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China/United States: Europe off Balance



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Introduction

Thomas Gomart and Marc Hecker

For several years, the team at the Institut français des relations internationales (French Institute of International Relations – Ifri) has been closely following the changes in the U.S.-China-Europe strategic triangle in order to anticipate the course of globalization. In 2019, the conference celebrating Ifri’s 40th anniversary, organized at the Sorbonne, was focused on “The Future of Europe in the Context of Sino-American Competition”. In 2020, at the very start of the lockdown in France, a study co-written by seven researchers underlined that the pandemic accelerated previously identified trends, with the European Union (EU) facing both the risk of its “rapid marginalization” and an “unprecedented opportunity: to rally and coordinate countries all around the world that are keen on avoiding getting caught up in the Sino-American rivalry.”¹ Three years later, the present study, made up of sixteen texts, comes in the wake of Olaf Scholz’s visit to China (November 2022) and precedes Emmanuel Macron’s visit (April 2023). Notably, it comes one year after the start of a geopolitical and geoeconomic shock of rare magnitude: Russia’s invasion of Ukraine.

The War in Ukraine or the Return of Bloc Geopolitics?

The war in Ukraine has broken ties between the EU and Russia for the foreseeable future, particularly in the field of energy, though not without consequences in the Middle East, Africa, and the Indo-Pacific. Furthermore, this war has become the main show of active indirect confrontation between the United States—which has provided military support to Ukrainians, with help from its European allies—and China, which has supported Russia politically and economically. In February 2022, Moscow and Beijing declared their “no limits friendship”; in March 2023, Xi Jinping offered his personal support to Vladimir Putin after the International Criminal Court issued a warrant for his arrest.

In its position on the political settlement of the Ukraine crisis, presented in February 2023, China stated: “All parties should oppose the pursuit of one’s own security at the cost of others’ security, prevent bloc

1. T. Gomart and E.-A. Martin (ed.), “L’Europe face à la rivalité sino-américaine : le coronavirus comme catalyseur”, *Études de l’Ifri*, Ifri, March 2020, p. 8.

confrontation, and work together for peace and stability on the Eurasian Continent”. China is no more of a mediator than the United States: it would be unrealistic to believe so. We appear to be witnessing a return of bloc geopolitics, albeit in a starkly different context than that of the Cold War (1947-1991). Globalization has produced strong economic and technological interdependencies that make any prospect of decoupling very costly, if not impossible. Economic partners are no longer necessarily military allies, and vice versa. In other words, a gap is opening up between geopolitical perceptions and geoeconomic realities.

The term “decoupling” is popular in the United States, though much less so elsewhere. The rejection of bloc geopolitics is particularly acute outside of the West, where a “pragmatic” approach to foreign policy is often promoted. The Saudi foreign minister summed this up during the World Policy Conference in December 2022: “Polarization is the last thing we need right now. [...] We need to build bridges, strengthen connections, and find areas of cooperation”. A few months later, China pulled off an extraordinary diplomatic coup by brokering a deal to restore relations between Riyadh and Tehran.

For the EU, the situation is particularly delicate: Europe is in the Western camp, but a severing of ties with Beijing would cause a crushing economic blow. In 2022, China accounted for more than 20% of the EU’s imports, while the United States accounted for around 12%. By 2030, the EU’s GDP is expected to rise to \$20.5 trillion, compared to \$30.5 trillion for the United States and \$33.7 trillion for China. In January 2023, the President of the European Commission declared at Davos: “We still need to work and trade with China, especially when it comes to this transition. So, we need to refocus our approach on de-risking, rather than decoupling”. For its part, Beijing has encouraged European aspirations of “strategic autonomy”, understood in China as a form of detachment from the United States. At the same time, the EU is constantly strengthening its military, technological, financial and energy ties with the U.S.

Will There Be a War in Taiwan?

By destroying ties between the EU and Russia, the war in Ukraine has opened up a new cycle in Sino-American relations: that of active indirect confrontation. Could this turn into an “unrestricted²” direct confrontation? If so, when? These two questions guide all efforts to forecast the course of globalization: expectations now depend on the likelihood of a war between the two leading world powers. In early 2023, General Michael Minihan of the U.S. Air Force stated: “I hope I am wrong. My gut tells me we will fight

2. Q. Liang and W. Xiangsui, *Unrestricted Warfare*, PLA Literature and Arts Publishing House, 1999.

in 2025,” probably in Taiwan, and he urged his officers to prepare themselves as soon as possible. A month later, Volkswagen announced a 180-billion-euro investment in both the United States and China, after having judged that China would not invade Taiwan “in the short term” given the damage this would cause to the Chinese economy.

This gap in expectations between the strategic community and part of the business world reveals a paradox: the persistence of the global integration of value chains amid the acceleration of military preparations. Without necessarily being aware of it, these anticipations result from interpretations of the history of Sino-American relations.³ With the war in Ukraine, everyone should by now understand that economic interdependencies by no means guarantee strategic stability, neither in the past nor today. This is why various actors, in particular large companies, are now attempting to calculate their “geopolitical risk” by incorporating the Sino-American factor, which is progressively putting the European factor into perspective.

By accelerating regional and global reconfigurations, the war in Ukraine raises three fundamental questions. The first concerns the anticipation in Europe of the degree of convergence between China, Russia, and Iran, as well as its consequences for transatlantic relations and for other regions around the world. The second concerns the anticipation of the effectiveness of Washington’s attempts to counter Beijing’s rise in the military and technological domains, but also in terms of alliances. In this respect, the rapprochement between the three countries that make up AUKUS and Japan deserves particular attention. In March 2023, while Xi Jinping was visiting Moscow, the Japanese Prime Minister was visiting Kiev. The final question is the possible attitudes that European countries may adopt in the event of an open conflict in the Taiwan Strait, combined with potential arms deliveries from China to Russia.

