

The Role of the U.S. in Explaining EU Policy Changes Towards China

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Abstract:

In this project, I analyze the causal mechanisms through which American power is exerted on the EU to influence its China policy. I identify a few key strategies which the U.S. uses to project power within Europe, and analyze the effectiveness of each of these strategies. I show that the U.S. has implemented certain strategies in different cases, some of which have been more effective than others in causing the EU or individual member states to change their policy stance. I will first outline the different strategies, and identify three main groups that these strategies fall into; these strategies are identified as talking, targeting, and threatening. I utilize case studies to demonstrate which of these strategies have been more effective in practice and under which conditions they have worked. I find that certain strategies work best under specific conditions, and that the U.S. should adapt its strategy to target key actors in the policy at stake. In general, the strategy of targeting is most effective because it allows for the U.S. to intervene in decisionmaking on national and domestic levels. In order to conclude how effective these different U.S. strategies have been in changing EU policy, I evaluate to what extent the EU's China policy outcomes align with U.S. China policy in each case.

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1. Introduction:

This research thesis seeks to explore the strategies used by the U.S. to exert its influence on EU foreign policy towards China. This project was motivated by curiosity about what explains the different approaches of the EU and U.S. towards an economic and political relationship with China. I am particularly interested in why the EU has recently shifted its approach from cooperation to competition with China, especially in designating China as a rival rather than only a partner. I confront the puzzle of why the EU approach towards China has seemingly hardened in recent years and now more closely aligns with U.S. policy in certain areas while differing in other aspects. I explore the role of the U.S. in explaining why the EU has adopted certain policies towards China. To accomplish this, I identify three key U.S. strategies used to influence EU policymaking as talking, targeting, and threatening. I then evaluate the effectiveness of these in changing the course of the EU's China policy. This paper seeks to contribute to the wider debate on the complex triangular relationship between the EU, U.S., and China.

In this project, I analyze the causal mechanisms through which American power is exerted on the EU to influence its China policy. I seek to answer the research questions of how effective the U.S. has been in influencing EU policy, and which strategies have worked better in exerting this influence. I identify a few key strategies which the U.S. uses to project power within Europe, and analyze the effectiveness of each of these strategies. I show that the US has implemented a certain strategy in different cases, some of which have been more effective than others in causing the EU to change its policy stance. I utilize case studies to demonstrate which of these strategies have been more effective in practice and under which conditions they have worked. The selected cases include the Belt and Road Initiative, the EU arms embargo on China, Huawei 5G technology, and the Comprehensive Agreement on Investment. I aim to conclude under which conditions each strategy works best; this implements a process tracing approach to discover whether U.S. strategy results in the desired EU policy results. In order to conclude how effective these different US strategies have been in influencing EU policy, I will evaluate to what extent the EU policy outcomes align with US policy in the same area. I theorize that the U.S. has been able to exert an outsized critical influence over EU foreign policymaking towards China over the past two decades.

2. Background of EU-U.S.-China triangular relationship

My research aims to uncover how the U.S. influences EU foreign policymaking toward China. Therefore, it is especially important to understand the nature of preexisting relationships between these three states. We should consider the interconnectedness of their political and economic relationships. The China-U.S. relationship is often characterized as a great power competition; the military, economic, normative, and diplomatic aspects of their relationship should be viewed as tools in this political competition.¹ The EU, China, and the U.S. will be analyzed here as distinct actors with their own unique interests and constraints; we assume here that all actors are rational and want to maximize their utility in relationships with each other.

In the past, the EU has viewed China as an economic partner and sought to cooperate with it on various issues. It aims to maintain a strong economic relationship with China, as expanding its access to the Chinese market benefits both European businesses and consumers. However, all EU countries have had a trade deficit with China; countries including the UK, France, the Netherlands, Poland, and Spain had the largest trade deficit with China as of 2018.² This indicates that there is a power imbalance because China benefits more from market access in EU countries than vice versa. The EU also seeks to democratize and “Europeanize” China internally. It has perceived China’s growth as an opportunity to advance the EU’s external action goals, motivating the EU to approach China with a policy of strategic engagement and view it as a promising economic partner. However, the EU as an actor faces several environmental and institutional constraints which limit its ability to fully achieve these benefits. First, in all external action, including international trade, the EU also aims to uphold its core values of “respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.”³ The EU has long been considered to act internationally in a value-driven way as ‘normative power Europe’.⁴ In the case of China, the EU’s pledge to uphold European values in all external action acts as a constraint on its economic goals; the EU seeks to engage with China on an economic level while largely overlooking the Chinese government’s abuses of rights and freedoms.

The EU is also constrained in its institutional functioning, as it is not a unified state but rather consists of various supranational and intergovernmental institutions representing its 27 member states; each of these states has its own goals and constraints which may be different from those of the EU as a whole. The member states also reserve their own sovereignty in certain policy areas, including most of external action; many foreign policy decisions of the EU require a unanimous decision of all 27 EU heads of state and government in the European Council. In the

¹ Simón, “Subject and Object: Europe in Sino-American Competition,” 2.

² Kostecka-Tomaszewska and Krukowska, “Europe between China and the United States,” 286.

³ “The Treaty on European Union,” art. 2.

⁴ Manners, “Normative Power Europe,” 242.

Council of the EU, they have become more active in discussing topics related to China. The issue of unity among member states has also improved since 2019, and more states are willing to adopt an EU-as-a-whole approach when interacting with China. The Commission has also reported an increasing consensus on China, as Directorate-Generals work more closely on China issues and there are greater efforts at cooperation between EU and national institutions. The European Parliament has been the most vocal EU institution in expressing its concerns on the challenges posed by China across policy areas.⁵

The EU's relationship with China today is largely guided by several key documents; these include the 2016 Strategy on China, the European Commission's 2019 Strategic Outlook, and the EU-China 2020 Strategic Agenda for Cooperation. The EU continues to express its willingness to engage and cooperate with China in tackling global challenges. However, it also acknowledges the recent deterioration of EU-China relations because of factors such as China's counter-sanctions on EU officials, economic coercion against the single market, and its 'no-limits' friendship with Russia.⁶ The EU has recently taken steps which indicate a shift towards a tougher EU stance on China. In the EU's 2019 Strategic Outlook, China was designated as a "strategic competitor" and "systemic rival promoting alternative models of governance".⁷ This document marks a key paradigm shift and a convergence in the EU's approach to tackling challenges posed by a more assertive China.⁸ Notably, there is evidence that this phrase was inserted as a political opportunity aimed at a U.S. governmental audience.⁹ European Commission President von der Leyen has declared that she wants the Commission to be geopolitical in a world that is now characterized by great-power competition.¹⁰ The EU lacks hard power capabilities and can only use soft power tools in its engagement with countries like China, giving it a limited amount of leverage in these interactions against a powerhouse like China.

The U.S. has a strong economic relationship with China, but has long viewed China as a systemic rival rather than a partner. This is because many American elites and policymakers perceive the recent rise of China as a threat, as they believe that China could soon become the greatest economic power and overtake the U.S. as the global hegemon; this has caused it to view China as a systemic rival and approach it with confrontation. The U.S. can also use hard power in its relations with China, as the U.S. military is present near China's borders. Furthermore, domestic politics and public opinion in the U.S. serve as a strong constraint on the American government's ability

⁵ Wang, "EU'S Paradigm Shift towards the Rise of China," 8–9.

⁶ "EU-China Relations Factsheet."

⁷ "On China's Expanding Influence in Europe and Eurasia."

⁸ Wang, "EU'S Paradigm Shift towards the Rise of China," 14–15.

⁹ Sarsenbayev and Véron, "European versus American Perspectives on the Belt and Road Initiative," 101.

¹⁰ Kunz, "Europe's Defense Debate Is All About America."

to act externally; as 89% of American adults now view China as a competitor or enemy, it is likely that American foreign policy will continue to be more assertive and confrontational towards China.¹¹

By and large, the EU values its close alliance with the U.S. and aims to uphold the transatlantic relationship. This is especially important for the EU from both an economic and security perspective, as the U.S. is the EU's greatest trading partner and strategic ally through bodies like NATO. This constraint reinforces the fact that the EU would be cautious not to pursue vastly different policies on China from the U.S. in order not to jeopardize its transatlantic alliance. The U.S. similarly wants to maintain a strong relationship with the EU, as these two actors view themselves as the key representatives of liberal democratic systems. There is a very strong friendship between the EU and U.S. based on their shared values, and it is in both of their interests to maintain this alliance. However, strained by the complicated and multi-tiered structure of EU policymaking, there is no single direct route through which U.S. policymakers can pursue their own policy aims.

The core of the transatlantic relationship is NATO, and this security pact is the most formal and lasting link between the U.S. and Europe.¹² Most EU member states belong to NATO and therefore fall under the collective defense umbrella of the organization. This means in practice that European defense is closely tied to American defense. The EU tends to coordinate with U.S. policies on security issues in Asian countries.¹³ The role of the U.S. as a hard security provider plays an important role in shaping the political choices of the EU. After several decades of military dependence on the U.S., a dependent mindset still exists in Europe; many European decisionmakers have a tendency to follow American decisions and view Europe's role as supporting U.S. strategy. It is therefore interesting to consider how much the EU is able to exercise its own prerogatives and to what extent its decisions continue to be influenced by U.S. strategy.

Many Europeans are becoming aware that the rise of China will have a long-term impact on the future of the transatlantic security relationship.¹⁴ But many still reject the idea that Sino-American competition should play any role in the formulation of EU foreign policy. The EU does not appear to want full autonomy from NATO or the U.S., but rather desires autonomy in areas in which it enjoys exclusive competence, such as issues of global governance, diplomacy, trade, and technology.¹⁵ The strengthening of the EU poses both opportunities and risks to the transatlantic relationship; increased European integration promotes political cooperation, but an EU that is

¹¹ Silver, Devlin, and Huang, "Most Americans Support Tough Stance Toward China on Human Rights, Economic Issues."

¹² Ikenberry, "Explaining Crisis and Change in Atlantic Relations."

¹³ Dominguez and Sverdrup-Thygeson, "The Role of External Powers in EU-Asia Security Relations," 419.

¹⁴ Kunz, "Europe's Defense Debate Is All About America."

¹⁵ Simón, "Subject and Object: Europe in Sino-American Competition," 4.

too strong could circumvent U.S. interests and reduce American influence over European policy.¹⁶ Therefore, it is in the interest of the U.S. to ensure that the European integration process continues to remain embedded within the transatlantic framework. The 2022 U.S. Integrated Mission Strategy states that “The U.S. Mission to the European Union advances and protects U.S. interests by keeping the EU and its member states in strategic alignment with the United States in an era of intense geopolitical competition with an aggressive Russia and assertive China.”¹⁷

In a post-Cold War world order in which great power competition has shifted, outcompeting China has become the primary strategic challenge for the U.S. This means that the U.S. subsequently views the transatlantic relationship through the lens of Sino-American competition, and adjusts its policies to ensure that it has the support of European allies in this rivalry. U.S. pressure on Europe to decouple economically from China, end cooperation with China in international organizations, or participate militarily against China could create transatlantic tensions.¹⁸ The U.S. is increasingly concerned with ensuring that Europe’s key powers and institutions are on its side in its competition with China, and this largely guides how the U.S. interacts with European allies.¹⁹ It seems increasingly likely moving forward that the strength of the transatlantic relationship will continue to depend on Europeans’ willingness to work with the U.S. on a concerted China approach.

The U.S. should not take European alignment on China for granted, as the majority of the European public would want their country to stay neutral in a conflict between the U.S. and China.²⁰ While Americans intend to ultimately decouple from China, most Europeans want to maintain a friendly relationship with the hope of bringing China back into the rules-based system. Decoupling from China is not viewed as a realistic option for the EU, and Europeans instead hope to maintain their stable relations with China for the purpose of maintaining their economic interests there.²¹ According to European Commission President Von der Leyen, “We need to focus on de-risking rather than decoupling.”²² Similarly, German Chancellor Scholz declared in advance of his November 2022 trip to China that “even in changed circumstances, China remains an important business and trading partner for Germany and Europe — we don’t want to decouple from it.”²³ While the European public seems to support the idea of a more autonomous Europe, this is likely because they view European sovereignty as a way to remain

¹⁶ Simón, Desmaele, and Becker, “Europe as a Secondary Theater? Competition with China and the Future of America’s European Strategy,” 99.

¹⁷ U.S. Mission to the European Union, “Integrated Mission Strategy.”

¹⁸ van der Putten, *Assessing the EU-China-US Triangle*.

¹⁹ Simón, Desmaele, and Becker, “Europe as a Secondary Theater? Competition with China and the Future of America’s European Strategy,” 101.

²⁰ Leonard and Krastev, “The Crisis of American Power.”

²¹ Perthes, “Dimensions of Rivalry,” 61.

²² Lau, “China Direct.”

²³ Scholz, “We Don’t Want to Decouple from China, but Can’t Be Overreliant.”

neutral in the growing U.S.-China tension. This public opinion could impact how willing European governments are to align themselves with the U.S.'s China policy.²⁴ European policymakers have begun to realize that the Sino-American competition is crucial to the future of the liberal order they rely on.²⁵ The EU and U.S. share similar goals towards China, and developments in EU policy that indicate their greater skepticism towards China signals that there may be greater room for EU-U.S. cooperation.

The Biden Administration and the EU have committed to a strengthened cooperation in tackling challenges posed by China; however, many in the EU are concerned about a potential new U.S.-China “Cold War” and EU countries have been in disagreement about how closely to follow the U.S.'s anti-China stance. Leaders like Dutch Prime Minister Mark Rutte have warned about Europe following the U.S. too closely in its relations with China; he has advocated for a more independent European policy.²⁶ The diverging political and economic interests among EU member states may impede efforts towards an EU-wide consensus or closer U.S.-EU policy alignment toward China.²⁷ States like Portugal and Greece want to present themselves as a bridge between the U.S. and China. Others like Hungary and Italy try to play the two powers against each other to maximize their own benefit. Others such as Latvia and Slovakia prefer to avoid conflict and keep a low profile. Lithuania is openly critical of China and willing to sacrifice an economic relationship for the sake of defending liberal values. Poland and Romania, post-Soviet states who hold a high view of American values, are most likely to work with the U.S.²⁸ Finally, a group led by France, Germany and Spain is working to enhance the EU's strategic autonomy independent of both the U.S. and China.²⁹ It appears that most EU states are pursuing a strategy known as “cakeism” in which they want to have their cake and eat it too when it comes to the U.S.-China rivalry; this means that they balance relationships with both of these powers to keep the U.S. as an indispensable ally while also increasing economic ties with China.³⁰ The EU is unlikely to adopt a coherent policy while member states are divided on their approach towards China.³¹

American grand strategy today is increasingly shaped by the rise of China as a global power and a subsequent shift towards multipolarity in the international system. There has been a certain degree of continuity between U.S. administrations on China, as this issue featured prominently on the foreign policy agendas of the Bush, Obama, Trump, and Biden administrations. A renewed focus on relations with China was initiated under the Obama

²⁴ Leonard and Krastev, “The Crisis of American Power.”

²⁵ Simón, “Subject and Object: Europe in Sino-American Competition,” 3.

²⁶ Lau, Lynch, and Barigazzi.

²⁷ Archick, “The European Union: Questions and Answers.”

²⁸ Julia Pallanch and Bonnie S. Glaser, “Europe and America Are Moving Closer on China.”

²⁹ “Europe in the Face of US-China Rivalry,” 30.

³⁰ “Europe in the Face of US-China Rivalry,” 29.

³¹ “On China's Expanding Influence in Europe and Eurasia.”

Administration with a 2012 “pivot to Asia” policy which shifted the focus of American grand strategy to China as an area for economic opportunity.³² When President Trump took office in 2017, he initiated a more aggressive American stance towards China; he viewed the transatlantic alliance as a liability in America’s competition with China and criticized Europe’s multilateral approach for being naïve.³³ There were unofficial attempts under President Trump to coordinate U.S. and EU policy, but there was a lack of willingness on the part of the U.S. to compromise with European allies on a joint approach towards China.³⁴ The Trump administration used pressure on EU member states so that they would align with American foreign policy.³⁵ The Biden Administration’s China strategy envisions a tough approach to China which still leaves room for the possibility of diplomacy. Cooperating with allies and partners is key to Biden’s China policy; he intends to position the U.S. as Europe’s primary partner and leverage the multilateral order in the competition with China.³⁶ He has urged the US and Europe to “prepare together for long-term strategic competition with China.”³⁷ President Biden expects Europe to support U.S. policy towards China, especially in areas like technology, trade rules, and alliance systems in the Indo-Pacific.³⁸ Nonetheless, EU officials have made it clear that they intend not to be torn between their two biggest trading partners, the U.S. and China.³⁹ Some scholars believe that Europeans would be more willing to cooperate and seek closer coordination on China with the Biden administration as compared to the Trump administration.⁴⁰

The diverging perceptions of the EU and U.S. toward China can be characterized as a “threat” versus “opportunity” dichotomy which then shapes each actor’s response.⁴¹ The most recent U.S. National Security Strategy, released in October 2022 under President Biden, designates China as its “most consequential geopolitical challenge” and warns that China “harbors the intention and, increasingly, the capacity to reshape the international order”.⁴² But while the U.S. considers its strategic interests directly affected by a powerful China, the EU does not feel its security threatened and is rather focused on domestic developments in China which could undermine global collective norms.⁴³ The EU’s initial approach towards China from a trade perspective has been called its “China opportunity” perception.⁴⁴ This led the EU to approach China with a policy of strategic engagement and cooperation and to view China as a promising economic partner. However, there has been a shift in elite perception as threat perceptions have begun to converge around a more critical view of China. China’s aggressive behavior

³² Guyer, “Biden’s Promise to Defend Taiwan Says a Lot about America’s View of China.”

³³ Simón, “Subject and Object: Europe in Sino-American Competition,” 4.

³⁴ Casarini, “Transatlantic Cooperation on China Can and Should Not Be Taken for Granted.”

³⁵ Kostecka-Tomaszewska and Krukowska, “Europe between China and the United States,” 280.

³⁶ Simón, “Subject and Object: Europe in Sino-American Competition,” 4.

³⁷ Manson and Chazan, “Biden Tells World ‘America Is Back’ but Warns Democracy under Assault.”

³⁸ Perthes, “Dimensions of Rivalry,” 63.

³⁹ Ganster, “Post-Pandemic EU-China Relations.”

⁴⁰ Perthes, “Dimensions of Rivalry,” 63–64.

⁴¹ Elena Atanassova-Cornelis, “Constraining or Encouraging?,” 22.

⁴² Biden, “National Security Strategy.”

⁴³ Cirlig, “The United States-China Relationship.”

⁴⁴ Elena Atanassova-Cornelis, “Constraining or Encouraging?,” 18.

has finally caused European policymakers to view China not only as an economic opportunity but also a security challenge.⁴⁵ Records from a European Council meeting in October 2022 indicate that all 27 European leaders agree that China has become increasingly aggressive on both economic and military fronts.⁴⁶ The narrative of China has changed as Europe increasingly shares the American criticism of Chinese trading practices, unfair competition, and rule violations.⁴⁷ This has caused the EU to push back against unfair Chinese practices but has not caused the EU to align itself completely with the U.S.⁴⁸ Moreover, human rights issues feature strongly in the European debate on relations with China. This has been the subject of parliamentary debates in both national parliaments and the European parliament, and has contributed to a shifting negative opinion towards China among both European elites and publics.⁴⁹ When threat perception of China aligns between American and European policymakers, it is easier for the U.S. to exert its influence. The EU's foreign policy shift has been called "principled pragmatism" and indicates that the EU intends to implement its foreign policy in a more interest-driven way while still upholding European values.⁵⁰ This aligns more with the realist U.S. approach, allowing the U.S. to influence the EU more effectively. Given the fact that the U.S. and the EU share common identities as liberal democracies as well as a recently increased focus on geostrategic interests, there is a higher likelihood for them to reach policy coherence on challenges like China.⁵¹

⁴⁵ Casarini, "Rising to the Challenge," 79.

⁴⁶ Lau, Lynch, and Barigazzi, "EU Rings Alarm Bell on China — but Isn't Sure How to Respond."

⁴⁷ Lippert, Perthes, and Stiftung Wissenschaft Und Politik, "Strategic Rivalry between United States and China," 6.

⁴⁸ Casarini, "A European Strategic "third Way?," 96.

⁴⁹ Perthes, "Dimensions of Rivalry," 61.

⁵⁰ Mihalache, "Principled Pragmatism in EU Foreign Policy: A Return to Realpolitik or Rapprochement with Russia."

⁵¹ Raube and Rubio, 178.

3. Literature Review

The following literature review will focus on scholarly work related to the relationships between the EU, U.S., and China. There is a wide variety of academic scholars who have written on the EU-China relations, U.S.-EU relations, and EU-U.S. relations. There are fewer who have focused on the unique nature of this triangular relationship, especially the role of the U.S. influencing EU policy positions. The paper at hand therefore aims to fill this gap and more specifically explore the strategies used by the U.S. to influence the EU's China policy.

