

Germany and the EU's New Indo-Pacific Strategy: China at the Centre of Europe's Engagement?

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INTRODUCTION

The global economic and strategic centre of gravity has been shifting towards the Indo-Pacific region for years. The EU's announcement that it would adopt its own strategy for the region reflected this global shift in power. After months of waiting, the EU finally published its "strategy for cooperation in the Indo-Pacific" on 16 September 2021. Amid rising tensions between China and the US and its Indo-Pacific allies over a broad range of issues, the strategy calls for more multilateralism in various fields of action and stresses that the EU's "approach to the region is one of cooperation, not confrontation."¹ More strongly than expected, the paper criticises China's aggressive behaviour in the region.

However, the publication was overshadowed by the announcement of a new tri-lateral defence pact for the region between the United States, the United Kingdom, and Australia called AUKUS. "We regret not having been informed, not having been part of these talks," a surprised Joseph Borrell, the EU's High Representative for Foreign Affairs, informed the international press.² According to the Mercator Institute for China Studies the failure to include Brussels in the alliance reflects Washington's impatience regarding cooperation on countering China along with scepticism that the EU could become a major security partner in the Indo-Pacific re-

1. European Commission. 2021. Questions and Answers: EU Strategy for Cooperation in the Indo-Pacific, 16 September 2021. (https://ec.europa.eu/commission/presscorner/detail/en/QANDA_21_4709).

2. Joseph Borrell, quoted in: EU unveils Indo-Pacific strategy in response to US-led pact. 16 September 2021. Deutsche Welle. (<https://www.dw.com/en/eu-unveils-indo-pacific-strategy-in-response-to-us-led-pact/a-59203426>).

gion in the near future.³ This assessment from Washington may come as a surprise for many Europeans, given that several EU member states like France and Germany have recently increased their presence in the region. However, from a US perspective, these efforts, like the ongoing deployment of German frigate *Bayern* to the Indo-Pacific region, are generally considered half-hearted. This raises the question as to whether the EU is willing and able not only to cooperate with China when possible and compete with it when needed, but also confront it when necessary beyond the NATO obligations of individual member states. Will the EU become a major player in the region? Or will it be primarily the US, its Indo-Pacific allies, and the People's Republic of China that will determine the future of the Indo-Pacific region?

THE INDO-PACIFIC DEPLOYMENT OF GERMAN FRIGATE *BAYERN* – A SYMBOL FOR AN AMBIVALENT CHINA POLICY

On 2 August 2021, the German frigate *Bayern* set sail for a historic mission to the Indo-Pacific region. It was about time. For 19 years, no German warship has shown the flag in these distant waters. “The message is clear: we are standing up for our values and interests together with our partners and allies,” German Minister of Defence Annegret Kramp-Karrenbauer stated. “For our partners in the Indo-Pacific,” she added, “it is a reality that sea routes are no longer open and secure, and that claims to territory are being applied by the law of might is right.”⁴ However, the message is not as clear as it should be, because the *Bayern* will not conduct freedom of navigation operations in the South China Sea or Taiwan Strait like the naval vessels of other NATO countries, including the US, the UK, and France. Explicitly avoiding sailing through these contested international waters could be misinterpreted as an indirect acceptance of China's claims over these maritime regions. In fact, Germany is not yet ready to confront China when necessary. However, Germany's appeasement approach was not even rewarded by the Chinese government: While Chinese warships can freely operate and conduct manoeuvres in the North and Baltic Sea,

3. MERICS. Transatlantische Zusammenarbeit zu China gerät in unruhiges Fahrwasser, 23 September 2021. (<https://merics.org/de/kurzanalyse/transatlantische-zusammenarbeit-zu-china-geraet-unruhiges-fahrwasser>).

