

Setting the Agenda in International Institutions



“It is our populations – the US and Europe – that built the world order of today, not China. [...] The world order that we have, based on democracy and based on the rule of law, is where this planet should go if it’s going to have a future.”⁴⁰

Jim Risch, US Senator, former Chairman of the Senate Foreign Relations Committee, *The Wall Street Journal*, November 18, 2020

The Stakes

The struggle for power at the global level is increasingly being viewed through the prism of different systems of governance. The question is which political system can best cope with key global challenges such as climate change, technology, health, security, and economic development: China’s centralized and authoritarian state capitalism, on the one hand, or, on the other hand, some variant of the decentralized and democratic market systems of North America and Europe. The answer to this question will, to a large extent, determine not only the scope for international cooperation and conflict, but also the shape of the new world (dis)order. The growth of Chinese power has made this question more difficult and has set stricter limits to the ability of democracies to shape the international order the way they did in the 1990s and 2000s.³⁶ That kind of liberal international order cannot be restored.

What is left? There is still a Westphalian consensus enshrined in the 1945 Charter. China stresses the norm of sovereignty, according to which states can go to war only for self-defense or with Security Council approval. Taking a neighbor’s territory by force has been rare since 1945 and has led to costly sanctions when it has happened (as with Russia’s annexation of Crimea in 2014). In addition, the UN Security Council has often authorized the deployment of peacekeeping forces in troubled countries, and diplomacy has achieved important results in non-proliferation. This dimension of a rules-based order remains crucial and will likely be maintained.³⁷

As for economic relations, the rules will require revision. Economic interdependence and trade will remain the norm. However, already well before the pandemic, China’s hybrid state capitalism underpinned a mercantilist model that distorted the functioning of the World Trade Organization. As the rivalry with China deepens, there is momentum in the US for a measure of decoupling. Meanwhile, Chinese industrial policies, too, implicitly include a tendency toward decoupling. While Europeans mostly reject this tendency, their own views on China have been hardening. Today, Europeans are far more cognizant of the security and political risks entailed in China’s economic statecraft, including espionage, forced technology transfers, strategic



“We conceived new forms of multilateralism in the more troubled world of recent years that were marked by new geopolitical tensions and the non-cooperation of certain great powers. Now, for me, the key is multilateralism that produces results.”⁴¹

Emmanuel Macron, French President, *Financial Times*, February 18, 2021

commercial interactions, and asymmetric agreements. Thus, they are more willing to agree amongst themselves and with the US on the regulatory and political measures to address these risks. The result will be selective decoupling of key global supply chains, particularly where national security is at stake. Negotiating new trade rules and better enforcing existing ones can help prevent the decoupling from spiraling out of control. At the same time, cooperation in the crucial financial domain remains strong.

By contrast, global challenges like climate change and pandemics pose an insurmountable obstacle to narrow conceptions of sovereignty because the threats are transnational.³⁸ Here, decoupling would be not only pointless but counterproductive. While issues like Covid-19 and climate change are not necessarily detached from considerations of national interest, resolving them requires broad international cooperation – and not only in coalitions of the like-minded.

The digital sphere is partly transnational, but also subject to sovereign state controls. The internet is already partly fragmented, not least due to interventions of the CCP. Norms regarding free speech and privacy can be developed among an inner circle of democracies but will not be observed by authoritarian states. A “Schengen for data” and trade rules for information and communication technology would be open to countries meeting democratic standards.³⁹ However, it would seem to be in the interest of authoritarians to buy into some rules barring tampering with the internet’s basic structure if they want connectivity.

The State of Play

Whereas the US had withdrawn from many international organizations and thereby unintentionally allowed China to expand its influence significantly across the UN system, the new administration is returning to many fora and is once again playing an active role.

President Biden’s visit to Europe, including to the G7, the EU and NATO, established a promising working method to relaunch cooperation in international formats. This model involves transatlantic partners first reaching convergence amongst themselves and with other like-minded countries – for instance in a D10 or similar format – before seeking to enlarge consensus to non-like-minded countries. On corporate taxation, agreement within the G7 will not only need bipartisan support in the United States, but will eventually need to be enlarged to the G20 and the OECD in order to become meaning-

ful. The G7 pledge to provide 1 billion Covid-19 vaccine doses will need to be complemented by agreements within the G20 and the WTO particularly when it comes to the question of intellectual property waivers as opposed to greater production sharing. On climate, too, the agreements reached on finance and risk disclosure will need to be pushed in the G20 and the 26th Conference of the Parties (COP26). In the immediate aftermath of the G7 Summit, China already expressed its opposition to this type of agenda-setting by a “small group” of the world’s democracies.⁴²

Moreover, this framework should not discriminate against or exclude efforts by the US to work closely with countries in Asia in particular. Given the challenge to US interests there, on certain issues Washington may need to work first and foremost with countries in that region. In such instances, the US should seek wherever possible to engage and coordinate with European allies.

Europe, the US, and their partners and allies must deepen their cooperation, despite their differences. American and European leaders, to different degrees, have expressed the need to selectively confront, compete with, and, where possible, cooperate with China. In this context, a realistic aim for transatlantic partners should be working to promote the success of rules-based international institutions using different membership and coalitions for different issues.

The Priorities

One size will not fit all. In some areas like non-proliferation, peacekeeping, health, and climate, the US and Europe may be able to find some common ground with China, although even here there can be grounds for skepticism. In other areas, strengthening coordination between democracies should remain the focus. For the next six to 18 months, the priorities should be the following:

Establishing a transatlantic dialogue on international institutions

If democracies are to successfully enlarge consensus among them to a wider circle of countries, they must intensify coordination on how to act in and reform the relevant international institutions. Transatlantic partners should therefore establish a comprehensive dialogue on cooperation in international institutions, including the UN system and the WTO. The group’s agenda should focus on upholding basic principles of good governance and trans-

parency and identifying areas for reform. The dialogue should also consider how to engage other global players (with whom values are not fully shared) in international regimes – like climate, global public health, economic recovery, or non-proliferation. While there is no guarantee that multilateral solutions reflect transatlantic preferences, aligning in this way with like-minded partners would increase the chances of upholding established norms.

Coordinating on policy in international institutions to counter harmful Chinese initiatives

The US, Europe, Canada, and like-minded partners should step up efforts to ensure robust participation in international institutions and expert bodies (e.g., by providing resources for private companies to participate in technical standard-setting) and strengthen coordination around drafting proposals in these bodies. Roughly 30 UN agencies and institutions have signed on to memoranda of understanding to endorse the BRI.⁴³ Coordination should be deepened on countering Chinese proposals at the international level that undermine democratic values and institutions, for instance ones that advertise BRI activities and language via UN initiatives or that aim at debt forgiveness of International Monetary Fund (IMF) or World Bank loans to pay off BRI debt to China.

Coordinating on personnel questions in international institutions to counterbalance Chinese representation

Chinese officials currently head four of the 15 UN specialized agencies due to concerted efforts to promote China's candidates – while no other country is represented at the head of more than one – with similar efforts underway at lower levels of the bureaucracy in international organizations.⁴⁴ The US, Europe, Canada, and like-minded partners should closely coordinate on the selection of UN agency and program heads, as well as heads of human resources and services departments. They should also more proactively promote the representation of their nationals among the rank-and-file professional positions in international organizations.