The first group of literature examines the nature of the EU's relationships with China and the U.S. These scholars position the EU as their main focus, and study its evolving interactions with these two world powers. Richard Maher posits that a strategic partnership between the EU and China will not materialize; while both sides share the goal of maintaining an economic relationship based on trade and investment cooperation, it is not possible for them to overcome clashing political values, diverging geopolitical interests and priorities, and competing conceptions of world order. The EU-China relationship will remain limited in scope, but the EU should create a new conceptual framework which envisions cooperation in areas where there can be mutual gains.⁵² A paper by Kostecka-Tomaszewska and Krukowska found that as China increases trade and investments in EU countries through projects like the BRI, its geoeconomic influence in Europe will likely also increase; this allows China to gain a trade advantage at the expense of the U.S..⁵³ Nicola Casarini studies the special relationship of cooperation and competition between the EU, China, and the U.S. EU policy towards China shows certain signs of alignment with the U.S., but key differences remain; in certain cases, EU policy even acts contrary to American interests.⁵⁴ Roberto Dominguez and Bjørnar Sverdrup-Thygeson find that the strong U.S. presence in Asia plays a key role in constraining EU action in the region; the EU faces the challenge of designing its policies in Asia while considering the effects these could have on other great powers.⁵⁵ This research is extremely informative for the project at hand, as it helps elucidate the areas where U.S. influence strategies could be more or less effective, depending on the nature of the EU-China relationship.

The next group of literature focuses on the influence of the U.S. over EU foreign policy, specifically how the transatlantic alliance may shape the EU's approach to its relationship with China. Farnell and Crookes write about how the involvement of the U.S. in Europe subsequently affects the relationship between the EU and China; the chapter points out certain dysfunctionalities of the EU, especially the divisions between member states on how to

⁵² Maher, "The Elusive EU-China Strategic Partnership."

⁵³ Kostecka-Tomaszewska and Krukowska, "Europe between China and the United States."

⁵⁴ Casarini, "A European Strategic "third Way?"

⁵⁵ Dominguez and Sverdrup-Thygeson, "The Role of External Powers in EU-Asia Security Relations."

balance support for the U.S. with an increased engagement with China.⁵⁶ Bjørnar Sverdrup-Thygeson analyzes how the transatlantic alliance shapes the policies of the EU towards China. He utilizes the case of the EU's attempted pivot to Asia policy to argue that the U.S. plays an active role in forming European policies towards China; the European pivot to Asia can be largely viewed as a response to the U.S. pivot to Asia. Based on these findings, considering the impact of the transatlantic factor allows for a better understanding of the political environment within which the EU creates its China policy.⁵⁷ While Europe and the U.S. will likely continue to pursue different strategies toward China, they will need to ensure that these do not negatively impact each other.⁵⁸ Luis Simón argues that the U.S. now views the transatlantic relationship through a lens of Sino-American competition; this has implications for the EU and affects U.S. strategy in Europe.⁵⁹ While these scholars point out that the U.S. plays a role in influencing the EU's China policy, I will further explore exactly what strategies are used for achieving this influence.

The third group of literature centers around the different responses of the EU and U.S. towards rising powers like China. Realist scholar Stephen Walt argues that the EU will not join the U.S. in balancing Chinese influence; he applies his own balance of threat theory to explain why Europe does not perceive China as a threat in the same way that the U.S. does. He views the difference in U.S. and EU approaches towards China as a result of their varying perceptions of threat and their role in the changing distribution of global power. Walt believes that U.S.-EU solidarity can no longer be expected in a post-Cold War era.⁶⁰ Riddervold and Rosén analyze how the EU and U.S. respond to rising powers making territorial claims and aim to identify whether there is transatlantic unity or dissent in response to Chinese claims in the South China Sea. The authors find that there is a general weakening of security relations between the EU and U.S., as the EU acts more autonomously in its foreign policy; the EU and U.S. do not coordinate their policies as much as the U.S. would like. The paper's main conclusion is that there is now a stronger and more autonomous EU in a weaker EU-U.S. relationship.⁶¹ Øystein Tunsjø argues that China's rise and the emergence of a bipolar international system present challenges for the transatlantic relationship; nevertheless, the U.S. and European states can develop complementary strategies in countering an increasingly China-centered world. European countries are using 'hedging' strategies to manage what they view as a risk of China's rise, while the U.S. is attempting to balance against the threat of China's power.⁶² Asle Toje similarly points out that the EU is shifting towards a hedging strategy; the EU is attempting to assert its

⁵⁶ Farnell and Crookes, "The Elephant in the Room."

⁵⁷ Sverdrup-Thygeson, "The Bear and the EU-China-US Triangle."

⁵⁸ Bjørnar Sverdrup-Thygeson, Marc Lanteigne, and Ulf Sverdrup, "'For Every Action...' The American Pivot to Asia and Fragmented European Responses."

⁵⁹ Simón, Desmaele, and Becker, "Europe as a Secondary Theater? Competition with China and the Future of America's European Strategy."

⁶⁰ Walt, "Will Europe Ever Really Confront China?"

⁶¹ Riddervold and Rosén, "Unified in Response to Rising Powers?"

⁶² Øystein Tunsjø, "China's Rise: Towards a Division of Labor in Transatlantic Relations."

independent approach to foreign policy and avoid any conflict that could arise from a shift towards multipolarity.⁶³ Furthermore, Atanassova-Cornelis argues that the different perceptions of the EU and U.S. concerning China's rise largely define their responses. The U.S. views China as a threat and seeks to counter it by limiting Chinese security behavior in Asia; the EU views China more as an opportunity, and thus pursues an engagement strategy that encourages China to act as a rising power.⁶⁴ Kirchner and Song also comment that the EU's increasing threat perception could affect EU policy responses towards China; EU policy is currently still focused on improving trade and investment with China as well as avoiding American pressure to adopt an aggressive stance towards China.⁶⁵ As all of these scholars include the role of differing threat perceptions in explaining different EU and U.S. responses, I will adopt this dimension as a part of my analysis and further explain how it contributes to the effectiveness of American strategies.

⁶³ Toje, "The EU Security Strategy Revised: Europe Hedging Its Bets."

⁶⁴ Elena Atanassova-Cornelis, "Constraining or Encouraging?"

⁶⁵ Kirchner and Song, "EU-China Security Relations."

4. Theory

4.1 Neoclassical Realism analytical framework:

I view the EU policy formulation process through the lens of neoclassical realism and use this framework to analyze what factors shape the EU's foreign policy towards China. This enables me to identify exactly how the U.S. is able to implement certain strategies and intervene in the EU policymaking process. This theory, created by Ripsman et al., is most useful because it skillfully combines the power focus of structural realism with the domestic focus of classical realism. For my purpose of EU foreign policy analysis, the neoclassical realist framework allows me to consider systemic factors, like shifting balances of power, alongside important domestic institutional components of foreign policy.

Neoclassical realism posits that a state's position in the international system plays a primary role in determining its behavior, while domestic factors affect how these systemic pressures materialize. The theory proposes that a state's capabilities and status in the international system are the key drivers of its behavior. However, domestic factors act as intervening variables, as they create unique circumstances which shape how a state can respond to systemic pressures. Policy choices are the result of how the state perceives and responds to systemic stimuli within the institutional constraints of its unique domestic circumstances.⁶⁶ The neoclassical realism theory of international relations outlines four broad categories of intervening unit-level variables, including leader images, strategic culture, state-society relations, and domestic institutions.⁶⁷ I apply these variables on the supranational level of the EU to understand how the complicated layers of institutions and actors contribute to EU policies. The level of analysis used in this paper will be focused on EU-level decisionmaking. To the extent that member state policies are either representative of the general EU position or are exceptions, they are also mentioned.

The EU is not a traditional state actor, but is instead a political and economic union between its 27 member states. The EU also has a complex decisionmaking process because of the various supranational and intergovernmental institutions which share power amongst themselves. However, even if it is not a state in the strict sense, it can be argued that in its current form, the EU acts regardless as an international actor which produces a foreign policy; it is sometimes viewed as a supranational state-like organization. Especially since the 2009 entry into force of the Lisbon Treaty, the EU has only strengthened its ability to generate foreign policy and act on the international stage; this has been achieved through changes including the creation of the European External Action Service as a diplomatic body, the creation of positions to better represent the EU externally, and the expansion of exclusive

⁶⁶ Ripsman, Taliaferro, and Lobell, "Neoclassical Realist Theory and the Limits of Structural Realism."

⁶⁷ Ripsman, Taliaferro, and Lobell, "Neoclassical Realist Intervening Variables."

and shared union competences.⁶⁸ Furthermore, the Lisbon Treaty gave the EU full legal personality, essentially meaning that the Union can sign international treaties in the areas of its attributed powers and join international organizations.⁶⁹ Therefore, the EU can be analyzed through the neoclassical realism framework similarly to other states.

Systemic changes which have affected transatlantic relations include the end of the Cold War, the rise of U.S. unipolarity, European unification, the emergence of new security threats, the growth of Asia, and globalization.⁷⁰ The emergence of China as a threat enables a new purpose for NATO with the return of geopolitics in what has often been called a “new Cold War”. Prominent international relations scholars such as John Ikenberry already predicted in 2008 that China’s rise would bring the end of American unipolarity; he, however, believed that China’s rise would not inevitably trigger a violent hegemonic transition because the modern international order could allow China to peacefully join the Western system.⁷¹ John Mearsheimer, a prominent realist scholar, is less optimistic about the liberal international order and blames it for accelerating the rise of China, which has transformed the system from unipolar to multipolar; he envisions the emergence of two new orders, one dominated by China and the other by the U.S., setting these powers up for greater security competition.⁷² Similarly, Stephen Walt warns that in realist theory major shifts in the balance of power are sources of conflict; China’s continued rise will lead to greater security competition between the U.S. and China and a greater potential for conflict.⁷³ The main effect of China’s rise is that a unipolar system with the U.S. as hegemon is increasingly turning into an unstable multipolar system with more than one center of power. The future of the international order is thus in question, as scholars debate whether China seeks to create an alternative to the U.S.-led liberal international order, contest this order from within, or a combination of both.⁷⁴ This change in the international system and resulting tension between the U.S. and China has also been called the ‘Thucydides’ Trap’, where a rising power challenges a ruling one, resulting in structural stress which likely will result in war.⁷⁵ As the EU formulates its foreign policy, it faces the systemic constraints of a great-power competition between an ally and an economic partner. The EU can be considered a small power, meaning that it is an actor who believes it cannot influence the international system on its own but can do so together with other actors.⁷⁶ The EU is torn between siding with the U.S., its traditional ally, or China, the promising newcomer, in this great-power struggle; in recent years it has been forced to reconsider European priorities and decide whether economic benefits or security guarantees are more important.

⁶⁸ Smith, “The EU under a Realist Scope,” 30.

⁶⁹ Pavy, “The Treaty of Lisbon.”

⁷⁰ Ikenberry, “Explaining Crisis and Change in Atlantic Relations.”

⁷¹ Ikenberry, “The Rise of China and the Future of the West: Can the Liberal System Survive?”

⁷² Mearsheimer, “Bound to Fail: The Rise and Fall of the Liberal International Order.”

⁷³ Walt, “Rising Powers and the Risks of War: A Realist View of Sino-American Relations.”

⁷⁴ Simón, “Subject and Object: Europe in Sino-American Competition,” 3.

⁷⁵ Allison, *Destined for War: Can America and China Escape Thucydides’s Trap?*

⁷⁶ Toje, “Introduction and Basic Arguments.”

4.2 U.S. Strategies To Influence EU Policy:

I expect to see a range of U.S. strategies to influence European policies which can be separated into two broad categories. The difference between these can be understood generally as positive incentives and negative incentives, or what is often termed the “carrot and stick” approach. This means that the U.S. uses certain tactics to persuade the EU to change policies, sometimes through diplomatic negotiating and other times through threats. I have identified two categories of more specific tools which the U.S. uses in an attempt to persuade European officials through diplomatic means, namely talking and targeting. Due to the complicated multi-level dynamics of EU decision-making, the talking strategy occurs on an EU level while the targeting strategy occurs on a member-state level. Under the negative incentives, I have identified a strategy of threatening which is used in certain instances. Evidence of these different strategies can be found on a strategic-rhetorical level through official U.S. policy documents, statements by political leaders, Congressional hearings, press accounts of diplomatic meetings, meeting transcripts, and other official documents. To determine the impact they have on European policy, I examine key EU policy papers, statements from EU officials, reports, and statements from relevant national leaders and foreign policy officials. To supplement this, I use primary, secondary, and tertiary sources such as official documents, journal articles, newspaper articles, surveys, and reports. I also evaluate the policy alignment of transatlantic actors in each case on an action-based level by comparing actual policy outcomes.

1. Persuasion / positive incentive / “carrot”

- a. **Talking:** This strategy occurs at an EU-level and focuses on EU officials themselves. In an EU-level strategy, the U.S. exerts pressure directly on European elites and the public; there would likely be a focus on persuasion and the positive reasons for an EU policy change. This is done through high-level diplomatic meetings with European elites in formats like the U.S.-EU Trade and Technology Council and U.S.-EU Dialogue on China or through public appealing directly to European audiences. Key indicators of this strategy include evidence of policy discussions through official reports from high-level meetings between EU and American officials, as well as public rhetoric from US officials to persuade the European public on key policies.
- b. **Targeting:** This strategy occurs at a member-state level and focuses on key politicians in individual EU member states. The U.S. has often been tempted to deal with European countries bilaterally rather than through the EU framework. These politicians could be heads of state or government in their country, or they could be officials responsible for a certain policy area. In a member-state-focused strategy, the U.S. exerts pressure on individual member states, especially

those that are critical to the issue at stake. The U.S. implements targeted rhetoric towards these individual member state governments which is tailored to persuade them on a key issue. This strategy has the potential to be particularly effective when used in certain European countries, especially in central and Eastern Europe, who see their relationship with the U.S. as key to their security and political autonomy.⁷⁷ Key indicators of this strategy include evidence of U.S. officials meeting with officials from individual member states about certain China-related issues, as well as individualized rhetoric which makes targeted appeals to different member state interests.

2. Threat / negative incentive / “stick”

- a. **Threatening:** In this strategy, the U.S. exerts pressure by taking advantage of key European vulnerabilities, especially in the area of defense and security. This pressure could be exerted either on individual member states or at an EU-level, depending on the issue at stake. The U.S. essentially utilizes its role as a hard security provider to threaten European reliance on American defense capabilities. The U.S. has used NATO and its deterrence commitments to Europe as leverage for non-security purposes when it wants Europe to align with it economically or diplomatically towards China.⁷⁸ There could also be situations where the U.S. threatens sanctions against key European industries or companies in the case of non-compliance with U.S. pressure. Key indicators of this strategy include statements of U.S. threats towards transatlantic cooperation in key areas including defense, industry, intelligence, and more.

⁷⁷ Simón, “Subject and Object: Europe in Sino-American Competition,” 6.

⁷⁸ Simón, “Subject and Object: Europe in Sino-American Competition,” 2.

5. Methods

In order to test whether the proposed strategies work in practice and how effective they are, I adopt a qualitative approach of case analysis. This case study analysis will follow a process tracing approach; this traces the causal mechanism of U.S. influence and evaluates how it plays out in each case. Comparing the results between several causally similar cases can allow me to make generalizations about which mechanisms are operative. I will focus on several cases of EU policies towards China in which it appeared that the EU was set on pursuing a certain policy course, but then altered its direction. These are the cases of interest, because I intend to identify and isolate which variables may have led to the EU's policy change. The following few cases were chosen from a universe of cases because there is evidence of American interference in the policymaking process, but the exact impact of this influence is yet to be proven. In these cases, I evaluate whether the U.S. intervention in these EU policies was effective in causing a policy shift that aligned with U.S. priorities. These could be both short or long-term policies in which decisions are made over the span of several months or several years. In seeking diversity, the cases also span a range of policy areas including infrastructure, technology, arms production, and investment, but their core issues all revolve around security concerns or economic competition. They also include different EU member states, actors, and stakes, and take place at different times with different leaders, all of which impact EU-level decisionmaking in each case. The diversity of these cases allows them to be representative of the EU policymaking process and the findings from them can therefore be used to draw generalizations about how American influence affects EU policy outcomes.

Each case is analyzed according to the neoclassical realist framework that was outlined earlier. In using this theoretical framework, both the systemic and domestic constraints behind EU policymaking will be considered. In all of the cases in my analysis, I will treat the international systemic stimuli as constant; I am interested in the U.S. influence over the EU within the broader context of Sino-American great power competition.

The dependent variable here is the EU's policy decision, while the independent variable is the U.S. influence strategy; four intervening domestic variables will also be considered for their impact on the dependent variable. The intervening variables that will be considered in each case to understand their effect on EU policy choices include the perceptions of leaders, strategic culture, state-society relations, and institutional arrangements. The first intervening variable is the images and perceptions held by leaders, meaning that the foreign policy decisionmaker may react differently to challenges and other actors depending on their own perceptions and beliefs.⁷⁹ The EU foreign policymaking process is largely intergovernmental, as member states continue to hold

⁷⁹ Ripsman, Taliaferro, and Lobell, "Neoclassical Realist Intervening Variables," 62–66.

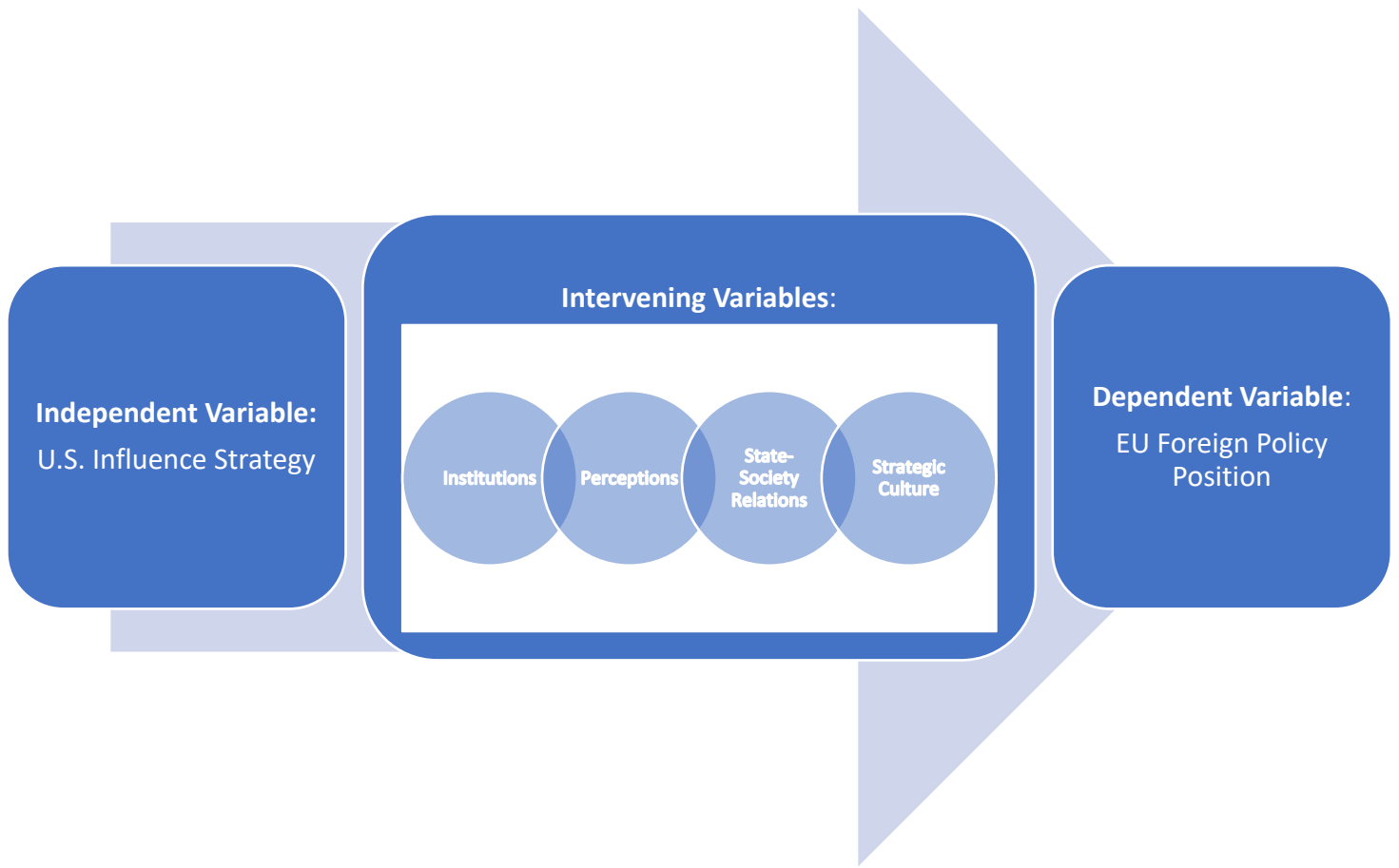
power over important foreign policy areas like the Common Foreign and Security Policy. In other areas including international trade and investment, the EU enjoys exclusive competence. It therefore depends on the policy area which leaders' perceptions are most important, and this will be analyzed according to each case. The second variable at play is the strategic culture of states, which represents a set of beliefs, norms, and assumptions that can influence the way a state perceives and adapts to systemic stimuli.⁸⁰ The strategic culture of the EU will be treated as consistent across all cases, as key liberal democratic values are shared by all EU member states and therefore only policy choices which adhere to these norms are culturally acceptable. The third variable is state-society relations, which are defined as the interactions between the central state institutions and the various economic or societal groups.⁸¹ In this sense, European civil, economic, or social groups may be especially affected by EU policies in certain areas and would therefore have a stake in the outcome. Key stakeholders within EU member states include political parties, business groups, and civil society organizations. If an outside actor like the U.S. could appeal to these groups on certain policies, together they could influence the EU towards a favorable policy outcome; the groups involved change depending on the case and policy area concerned. The fourth variable is domestic institutions, which includes the state structure and political institutions which constrain who can contribute to policy formation and how they can do so.⁸² In each case, this changes depending on the policy area involved because of the various competences shared between the EU and its member states. The effectiveness of U.S. strategies can be understood in this way, because if they are able to impact one or more of these intervening variables, the policy choice of the EU could be changed.

