Indo-Pacific, but Now it's Time to Act', War on the Rocks, 24 June 2021, <https://warontherocks.com/2021/06/europe-eyes-the-indo-pacific-but-now-its-time-to-act/>; 'The Japan-UK-Italy Co-Development of the Global Combat Air Programme (GCAP)', Embassy of Japan in the UK, 9 December 2022, [https://www.uk.emb-japan.go.jp/itpr\\_en/221209.html](https://www.uk.emb-japan.go.jp/itpr_en/221209.html).

<sup>32</sup> 'Indonesia, Britain Agree to Review MOU on Defence Cooperation', Antara News, 27 November 2021, [https://www.uk.emb-japan.go.jp/itpr\\_en/221209.html](https://www.uk.emb-japan.go.jp/itpr_en/221209.html); 'UK and India Ink Indo-Pacific Defence Agreement', DW, 22 April 2022, <https://www.dw.com/en/uk-and-india-ink-indo-pacific-defense-agreement/a-61557759>; Veerle Nouwens and Ed Arnold, 'Unnecessary Delay: The Integrated Review Refresh 2023', RUSI Commentary, 14 March 2023, <https://rusi.org/explore-our-research/publications/commentary/unnecessary-delay-integrated-review-refresh-2023>.

European presence, including in the Indo-Pacific.<sup>33</sup> With France's routine deployments to the Indo-Pacific and the UK's recent announcement of deploying a Carrier Strike Group to the Indo-Pacific in 2025, the opportunity exists for the UK and France to act as 'framework nations' for other European countries with more limited resources to join.<sup>34</sup> This has been the case in numerous French deployments already and was also the case for the 2021 UK-led Carrier Strike Group deployment to the Indo-Pacific, which included participation from the Netherlands and the United States.<sup>35</sup>

### **Europe and Taiwan: A growing space for limited engagement**

In April 2023, EU HR/VP Josep Borrell, in an effort to balance against Macron's public statement on Taiwan, noted that Taiwan concerned the EU 'economically, commercially, and technologically'. He also called on European navies to patrol the Taiwan Strait to 'show Europe's commitment to freedom of navigation in this absolutely crucial area'.<sup>36</sup> Given the limited European military resources to expend on the Pacific region, this is unlikely. However, European parliamentary visits to Taiwan and the visit in March 2023 by German Education Minister Bettina Stark-Watzinger to Taipei as the first cabinet official to visit Taiwan in decades point toward a greater strategic interest in Taiwan amongst European countries.<sup>37</sup>

The EU, European member states and the UK still maintain a 'One China Policy'. While the EU, EU member states and the UK do not diplomatically recognize Taiwan, they in practice maintain engagement with Taiwan on a range of issues such as trade and investment, people-to-people ties and other areas, but also underscore that the need for a peaceful settlement across the Taiwan Strait and that no unilateral action should be taken by either side to change the status quo.

However, Taiwan's exclusion from international bodies by China during the Pandemic, while still offering support through PPE provisions to Europe, offered a stark comparison to a China that was perceived as coercive and aggressive during a global health crisis. Von der Leyen publicly thanked Taiwan for its 'gesture of solidarity' on Twitter in response to Taiwan's donation of 5.6 million masks to the EU.<sup>38</sup> The impact of the COVID-19 pandemic on supply chains, as well as Russia's leveraging of its energy relationship to coerce Europe further highlighted the world's dependence on Taiwan for

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<sup>33</sup> HM Government, 'UK and France Commit to Greater Defence Cooperation at Paris Summit', Press Release, 10 March 2023, <https://www.gov.uk/government/news/uk-and-france-commit-to-greater-defence-cooperation-at-paris-summit>.

<sup>34</sup> Xavier Vavasseur, 'UK Aircraft Carrier to Return to the Indo-Pacific in 2025', Naval News, 23 May 2023, <https://www.navalnews.com/naval-news/2023/05/uk-aircraft-carrier-to-return-to-the-indo-pacific-in-2025/>

<sup>35</sup> HM Government, 'HMS Queen Elizabeth Returns Home as Historic Global Deployment Comes to an End', Press Release, 9 December 2021, <https://www.gov.uk/government/news/hms-queen-elizabeth-returns-home-as-historic-global-deployment-comes-to-an-end>

<sup>36</sup> Stuart Lau, 'Send Warships to Taiwan Strait, Borrell Urges EU Governments', Politico, 23 April 2023, <https://www.politico.eu/article/china-josep-taiwan-borrell-eu-warships-to-patrol-strait/>.

