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WATCHING TRUMP, XI AND PUTIN – HOW LONG CAN YOU HOLD YOUR BREATH?

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The world held its breath as Donald Trump hosted Xi Jinping at his Florida estate for their first meeting in early April 2017. Afterwards nobody really let out a sigh of relief. On trade, seen before as the most controversial topic on the agenda, the US and China agreed to defer the issue: there will be 100 days of trade talks and a state visit to China later this year. But Xi's visit was overshadowed by Trump's missile strike against Syria, mid-way through his stay, which led to grave tensions between the US and Russia. The Chinese reaction was markedly muted, but one can be sure that Beijing, which does not like surprises, was not amused. Seemingly having acquired a taste for it, the US subsequently began to threaten a unilateral strike against North Korea – and we all held our breath again.

Is Trump stepping up the military dimension of the pivot to Asia that Obama initiated? Trump has confirmed the US' continued adherence to the "One-China-Principle", which he initially had doubted. Because Xi requested him to, according to reports of the conversation. The US has also stated, presumably not at Xi's request, that the disputed Fish Islands between China and Japan are covered by its alliance with Japan.

If US strategy is to influence China by way of military pressure, that may work in the short term, because China knows that today it is in no position to challenge the US. A week after their meeting, Xi in a phone call urged Trump for a peaceful solution of the Korean question. In the long term however it may just convince China that it needs to increase its own military power. A too military-dominated US strategy will thus increase rather than reduce tension, as is already the case as regards US relations with Russia. The missile strike has not brought the end of the war in Syria any closer.

Meanwhile, is there really nothing that the European Union (EU) can do but hold its breath? Does the EU not also have the diplomatic and economic instruments to try and shape its environment, rather than watch how Trump, Xi and Putin are changing it?

A Chance with China

In the EU, Trump's protectionist views have prompted many to suggest that China is now Europe's main ally when it comes to upholding free trade. Even on climate change the Chinese position might be closer to Europe's than the American one. An export-dependent China is as worried as the EU is, if not more, about the threat of a trade war. Trump has dealt the EU a trump card therefore: an opportunity to forge a closer but at the same time more balanced relationship with China.

EU Trade Commissioner Cecilia Malmström got it exactly right when she linked the fight against protectionism, on which the EU is ready to stand with China, with the ongoing negotiations on an EU-China investment treaty.[1] For an equitable treaty to be possible, China needs to reform and open up to European investors, as Malmström pointed out.

But if the Chinese market is too closed, Europe's is too open. By selling critical infrastructure to China and other foreign powers without any limits the EU enables them to subvert its decision-making. Will a newspaper in Russian hands still publish the news? Can a seaport in Chinese hands still be used to channel military reinforcements to NATO's eastern borders in a crisis situation?

Member States, notably Germany, have grown more concerned in the last year, but no Member State is going to limit foreign investment on its own, for fear of seeing all investment redirected towards its neighbours. A binding EU framework should set limits on foreign ownership of critical infrastructure. Once such a regime is in place, a truly reciprocal EU-China investment treaty will be possible.

That the EU and China can act together to maintain free trade does not preclude a frank dialogue about China's more assertive policies. China must be made to understand that its attempt to pressure its neighbours into accepting its sphere of influence in the region of the South China Sea will always act as a brake on its relations with the EU. The EU interest lies not so much in the substance of the resolution of the sovereignty claims – who owns which island is of little importance to the EU – as in their peaceful resolution without any impact on the freedom of the global commons. The alternative, China is perhaps beginning to understand, is a military stand-off with the US.

Getting this message across will require more unity and clarity on the EU's part then its measly "acknowledgement" of the outcome of the arbitration procedure between China and the Philippines in July 2016.[2] The way to contain power politics is "a rules-based global order with multilateralism as its key principle", as the EU's Global Strategy states. The UN Convention on the Law of the Sea (UNCLOS) and the peaceful resolution of disputes are as much part of that order as free trade regimes and an investment treaty.

Until now, China prefers to address the maritime disputes with its neighbours in a purely bilateral context, where it can exert more power. If however China were to begin to behave as a responsible power, than for the EU it might not matter that in a certain part of the world China assumes responsibility for maintaining the freedom of the global commons instead of the US.

The EU should of course not rush into anything, at the risk of merely switching its subservience from Washington to Beijing. There is no China-Europe Treaty of Alliance (which would be another kind of "CETA") in the making with what remains, after all, an authoritarian regime, which for the moment is becoming more repressive again, not less. Maintaining a critical stance on human rights is essential for the EU's own legitimacy and soft power, but the EU should not hesitate to pursue its interests and step up cooperation with China at the same time.