I hypothesize that American influence is a critical factor in explaining shifts in EU China policy. If this is not the case in reality, then EU policy shifts would have also occurred without US influence. It is important to consider how significant U.S. pressure, exerted through the aforementioned strategies, is in shifting EU policy positions. Specifically, we can differentiate between whether U.S. influence is necessary or sufficient. In a necessary condition, the role of the U.S. would be necessary to change the EU's stance beside other factors; in a sufficient condition, the influence of the U.S. would be the only explanation for this change. If the situation is in fact neither of these, then it is possible that the Europeans only pursue the same policy as the Americans because both have reached this decision independently. This would demonstrate whether a policy change in the EU is due largely to U.S. pressure or if it is rather the result of an alignment of interests between Europeans and Americans.

⁸⁰ Ripsman, Taliaferro, and Lobell, 67–70.

⁸¹ Ripsman, Taliaferro, and Lobell, 71–75.

⁸² Ripsman, Taliaferro, and Lobell, 76–79.



H₁: U.S. influence is a critical factor in explaining shifts in EU China policy.
H₀: The EU China policy shifts would have also occurred without U.S. influence.

6. Case Analysis

Case 1: Belt and Road Initiative

The Belt and Road Initiative (BRI), also called the New Silk Road, is an infrastructure and development project started by China in 2013. China's stated aim of the project is to increase global connectivity and cooperation across six main economic corridors, including Eurasian countries.⁸³ According to Chinese President Xi Jinping, "China will actively promote international cooperation through the Belt and Road Initiative. In doing so, we hope to achieve policy, infrastructure, trade, financial, and people-to-people connectivity and thus build a new platform for international cooperation to create new drivers of shared development."⁸⁴ While these goals sound altruistic, there have long been suspicions that China is also pursuing geopolitical gains and hoping to secure diplomatic and security objectives. Further concerns arise when one considers that most of China's international lending and investment is undertaken by the Chinese government, state-owned companies, or the state-controlled central bank. This has led many skeptics to conclude that China is utilizing its financial power to pursue economic and political aims.⁸⁵ Therefore, this case constitutes primarily an economic concern of infrastructure development but also encompasses a geopolitical concern regarding external control of critical infrastructure. This case study analyzes the EU's policymaking towards the BRI and evaluates how U.S. influence may have affected the policy outcomes. This case is unique in that the main actors involved are member states, and they subsequently affect the EU policy towards the BRI.

On an EU level, the European Commission's first response to the BRI was its 2015 agreement with China to set up a bilateral Connectivity Platform; this became a forum for an annual high-level meeting between the Chinese government and the European Commission focused on improving Sino-EU cooperation on transport corridors between Europe and China.⁸⁶ In 2018, the EU published its Europe-Asia Connectivity Strategy which marked a major shift in the EU's approach to the BRI. This strategy document refers only generally to China and does not explicitly mention the BRI; however, it was widely seen as a response to the BRI as it stresses the need for 'sustainable, comprehensive and rules-based connectivity' as part of a distinct 'European way'.⁸⁷ The main concern of the European Commission in this strategy is primarily China's growing influence in the Western Balkans, as well as its influence within the eastern member states of the EU. The EU's strategic objectives regarding the BRI

⁸³ OECD, "The Belt and Road Initiative in the Global Trade, Investment and Finance Landscape," 3.

⁸⁴ Xi, "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era."

⁸⁵ Kostecka-Tomaszewska and Krukowska, "Europe between China and the United States," 275.

⁸⁶ van der Putten, Assessing the EU-China-US Triangle.

⁸⁷ Grieger, "Towards a Joint Western Alternative to the Belt and Road Initiative?," 9.

are to engage with China on cross-border transportation while pushing back against Chinese influence and strengthening the EU as an independent actor among other great powers.⁸⁸

The first intervening variable that will be analyzed in the EU's policymaking process towards the BRI are the perceptions of European leaders towards the project. As the BRI began in 2013 and continues today, the long-term nature of this case allows for potential perception shifts and subsequent policy changes. The BRI is a case where Europe has always been of two minds, as some member states are more willing to cooperate economically with China than others. 31 European countries have signed a Memoranda of Understanding with China, 17 of which are EU members, but several of them have recently reconsidered their participation because of increasing fears about the risks that Chinese investment may pose to their national economies.⁸⁹ This shows a shifting perception within these member states as the benefit of attractive infrastructure projects under the BRI seems to no longer outweigh the risk of doing business with China. For countries like Lithuania, Estonia, Latvia, and Romania, it appears that their relationship with China has become increasingly fraught; this has caused them to reduce their commitments to the BRI. Other EU member states like Greece, Italy, Hungary, and Serbia have decided to increase their involvement in the BRI and deepen ties with China. Greece sold a majority 67% stake in its Piraeus port to the Chinese state-owned shipping company COSCO. China has also sought to increase its investment in other major European ports like Taranto in Italy, which notably hosts a key NATO base; Italy is the only G7 member to take part in the BRI. The 2019 Memoranda of Understanding signed between China and Italy had identified Taranto's port as a key asset, along with six other naval hubs including Genoa and Venice.⁹⁰ Deals like this with China are especially concerning for NATO and the EU, who worry about Chinese interference in strategically vital locations. Furthermore, Hungary and Serbia have increased their support for China's Budapest-Belgrade Railway, despite delays and transparency concerns in this project.⁹¹ The approach to China is clearly fragmented in Europe, with many Southern and Central European countries deepening ties with China while Baltic states take a tougher approach. These divisions work to the advantage of China and threaten to reduce European cohesion on crucial issues. The 14+1 framework is particularly problematic, as it impinges on core EU competences like trade or infrastructure. U.S. policymakers view European cohesion as an important enabler of American power, and China's manipulation of this directly undermines American influence in Europe.⁹²

The Chinese-funded BRI investments in Europe are especially problematic for EU politics because the member states that participate in this arrangement with China would likely impede attempts to adopt a tougher EU policy

⁸⁸ van der Putten, *Assessing the EU-China-US Triangle*.

⁸⁹ Nietzsche and Lokker, "Europe and the US Must Compete with China."

⁹⁰ Lanzavecchia, "Down the Silk Road. Why US and NATO's eyes are on the Italian port of Taranto."

⁹¹ Nietzsche and Lokker, "Europe and the US Must Compete with China."

⁹² Simón, Desmaele, and Becker, "Europe as a Secondary Theater? Competition with China and the Future of America's European Strategy," 103.

stance towards China.⁹³ The U.S. is also worried about China gaining commercial footholds in some of Europe's most important ports, including Rotterdam, Antwerp, Hamburg, and Piraeus, that it could use to wield political influence over European governments.⁹⁴ The U.S. is concerned about China's growing influence over not only economics but also politics in Europe. This serves as a major constraint on any potential EU policy change to restrict cooperation with China. Italy and Portugal are member states who, while not part of the 14+1 arrangement, have close ties with China and might resist an EU policy change. Poland, a member of the 14+1 group and also a close U.S. ally, has to undertake a particularly difficult balancing act between their interests with China and those with the U.S.⁹⁵ These conflicts of interest have already affected European politics in several instances where EU member states with strong ties to China have sided with China over the EU. The EU member states Greece, Hungary, and Croatia refused to sign on to the EU's 2016 statement of support for freedom of navigation; this can be blamed on their close ties with China. Furthermore, Portugal was reluctant to support the EU's requirement for FDI screening procedures, given the fact that it receives large Chinese investments in both its energy sector and its port of Sines.⁹⁶ In 2017, Greece also blocked the passage of an EU statement condemning China's human rights violations in the UN Human Rights Council.⁹⁷ Hungary broke the EU's consensus on human rights violations in March 2017 when it refused to denounce China's alleged torture of detained lawyers; this was explained by Hungary's connection to Chinese investment. In July 2016, Hungary and Greece also blocked a reference to China in an EU statement on the illegality of Chinese claims in the South China Sea.⁹⁸ These instances demonstrate how disagreements over China contribute to political tensions which divide EU member states and prevent European cohesion. Furthermore, a Europe that is reliant on Chinese money for infrastructure development and close economic links between China and Europe makes alignment between U.S. and EU interests increasingly difficult.⁹⁹

The China - Central and Eastern European Countries (China-CEEC) framework was founded in 2012; this has encouraged China-CEEC cooperation outside the EU framework and promoted the BRI in Europe.¹⁰⁰ This forum was initially also called the 16+1 format, as it included the eleven EU member states of Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia, and the five Balkan countries of Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia.¹⁰¹ When Greece joined the BRI in 2019, the format became known instead as the 17+1. The political history of many of these

⁹³ Kirchner and Song, "EU-China Security Relations," 363.

⁹⁴ Gramer, "Trump Wants NATO's Eyes on China."

⁹⁵ Kirchner and Song, "EU-China Security Relations," 363.

⁹⁶ Hillman and Tippet, "The Belt and Road Initiative: Forcing Europe to Reckon with China?"

⁹⁷ "On China's Expanding Influence in Europe and Eurasia."

⁹⁸ Simón, Desmaele, and Becker, "Europe as a Secondary Theater? Competition with China and the Future of America's European Strategy," 102.

⁹⁹ Hillman and Tippet, "The Belt and Road Initiative: Forcing Europe to Reckon with China?"

¹⁰⁰ Casarini, "A European Strategic 'third Way?'," 97.

¹⁰¹ Sawhney, "The Belt and Road Initiative."

joining states is concerning for the transatlantic allies, as they are especially vulnerable given their political history as former Soviet satellite states who only recently adopted democratic standards. These states continue to struggle with slower economic growth and therefore would be especially willing to accept the BRI for the promise of economic development, regardless of the high risks it might entail for them.¹⁰² China is able to take advantage of local vulnerabilities in these countries such as fragile state institutions and weak civil society. In the more vulnerable countries, national elites are also more willing to develop bilateral relations with China rather than working through the EU framework.¹⁰³ China has used the region of Central and Eastern Europe as an entry point into the rest of Europe for its BRI.¹⁰⁴ The BRI is a case where China has used a ‘divide and conquer’ tactic to target individual member states rather than operating through EU institutions; this benefits China’s interests at the expense of the EU. The subregional format allows China to capitalize on divisions within Europe and weaken the cohesion between European states, leading to a disjointed approach within the EU towards China. China is intentionally sowing divisions between EU members by giving them differential treatment. For example, China treats northern European countries as one community and southern European countries as another while maintaining a special cooperation with Central and Eastern European countries; it further treats France and the UK as special cases given their membership on the UN Security Council, and recognizes Germany as the EU’s economic power.¹⁰⁵ Additionally, the BRI weakens unity between NATO member states and threatens to cause conflicts of interest between economic commitments and military commitments of member states.¹⁰⁶ This Chinese strategy has drawn criticism from the EU for playing into the bloc’s divisions. The 14+1 bilateral format has allowed China to circumvent the EU as a bloc and instead strengthen its diplomatic and political influence over individual countries.¹⁰⁷

Larger EU member states like France and Germany have tried to maintain European cohesion towards China by resisting bilateral cooperation themselves and insisting on a coordinated EU approach.¹⁰⁸ They recognize the fact that this would allow the EU to stand up to China as a more equal power, but they also have the privilege of economic strength that not all European states enjoy equally. To this end, France has refused to sign a Memorandum of Understanding with China on the BRI.¹⁰⁹ French President Emmanuel Macron invited German Chancellor Angela Merkel and European Commission President Jean-Claude Juncker to Paris when Chinese President Xi Jinping conducted a state visit in March 2019. Similarly, Germany’s Economy Minister told the press

¹⁰² Sawhney.

¹⁰³ Casarini, “A European Strategic “third Way?,” 97.

¹⁰⁴ Brattberg et al., “China’s Influence in Southeastern, Central, and Eastern Europe: Vulnerabilities and Resilience in Four Countries.”

¹⁰⁵ “On China’s Expanding Influence in Europe and Eurasia.”

¹⁰⁶ Sawhney, “The Belt and Road Initiative.”

¹⁰⁷ Simón, Desmaele, and Becker, “Europe as a Secondary Theater? Competition with China and the Future of America’s European Strategy,” 102.

¹⁰⁸ “On China’s Expanding Influence in Europe and Eurasia.”

¹⁰⁹ “Europe in the Face of US-China Rivalry,” 69.

from the Belt and Road Forum in April 2019 that large EU member states had agreed to sign deals as a European bloc rather than on a bilateral basis.¹¹⁰ When Lithuania decided to exit China's then-16+1 format in May 2021, the Lithuanian foreign minister Gabrielius Landsbergis stated that, "From our perspective, it is high time for the EU to move from a dividing 16+1 format to a more uniting and therefore much more efficient 27+1."¹¹¹ Many smaller EU member states believe that letting the EU act on their behalf gives them more leverage in dealing with China.¹¹² It is a promising development for the transatlantic alliance that European states are starting to realize the disadvantages of a bilateral or subregional approach to China.

The U.S. has adopted a tough stance on China and would prefer that EU countries align with this approach. In the case of the BRI, the U.S. wants European countries to reduce or eliminate their cooperation with China. In the American view, the BRI poses a major risk to transatlantic interests, as it allows China to expand its geopolitical reach directly on the European continent and manipulate European countries in its favor. The U.S. also feels threatened by China's attempt to spread its influence while completely excluding the U.S. Each EU member state has the autonomy to make its own decision regarding whether to cooperate bilaterally with China in the BRI, so it is useful to examine whether U.S. strategies are used to influence these member state-level decisions. Several countries that used to have extremely friendly relations with China appear to have backtracked on some of their commitments; the blame for these policy changes is often placed on the U.S. for especially pressuring Central and Eastern European countries to reduce their cooperation with China.¹¹³ It is useful for this analysis to focus on several different member states who have changed their course on the BRI since its inception, in order to understand how this has affected the overall EU policy approach.

The U.S. has had mixed results with the effectiveness of its soft power targeting strategy to persuade individual EU member states to reject cooperating with China's BRI. The public visits and rhetoric of U.S. officials in various BRI-participating countries shows their intent to pull these countries away from Chinese influence. As this approach has been more effective in certain EU countries than others, it is useful to examine the motives that member states have to respond to U.S. pressure in explaining when U.S. strategies have been successful. Using the neoclassic realist framework, we can consider the intervening domestic variables in these member states which may have shaped how U.S. influence materialized differently.

Italy has traditionally taken a more pro-China stance and joined the BRI despite public pressure from the Trump administration. As one of the EU's founding member states and a G7 member, Italy's joining of the BRI and signing a Memorandum of Understanding with China in 2019, a non-binding statement of its commitment to the

¹¹⁰ "On China's Expanding Influence in Europe and Eurasia."

¹¹¹ Jerzewski, "Challenging Beijing's Divide and Conquer Strategy: The Baltic States' Exit from 16+1."

¹¹² Freymann and de Weck, "Europe Is Getting Closer to China, But Biden Can Pull It Back."

¹¹³ Turcsanyi, "An Unrewarding Show: Online Summit of China-CEE 17+1 Platform."

initiative, served as a test for the U.S.-Europe security relationship. Upon the insistence of American diplomats not to take part in the BRI, Italy reaffirmed its allegiance to NATO and the transatlantic alliance. Nevertheless, it chose to defy both the U.S. and EU strategic posture in its decision to adhere to the BRI project.¹¹⁴ This is a very interesting case because Italy's actions are incongruent with its rhetoric. Despite its stated allegiance to the transatlantic alliance, in reality, it ignored American guidance to avoid cooperation with China. This could be an attempt by Italy to reap benefits by cooperating with both China and the U.S., even though this approach is not acceptable to either partner. It could also be due to the fact that Italian political leadership would like to maintain a close relationship with the U.S., while economic groups in the country want to benefit more from Chinese funds through the BRI. As Italy seems to prioritize benefits for its domestic economy, it is more inclined to seek financial gains through cooperation with China.¹¹⁵ This indicates that a U.S. strategy of talking with Italian diplomats is ineffective in a country where state-society relations allow economic interest groups to constrain political decisionmaking. Italy's dual stance should be considered a failure of U.S. strategy because its participation in the BRI despite U.S. pressure strengthens China's position and undermines American interests in Europe.

Greece appears to be a similar case to Italy, as it was the first EU member state to join the BRI but underwent a visible shift in its relations with China in 2021. Both the leaders' and the public's perceptions changed to China's disadvantage and this worked in favor of the U.S. The Greek public opinion has begun to turn against the country's relationship with China, with 42% of Greeks holding unfavorable views of China.¹¹⁶ Greece's conservative government which was elected in 2019 reaffirmed the country's commitment to the EU and NATO and its full support for the transatlantic alliance. This government declaration notably took place during former U.S. Secretary of State Pompeo's visits in October 2019 and September 2020.¹¹⁷ It is therefore quite possible that U.S. diplomats played a role in persuading Greek officials to tow the American line and make a public verbal commitment. However, in this case there again appears to be an incongruence between rhetoric and action. Although Greek officials declared their government's support for the U.S. and NATO, they have nonetheless implemented policies that allow China to gain a strategic foothold in the Mediterranean and directly threaten the U.S. position there. The clearest example of this is the 2016 sale of a majority stake in the Piraeus port to the Chinese state-owned company COSCO. This major strategic port is critical infrastructure which is now directly and fully controlled by a third country; this poses a geopolitical threat to Greece.¹¹⁸ As a NATO and EU member, a Chinese-controlled port may further present a conflict of interest and threaten the ability of U.S., European, or NATO forces to access critical infrastructure. Chinese state-owned enterprises, with backing from state funds often under the BRI label,

¹¹⁴ "On China's Expanding Influence in Europe and Eurasia."

¹¹⁵ Bindi, "Why Did Italy Embrace the Belt and Road Initiative?"

¹¹⁶ Silver, Devlin, and Huang, "Large Majorities Say China Does Not Respect the Personal Freedoms of Its People."

¹¹⁷ Brattberg et al., "China's Influence in Southeastern, Central, and Eastern Europe: Vulnerabilities and Resilience in Four Countries."

¹¹⁸ Bali, "In Greece's Largest Port of Piraeus, China Is the Boss."

are expanding their control of key European port assets and increasingly also rail links and utilities. This raises the concern that the use of European ports for U.S. and NATO naval operations could be compromised.¹¹⁹ A possible explanation for this is that U.S. intervention was ineffective in preventing the building of this critical port, because at the time Greece held a friendly perception of China; however, once the perception changed, it was too late and Greece could not easily end its economic relations with China.

In the February 2021 meeting of the 17+1 forum, five leaders from Central and Eastern Europe intentionally did not attend, which can be attributed to a mixture of European and American pressure as well as their disappointment with China's lack of fulfilled promises.¹²⁰ Notably, these five countries all joined NATO during its 2004 Eastern expansion.¹²¹ The military ties and strategic U.S. partnership are therefore the primary concern for these countries; they are likely more receptive to adapting their China policies to the wishes of the U.S. The example of Romania shows how a country that initially appeared eager to benefit from China's BRI has dramatically shifted its policy. Romania has entirely changed its course from a friendly stance towards China to one that is now vocally pro-Western.¹²² This policy change can largely be attributed to U.S. intervention in the country, especially at an elite level. Romanian President Iohannis consulted closely with the previous U.S. ambassador to Romania under the Trump Administration, Adrian Zuckerman, who lobbied heavily against Chinese influence; Ambassador Zuckerman is also credited with arranging the Romanian president's visits to the White House in 2017 and 2019.¹²³ This evidence aligns with the U.S. targeting strategy and shows that U.S. diplomats were effective in persuading Romanian counterparts to alter their policy position. A Romanian political insider said the U.S. was not giving direct instructions to Romania on how to handle relations with China, but added that Romania wanted to make a statement about where its loyalties lie.¹²⁴ In 2020, Romania canceled an agreement with China to build nuclear reactors at Cernavodă.¹²⁵ This evidence leads one to conclude that the U.S. was effective in persuading Romania to change its policy stance, largely because of Romania's reliance on security guarantees.

The decision by Lithuania, Latvia, and Estonia to leave China's 16+1 BRI cooperation format is a prime example of how U.S. influence worked alongside other factors to successfully cause a policy change in these countries. The three Baltic states were initially willing to work with China on the BRI and China was especially interested in exploiting their logistical advantages in strategic transportation infrastructure.¹²⁶ However, this willingness faded as global and European developments exposed the negative aspects of cooperating with China. The Baltic

¹¹⁹ "On China's Expanding Influence in Europe and Eurasia."

