



OBSERVATOIRE géopolitique de l'Indo-Pacifique

STRATEGIC REALITIES: DEEPEN TRANSATLANTIC TIES WITH THE EUROPEAN UNION—NOT NATO— TO COOPERATE IN THE INDO-PACIFIC

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AUTHOR'S PRESENTATION



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This observatory is co-directed by **Marianne Péron-Doise**, Associate Researcher at IRIS, and **Éric Mottet**, Associate Researcher at IRIS, he is part of the Asia-Pacific Programme.



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This programme is directed by **Barthélémy Courmont**, director of research at IRIS and lecturer at the Catholic University of Lille.

At the Madrid Summit in June 2022, the North Atlantic Treaty Organization (NATO) released its new Strategic Concept, sounding a tough new tone on China. The document, which lays out the Alliance's strategic purpose and priorities until 2030, acknowledges China's "stated ambitions and assertive behaviour", present "systematic challenges" to transatlantic security. In a discussion of these challenges, NATO characterises Beijing's policies as "assertive and coercive", its hybrid and cyber activities as "malicious", and its rhetoric as "confrontational". More alarming still is the "deepening strategic partnership" between China and Russia, with the document warning that "their mutually reinforcing attempts to undercut the rules-based international order run counter to our values and interests".¹ Since the Strategic Concept constitutes the second most important political document after NATO's founding treaty, the inclusion of China the first time—coming amid the war in Ukraine—is a watershed moment in the Alliance's history.

In Madrid, Indo-Pacific partners—Australia, Japan, New Zealand, and the Republic of South Korea—participated together for the first time, underscoring the new and growing Atlantic-Pacific partnership.² Japanese Prime Minister Kishida Fumio hailed the "historic significance" of his participation in the summit, and said the move reflected a mutual realisation that the security of Europe and the Indo-Pacific is "inseparable". He also used the occasion to announce an agreement to revise Japan's Individual Partnership and Cooperation Program with the Alliance and "raise the Japan-NATO relationship to a new level".³ In the last year, Tokyo has stepped up its program of military exercises with NATO while boosting its bilateral ties with European member states, from holding its first-ever air force drill with Germany in the Indo-Pacific to agreeing to sign a bilateral defence cooperation pact with the United Kingdom at an early date.⁴ Similarly, South Korea has recently strengthened its ties with NATO and European countries, establishing its first diplomatic mission to NATO in Brussels, expanding its participation in NATO

¹ NATO 2022 *Strategic Concept* (Brussels: NATO, June 2022), p. 5.

² Sydney Tucker, *2022 NATO Summit: China High on the Agenda* (Washington, DC: Stimson Center, July 5, 2022).

³ Michael Kaiya and Yomiuri Shimbun, "Kishida aims to enhance Japan-NATO Cooperation," *The Japan News*, June 30, 2022, <https://japannews.yomiuri.co.jp/politics/defense-security/20220630-41900/>; "Japan, NATO revise partnership program early," *Nippon*, June 30, 2022, <https://www.nippon.com/en/news/yjj2022063000020/>

⁴ Ryo Nemoto, "Japan's top uniformed officer to attend 1st NATO military chiefs' meeting," *Nikkei*, May 17, 2022, <https://asia.nikkei.com/Politics/International-relations/Japan-s-top-uniformed-officer-to-attend-1st-NATO-military-chiefs-meeting>;

Mari Yamaguchi, "Japan, NATO step up ties amid Russia's invasion of Ukraine," *Associated Press*, June 7, 2022, <https://apnews.com/article/russia-ukraine-japan-asia-tokyo-e433eec7b8d519aa49050ab4b37b0841>;

"Japan and Britain vow to sign defence pact at an early date," *The Japan Times*, September 21, 2022, <https://www.japantimes.co.jp/news/2022/09/21/national/jpn-uk-talks/>,

"With drills and fighter jets, German defence minister seeks stronger Indo-Pacific ties," *The Japan Times*, September 26, 2022, <https://www.japantimes.co.jp/news/2022/09/26/asia-pacific/german-defense-minister-asia-pacific-engagement/>

exercises, and holding working-level defence talks on space cooperation with France.⁵ Reaffirming its commitment to practical cooperation, NATO and Indo-Pacific countries also recently held a wide-scale multinational air combat exercise in Australia, bringing together NATO air forces from France, Germany, the Netherlands, the United Kingdom, and the United States with regional air forces from Australia, Japan, New Zealand, South Korea, among others.⁶ NATO aspires to play a greater global role in the Indo-Pacific, and countries in the region are seemingly receptive to the idea.

But NATO's widening agenda raises new questions for an alliance founded to defend Europe and the North Atlantic—not the Indo-Pacific region. What are the possibilities and limits of NATO-Indo-Pacific partner defence cooperation? What are risks of extending NATO's remit to the Indo-Pacific region? Beyond the military sphere, how might Europe and the United States build a robust transatlantic agenda to address common challenges posed by China's rise?

This chapter argues that expanding NATO's role to the Indo-Pacific is a strategic distraction from its core mission—the collective defence of Europe and the North Atlantic—at a time when the Alliance needs to be less globally ambitious and prioritise strengthening its conventional deterrence and defence in Europe. Rather than widen its gaze toward China, NATO could contribute more effectively, if indirectly, to Indo-Pacific security by reducing the defence burden on the United States. To that end, European members should gradually assume greater responsibility in guaranteeing their own security, freeing the United States to allocate more resources to the Indo-Pacific region. Though Europe may not have a large military role to play in the Indo-Pacific, it remains a critical—even indispensable—strategic partner to the United States to counter China's rise. The United States will need Europe's diplomatic clout and economic, financial, and technological resources to form an effective coalition to balance against China's power and influence. The European Union—not NATO—ought to be the locus of a close American-European alignment, one focused on addressing problematic Chinese behaviour on issues of global governance, trade and investment, and technological cooperation.

This chapter proceeds in five parts. The first section addresses the grand strategic concept of organising a transregional coalition of democracies to counter China's rise. The next section examines why aligning America's European and Indo-Pacific allies and partners more closely to

⁵ S. Korea, France hold working-level defence talks on security cooperation," *Yonhap News Agency*, March 18, 2022, <https://en.yna.co.kr/view/AEN20220318007500325> ;

⁶ "Allies and partners work hand in glove in Australian exercise Pitch Black," NATO Allied Air Command Public Affairs Office, September 5, 2022, https://ac.nato.int/archive/2022/Ex_PB22_update .

counter China's rise is likely to be both ineffective and counterproductive. The third section outlines an alternative approach for the transatlantic alliance in responding to China's rise. It offers recommendations for implementing a new division of labour, using China-related planning scenarios to identify European capability shortfalls and set investment priorities and goals. The fourth section identifies other areas of transatlantic cooperation with policy recommendations for collectively addressing global governance, trade and investment, and technological issues. The chapter concludes with a discussion of the transatlantic agenda in the coming decade.

