This year, the North Atlantic Treaty Organization (NATO) initiated a strategic reflection about China, with the United States requesting allies to join in its attempt to come to grips with China’s growing prowess. Beyond the Pacific, China has staged exercises in the Mediterranean and in the Baltic, and it has built a large new base in Djibouti, right on NATO’s doorstep. Its ambitions in cyber and space have no geographic borders and are therefore of significance to the alliance. China’s expansion of an ever more sophisticated arsenal of intercontinental ballistic missiles has consequences in terms of deterrence and missile defense. Still, European allies are reluctant to endorse a role for NATO toward China. The failure of NATO to formulate a proper answer to China’s ascent could undermine its relevance in the new world order and increase frustration on both sides of the Atlantic.

There is a risk that the ongoing reflection produces a lukewarm attempt at engagement. In the corridors of the NATO Headquarters in Brussels, most diplomats recognize the uncertainty about China’s future intentions and its growing military power. Still, they often add that engagement is the only way forward. The engagement under consideration, which is expected to be clarified later in the fall of 2019, will likely be substantive enough to satisfy Washington, yet restrained enough to mollify Beijing. Diplomats refer to new dialogues about deconflicting military operations, terrorism, and other non-traditional security threats. They have proposed that China be a partner in the stabilization of
Afghanistan. Engagement could entail official or semi-official dialogues about cyber and, potentially, an effort to press for military transparency and freedom of navigation.

However innocent this engagement appears, it is problematic without a strategy. While it has some short-term goals, it lacks a clear-eyed vision for the relationship in the long run and overlooks the key interests that need to be defended as well as the ways to increase the alliance’s leverage. The main pitfall of engagement without strategy is that process comes to be seen as progress: officials will evaluate the engagement by the sheer number of exchanges and projects without really considering their outcomes with regard to NATO’s interests. It will also permit China to do what it has been practicing in its neighborhood: accept dialogue to reduce criticism, yet continue to alter the balance of power on the ground.

Such perfunctory engagement also allows China to buy time to grow its military presence inside NATO’s mandate area—that is, the Northern Atlantic, Europe, and the Mediterranean—to establish security partnerships with non-NATO countries and play the internal divisions. As has been the case with the anti-piracy operations in the Gulf of Aden and peacekeeping in Africa, China uses the collective pursuit of engagement to extract concessions such as operational knowhow or intelligence from individual countries.² There are also clear lessons to be learned from China’s engagement with Southeast Asian countries regarding the South China Sea. China accepted their dialogues not with the intent to be cooperative, but to grow the strength needed to become able to disregard their concerns.³ NATO now risks making the same mistake.

Before NATO embarks on engagement, there should be a strategy. The failure to craft a solid strategy toward China could be the nail in NATO’s coffin. NATO could become less relevant to the United States and its European allies as a means to check their adversary’s rise. After all, a comprehensive strategy is crucial to respond to China’s growing influence, its relations with countries like Russia and Egypt, its interest in the Arctic, and global security matters like cyber and space. China, whether it continues to grow or falters, will affect European security. The only way to handle it, for both sides of the Atlantic, is to increase the collective power of the alliance and to coordinate intensively. In this regard, China not only tests the readiness of the alliance to stand by the United States as its security interests are challenged in the Asia-Pacific, but it also tests the resolve of European countries to uphold and defend their position as well as their capacity to think strategically.
This essay first summarizes the security repercussions of China’s transition from the perspective of the North Atlantic Treaty, then explains how solidarity inside the alliance has weakened, elucidates the reluctance of European allies to accept NATO’s role in answering China’s rise, and concludes with offering some ideas about what a more solid policy toward the People’s Republic could be.

**Power Shift**

From the viewpoint of European NATO members, China has mostly posed an economic challenge, though it sometimes raises challenges to global governance, security, and (very rarely) military concerns. Indeed, China’s military presence in NATO’s mandate area—which includes its European members, the North Atlantic Ocean, the Mediterranean Sea, the Baltic Sea, the Black Sea, and possibly Northern Africa—is still small. Since the last decade, however, the Chinese navy deploys at least once a year in the North Atlantic area. In 2011, the People’s Liberation Army (PLA) evacuated around 36,000 citizens from Libya. In 2015 and 2017, it exercised with Russia in the Mediterranean and the Baltic Sea. In 2017, the Chinese Navy staged live-fire drills in the Mediterranean. Each of these drills involved two Chinese surface combatants and a supply ship. Operationally, they were a modest opportunity to advance interoperability in anti-submarine warfare, which is considered an Achilles heel of both Russian and Chinese armed forces.