¹²⁰ Brattberg et al., "China's Influence in Southeastern, Central, and Eastern Europe: Vulnerabilities and Resilience in Four Countries."

¹²¹ Rosca, "Romania Reveals the Limits of China's Reach in Europe."

¹²² Rosca.

¹²³ Brattberg et al., "China's Influence in Southeastern, Central, and Eastern Europe: Vulnerabilities and Resilience in Four Countries."

¹²⁴ Rosca, "Romania Reveals the Limits of China's Reach in Europe."

¹²⁵ Nietzsche and Lokker.

¹²⁶ Andrijauskas, "The Chinese Factor in the Baltic States' Security," 20.

states' intelligence agencies officially designated China as a threat to their security in 2019, especially in the areas of investment in critical infrastructure and cooperation in technology.¹²⁷ This shift in perception and fear of the potential military and economic security consequences have led the Baltic states to pull back from their cooperation with China. This began with Lithuania's decision to refuse Chinese development projects in its only seaport of Klaipėda; this strategic port also serves as one of the main entry points to the Baltic region by the allied NATO forces. Later, Estonia rejected a controversial China-backed plan to build an underwater tunnel between Tallinn and Helsinki, blaming environmental, economic, and security concerns.¹²⁸ Lithuania was the first to exit the 16+1 forum in May 2021, and Latvia and Estonia followed suit in August 2022.¹²⁹ With the withdrawal of these three countries, the format became the 14+1 forum, as it is still known today.¹³⁰ The unity of the Baltic states in ending their BRI cooperation serves as an example of how other EU states could unify their approaches and strengthen their positions against China. Although Lithuania in particular already had tense relations with China over the issue of Taiwan, it appears that China's "no-limits" friendship with Russia is what ultimately persuaded the Baltic states to dramatically alter their relations with China. This demonstrates that although U.S. influence played a significant role here, there were other factors such as Russian aggression which further motivated Baltic states to align their policies with the U.S.; this makes the role of the U.S. a necessary condition alongside other factors. In the context of Russia's war on Ukraine, the Baltic states are especially afraid of China enabling Russia to take back its former Soviet territory.¹³¹ The Baltic states are very concerned with their defense and security, which is guaranteed largely by the U.S. through NATO. These states perceive the Western security community as essential to their survival and are seeking even closer cooperation with the U.S. Many Baltic officials even advocate for establishing permanent U.S. or NATO bases on their territory and for the deployment of a permanent brigade-sized presence in each country.¹³² Overall, the Baltic states continue to maintain strong political, economic, and security relations with the U.S.¹³³ The Baltic governments' close relationship with the U.S. can be identified as a factor that affects their view of China.¹³⁴ By capitalizing on its role as a defense provider, the U.S. was able to influence these countries at the level of state-society relations to end BRI cooperation with China by targeting their civil-military relations. It is no coincidence that Latvia and Estonia's decision to leave the 16+1 forum closely followed a visit by U.S. Secretary of Defense Lloyd Austin to Riga. This trip was the first time a U.S. Secretary of Defense visited Latvia since 1995, demonstrating the U.S.'s urgent concern regarding the security of the Baltic region. The Baltic states are willing to appease U.S. demands and align their approach

¹²⁷ Andrijauskas, 20.

¹²⁸ Posaner, "Estonia to Reject China-Backed Baltic Tunnel Plan over Security Fears."

¹²⁹ Lau, "Down to 14 + 1."

¹³⁰ Lau, "Down to 14 + 1."

¹³¹ Lau.

¹³² Mix, "Estonia, Latvia, and Lithuania: Background and U.S.-Baltic Relations," 12–13.

¹³³ Jerzewski, "Challenging Beijing's Divide and Conquer Strategy: The Baltic States' Exit from 16+1."

¹³⁴ Mix, "Estonia, Latvia, and Lithuania: Background and U.S.-Baltic Relations," 17.

to China in order to guarantee their own security. In this way, the U.S. has used its targeting strategy to utilize its outsized influence over the Baltic states in order to sway their policies towards China. It is also possible that the threatening strategy was indirectly used, as the U.S. is aware of the precarious security situation in the Baltics and their extreme dependence on American military support. U.S. officials already have the upper hand and would only need to allude to their intention to reduce defense support in order to influence Baltic states' policy decisions.

If the U.S. strategies are effective in convincing individual EU member states to change their policies on BRI cooperation, a more uniform EU-wide stance could subsequently be reached. In this case, the U.S. has to use a targeting strategy to focus its influence on a member-state level because of the nature of the BRI itself. It appears that the U.S. strategy of appealing to individual member states has been successful in countries that rely heavily on the U.S. for defense and prioritize security concerns, while it was unsuccessful in places that prioritize domestic economic gains. This implies mixed results of the targeting strategy and proves that the strategy requires a deeper consideration of intervening domestic variables to be successful. The U.S. ultimately aims to initiate a broader policy change on an EU-level that implements a stricter approach to Chinese investment and development in Europe. One success in this direction on an EU-level is the implementation of an FDI screening mechanism in 2020; this regulation sets out minimum requirements for EU member states' FDI screening mechanisms and seems to particularly target Chinese investments.¹³⁵ Since 2021, there is also ongoing cooperation on investment screening between the EU and the U.S. in the Trade and Technology Council.¹³⁶ Furthermore, in 2021, the EU announced its plan for a new connectivity strategy called the Global Gateway. The U.S. subsequently came together with G7 members to launch a global infrastructure initiative as a Western alternative to the BRI; this value-driven, high quality and transparent infrastructure partnership is called the Build Back Better World initiative. These two initiatives are intended to mutually reinforce each other and show a strengthened transatlantic drive to counter Chinese influence worldwide.¹³⁷

¹³⁵ Modrall, "EU Regulation on Foreign Direct Investment Screening."

¹³⁶ "Investment Screening."

¹³⁷ Grieger, "Towards a Joint Western Alternative to the Belt and Road Initiative?," 9–10.

Case 2: EU Arms Embargo on China

The case of an EU proposal to lift its arms embargo on China involves an economic, security, and normative dimension. It is economic in the sense that it involves international trade between the EU and China, and also because certain EU member states have an economic stake in the arms industry. There is also a security element involved because the trade concerned is that of arms and weapons; this relates to the normative concern that China is a non-democratic state who could use these weapons for non-democratic means. In this case, there was a de facto EU-wide approach in their original decision to impose an arms embargo against China and therefore an EU-wide decision to change this policy would also be needed. Although the case took place over the span of several years, the images and perceptions of EU leaders towards China did not change drastically during this time and therefore this intervening variable does not play a major role in this case.

There was a proposal to lift the EU's arms embargo on China advocated by some European elites in the period from 2003 to 2005, but this was shelved in 2006 following pressure from the U.S.¹³⁸ The arms embargo was instated in response to China's violent crackdown on democratic protests in Tiananmen square in 1989. The EU arms embargo was originally implemented in cooperation with U.S. sanctions.¹³⁹ The reports of armed operations against a peaceful democratic movement in China led European leaders during a European Council meeting to impose several sanctions, including an arms embargo, to indicate their disapproval of China's disregard for human rights. The exact text of the conclusions from this meeting calls for "interruption by the member states of the Community of military cooperation and an embargo on trade in arms with China."¹⁴⁰ Under this agreement, each member state was responsible for implementing the embargo unilaterally and the embargo never became coherent across the EU in regards to its implementation and scope. In some cases this has resulted in a continuation of arms sales by member states to China, but the embargo has had a continued political effect which leads to restraint between the EU and China in signing new agreements.¹⁴¹ Even today in 2023, the EU arms embargo against China which was initiated in 1989 remains in place, and it is largely because of U.S. influence that this is the case.

In order to understand European decisionmaking in this case of the arms embargo, it is useful to look at the institutions and actors at play in this policy field; this encompasses the intervening variable of institutional arrangements. Decisionmaking on sanctions in general in the EU cuts horizontally through the EU structure with different legal considerations depending on whether the sanctions are economic, individual, or comprehensive. Arms embargoes have two distinct characteristics which differentiate them from other sanctions and are relevant in the EU context; they are intended to deny states access to certain products and there is a strong political

¹³⁸ Casarini, "A European Strategic "third Way?," 92.

¹³⁹ Kan, Archick, and Grimmett, "European Union's Arms Embargo on China," 4.

¹⁴⁰ "Presidency Conclusions: European Council," 25.

¹⁴¹ Kreutz, "Reviewing the EU Arms Embargo on China," 46.

component in regulating arms trade.¹⁴² While arms embargoes were initially considered issues under the jurisdiction of member states, measures were later introduced to ensure that arms embargoes would be part of an EU-wide common approach to foreign policy. Interestingly, the EU arms embargo on China represents an EU-wide set of national arms embargoes rather than one unified EU arms embargo. This means that the key actors making decisions on the embargo are member states, but in practice, the member states have agreed that the removal of the embargo should be done as a common EU-wide policy.¹⁴³ As the embargo originated as European Council conclusions, overturning it would require the unanimous agreement of all member states. Because of this, the Council Secretariat and the Commission only played minor roles. The European Parliament did voice its opinion on the matter, despite lacking any direct foreign policy competence, through a vote demonstrating that a majority of the members opposed revoking the embargo.¹⁴⁴

The American interest in keeping the EU arms embargo in place is strongly related to human rights promotion as well as Indo-Pacific security, especially regarding the protection of Taiwanese sovereignty. The U.S. Congress has expressed increasing concerns regarding China's military modernization and its aggressive stance towards Taiwan. As some EU member states have already sold defense-related technology to China, there is concern that without the arms embargo, EU countries might sell additional dual-use technology and weapons systems to China. This would enable them to utilize European technology and weapons against U.S. forces in the event of a conflict with China. There are additional concerns about the possibility that European companies involved in U.S.-European defense cooperation could transfer American defense technology to China, which would entirely undermine U.S. export controls and sanctions on arms sales to China.¹⁴⁵ These American concerns help to explain why the U.S. adamantly opposed a European policy to lift its arms embargo.

The U.S. and the EU pursued their own policies towards China with little coordination during the 1990s and early 2000s, but this subsequently led to a transatlantic divide in how to deal with a rising China. The proposal to lift the embargo was initiated by Germany and France at the General Affairs and External Relations Council meeting in December 2003.¹⁴⁶ The EU's proposal to review its arms embargo on China can be largely attributed to the variable of state-society relations, as economic groups like arms trade lobbyists were vocal in their opposition to the embargo and tried to pressure politicians to initiate a policy change in their favor.¹⁴⁷ In October 2003, the EU agreed on a strategic partnership with China based on the belief that engagement with China would be mutually beneficial and entrench China in the international system. France, Germany, Spain, and other member states

¹⁴² Kreutz, 46.

¹⁴³ Kreutz, 46.

¹⁴⁴ Brown, "Anything But Arms?," 32.

¹⁴⁵ Kan, Archick, and Grimmett, "European Union's Arms Embargo on China," 3.

¹⁴⁶ Brown, "Anything But Arms?," 31.

¹⁴⁷ Akkerman et al., "Fanning The Flames: How the European Union Is Fuelling a New Arms Race."

lobbied to abolish the EU arms embargo, claiming that it hindered the development of an EU-China partnership.¹⁴⁸ They belonged to a group of member states which were interested in lifting the embargo in order to pursue economic interests; these countries perceived great economic opportunities for both national and EU interests.¹⁴⁹ It was reported that German Chancellor Gerhard Schröder openly expressed his support for lifting the EU arms embargo in a meeting with his Chinese counterpart Wen Jiabao; this position was not supported by the Chancellor's own Social Democratic Party.¹⁵⁰ It is believed that this stance was largely motivated by the Chancellor's desire to gain political support from large arms companies in Germany. Similarly, French Defense Minister Michèle Alliot-Marie visited Beijing in June 2003 and publicly declared a willingness to urge the EU to relax arms restrictions on China.¹⁵¹ These China-friendly positions in this case can be viewed as exceptions to the general EU stance, but they became convincing as Germany and France are the most economically powerful EU member states. It appears that state-society relations were behind these states' positions, as Germany and France are key European arms producers and therefore the economic groups from this industry would have played a strong role in the countries' policy outcomes. France and Germany rank among the top five arms-exporting countries in the world, further proving their economic interest in advocating for lifting the arms embargo.¹⁵² The UK, in a similar position as the sixth biggest arms exporter worldwide, was remarkably sensitive to potential U.S. reactions to the process and took a moderate position to support modernizing the embargo rather than removing it. Before the June 2004 European Council meeting, the UK indicated that they would be in favor of removing the embargo, but they wanted to wait until after the upcoming U.S. presidential election; the UK was a member state which was closer to the U.S. on this issue.¹⁵³ Defense and technology firms such as Thales in France and Surrey Satellite Technology Ltd. in Britain expressed interest in the lifting of the arms embargo.¹⁵⁴ Other member states including Finland, Sweden, the Netherlands, and Denmark appeared to be against lifting the embargo, as these countries have stronger traditions of anti-China and pro-human rights attitudes.¹⁵⁵ They belonged to a group of member states which opposed lifting the embargo on the grounds that China posed a threat to the human rights of its own citizens.¹⁵⁶ However, these countries were less vocal in their stance and seemed wary of alienating China.

In December 2004, the European Council "reaffirmed the political will to continue to work towards lifting the arms embargo."¹⁵⁷ In a joint statement from the EU-China Summit in December 2004, the Council of the EU

¹⁴⁸ Kan, Archick, and Grimmett, "European Union's Arms Embargo on China."

¹⁴⁹ Brown, "Anything But Arms?," 32.

¹⁵⁰ Cohn-Bendit, Maes, and Gahrton, "MOTION FOR A RESOLUTION on Lifting the EU Arms Embargo on China | B5-0552/2003."

¹⁵¹ Kreutz, "Reviewing the EU Arms Embargo on China," 48.

¹⁵² "Where in Europe Is the Biggest Flow of Major Arms?"

¹⁵³ Kreutz, "Reviewing the EU Arms Embargo on China," 52.

¹⁵⁴ Kan, Archick, and Grimmett, "European Union's Arms Embargo on China," 17.

¹⁵⁵ Kreutz, "Reviewing the EU Arms Embargo on China," 52.

¹⁵⁶ Brown, "Anything But Arms?," 33.

¹⁵⁷ "Presidency Conclusions," 26.

reported that “the EU side confirmed its political will to continue to work towards lifting the embargo.”¹⁵⁸ Statements by EU officials strongly indicated that the embargo would be lifted in spring 2005.¹⁵⁹ These developments show that the EU fully intended to pursue a policy of lifting its arms embargo on China before it suddenly changed course. The EU clearly misperceived how the U.S. would react to their intention to lift the embargo and they did not anticipate how strong the American opposition would be.

The EU’s proposal to lift the arms embargo drew strong criticism and opposition from the U.S. Immediately following the EU’s decision to review the embargo in December 2003, the U.S. sent intelligence officers to several EU member states in an attempt to convince them that the embargo should not be lifted; this is congruent with the U.S. strategy of targeting key member states with the intention of shifting EU-level policy. When EU member states began to suggest that they might remove the arms embargo, the U.S. government made a clear statement of their disapproval. After a further EU decision in January 2004, the U.S. lodged several formal protests with the EU against the review process. The U.S. claimed that the EU embargo functioned as complementary to the U.S. embargo and that they had been imposed for similar reasons. Since 2004, U.S. officials pressured EU member states not to lift the arms embargo, and this stance was supported by Congress.¹⁶⁰ The U.S. House of Representatives passed a bill in spring 2004 which would restrict military exports and technology-sharing with European countries which sell arms to China. This measure also prevented the U.S. Department of Defense from doing business with foreign companies which engage in defense business with China.¹⁶¹ Furthermore, Congress attempted to pass the East Asian Security Act which would impose sanctions on European firms from countries that supported lifting the embargo, but this was unsuccessful.¹⁶² On February 2, 2005, the U.S. House of Representatives voted overwhelmingly to pass a resolution condemning the EU’s moves toward lifting its arms embargo on China. Notably, this resolution even threatened the EU with retaliation in transatlantic industrial and defense cooperation. According to the resolution, the lifting of the EU’s arms embargo on China would signify that “such a development in European security policy is inherently inconsistent with the concept of mutual security interests that lies at the heart of United States laws for transatlantic defense cooperation at both the governmental and industrial levels and would necessitate limitations and constraints in these relationships that would be unwelcome on both sides of the Atlantic.”¹⁶³ In this way, the U.S. utilized its advantage as a defense provider to threaten its European partners and coerce them to align with American policy preferences. These threatening measures targeted not only political institutions but also economic industries; these were especially effective because the U.S. strategy was aimed directly at the key stakeholders in this EU policy.

¹⁵⁸ “7th EU-China Summit: Joint Statement,” 2.

¹⁵⁹ Kan, Archick, and Grimmett, “European Union’s Arms Embargo on China,” 6.

¹⁶⁰ Kan, Archick, and Grimmett, 3.

¹⁶¹ Kreutz, “Reviewing the EU Arms Embargo on China,” 53.

¹⁶² Brown, “Anything But Arms?,” 36.

¹⁶³ Hyde, Urging the European Union to maintain its arms embargo on the People’s Republic of China.

The Bush Administration and members of Congress made it very clear to European partners that they would oppose the EU ending its arms embargo.¹⁶⁴ Further pressure and threats came directly from American officials in their meetings with European officials. A State Department spokesman acknowledged that the U.S. had held senior-level discussions with France and other EU countries; U.S. Secretary of State Powell also expressed opposition to a change in the policy with the foreign ministers of France, Germany, Ireland, and the UK.¹⁶⁵ In February 2005, newly-appointed Secretary of State Rice visited Brussels and expressed opposition to lifting the arms embargo; she believed that “the Europeans are listening to our concerns.”¹⁶⁶ The U.S. Senate also passed Resolution 91 on March 17, 2005 urging the EU to maintain the arms embargo.¹⁶⁷ A State Department official similarly warned that a renewed arms trade relationship between China and Europe could prompt the U.S. to impose greater restrictions on arms and technology sold to Europe.¹⁶⁸ In its resolution, Congress also “requests the President in his forthcoming meetings with European leaders to urge that they reconsider this unwise course of action.”¹⁶⁹ President Bush met with European leaders in Brussels and cautioned that European defense-related transfers “would change the balance of relations between China and Taiwan”¹⁷⁰; this may have persuaded them to reverse their policy actions. In this sense, the talking strategy was also utilized as high-level diplomacy was carried out with EU officials. In response to the vote of Congress, some German members of the European Parliament wrote a letter to German Chancellor Schroeder and the European Council in March 2005 urging him against lifting the arms embargo and writing that “we are worried about transatlantic relations. The just-completed visit of President Bush offers the chance to overcome the tensions of the last few years between Europe and the U.S.A. The U.S. House of Representatives voted 411 to 3 against the lifting [of the China arms embargo] and in concrete terms threatened a worsening of relations.”¹⁷¹ This demonstrates that the U.S.’s threat of worsening relations with the EU had a tangible effect on the opinions of policymakers. In this case, as Germany was one of the leading advocates for lifting the arms embargo, the changed opinions of German lawmakers to align themselves with U.S. preferences is particularly meaningful and would have impacted overall European decision-making on the topic.

As a result of American pressure which increased uncertainty in some national parliaments and in the European parliament, the proposal was abandoned in June 2005.¹⁷² Although many observers expected the EU to lift the embargo in spring 2005, some member states were hesitant to agree to this action amid vocal and high-level U.S.

¹⁶⁴ Kan, Archick, and Grimmett, “European Union’s Arms Embargo on China.”

¹⁶⁵ Kan, Archick, and Grimmett, 8.

¹⁶⁶ Kan, Archick, and Grimmett, 10.

¹⁶⁷ Kan, Archick, and Grimmett, “European Union’s Arms Embargo on China,” 35.

¹⁶⁸ Boese, “EU Retains China Arms Embargo.”

¹⁶⁹ Hyde, Urging the European Union to maintain its arms embargo on the People’s Republic of China.

¹⁷⁰ Kan, Archick, and Grimmett, “European Union’s Arms Embargo on China,” 10.

¹⁷¹ “The Lifting of the EU Arms Embargo on China.”

¹⁷² Casarini, “A European Strategic “third Way?,” 100.

opposition. U.S. diplomacy efforts were effective and resulted in closer coordination of U.S.-EU policies towards China.¹⁷³ Another factor which contributed to the EU's decision was China's implementation of an "Anti-Secession Law" which threatened the use of force if Taiwan attempted to establish independence. This political shift strengthened the Americans' argument that lifting the arms embargo would empower China militarily and pose a threat to both Taiwan and U.S. forces in Asia. This strong U.S. opposition and lingering human rights concerns caused many EU leaders to reconsider their decision and refrain from lifting the arms embargo.¹⁷⁴ This is clear evidence of successful U.S. intervention which caused the EU to adjust its policy stance on China. In this case, it appears that U.S. influence was a sufficient condition and acted as a crucial factor in the EU policy shift. It is quite clear from the evidence that in the absence of U.S. involvement, the EU policy would have moved in a different direction and led to the lifting of its arms embargo on China. Therefore, we can conclude that the U.S. threatening strategy which targeted key stakeholders and defense interests was effective and successful in shifting EU policy in this case. U.S. influence acted as the crucial factor in aligning EU policy with the American preference to maintain the arms embargo.