THE ATLANTIC-PACIFIC PARTNERSHIP AS AN ORGANISING PRINCIPLE

President Joe Biden has cast 21st-century international politics as a grand struggle between democracy and autocracy. "I think we're in a contest—not with China per se, but a contest with autocrats, autocratic governments around the world—as to whether or not democracies can compete with them in the rapidly changing 21st century," the president declared.⁷ Russia's full-scale invasion of Ukraine has ostensibly solidified this worldview. President Biden has repeatedly depicted the war in Ukraine as the "frontlines" in a global contest to protect "democracy and freedom" from authoritarian repression.⁸ His message resounded loudly across the Atlantic, where, ever since, European leaders have framed the war as in Ukraine as a defence of democracy against autocracy. NATO Secretary General Jens Stoltenberg promised, "Democracy will always prevail over autocracy," while European Commission President Ursula von der Leyen affirmed, "Democracy is standing up against autocracy" in Ukraine.⁹ By aligning with Russia to counter the United States, including a public declaration of a "no limits" friendship between the two countries, Beijing placed itself in America and Europe's collective ideological crosshairs.¹⁰

⁷ President Joe Biden, "Remarks by President Biden in Press Conference," June 13, 2021, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/06/13/remarks-by-president-biden-in-press-conference-2/>.

⁸ President Joe Biden, "Remarks by President Biden on the United Efforts of the Free World to Support the People of Ukraine," March 26, 2022, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/03/26/remarks-by-president-biden-on-the-united-efforts-of-the-free-world-to-support-the-people-of-ukraine/>.

⁹ NATO Secretary General Jens Stoltenberg, Press Briefing, February 24, 2022, https://www.nato.int/cps/en/natohq/opinions_192408.htm ;

Caroline de Camaret and Dominique Baillard, "Democracy is standing up against autocracy' in Ukraine, EU's von der Leyen says," *France 24*, March 18, 2022, <https://www.france24.com/en/tv-shows/talking-europe/20220318-democracy-is-standing-up-against-autocracy-in-ukraine-eu-s-von-der-leyen-says>.

¹⁰ Chao Deng, Ann M. Simmons, Evan Gershkovich, and William Mauldin, "Putin, Xi Aim Russia-China Partnership against US," *Wall Street Journal*, February 4, 2022, https://www.wsj.com/articles/russias-vladimir-putin-meets-with-chinese-leader-xi-jinping-in-beijing-11643966743?mod=article_inline.

For a more nuanced assessment of the Sino-Russian partnership, see Yun Sun, *The Ukraine Crisis: Beijing's Support of Russia and Its Limits* (Washington, DC: Stimson Center, February 22, 2022).

It also nudged European allies to embrace Washington's strategy of building a transregional coalition of democracies to confront China. In March 2022, the White House released its Indo-Pacific strategy, asserting, "Allies and partners outside of the region are increasingly committing new attention to the Indo-Pacific, particularly the EU and the North Atlantic Treaty Organization (NATO)" and vowing to "harness this opportunity to align our approaches" and "bring together our Indo-Pacific and European partners in novel ways" to secure a competitive advantage over China.¹¹ The Biden administration's strategic approach builds on Anthony Blinken and Robert Kagan's 2019 proposal to forge a "democratic cooperative network", which links together the United States, Europe, and Indo-Pacific liberal democracies against rising Chinese power and influence.¹²

The Russian invasion invigorated the Biden administration's commitment to this grand strategic concept. In its view, the global democratic coalition that formed to support Ukraine in the face of Russian aggression—imposing sanctions on Moscow and sending military equipment and humanitarian aid to Kyiv—has laid the cooperative groundwork for containing China. The war in Ukraine has bonded the United States and Europe more tightly together while simultaneously deepening transatlantic ties with Indo-Pacific democracies.¹³ "What we're seeing now is an unprecedented level of Asian interest and focus," in joining with the United States and Europe to "sustain a country under siege," Kurt M. Campbell, the White House Coordinator for the Indo-Pacific said. "And I believe one of the outcomes of this tragedy will be a kind of new thinking around how to solidify institutional connections beyond what we've already seen between Europe and the Pacific," he added.¹⁴ The Biden administration aims to build on this momentum, repurposing and strengthening these links to more effectively confront China as well as Russia.

¹¹ *Indo-Pacific Strategy of the United States* (Washington, DC: White House, February 2022), pp. 10 and 13.

¹² Anthony J. Blinken and Robert Kagan, "'America First' is only making the world worse. Here's a better approach," *Washington Post*, January 1, 2019, https://www.washingtonpost.com/opinions/america-first-is-only-making-the-world-worse-heres-a-better-approach/2019/01/01/1272367c-079f-11e9-88e3-989a3e456820_story.html

¹³ Michael Crowley and Edward Wong, "Ukraine War Ushers in 'New Era' for US Abroad," *New York Times*, March 12, 2022, <https://www.nytimes.com/2022/03/12/us/politics/biden-ukraine-diplomacy.html>.

¹⁴ Kurt Campbell, "US-Europe Cooperation in the Indo-Pacific," *The German Marshall Fund*, February 28, 2022, <https://www.gmfus.org/event/us-europe-cooperation-indo-pacific>.

COMING BACK DOWN TO REALITY

Despite the extraordinary level of transregional democratic solidarity demonstrated in supporting Ukraine and punishing Russian aggression, aligning NATO and Indo-Pacific allies more closely to counter China's rise may prove not only ineffective but also counterproductive. First, extending NATO's role to the Indo-Pacific region is overly ambitious, given the hard-cold realities of European interests and capabilities. Only two European allies—France and the United Kingdom (UK)—maintain a regular maritime presence in the region.¹⁵ Even these two major European maritime powers have demonstrated the capacity to deploy no more than seven frigates and two destroyers to the region for an extended period.¹⁶ In the case of France, at least some of these ships would be needed to fulfil existing obligations around Reunion, New Caledonia, and French Polynesia.¹⁷ Other European navies are even more limited—the total number of frigates and destroyers fell 32 percent between 1999 and 2018.¹⁸ European naval missions in the Indo-Pacific may be politically symbolic, but they are not in themselves credible deterrent forces.