This collective study notes a hypothetical search for balance on the part of the Europeans, faced with a war on their territory (the Western peninsula of the heartland), who cannot escape Sino-American mechanisms, and who do not form a monolithic whole. It also analyzes the strategy of several important actors outside our continent, and shows that, from Ukraine to Taiwan, via Africa and the Middle East, Europeans have little room for maneuver. This is why the study proposes recommendations to try, at a crucial moment, to reinforce their positioning.

3. P. Grosser, *L'autre guerre froide ? La confrontation États-Unis/Chine*, Paris: CNRS Editions, 2023.

The Underlying Factors of the Sino-American Rivalry

China's Objective: To Surpass the United States as the Global Superpower

Marc Julienne

China's America policy is intertwined with its global strategic ambitions. Beijing has aspirations to become the world's top superpower, and it must therefore overtake the current global leader: the United States. This competition is taking place in the economic, technological, and military domains, but also in the ideological field, with China keen to fight against an international order dominated by the principles of democracy and the rule of law.

A Quest for Power

Upon assuming office in 2012, Xi Jinping named this ambition for power "the Chinese dream for the great rejuvenation of the nation". At the start of his second term in 2017, Xi set the "two goals for the century": to "basically realize socialist modernization" by 2035, and then to make China a "great modern socialist country" and to construct a "world-class" military by 2049, the year of the regime's centenary. On the military level, an intermediate objective is to construct, for the one-hundredth anniversary of the People's Liberation Army in 2027, a modern force ready for combat.

The United States represents the main obstacle to China's ambitions for power due to the former's head start on the diplomatic (network of alliances), economic, military, and technological levels. Moreover, because catching up with the Americans on a qualitative and quantitative level would take decades, China has gambled on technological breakthroughs (in the fields of artificial intelligence and quantum technology, for example) in order to overtake its great rival. Indeed, certain innovations could give China a crucial advantage in the military, industrial, standards, or trade domains.

China has therefore invested massively in technology through various plans, such as the Made in China 2025 plan (published in March 2015), which was updated by the 14th Five-Year Plan in March 2021, which

focuses largely on new technologies. These ambitions have not gone unnoticed by the United States, which has already made arrangements to hinder Chinese technological progress.

Taiwan

Beijing sees Washington as a threat to its project for the “unification” of Taiwan with the People’s Republic. The increase in military, political, and economic coercion by Beijing since 2020 has led the United States to adjust its approach. Washington is officially maintaining its “strategic ambiguity” regarding Taiwan, but it has bolstered its political and military support for Taipei with the aim of dissuading Beijing from launching an attack. Fearing the prospect of a Chinese offensive that would have consequences for the entire international community, more and more states are expressing their political support for Taiwan, sparking further hostile reactions from Beijing.

Global Influence

In order to become a global superpower, China also seeks to compete with the United States around the world. This was one of the objectives of the Belt and Road Initiative (BRI), Xi Jinping’s flagship project launched in 2013, which was primarily designed to develop China’s relations and its influence. Ten years later, the results of the BRI have been mixed to say the least. Beijing has experienced several setbacks, and its “loan diplomacy” has raised suspicions. Furthermore, China no longer seems to have the means to match its ambitions, since Chinese overseas lending has been declining drastically since 2017.

Although the momentum behind the BRI seems to be slowing, China’s ambitions to rival the United States on the international stage have by no means diminished. Xi Jinping recently launched dual international projects: the Global Development Initiative, which he announced at the United Nations in September 2021, and the Global Security Initiative, unveiled in April 2022, with the roadmap published in February 2023.

In light of the current geopolitical tensions, these initiatives do not target Western countries, but rather seek to develop a circle of Chinese influence in the Global South, in order to compete with the United States, in particular within UN bodies.

Domestic Challenges

However, the United States is not the only obstacle to China’s quest for power. Other equally crucial challenges are found in China itself. Despite China abandoning its “zero COVID” policy in late 2022, the country finds itself facing a structural economic slowdown that is likely to hinder its

development capacities and exacerbate inequalities. The business environment is also increasingly restrictive for foreign economic actors, many of which are revising their investment strategies in the Chinese market.

China is also held back by its lack of social reforms against the backdrop of rapid population aging, as illustrated by demographic decline in 2022. These economic and demographic issues may also have an impact on social stability, in a society where the prospects of the younger generations are dimming, and where the authoritarianism of the Communist Party is becoming increasingly radical.

The European Position

Although the European Union has gradually strengthened its China policy since 2019, it appears that not all European leaders, especially those in Western Europe, have taken heed of Beijing's desire to remodel the international order according to principles that run counter to the fundamental values of the EU, such as the rule of law and human rights. France and Germany, in particular, have maintained rather ambiguous lines on Beijing, seeking to preserve bilateral economic relations and deferring sensitive political issues to Brussels.

An Ifri publication for further reading:

Marc Julienne and Constantin Lagrault, [“Modernizing the People’s Liberation Army: The Human Factor”](#), *Asie.Visions*, No. 130, Ifri, October 2022.

The United States' Growing Hostility Toward China

Laurence Nardon

In a country where international affairs are the subject of constant, open debate between official representatives, academics, and think tankers, and where public opinion weighs heavily, the question of what kind of relations the United States should maintain with China is a long-standing one. It pits those who promote engagement with Beijing against those who call for greater wariness.

The proponents of engagement are not all driven by the same motives. In the 1970s, Henry Kissinger began the establishment of diplomatic relations with Communist China for the purpose of “triangulation”—in other words, to diminish the international influence of the Soviet Union, which maintained relatively close ties with China. By contrast, in the 1990s, the engagement sought by the Clinton administration responded to the hope that China’s admission to the World Trade Organization might lead to Beijing opening up to the world and perhaps transitioning to democracy, along the lines of the *Ostpolitik* strategy launched by West Germany toward the USSR.