¹⁷³ Kan, Archick, and Grimmett, "European Union's Arms Embargo on China."

¹⁷⁴ Kan, Archick, and Grimmett, 7.

Case 3: Huawei

The case of Huawei as a vehicle for the expansion of Chinese 5G technology centers around a combination of economic and security concerns. Europeans were in a position to utilize a non-European provider, namely the Chinese company Huawei, in order to install critical 5G infrastructure. The economic dimension of this case is also slightly unique in that the U.S. and EU seek to exclude a competitor of products that are also made in Europe. The EU could promote an economic argument for using technology instead from Huawei's main rivals Ericsson, a Swedish company, or Nokia, a Finnish one, and in doing so promote European businesses.¹⁷⁵ This results in a different role for the U.S. where it can be seen as using a security argument but also pushing to promote U.S. industry over Chinese competitors. However, the economic costs involved in a policy change that excludes Huawei would be particularly high, as many European telecom providers already rely heavily on Huawei equipment.¹⁷⁶ Despite acknowledging the security risks associated with Huawei, many EU members did not want to jeopardize their trade relationships with China. Under considerable American pressure, most member states chose to side with the U.S., although many decided to improve their overall 5G security rather than explicitly banning the Chinese company. The Huawei case shows what European countries can expect as U.S. pressure for a harder stance on China escalates.¹⁷⁷

The role of technology is especially important to the U.S.'s competition with China. Europe plays a large role in this regard, as Chinese state-led companies have attempted to infiltrate the European market by offering key technologies like 5G and AI; this raises important questions regarding the lack of security and privacy involved. The U.S. and Europe are divided over the extent of security risks of including Huawei in the development of 5G infrastructure. Europeans' concern with Huawei is primarily focused on the ability of the Chinese government to use the company to spy on countries and conduct cyber-attacks. Software backdoors that have been found in Huawei equipment should discourage countries from allowing Huawei to operate the most sensitive components of 5G networks, especially in NATO countries.¹⁷⁸ A State Department spokesperson stated, "The United States has been very clear that we are concerned with certain foreign investment in and control over critical infrastructure, including telecommunications and transportation elements...these investments represent a challenge to transatlantic security, including to institutions like NATO."¹⁷⁹ Furthermore, technological dominance in Europe could be used by China to leverage supply chains and infrastructure against American power.¹⁸⁰ Technological

¹⁷⁵ "America's War on Huawei Nears Its Endgame."

¹⁷⁶ "America's War on Huawei Nears Its Endgame."

¹⁷⁷ Ganster, "Post-Pandemic EU-China Relations."

¹⁷⁸ "On China's Expanding Influence in Europe and Eurasia."

¹⁷⁹ Gramer, "Trump Wants NATO's Eyes on China."

¹⁸⁰ Simón, Desmaele, and Becker, "Europe as a Secondary Theater? Competition with China and the Future of America's European Strategy," 101.

competition is therefore strongly connected with the political ideological realm and remains relevant for security policies.¹⁸¹ The growing issue of Chinese control over 5G technology worldwide raised alarm in the U.S., and the Trump administration started warning allies in 2019 that having the Chinese telecom firm Huawei build their 5G telecom infrastructure risked exposing their citizens' and their official data to Chinese state surveillance. This alarm grew when Huawei announced in 2019 that they had 91 global contracts, 47 of which were in Europe. The U.S. warned its European partners that they should keep Huawei out, both for their own sake and for the sake of collective security among democratic allies.¹⁸² The U.S. views the threatening role of Chinese technology in its economy and in that of its allies primarily through a lens of national security.¹⁸³ It believes Huawei is under the influence of the Chinese government and its intelligence agencies; this entails that Huawei's equipment could be used for espionage.¹⁸⁴ Additionally, the U.S. is concerned about China's growing economic and political influence within Europe because it neutralizes potential European support for the United States in its strategic competition with China and potentially costs U.S. and European firms their technological lead.¹⁸⁵ A central motive behind the U.S. pressure to ban Huawei that is not well-received in Europe is that Western providers should be encouraged to win the "5G race".¹⁸⁶ The global success of a Chinese company like Huawei threatens American dominance in the field of advanced technology and has attracted American anger over losing its competitive edge.¹⁸⁷ American attempts to decouple the U.S. economy from China include the blacklisting of Huawei and preventing U.S. companies from buying its products.¹⁸⁸

Until early 2020, very few European countries shared American concerns about the security of Huawei. The European Commission's 2016 action plan for 5G did not even mention security issues. Europe's main goal was deploying 5G quickly and cheaply to reap the economic benefits of improved high-speed internet. The Commission prioritized ensuring that Europe received good quality 5G networks, establishing fair competition between suppliers, and guaranteeing reciprocal access for European suppliers to the Chinese market. Some estimates showed that Huawei was narrowly ahead of Ericsson and Nokia in the European market, despite the two latter companies being European themselves.¹⁸⁹ As of 2019, most EU member states, including Germany, did not show any intention of banning Huawei from their 5G networks; they blamed this on a lack of proof from U.S. intelligence that China could realistically use the company to steal Europeans' information.¹⁹⁰ This implies that

¹⁸¹ Perthes, "Dimensions of Rivalry," 58–59.

¹⁸² Liu, "How America Turned the Tables on Huawei."

¹⁸³ Bond, "Europe, the US and Huawei."

¹⁸⁴ Bond, "Europe, the US and Huawei."

¹⁸⁵ Simón, Desmaele, and Becker, "Europe as a Secondary Theater? Competition with China and the Future of America's European Strategy," 103.

¹⁸⁶ "On China's Expanding Influence in Europe and Eurasia."

¹⁸⁷ Inkster, "The Huawei Affair and China's Technology Ambitions."

¹⁸⁸ Casarini, "A European Strategic 'third Way?,' 99.

¹⁸⁹ Bond, "Europe, the US and Huawei."

¹⁹⁰ Gramer, "Trump Wants NATO's Eyes on China."

European governments' threat perception of Huawei was initially low. Furthermore, societal groups such as companies who would benefit from a quick and cheap 5G rollout were influential in encouraging European governments to continue their usage of Huawei technology. The economic costs of the EU's banning of Huawei would be high, as European politicians feared that the continent would fall further behind if they delay 5G technology and that mobile-network operators may seek compensation for replacing Huawei technology. Some markets within the EU would be hit harder than others by a Huawei ban; in Belgium, Poland, and Germany, the companies are heavily reliant on Huawei, while other countries like Finland, Ireland, and Spain would face lower costs.¹⁹¹ On the other hand, the two Nordic companies Ericsson and Nokia would benefit from countries turning away from Huawei, as this would allow them to gain a stronger foothold in the European market; this would also serve the EU's more general economic goal of supporting its own industrial champions.¹⁹² However, the EU's stance on Huawei is not purely commercial and also takes troubling domestic developments in China into account. The EU therefore would be motivated to take a normative stand against China based on Chinese state-backed groups' operations in Europe, the mistreatment of the Uyghur minority, and its violations in Hong Kong.¹⁹³

The case of Huawei's involvement in the construction of European 5G infrastructure shows that the U.S. is willing to exert maximum pressure on the EU and its member states to align them with the American policy of disengaging economically from China.¹⁹⁴ The U.S. perceived the EU's willingness to install Huawei equipment as European complacency in the security issue, and in response, they threatened European allies with defense and intelligence cooperation consequences. In February 2019, U.S. Secretary of State Pompeo warned that if European countries installed Huawei equipment in their critical information systems, then the U.S. would not share intelligence services or have any military facilities there.¹⁹⁵ Several Trump administration officials warned Europeans that using technology from Huawei could hurt their relationship with the U.S. and could curtail intelligence sharing. It also announced sanctions on any foreign tech manufacturers that sell computer chips built with American technology to Huawei. Although there was some domestic criticism of President Trump's transactional approach, it appears that these threats and sanctions were ultimately effective in making European leaders reconsider their cooperation with Huawei.¹⁹⁶ Although no EU state explicitly banned Chinese companies from its 5G networks, almost all of them have tightened their regulatory frameworks with Huawei as the intended target.¹⁹⁷ This shows that the threatening strategy was effective in instigating policy change to a certain extent, even if European countries did not fully align with a ban.

¹⁹¹ "America's War on Huawei Nears Its Endgame."

¹⁹² "America's War on Huawei Nears Its Endgame."

¹⁹³ "America's War on Huawei Nears Its Endgame."

¹⁹⁴ Kirchner and Song, "EU-China Security Relations," 360.

¹⁹⁵ Bond, "Europe, the US and Huawei."

¹⁹⁶ Simón, Desmaele, and Becker, "Europe as a Secondary Theater? Competition with China and the Future of America's European Strategy," 101.

¹⁹⁷ "Europe in the Face of US-China Rivalry," 27.

The U.S. spearheaded a project called the Clean Network Initiative in 2020, which garnered the support of many allied countries as well as telecom corporations and effectively drew support away from Huawei. This initiative intended to work as a ‘security blanket’ which generated strength in their unity and solidarity, protecting participants against Chinese retaliation. NATO Deputy Secretary-General Mircea Geoiță and EU Commissioner for Internal Markets Thierry Breton were natural allies who understood that the political, economic, and security alliance among democracies should be strengthened.¹⁹⁸ The Clean Network Initiative now includes 27 of the 30 NATO members and 26 of the 27 EU members.¹⁹⁹ In Autumn 2020, U.S. Under Secretary of State Krach visited eight European countries, including EU and NATO headquarters, to discuss clean 5G infrastructure and the goal of building a Transatlantic Clean Network. After consulting with government officials as well as CEOs across Europe, the transatlantic partners seemed to be on the same page regarding 5G security.²⁰⁰ This shows how American officials were able to alter the threat perception of European officials in this policy area and convince them that Huawei represents a security threat.

Under the Trump administration, American pressure was exerted on Europeans to adopt a tough stance against Chinese investment in key technological areas like 5G and artificial intelligence. This policy issue demonstrated a U.S. preference to deal with European countries bilaterally rather than collectively through the EU framework as well as to leverage NATO and its deterrence commitments in Europe for non-security purposes such as getting Europeans in line diplomatically or economically vis-à-vis China.²⁰¹ Through this approach, the U.S. employed a targeting strategy and sought to influence member states not to utilize Chinese technology. Secretary of State Pompeo embarked on a European trip in 2020, nicknamed the “anti-China trip” because of his attempt to convince leaders in countries including Poland, Czech Republic, Slovenia, and Austria not to cooperate in China’s BRI or install Huawei technology.²⁰² He warned countries against forging closer ties with China, citing Huawei as an example of China’s tactic of masking geopolitical aims in commercial ventures. Speaking in Budapest, he warned that “Beijing’s handshake sometimes comes with strings, strings that will leave Hungary indebted both politically and economically.”²⁰³ He also warned that U.S. cooperation could be reduced in countries that chose to maintain a strong Huawei presence.²⁰⁴ In the Czech Republic, this pressure was effective and resulted in a ban on Huawei technology from all government offices; Czech and U.S. officials worked closely together and the Czech Foreign Minister and Premier even met with many high-level American officials including President Trump during a February 2019 trip.²⁰⁵ Austria is an example of a country that is trying to maintain a balanced and pragmatic

¹⁹⁸ Liu, “How America Turned the Tables on Huawei.”

¹⁹⁹ “The Clean Network.”

²⁰⁰ U.S. Department of State, “The Transatlantic Alliance Goes Clean.”

²⁰¹ Simón, “Subject and Object: Europe in Sino-American Competition,” 2.

²⁰² Puhl and Mayr, “Osteuropa.”

²⁰³ Gramer, “Trump Wants NATO’s Eyes on China.”

²⁰⁴ “Europe in the Face of US-China Rivalry,” 93.

²⁰⁵ “Europe in the Face of US-China Rivalry,” 44.

approach without choosing sides between the U.S. and China on this issue. Even though the U.S. Ambassador to Austria Traina urged the Austrian government to ban Huawei's 5G technology, Austria strategically designed stricter requirements for all mobile network security without singling out Huawei; two out of three major telecom companies in Austria have already decided to use suppliers other than Huawei.²⁰⁶ The U.S. lobbying campaign against Huawei forced European governments and the European Commission to reconsider their reliance on Chinese companies for critical infrastructure.²⁰⁷

The European Commission has aimed to exclude Huawei from Europe's 5G networks, a stance that aligns with the U.S. preference. In March 2019, the Commission issued recommendations, but not mandatory measures, as a 'toolbox' to help member states assess the cybersecurity risks of 5G networks and to strengthen risk mitigation procedures.²⁰⁸ European Commissioner Thierry Breton stated on the clean EU 5G toolbox, "The European Union with all member states developed a 5G cybersecurity toolbox defining the criteria and clear measures to avoid the use of 'high-risk suppliers.' The toolbox adds that member states have identified certain non-EU countries with state-backed actors as a serious cyber threat to their national interest."²⁰⁹ While the EU guidance does not mention Huawei directly, it defines the potential interference of third states as one of the main security risks in the 5G rollout; this is more likely if the country involved does not have a democratic system, if the 5G supplier has strong links to the government, or if governments are able to exert pressure on the supplier. These requirements clearly allude to Huawei, especially given the fact that the Chinese National Intelligence Law forces Chinese companies to cooperate with the national intelligence service.²¹⁰ EU Commissioner Thierry Breton worked with the U.S. Under Secretary of State Krach to integrate the EU 5G Clean Toolbox with the Clean Network and they issued a joint statement highlighting their shared commitment to principles of 5G security.²¹¹ U.S. Under Secretary Krach and EU Commissioner Breton encouraged all countries to join the Clean Network by adopting the EU 5G Clean Toolbox, or by developing regulations or standards that result in the inclusion of only trusted suppliers in their 5G networks.²¹² U.S. Secretary of State Pompeo commented on these EU measures, saying "We issued a joint statement with the EU on the synergies between the Clean Network and the EU 5G Clean Toolbox. Since the adoption of the Toolbox meets the criteria for being part of the Clean Network, the two work well together."²¹³ This diplomatic dialogue is an example of the U.S. talking strategy where high-level officials are able to reach a consensus that aligns with U.S. policy preferences. In the beginning of 2020, the European Union presented a plan to shift away from over-reliance on Chinese providers but left the possibility open for Huawei to lobby

²⁰⁶ "Europe in the Face of US-China Rivalry," 38.

²⁰⁷ Bond, "Europe, the US and Huawei."

²⁰⁸ Bond.

²⁰⁹ "The Clean Network."

²¹⁰ Noyan, "EU Countries Keep Different Approaches to Huawei on 5G Rollout."

²¹¹ U.S. Department of State, "The Transatlantic Alliance Goes Clean."

²¹² U.S. Department of State.

²¹³ U.S. Department of State.

national governments to keep market access for its technology.²¹⁴ This remains concerning for U.S. interests, as legal loopholes and changing political considerations of national governments could allow Huawei to continue supplying 5G equipment. By late 2022, the EU repeatedly criticized member states' slow pace in adopting its 5G security toolbox guidelines. The EU regime on using 5G Chinese technology has been critiqued for its patchwork nature which lacks coherence and strength; these policies still permit national operators to rely on Huawei for parts of their networks or require the government to actively step in to stop deals.²¹⁵ This explains how, despite a more cautious EU policy, different approaches have been taken by member states. It appears that while the EU has aligned its approach with that of the U.S., individual member states continue to pursue whichever policy works best to their advantage.

Germany was initially seen by many as the key member state whose decision whether to use Huawei technology or not could sway the wider EU stance on the issue.²¹⁶ Chancellor Angela Merkel was responsible for making the decision of whether to exclude Huawei from Germany's infrastructure and acted as the key foreign policy decisionmaker in this case. In 2019, the Trump administration's U.S. Ambassador to Germany Richard Grenell clearly warned that the U.S. would reduce intelligence sharing unless Germany blocked Huawei's involvement in the development of Germany's 5G network. However, Chancellor Merkel has avoided explicit bans on individual companies, preferring to tighten security requirements for all participants in its 5G rollout regardless of their country of origin.²¹⁷ Fearing Chinese retaliation against German companies like Volkswagen, BMW, and Siemens, Chancellor Merkel hesitated taking a tougher approach.²¹⁸ Additionally, in the realm of state-society relations, Chancellor Merkel faced pressure from major economic stakeholders such as the country's largest mobile provider Deutsche Telekom, a 32%-state-owned company, which already relied heavily on Huawei equipment; the company lobbied against government action that would make it harder to install 5G technology. However, increasingly more members of her Christian Democratic party objected to her refusal to criticize the Chinese government; these party dynamics also played a strong role in her decisionmaking as a government leader.²¹⁹ By the end of 2022, Germany had used Chinese equipment for 59% of its 5G infrastructure.²²⁰ Some other European countries banned Chinese companies from their 5G infrastructure on security grounds amid U.S. diplomatic pressure, but Germany refused to do so. More recently, Chancellor Olaf Scholz's new government has begun to take a more critical stance on Chinese technology; it recently blocked Chinese investors from acquiring a German chip plant over potential security threats.²²¹ However, he has not intervened regarding German telecoms' reliance

²¹⁴ Cerulus and Wheaton, "How Washington Chased Huawei out of Europe."

²¹⁵ Cerulus, "Germany Is (Still) a Huawei Hotspot in Europe."

²¹⁶ "America's War on Huawei Nears Its Endgame."

²¹⁷ Chazan, "Trump's Ambassador to Germany Hits out at Berlin over Huawei."

²¹⁸ "America's War on Huawei Nears Its Endgame."

²¹⁹ "America's War on Huawei Nears Its Endgame."

²²⁰ Cerulus, "Germany Is (Still) a Huawei Hotspot in Europe."

²²¹ Cerulus and Wheaton, "How Washington Chased Huawei out of Europe."

on Huawei.²²² The discussion in Germany has only recently shifted from considering Huawei a network risk to a geopolitical risk.²²³ There is nonetheless a growing realization among German political elites of the significant security and privacy risks included with Chinese technology cooperation. Germany initially ignored U.S. warnings, but the decision by the German government to not ban Huawei has been criticized strongly by domestic actors, including by a majority of members of the Bundestag.²²⁴ The German government recently adopted a tougher stance through its IT-Security Law; this new law allows government ministries to intervene in telecom contracts and veto the procurement from ‘untrustworthy’ suppliers but leaves discretion to the government in how to impose restrictions.²²⁵ In November 2022, the European Commission digital chief Margrethe Vestager was still advising member states to implement 5G security measures, pointing out that “it is not only Germany, but it is also Germany.”²²⁶ Overall, Germany’s continued reliance on Huawei technology is a clear example of U.S. strategy failure.

In many European markets which were previously reliant on Chinese providers for their technology infrastructure, national measures have been introduced to significantly limit the use of “high-risk” vendors like Huawei moving forward. Throughout 2020 and 2021, the European governments of France, Sweden, Romania, the Baltic countries, the Netherlands, Belgium, and Denmark either banned Huawei equipment in key parts of their 5G network or required its operators to replace this equipment in the medium-term.²²⁷ As of December 2022, nine EU member states do not use any Chinese equipment in their 5G infrastructure; these are Estonia, Latvia, Lithuania, Slovakia, Czech Republic, Denmark, Luxembourg, Malta, and Sweden.²²⁸ After European officials began changing their stance on 5G security around early 2021, Huawei lost its position as the market leader in 5G radio access network sales; it only provides 22% of sales in Europe while the Swedish company Ericsson has 42% and Finnish Nokia has 32%.²²⁹ Major countries like France and Belgium have not banned Huawei, but still show partial alignment with U.S. preferences because they have a much lower amount of Chinese technology in their 5G systems than they had in their previous generation networks, with France at less than 17% and Belgium at 30%.²³⁰ France was under diplomatic pressure from the U.S. to limit the use of Huawei technology in the country’s 5G rollout, to which President Macron said that the Trump Administration’s confrontational approach to China was unhelpful and unnecessary. France nonetheless took action to improve oversight over the activities of all foreign firms in high-tech sectors and expanded the scope of its foreign investment screening mechanism.²³¹ France even

²²² Laurens Cerulus, “EU Nudges Germany to Cut down on Huawei.”

²²³ “Europe in the Face of US-China Rivalry,” 27.

²²⁴ “Europe in the Face of US-China Rivalry,” 79.

²²⁵ Noyan, “EU Countries Keep Different Approaches to Huawei on 5G Rollout.”

²²⁶ Cerulus, “Germany Is (Still) a Huawei Hotspot in Europe.”

²²⁷ Cerulus and Wheaton, “How Washington Chased Huawei out of Europe.”

²²⁸ Cerulus, “Germany Is (Still) a Huawei Hotspot in Europe.”

²²⁹ Cerulus.

²³⁰ Cerulus.

²³¹ “Europe in the Face of US-China Rivalry,” 70.

announced that it would phase out Huawei equipment by 2028.²³² France’s cybersecurity agency, along with the President, now has the power to block 5G contracts between Huawei and telecom operators.