4. Annegret Kramp-Karrenbauer, quoted in: German warship sets sail for Indo-Pacific region. 2 August 2021. Deutsche Welle. (<https://www.dw.com/en/german-warship-sets-sail-for-indo-pacific-region/a-58733630>).

and even participate in major maritime festivals like Kiel Week, China denied the request for *Bayern* to make a port call in Shanghai.⁵

In Germany, the *Bayern* deployment to the Indo-Pacific is not very popular. Critics disparaged it as modern “gunboat diplomacy.”⁶ Instead of criticising the non-conduct of freedom of navigation operations in East Asian waters contested by China, left wing commentators labelled a supply stop at the US naval base on Diego Garcia, an island claimed by Mauritius, as being counterproductive for the vessel's mission.⁷

Both the goals and route of the *Bayern* deployment reflect and symbolise the ambivalent German China policy. For decades, it has focused on good business and trade relations. However, in recent years Germany as well as the European Union have started shifting their approach to China gradually. The European Commission's strategic outlook paper on EU-China relations from March 2019 marks a major milestone. For the first time, China was officially declared a systemic rival: “China is, simultaneously, in different policy areas, a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance.”⁸ Germany supports this approach, although it is not included in the German Indo-Pacific Guidelines from August 2020.⁹

5. Liu Zhen, Finbarr Bermingham. China denies request for German frigate to make port call in Shanghai. 15 September 2021. South China Morning Post. (<https://www.scmp.com/news/china/diplomacy/article/3148895/china-denies-port-call-request-german-frigate-berlin>); Friederike Böge. China begründet Absage an Fregatte Bayern mit mangelndem Vertrauen. 17 September 2021. Frankfurter Allgemeine Zeitung. (<https://www.faz.net/aktuell/politik/ausland/china-begrueudet-absage-an-fregatte-bayern-mit-mangelndem-vertrauen-17541862.html>).

6. Moritz Brake, Sebastian Bruns. Frigate Bayern in the Pacific: The Return of German Gunboat Diplomacy? 20 July 2021. Center for International Maritime Security. (<https://cimsec.org/frigate-bayern-in-the-pacific-the-return-of-german-gunboat-diplomacy>).

7. Matthias Rauch. An der Route der Fregatte “Bayern” regt sich Kritik. 7 September 2021. Der Tagesspiegel. (<https://www.tagesspiegel.de/politik/mission-im-indo-pazifik-an-der-route-der-fregatte-bayern-regt-sich-kritik/27578158.html>).

8. European Commission, 2019. EU-China – A strategic outlook. (<https://ec.europa.eu/info/sites/default/files/communication-eu-china-a-strategic-outlook.pdf>).

9. Die Bundesregierung, 2020. Leitlinien zum Indo-Pazifik. (<https://www.auswaertiges-amt.de/blob/2380500/33f978a9d4f511942c241eb4602086c1/200901-indo-pazifik-leitlinien--1--data.pdf>); “China ist Partner, Wettbewerber und Rivale”: Außenminister Heiko Maas im Interview mit dem Redaktionsnetzwerk Deutschland. 12 July 2020. Redaktionsnetzwerk Deutschland. (<https://www.auswaertiges-amt.de/de/newsroom/maas-rnd/2367282>); Deutscher Bundestag, 2020. China als systemischer Rivale. Auswärtiges/ Antwort auf Große Anfrage - 30.06.2020 (hib 683/2020). (<https://www.bundestag.de/presse/hib/703540-703540>).

GERMANY AND THE EU: OLD FRIENDS OF CHINA?

In an official farewell video chat held in mid-October 2021, China's President Xi Jinping referred to outgoing German Chancellor Angela Merkel as a "lao pengyou," an old friend.¹⁰ Above all, China credits the chancellor for her efforts to promote EU-Chinese economic relations. In 2014, Germany elevated relations with China to a comprehensive strategic partnership, reflecting Beijing's growing importance for Berlin. In 2020, China was Germany's main trading partner for the fifth year in a row, and for the first time it surpassed the US as the EU's primary trading partner for goods. The German government did not bow to significant pressure from Washington to explicitly exclude Huawei from its domestic 5G networks. Undoubtedly, Merkel was a major driving force behind the EU-China Comprehensive Agreement on Investment (CAI), which was concluded in December 2020. However, due to reciprocated sanctions, the ratification was put on hold by the European Parliament and the future of the agreement remains, at best, doubtful, even though the new Indo-Pacific strategy states that progress in ratifying the agreement "is in the EU's and China's mutual interest."¹¹

Similar to Germany's pioneering Policy Guidelines for the Indo-Pacific that were published in September 2020, the new EU strategy does not exclude China while implicitly repudiating China's efforts to undermine the international rules-based order and its military build-up in the East and South China Sea. However, with its focus on the entire Indo-Pacific region, the eighteen-page EU document does not mention any areas of successful cooperation with China. Today, China is the world's second-largest contributor to the United Nations. The EU also views China as a major development partner. The People's Republic is already the most important bilateral donor to developing countries, and holds around 21 per cent of all African countries' debt.¹² Other areas of cooperation between China and the EU include cultural and academic exchanges. The "China-EU School of Law" for example, established by the European Union and China, celebrated its 10th anniversary in 2018.