Growing Hostility on Both Sides of the Aisle

Between entering office in January 2001 and the 9/11 attacks, the George W. Bush administration had started to designate China as a new “peer competitor” that could take over from the USSR as the United States’ number one enemy. The containment strategy—known as the “Pivot to Asia”—was launched in 2009 during Barack Obama’s first term. Since Obama’s second term, the focus in Washington has been on outright hostility toward Beijing. This attitude is one of the few areas of bipartisan agreement in Washington today, achieving far greater consensus than the subject of support for Ukraine, for example.

Thus, the tariff war started by the Trump administration in 2018 has not been called into question by the Biden administration, which, on the contrary, has doubled down on its condemnation of China across the entire spectrum of subjects of Sino-American friction: human rights violations in China; a very unfavorable trade balance for the United States linked to unfair Chinese practices; the fraudulent acquisition of American technologies over the course of many years, and so on. More fundamentally, the prevailing perception in Washington is that of a Chinese power that has become increasingly assertive and active around the globe, threatening not

only US interests and the American democratic model, but also the position of unipolar power that the United States has held since 1991.

In spring 2023, the United States was particularly active on two aspects of its China policy:

The Resurgence of Tensions over Taiwan

Faced with the increasingly substantial threat of a Chinese invasion, the United States appears to be calling into question the “strategic ambiguity” posture it has held since 1979. To bolster its military presence across the Indo-Pacific theater, the United States is currently strengthening a number of multilateral initiatives, such as the Quad (the United States, Japan, Australia, India) and AUKUS (Australia, the United Kingdom, the United States).

Congress is preparing to vote on the Taiwan Policy Act, a law that will greatly strengthen U.S. support for the island. Similarly, the Republican Speaker of the House, Kevin McCarthy, is planning to visit Taiwan this year, just as his Democratic predecessor, Nancy Pelosi, did in August 2022. Could this gesture, which Beijing has condemned as deeply hostile, trigger major hostilities between the two countries? Many observers in Washington agree with Graham Allison’s thesis in his 2017 book *Destined for War: Can America and China Escape Thucydides’ Trap?*, in which he denounces the risk of a war of succession between the two global powers, following the model of Sparta and Athens.

A Protectionist Turn

Breaking with the free-market principles adopted in the 1980s, the Biden administration is seeking to quell what it sees as a Chinese threat in the economic, trade, and technology domains. It has therefore maintained the customs tariffs imposed during the Trump era. Then, in October 2022, it severely restricted the export of American semiconductors to China. Washington is desperate not to see a repeat of Huawei’s domination in the 5G sphere. Joe Biden has also launched a firm industrial policy: with the Inflation Reduction Act and the Chips Act of summer 2022, the United States will strive to regain its independence from production chains passing through China, at least in the domains of semiconductors and electric vehicle batteries.

The very high level of commercial and financial exchanges between the two countries since the turn of the twenty-first century risks posing difficulties, and the decoupling that is underway will have to take place gradually.

What Are the Consequences for Europe?

The protectionist policies implemented by the Biden administration—be they subsidies for the reshoring of factories on American soil, or tech export controls—will have highly damaging consequences for European companies. Negotiations between Brussels and Washington are underway.

The Europeans fear that the Americans' interest in China will sidetrack them from defending Ukraine against Russia, especially if next year's presidential election is won by a Republican. The researcher Elbridge Colby—who held a senior position at the Pentagon under Trump—has stated that the United States should focus solely on the Chinese threat and avoid “distractions” such as the war in Ukraine. Yet, U.S. engagement alongside Ukraine belies Russian and Chinese propaganda regarding a demobilized and weakened West. Vigorous support for Kyiv is probably the attitude most likely to dissuade Beijing from crossing the Rubicon on the Taiwan issue.

An Ifri publication for further reading (in French):

[“États-Unis : l'empire incertain”](#), *Politique étrangère*, vol. 88, No. 1, 2023.

The Sino-American Trade War: Mounting Pressure for the European Union

Françoise Nicolas

Contrary to what may have been expected with the election of a Democratic president, the United States' position regarding China has only hardened under Joe Biden. Although Biden's style appears more polished, the bottom line remains the same: China is a rival that poses a threat to American supremacy in various domains, and this cannot be tolerated. In the field of trade, the exacerbation of the rivalry has resulted in the implementation of plainly protectionist measures, in flagrant violation of the liberal logic of free trade. The use of local content requirements is the clearest illustration of this.

The United States' Increasingly Unabashed Interventionism

The Inflation Reduction Act (IRA) of August 2022 reflects this shift in the approach of an American power seeking to ensure the absolute protection of its industry, even if that means contravening multilateral rules and alienating some of its partners or allies. The IRA pledges \$369 billion in industrial subsidies and fiscal advantages to support American "green" industries, among other things. American households can receive a \$7,500 tax credit for the purchase of a new American-made electric vehicles (\$4,000 for used vehicles). Alongside the promotion of a green economy, the aim is to encourage the reshoring of value chains from China to the United States, which explains the integration of local content requirements: only products manufactured in the United States using American inputs are eligible for subsidies.

On October 7, the United States upped its efforts to halt any potential progress of Chinese industry, announcing a new wave of export restrictions that largely deny Chinese companies access to high-end semiconductors, which are essential for the development of future technologies, particularly artificial intelligence and supercomputers. Until this point, pressure had been concentrated on a few specific companies (e.g., Huawei), and restrictions focused on products used for military purposes. Now, export controls are targeted at a specific country, China, and focus on commercial technologies. Make no mistake, the aim is clearly to stifle China's technological capacities, and not just to weaken its defense industry. Official declarations support this interpretation. According to the U.S. national security advisor, Jake Sullivan, the United States' aim is no longer

just to stay “one or two generations ahead” of China, but to completely block its capacity for innovation in certain key sectors such as that of semiconductors.

China has of course railed against these measures, which it considers to be “100% protectionism, 100% self-servingness, 100% unilateral action” and “in flagrant violation of the principle of free trade”, in the words of the director of the Office of the Central Foreign Affairs Commission (China’s top diplomat), Wang Yi, during the Munich Security Conference on February 18, 2023. In late 2022, Beijing condemned U.S. restrictions on the export of semiconductors and launched a dispute at the World Trade Organization over the United States’ alleged failure to respect the rules of free trade.