After being shunned by the U.S. and many European countries, Huawei decided to largely reduce its operations in Europe and focus mostly on countries like Germany, Spain, Italy, and Hungary where it still maintains a large market share. The governments of these large European markets have been slow to impose measures limiting ‘high-risk vendors’, and are particularly weak in enforcing them. Hungary has been a country that has vocally resisted American pressure and deepened its relationship with Huawei, with its Foreign Affairs and Trade Minister saying that “We are not going to discriminate [against] any investing company because of their country of origin... Budapest will stand firm against international pressure to block the presence of Huawei here in Hungary.” Despite American diplomatic efforts, the Hungarian government does not recognize any national security threat associated with Huawei or the BRI.²³³ The U.S. has also put pressure on Italy to ban Huawei, with U.S. Ambassador Eisenberg expressly declaring Huawei’s risk to Italian national security. However, the recent Italian governments have been split on the issue, with certain coalitions sharing U.S. concerns and others preferring a softer approach. It appears that the most recent Italian government was trying to appease both powers by meeting American requests halfway while maintaining economic connections with China.²³⁴ In Portugal as well, despite threatening rhetoric from U.S. officials like the U.S. Ambassador in Lisbon about the U.S.-Portuguese relationship and intelligence sharing, Huawei continues to have a presence in their 5G network.²³⁵

Scandinavian and many eastern European countries have taken the toughest stance on Huawei, aligning more with U.S. policy. In Eastern Europe, several countries signed memoranda of understanding with the former Trump administration to essentially exclude Huawei from their 5G systems; these agreements were largely adopted after visits by U.S. Secretary of State Pompeo. As a result of this diplomatic pressure, Slovenia, Poland, Czech Republic, Romania, Estonia, Latvia, Slovakia, Cyprus, North Macedonia, Kosovo, and Bulgaria have signed such agreements with the U.S.²³⁶ Poland, for example, received a visit from Secretary of State Pompeo where he warned that if Chinese telecoms remain in Poland, they would hinder U.S.-Polish security cooperation. Then during U.S. Vice President Pence’s visit to Poland in September 2019, the two countries signed this joint agreement.²³⁷ These bilateral agreements have been heavily criticized by Huawei, as it sees this as a sign that

²³² Matthias von Hein, “2020 EU-China Summit Goes Virtual.”

²³³ “Europe in the Face of US-China Rivalry,” 93.

²³⁴ “Europe in the Face of US-China Rivalry,” 102.

²³⁵ “Europe in the Face of US-China Rivalry,” 135.

²³⁶ Laurens Cerulus, “Huawei Challenges Legality of 5G Bans in Poland, Romania.”

²³⁷ “Europe in the Face of US-China Rivalry,” 126.

certain European countries are favoring U.S. national security priorities over EU policies.²³⁸ These states have adopted particularly strict 5G security rules which essentially target Chinese technology.

American efforts to pressure Europeans to ban Huawei had limited effect until the U.S. implemented sanctions in 2020 which prohibit foreign chip manufacturers from supplying chips made with American technology to Huawei. This made Huawei a less attractive supplier for Western countries, and persuaded some European countries like the UK, France, and Italy to reduce their usage of Huawei technology.²³⁹

It appears that in the cases where U.S. pressure became more effective since early 2022, this was largely also due to Russia's invasion of Ukraine. Some member states suddenly reconsidered their dependency on Chinese telecoms infrastructure amidst the realization of their problematic dependence on Russian energy; this comparison changed the threat perception of Huawei for many member states.²⁴⁰ Therefore, in member states where they only recently reduced their reliance on Huawei, this policy change can be attributed partly to U.S. influence but also to the factor of an active Russian threat, making U.S. pressure a necessary condition but not the only explanatory factor. In October 2022, the European Commission issued a renewed warning against using Huawei technology to support 5G networks.²⁴¹ While the U.S. was responsible for initially raising concerns regarding Huawei technology, these other factors amplified European fears.

The case of Huawei shows mixed results in the effectiveness of the U.S. strategies used here. It appears that the talking strategy was effective at the EU level in convincing EU officials to adopt a 5G security approach and advise member states in line with the American approach. However, the threatening strategy which was used largely at a member state level was ineffective, as many key countries like Germany continued their Huawei cooperation despite U.S. threats. This could likely be because large countries like Germany recognize their powerful status in the EU and realize that these are empty threats, as the U.S. could not realistically exclude Germany from either defense or intelligence operations. These different levels of success have resulted in a policy disconnect between the EU and member states. Nonetheless, the U.S. lobbying efforts against Huawei has forced European governments and the European Commission to reconsider the implications of relying on Chinese technology for critical infrastructure. The 2022 U.S. strategy states that: “While the EU has implemented an investment screening framework, released a toolbox of 5G security best practices, as part of a coordinated European approach, and taken steps to develop new instruments to counter non-market and coercive behavior, sustained U.S. engagement will be important to ensure national-level implementation by member states and

²³⁸ Laurens Cerulus.

²³⁹ Sophia Besch, Ian Bond, and Leonard Schuette, “Europe, the US and China.”

²⁴⁰ Cerulus and Wheaton, “How Washington Chased Huawei out of Europe.”

²⁴¹ Cerulus and Wheaton.

mitigate the potential negative impact on U.S. interests.”²⁴²The implementation of the EU toolbox measures in many member states shows that they are taking steps to mitigate the risks which arise from dependence on Huawei.²⁴³ However, the EU should adopt a strong common approach toward Chinese technology to best protect European security.

²⁴² U.S. Mission to the European Union, “Integrated Mission Strategy.”

²⁴³ Sophia Besch, Ian Bond, and Leonard Schuette, “Europe, the US and China.”

Case 4: Comprehensive Agreement on Investment

This case focuses on the EU decision to conclude the agreement in principle of the Comprehensive Agreement on Investment (CAI) with China in December 2020 despite U.S. preferences otherwise. This case operates purely on an EU level, as negotiating investment agreements with third countries is an exclusive competence of the EU; certain member state positions are also taken into account if they indirectly affect the EU's stance. The CAI deal shows how U.S. strategies interact with EU-level politics and decisionmaking; because the EU follows internal decisionmaking in this policy field which differs from other cases, the strategies used by the U.S. here may be different. The CAI largely concerns economic issues as it is an investment agreement between China and the EU; it also has geopolitical implications and could spark a transatlantic rift over the issue.²⁴⁴ The CAI case exemplifies how the EU has resisted siding with the U.S. against China across all policy issues, as it also seeks to benefit economically from Chinese trade and investment.²⁴⁵ This demonstrates how the EU, led strongly here by Germany and France, intends to pursue its own commercial interests and may not follow the U.S. in decoupling from China. However, the CAI deal has been criticized for not effectively enforcing labor standards or crucial freedoms, resulting in a more advantageous deal for China and a divided transatlantic partnership.²⁴⁶ At the geopolitical level, the biggest winner of the CAI is China while the biggest loser is the U.S.²⁴⁷

The EU and China sustained seven years of negotiations leading up to December 2020 when they reached political agreement in principle on the CAI. This conclusion led to a debate within Europe as the deal had both supporters and opponents. The EU aimed primarily to improve access to the Chinese market for European companies. Skeptics argued that the CAI would negatively impact the EU's China strategy because it deprives the EU of leverage when dealing with China.²⁴⁸ The EU also seemed to rush to conclude the deal during the final days of the Trump administration without waiting to consult with the new Biden administration.²⁴⁹ It serves as a message from the EU to the U.S. that transatlantic cooperation on China should not be taken for granted.²⁵⁰ The deal's conclusion was especially criticized by the U.S., as Americans viewed the CAI as a Chinese victory in dividing the transatlantic allies and depriving the Biden administration of the chance to repair U.S.-Europe relations.²⁵¹ However, it is important to note that this initial agreement is not the end of the process, as the CAI requires actual signature by China and the EU and its ratification by both the Council of the EU and the European Parliament.²⁵²

²⁴⁴ Casarini, "Transatlantic Cooperation on China Can and Should Not Be Taken for Granted."

²⁴⁵ Fallon, "China Shoots Itself in the Foot on EU-US Relations."

²⁴⁶ Blockmans, "EU-US Relations."

²⁴⁷ Vuving, "What Does the EU-China Investment Deal Mean for US-EU Relations?"

²⁴⁸ Vuving.

²⁴⁹ Fallon, "China Shoots Itself in the Foot on EU-US Relations."

²⁵⁰ Casarini, "A European Strategic 'third Way?,' 93.

²⁵¹ Fallon, "China Shoots Itself in the Foot on EU-US Relations."

²⁵² Casarini, 101.

On March 22, 2021, the EU imposed sanctions as part of a coordinated effort with the U.S. on four Chinese individuals and one entity involved in the oppression of the Uyghur population. In a swift reciprocation, China implemented sanctions against ten EU individuals and four entities, including diplomats, members of Parliament, think tanks, and researchers.²⁵³ These baseless Chinese counter-sanctions functioned as political retaliation and provoked the European Parliament to issue the following resolution in May 2021: “any consideration of the EU-China Comprehensive Agreement on Investment (CAI), as well as any discussion on ratification by the European Parliament, has justifiably been frozen because of the Chinese sanctions in place.”²⁵⁴ At the same time, the European Parliament proposed a stronger EU Foreign Investment Screening Regulation, legislation on foreign subsidies, and other measures which were clearly directed against China.²⁵⁵ It notably also “calls on the EU to increase its coordination and cooperation with the US within the framework of a Transatlantic Dialogue on China, including in regards to a coordinated approach to measures to address human rights violations and requests that this dialogue provides a strong parliamentary dimension.”²⁵⁶ This statement particularly shows that parliamentary lawmakers realized the benefits of coordinating its approach with that of the U.S. The European Parliament’s decision to freeze the CAI demonstrates many lawmakers’ disappointment with China and their desire to stand up more firmly against it.²⁵⁷ This policy change shows that EU officials and leaders no longer perceive China as a trustworthy partner; this shift in perception aligns more with the tough U.S. approach and may enhance American influence to prevent the CAI’s ratification.

In order to be eventually ratified, the CAI would need unanimous support from EU member states as well as a positive vote in the European Parliament. This ratification has been stalled, pending China’s lifting of its countersanctions as well as the resolution of several key issues.²⁵⁸ The European Parliament outlined in July 2021 several conditions that should be resolved before they consider passing the CAI, including the implementation of labor laws, measures towards ending human rights violations against the Uyghur minority, and a pledge to uphold its commitments to Hong Kong.²⁵⁹ This report also explicitly takes the renewed transatlantic climate on China under the Biden administration into consideration.²⁶⁰ The European Parliament will not work on the CAI unless China removes its countersanctions, which in turn depends on the EU sanctions being lifted. However, the EU

²⁵³ Fallon, “China Shoots Itself in the Foot on EU-US Relations.”

²⁵⁴ “European Parliament Resolution of 20 May 2021 on Chinese Countersanctions on EU Entities and MEPs and MPs (2021/2644(RSP)),” no. 10.

²⁵⁵ Fallon, “China Shoots Itself in the Foot on EU-US Relations.”

²⁵⁶ “European Parliament Resolution of 20 May 2021 on Chinese Countersanctions on EU Entities and MEPs and MPs (2021/2644(RSP)),” no. 16.

²⁵⁷ Casarini, “Transatlantic Cooperation on China Can and Should Not Be Taken for Granted.”

²⁵⁸ Casarini, “A European Strategic “third Way?,”” 102.

²⁵⁹ Casarini, “Transatlantic Cooperation on China Can and Should Not Be Taken for Granted.”

²⁶⁰ Casarini and Otero-Iglesias, “Assessing the Pros and Cons of the EU-China Comprehensive Agreement on Investment,” 6.

will not lift its sanctions unless China greatly improves the human rights situation in Xinjiang, which seems very unlikely. This has resulted in a continuing standstill on the agreement.²⁶¹

There are many economic interests at play, as China remains an important trading partner and market for European companies; these stakeholders stand to benefit from the potential ratification of the CAI.²⁶² The European business community in China is largely supportive of the CAI, as they see it as an opportunity to outcompete American companies in the Chinese market.²⁶³ The CAI's goals are to provide European companies with more market access and legal safeguards in their investments in China. This means that large European firms that operate in China, in sectors like the automobile, chemical, telecom, and healthcare industries are the biggest beneficiaries. This includes many German and French companies which already have an established position in China.²⁶⁴ These companies have the power to lobby the European Parliament directly to reconsider ratifying the CAI once Chinese sanctions are lifted.

The greatest beneficiaries of the CAI would be Germany, followed by the Netherlands and France; these three member states account for more than three-quarters of Chinese foreign direct investment in the EU.²⁶⁵ Public pressure also plays a role in shifting EU policies on the topic, as opinion polls across Europe show a decline in public opinion towards China. European leaders like French President Macron and German Chancellor Merkel have nevertheless seemed to prioritize economic benefits and have favored a soft approach towards China.²⁶⁶ The dynamics of coalition politics, also at an EU level, are considered a state-society intervening variable. Groups within the European Parliament such as Socialists, Democrats, and Greens have committed not to ratify the agreement without binding labor rights commitments.²⁶⁷ Green Party member Reinhard Bütikofer, chair of the European Parliament's delegation for relations with China, pledged to combat the ratification of the CAI.²⁶⁸ The Greens are firmly opposed to the deal on human rights grounds, as are some Social Democrats. Other Social-Democrats are conflicted and would oppose the deal if it does not protect workers' rights. The European Conservatives and Reformists group is dominated by parliamentarians from Poland's ruling party, who may be more committed to aligning with the U.S. Even within the large factions of the European People's Party and Renew Europe, there are parliamentarians who want to defend human rights or uphold the transatlantic relationship; they may be more concerned about the strategic implications of the deal.²⁶⁹ One hidden aspect of

²⁶¹ Fallon, "China Shoots Itself in the Foot on EU-US Relations."

²⁶² Casarini, "Transatlantic Cooperation on China Can and Should Not Be Taken for Granted."

²⁶³ Casarini, "A European Strategic 'third Way?,' 102.

²⁶⁴ Vuving, "What Does the EU-China Investment Deal Mean for US-EU Relations?"

²⁶⁵ Freymann and de Weck, "Europe Is Getting Closer to China, But Biden Can Pull It Back."

²⁶⁶ Fallon, "China Shoots Itself in the Foot on EU-US Relations."

²⁶⁷ Mears and Leali, "EU-China Investment Deal Hits a Snag as US Exerts Pressure."

²⁶⁸ Fallon, "China Shoots Itself in the Foot on EU-US Relations."

²⁶⁹ Freymann and de Weck, "Europe Is Getting Closer to China, But Biden Can Pull It Back."

the CAI, namely an annex that required that European non-governmental entities in China be directed by Chinese nationals, later angered members of the European Parliament; they had not been informed by the European Commission of this provision and it caused mistrust between the two institutions.²⁷⁰ The European Parliament has traditionally been willing to take positions more critical of China than other EU institutions and EU member states.²⁷¹ Additionally, some members of the European Parliament do not approve of the CAI, citing concerns that it fails to reflect Europe's commitment to the transatlantic alliance or human rights, while the European Commission continues to urge its approval.²⁷² This implies that the prospects for CAI ratification in the European Parliament are especially bleak.

On December 30, 2020, the European Commission announced that the CAI deal had been concluded by leaders in the European Council.²⁷³ Agreement on the CAI was reached during a call between European Commission President Ursula von der Leyen, European Council President Charles Michel, German Chancellor Angela Merkel, French President Emmanuel Macron, and Chinese President Xi Jinping.²⁷⁴ This shows how high-level negotiations in the EU can be quite exclusive, and in this case, mainly involved EU leaders and heads of powerful member states. At the time of the conclusion of the agreement in principle, the CAI in fact enjoyed the support of most member states; however, this support appears to be waning. It seems intentional that the CAI deal was concluding quickly instead of waiting for the Biden administration to take office and working with American partners. Some EU leaders like Chancellor Merkel argued that concluding the CAI would actually give the EU more political clout to work with the U.S. as an equal partner on China and assert its independence from the Americans.²⁷⁵ However, this is outweighed by the EU's resulting weakness in its relationship with China and has also caused damage to the transatlantic alliance.²⁷⁶ The EU should keep in mind that it shares common goals with the U.S., namely achieving a level economic playing field and stopping China's abuses of human rights.²⁷⁷

As the ratification of the CAI will also require unanimous support from EU member states in the Council of the EU, looking at the role that certain member states will play in this process can elucidate opportunities for U.S. intervention. Individual countries have different preferences when it comes to working closely with the U.S. on the CAI. EU member states' stances on the CAI are not only determined by their interests with China, but also by their level of strategic cooperation with the U.S.²⁷⁸ For example, Poland is a close American ally

²⁷⁰ Fallon, "China Shoots Itself in the Foot on EU-US Relations."

²⁷¹ Casarini, "A European Strategic "third Way?," 103.

²⁷² Hillman and Tippet, "The Belt and Road Initiative: Forcing Europe to Reckon with China?"

²⁷³ "EU and China Reach Agreement in Principle on Investment."

²⁷⁴ Freymann and de Weck, "Europe Is Getting Closer to China, But Biden Can Pull It Back."

²⁷⁵ Mears and Leali, "EU-China Investment Deal Hits a Snag as US Exerts Pressure."

²⁷⁶ Vuving, "What Does the EU-China Investment Deal Mean for US-EU Relations?"

²⁷⁷ Vuving.

²⁷⁸ Casarini and Otero-Iglesias, "Assessing the Pros and Cons of the EU-China Comprehensive Agreement on Investment," 3.

who has remained skeptical of the CAI and who urged that the EU should not rush to conclude the deal but rather cooperate more with the U.S. Belgium and the Netherlands expressed concerns about China's human rights violations.²⁷⁹ Among the EU member states, there is a perception that the CAI will only benefit a small amount of economically powerful member states like Germany and France.²⁸⁰ Germany and France seek to reap great economic benefits from the deal, while Italy, Spain, and Hungary have traditionally been more pro-China and would also support its passage; all of these countries may seek compromise with China for fear of retaliation.²⁸¹ Germany played a key role in concluding the CAI, as it leveraged its leadership as rotating president of the Council of the EU in 2020; Chancellor Merkel made it a priority to conclude the deal by the end of the German presidency. She was further influential in persuading other EU leaders to accept the deal, and it is possible that German officials within the European Commission, including the European Commission president and Director-General for trade, used their influence to strike a deal that would benefit German business.²⁸² Alongside French President Macron, German Chancellor Merkel was able to push the deal through despite some opposition in the EU.²⁸³ Several member states including Poland, Italy, Spain, Sweden, Lithuania, Estonia, Belgium, the Netherlands and Luxemburg have complained that their concerns about the CAI were ignored and that Germany and France bypassed the inclusion of other member states by pushing the deal through before the end of 2020.²⁸⁴ This institutional dynamic reveals a split on China policy within the EU, namely among EU member states and EU institutions. There is the possibility that the CAI may never be ratified, potentially due to U.S. pressure on EU member states to withdraw their support.

After the EU's late-December 2020 decision to conclude the CAI, there was opposition vocalized from both the outgoing Trump administration and the incoming Biden administration in the U.S. Matt Pottinger, Trump's deputy national security adviser, warned of the damage that the CAI's conclusion would cause to U.S.-European relations and stated that "Leaders in both U.S. political parties and across the U.S. government are perplexed and stunned that the EU is moving towards a new investment treaty right on the eve of a new U.S. administration."²⁸⁵ It is not clear how closely the EU consulted with the outgoing Trump administration during its CAI negotiations, but many assume that there was no correspondence because of how divergent the EU policy is from U.S. interests.²⁸⁶ Jake Sullivan, President Biden's nominee for national security adviser, tweeted ahead of the EU-China talks that "The Biden-Harris would welcome early consultations with our European partners on our

²⁷⁹ Zhang, "EU-China Investment Treaty."

²⁸⁰ Benedetta Gatti, "The EU-China Comprehensive Agreement on Investment: Between Realpolitik and Fundamental Values."

²⁸¹ Freymann and de Weck, "Europe Is Getting Closer to China, But Biden Can Pull It Back."

²⁸² Fallon, "China Shoots Itself in the Foot on EU-US Relations."

²⁸³ Vuving, "What Does the EU-China Investment Deal Mean for US-EU Relations?"

²⁸⁴ Casarini and Otero-Iglesias, "Assessing the Pros and Cons of the EU-China Comprehensive Agreement on Investment," 3.

²⁸⁵ Liu, "EU-China Investment Deal Threatens US-Europe Relations."

²⁸⁶ Liu.

common concerns about China's economic practices.”²⁸⁷ This public statement was an attempt by the Biden administration to encourage Europeans to wait to conclude the deal until transatlantic cooperation on China could be discussed with U.S. partners, but this request was blatantly ignored. There were concerns that closing a CAI deal without consulting the U.S. could jeopardize EU efforts to work with the new Biden administration to jointly confront China on issues such as human rights and technological standards.²⁸⁸

The European Parliament, which has to ratify the CAI before it enters into force, has remained uncertain. If the Biden administration wants to suspend the deal as a way to isolate China, it should lobby members of the EU parliament to stand up against Chinese forced labor practices.²⁸⁹ U.S. officials should particularly capitalize on divisions between lawmakers within the European Parliament, as there is already considerable opposition to the deal. There is even the potential for convergence in opposition to the CAI between left-wing members of the European Parliament who are angry about China's human rights offenses and transatlanticist conservative parliamentarians.²⁹⁰ Because of this, a potentially successful talking strategy would involve U.S. officials engaging in diplomatic talks with EU officials regarding the risks of ratifying the CAI. It could even be effective for President Biden himself to visit members of the European Parliament and find consensus around concerns over China which could prevent the CAI's passage.