However, the will to cooperate goes beyond these classic approaches: To the displeasure of the US, in 2016, several European countries became founding

10. Steffen Wurzel, ARD-Studio Shanghai. Chinas Staatschef lobt Merkel, 14 October 2021. (<https://www.tagesschau.de/ausland/asien/china-xi-merkel-105.html>).

11. European Commission. 2021. The EU strategy for cooperation in the Indo-Pacific. (https://eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf).

12. The Washington Post. The pandemic has worsened Africa's debt crisis. China and other countries are stepping in, 26 February 2021. (<https://www.washingtonpost.com/politics/2021/02/26/pandemic-has-worsened-africas-debt-crisis-china-other-countries-are-stepping/>).

members of the China-initiated Asian Infrastructure Investment Bank. Critical observers see the initiative as an attempt by China to challenge classic international institutions such as the International Monetary Fund. On the other hand, many member countries consider the opportunities that the new development bank potentially offers to the region.¹³

According to Reinhard Bütikofer, foreign policy coordinator of the Greens/EFA group in the European Parliament, the EU's new Indo-Pacific strategy contains only one surprise while it largely follows the Council conclusions published in April 2021: concerning the role of EU-Taiwan relations, "the new document strikes a more proactive tone."¹⁴ For example, the document states that the EU will "pursue its deep trade and investment relationships with partners with whom it does not have trade and investment agreements, such as Taiwan," in spite of Beijing's growing attempt to isolate Taiwan.¹⁵ China regards Taiwan as part of its territory. Xi Jinping has increasingly used military threats to underscore this claim and to call for a "peaceful reunification."

Time and time again, the EU and individual member states have demonstrated their readiness and willingness to cooperate with China when possible. But there is a growing concern in the EU that Chinese investments could increasingly lead to political interference. Hoping to attract Chinese investments, some countries have often resisted taking a critical stance towards China. When the Council of European Foreign Ministers adopted an EU-China strategy in 2016, the draft version included clear criticism of the Chinese military activities in the South China Sea that violated international law. However, the passage was eventually removed from the final version. Sinologist Martin Winter analyses the process as follows: China "cashed in for the first time on the political dividend on an investment in Europe, namely the purchase of the port of Piraeus. It was the Greek government, with the active support of the Hungarian government, that prevented the due criticism of China and the necessary calls to return to the customs of international law."¹⁶ China's economic power is increasingly becoming a challenge for the EU and China is seizing the situation for its own benefit. In 2012, the so-called 17+1 initiative was launched

13. Frank Sieren. *Asien emanzipiert sich vom IWF*. ChinaTable, 31 March 2021. (<https://table.media/china/analyse/asien-emanzipiert-sich-vom-iwf/>).

14. Reinhard Bütikofer. *EU's new Indo-Pacific strategy*, Press Statement, 16 September 2021. (<https://reinhardbuetikofer.eu/2021/09/16/eus-new-indo-pacific-strategy-press/>).

15. European Commission. 2021. *The EU strategy for cooperation in the Indo-Pacific*. (https://eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf).

16. Martin Winter. 2019. *China 2049. Wie Europa versagt*. Süddeutsche Zeitung (edit.).

in Budapest. Officially, this initiative is intended to promote cooperation between China and the Central and Eastern European countries. Critics consider it a deliberate attempt by China to bypass the EU as a negotiating partner. Therefore, in early 2021 Lithuania decided to leave the initiative and urged the other 16 European members to follow suit.

China's coercive foreign and economic policies are making it more and more difficult for the EU to consider the country as a partner. China increasingly challenges both the European economy and Western values.