The small exercises highlighted a more profound shift in the regional balance of power. During both joint exercises, the combined Russian-Chinese presence at sea to the east of the Mediterranean and in the Baltic surpassed that of the littoral European states. The Sino-Russian drills thus confronted European NATO countries with the limitations of their own naval power. This relative weakness has been exacerbated by the economic uncertainty that still grips Southern Europe. France and Turkey excluded, annual defense expenditures of the Southern European NATO members have dropped by US$18 billion, or 34 percent, since the beginning of the Eurozone crisis in 2008, whereas spending by non-NATO countries around the Mediterranean increased by US$16 billion. As a result of the economic distress, Italy decided to postpone acquiring navy helicopters and to review its order of F-35 aircraft. The Greek government resorted to requesting crowdfunding to buy new frigates. Spain has recently stepped up its investment in military equipment, but only after ten years of spending reductions. In the Baltic, defense spending has grown by US$11 billion since 2008—in part because of a fear of Russia and strong economic growth in Germany and Poland—but Russian spending has increased by US$16 billion.

For now, it is European military weakness as much as Chinese strength in the seas in NATO’s mandate area that causes concern. In the last few years, Russia
has made it clear how the limited availability of maritime patrol aircraft and frigates render it difficult for other countries to follow Russian submarines. On several occasions, Russian conventional and nuclear submarines could not be tracked even along narrow sea lanes like Gibraltar. Russia alone has already revealed the military limits of the alliance, so the fact that China expects to grow its presence in the North Atlantic Area can only complicate the security environment further. The joint exercises with Russia were explained by Chinese experts as a gesture to stand by its partner and resist Western pressure. They also signaled that, while China increasingly considers the South and East China Sea as part of its sphere of influence, Western dominance in the three inner seas—the Baltic, the Mediterranean, and the Black Sea—should not be taken for granted.

Deployments in the North Atlantic are also explained to be part of China’s maturation as a maritime nation and a trading power. When its navy exercised with Russia in the Mediterranean, experts commented that the PLA Navy was sharpening its sword in the high seas. In a cinema blockbuster, “Honghai Xingdong” (or “Operation Red Sea”), the PLA Navy is shown projecting power overseas assertively, like in the maritime gateway between Asia and Europe. This is propaganda, but it does confirm a shift in China from a policy of restraint and non-interference to greater confidence showing the flag, asserting its ambitions as a power with global interests, and joining Russia in resisting Western influence. The Chinese government and experts affiliated with the government have stated that the PLA has to do more to advance its overseas interests that, certainly after the initiation of the Belt and Road Initiative (BRI), lead all the way to Europe via the Arctic, the Eurasian landmass, the Mediterranean, and possibly even the Gulf of Guinea. Chinese experts have increasingly stressed that the Mediterranean Sea, the Atlantic, and the Arctic are of strategic importance to China and that those waters cannot remain the preserve of other powers. It appears that, as a result of the BRI and the melting of the polar ice, China is starting to see the Eurasian landmass knitted into one large geopolitical playing field and the seas around it as a Eurasian maritime ring road. This strategic shift is followed by a shift in hardware: China is now building large transport aircraft, landing platform docks, and roll-on-roll-off ships.

The alteration of the military balance in certain parts of the North Atlantic Area has been slow, leading many European political leaders to downplay that
such a shift exists, to disregard the uncertainty about the future intentions of China and its partners, and to ignore the possible security consequences for the future. One of the instant consequences is that NATO continues to depend on American presence to prevent the emergence of a contested area around Europe that grows larger and constrains America’s ability to address China’s rise in the Asia-Pacific. This dependence is also present in other areas. Chinese cyber capabilities and possible influence on telecommunication networks have slowly become a concern to European countries, but several European countries are still short of possessing the intelligence and analytical capacity to understand the magnitude of the threat as well as the budget, human resources, and coordination to respond. In terms of outer space security, European countries appear to suffer from space blindness. They have worked and continue to work with China in space-related research without considering its impact on China’s military space capabilities. European allies have not come up with a response to the modernization of nuclear capabilities of non-NATO countries. As Russia continues to modernize its nuclear weapons and China deploys a new advanced intercontinental ballistic missile—the DF-41, its first capable of hitting any European country—Europe remains incapable of responding without American support.