The EU's agreement in principle of the CAI signifies a failure of U.S. strategy, especially since U.S. diplomats were unable to meaningfully intervene in the policy formulation process. The EU's conclusion of the CAI without U.S. involvement was seemingly intentional and signaled a geopolitical shift that the EU does not view itself as fully on the American side in the U.S.-China rivalry, but rather that it is pursuing a 'middle of the road' strategy between both powers.²⁹¹ This EU decision and the timing of the deal's conclusion shows that the EU largely disregarded incoming President Biden's desire to create a new approach to China in close consultation with allies, which he had stated would be a priority during the first weeks of his presidency. It is clear that during the narrow window of time in which the incoming Biden administration officials had to restrict foreign contacts, China made concessions to conclude the deal and the EU hastily agreed; it should be noted that Chinese President Xi and German Chancellor Merkel were heavily involved in concluding the deal at this time, with Chancellor Merkel pushing it through the necessary EU processes.²⁹² Member of the European Parliament Reinhard Bütikofer explained that the timing of the conclusion of the CAI in late 2020 occurred because Chancellor Merkel, supported by President Macron, agreed with Xi Jinping that the deal should be finalized before U.S. President-

²⁸⁷ Mears and Leali, "EU-China Investment Deal Hits a Snag as US Exerts Pressure."

²⁸⁸ Mears and Leali.

²⁸⁹ Freymann and de Weck, "Europe Is Getting Closer to China, But Biden Can Pull It Back."

²⁹⁰ Freymann and de Weck.

²⁹¹ Liu, "EU-China Investment Deal Threatens US-Europe Relations."

²⁹² Small, "Europe's China Deal."

elect Biden took office.²⁹³ The timing of the deal was especially opportunistic to China as they could negotiate with the EU without worrying about U.S. interference, but an EU paper also described it as a “window of opportunity” that had to be seized. Some European leaders rejected the idea that the EU should consult with the U.S. before reaching an investment agreement with China; they cited reasons of European sovereignty and skepticism about the Biden administration.²⁹⁴ They believed that the EU interests cannot be subordinated to the U.S. election cycle. However, it seems that in hindsight, the EU’s choice of a unilateral approach to China rather than consultation with partners was not beneficial to its interests.²⁹⁵ By invoking the idea of strategic autonomy, lawmakers in Europe want to demonstrate that the EU can act autonomously without relying on U.S. support. Many point to the deteriorating EU-U.S. relations under former President Trump as an explanation for the EU’s need to prove itself outside of the transatlantic alliance. This strategy may have made sense when the EU felt that they could not rely on the U.S. under the Trump administration, but President Biden has clearly expressed an intention to re-engage with the U.S.’s traditional allies while maintaining strategic competition with China.²⁹⁶ Furthermore, Europe’s hastiness in concluding the agreement could be interpreted by China not as a sign of Europe’s strength but instead of its flexibility. This moment of the CAI’s conclusion marks a failure in the transatlantic relationship and signals the alliance’s weakness to China.

It seems that China’s arbitrary countersanctions against the EU actually convinced European lawmakers to align with the U.S. EU and U.S. officials have recently been coordinating their positions on China more closely, such as through the May 5, 2021 meeting between EU High Representative Joseph Borrell and U.S. Secretary of State Antony Blinken. On May 26, 2021, EU and U.S. senior officials also held the first meeting of the EU–U.S. Dialogue on China, in which they discussed in detail their China policies across many issue areas.²⁹⁷ The emerging convergence of EU and U.S. positions on China was indicated by the European Parliament’s decision to freeze the ratification of the CAI. This decision showed that both EU lawmakers and the general public were more open to aligning with the U.S. approach of a firmer stance on China. This can be seen since public opinion surveys conducted in 10 European countries and the U.S. indicated support for transatlantic cooperation on China-related issues.²⁹⁸

The strong economic ties between China and Europe have added to European leaders’ hesitation to embrace the more hawkish American stance towards China. The EU’s decision to complete negotiations with China on the CAI demonstrates Europe’s occasional willingness to prioritize its ties with China despite U.S.

²⁹³ Casarini and Otero-Iglesias, “Assessing the Pros and Cons of the EU-China Comprehensive Agreement on Investment,” 3.

²⁹⁴ Small, “Europe’s China Deal.”

²⁹⁵ Benedetta Gatti, “The EU-China Comprehensive Agreement on Investment: Between Realpolitik and Fundamental Values.”

²⁹⁶ Alicia García-Herrero, “The EU-China Investment Deal May Be Anachronic in a Bifurcating World.”

²⁹⁷ Fallon, “China Shoots Itself in the Foot on EU-US Relations.”

²⁹⁸ Olsen, “‘America Is Back’ or ‘America First’ and the Transatlantic Relationship,” 159.

concerns.²⁹⁹ The U.S.'s talking strategy to engage with European officials was ineffective and contributed only minorly to the EU's decision to freeze the CAI's ratification. Based on the evidence in this case, U.S. influence appears to be a necessary but not sufficient condition. This is because the European Parliament's decision to freeze the CAI's ratification was motivated by a multitude of factors, one of which was U.S. pressure. Although U.S. and EU policies successfully aligned in this case, this was partially a factor of effective U.S. pressure and also the result of other changing calculations. The U.S. clearly was not able to stop the agreement in principle of the CAI, but the ratification itself was stopped largely by Chinese actions. It appears that the agreement in principle of the CAI was done in spite of U.S. opposition, but that the agreement will not be ratified while there are such great concerns about China and also while the U.S. expresses its disagreement. An unlikely ratification of the CAI would eventually be the outcome of discussions between not only the EU and China, but also between the EU and the U.S. The deal has been stopped solely by political issues, and therefore only politics between these actors can rescue the CAI.³⁰⁰

²⁹⁹ Hillman and Tippet, "The Belt and Road Initiative: Forcing Europe to Reckon with China?"

³⁰⁰ Casarini and Otero-Iglesias, "Assessing the Pros and Cons of the EU-China Comprehensive Agreement on Investment," 6.

7. Findings: Assessment and Evaluation of Strategies

Based on the findings from these cases, the hypothesis that U.S. influence is a critical factor in explaining shifts in the EU's China policy has been confirmed. Although certain influence strategies are more effective than others, the overall factor of American influence clearly plays a role in EU policymaking toward China. This influence may be more critical in certain policy areas than others and can be compounded by other extraneous factors. The choice of the strategy used to exert this influence can impact how greatly American influence affects the policy outcome. It is now possible to evaluate which U.S. strategies were most effective and why.

First, the effectiveness of the targeting strategy will be assessed. From the cases, it appears that the U.S. often employs the strategy of targeting individual member states. It does this in policy areas that are within the competence of the member states as well as in policies that are controlled by the EU. Targeting member states is often an effective strategy, as national leaders can also influence the overall EU position through their role in EU institutions. However, the domestic variables within the country impact how the U.S. strategy affects decisionmaking. When a country is more dependent on the U.S., for example for defense or security guarantees, the U.S. can more easily appeal to those leaders to take its side on a China policy. When a country rather prioritizes economic gains despite security risks or when economic stakeholders have a particularly strong weight over national decisionmaking, the U.S. strategy may be ineffective. The targeting strategy is effective when it directly targets those stakeholders which are affected by the policy at hand, rather than relying on allegiance from national governments. It can be concluded that the U.S. strategy should consider the domestic intervening variables at play in a particular policy area in order to ensure its success.

Next, the strategy of talking between high-level elites can be successful when the officials share common ideas and perceptions of the policy at hand. When they share similar views on the implications of a policy or a certain actor, they are more likely to reach a consensus through dialogue and negotiations. However, this strategy is only effective in policy fields where the EU has exclusive competence and can act in a largely supranational way to make foreign policy decisions. It appears that this strategy is not effective on its own, but rather should be combined with the targeting or threatening strategy. This is because powerful member states carry a large weight in EU decisionmaking, and if their national leaders are persuaded to take a certain position this can subsequently alter the EU's stance.

Last, the threatening strategy also appears to be successful under certain conditions. It is especially effective when these threats are aimed directly at key domestic stakeholders. The often-used American threat is to reduce defense and intelligence cooperation. This works best when used on small member states who rely on the U.S. for their

security protection. It does not work as well on large member states who have strong defense capabilities or those that are crucial to American military operations, such as Germany. With these member states, the threat is not taken seriously because the U.S. could not realistically reduce this cooperation without harming its own interests. A threat that is posed against the EU itself is also not usually taken as seriously and thus not very effective, because lessening relations in areas like trade or intelligence would have comparably negative effects on the U.S.

Based on these findings, it appears that the theoretical lens of neoclassical realism was especially useful in understanding why certain American strategies are more effective than others. The theory's focus on domestic intervening variables helps to illuminate the different conditions across different member states or policy areas, which explains why some strategies were successful in one context but not in others. The finding that intra-EU dynamics, such as member state preferences and economic considerations, play an important role in decisionmaking, should guide U.S. policymakers to focus on key domestic differences before deciding which influence strategy to implement.

It is also an interesting observation that the U.S. seems to use the targeting strategy of negotiating bilaterally with individual member states more effectively than the EU-level talking approach. This shows how the U.S. is aware of its power advantage in its relationship with individual European states and uses this to persuade them of preferential policy positions. The U.S. enjoys less of a power advantage in its relationship with the EU as a whole, as these institutions also wield considerable power themselves. This targeting approach seems to be effective when the U.S. is able to target key stakeholders in a certain policy; the very nature of the EU involves national leaders in many policy decisions, so targeting domestic players is often useful. From a critical viewpoint, the U.S. could almost be seen as using similar 'divide and conquer' tactics as China does in regard to Europe, showing how these two great powers manipulate European countries to their own benefit. This provides credibility to the European concern of being torn between two great powers in a 'new Cold War'.

Furthermore, some scholars believe that the strength of the EU-U.S. transatlantic relationship may have a significant impact on the amount of influence that the U.S. is able to exert over the EU. However, it seems that transatlantic relations may not necessarily strengthen nor weaken due to changes in U.S. administrations; there is instead a continuous mix of both cooperation and non-cooperation across administrations.³⁰¹ Looking at the cases of the BRI, Huawei, and the CAI, it appears that the perceived friendliness of a U.S. administration does not necessarily play a role in European leaders' willingness to adopt certain policies. The evidence presented in this paper indicates that domestic factors and intra-EU dynamics play a particularly strong role in determining whether

³⁰¹ Raube and Rubio, "Coherence at Last?," 183.

U.S. strategies are effective. Further research would be needed in this area to isolate the effect of presidential administrations on the transatlantic relationship; more specifically, whether a 'friendly' U.S. presidential administration would result in greater EU alignment on China policy.

8. Conclusion

The findings of this paper show that the U.S. will continue to exert pressure on the EU to take a harder stance on China, particularly through the strategies of talking, targeting, and threatening. It will become increasingly hard for European countries to avoid choosing sides between the U.S. and China. As this competition heightens, any decision by a European state to strengthen relations with one partner is bound to be seen as a loss to the other. The EU must decide how to engage with China within the framework of the transatlantic alliance. Europe should accept that China is not aligning with Western values, especially given the continuing leadership of Xi Jinping, who has shown little willingness to integrate China into the international system. The EU should put economic security and sovereignty at the core of its China policy. It should seriously reassess its overall relationship with China and adopt a renewed stance in the growing Sino-American tension to work more closely with its American ally.³⁰² At the same time, the EU should strive to define its interests autonomously and devise policies to achieve its own objectives, even if that requires resisting unwise U.S. policies or risking economic gains to stand up to China. A strengthened and more autonomous EU foreign policy should be based on greater unity among member states.

Under the current Biden administration, there are more opportunities for the EU and U.S. to work together to respond to the challenges created by an assertive China. The transatlantic partners should enhance their coordination on China in order to present a united Western front to counter Chinese influence. Utilizing forums like the U.S.-EU Dialogue on China and EU-U.S. Trade and Technology Council could prove beneficial to European leaders, as these forums could encourage cooperation between equal partners, rather than being led dominantly by the U.S. These forums are chaired by both EU and U.S. high-level officials and gives both partners ample opportunity to consult each other on China policy and find common areas for cooperation.³⁰³

U.S. strategy in the EU should similarly continue engaging with European allies and encourage them to work alongside the U.S. in pushing back against China. The U.S. should seek to reach a transatlantic consensus on how to confront the rise of China. The U.S. Congress should utilize strategies and diplomatic networks to collaborate with European partners on containing China's security, technological, and geoeconomic expansion. The U.S. presidential administration in power should send clear messages to Europe while taking advantage of a transatlantic dialogue on China.³⁰⁴

³⁰² Foy, "EU Ministers Advised to Take Tougher Line on China."

³⁰³ Casarini and Otero-Iglesias, 6.

³⁰⁴ "On China's Expanding Influence in Europe and Eurasia."

For the foreseeable future, the three great powers in the world will be China, the EU and the U.S., and the triangular relations between them will continue to shape international politics. The strength of the transatlantic relationship will increasingly depend on Europeans' willingness to work with the U.S. in confronting China's geo-economic challenge. Similarly, the U.S. grand strategy on China is unlikely to be successful without the EU's close alignment. It is therefore imperative that the transatlantic allies work closely together as equal partners to adopt a unified and strengthened approach to China.

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Paper Summary:

Introduction:

This research thesis seeks to explore the strategies used by the U.S. to exert its influence on EU foreign policy towards China. This project was motivated by curiosity about what explains the different approaches of the EU and U.S. towards an economic and political relationship with China. I am particularly interested in why the EU has recently shifted its approach from cooperation to competition with China, especially in designating China as a rival rather than only a partner. I confront the puzzle of why the EU approach towards China has seemingly hardened in recent years and now more closely aligns with U.S. policy in certain areas while differing in other aspects. I explore the role of the U.S. in explaining why the EU has adopted certain policies towards China. To accomplish this, I identify three key U.S. strategies used to influence EU policymaking as talking, targeting, and threatening. I then evaluate the effectiveness of these in changing the course of the EU's China policy. This paper seeks to contribute to the wider debate on the complex triangular relationship between the EU, U.S., and China.

In this project, I analyze the causal mechanisms through which American power is exerted on the EU to influence its China policy. I seek to answer the research questions of how effective the U.S. has been in influencing EU policy, and which strategies have worked better in exerting this influence. I identify a few key strategies which the U.S. uses to project power within Europe, and analyze the effectiveness of each of these strategies. I show that the US has implemented a certain strategy in different cases, some of which have been more effective than others in causing the EU to change its policy stance. I utilize case studies to demonstrate which of these strategies have been more effective in practice and under which conditions they have worked. The selected cases include the Belt and Road Initiative, the EU arms embargo on China, Huawei 5G technology, and the Comprehensive Agreement on Investment. I aim to conclude under which conditions each strategy works best; this implements a process tracing approach to discover whether U.S. strategy results in the desired EU policy results. In order to conclude how effective these different US strategies have been in influencing EU policy, I will evaluate to what extent the EU policy outcomes align with US policy in the same area. I theorize that the U.S. has been able to exert an outsized critical influence over EU foreign policymaking towards China over the past two decades.

Theory:

I will be viewing the EU policy formulation process through the lens of neoclassical realism and utilizing this framework to analyze what factors shape the EU's foreign policy towards China. This allows me to identify exactly how the U.S. is able to implement certain strategies and intervene in the EU policymaking process. This theory, created by Ripsman et al., is most useful because it skillfully combines the power focus of structural realism with the domestic focus of classical realism. For my purpose of EU foreign policy analysis, the

neoclassical realist framework allows me to consider systemic factors, like shifting balances of power, alongside important domestic institutional components of foreign policy. Policy choices are conceived as the result of how the state perceives and responds to systemic stimuli within the institutional constraints of its unique domestic circumstances.³⁰⁵ The neoclassical realism theory of international relations outlines four broad categories of intervening unit-level variables, including leader images, strategic culture, state-society relations, and domestic institutions.³⁰⁶ I will apply these variables on the supranational level of the EU to understand how the complicated layers of institutions and actors contribute to EU policies. The level of analysis used in this paper will be focused on EU-level decisionmaking. To the extent that member state policies are either representative of the general EU position or are exceptions, they are also mentioned.

U.S. Strategies To Influence EU Policy:

I expect to see a range of U.S. tactics to influence European policies which can be separated into two broad categories. The difference between these can be understood generally as positive incentives and negative incentives, or what is often termed the “carrot and stick” approach. This means that the U.S. uses certain tactics to persuade the EU to change policies, sometimes through diplomatic negotiating and other times through threats. I have identified two categories of more specific tools which the U.S. uses in an attempt to persuade European officials through diplomatic means, namely talking and targeting. Due to the complicated multi-level dynamics of EU decision-making, the talking strategy occurs on an EU level while the targeting strategy occurs on a member-state level. Under the negative incentives, I have identified a strategy of threatening which is used in certain instances. Evidence of these different strategies can be found on a strategic-rhetorical level through official policy documents, statements by political leaders, accounts of diplomatic meetings, meeting transcripts, and other official documents. To supplement this, I use primary, secondary, and tertiary sources such as official documents, journal articles, newspaper articles, surveys, and reports. I also evaluate the policy alignment of transatlantic actors in each case on an action-based level by comparing actual policy outcomes.

The talking strategy occurs at an EU-level and focuses on EU officials themselves. In an EU-level strategy, the U.S. exerts pressure directly on European elites and the public; there would likely be a focus on persuasion and the positive reasons for an EU policy change. This is done through high-level diplomatic meetings with European elites in formats like the U.S.-EU Trade and Technology Council and U.S.-EU Dialogue on China or through public appealing directly to European audiences. Key indicators of this strategy include evidence of policy discussions through official reports from high-level meetings between EU and American officials, as well as public rhetoric from US officials to persuade the European public on key policies.

³⁰⁵ Ripsman, Taliaferro, and Lobell, “Neoclassical Realist Theory and the Limits of Structural Realism.”

³⁰⁶ Ripsman, Taliaferro, and Lobell, “Neoclassical Realist Intervening Variables.”

The targeting strategy occurs at a member-state level and focuses on key politicians in individual EU member states. The U.S. has often been tempted to deal with European countries bilaterally rather than through the EU framework. These politicians could be heads of state or government in their country, or they could be officials responsible for a certain policy area. In a member-state-focused strategy, the U.S. exerts pressure on individual member states, especially those that are critical to the issue at stake. The U.S. implements targeted rhetoric towards these individual member state governments which is tailored to persuade them on a key issue. This strategy has the potential to be particularly effective when used in certain European countries, especially in central and Eastern Europe, who see their relationship with the U.S. as key to their security and political autonomy.³⁰⁷ Key indicators of this strategy include evidence of U.S. officials meeting with officials from individual member states about certain China-related issues, as well as individualized rhetoric which makes targeted appeals to different member state interests.

In the threatening strategy, the U.S. exerts pressure by taking advantage of key European vulnerabilities, especially in the area of defense and security. This pressure could be exerted either on individual member states or at an EU-level, depending on the issue at stake. The U.S. essentially utilizes its role as a hard security provider to threaten European reliance on American defense capabilities. The U.S. has used NATO and its deterrence commitments to Europe as leverage for non-security purposes when it wants Europe to align with it economically or diplomatically towards China.³⁰⁸ There could also be situations where the U.S. threatens sanctions against key European industries or companies in the case of non-compliance with U.S. pressure. Key indicators of this strategy include statements of U.S. threats towards transatlantic cooperation in key areas including defense, industry, intelligence, and more.

Methods:

In order to test whether the proposed strategies work in practice and how effective they are, I adopt a qualitative approach of case analysis. This case study analysis will follow a process tracing approach; this traces the causal mechanism of U.S. influence and evaluates how it plays out in each case. Comparing the results between several causally similar cases can allow me to make generalizations about which mechanisms are operative. I will focus on several cases of EU policies towards China in which it appeared that the EU was set on pursuing a certain policy course, but then altered its direction. These are the cases of interest, because I intend to identify and isolate which variables may have led to the EU's policy change. The following few cases were chosen from a universe of cases because there is evidence of American interference in the policymaking process, but the exact impact of

³⁰⁷ Simón, "Subject and Object: Europe in Sino-American Competition," 6.

³⁰⁸ Simón, "Subject and Object: Europe in Sino-American Competition," 2.

this influence is yet to be proven. In these cases, I evaluate whether the U.S. intervention in these EU policies was effective in causing a policy shift that aligned with U.S. priorities. These could be both short or long-term policies in which decisions are made over the span of several months or several years. In seeking diversity, the cases also span a range of policy areas including infrastructure, technology, arms production, and investment, but their core issues all revolve around security concerns or economic competition. They also include different EU member states, actors, and stakes, and take place at different times with different leaders, all of which impact EU-level decisionmaking in each case. The diversity of these cases allows them to be representative of the EU policymaking process and the findings from them can therefore be used to draw generalizations about how American influence affects EU policy outcomes.

