



“We are in the midst of a fundamental debate about the future and direction of our world. We’re at an inflection point between those who argue that, given all the challenges we face – from the fourth industrial revolution to a global pandemic – [...] autocracy is the best way forward, [...] and those who understand that democracy is essential – essential to meeting those challenges.”<sup>3</sup>

Joe Biden, US President,  
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## Introduction

As this report was being finalized in July of 2021, it was evident that the views of American, Canadian, and European policymakers on China are converging.

US policy towards China underwent a major shift under President Donald Trump. While different in style and modus operandi, President Joe Biden has broadly continued on this trajectory, with bi-partisan support. In an op-ed published in early June, Biden wrote that the purpose of his trip to Europe was to demonstrate the capacity of democracies to “meet the challenges and deter the threats of this new age.”<sup>1</sup> China featured prominently in that op-ed.

Two years earlier, in 2019, the EU coined its now familiar “China trinity,” describing the People’s Republic as being simultaneously a partner, a competitor, and a systemic rival. Since 2019, European policies have evolved further. In its “EU-US Agenda” of December 2020, Brussels expressed agreement with Washington on “the strategic challenge presented by China’s growing international assertiveness,” while acknowledging that “we do not always agree on the best way to address this.”<sup>2</sup>

The evolution of Western (and global) views on China can only be understood against the background of the course charted by the Chinese Communist Party (CCP) over the past years, ranging from massive violations of human rights and the suppression of political freedoms at home, to “Wolf Warrior” diplomacy and influence operations abroad, to a doubling down on a state-led economic model. The June summits of the G7 and NATO as well as the EU-US summit provide evidence of the significant level of agreement among transatlantic partners, based in good part on concerns about Beijing’s coercive behavior. In these formats, heads of state and government identified a series of specific measures to address challenges presented by China.

One element of convergence is the recognition that a principal challenge emanating from China is in the areas of technology, trade, and investment, and that China’s neo-mercantilist techno-nationalism and sustained non-convergence undermine free-market economies and the existing global system of economic governance.

There is also an understanding that the West must put forward credible alternatives with regard to global infrastructure and connectivity in order to generate economic growth and enhance respect for the rule of law, transparency, and sustainability. Joining forces can help mobilize top-level political support for a comprehensive connectivity strategy, which so far has been lacking on both sides of the Atlantic.

Convergence with regard to China's record on human rights has been particularly tangible. In March 2021, for the first time since 1989 and in coordination with the US, the UK, and Canada, the EU imposed human rights sanctions against China over Beijing's abuses in Xinjiang (China responded by targeting EU institutions, Members of the European Parliament, NGOs, and others). Increasingly, transatlantic partners perceive the CCP as engaging in an assault on liberal values and norms as well as human rights, threatening their core interests.

The inclusion of Taiwan in the final documents of the G7, NATO, and EU-US summits signals unprecedented transatlantic concern about threats to peace and stability in the Taiwan Strait. China's growing diplomatic and military pressure against Taiwan is the main source of cross-Strait tension. Countries on both sides of the Atlantic are increasingly worried about the potential of a military conflict and believe it is important to voice their support for the peaceful resolution of differences between Beijing and Taipei.

The growth of Chinese power has limited the ability of liberal democracies to shape the international order. Transatlantic partners have seen China make its influence felt in international organizations across the spectrum.

With regard to security, there is a high degree of asymmetry between the US, Canada, and European nations in terms of their security exposure in the Indo-Pacific and their respective capabilities. At the same time, it is increasingly clear that European interests are impacted where China encroaches on the sovereignty and independence of Indo-Pacific nations and undermines freedom of navigation. As EU High Representative Josep Borrell noted on June 3, "the EU's interest is precisely this: that the regional order stays open and rules-based."<sup>4</sup> In addition, it is evident that a major crisis in the Indo-Pacific would have immediate repercussions for European security as the US would redeploy military resources from Europe and adjacent areas. At the same time, it would severely impact Europe's economies.

In sum, convergence is real, but important voices have warned against Europe taking sides in what some perceive as a competition primarily between the US and China. Speaking at the Atlantic Council in February, French President Emmanuel Macron said, “a situation to join all together against China, this is a scenario of the highest possible conflictuality. This one, for me, is counterproductive.”<sup>5</sup> A few days earlier, at the World Economic Forum, Chancellor Angela Merkel said much the same and argued against the “building of blocs.”<sup>6</sup>

European reluctance about entering into confrontation with China is also evident in surveys.<sup>7</sup> As documented in the Munich Security Report 2021, publics on both sides of the Atlantic see China as one of the world’s most significant risks (see Figure 1). However, Europeans are more reluctant than North Americans about confronting China, especially in the economic realm (see Figure 5). Convergence in public opinion, too, should not be taken for granted.

Clearly, it would be counterproductive to pretend that the US, Europe, and Canada are fully aligned with regard to China. The reasons are evident and are based in differences of geography, economic exposure, priorities, perceptions, as well as fundamentally different approaches and traditions in foreign policy. Washington recognizes this. As Secretary of State Antony Blinken highlighted in a speech in Brussels on March 24, the US will not force allies into an “us or them” choice with regard to China.<sup>8</sup>

Nor is there a need for full alignment: the areas of agreement among transatlantic partners are substantial and offer a solid basis for cooperation. What is needed is a pragmatic approach identifying joint action where possible and (in the words of the December EU-US agenda) “managing differences” where necessary.

This is the approach advocated in this report. Building on the results of the June summits, we propose a transatlantic agenda focused on achieving quick wins over a period of up to 18 months, with recommendations organized by seven issue areas.

If transatlantic partners can implement such an approach, it will not only enhance the effectiveness of China policies, but will also help put the partnership on a solid foundation. If, by contrast, the democracies of Europe and North America fail to come together, resulting divisions will be a source of

continuous disagreement, potentially undermining the relationship as a whole.

Working together with partners such as Australia, India, Japan, New Zealand, South Korea, and many others with whom areas of agreement can be identified will be crucial to achieving success.<sup>9</sup> In the case of Russia, a constructive dialogue on China is clearly not a near-term prospect. But given Russia's strategic interests it is a conversation to which the West should revert once conditions permit.

The rise of a domestically authoritarian and globally assertive China renders transatlantic cooperation more relevant than at any time in recent history. Transatlantic partners need to be ready for long-term strategic competition. They must also seize opportunities for cooperation with China, starting with issues such as climate change, global health, and food security. By working together from a position of strength, they will improve the chances of arriving at more productive relationships with China.