<sup>37</sup> 'German Minister Makes Landmark Visit to Taiwan', DW, 21 March 2023, <https://www.dw.com/en/german-minister-makes-landmark-visit-to-taiwan/a-65056645>

<sup>38</sup> David Hutt, 'Taiwan Sees Doors Open in Europe as Virus Response Earns Respect', Asia Nikkei, 13 April 2020, <https://asia.nikkei.com/Politics/International-relations/Taiwan-sees-doors-open-in-Europe-as-virus-response-earns-respect>

advanced semiconductors, a sector in which it dominates internationally, and the economic impact that a disruption in the supply thereof would have on the global economy – US \$6.2 trillion according to Asia Nikkei.<sup>39</sup> However, EU HR/VP Joseph Borrell also implied that rejecting action against Taiwan was also a moral choice, which is echoed in some European Parliaments that call for tougher stances against China and solidarity with Taiwan as an open and democratic partner.<sup>40</sup>

There has also been a perception in Europe that Beijing itself is shifting the goalposts on what it considers permissible engagement with Taiwan as part of countries' One China policies.<sup>41</sup> Indeed, this includes Beijing's displeasure at the UK and Taiwan's decades-long trade dialogues with an emphasis on trade, technology and green energy, which are now met with angry responses from Beijing.<sup>42</sup> The EU's desire to upgrade its trade and investment ties with Taipei have likewise not been received positively by Beijing. Moreover, while a United States House Speaker has visited Taiwan in the past (Newt Gingrich visited in 1997), China reacted furiously to the visit in 2022 by then-US House Speaker Nancy Pelosi. Beijing likely perceives the increased attention on Taiwan by Europe as part of a wider effort to undermine China's rise and its core interests. Indeed, in addition to the increased interest in Taiwan, Beijing has criticized what it deems 'military blocs' and 'bloc confrontation', in reference to AUKUS, the reports of a possible NATO office in Japan, as well as wider criticism against China from groupings like the G7 and NATO.<sup>43</sup>

While it is clear that NATO and Europe are increasingly wary of Chinese behavior, including around Taiwan, and are seeking deeper partnerships with countries in the region like Japan and Australia, Chinese assertions that the US and Europe are seeking to establish an 'Asian NATO' are incorrect.

Nevertheless, discussion around what a Taiwan contingency might look like and what actions European capitals (and private sector companies) could envision taking as a response to a unilateral change across the Taiwan Strait are underway, albeit at a nascent stage.<sup>44</sup> These discussions, including between the US-UK and US-EU, are not made public. However, following the war in Ukraine and the strong unified response by the US, Europe and several Indo-Pacific partners like Japan, Australia

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<sup>39</sup> '\$2.6tn Could Evaporate from Global Economy in Taiwan Emergency', Asia Nikkei, 22 August 2022, <https://asia.nikkei.com/Spotlight/The-age-of-Great-China/2.6tn-could-evaporate-from-global-economy-in-Taiwan-emergency2>

<sup>40</sup> 'Top EU Diplomat Calls for Navy Patrols in Taiwan Strait', DW, 23 April 2023, <https://www.dw.com/en/top-eu-diplomat-calls-for-navy-patrols-in-taiwan-strait/a-65409557>

<sup>41</sup> Helen Davidson, 'The Pelosi Effect: Foreign Delegations Queue Up to Visit Taiwan in Defiance of China', The Guardian, 27 August 2022, <https://www.theguardian.com/world/2022/aug/27/the-pelosi-effect-foreign-delegations-queue-up-to-visit-taiwan-in-defiance-of-china>

<sup>42</sup> 'British Minister to Meet Taiwan President, Drawing China's Anger', Reuters, 7 November 2022, <https://www.reuters.com/world/british-minister-visit-taiwan-trade-talks-meet-president-2022-11-07/>. Graham Lanktree, 'UK Risks Chinese Anger of Trade Talks with Taiwan', Politico, 4 July 2022, <https://www.politico.eu/article/uk-discussion-taiwan-trade-cptpp-anger-china>

<sup>43</sup> Veerle Nouwens, 'US Allies in the Indo-Pacific Align on China', IISS Online Analysis, 1 June 2023, <https://www.iiss.org/online-analysis/online-analysis/2023/05/us-allies-in-the-indo-pacific-align-on-china/>