Furthermore, China’s modest military presence in the North Atlantic area confirms a marked imbalance in the security relations between NATO countries and China. China expects free access to navigate in Europe’s adjacent seas, while it seeks to restrict the freedom of navigation in its own contiguous seas. As soon as a European warship sails into the South China Sea, it is approached by PLA ships and planes, but when China enters the exclusive economic zone of a European country with a navy ship or crosses the Strait of Gibraltar or the Danish Straits, China expects that this will occur without incidents.

China’s ascent affects the military and security outlook in the North Atlantic area through its relations with third countries. Russia, in this regard, is key. While Russia harbors no illusions about the long-term consequences of a strong China, closer economic and security cooperation allows Moscow to pursue hard hedging between China and the West. Chinese credit has helped Russia to weather the sanctions imposed since 2014. Two future gas and oil corridors to China could make Russia earn at least an additional US$23 billion per year on the current account. China allows Russia to continue to exert pressure on the West and to modernize its military.

In the long run, it remains to be seen how close the China-Russian relationship becomes. While one might expect Russia to respond to the shift in the balance of power by restoring ties with the West, there is instead growing cooperation with China, including in the military realm. And while the West remains a useful adversary to rally national unity, the Kremlin considers its economic dependence on European oil imports too large. It also sees Chinese aid as critical to developing
impoVerished regions in the East and assumes that its nuclear weapons will
 guarantee its sovereignty, however strong China becomes. With tabletop
 nuclear exercises, however, Moscow has subtly signaled the ability to use its
 modernizing arsenal to China.

 Russia’s approach, so far, has remained one of hard hedging: maximizing its
gains from both ends of Eurasia so as to maximize its strategic maneuverability.
 Hedging has also characterized the behavior of other countries. As European
 investment stagnated and Europe could not provide the large credit lines that
 would allow partner countries to quickly develop infrastructure projects, lesser
 powers hedged their bets. This was also the case for military cooperation: Algeria,
 North Africa’s largest country, purchased most of its defense equipment in China
 and Russia. Acquisitions from China have included corvettes, surface-to-air missiles,
 and supersonic anti-ship missiles. Egypt, too, has vowed to increase defense
 cooperation. It proposed joint military exercises with China as well as synergy in
 the defense industry. The arrival of China as an alternative security partner is,
 thus, once more symptomatic for the slow weakening of the West.

 Divisions

 China has slowly started to defy the alliance from the fringes, and it has been
testing the alliance’s core principle of solidarity and its dedication to the
defense of common values. To some extent, this is the consequence of diverging
security perceptions across the Atlantic. The divisions about how to address
China’s economic statecraft have become more important and pressing. It is
clear that European economic stagnation has contributed to the decline in its
military power. China has not been the cause of these economic problems, but
it has complicated their solution. Fragile countries like Italy, Greece, and Spain
would benefit from more export, but one of the consequences of China’s aggressive
export promotion is that European exports to Belt and Road countries have
dropped, while China’s continue to grow.14 Most European states also incurred
large deficits in their bilateral trade with China. China has thus suppressed
external demand for European countries and conquered some of the export
markets, like Northern Africa, the Balkans, and the Middle East, that the
weakest European countries relied on the most.

 This situation could be expected to increase solidarity, but the opposite has
happened. Disregarding the negative consequences of China’s state capitalism
for key industries, the idea in most European capitals remains that the import of
low-cost Chinese products is positive for consumers and helps repress inflation.15
Disregarding the trade deficit amounting to billions of US dollars, China’s
increasingly sophisticated trade policy has cultivated countries’ interest in
earning some capital back in the form of investment. Even the stronger European countries allow their policy to be shaped by a small number of large companies that have relocated production to China rather than by a sober assessment of how China affects their economy as a whole. This disconnect leads to unequal bilateral partnerships with China, giving Beijing leverage to both preserve unhampered access to the European market and be able to discredit critical voices as protectionist.