The European Union, a Collateral Victim

The exacerbation of tensions between China and the United States is of concern to all partners, insofar as a number of the U.S. policies mentioned above affect them directly. Evidently, the United States is not concerned about the possible collateral damage of its protectionist policies on its own allies (South Korea, Japan, the European Union).

The IRA has been received with skepticism and concern by Washington’s partners and allies, who see these discriminatory measures as major distortions of competition. By favoring products “made in America”, these provisions penalize foreign investors in the United States who source intermediate products from their country of origin. Unable to access these subsidies, European companies (as well as Korean or Japanese companies) are at a disadvantage compared to their American counterparts. Moreover, Europeans fear the large-scale relocation of European companies or the reshoring of American firms who had previously invested in Europe but may now prefer to operate on American soil in order to benefit from this assistance.

In addition, the extraterritorial character of the export restrictions announced on October 7 limits the room for maneuver of the United States’ partners. In effect, these new restrictions no longer concern American companies alone, but rather apply to any company using American inputs in their production processes (intellectual property, design software, etc.). In other words, the United States is effectively prohibiting certain foreign companies (in particular European ones) from trading freely with their Chinese partners.

How Might the European Union Respond?

In these circumstances, a number of options are open to the European Union. The first is to engage in a subsidy war with the United States, which would be extremely costly and therefore futile.

The second is to encourage efforts to develop European production capacities, which is one of the objectives of the strategic autonomy policy. However, this is hampered by the importance of interdependencies, particularly in the high-end semiconductor sector, which rules out any possibility of effective autonomy.

If multilateral dispute settlement mechanisms cannot be used, the third option, and probably the most realistic one, is to enter into a dialogue with the United States with the aim not of breaking away from China and isolating it completely, but rather of reducing dependencies on China in order to limit potential vulnerabilities. The establishment of the EU-U.S. Trade and Technology Council should enable progress in this direction, provided that the United States shows willing, which remains to be seen.

An Ifri publication for further reading (in French):

Mathilde Velliet and John Seaman, [“Contrôle des exportations : un tournant majeur dans la rivalité sino-américaine”](#), *Éditoriaux de l’Ifri*, Ifri, October 28, 2022.

Europe's Indo-Pacific Strategy in the Face of Sino-American Tensions

Céline Pajon and Jérémy Bachelier

The Biden administration is forging ahead with renewed American investment in the Indo-Pacific, bringing on board the region's nations and the United States' (U.S.) allies in an effort to counterbalance Chinese expansion. The many U.S. initiatives in this vast zone include mechanisms to bolster subregional cooperation, such as Partners in the Blue Pacific; an economic partnership based on norms and standards in the form of the Indo-Pacific Economic Framework for Prosperity (IPEF); and the Blue Dot Network, an infrastructure certification mechanism. Meanwhile, the Quadrilateral Security Dialogue (known as the Quad), formed of the U.S., India, Japan, and Australia, promotes regional cooperation in key areas such as maritime security, climate change, new technologies, health, and production chain resilience. It aims to attract new partners over time. Finally, the tripartite military pact AUKUS, comprising Australia, the United Kingdom (UK), and the U.S., seeks to check Chinese expansionism in the Indo-Pacific.

In the opposite corner, China is counting on the appeal of its model, a combination of political authoritarianism and economic growth, but also on its financial firepower, notably via loans made through its Belt and Road Initiative (also known as the New Silk Road). It is also exploiting the fatigue of a "Global South" that, in a period of economic and demographic growth, has grown tired of lectures from Western powers, who are perceived as being on the decline. In this context, China claims to represent a "new form of human civilization," in the words of Xi Jinping, proposing "two global initiatives" relating to development and security, and aiming to establish a new international order.

The deepening of the Sino-American competition since 2021 has led Washington to increase pressure on its partners—within NATO in particular—to harden their stance against Beijing, especially in relation to technology. China prefers to rely on its attractiveness, though it no longer hesitates to use economic, or even military, coercion against recalcitrant partners. However, the radicalization of Xi Jinping's authoritarian regime, its management of the pandemic, and Chinese assertive moves against Hong Kong, in the Taiwan Strait, and in the South China Sea have all significantly weakened Chinese soft power.

In this context, most Indo-Pacific countries are hoping to avoid being caught in the vice of the Sino-American rivalry and are calling for strategic autonomy, echoing the European position on the region. Moreover, the New Silk Road has lost its sheen and the debt trap is more clearly perceived, at a time when numerous Chinese loans are reaching maturity.

Implications for the European Union: Is an Alternative Western Path Tenable?

In September 2021, the European Union (EU) published an Indo-Pacific strategy that defined its economic, diplomatic, and strategic interests and set out an autonomous, alternative path to that of the United States, aimed at building an Indo-Pacific that would be free and open to all. France in particular pushed hard for this approach during its presidency of the Council of the EU. However, the strategy suffers from a lack of clarity and a chronic insufficiency of means with which to achieve its ends, while the Chinese increasingly aggressive posture calls into question the sustainability of the “balanced” postures advocated by France and the EU in the region. Meanwhile, the war in Ukraine, by highlighting the U.S.’ crucial importance to the security of the European continent, has made the EU’s nuanced position all the more difficult. At the same time, and despite Europe’s effort, Beijing’s perception is that Europeans would offer Washington political, economic, and potentially military support in the event of kinetic action against Taiwan. This said, the prospect of a crisis in the Taiwan Strait is actually highlighting differences between EU member states in terms of their interests, approaches, and capacities when it comes to action in the Indo-Pacific.

