

**Testimony for the Senate Foreign Relations Subcommittee on Europe and
Regional Security Cooperation Hearing: "Aligning Transatlantic
Approaches to China"**

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Chair Shaheen, Ranking Member Ricketts, distinguished members of the Committee. Thank you for the opportunity to talk to you today about transatlantic cooperation on China.

Europe's relationship with China has been worsening for more than half a decade, mirroring the decline in relations between Washington and Beijing.

In past years, European concerns centered around issues of economic competitiveness and market access. But they have since broadened to encompass worries tied to human rights, economic coercion, strategic dependencies, disinformation, and security.

Europe entered a new phase in its relationship with China following Russia's invasion of Ukraine in February 2022. The "no limits" partnership sealed between Xi Jinping and Vladimir Putin in the weeks before the war began and China's subsequent refusal to condemn Russia's aggression, are cementing the view of China as a competitor and systemic rival. Importantly, the war has also increased awareness, both in European governments and corporate boardrooms, about the risks of a conflict over Taiwan.

Today, there is an intense debate underway in major European capitals about reducing economic dependencies on China. European Commission President Ursula von der Leyen delivered an important speech on March 30th in which she argued for a "de-risking" of the Europe's relationship with China. Over the coming months, Europe will begin the process of defining what de-risking means in practice.

The hardening of Europe's line can obscure differences that exist between the 27 EU member states, and in some cases, within individual European governments. On the hawkish end of the spectrum are a group of eastern

European countries led by Lithuania, which promote a values-based foreign policy. At the dovish extreme is a country like Hungary. The largest EU states, including Germany and France, fall somewhere in between.

As we saw on President Emmanuel Macron's recent trip to China, France stands out for its support of European strategic autonomy – code for an independent Europe that is not overly reliant on China or the United States. Germany stands out for having what is by far the closest economic relationship with China of any European country. According to new figures from Rhodium Group, German firms accounted for 84 percent of total EU foreign direct investment in China last year.

Germany is also the country in Europe where the debate over relations with China is the most intense. Chancellor Olaf Scholz's coalition is divided over how far and fast to go in recalibrating ties with China. Still, it is fair to say that the “win-win” economic narrative that fueled close ties between Berlin and Beijing in recent decades is increasingly being eroded by conditions on the ground in China and competition from Chinese firms in core German industries.

I'd like to conclude with a few observations about transatlantic cooperation on China.

First, I believe we have seen a great deal of convergence between the US and Europe over the past two years on the language that is being used to define the challenges posed by China. In recent months, we've seen senior officials on both sides of the Atlantic embrace the term de-risking. And we've seen officials distance themselves from the idea of a full-blown economic decoupling from China.

Second, this alignment is more than just rhetorical. There is a growing transatlantic consensus on the need to reduce dependencies on China, diversify to other markets, and improve the resilience of supply chains.

Third, the US and EU have created a series of structured dialogues on China-related challenges in recent years. The US-EU Trade and Technology Council held its fourth ministerial meeting in Sweden last week. China also features increasingly in discussions within NATO and the G7.

Fourth, as I mentioned earlier, the war in Ukraine has pushed the US and Europe closer together and focused minds in Europe on the risks of a conflict in the Taiwan Strait.

That said, it is wrong to expect perfect alignment between the US and Europe on China. The US is an incumbent superpower. It plays a vital security role in the Indo-Pacific. And it is not a collection of countries with different interests like the EU. As a result, it sees China through a different prism than Europe does. And its response reflects this.

There is no appetite in European capitals for containing or isolating China, and there are concerns in some capitals about what is perceived as an overly confrontational approach from some politicians in Washington, particularly on the issue of Taiwan.

There is a consensus in Europe that despite the growing strains – but also because of these strains – one must continue to engage robustly with Beijing. As a result, we have seen a flurry of visits by European leaders since China ended its strict zero-COVID policies at the end of last year.

While there is a nascent push in Europe to reduce dependencies on China, the appetite for paying an economic price in the name of national security is not as developed as it is in the US or in a country like Japan. The threat perception is evolving in Europe, but more gradually. As we've seen on Ukraine, however, Europe is capable of major shifts in policy in times of crisis.

I am convinced that building transatlantic convergence on China, and limiting the risks of divergence, depends on robust engagement between the US and EU on the trade, technology and security issues that are at the heart of the challenges presented by Beijing's policies.

This will include building a positive transatlantic narrative, including on trade and investment, that is not only about China. It will require that the US look beyond the daily noise on China policy that is coming from 27 EU member states, remembering that Europe is not a monolith. And it will require that the administration and members of Congress are active, persistent, patient and when necessary forceful in making their policy arguments to European counterparts behind closed doors.

We are on a similar trajectory on China that has been driven by policy choices in Beijing. If Europe has a strong partner in Washington, I am convinced that Washington will have a strong partner in Europe.