Similarly, European air forces do not have an independent capacity to project airpower over vast distances. European military aircraft have taken part in training exercises with Indo-Pacific partners in recent years, but expanding Europe's military air presence in the region faces significant barriers. European air forces possess relatively few fifth-generation aircraft and long-range strike capabilities. They also continue to rely heavily on the United States for critical enablers, such as aerial refuelling, transport, and intelligence, surveillance, and reconnaissance (ISR) capabilities.¹⁹ "The chaotic withdrawal from Afghanistan was a sobering demonstration of these limitations," noted a recent report, "as European states were incapable

¹⁵ Ben Barry and Hugo Decis, "Posturing and presence: the United Kingdom and France in the Indo-Pacific," *Military Balance Blog*, June 11, 2021, <https://www.iiss.org/blogs/military-balance/2021/06/france-uk-indo-pacific>.

¹⁶ Paul von Hooft, Benedetta Girardi, and Tim Sweijjs, *Guarding the Maritime Commons: What role for Europe in the Indo-Pacific* (Hague: The Hague Centre for Strategic Studies, February 2022), <https://hcss.nl/wp-content/uploads/2022/02/Guarding-the-Maritime-Commons-HCSS-2022.pdf>.

¹⁷ Rear Adm. Jean-Mathieu Rey, "French Maritime Security in the Indo-Pacific," Indo-Pacific Defense Forum, September 24, 2021, <https://ipdefenseforum.com/2021/09/french-maritime-security-in-the-indo-pacific/>.

¹⁸ Pierre Morcos and Colin Wall, "Are European Navies Ready for High-Intensity Warfare," *War on the Rocks*, January 31, 2022, <https://warontherocks.com/2022/01/are-european-navies-ready-for-high-intensity-warfare/>.

¹⁹ Justin Bronk, "The Future of NATO Airpower: How Are Future Capability Plans within the Alliance Diverging and How can Interoperability Be Maintained," *Whitehall Paper 94* (London: Taylor and Francis, 2020); Anika Binnendijk Gene Germanovich, Bruce McClintock, and Sarah Heintz, *At the Vanguard: European Contributions to NATO's Future Combat Airpower* (Santa Monica, CA: RAND, 2020); Seth G. Jones, Rachel Ellehuus, and Colin Wall, *Europe's High-end Military Challenges: the Future of European Capabilities and Missions* (Washington, DC Center for Strategic and International Studies, November 2021).

of evacuating their own citizens and allies without logistical support from Washington.”²⁰ Should a military contingency arise in the Indo-Pacific, the United States may not have the spare capacity to support European deployments. While Germany and other European allies have pledged to increase defence expenditures, spurred by Russia’s war in Ukraine, those funds will mainly focus on replenishing weapons stocks sent to Ukraine and closing urgent capability gaps for collective defence against Russia.²¹ Most of this heavy weaponry—including artillery, anti-tank missiles, and tactical drones—does little to improve Europe’s capacity for power projection into the Indo-Pacific. Put simply, NATO’s Strategic Concept has a means-ends mismatch; its overly ambitious goals outstrip available military resources. From the perspective of Indo-Pacific partners, these deployments raise pressing questions about their ultimate strategic purpose and long-term sustainability.²²

Second, given that NATO does not have a surfeit of military resources, its shifting attention to the Indo-Pacific is a dangerous distraction from its core mission—the collective defence of Europe and the North Atlantic. It needs to be less globally ambitious and more focused territorial defence to secure its eastern flank against threats from Russia. President Vladimir Putin’s willingness to use force and take risks has alarmed Europe and altered perceptions of his intentions.²³ This revised threat assessment steered the direction of NATO’s Strategic Concept, with Russia called “the most significant and direct threat to Allies’ security and to peace and stability in the Euro-Atlantic area”.²⁴ By comparison, China is a peripheral security concern—a political rival, an economic competitor but not an immediate military threat. Geography matters.²⁵

NATO’s broader global agenda runs the serious risk of depleting NATO Europe’s already limited military capabilities at home for what amounts to a minor contribution to Indo-Pacific security in

²⁰ Max Bergmann, Pierre Morcos, Colin Wall, and Sean Monaghan, *Transforming European Defense* (Washington, DC: Center for Strategic and International Studies, August 2022).

²¹ Jaroslaw Adamowski, “Europe goes on shopping spree to fill capability gaps,” *Defense News*, September 6, 2022, <https://www.defensenews.com/global/europe/2022/09/06/europe-goes-on-shopping-sprees-to-fill-capability-gaps/>.

²² Rory Medcalf, *AUKUS, the QUAD, and the EU: Inclusive and Exclusive Visions in the Indo-Pacific* (Milan: Italian Institute for International Political Studies, March 2022); Brad Glosserman, “As Japan courts Europe, keep expectations in line,” *Decode39* (June 9, 2022), <https://decode39.com/3575/japan-europe-defence-expectations-nato/>; Peter K. Lee, Alice Nason, and Tom Corben, “Managing Cross-Regional Expectations after the NATO Summit,” *The Diplomat*, July 7, 2022, <https://thediplomat.com/2022/07/managing-cross-regional-expectations-after-the-nato-summit/>.

²³ Christopher Bort, “Putin the Gambler,” *Foreign Affairs*, March 10, 2022, <https://www.foreignaffairs.com/articles/ukraine/2022-03-10/putin-gambler> ;

Stephen M. Walt, “What are Sweden and Finland Thinking?” *Foreign Policy*, May 18, 2022, <https://foreignpolicy.com/2022/05/18/nato-sweden-finland-russia-balance-threat/>.

²⁴ *NATO 2022 Strategic Concept*, p. 4.

²⁵ Stephen M. Walt, “Will Europe Ever Really Confront China?” *Foreign Policy*, October 15, 2021, <https://foreignpolicy.com/2021/10/15/will-europe-ever-really-confront-china/>.

the end.²⁶ As the British historian Christopher Hill wisely put it, “The quest for a unique role, like the pursuit of the Holy Grail, is a fatal distraction to politicians with responsibilities.”²⁷ Any military forces and capabilities that NATO Europe might contribute to supporting the United States and other Indo-Pacific countries in the event of a military conflict with China would also be needed to stop a Russian attack.²⁸ Paradoxically, the more Europe overstretching itself, the more the United States will be called on to step into the European breach to the detriment of Indo-Pacific security. It is also a recipe for undermining political cohesion within the alliance. Eastern European member states tend to view NATO’s widening gaze toward the Indo-Pacific as a dangerous and unnecessary distraction from what ought to be the Alliance’s true purpose, namely investing in a credible forward defence posture to protect them against Russian aggression.²⁹

Finally, NATO’s greater involvement in the Indo-Pacific may well do more harm than good to regional security and stability. From NATO’s perspective, its more muscular approach to Beijing is a defensive reaction to China’s growing power and strategic ambition, particularly its declaration of a “no limits” partnership with Russia.³⁰ “We have to address the fact that China is coming closer to us” in cyberspace, in the Arctic, and even in Europe,” NATO Secretary General Jens Stoltenberg has said, adding, “we don’t regard China as an enemy or an adversary.”³¹ NATO’s enhanced dialogue and cooperation with Indo-Pacific partners aims to strengthen the defence of the rules-based international order and promote stability in both regions.³² Even though NATO’s motives are defensive, its policies and associated rhetoric may appear

²⁶ Paul van Hooft, *China and the Indo-Pacific in the 2022 NATO Strategic Concept* (Hague: Hague Centre for Strategic Studies, September 2022); Jan Gerber, *NATO Should Defend Europe, Not Pivot to Asia* (Washington, DC Defense Priorities, February 18, 2022).