In this context, the EU’s capacity to exist in the Indo-Pacific will depend above all on its ability to ensure cohesion within the bloc and to coordinate its action with its American ally and its Asian partners.⁴ The EU should also offer Indo-Pacific nations a solid and credible “narrative” focused on the needs of the region’s countries and on areas where the EU can offer real added value (standards and norms, infrastructure financing, cyber-governance, production chain resilience, maritime security), beyond the ambitious Global Gateway project that was presented as an alternative to the New Silk Road but has yet to materialize.⁵ Finally, the EU should learn to engage in forms of cooperation that are unusual for the bloc, in particular “minilateral” cooperation, a favorite of Asian nations, and it should further strengthen its political-military presence and visibility by joining organizations and coalitions with which it aligns to varying degrees on security, the economy, technology, or governance.⁶

An Ifri publication to go further :

Jérémy Bachelier and Céline Pajon, [“France and AUKUS: Bouncing Back to Live Up to Pacific Challenges”](#), *Briefings de l’Ifri*, Ifri, November 3, 2022.

4. D. Fiott and L. Simón (eds.), “Centre of Gravity: Security and Defence in the Indo-Pacific - What Role for the European Union?”, *CSDS-In Depth*, December 2022.

5. Z. Paikin, G. Kembara, A. Mantong, and S. Blockmans, “The South China Sea and Indo-Pacific in an Era of ‘Multipolar’ Competition: A More Targeted EU Response?”, *JOINT Research Papers*, CEPS, No. 14, February 2023, p. 25.

6. Z. Cooper, “The Era of Coalitions: The Shifting Nature of Alignments in Asia”, *ISEAS Perspectives*, No. 7, February 2023, available at: www.iseas.edu.sg.

Taiwan: A Focal Point of Tensions Between Beijing and Washington

Jérémy Bachelier, Marc Julienne and Élie Tenenbaum

The military coercion exercised by the People's Liberation Army (PLA) against Taiwan has increased significantly since 2020. Aerial maneuvers and amphibious assault exercises on the beaches of China's southern provinces have become more frequent, with Beijing seeking to send a strong strategic signaling. These maneuvers have four main objectives: to intimidate the population, to test the Taiwanese army, to normalize the negation of the median line demarcating the Taiwan Strait, and above all, to support the PLA build-up.

China's response to the visit of the speaker of the U.S. House of Representatives, Nancy Pelosi, to Taiwan in August 2022, during which the PLA conducted live-fire exercises, including the firing of eleven ballistic missiles, in six areas surrounding the island's international air- and waterways, marked a new threshold. Beyond the increasingly acute episodes of tension, the conquest of the island now clearly appears to be the PLA's preferred hypothesis of major engagement, guiding its capability strategy and its operational planning. Several scenarios exist, ranging from an intimidation crisis to a full-scale invasion, with intermediate scenarios including a maritime blockade or the capture of Taiwanese islets (whether close to Mainland China or not).

However, the PLA lacks certain capabilities that are essential for the launch of an invasion, such as tanker aircraft, amphibious assault ships, and anti-submarine warfare capabilities. However, most of these shortcomings should be overcome by 2027. Regarding Taiwan's supports, it is generally accepted that the PLA's objective in the event of an attack on the island would be to prevent allied forces (the United States, Japan, etc.) from intervening by keeping them at a distance through an anti-access/area denial (A2/AD) strategy, focusing on the temporary or permanent neutralization of their means of projection (bases, naval groups, but also information and communication systems) via long-range strikes and non-kinetic means (cyber, electronic warfare).

The Adaptation of the Taiwanese Armed Forces

Historically, the Taiwanese army's mission was to prepare for the reconquest of the Chinese mainland. However, the democratic reform of the country in the 1990s, the progression of Taiwanese identity in society, and the spectacular growth of the People's Republic have made this

objective obsolete. With the balance of power resting strongly in Beijing's favor, Taipei has revised its military strategy, taking a more defensive stance.

Taipei is now promoting an asymmetric strategy that is supposed to deter any Chinese invasion by relying on capabilities designed to impose an exorbitant human, material, and financial cost on Beijing. However, Taiwan is struggling to execute this shift in approach and continues to emphasize the development and acquisition of expensive and complex projection equipment (multirole combat aircraft, guided-missile frigates, MALE UAVs, etc.), whereas an asymmetric defense approach would call for investment in a capability mix strengthening numerous types of equipment that are inexpensive and easy to produce locally (surface-to-air missiles, naval mines, etc.).

Although the context is admittedly very different, the successes of the Ukrainian defense strategy have been observed up-close and call for the kind of shift described above. The war in Ukraine has also triggered an in-depth reflection on the resilience capacity of Taiwanese society. Thus, the government and parliament have undertaken to strengthen both military service and the reserve force.

A Major Strategic Impact on the United States and its Allies

For the United States, Taiwan is of major strategic value due to its essential role in global supply chains for high-tech industries, but also and above all due to its geographical position as the midpoint in the "First Island Chain". President Biden has stated three times, in 2021 and 2022, that the United States would defend Taiwan in the event of an attack. Control of the island would provide Beijing with a base for its nuclear submarines, which would allow them to rapidly fan out across the Pacific Ocean and thus pose a threat deemed unacceptable by the United States. In addition, any failure to come to Taiwan's aid would seriously undermine the United States' credibility and its defense commitments to its allies and partners.

The United States' strategy relies first of all on the principle of providing Taiwan with the means to defend itself, or at least to absorb the initial shock. Secondly, it consists in maintaining access to the theater in the face of China's area denial capabilities. To do so, the United States maintains a network of military bases, which may be sovereign (Guam) or in territory controlled by its partners, in particular Japan, South Korea, or the Philippines, with whom the United States signed an agreement in February 2023 to reinforce its military presence there.

Washington is also seeking to deepen its politico-military ties with Taiwan, by boosting the quality and quantity of arms supplies and by providing assistance with military training. To this end, the United States

increased the number of military trainers deployed in Taiwan from 30 to 100, and then to 200. In addition, the Michigan National Guard is set to train a contingent of Taiwanese troops.