<sup>44</sup> Kathrin Hille and Demetri Sevastopulo, 'US Warns Europe a Conflict over Taiwan could Cause Global Economic Shock', FT, 11 November 2022, <https://www.ft.com/content/c0b815f3-fd3e-4807-8de7-6b5f72ea8ae5>; Demetri Sevastopulo and Kathrin Hille, 'US Holds High-Level Talks with UK Over China Threat to Taiwan', FT, 1 May 2022, <https://www.ft.com/content/b0991186-d511-45c2-b5f0-9bd5b8ccee40>.

and Singapore, questions remain over whether similar policy actions such as sanctions might be envisioned in response to an attack on Taiwan.

The details of this will be key. Russia's direct contravention of international law through its illegal war of aggression against Ukraine has provoked a strong reaction in Europe. It remains uncertain whether in the case of Taiwan, such a strong response will be elicited over Taiwan in all European countries and indeed countries in the Indo-Pacific. Lack of public awareness of the potential for Taiwan contingencies should be a concern for European capitals, as public debate about Taiwan is largely lacking in European countries. Given the call by Europe and the US for global action in response to Ukraine's invasion, countries such as Japan will expect the same reaction from Europe to a crisis in its own neighborhood. Other countries, which have sought to avoid siding with Russia or Ukraine such as Indonesia, however, may choose to likewise attempt to avoid siding between the US and China over Taiwan. Beyond sanctions, Europe also has limited capacity to surge to the aid of the United States militarily in a Taiwan scenario.

Another complication might be in the nature of the scenario itself, for example if conflict has been sparked as the result of miscalculation or an accident, or through greyzone warfare. In less clear cut scenarios, it is not as easily apparent what European reactions might be beyond calling for calm.

However, this is not to say that there is no role for Europe in a Taiwan contingency. There is likely little expectation on the part of the United States that Europe will militarily play a significant role in the Pacific should conflict erupt. Should a military presence be nearby, there may likely be a request from the US to engage European assets in a specific way. For close defence partners like the UK, this will not necessarily be an unanticipatable scenario. However, discussions around the Indo-Pacific and Taiwan contingencies are too often narrow. The knock-on effects of a Taiwan conflict could include instability in third locations and other sub-regions of the Indo-Pacific. Sea lines of communication and maritime chokepoints will need to remain open. Although there is little research in understanding how specific countries might seek to take advantage of US and allied distraction in a Taiwan conflict, European countries should be exploring how their presence in the Indian Ocean could be used to maintain peace and stability in times of conflict. Likewise, European countries could participate through relieving US forces elsewhere in order to free up US capacity to respond to a Taiwan conflict, while Europe could also work with the US on logistics and intelligence, surveillance and reconnaissance support.

In advance of a Taiwan conflict, Europe and the US, together with Indo-Pacific partners such as Japan and Australia, should continue to signal that a unilateral change of the status quo across the Taiwan Strait is of significant shared concern and will incur consequences. Unified strategic communications to both China and the region that sanctions, for example, are likely to be implemented could be a dissuasive factor for China in the event of a potential unilateral advance against Taipei.

Indeed, signalling publicly and privately that a unified response to a Taiwan conflict, as was the case when Ukraine was invaded by Russia, is an important step in signalling that the cost of such action is not in Beijing's favour. This may not ultimately sway China entirely from taking forceful

reunification off the table – Beijing may feel that time is not on its side, or that the cost is ultimately worth it. However, the signal will also be received by countries in the Indo-Pacific who question Europe’s long-term sustainable engagement in the region.

As of July 2022, 695,133 migrant workers from Vietnam, Indonesia, the Philippines and Thailand were living in Taiwan.<sup>45</sup> In the case of a conflict, Southeast Asian countries who might not necessarily feel compelled to become involved in a regional conflict will at the very least be concerned about non-combatant evacuation. These are ways in which Europe might be able to approach the Taiwan discussion with countries in the wider Indo-Pacific in attempting to understand how countries might respond or seek to cooperate in the event of a conflict.

Finally, in the event of a Taiwan conflict, the logistical challenges will be of a more complex nature than in the case of Ukraine. As an island, Taiwan’s access to replenishing stockpiles may be more difficult. Advance support to Taiwan on stockpiling strategic non-military goods such as medicine and food, could be another area in which Europe could assist Taiwan.