²⁷ Christopher Hill, “Britain’s elusive role in world politics,” *Review of International Studies*, Vol. 5, Issue 3, October 1979, pp. 248-259.

²⁸ Ben Barry, Douglas Barrie, Lucie Béraud-Sudreau, Henry Boyd, Nick Childs, and Basian Giegerich, *Defending Europe: Scenario-based capability requirements for NATO’s European members* (London: International Institute of Security Studies, May 2019); Franz-Stefan Gady and Oskar Glaese, “What Could European Militaries Contribute to the Defense of Taiwan,” *The Diplomat*, April 1, 2022, <https://thediplomat.com/2022/04/what-could-european-militaries-contribute-to-the-defense-of-taiwan/>.

²⁹ To this point, Eastern European countries were reportedly disappointed with the compromise on deterrent force posture reached at Madrid. See Justyna Gotkowski and Jacek Tarociński, *NATO after Madrid: how much deterrence and defence on the eastern flank?* (Warsaw: Ośrodek Studiów Wschodnich, July 5, 2022); Sean Monaghan, “The Sword, the Shield, and the Hedgehog: Strengthening Deterrence in NATO’s New Strategic Concept,” *War on the Rocks*, August 23, 2022, <https://warontherocks.com/2022/08/the-sword-the-shield-and-the-hedgehog-strengthening-deterrence-in-natos-new-strategic-concept/>.

³⁰ Chris Buckley and Steven Lee Meyers, “In Beijing, Olympic Spectacle and Global Power Games,” *The New York Times*, February 4, 2022, <https://www.nytimes.com/2022/02/04/world/asia/olympics-beijing-xi-putin.html>.

³¹ “Transcript: ‘China is coming closer to us’ – Jens Stoltenberg, NATO’s Secretary General,” *Financial Times*, October 18, 2021, <https://www.ft.com/content/cf8c6d06-ff81-42d5-a81e-c56f2b3533c2>.

³² *NATO 2022 Strategic Concept*, p. 11.

threatening to China and thereby provoke its leaders to act more aggressively toward the Alliance and its member countries.³³

Beijing has grown increasingly suspicious of Washington's intentions and fearful that its efforts to "grow the connective tissues" between its allies and partners in Europe and the Indo-Pacific is an attempt to contain or "encircle" China.³⁴ Beijing has repeatedly characterised US alliances as "exclusive," "zero sum", and "Cold-War relics," and suggested they provide evidence of Washington's destabilising "hegemonism and power politics".³⁵ "As a relic of the Cold War, NATO, which should have disbanded long ago, has become a handy tool for the United States to contain other countries, in particular, China and Russia," said the government-run *China Daily* in its coverage of NATO's Strategic Concept.³⁶ Similarly, China's mission to the Europe Union accused NATO of "provoking confrontation" and promised, "firm and strong responses".³⁷ Chinese mistrust of NATO's intentions is long-standing, including opposition to NATO's expansion eastward and the extension of its mission to conduct out-of-area operations.³⁸ Beijing has also not forgotten NATO's accidental bombing of its embassy in Belgrade in 1999.

Though NATO has offered repeated assurances that it will not admit Indo-Pacific members, Beijing continues to fear such a prospect. "The NATO summit this year has not only hyped the so-called 'China threat,' but also invited some Asia-Pacific allies of the US," It exactly exposed the "strategic scheme of the US to make NATO's foray into the Asia-Pacific," warned the *People's Daily*, the official newspaper of the Communist Party.³⁹ Regardless of Brussels's peaceful

³³ Adam P. Liff and G. John Ikenberry, "Racing toward Tragedy?: China's Rise, Military Competition in the Asia Pacific, and the Security Dilemma," *International Security*, Vol. 39, No. 2, Fall 2014, pp. 52-91; Joel Wuthnow, "Contested strategies: China, the United States, and the Indo-Pacific security dilemma," *China International Strategy Review*, Vol. 1, No. 1, June 2019, pp. 99-110; Alastair Iain Johnson, "China's Contribution to the US-China Security Dilemma," Avery Goldstein and Jacques DeLisle, eds., *After Engagement: Dilemmas in U.S.-China Security Relations* (Washington: Brookings Institution Press, 2021), pp. 78-123. On the the security dilemma as a foundational concept in realist theory, see John Herz, *Political Realism and Political Idealism: A Study in Theories and Realities* (Chicago: University of Chicago Press, 1951); Robert Jervis, *Perception and Misperception in International Politics* (Princeton, NJ: Princeton University Press, 1976), chap. 3; and Jervis, "Cooperation under the Security Dilemma," *World Politics* 30, no. 2 (January 1978): 167-214.

³⁴ Adam P. Liff, "China and the US alliance system," *The China Quarterly*, Vol. 233, March 2018, pp. 137-165; Joel Wuthnow, "US 'Minilateralism' in Asia and China's Responses: A New Security Dilemma?" *Journal of Contemporary China*, Vol. 28, No. 115, July 2019, pp. 133-150.

³⁵ Quoted in Liff, p. 141.

³⁶ "NATO's new Strategic Concept exposes Washington's hegemony pursuit," *China Daily*, July 8, 2022, <https://global.chinadaily.com.cn/a/202207/08/WS62c793e6a310fd2b29e6b41d.html>.

³⁷ "Spokesperson of Chinese Mission to the EU Speaks on a Question Concerning NATO's Comments on China in its Strategic Concept," Mission of the People's Republic of China to the European Union, June 29, 2022, http://eu.china-mission.gov.cn/eng/fyrjh/202206/t20220630_10712350.htm.

³⁸ Dennis J. Blasko, "China's Views on NATO Expansion: A Secondary National Interest," *China Brief* (Washington, DC: Jamestown Foundation, March 4, 2009); Chu Shulong, *China and the US-Japan and US-Korea Alliances in a Changing Northeast Asia* (Stanford, CA: Shorenstein Asia-Pacific Research Center, June 1999).