The implications for Europe

A crisis in the Taiwan Strait would have severe consequences for Europe and for global stability, far beyond those caused by the war in Ukraine. European trade with East Asia (which accounts for around a quarter of its total trade) would be severely disrupted, whether in terms of exports or supplies of raw materials (rare-earth elements) and manufactured products (including semiconductors), posing serious questions in terms of maritime security, among other things.

Any kinetic military action by China against Taiwan would necessarily spark reactions from Europe, in particular in the diplomatic, economic (sanctions), cybernetic, information (fight against disinformation), and space fields. Individually and collectively, European states must be prepared for such scenarios.

The question of military engagement within a coalition must also be posed. Beyond air-sea action in the strait—which would inevitably be limited given the distance and the balance of power—the most important contribution that Europe could make would probably be to engage in regions neglected by the United States, including the European area itself, and the continuum between Suez and Malacca.

To prevent us from getting to that point, it is necessary to strengthen—and harmonize—a dissuasive discourse toward Beijing, reminding it that a unilateral change to the *status quo* would be unacceptable. It is also up to Europe to call for moderation in the American domestic debate on China, which could itself lead to excesses.

An Ifri publication for further reading (in French):

Marc Julienne and John Seaman, [“Pékin : pire et meilleur ennemi de Taïwan”](#), *Politique étrangère*, vol. 86, No. 2, 2021.

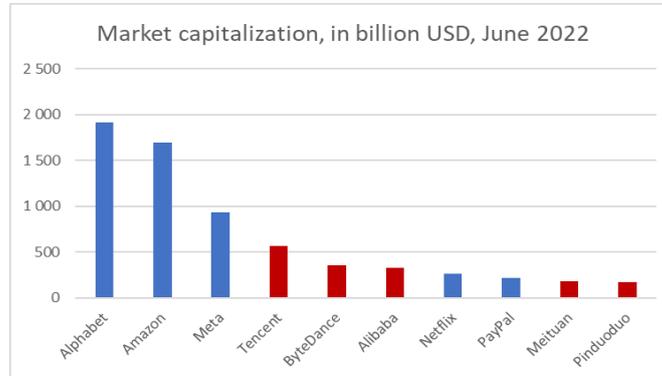
The Battlegrounds

Challenging American Technological Dominance

Alice Pannier

Over the last decade, China's precipitous rise in a number of digital fields has challenged the United States' long-established dominance in this sector. Between 2011 and 2021, Chinese software exports almost doubled, from \$34.6 billion to \$63 billion. A market capitalization analysis shows that American internet companies easily have the edge in terms of aggregate value, but that five of the world's ten largest companies by market cap are Chinese.

Figure 1: Market capitalization, in billion USD, June 2022



Source: Statista. In blue: American companies; in red: Chinese companies.

Another indicator of the challenger's success came in early 2023: Chinese apps (Temu, TikTok, CapCut, and Shein) took the top four spots in the download rankings on the Google Play Store and Apple's App Store in the United States. The video-sharing app TikTok (owned by ByteDance) is particularly popular, used by two-thirds of American teenagers.

Moreover, the global influence of Chinese firms is growing in several areas that are key, yet not so visible to the general public, such as smart cities, 5G network virtualization, cloud computing, and autonomous vehicles. For example, in the field of artificial intelligence (AI) for autonomous vehicles, Baidu has enjoyed great success: its Apollo project, which has several American and European partners, presents itself as a serious alternative to the software developed by Tesla. In these areas considered to be strategic (AI, cloud computing, semiconductors, hardware), China has ambitions to be a big player in the future.

The New Contours of “Decoupling” in the Digital Sector

The contradiction between this Chinese presence in the global digital ecosystem—including the American market—and the intensification of technological competition between the two powers over the last five years is becoming increasingly stark.

Between 2010 and 2021, China and the United States led the field in joint research publications on AI, which multiplied five-fold over that period. Moreover, Huawei, despite being blacklisted by Washington in 2019, is today the top contributor to the Linux kernel, the cornerstone of the cloud, the Internet of Things, supercomputers, and so on. Consequently, the private sector on both sides of the Pacific is keen for the U.S. and Chinese digital sectors to remain open. One example of this preference for collaboration is the ongoing discussion between Tencent and Meta to establish a partnership in the virtual reality sector.

Yet for several years China has been pursuing technological independence, and the United States is increasingly leaning toward a policy of containment. For China, this dynamic is nothing new: for more than a decade, Beijing has tried to prevent the use of Microsoft, Apple, and Google products in China, fearful of being spied on via backdoors integrated into American software.

As for the United States, the increasing use of restrictions in the digital sector dates from the Trump administration, which banned Huawei equipment in U.S. 5G technology, while the Biden administration has recently announced restrictions on sales to China of semiconductor design software and computer chips for use in AI and supercomputers.

In February 2023, Washington’s determination to oust Chinese tech firms went one step further with the decision to ban TikTok on U.S. government devices. The Chinese app is accused of gathering data for surveillance purposes and even of mass manipulation via the content it proposes to users. The government may go further still, potentially banning the app completely in the United States.

Consequences for the European Union

Market capitalization is one of several indicators of Europe’s persistent relative weakness in the digital sector. This is a problem in terms of the bloc’s competitiveness, but also for data protection. The European Union (EU) has long been concerned about the major US platforms gathering European data. In Brussels, the European Commission is now increasingly open about its worries over China: it too has decided to ban its employees from installing TikTok on their cell phones.

China and the United States are benefiting from the EU's weaknesses, conquering the European market and buying up firms. Despite Europe's efforts to regulate the big platforms, what it can hope to achieve in terms of "digital sovereignty" is largely in the hands of these foreign firms. Moreover, the EU is vulnerable to the trade restrictions and market access decisions imposed by Beijing and Washington in their political-economic confrontation.

An Ifri publication for further reading:

Mathilde Velliet, ["Convince and Coerce: U.S. Interference in Technology Exchanges Between its Allies and China"](#), *Études de l'Ifri*, Ifri, February 2022.