COMPETITORS AT A CROSSROADS

China is challenging the Western-dominated international order and its institutions on multiple levels. Therefore, the new EU strategy points out that "the EU will continue to protect its essential interests and promote its values while pushing back where fundamental disagreements exist with China, such as on human rights."¹⁷ The abolition of the remaining democratic freedoms in Hong Kong, the brutal repression of the Uyghurs and other Muslim minorities in Xinjiang province, growing tensions in the South China Sea, invasion threats against Taiwan – these are only some key points of contention between China and the EU. The EU has realised too late that the story of China's peaceful rise is merely a deceptive Chinese narrative.

China's leadership knows the country will only succeed in becoming a world power if it breaks away from its role as the extended workbench of the West and sets out on a path to the pinnacle of technological and industrial development. Six years ago, China announced its intention to take the technological lead in all key sectors with its "Made in China 2025" initiative. This has not yet been achieved in many crucial areas, such as the production of semiconductors. Nevertheless, the progress made in recent years is impressive. In Xinjiang province alone, some 1,400 technology companies have set up shop. Most of them are focusing on video surveillance, an area where China is already considered a leader. China is also considered a global leader in e-payment, AI, and Big Data segments. The Chinese manufacturer Da-Jiang Innovations Science and Technology (DJI) currently has a market share of almost 80 per cent of the global market for civilian drones. And Shenzhen, which is often compared with Silicon Valley in the United States, has long been regarded as the world capital of e-mobility: 16,000 e-buses are already on

17. European Commission. 2021. The EU strategy for cooperation in the Indo-Pacific. (https://eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf).

the road. The People's Republic is thus attempting to achieve its self-imposed goal of becoming climate-neutral by 2060 through, among other things, the means of a green transport revolution.¹⁸

Also, due to ongoing US sanctions, China is striving economically to become more independent from the West. The "Dual Circulation" strategy, which the Central Committee announced at the end of October 2020, is aimed in particular at promoting the domestic market and becoming less dependent on foreign products. For example, the country aims to produce 70 per cent of its computer chips demand in four years. According to figures from the Chinese company database Qichacha, 17,500 new companies have already registered in the semiconductor segment in 2021.¹⁹ However, whether China will reach the goal remains uncertain.

In the light of persistently impressive growth figures, numerous observers have already proclaimed that the 21st century will be the Chinese century. Actually, this is far from inevitable. But what would this scenario mean in terms of economic policy? It would mean that China would dominate trade routes and sources of raw materials, set global (technological) standards, bind other countries and regions to itself, and be militarily strong enough to secure this dominance.²⁰ China would only be able to assume such a role in the future if the West remains in its current state.²¹ For example, neither the Trans-Pacific Economic Partnership (TTP) nor the Transatlantic Free Trade Agreement (TTIP) came into being. Had both agreements been concluded, the West would have set the standards in global trade for decades. Without the participation of the EU and the US, the 15 Asia-Pacific states made history in November 2020, creating what is now the world's largest free-trade zone with the Regional Comprehensive Economic Partnership (RCEP).²²

Even in the German business community, the mood has changed. Already in January 2019, the influential Federation of German Industry (BDI – Bundesverband der Deutschen Industrie) cautioned companies against becoming too dependent

18. See: Frank Sieren 2021. *Shenzhen: Zukunft made in China*. Penguin Verlag.

19. Frank Sieren. *Angriff auf die Chip-Giganten*. ChinaTable, 7 July 2021. (<https://table.media/china/analyse/angriff-auf-die-chip-giganten/>).

20. Martin Winter. 2019. *China 2049. Wie Europa versagt*. Süddeutsche Zeitung (edit.).

21. See: Martin Winter. 2019. *China 2049. Wie Europa versagt*. Süddeutsche Zeitung (edit.).

22. For this argument drawn from Martin Winter also see: Martin Winter. 2021. *Chinas Aufstieg — Europas Ohnmacht*. Langen Müller Verlag GmbH.

on the Chinese market.²³ The BDI recently also warned that human rights violations in Xinjiang province and Hong Kong could harm business relations.