Ambitions for Asia

The EU's free trade agenda obviously includes China as well as Japan, India, ASEAN and others. Here is another potential trump card. At the same time as envisaging a military build-up, Trump has withdrawn from the Trans-Pacific Partnership (TPP), which would have been the economic foundation of US strategy. As a result, countries that were counting on TPP to allow them to keep a critical distance from China now risk being sucked even closer into China's orbit. China will not hesitate to move into the vacuum that Trump has thus created.

At a stroke, any future free trade agreements with the EU have gained real strategic importance, for there will be very few FTAs with western powers on offer. Because the EU can pursue an inclusive trade agenda, that encompasses rather than seeks to isolate China, and because it is not a military player in Asia, its strategy can be palatable for all parties as a workable alternative to ratcheting up military tensions.

In this context, the EU could deepen its partnership with countries like Canada, which is looking to Asia as it southern neighbour threatens to undo the North American Free Trade Agreement (NAFTA), and Australia. Torn between its defence alliance with the US and its economic dependence on China, Australia has everything to gain from détente in Asia. So has Japan, but as yet Prime Minister Shinzo Abe is pursuing the opposite strategy, moving even closer to the US.

The precondition for an EU strategy along these lines to work is, of course, that it has the ability to conclude FTAs in an effective and efficient manner in the first place. In the wake of the chaotic decision-making on the Comprehensive Economic and Trade Agreement (the real CETA) between the EU and Canada, the EU will have to convince its partners that trade deals can still be made with it, and its own public that those trade deals are vital to their own continued prosperity.

President Trump with President Xi, April 2017. *Source: (@POTUS) on Twitter/Public domain.*

Resourceful on Russia

Deepening relations with China could also be a way for the EU to increase the pressure on Russia somewhat. Just like ever since the Ukraine crisis Russia itself has been moving closer to China to signal to Europe that it has other options.

China's great foreign policy as well as foreign trade project today is the Belt and Road Initiative, a massive investment in infrastructure, including in a land route that links China to Europe by rail, via both Russia and Central Asia. For now, in spite of all the talk about "connectivity" and linking up the Belt and Road with the Juncker Commission's own investment plan, that rail link mostly benefits China: trains arrive in Europe laden with Chinese goods, and return mostly empty. The Chinese calculus might also be that the more traffic can be shifted to the land route, the less concerned Europeans may feel about the South China Sea.

Seen from the EU side, there is no need of developing this land route further, for there is a perfectly fine maritime route. Making sure that the maritime disputes in Asia do not threaten that is of much more importance to Europe than helping create a land route that could never really aspire to replace it.

Still, the EU could continue to show its goodwill towards the Belt and Road, which may generate some Chinese goodwill in turn. Except that it cannot. Because the rail link is dependent on Russia, with whom the EU has become trapped in a geopolitical dispute over the fate of Zwischeneuropa, the countries wedged in between Brussels and Moscow. Why invest in a trade route that increases one's dependence on an already assertive Russia? This, the EU should point out, is China's problem, not just Europe's, for the Belt and Road is a Chinese priority, not a European one.

Many issues objectively would seem to constitute a source of geopolitical tension between China and Russia, such as the fact that Asian Russia is rather empty of Russian but quite full of natural resources, or the increasing presence, because of the Belt and Road, of China in Central Asia, which Russia also considers its chasse gardée. However, it is also very much in Beijing's and

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Moscow's interest to continue working together closely in view of what they perceive as a western-dominated global order.

Europe should not hope to pry China and Russia apart, therefore, as Nixon and Kissinger did in the 1970s. But it can aim to make China realise that its usual stance of complete silence on Russia's "adventurism", which de facto amounts to supporting Russia, is not in its interest either. China has become an important economic partner for Ukraine, for example.[3] But the more turmoil there is in Russia's "near abroad", the fewer economic possibilities for the Belt and Road Initiative, which eyes exactly the same region.

Conclusion

There is one major problem with this paper. Whatever happens in the world and whatever the other great powers undertake, one can always imagine a strategy to respond or even to anticipate, and thus safeguard Europe's vital interests. It requires a rather bigger leap of the imagination to see the EU in its current state swiftly adopt and resolutely implement any such strategy. I wrote "the other great powers" on purpose: Europe, united in the EU, is a great power too – if only it would muster the will to act like one. Only then will the other great powers treat it seriously.

Notes

1 Eszter Zalan, "EU Ready to Help China Fight Protectionism". In: EU Observer, 7 February 2017.

2 Declaration by the High Representative on behalf of the EU on the Award rendered in the Arbitration between the Republic of the Philippines and the People's Republic of China, 15 July 2016.

3 Ian Bond, The EU, the Eurasian Economic Union and One Belt, One Road. Can They Work Together? London, Centre for European Reform, March 2017.

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