The dependent variable here is the EU's policy decision, while the independent variable is the U.S. influence; four intervening domestic variables will also be considered for their impact on the dependent variable. The intervening variables that will be considered in each case to understand their effect on EU policy choices include the perceptions of leaders, strategic culture, state-society relations, and institutional arrangements. The first intervening variable is the images and perceptions held by leaders.³⁰⁹ The EU foreign policymaking process is largely intergovernmental, as member states continue to hold power over important foreign policy areas like the Common Foreign and Security Policy. In other areas including international trade and investment, the EU enjoys exclusive competence. It therefore depends on the policy area which leaders' perceptions are most important, and this will be analyzed according to each case. The second variable at play is the strategic culture of states, which represents a set of beliefs, norms, and assumptions that can influence the way a state perceives and adapts to systemic stimuli.³¹⁰ The strategic culture of the EU will be treated as consistent across all cases, as key liberal democratic values are shared by all EU member states and therefore only policy choices which adhere to these norms are culturally acceptable. The third variable is state-society relations, which are defined as the interactions between the central state institutions and the various economic or societal groups.³¹¹ In this sense, European civil, economic, or social groups may be especially affected by EU policies in certain areas and would therefore have a stake in the outcome. If an outside actor like the U.S. could appeal to these groups on certain policies, together they could influence the EU towards a favorable policy outcome; the groups involved change depending on the case and policy area concerned. The fourth variable is domestic institutions, which includes the state structure and political institutions which constrain who can contribute to policy formation and how they can do so.³¹² In each case, this changes depending on the policy area involved because of the various competences shared between the EU and its member states. The effectiveness of U.S. strategies can be understood in this way, because if they are

³⁰⁹ Ripsman, Taliaferro, and Lobell, "Neoclassical Realist Intervening Variables," 62–66.

³¹⁰ Ripsman, Taliaferro, and Lobell, 67–70.

³¹¹ Ripsman, Taliaferro, and Lobell, 71–75.

³¹² Ripsman, Taliaferro, and Lobell, 76–79.

able to impact one or more of these intervening variables, the policy choice of the EU could be changed. I hypothesize that American influence is a critical factor in explaining shifts in EU China policy. If this is not the case in reality, then EU policy shifts would have also occurred without US influence.

Case Analysis:

Case 1: Belt and Road Initiative

The Belt and Road Initiative (BRI), also called the New Silk Road, is an infrastructure and development project started by China in 2013. This case constitutes primarily an economic concern of infrastructure development but also encompasses a geopolitical concern regarding external control of critical infrastructure. This case study analyzes the EU's policymaking towards the BRI and evaluates how U.S. influence may have affected the policy outcomes. This case is unique in that the main actors involved are member states, and they subsequently affect the EU policy towards the BRI.

The U.S. has had mixed results with the effectiveness of its soft power “targeting” strategy to persuade individual EU member states to reject cooperating with China’s BRI. The public visits and rhetoric of U.S. officials in various BRI-participating countries shows their intent to pull these countries away from Chinese influence. As this approach was more effective in certain EU countries than in others, it is useful to examine the motives that certain member states had to respond to U.S. pressure in order to explain the divergence of why U.S. strategies worked in some countries but not in others. In this case, the U.S. has to use a “targeting” strategy to focus its influence on a member-state level because of the nature of the BRI itself. It appears that the U.S. strategy of appealing to individual member states was successful in countries that rely heavily on the U.S. for defense and prioritize security concerns, while it was unsuccessful in places that prioritize domestic economic gains. This implies mixed results of the “targeting” strategy and proves that the strategy requires a deeper consideration of intervening domestic variables to be successful. The U.S. ultimately aims to initiate a broader policy change on an EU level that implements a stricter approach to Chinese investment and development in Europe. One success in this direction on an EU level is the implementation of an FDI screening mechanism in 2020. Since 2021, there is also ongoing cooperation on investment screening between the EU and the U.S. in the Trade and Technology Council.³¹³ If the U.S. strategies are effective in convincing individual EU member states to change their policies on BRI cooperation, a more uniform EU-wide stance could eventually be reached.

³¹³ “Investment Screening.”

Case 2: EU Arms Embargo on China

The case of an EU proposal to lift its arms embargo on China involves an economic, security, and normative dimension. It is economic in the sense that it involves international trade between the EU and China, and also because certain EU member states have an economic stake in the arms industry. There is also a security element involved because the trade concerned is that of arms and weapons; this relates to the normative concern that China is a non-democratic state who could use these weapons for non-democratic means. In this case, there was a de facto EU-wide approach in their original decision to impose an arms embargo against China and therefore an EU-wide decision to change this policy would also be needed. Even today in 2023, the EU arms embargo against China which was initiated in 1989 remains in place, and it is largely because of U.S. influence that this is the case.

The EU's proposal to lift the arms embargo drew strong criticism and opposition from the U.S. Immediately following the EU's decision to review the embargo in December 2003, the U.S. sent intelligence officers to several EU member states in an attempt to convince them that the embargo should not be lifted; this is congruent with the U.S. strategy of targeting key member states with the intention of shifting EU-level policy. When EU member states began to suggest that they might remove the arms embargo, the U.S. government made a clear statement of their disapproval. After a further EU decision in January 2004, the U.S. lodged several formal protests with the EU against the review process. Since 2004, U.S. officials pressured EU member states not to lift the arms embargo, and this stance was supported by Congress.³¹⁴ The U.S. House of Representatives passed a bill in spring 2004 which would restrict military exports and technology-sharing with European countries which sell arms to China. This measure also included preventing the U.S. Department of Defense from doing business with foreign companies which engage in defense business with China.³¹⁵ On February 2, 2005, the U.S. House of Representatives voted overwhelmingly to pass a resolution condemning the EU's moves toward lifting its arms embargo on China. Notably, this resolution even threatened the EU with retaliation in transatlantic industrial and defense cooperation. In this way, the U.S. utilized its advantage as a defense provider to threaten its European partners and coerce them to align with American policy preferences. These threatening measures targeted not only political institutions but also economic industries; these were especially effective because the U.S. strategy was aimed directly at the key stakeholders in this EU policy. As a result of American pressure, which increased uncertainty in some national parliaments and in the European parliament, the proposal was abandoned in June 2005.³¹⁶ Although many observers expected the EU to lift the embargo in spring 2005, some member states were hesitant to agree to this action amid vocal and high-level U.S. opposition. U.S. diplomacy efforts were effective and resulted in closer coordination of U.S.-EU policies towards China.³¹⁷ Domestic political shifts within China

³¹⁴ Kan, Archick, and Grimmett, 3.

³¹⁵ Kreutz, "Reviewing the EU Arms Embargo on China," 53.

³¹⁶ Casarini, "A European Strategic "third Way?," 100.

³¹⁷ Kan, Archick, and Grimmett, "European Union's Arms Embargo on China."

strengthened the Americans' argument that lifting the arms embargo would empower China militarily and pose a threat to both Taiwan and U.S. forces in Asia. This strong U.S. opposition and lingering human rights concerns caused many EU leaders to reconsider their decision and refrain from lifting the arms embargo.³¹⁸ This is clear evidence of successful U.S. intervention which caused the EU to adjust its policy stance on China. In this case, it appears that U.S. influence was a sufficient condition and acted as a crucial factor in the EU policy shift. It is quite clear from the evidence that in the absence of U.S. involvement, the EU policy would have moved in a different direction and led to the lifting of its arms embargo on China. Therefore, we can conclude that the U.S. threatening strategy which targeted key stakeholders and defense interests was effective and successful in shifting EU policy in this case. U.S. influence acted as the crucial factor in aligning EU policy with the American preference to maintain the arms embargo.

Case 3: Huawei

The case of Huawei as a vehicle for the expansion of Chinese 5G technology centers around a combination of economic and security concerns. The economic dimension of this case is slightly unique in that the U.S. and EU seek to exclude a competitor of products that are also made in Europe. This results in a different role for the U.S. where it can be seen as using a security argument but also pushing to promote U.S. industry over Chinese competitors. However, the economic costs involved in a policy change that excludes Huawei would be particularly high, as many European telecom providers already rely heavily on Huawei equipment.³¹⁹ Despite acknowledging the security risks associated with Huawei, many EU members did not want to jeopardize their trade relationships with China. Under considerable U.S. pressure, some member states chose to side with the U.S., although most chose to improve their overall 5G security rather than explicitly banning the Chinese company. The Huawei case shows what European countries can expect as U.S. pressure for a harder stance on China escalates.³²⁰

The case of Huawei's involvement in the construction of European 5G infrastructure shows that the U.S. is willing to exert maximum pressure on the EU and its member states to align them with the American policy of disengaging economically from China.³²¹ The U.S. perceived the EU's willingness to install Huawei equipment as European complacency in the security issue, and in response, they threatened European allies with defense and intelligence cooperation consequences. In February 2019, U.S. Secretary of State Pompeo warned that if European countries installed Huawei equipment in their critical information systems, then the U.S. would not share intelligence services or have any military facilities there.³²² Several Trump administration officials warned Europeans that

³¹⁸ Kan, Archick, and Grimmett, 7.

³¹⁹ "America's War on Huawei Nears Its Endgame."

³²⁰ Ganster, "Post-Pandemic EU-China Relations."

³²¹ Kirchner and Song, "EU-China Security Relations," 360.

³²² Bond, "Europe, the US and Huawei."

using technology from Huawei could hurt their relationship with the U.S. and could curtail intelligence sharing. Although there was some domestic criticism of President Trump’s transactional approach, it appears that these threats and sanctions were ultimately effective in making European leaders reconsider their cooperation with Huawei.³²³ Although no EU state explicitly banned Chinese companies from its 5G networks, almost all of them have tightened their regulatory frameworks with Huawei as the intended target.³²⁴ This shows that the threatening strategy was effective in instigating policy change to a certain extent, even if European countries did not fully align with a ban. The case of Huawei shows mixed results in the effectiveness of the U.S. strategies used here. It appears that the “talking” strategy was effective at the EU level in convincing EU officials to adopt a 5G security approach and advise member states in line with the American approach. However, the threatening strategy which was used largely at a member state level was ineffective, as many key countries like Germany continued their Huawei cooperation despite American threats. This could be because large countries like Germany recognize their powerful status in the EU and realize that these are empty threats, as the U.S. could not realistically exclude Germany from either defense or intelligence operations. These different levels of success have resulted in a policy disconnect between the EU and member states. Nonetheless, the U.S. lobbying efforts against Huawei has forced European governments and the European Commission to reconsider the implications of relying on Chinese technology for critical infrastructure.³²⁵ The implementation of the EU toolbox measures in many member states shows that they are taking steps to mitigate the risks which arise from dependence on Huawei.³²⁶ However, the EU should adopt a strong common approach toward Chinese technology to best protect European security.

Case 4: Comprehensive Agreement on Investment

This case focuses on the EU decision to conclude the agreement in principle of the Comprehensive Agreement on Investment (CAI) with China in December 2020 despite U.S. preferences otherwise. This case operates purely on an EU level, as negotiating investment agreements with third countries is an exclusive competence of the EU; certain member state positions are also taken into account if they indirectly affect the EU’s stance. The CAI deal shows how U.S. strategies interact with EU-level politics and decisionmaking; because the EU follows internal decisionmaking in this policy field which differs from other cases, the strategies used by the U.S. here may be different. The CAI largely concerns economic issues, as it is an investment agreement between China and the EU; it also has geopolitical implications and could spark a transatlantic rift over the issue.³²⁷ The CAI case exemplifies how the EU has resisted siding with the U.S. against China across all policy issues, as it also seeks to benefit

³²³ Simón, Desmaele, and Becker, “Europe as a Secondary Theater? Competition with China and the Future of America’s European Strategy,” 101.

³²⁴ “Europe in the Face of US-China Rivalry,” 27.

³²⁵ U.S. Mission to the European Union, “Integrated Mission Strategy.”

³²⁶ Sophia Besch, Ian Bond, and Leonard Schuette, “Europe, the US and China.”

³²⁷ Casarini, “Transatlantic Cooperation on China Can and Should Not Be Taken for Granted.”

economically from Chinese trade and investment.³²⁸ This demonstrates how the EU, led strongly here by Germany and France, intends to pursue its own commercial interests and may not follow the U.S. in decoupling from China. However, the CAI deal has been criticized for not effectively enforcing labor standards or crucial freedoms, resulting in a more advantageous deal for China and a divided transatlantic partnership.³²⁹ At the geopolitical level, the biggest winner of the CAI is China while the biggest loser is the U.S.³³⁰

The EU's agreement in principle of the CAI signifies a failure of U.S. strategy, especially since U.S. diplomats were unable to meaningfully intervene in the policy formulation process. The EU's conclusion of the CAI without U.S. involvement was seemingly intentional and signaled a geopolitical shift that the EU does not view itself as fully on the American side in the U.S.-China rivalry, but rather that it is pursuing a 'middle of the road' strategy between both powers.³³¹ This EU decision and the timing of the deal's conclusion shows that the EU largely disregarded incoming President Biden's desire to create a new approach to China in close consultation with allies. The EU's decision to complete negotiations with China on the CAI demonstrates Europe's occasional willingness to prioritize its ties with China despite U.S. concerns.³³² The U.S.'s talking strategy to engage with European officials was ineffective and contributed only minorly to the EU's decision to freeze the CAI's ratification. Based on the evidence in this case, U.S. influence appears to be a necessary but not sufficient condition. This is because the European Parliament's decision to freeze the CAI's ratification was motivated by a multitude of factors, one of which was U.S. pressure. Although U.S. and EU policies successfully aligned in this case, this was partially a factor of effective U.S. pressure and also the result of other changing calculations. The U.S. clearly was not able to stop the agreement in principle of the CAI, but the ratification itself was stopped largely by Chinese actions. It appears that the agreement in principle of the CAI was done in spite of U.S. opposition, but that the agreement will not be ratified while there are such great concerns about China and also while the U.S. expresses its disagreement. If the Biden administration wants to suspend the deal as a way to isolate China, it should lobby members of the European parliament to stand up against Chinese forced labor practices.³³³ U.S. officials should particularly capitalize on divisions between lawmakers within the European Parliament, as there is already considerable opposition to the deal. Because of this, a potentially successful strategy would be one of talking where U.S. officials engage in diplomatic talks with EU officials regarding the risks of ratifying the CAI. It could even be effective for President Biden himself to visit members of the European Parliament and find consensus around concerns over China which could prevent the CAI's passage.

³²⁸ Fallon, "China Shoots Itself in the Foot on EU-US Relations."

³²⁹ Blockmans, "EU-US Relations."

³³⁰ Vuving, What Does the EU-China Investment Deal Mean for US-EU Relations?

³³¹ Liu, "EU-China Investment Deal Threatens US-Europe Relations."

³³² Hillman and Tippet, "The Belt and Road Initiative: Forcing Europe to Reckon with China?"

³³³ Freyemann and de Weck, "Europe Is Getting Closer to China, But Biden Can Pull It Back."

Findings: Assessment and Evaluation of Strategies:

Based on the findings from these cases, the hypothesis that U.S. influence is a critical factor in explaining shifts in the EU's China policy has been confirmed. Although certain influence strategies are more effective than others, the overall factor of American influence clearly plays a role in EU policymaking toward China. This influence may be more critical in certain policy areas than others and can be compounded by other extraneous factors. The choice of the strategy used to exert this influence can impact how greatly American influence affects the policy outcome. It is now possible to evaluate which U.S. strategies were most effective and why.

First, the effectiveness of the targeting strategy will be assessed. From the cases, it appears that the U.S. often employs the strategy of targeting individual member states. It does this in policy areas that are within the competence of the member states as well as in policies that are controlled by the EU. Targeting member states is often an effective strategy, as national leaders can also influence the overall EU position through their role in EU institutions. However, the domestic variables within the country impact how the U.S. strategy affects decisionmaking. When a country is more dependent on the U.S., for example for defense or security guarantees, the U.S. can more easily appeal to those leaders to take its side on a China policy. When a country rather prioritizes economic gains despite security risks or when economic stakeholders have a particularly strong weight over national decisionmaking, the U.S. strategy may be ineffective. An effective targeting strategy should directly target those stakeholders which are affected by the policy at hand, rather than relying on allegiance from national governments. It can be concluded that the U.S. strategy should consider the domestic intervening variables at play in a particular policy area in order to ensure its success.

Next, the strategy of talking between high-level elites can be successful when the officials share common ideas and perceptions of the policy at hand. When they share similar views on the implications of a policy or a certain actor, they are more likely to reach a consensus through dialogue and negotiations. However, this strategy is only effective in policy fields where the EU has exclusive competence and can act in a largely supranational way to make foreign policy decisions. It appears that this strategy is not effective on its own, but rather should be combined with the targeting or threatening strategy. This is because powerful member states carry a large weight in EU decisionmaking, and if their national leaders are persuaded to take a certain position this can subsequently alter the EU's stance.

Last, the threatening strategy also appears to be successful under certain conditions. It is especially effective when these threats are aimed directly at key domestic stakeholders. The often-used threat of this strategy is to reduce defense and intelligence cooperation. This works best when used on small member states who rely on the U.S. for their security protection. It does not work as well on large member states who have strong defense capabilities or

those that are crucial to American military operations; with these member states, the threat is not taken seriously because the U.S. could not realistically reduce this cooperation without harming its own interests. A threat that is posed against the EU itself is also not usually taken as seriously and thus not very effective, because lessening relations in areas like trade or intelligence would have comparably negative effects on the U.S.

Based on these findings, it appears that the theoretical lens of neoclassical realism was especially useful in understanding why certain American strategies are more effective than others. The theory's focus on domestic intervening variables helps to illuminate the different conditions across different member states or policy areas, which explains why some strategies were successful in one context but not in others. The finding that intra-EU dynamics, such as member state dynamics and economic considerations, play an important role in decisionmaking, should guide U.S. policymakers to focus on key domestic differences before deciding which influence strategy to implement. It is also an interesting observation that the U.S. seems to use the targeting strategy of negotiating bilaterally with individual member states more often than the EU-level talking approach. This shows how the U.S. is aware of its power advantage in its relationship with individual European states and uses this to persuade them of preferential policy positions. The U.S. enjoys less of a power advantage in its relationship with the EU as a whole, as these institutions also wield considerable power themselves. This targeting approach seems to be effective when the U.S. is able to target key stakeholders in a certain policy; the very nature of the EU involves national leaders in many policy decisions, so targeting domestic players is often useful. From a critical viewpoint, the U.S. could almost be seen as using similar 'divide and conquer' tactics as China does in regard to Europe, showing how these two great powers manipulate European countries to their own benefit. This provides credibility to the European concern of getting caught between two great powers in a 'new Cold War'.

Conclusion:

The findings of this paper show that the U.S. will continue to exert pressure on the EU to take a harder stance on China, particularly through the strategies of talking, targeting, and threatening. It will become increasingly hard for European countries to avoid choosing sides between the U.S. and China. The EU must decide how to engage with China within the framework of the transatlantic alliance. Europe should accept that China is not aligning with Western values, especially given the continuing leadership of Xi Jinping who has shown little willingness to integrate China into the international system. The EU should put economic security and sovereignty at the core of its China policy. It should seriously reassess its overall relationship with China and adopt a renewed stance in the growing Sino-American tension to work more closely with its American ally.³³⁴ At the same time, the EU should strive to define its interests autonomously and devise policies to achieve its own objectives, even if that

³³⁴ Foy, "EU Ministers Advised to Take Tougher Line on China."

requires resisting unwise U.S. policies or risking economic gains to stand up to China. A strengthened and more autonomous EU foreign policy should be based on greater unity among member states.

Under the current Biden administration, there are more opportunities for the EU and U.S. to work together to respond to the challenges created by an assertive China. U.S. strategy in the EU should continue engaging with European allies and encourage them to work alongside the U.S. in pushing back against China. The U.S. should seek to reach a transatlantic consensus on how to confront the rise of China.³³⁵ The transatlantic partners should enhance their coordination on China in order to present a united Western front to counter Chinese influence. Utilizing forums like the U.S.-EU Dialogue on China and EU-U.S. Trade and Technology Council could prove beneficial to European leaders, as these forums encourage cooperation between equal partners, rather than being led dominantly by the U.S. These forums are chaired by both EU and U.S. high-level officials and give both partners ample opportunity to consult each other on China policy and find areas for cooperation as partners.³³⁶

For the foreseeable future, the three great powers in the world will be China, the EU, and the U.S., and the triangular relations between them will continue to shape international politics. The strength of the transatlantic relationship will increasingly depend on Europeans' willingness to work with the U.S. in confronting China's geo-economic challenge. Similarly, the U.S. grand strategy on China is unlikely to be successful without the EU's close alignment. It is therefore imperative that the transatlantic allies work closely together as equal partners to adopt a unified and strengthened approach to China.

³³⁵ "On China's Expanding Influence in Europe and Eurasia."

³³⁶ Casarini and Otero-Iglesias, 6.