### **Implications for Transatlantic Relations**

European states are moving closer to the United States in their approaches to China, including on discussing the possibility of a Taiwan conflict. However, the perception within Europe that the United States sometimes approaches matters related to China in a self-interested manner with the expectation that Europe fall into line remains at times problematic. The IRA and the October 7 2022 export controls were seen in Europe as case in point of this. Such instances may indicate the need for closer and more frequent communication in the formulation of such initiatives beyond existing levels.

However, on some matters, the United States and Europe may need to agree to disagree. This is not necessarily a weakness in the relationship. Indeed, maintaining differing positions on issues affords countries in the Indo-Pacific a third option beyond what would otherwise appear to be a choice between China and the US and its allies and partners. Local agency is often forgotten in the discussion around gaining wider influence. Ultimately, countries in the region may or may not seek out European or American alternatives to Chinese economic or security proposals, but a growing number of options to choose from is at least welcome.

Furthermore, independent European positions on matters of mutual concern around China signal to both Beijing and the wider Indo-Pacific that certain matters – whether human rights in China, military assertiveness and contravention of UNCLOS in the South China Sea, or the lack of a level economic playing field and use of economic coercive tactics – are not simply concerns of the United States or, according to Beijing’s narrative, an attempt by Washington DC to prevent China’s rise.

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<sup>45</sup> Randy Mulyanto, ‘Southeast Asian Migrant Workers in Taiwan Sweat over China Tensions’, Asia Nikkei, 1 September 2022, <https://asia.nikkei.com/Politics/International-relations/Taiwan-tensions/Southeast-Asian-migrant-workers-in-Taiwan-sweat-over-China-tensions>

Finally, given the US' domestic political hurdles in joining international legal frameworks such as UNCLOS or regional agreements such as the Trans-Pacific Partnership, European inclusion ensures that the transatlantic partners can at the very least coordinate through EU or UK membership in these platforms despite the US' absence. Furthermore, US absence from these various frameworks does not present a significant obstacle for further cooperation in the transatlantic partnership.

In order to strengthen transatlantic cooperation on China and the Indo-Pacific, the US government and Congress should continue to build on their existing partnerships with European countries and the EU in a variety of ways.

Firstly, the United States and Europe should to the greatest extent possible share their understanding of China, its domestic economic, political and security landscape, and the overseas manifestations of Chinese ambition and interest in shared geographic areas of interest including the Indo-Pacific and multilateral bodies. While understanding of China and its foreign policy approaches are growing in Europe and some countries like the UK have pledged to place greater resource prioritisation in building capacity in China expertise within government, there is still a diverse and uneven knowledge base across Europe.

Secondly, divergence in approaches to China and the Indo-Pacific region, whether through maintaining dialogue, being present in specific regional organisations, or placing greater focus on specific sub-regions or policy areas, should be seen as beneficial to the transatlantic relationship. Burden sharing will ultimately be required in such a vast region. However, shared underlying principles between Europe and the US are required in order to present a unified position on China to Beijing and the wider Indo-Pacific region. Existing forums for transatlantic discussion on China and the Indo-Pacific could be further enhanced in order to deepen deliberation and generate actionable plans.

Thirdly, European diversification of supply chains in order to avoid strategic dependence on China is welcome. However, some US initiatives such as the IRA and the October 7 2022 export controls send the wrong signal to Europe that the United States is not a team player in ensuring Europe too remains prosperous and secure while shifting supply chains away from Beijing. Although the Biden Administration's approach to consulting European partners has been widely recognised as a significant improvement from previous Trump Administration's 'America First' approach, more careful communication appears to be required.

Fourthly, the US should encourage greater discussion with Europe on their respective potential roles in the Indo-Pacific, particularly around their responses to a range of Taiwan conflict scenarios. This should include discussions on actions beyond Taiwan's immediate region and the Pacific and consider other Indo-Pacific sub-regions. It should also ensure coordinated public and private signalling to Beijing and the wider Indo-Pacific region of transatlantic unity in its concern over the Taiwan Strait and its commitment to respond to unilateral action.





Finally, greater opportunities for European partners to engage in defence industrial partnerships with US allies like Japan, through examples such as GCAP, should be encouraged in order to promote greater defence interoperability and a more integrated defence industrial network of like-minded partners and allies.