³⁹ Zhong Sheng, "NATO indeed 'systemic challenge' against global peace, stability," *People's Daily*, July 6, 2022, <http://english.people.com.cn/n3/2022/0706/c90000-10119510.html>.

intentions, NATO's expanding military presence and practical cooperation with Indo-Pacific countries will likely be interpreted as offensive and threatening and, in turn, elicit backlash and counterbalancing, including increased Sino-Russian collaboration and cooperation.

The result will be a destabilising action-reaction cycle with a reduction in stability and security in Europe and the Indo-Pacific. If drawn into US-China security competition, NATO will find itself overextended in the Indo-Pacific, exposed to Russian aggression, and ultimately less secure. Rather than follow Washington into the Indo-Pacific, Europe might contribute more effectively, and indirectly, to Indo-Pacific security by using its limited resources to strengthen deterrence and defence of NATO's eastern front so the United States might allocate more resources to the Indo-Pacific.

ADAPTING NATO FOR A MULTIPOLAR WORLD

NATO's main task is to adapt to the emerging multipolar world. China's rise still matters to the extent it has an effect on NATO's core collective defence tasks. First and foremost, leaders on both sides of the Atlantic will need to come to terms with global power shifts under way. The United States remains the world's preeminent economic and military power, but its power has declined in relative terms. The end of the American unipolar moment was hastened by the concomitant rise of China and US foreign policy misadventures, the Great Recession, and domestic political divisions.⁴⁰ At the same time, the global distribution of material power has shifted from Europe to the Indo-Pacific and, in turn, forged a new bipartisan consensus that China—not Russia—constitutes the main threat to US national security.⁴¹ From a geopolitical standpoint, these twin trends underscore both the need for the United States to apply more resources and attention to Indo-Pacific and a narrowing margin for error.

The unipolar moment may have allowed Washington to avoid tradeoffs among its national security goals, but it will not be spared these hard choices against great-power threats. If the United States is to scale up conventional military deterrence in the Indo-Pacific, it will need to

⁴⁰ For a critique of post-Cold War US grand strategy, see Barry R. Posen, *Restraint: A New Foundation for US Grand Strategy* (Ithaca, NY: Cornell University Press, 2014). See also Christopher Layne, "This Time It's Real: The End of Unipolarity and the 'Pax Americana,'" *International Studies Quarterly*, Vol. 56, No. 1 (March 2012), pp. 203-213; Andrew J. Bacevich, *America's War for the Greater Middle East: A Military History* (New York: Random House, 2016); Robin Niblett and Leslie Vinjamuri, "The Liberal Begins at Home," *Foreign Affairs*, March 30, 2021, <https://www.foreignaffairs.com/articles/2021-03-30/liberal-order-begins-home>.

⁴¹ Benjy Sarlin and Sahil Kapur, "Why China may be the last bipartisan issue left in Washington," *NBC News*, March 21, 2021, <https://www.nbcnews.com/politics/congress/why-china-may-be-last-bipartisan-issue-left-washington-n1261407>.

scale back its military presence in Europe. With the US defence budget rapidly approaching \$1 trillion per year, Washington will not be able to spend its way out this strategic conundrum.⁴² A reckoning with the limits of American power is on the horizon, one that will require leaders on both sides of the Atlantic to accept that the United States might be willing but increasingly less able to contribute to European security.⁴³ Acknowledging the “two-war” model is no longer feasible, the Pentagon has now adopted a “one war” force planning construct in which it aims to defeat a single great-power adversary, while at best deterring aggression elsewhere.⁴⁴ In other words, the American military is overextended and unable to simultaneously fulfil its security commitments to both European and Indo-Pacific allies.

Fortunately, NATO Europe is well placed to shoulder more of the burden for its own security and defence. NATO Europe has impressive latent power to wield against Russia. Its combined economies are more than eight times larger, and its population is three times that of Russia.⁴⁵ NATO’s European members also collectively outspend the Russians with a defence budget of about \$280 billion annually, which amounts to somewhere between one and a half to four times Russian expenditures.⁴⁶ To be sure, European countries have some capacity shortfalls, and redundancies and other inefficiencies hinder the pooling of their militaries.⁴⁷ Yet European allies still have considerable military power with which to deter and defend Russia.⁴⁸

Russia is nowhere near the conventional military threat to Europe that the Soviet Union once was. What’s more, the war in Ukraine has exposed endemic Russian military weakness. Despite a decade of reforms and more defence spending, the Russian military still lacks basic combined arms proficiency— the ability to use different combat arms in coordination, with tanks, artillery, and aircraft supporting the infantry—and suffers from poor planning, weak logistics, low morale,

⁴² Lawrence J. Korb and Kaveh Toofan, *A Trillion-Dollar Defense Budget?* (Washington, DC: Center for American Progress, July 12, 2022).

⁴³ Paul van Hooft, *US may be willing, but no longer always able: The need for transatlantic burden sharing in the Pacific Century* (Hague: Hague Centre for Strategic Studies, August 2021).

⁴⁴ Jim Mitre, “A Eulogy for the Two-War Construct,” *Washington Quarterly*, Vol. 41, Issue 4, Winter 2019, pp. 7-30.

⁴⁵ “Gross Domestic Product” World Bank, 2021, <https://databankfiles.worldbank.org/data/download/GDP.pdf>; Stephen M. Walt, “Exactly How Helpless Is Europe?” *Foreign Policy*, May 21, 2021, <https://foreignpolicy.com/2021/05/21/exactly-how-helpless-is-europe/>; Posen, *Restraint*, pp. 87-91.

⁴⁶ Richard Connolly, *Russian Military Expenditures in Comparative Perspective: A Purchasing Power Parity Estimate* (Arlington, VA: CNA, October 2019); Simon T. Wezeman, “Russia’s Military Spending: Frequently Asked Questions,” (Stockholm: Stockholm International Peace and Research Institute, April 27, 2020).

⁴⁷ Hugo Meijer and Stephen G. Brooks, “Illusions of autonomy: Why Europe cannot provide for its security if the United States pulls back,” *International Security*, Vol. 45, No. 4, Spring 2021), pp. 7-43.

⁴⁸ Barry R. Posen, “Europe Can Defend Itself,” *Survival*, Vol. 62, Issue 6, December 2020, pp. 7-34.

and inept leadership. Above all, the war shows that Russia cannot rapidly seize territory and present a *fait accompli*—the scenario in the Baltics that gives NATO the greatest concern.