The Global Semiconductor Race

Mathilde Velliet

The intensification of the Sino-American rivalry is particularly visible in a small number of strategic technological sectors. Foremost among them, and already central to U.S.-Japan competition in the 1980s, is the semiconductor industry, which manufactures the electronic chips that are now omnipresent in civil and military technologies. The various measures, incentivizing or restrictive, recently taken in this sector by the Chinese and American governments are not without consequences for Europe.

Subsidy One-Upmanship

The risks (highlighted by the pandemic, climate hazards, and geopolitical tensions) that weigh on the globalized semiconductor value chain, and the indispensable nature of these chips, have pushed Beijing and Washington to take steps to secure their supply chains and reduce their dependencies.

For almost ten years, China has been using massive subsidies (estimated at over \$150 billion since 2015) and political incentives to develop its national capacities, with the aim of reducing its heavy dependence on foreign integrated circuits. The United States, concerned by China's efforts and by its own waning capacity to manufacture chips on American soil, has also chosen to make significant investments in the sector. The Chips and Science Act, passed in the summer of 2022, allocates \$52 billion of subsidies over five years to strengthen U.S. research and development capacities as well as domestic semiconductor production.

Freezing in Place Chinese Capacities

Beyond these incentivizing measures, American determination to “maintain as large of a lead as possible”—as Jake Sullivan, the U.S. national security advisor, put it—over China in strategic sectors has led to new restrictions in the semiconductor domain. The importance of these chips for both civil and military technological power, and the leadership of the United States and its allies in key segments of the supply chain, make the sector an Achilles heel for China and a key part of the American containment strategy. Thus, in late 2022 and early 2023, two important shifts took place.

On October 7, 2022, the U.S. Department of Commerce imposed new controls on the exports to China of high-end semiconductors and the equipments and softwares needed to manufacture them. These regulations marked a clear departure from the U.S. doctrine in force for more than twenty years, first because they target a single country (while export control regimes since the end of the Cold War had tended to target *technologies*

linked to weapons), and second because they target technologies that are primarily *commercial*. Washington's objective is clearly to contain Chinese progress in this sector, or even to degrade its existing capacities.

Then, in January 2023, to broaden the scope of these restrictions—which already had an extraterritorial dimension—the Biden administration struck a secret deal with Japan and the Netherlands.⁷ These two countries, suppliers of equipment essential to the manufacture of advanced semiconductors, agreed to restrict their exports of this equipment to China. This deal is an important win for the American government, but it raises questions about the position of the European Union (EU).

A Dual Constraint for Europe

These restrictions illustrate Washington's willingness to use different tools to achieve its objective of containing China: negotiations with the European Union (through the Trade and Technology Council [TTC], for example), but also unilateral recourse to the extraterritoriality of U.S. law and direct bilateral talks with an EU member state such as the Netherlands. In the last two instances, the EU's ability to influence negotiations with Washington is limited, even though these restrictions will have consequences across the continent.

In terms of investments, as the European Parliament considers its own support package for the semiconductor industry, the subsidies announced by the United States and China (as well as South Korea and Japan) have created the risk of a costly subsidy race. The transatlantic cooperation envisaged by the TTC will need to be strengthened if this risk is to be allayed.

Sino-American competition therefore imposes a dual constraint on European ambitions concerning chips: subsidy one-upmanship and limits on exports to China. The possibility of Chinese retaliation and the promise of new American restrictions risk amplifying this constraint in the coming years.

An Ifri publication for further reading:

Niclas Frederic Poitiers and Pauline Weil, "[Fishing for Chips: Assessing the EU Chips Act](#)", *Briefings de l'Ifri*, Ifri, July 8, 2022.

7. D. Sevastopulo and S. Fleming, "Netherlands and Japan Join US in Restricting Chip Exports to China", *Financial Times*, January 28, 2023; L. Schreinemacher, "Letter to Parliament on Additional Export Control Measures Concerning Advanced Semiconductor Manufacturing Equipment", Netherlands Ministry of Foreign Affairs, March 8, 2023, available at www.government.nl.

China and the United States: The Space Race

Marc Julienne

The multifaceted competition between China and the United States is not restricted to our planet: it has also extended to the realm of space. An essential component for any great power, space programs allow states to acquire prestige linked to technological know-how and scientific excellence, to benefit from the economic and social development enabled by civil applications, and to strengthen national defense through military applications. In its quest for power, China sees space as a sector in which it must play catch-up, while the United States is keen to maintain its advantage. Meanwhile Russia, the world's first space power, now finds itself watching from the sidelines. It is firmly on Beijing's side, but it appears to be a secondary actor. The Russian space industry is in a state of decay, exacerbated by the war in Ukraine.

Sino-American competition in the space domain is all-encompassing, but three areas in particular appear to be especially important: the race to the Moon, space stations in low Earth orbit, and satellite internet constellations.

The Race to the Moon

In the 1960s, the race to the Moon pitted the Americans against the Soviets. Today, the United States and China are the two key rivals in this race. They have each announced relatively similar ambitions and timelines. Both countries aim to build a permanent and inhabited base on the surface of the Moon in order to exploit its resources and subsequently establish a spaceport for Mars.

These two competing programs present themselves as international. The United States' lunar program, Artemis, is open to cooperation via the eponymous accords, signed by twenty-three states, including several EU member states: France, Italy, Luxembourg, Poland, and Romania. Its competitor, the International Lunar Research Station, is a joint program between China and Russia. Although it is open to the rest of the world, there are currently no other known partners. However, Russia's present situation threatens to undermine the viability of the project. Moscow's isolation on the international stage could deter potential partners, while its financial and technological vulnerability as a result of the sanctions it has faced could hinder its capacity to honor its commitments. Beijing, nevertheless, believes that it will be able to meet its objectives, with or without Russia.