However, on a global scale, especially many developing countries depend on Chinese investments. Already in 2017, China was the main trading partner for 120 countries. Significantly, the West has so far hardly found any instruments to provide alternatives to the dominance of Chinese investments. Moreover, through the so-called “debt trap,” China has managed to secure important infrastructure outside of China, such as the port of Hambantota in Sri Lanka, which will be under Chinese control for the next 96 years.

So far, the EU has failed to compete with China in many respects. China has already taken the technological lead in some key sectors and has managed to bind other countries and regions to itself. The geostrategic consequences of this failure contribute to the growing rivalry.

GROWING TENSIONS

China under the leadership of Xi Jinping poses a systemic challenge to Western democracies and like-minded countries all over the world, in particular in Asia. Therefore, the United States is currently lining up its allies to counter and contain China’s aggressive expansion in East and Southeast Asia, and its growing influence globally. While key allies in the Indo-Pacific region like Australia, India, and Japan, who are directly affected by China’s new course, are closing ranks with the United States, the European Union still refrains from following suit.

The European Union as a multinational actor always has to find a compromise that fits all member states. This is often – wrongly – perceived as a disadvantage. When it comes to dealing with China, it actually is an advantage. Since 2019, the EU has considered China as a partner, competitor, and systemic rival – a typical EU solution, acceptable for every member state because it leaves enough room for 26 nuanced national policies towards China, currently oscillating between Lithuania’s tough confrontational approach, Germany’s business-first policy, and Hungary’s China-friendly orientation. While one nation can only steer one course at a time, the EU has the advantage of being able to steer 26 different courses, thereby searching out the most suitable one. However, it looks like there is not much time left to steer independent courses, because both the United States and China are demanding

23. BDI. 2019. Partner and Systemic Competitor – How Do We Deal with China’s State-Controlled Economy? (https://www.wita.org/wp-content/uploads/2019/01/201901_Policy_Paper_BDI_China.pdf).

that the Europeans choose sides in the looming new cold war, and the EU and its member states are not powerful enough to maintain an independent position between the two antagonistic great powers.

How is China systemically challenging Western democracies? There is no simple answer to this question. The challenge is comprehensive and multi-dimensional. According to Chinese propaganda, China's authoritarian state capitalism model is superior to any other political model in the world, including Western-style democracies. This narrative has the desired effect in many countries around the world, including G7 countries, because the old narrative of the decline of the West seems to have momentum once again in history.²⁴ China's economic and military rise in the past four decades since the late 1970s is undoubtedly impressive. The Communist regime challenges the West down its alley: global economic, technological, and military dominance. However, China's rise has only been possible because it was allowed to take advantage of the Western rules-based capitalist system of global trade. When China joined the World Trade Organisation (WTO) in December 2001, many Western countries expected it to become a liberal, open market economy within a couple of years. This misassumption was costly. Under Xi Jinping's leadership, China obviously feels strong enough to openly push back and undermine the liberal world order, aiming to replace it with a more authoritarian world order dominated and defined by the Chinese Communist Party. This paper cannot touch on every aspect of the systemic rivalry, but highlights a few key areas:

International Law

China is not a nation of law in a liberal-democratic sense. It does not favour the Western concept of the rule of law, but domestically applies and internationally promotes an authoritarian concept of rule by law.²⁵ China deliberately undermines international law and other standards and tries to replace them with China's own standards. A good example is China's policy in the South China Sea: In the past years, China has built numerous air and naval bases in the South China Sea beyond its maritime border by claiming and fortifying tiny islets in international as well as territorial waters of neighbouring countries like Vietnam and the Philippines. This course of action intentionally undermines international law. China claims all

24. On the history of this narrative see: Hermann, Arthur. 1997. *The idea of decline in Western history*. New York: Free Press.

25. Kempken, Daniel: *Rule by Law statt Rule of Law: Das chinesische Rechtsstaatskonzept als Herausforderung für Deutschland und Europa*. Konrad-Adenauer-Stiftung e.V. (<https://www.kas.de/de/analysen-und-argumente/detail/-/content/rule-by-law-statt-rule-of-law>).

territory in the South China Sea within the so-called “Nine-Dash Line”²⁶ and refuses to accept the UNCLOS Arbitration Tribunal’s decision in favour of the Philippines from 2016²⁷. Therefore, the US and other countries regularly conduct freedom of navigation operations in these contested waters to confront China’s claims.