Even if Russia attempts to reform its military after the war in Ukraine ends, it will take a decade or longer to have an impact on Russian military effectiveness, giving the Alliance a window to improve European military capabilities and gradually transition primary responsibility for NATO deterrence and defence posture in the east to its European members. Europe is ramping up defence spending, but the challenge will be to sustain momentum in years to come. The United States has provided a large portion of NATO reinforcements sent to the eastern front in response to Russia's full-scale invasion of Ukraine. The Alliance ought to establish clear benchmarks and a timeline, however, for transitioning the bulk of this troop presence to the Europeans themselves, so the United States can focus on China. This move would be the start of a rebalancing of defence responsibilities to NATO's European members. The United States, remaining firmly committed to the Alliance, would assume the role of security guarantor of last resort, and European militaries would become its first-line responders.⁴⁹

To help build this European pillar, NATO should incorporate China-related conflict scenarios into its defence plans.⁵⁰ Specifically, the NATO-planning process ought to carefully consider the implications of Indo-Pacific conflict for NATO's defence posture in Europe.⁵¹ If the United States had to commit significant military capabilities in response, it would likely need to move some military forces, especially low density, high-demand assets—intelligence, surveillance, and reconnaissance (ISR), command and control, fifth-generation fighters and bombers, combat drones, attack submarines, and a carrier strike group—from Europe to the Indo-Pacific region.⁵²

NATO Europe would then need to quickly close any capability shortfalls to deter and defend against opportunistic Russian aggression. Using US-China scenarios would assist NATO as an organisation, and particularly its European member states, to prepare for such a contingency. What potential vulnerabilities might Russia attempt to target and exploit? What additional missions will European allies need to take on? What locations, operations, and missions will NATO

⁴⁹ As part of this new transatlantic bargain, Europe should not only assume primary responsibility for its own security and defence, but the United States should also become more willing to share leadership, starting with the appointment of a European Supreme Allied Commander Europe (SACEUR). See Kelly A. Grieco, *Engagement Reframed No. 3: Appoint a European SACEUR* (Washington, DC: Atlantic Council, February 2022); Kelly A. Grieco, "Biden should nudge Europe to lead NATO," *Defense News*, March 22, 2022, <https://www.defensenews.com/global/europe/2022/03/22/biden-should-nudge-europeans-to-lead-nato/>.

⁵⁰ Stacie L. Pettyjohn, "War with China: Five Scenarios," *Survival*, Vol. 64, Issue 1, February 2022, pp. 57-66.

⁵¹ Pierre Haroche and Martin Quencez, "NATO Facing China: Responses and Adaptations," *Survival*, Vol. 64, Issue 3, May 2022, pp. 73-86.

⁵² Barry R. Posen, "A new transatlantic division of labor could save billions every year!" *Bulletin of the Atomic Scientists*, Vol. 77, Issue 5, September 2021, pp. 239-243.

prioritise? Specifically, how will the Alliance address tradeoffs between bolstering deterrence and defence in the east and responding to illegal migration and maritime security in the south?⁵³

The answers to these critical questions should serve as a basis for identifying European capability shortfalls and prioritising the military investments of European member states.⁵⁴ As Pierre Haroche and Martin Quencez rightly note, “If Europeans had a clearer vision of the capabilities that the US might withdraw from Europe in the event of an Asian crisis, as well as the missions that it would no longer be able to take on as its primary responsibility, discussions about increasing European efforts and capabilities would have a more solid foundation than they do today.”⁵⁵ These capabilities would include theatre airlift, air defence, ISR, logistics, drones, and ample stockpiles of rockets, artillery, and missiles.⁵⁶

All are long-known gaps in European capabilities, but China-based scenarios may help to a mission requirements and capabilities, as well as the risks of inaction. European allies need to view these investments as fulfilling their core national security interests, given the competing demands on US military resources in the Indo-Pacific, or risk deterrence failure. Rather than make a foray into the Indo-Pacific region, NATO should double down on its core collective defence tasks. A stronger European pillar within NATO would not only make conventional deterrence more resilient and robust against Russian threats but also contribute indirectly to Indo-Pacific security.

RECALIBRATING TRANSATLANTIC COOPERATION ON THE CHINA CHALLENGE

Though NATO and European militaries may not have a large role to play in the Indo-Pacific, Europe—particularly the European Union—can help to counter China in other ways. Indeed, Washington will need Europe’s diplomatic influence and economic, financial, and technology

⁵³ Luis Simón and Pierre Morcos, *NATO and the South after Ukraine* (Washington, DC: Center for Strategic and International Studies, May 2022).

⁵⁴ Stephan De Spiegeleire, “Ten Trends in Capability Planning for Defence and Security,” *The RUSI Journal*, Vol. 156, Issue 5, October 2011, pp. 20-28; Haroche and Quencez, p. 78.

⁵⁵ Haroche and Quencez, p. 78.

⁵⁶ Gustav Gressel and Nick Whitney, *Out of the dark: Reinventing European defence cooperation* (Berlin: European Council on Foreign Relations, March 2022); Lukas Mengelkamp, Alexander Graef, and Ulrich Kühn, “A Confidence-Building Defense for NATO,” *War on the Rocks*, June 27, 2022, <https://warontherocks.com/2022/06/a-confidence-building-defense-for-nato/>; Max Bergmann, Colin Wall, and Sean Monaghan, *Transforming European Defense* (Washington, DC: Center for Strategic and International Studies, August 2022).

resources as a counterweight to Beijing's power and influence. In recent years, NATO has made strengthening national and societal resilience a key component of collective deterrence and defence. To safeguard their societies, NATO countries have agreed to focus on securing and diversifying supply chains, protecting technology and intellectual property, and countering harmful economic activities. NATO's approach focuses squarely on defence, however, emphasising robust civil preparedness and cyber defences in terms of force projection capacity. Importantly, NATO's mandate precludes its involvement in trade and investment disputes, technology policy, and other political-economic issues. These issues are the domain of the individual states themselves or the European Union. To respond to China's growing diplomatic assertiveness and economic influence, the United States will need to strengthen its cooperation with the European Union.⁵⁷

China is arguably the most formidable strategic competitor the United States has ever faced in terms of economic and military potential. America's previous great power rivals or coalition of rivals—Wilhelmine Germany during the First World War, Imperial Japan and Nazi Germany during the Second World War, and the Soviet Union during the Cold War—never crossed the mark of reaching 60% of US gross domestic product (GDP). Even if China never surpasses the United States as the world's largest economy, Chinese GDP is already more than three quarters the size of the US economy.⁵⁸ The United States will therefore need Europe's power potential to form an effective balancing coalition against China. The United States and Europe should therefore increase diplomatic coordination, expand trade and investment cooperation, and foster technological innovation and resilience.