China’s trade policies have also widened the rift between Europe and the United States. European NATO members blame the current US president for being unilateral and reckless in his trade policy for linking economics and security. Yet, they frequently ignore the fact that China has an even greater fixation with economic security as it pursues wealth to gain power and to reduce dependence on others. While President Trump is seen as a protectionist, the more offensive economic designs of the Chinese government’s efforts to, for instance, boost exports, grow strong national industries, and reduce dependence on Western technology have only recently become a concern. Even still, most European countries remain reticent to face the reality of China’s offensive economic statecraft. Italy and Greece have become key entry points of the Chinese Belt and Road.16

China’s economic statecraft and initiatives like the BRI have reshaped the regional balance of power, exacerbated divisions inside the European Union, and lured both weak European countries and large, influential companies into economic dependency. China also defies NATO security in a more fundamental way. NATO, as the North Atlantic Treaty states, is not only about defending sovereignty but also about defending a way of life and values and repelling dictatorship. For decades, countries of the alliance, through the European Union or the G7/8, have sought to socialize China into its political values. This has been in vain, as the growing repression in Hong Kong and crackdown on minorities in Xinjiang shows. While China remains reluctant to impose its authoritarianism and state capitalist values on others, President Xi Jinping has stated that they could be “a new option” for other countries.17

One of the outcomes of the unbalanced economic partnership has been that it has given China unreciprocated access to the technology and wealth that helped bolster the regime’s position as well as the opportunity to use trillions of dollars and euros in trade surpluses to advance its economic interests abroad. After all, the trade surplus has been sterilized by the Chinese central bank and largely used
for strategic state-guided investment. With this contribution to Chinese state capitalism and authoritarianism, the West has been undermining its own values—values that have also been stated clearly in the North Atlantic Treaty: NATO countries, according to the treaty’s preamble, “are determined to safeguard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and the rule of law. They seek to promote stability and well-being in the North Atlantic area.” Both around and inside the alliance there is praise for the Chinese model: the prime minister of Hungary praised China’s development model. The prime minister of Belgium even called China and Russia alternative allies in light of America’s alleged unilateralist pull. Thirty years of stunted engagement has helped make Chinese authoritarianism strong, to the point that the West now backtracks on its core values.

China poses several challenges to NATO. But the foremost problem remains that three decades of engagement, intended to coax China into the Western liberal order, has failed. China shows itself as defiant. The premise that China’s power gains would be less problematic to the West if it adopted Western rules of the game has become untenable. With the rise of China, one can only expect NATO’s key values to be challenged more. There is no guarantee that China will consider the security interests of NATO countries. While NATO has come to focus on grey zone and hybrid competition with Russia, this is not yet the case with China. Nevertheless, China clearly sees geo-economics, which includes the attempt to influence foreign policy objectives of other countries through trade or to create economic networks in which it figures as the center, as a way to shape the geopolitical outlook. For China, economic policy is a continuation of the struggle that started in the 1950s to upend Western dominance.

Reluctance

Several European members—like France, Germany, Italy, and Portugal—oppose the idea of NATO playing a significant role toward China altogether and want to limit interaction with China to dialogue and selective cooperation. They often maintain that China must not be considered an adversary and that multilateral cooperation should be reinforced instead. The first reason for this reluctance to consider China a strategic challenge is that several European NATO countries hold negative views about the Trump administration. A commonly held viewpoint is that the Trump administration should not lecture European countries on Chinese protectionism when it also mulls protectionism toward European companies, and that it should not criticize Chinese technology
giants like Huawei for an espionage risk when its own technology companies are so dominant and have also been compromised by US intelligence services. In addition, European public opinion is often skeptical toward NATO in general, as it was allegedly used by the United States to implicate European countries into two operations that were not considered effective: Iraq and Afghanistan. Officials of several European countries also insisted in private that, unlike the United States, China has no universalist aspirations and no historical track record of projecting power in distant regions. They also consider Chinese support to be necessary to address security issues in Europe’s neighborhood, including Iran.