Military

Military power has always been the backbone of the Chinese Communist Party. Concurrent with a rapidly growing economy, the Chinese military-industrial complex has also grown significantly in the past decades. In 2017, General Secretary Xi Jinping announced “that by the end of 2049, the PRC will field a ‘world-class’ military.”²⁸ This includes not only a massive military and nuclear buildup, but also a major, ongoing restructuring of the Chinese military including new conceptions on both the strategic and tactical level.²⁹ With about 2.19 million active soldiers, the People’s Liberation Army (PLA) already is the biggest military in the world by active-duty military personnel.³⁰ According to a US Department of Defense Report, since 2020, the People’s Republic of China also commands the world’s largest navy, coast guard, and maritime militia, and the Indo-Pacific region’s largest air force.³¹

Economy & Technology

China’s rapid economic growth in the past four decades is unprecedented in history. Currently, China is generally ranked as the second-largest economy behind the United States, but according to the latest IMF report, it has already outranked

26. See: Bhatt, Pooja. 2020. *Nine Dash Line: Deciphering the South China Sea Conundrum*, New Delhi: Kw Publishers Pvt Limited.

27. See: Thayer, Carl. 2021. Who Decided the Philippines Versus China Case? Was it the Arbitral Tribunal or the Permanent Court of Arbitration? *The Diplomat*. (<https://thediplomat.com/2021/07/who-decided-the-philippines-versus-china-case>).

28. U.S. Department of Defense. 2021. *Military and Security Developments Involving the People’s Republic of China 2021. A Report to Congress Pursuant to the National Defense Authorization Act for Fiscal Year 2000* (<https://media.defense.gov/2021/Nov/03/2002885874/-1/-1/0/2021-CMPR-FINAL.PDF>).

29. See, e.g.: Voskressenski, Alexei D. 2020. *Resources, Trends, and Goals of Chinese Military Modernization*. In: *China’s Infinite Transition and its Limits. Economic, Military and Political Dimensions*. Ed. by Alexei D. Voskressenski. London: Palgrave Macmillan.

30. Szmigiera, M. 2021. *The biggest armies in the world ranked by active military personnel in 2021*. Statista (<https://www.statista.com/statistics/264443/the-worlds-largest-armies-based-on-active-force-level>).

31. U.S. Department of Defense. 2020. *Military and Security Developments Involving the People’s Republic of China 2020 Annual Report to Congress A Report to Congress Pursuant to the National Defense Authorization Act for Fiscal Year 2000, as Amended*. (<https://media.defense.gov/2020/Sep/01/2002488689/-1/-1/1/2020-DOD-CHINA-MILITARY-POWER-REPORT-FINAL.PDF>).

the US when it comes to purchasing power parity.³² China also aims for technological superiority, in particular in the field of artificial intelligence where it made huge progress in recent years.³³ According to Chinese propaganda, the rapid technological development and economic growth of the past decades, eventually becoming the largest economy in the world, proves the superiority of China's authoritarianism over Western liberal capitalism. As already outlined above, this claim is false because China's economic development is based on taking advantage of the Western liberal order.

Global Infrastructure and Development³⁴

In 2013, Xi Jinping launched the Belt and Road Initiative (BRI) or New Silk Road. In this initiative, the government is bundling massive investments, primarily in the infrastructure of – according to the plan – more than 80 countries. In the Chinese 2021 white paper on development policy,³⁵ the Belt and Road Initiative for the first time is officially defined as a core element of the Chinese development cooperation strategy, even though it goes far beyond the scope of development cooperation and also includes numerous infrastructure investments in developed countries, including Germany and other EU countries³⁶. China is thus exporting its development model to the world and systematically strengthening its geostrategic position under the premises of development cooperation and securing international trade routes³⁷. For many developing countries, this initiative in particular is a double-edged sword because the extensive construction projects that they would not

32. Allison, Graham. 2021. China Is Now the World's Largest Economy: We Shouldn't Be Shocked. The National Interest. (<https://nationalinterest.org/feature/china-now-world%E2%80%99s-largest-economy-we-shouldn%E2%80%99t-be-shocked-170719>).