This should proceed along several tracks. First, the United States and Europe should work together to promote good governance. Chinese President Xi Jinping has called for his country to "lead the reform of the global system", reshaping global rules and norms to better reflect its values and interests.⁵⁹ China, like other great powers before it, has become more assertive in

⁵⁷ Pierre Morcos, *NATO's Pivot to China: A Challenging Path* (Washington, DC: Center for Strategic and International Studies, June 2021); Jens Ringsmose and Sten Rynning, "China Brought NATO Closer Together," *War on the Rocks*, February 5, 2020, <https://warontherocks.com/2020/02/china-brought-nato-closer-together/>; Sten Rynning, "NATO's Struggle for A China Policy" *Asian Affairs* (2022), pp. 1-19.

⁵⁸ World Development Indicators (database), "GDP (Current US\$)" (Washington, DC: World Bank, 2021), <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>. On China's long-term economic forecast, see Roland Rajah and Alyssa Leng, *Revising Down the Rise of China* (Sydney: Lowy Institute, March 2022); Rushira Sharma, "China's economy will not overtake the US until 2060, if ever," *Financial Times* (October 24, 2022).

⁵⁹ "Xi urges breaking new ground in major country diplomacy with Chinese characteristics," *Xinhua News Agency*, June 24, 2018, http://www.xinhuanet.com/english/2018-06/24/c_137276269.htm.

influencing international institutions as its power has grown.⁶⁰ Though Beijing rejects many key elements of the existing global order, particularly Western norms relating to human rights and internet governance, it continues to support the Westphalian principles of sovereignty and non-interference. The challenge is to find a balanced approach, one that gives China a voice on global governance issues while pushing back against its authoritarian rules and norms. The United States and Europe should undertake coordinated transatlantic action to lead international institutions and shape the rules and norms governing the 21st century, but without fully excluding China.⁶¹

Specifically, they should work to jointly elect candidates to top UN positions and increase the number of their citizens employed in the UN system. Chinese nationals have won a spate of elections to lead UN specialised agencies responsible for developing norms or setting standards, but they have generally not served their agencies independently, as required by international civil service standards, and, instead, used their positions to advance Chinese foreign policy goals.⁶² For example, Zhao Houlin as head of the International Telecommunication Union (ITU), the UN agency responsible for setting standards for information and communications technologies, actively promoted Chinese technology companies, championed China's Belt and Road Initiative as a model for development, and undermined internet governing bodies such as the Internet Corporation for Assigned Names and Numbers (ICANN).⁶³ The United States and Europe should cooperate to elect top UN officials by carefully avoiding situations in which US and European candidates both run, which is certain to split votes, and instead agree on a consensus candidate to support in leading these agencies.⁶⁴ The United States and those European countries classified as "underrepresented" in the UN system should increase efforts to place their

⁶⁰ Nadège Rolland, "China's Vision for a New World Order," Special Report No. 83 (Seattle, WA: National Bureau of Asian Research, 2020), pp. 14, 24-25.

⁶¹ As the EU Strategic Compass notes, "China's development and integration into its region, and the world at large, will mark the rest of this century. We need to ensure that this happens in a way that will contribute to uphold global security and not contradict the rules-based international order and our interests and values. This requires strong unity amongst us and working closely with other regional and global partners." Council of the European Union, Strategic Compass (Brussels: European Union, March 2022), p. 8.

⁶² Melanie Hart and Blaine Johnson, *Mapping China's Global Governance Ambitions* (Washington, DC: Center for American Progress, February 2019).

⁶³ Brett Schaefer, *Chinese Leadership Corrupts Another UN Organisation* (Washington, DC: Heritage Foundation, May 2020); United States Senate Committee on Foreign Relations, Majority Report, *The United States and Europe: A Concrete Agenda for Transatlantic Cooperation on China* (Washington, DC: United States Senate, November 2020), pp. 37-45; Tom Wheeler, *The most important election you never heard of* (Washington, DC: Brookings Institution, August 2022).

⁶⁴ The joint effort to elect a Singaporean national to lead the World Intellectual Property Organization (WIPO) is a successful model. See Emma Farge and Stephanie Nebehay, "Singaporean defeats Chinese candidate to head UN patent office," *Reuters*, March 4, 2020, <https://www.reuters.com/article/us-un-election-wipo/singaporean-defeats-chinese-candidate-to-head-u-n-patent-office-idUSKBN20R17E>.

citizens in UN jobs and Junior Professional Office (JPO) programs, or China continue to fill the void.

Second, the United States and Europe should expand trade and investment cooperation in response to China's unfair practices. The Chinese government directs hundreds of billions in subsidies and investment funds to domestic industries, allowing these firms to export goods and services below market prices and thus capture a larger share of the global market.⁶⁵ In addition, Chinese finance, used to acquire everything from critical technology to large-scale infrastructure assets, has become a source of coercive leverage and involuntary intellectual property transfers.⁶⁶ Though the United States and Europe share similar concerns about China's market-distorting subsidies and cross-border investments, key differences remain on how best to respond to these challenges.⁶⁷ According to the Institute for Economic Research, a US-EU free-trade agreement would greatly mitigate the negative effects of a joint decoupling from China.⁶⁸ This seems unlikely, however, as neither of the policymakers in Washington nor Brussels are interested in reviving talks to establish the Transatlantic Trade and Investment Partnership (TTIP).⁶⁹ Indeed, new tensions have emerged over the Biden administration's subsidies to boost America's electric car industry, with EU officials threatening to bring a case before the World Trade Organization (WTO).⁷⁰

But while the TTIP may be moribund, the United States and Europe should try to conclude a series of smaller trade and investment agreements, paving the way for a comprehensive deal. They should sign and expand mutual recognition agreements (MRA) to cover a wider range of sectors, as well as restart lapsed negotiations on the Environmental Goods Agreement (EGA), intended to reduce tariffs on environmental goods and services. In June, the European Council and European Parliament reached a "provisional political agreement" on new regulations to address cross-national subsidies, while Congress has introduced similar legislation to combat unfair

⁶⁵ Gerard DiPippo, *Red Ink: Estimating Chinese Industrial Policy Spending in Comparative Perspective* (Washington, DC: Center for Strategic and International Studies, March 2022).

⁶⁶ Dario Cristiani, Mareike Ohlberg, Jonas Parello-Plesner, and Andrew Small, *The Security Implications of Chinese Infrastructure Investment in Europe* (Washington, DC: German Marshall Fund, September 2021); Jonathan Hackenbroich, Filip Medunic, and Pawel Zerka, *Tough trade: The hidden costs of economic coercion* (Berlin: European Council on Foreign Relations, February 2022).