Another explanation is that several European countries, including Italy, France, and Germany, find that NATO’s tough line on Russia, also championed by the Baltic countries and Poland, has not been effective and has led to a self-fulfilling prophesy of estrangement. The fear is that the West risks making the same mistake toward China, especially if NATO, which China views as an instrument of US policy, starts to play a role. Thus, several countries do not want to see NATO take the lead in Europe’s response to China’s rise and have called for limited engagement. While those countries insist that NATO cannot be in the front, however, it remains unclear what the alternative is. The European Union, for example, has also stated the need to recognize China as a “systemic competitor,” yet, for now, it clearly has insufficient capacity to coordinate policies in the security and military domain. Most European countries on their own have only limited leverage to bend relations with China into their advantage.

The security repercussions of China’s rise are also less pressing to European countries. While threats in cyber, space, and nuclear warfare render geographic distance unimportant, the more visible conventional military modernization is still less focused on Europe and its neighborhood. Moreover, China’s military modernization is less of an issue because European countries have resigned long ago from the ambition to preserve dominance. While the United States has retained the assumption that the best security guarantee is to remain number one, several European nations have already settled for second-rate military status long ago. This lack of perceived threat aggravates NATO’s China challenge, because many European countries surrendered the capacity to muster intelligence and to seriously reflect on long-term comprehensive security threats. Military and security policy in most European nations boils down to reactive pick-and-choose: joining international efforts depending on short-term political, electoral, and public considerations, rather than proper strategy.

This all has contributed to a tendency toward working with China for commercial profit. Absent a clear security strategy among the member states and the inability of European institutions to develop a common approach toward major strategic challenges, NATO has become a security facade behind
which individual countries seek to trade with challengers rather than resisting them. Indeed, the United States has also been a long-time trading partner with authoritarian challengers, and it continues to be. But growing American energy independence and a tougher trade policy on China has put the opportunistic relations of European countries in the spotlight. Europe imports US$111 billion from Russia, US$230 billion from China, and US$56 billion from the Gulf States, effectively making Europe one of the main sponsors of authoritarianism.24 In Paris, Berlin, and other capitals, this sponsorship is justified as a policy of prudence and pragmatism.

Finally, Western leaders have often become estranged from the values that were promulgated in the North Atlantic Treaty. NATO has become a military-technical organization—a warfighting machine. But beyond the defense of sovereignty and traditional security, it has become less clear what the West defends in terms of values, or that sovereignty and military power are but means to defend a way of life, liberty, wellbeing, a common heritage, civilization, democracy, and the rule of law. In many NATO discussions, China figures predominantly as a strategic military issue, even a military-technical topic, and not so much as a political and normative challenge that brings with it our dark historical experience with dictatorship and oppression.

Engagement through Power

China challenges some of the cornerstones of the North Atlantic Treaty. A response of the alliance, possibly involving an effort to engage China, is therefore due. Yet, these objectives need to be made clear. Engagement needs a strategy. Ideally, this strategy consists of four layers.

The China challenge can only be addressed if NATO strengthens its normative resolve and rediscovers its bedrock values. Security is about preserving power, but one preserves power to preserve a way of life. In the last decade, NATO has focused on information wars and hybrid wars, but it will be difficult to reduce the sensitivity of the population to propaganda if it does not understand what is at stake—what it means to live under a dictatorship and what sacrifices previous generations have made to stop it. One cannot—whether as a military officer, a diplomat, or a politician—come to grips with the China challenge if one cannot imagine what it would be for the next generations to fall again under the spell of an authoritarian country that dominates Eurasia. The main task is
not for NATO as an organization to conceive a policy, but for the whole family of
democratic nations to understand what is at risk. NATO can support that.
Its leadership could highlight the core values of the North Atlantic Treaty,
commemorate the sacrifices, encourage member states’ armed forces to reach out
to schools, and interact about the historical fights against authoritarianism.