33. Hsu, Sarah. 2021. China and Artificial Intelligence China has made technological strides in the AI field: Should that be viewed as a threat? The Diplomat. (<https://thediplomat.com/2021/04/china-and-artificial-intelligence>).

34. Most of this paragraph has been taken from the following publication: Herold, Heiko. 2021. A Double-Edged Chinese Sword: China's Development Cooperation as a Challenge and an Opportunity. Berlin: Konrad-Adenauer-Stiftung. (https://www.kas.de/documents/252038/11055681/Monitor+Entwicklungspolitik+Nr.+1_2021+-+A+Double-Edged+Chinese+Sword+-+China%E2%80%99s+Development+Cooperation+as+a+Challenge+and+an+Opportunity.pdf/bc458272-8276-d11c-092e-e0f7ca0a806e?version=1.1&t=1626938728577).

35. The State Council Information Office of the People's Republic of China. 2021. White Paper on China's International Development Cooperation in the New Era (<http://english.www.gov.cn/atts/stream/files/5ffa69cac6d0cc300eea77af>).

36. Ibid.

37. See among others: Hoering, Uwe. 2018. Der lange Marsch 2.0. Chinas Neue Seidenstraßen als Entwicklungsmodell, Hamburg: VSA Verlag.

otherwise be able to implement are usually financed with Chinese loans, and the main beneficiaries are in most cases Chinese state-owned enterprises. Some partner countries have already fallen into this debt trap and have become dependent on China as a result. For many years, Western countries have not responded to this challenge. Just recently, the G7 launched the Build Back Better World initiative, and the European Union the Global Gateway programme and the Blue Dot Network to counter China's Belt and Road Initiative.³⁸

OUTLOOK: A NEW ERA OF MINI-LATERALISM?

The European Union is willing to cooperate with China. In many respects, however, the EU is not in a position to compete with Beijing. In the field of advanced technologies (artificial intelligence, e-mobility, drones, video surveillance, etc.), the EU as an independent player has already lost the competition in many areas.

In his analysis of the new EU Strategy for Cooperation in the Indo-Pacific, Pepijn Bergsen, a Research Fellow in the Europe Programme at Chatham House, concludes that it is becoming increasingly difficult for the EU to focus only on economic relations with China, as these are increasingly mixed with security issues. "Given its limited toolkit and resources, the EU will struggle to find its role."³⁹ By itself, the EU is unable to confront China. In this regard, the new EU strategy is telling because it does not include a significant military role for the EU in the region.⁴⁰

In the post-Trump world, many Europeans had hopes that the US would turn toward multilateralism. This is not the case, in particular when it comes to dealing with China. The US is increasingly relying on smaller alliances in the Indo-Pacific region such as AUKUS or Quad. This new form of mini-lateralism irritates the European partners. The AUKUS alliance angered France because it resulted in the termination of a lucrative submarine contract with Australia, but, in fact, it is a lesson in

38. Lau, Stuart, Hanne Cokelaere. 2021. EU launches 'Global Gateway' to counter China's Belt and Road. Politico (<https://www.politico.eu/article/eu-launches-global-gateway-to-counter-chinas-belt-and-road/>); The White House. 2021. Fact Sheet: President Biden and G7 Leaders Launch Build Back Better World (B3W) Partnership. (<https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/12/fact-sheet-president-biden-and-g7-leaders-launch-build-back-better-world-b3w-partnership/>).

39. Pepijn Bergsen. In Search of an Indo-Pacific Role, 30 September 2021. (https://ip-quarterly.com/en/search-indo-pacific-role?fbclid=IwAR2_vxYkfaVIm9Ej3g0fldsmBBxNXYdxj2WgvcP4cw9YolzFA2ahPvpjZQQ).

40. Pepijn Bergsen. In Search of an Indo-Pacific Role, 30 September 2021. (https://ip-quarterly.com/en/search-indo-pacific-role?fbclid=IwAR2_vxYkfaVIm9Ej3g0fldsmBBxNXYdxj2WgvcP4cw9YolzFA2ahPvpjZQQ).

realpolitik for the Europeans. Obviously, the Biden administration has lost a lot of trust in Europe when it comes to the top priority of US foreign policy: countering China. However, it does not take a clairvoyant to predict that only a united West can permanently counter the Chinese challenge.

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