⁶⁷ Perijn Bergsen, Antony Froggatt, Veerle Nouwens, and Raffaello Pantucci, *China and the transatlantic relationship: Obstacles to European-US cooperation* (London: Chatham House, June 2022).

⁶⁸ Clemens Fuest, Lisandra Flach, Florian Dorn, and Lisa Scheckenhofer, *Geopolitical Challenges and their Consequences for the German Economic Model* (Munich: ifo Institute, August 2022).

⁶⁹ Randi Brown, TPP? TTIP? Key trade deal terms explained (Washington, DC: Brookings Institution, May 20, 2015).

⁷⁰ Barbara Moens, "Electric cars rekindle transatlantic trade war," *Politico*, August 31, 2022, <https://www.politico.eu/article/electric-car-rekindle-transatlantic-trade-war/>; Giorgio Leali and Barbara Moens, "France plays bad cop as transatlantic trade tensions ramp up," *Politico*, October 17, 2022, <https://www.politico.eu/article/france-us-eu-transatlantic-trade-tension/>.

market competition. These proposals provide a basis for further transatlantic cooperation on these critical issues.

Finally, the United States and Europe should expand and deepen transatlantic technology cooperation.⁷¹ China has made clear its intention to compete with the United States, Europe, and other advanced economies in technological innovation. A Fourth Industrial Revolution is underway, a revolution characterised by disruptive technological advances in fields as diverse as artificial intelligence (AI), big data, fifth- and sixth-generation wireless technologies, nanotechnology, biotechnology, robotics, the Internet of Things (IoT), and quantum computing.⁷² Breakthroughs in these areas will potentially reshape the global balance of power—a development that has not escaped Xi's notice. Observing “A new round of scientific and technological revolution and industrial transformation, such as artificial intelligence, big data, quantum information, and biotechnology, is gathering strength,” he has argued, “We must seize this major opportunity to promote leapfrog development,” allowing China to become a global technology leader.⁷³

This new era of technological competition will require careful navigation, however, as US sanctions on Chinese technology firms in recent years have heightened Chinese fears of being “strangled by others at the neck” and pushed Beijing to drive toward high-technology “self-sufficiency”.⁷⁴ China's accelerating efforts have in turn amplified security fears among Washington and its European allies, prompting the Biden administration to adopt an aggressive strategy of technological “decoupling” from China.⁷⁵ This action-reaction cycle should caution US and European policymakers to carefully consider the risks and opportunities of technological competition with China.⁷⁶ The US-EU Trade and Technology Council (TTC), established in 2021, is

⁷¹ Carisa Nietzsche, Emily Jin, Hannah Kelley, Emily Kilcrease, Mega Lamberth, Martijn Rasser, and Alexandra Seymour, *Lighting the Path: Framing a Transatlantic Technology Strategy* (Washington, DC: Center for New American Security, August 2022); Christie Lawrence and Sean Cordey, *The Case for Increased Transatlantic Cooperation on Artificial Intelligence* (Cambridge, MA: Belfer Center for Science and International Affairs, Harvard Kennedy School, August 2020); Gregory Arcuri, *How is the US Cooperating with Its European Allies on Issues of Technology?* (Washington, DC: Center for Strategic and International Studies, April 2022).

⁷² Klaus Schwab, *The Fourth Industrial Revolution* (Geneva: World Economic Forum, 2016).

⁷³ Xi Jinping, “Follow the trend of the times and achieve common development,” Speech at the BRICS Business Forum, July 25, 2018, <http://cpc.people.com.cn/n1/2018/0726/c64094-30170246.html>. See also Julian Baird Gewirtz, “China's Long March to Technological Supremacy,” *Foreign Affairs*, August 27, 2019, <https://www.foreignaffairs.com/articles/china/2019-08-27/chinas-long-march-technological-supremacy>.

⁷⁴ Che Pan, “US-China tech war: Beijing's top policy official lays out strategy to address Washington's ‘stranglehold’ over China,” *South China Morning Post*, January 26, 2021; Karen Hao and Sha Hua, “China's Xi Jinping Urges Self-Reliance in Tech Amid Rivalry with US,” *Wall Street Journal*, October 17, 2022.

⁷⁵ Ana Swanson and Edward Wong, “With New Crackdown, Biden Wages Global Campaign on Chinese Technology,” *New York Times*, October 13, 2022, <https://www.nytimes.com/2022/10/13/us/politics/biden-china-technology-semiconductors.html>.

⁷⁶ Ang, Yuen Yuen. “The Myth of the Tech Race,” *Project Syndicate*, April 28, 2020, <https://sites.lsa.umich.edu/yy-ang/wpcontent/uploads/sites/427/2020/05/PS-Myth-of-the-Tech-Race-final-color-pdf.pdf>.

a step in the right direction. In May 2022, the TTC held its second ministerial meeting, outlining dozens of transatlantic initiatives to foster greater transatlantic technological alignment, from harmonising technology standards and export controls and avoiding trade barriers to promoting green technology and securing supply chains. The TTC should prioritise among these various initiatives, focusing on what is achievable in the short term, such as expanding information sharing on investment screening and coordinating efforts to avoid a subsidy race in the semiconductor industry.⁷⁷ The TTC now needs to show it is more than a “talk shop” and produce tangible results, if it is to be a basis for effective and sustained cooperation between the United States and Europe.⁷⁸ In addition, US and European policymakers should work to establish common regulatory standards to ensure technology is used in ways that are consistent with their shared values.

CONCLUSIONS

Competition with China may be inevitable, but it can also be bounded. For NATO, this means scaling back its global ambitions and recognising China matters militarily to the extent its growing power and influence require the United States to increasingly shift attention and resources from Europe to the Indo-Pacific region. NATO’s indirect contribution to Indo-Pacific security should be for its European members to assume primary responsibility for their own security, freeing the United States to allocate more resources to the Indo-Pacific region. Though its direct military contribution to Indo-Pacific security will be limited, Europe can help to balance against China’s power and influence in the political-economic domain. Though there is great comfort in the familiar, the nature of the China challenge calls for organising transatlantic cooperation through the EU rather than through NATO. Above all, such cooperation should focus carefully on targeting measures to address of China’s challenge for global governance, trade and investment, and technological innovation without it turning all relations with China into zero-sum competition.

⁷⁷ US-EU Joint Statement of the Trade and Technology Council, May 16, 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/05/TTC-US-text-Final-May-14.pdf>.

⁷⁸ Carisa Nietzsche, “Future Proofing Transatlantic Relations (II): Taking Advantage of the 2023 Window for Opportunity,” *Internationale Politik Quarterly*, September 29, 2022, <https://ip-quarterly.com/en/future-proofing-transatlantic-relations-ii-taking-advantage-2023-window-opportunity>.

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