The first step is, therefore, to strengthen the resolve from inside. NATO
countries must restore the legitimacy and resilience of the free market and
democracy. To do this, NATO countries should, among other policies, stop
relocating jobs, technology, and wealth to authoritarian countries that do not
have the ambition to change, and grow a stronger, sustainable, and humane
economy at home. The North Atlantic Treaty’s second article emphasizes the
need to work together to preserve wellbeing and to eliminate conflict in
international economic policies. This could be interpreted as a possibility for
NATO to more manifestly address the challenges emanating from Chinese
industrial and trade policies. Although other institutions, like the European
Union, are better equipped, it could catalyze the debate and make sure that
geo-economics is reintroduced into discussions about geopolitics. The two are
inseparable. Ideally, the United States, the EU, and other countries would build a
trade zone with high social, environmental, and quality standards. This inevitably
coincides with a rebalancing of trade with China to prevent it from sterilizing the
dollars and euros earned into state-guided investment. Restoring the resilience of
the free market and democracy is also a precondi-
tion to retaining a power advantage, shifting
Western investment and cooperation from
dictatorships toward developing countries that
want to grow open societies. This is not a
matter of imposing democracy, but of facilitating
it. There can be no proper response to China as
an emerging military power without addressing
its economic resources.

These first steps are a precondition for
NATO to continue to fulfil its role as a security
alliance. Going forward, NATO’s main ende-
avor should not be engagement but the preservation of its power and its cohesion.
There is almost no chance that engagement will produce meaningful results absent
internal cohesion and a consistent strategy. Even if China accepts measures of con-
fidence building and deconfliction in the short term and shows interest in working
together on non-traditional security threats, the strategic challenge in the long run
will grow if the current internal divisions are not overcome. NATO should
strengthen its bargaining power. It must work toward a division of labor in
which European countries do more to guard the North Atlantic area. They

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must work harder to restore stability in Eastern Europe, the Balkans, and around the Mediterranean in order to prevent the creation of a power vacuum that China and its partners seize upon as an opportunity to grow their presence. Only if European countries assume their responsibility will the United States be able to strengthen its efforts to balance China in the Pacific.

NATO, in any case, should remain militarily dominant along the main gateways between Asia and the North Atlantic area: the Arctic, Eastern Europe, the Red Sea, the Gulf of Aden, the Gulf of Guinea, and the Panama Canal with the Caribbean Sea. This is key to its own security and allows the exertion of pressure on China’s long supply lines whenever necessary. NATO should be able to pressure China where it is vulnerable. NATO countries also need to work more vigorously to counter Anti-Access and Area Denial (A2AD). Russia, in this regard, can be considered a warm-up for a much broader tendency of certain Eurasian powers to lock main maritime powers out. It should coordinate on cyber and space warfare and include China in the deterrence and defense posture. These efforts require NATO to dedicate more human resources to China to grow NATO’s intelligence and its capacity to streamline internal policy making on the matter.

Only then, if NATO preserves its strength and has a broad strategy, can it envision meaningful exchanges with China: engagement through power. This interaction will undoubtedly be characterized by competition, but competition can be managed if both sides are transparent and predictable. NATO should signal that, as long as China does not resort to aggression, its aim is not to derail or contain Chinese growth, but rather, to restore a Eurasian balance of power that makes China’s power less threatening and destabilizing. It should relay to the Chinese leadership that it stands ready to cooperate on common security challenges in the North Atlantic Area, as long as China shows itself cooperative with the West. European countries need to see the danger of losing the new contest for space, cyber, and nuclear dominance. NATO can facilitate coordination between the two sides of the Atlantic, but more investment and more coordination is required among European countries themselves.

Engaging China without a strategy can make the situation worse. The North Atlantic community needs to avoid economic dependency on strategic challengers in order to reestablish the strength of its economy, restore social cohesion, grow its power overall, and ready itself for a turbulent period of adjustment. This strategy might be deemed reckless and overly hawkish. Many might shirk, anticipating possible countermoves. Yet, it is much more reckless to allow the West to slide into a downward spiral in which fear and weakness causes opportunism, and in which opportunism breeds more weakness. In answering the China challenge, courage is needed as much as composure. Otherwise, NATO risks China becoming the nail in the coffin of the North Atlantic community.
Notes


13. Calculations based on 2019 oil and natural gas prices. Concerns ESPO Oil Pipeline (30 million ton capacity * current prices of +/- US$ 420 per ton) and Power of Siberia Gas Pipeline (38 bcm annually to China * current prices of +/- US$ 0.27/m3): US$ 23 billion.