The race has only just begun, but for now the Americans have a certain advantage owing to their experience and their technological edge, thanks in particular to the Space Launch System, the most powerful rocket currently available, which was developed by NASA and successfully tested in November 2022. In China, the Long March 9, which will be used for the lunar program, is not expected to be ready until 2030 at the earliest. The United States also benefits from a wide network of international partners providing technical and political support.

Space Stations

Closer to home, in the low Earth orbit domain, China has emerged as a leading scientific actor with its Tiangong 3 space station, whose assembly was completed in autumn 2022. Beijing thus now has a permanently inhabited space laboratory. Tiangong 3 is about a quarter of the size of the International Space Station (ISS)—around 100 metric tons, compared to 420—but it could become the only laboratory in low Earth orbit, given the uncertain future of the ISS, which could be deorbited or entrusted to the private sector in the years to come. The prospect of a future Chinese monopoly must be relativized since, for the Americans, the objective is circumlunar orbit.

Low Earth Orbit Satellite Internet Constellations

Among the numerous space applications that we use on Earth, low Earth orbit (LEO) satellite internet constellations hold a great deal of promise, not only in the civil and military domains, but also in the commercial domain. The Americans have a significant lead in the commercial space sector thanks to Elon Musk's Starlink constellation, which currently consists of around four thousand operational satellites in orbit. Starlink has also proven itself in a theater of conflict by providing the Ukrainians with a resilient telecommunications system.

China, meanwhile, is lagging behind somewhat, but it is building up its industry in order to position itself on this market and eventually compete with Starlink. In May 2021, the Chinese government created the state-owned enterprise China SatNet with the mission of developing and operating the future constellation Guowang. China has obtained authorization from the International Telecommunication Union for the launch of 12,992 satellites, nearly 1,000 more than Starlink. It could launch its first satellites between 2023 and 2025, but the Chinese authorities remain tight-lipped about their timeline and their ambitions.

Europe in the Space Competition

Europe remains an important space actor on the international stage, but it faces major challenges: limited resources, fierce competition, uncertain ambitions, and the growing geopolitical polarization between China and the United States. In this context of polarization, Europe, which has traditionally been open to cooperation with all actors in the space sector, must review its partnerships. This is already the case for Russia, and there are now serious questions surrounding China as well. The United States is becoming Europe's favored partner, although the unilateralist approach to space governance promoted by Washington contradicts the multilateral model defended in Europe.

To maintain its position as a space power, but also its influence and its ability to promote its own vision of space governance, Europe must maintain and strengthen its autonomy in access to space, surveillance and tracking capabilities, Earth observation, and space-based telecommunications.

An Ifri publication for further reading:

Sebastien Moranta, ["The Space Downstream Sector: Challenges for the Emergence of a European Space Economy"](#), *Études de l'Ifri*, Ifri, March 2022.

The Security of Energy Supply: China's Desire to Control its Dependencies

Marc-Antoine Eyl-Mazzega

Although both are energy superpowers, the United States and China are on very different footings. China is the world's largest crude oil importer, with more than 10.1 million barrels per day in 2022 and a post-pandemic rebound expected in 2023. At the same time, it is rivaling Japan to be the biggest global importer of liquefied natural gas (LNG). It therefore depends very heavily on other nations for its supply. But it has aces up its sleeve and a strategy in place.

China's first ace is that it is a major producer of natural gas, with more than 220 billion cubic meters per year, and of crude oil, with 4 million barrels per day. By boosting domestic production, it can increase the share of gas in its energy mix while keeping import dependency under control.

The second is that its considerable coal reserves allow it to regulate its demand for gas according to geopolitical, social, and economic constraints. Having seen domestic demand for gas rise year on year by the equivalent of France's annual consumption, in 2022, when global spot gas prices skyrocketed, China prevented a further rise and significantly reduced its imports of spot LNG cargoes by relaunching coal—to the benefit of Europe. Coal also allows China to compensate for any gaps in its hydroelectric production, and plays an important role for social stability.

China's Strategy for the Security of its Gas Supply

Beijing wants to limit its dependence on gas imports to around 50%. In the face of geopolitical, technical (reduced or no access to LNG), or economic (very high prices) risks, China can limit its demand for gas by turning to coal, notably in the electricity and industrial sectors, and by reducing state-controlled heating and industrial activity. Abroad, China is multiplying its supply options through gas pipelines (Central Asia, Russia, Myanmar) and LNG, although with limited participation in some projects (as in Russia).

China already imports LNG from the United States and has readily signed many long-term contracts with American suppliers. In fact, these imports were foreseen in the trade rebalancing agreements reached between the two nations during the Trump presidency. They may turn out to be a boon for China, as long as it has other options, such as Qatar, a major global supplier with which Beijing recently signed a major long-term contract. Thus, in 2021 and 2022, around half of the new volumes secured

by China for long-term delivery have been with American project developers, while Australia, a close ally of the United States, is already China's top supplier.

China is trying to bring this dependency under control and appears ready to overexpand its gas imports to counter any risks. The impact of this potential overexpansion of imports could be strengthened if China were to dampen the growth of its demand, further boost its domestic production, or sign new contracts with Russia that could be accompanied by new infrastructure.

For Europe, this means that China could become one of the top LNG suppliers in the future in re-exporting volumes. In certain circumstances, Chinese buyers could resell American cargoes to the Europeans, pocketing large profits. As of 2022, this is already occurring. Going forward, it is possible that China will seek to maximize imports of American LNG when prices are low and resell it to Europe when they are high. However, China's storage capacities (equivalent to 7-8% of the country's demand) are relatively low—a potential Achilles heel.

Crude Oil Supply

In the oil sector, Beijing's strategy is to limit and then reduce its domestic consumption, thanks in particular to its transition to electric vehicles, and to diversify supply, aware that Chinese state-owned enterprises have limited involvement in major oil projects abroad. China has profited considerably from the war in Ukraine and from the lower prices of certain Russian supplies in 2022 and 2023. Here too, China has shown its readiness to reexport oil products, including to Europe, establishing large quotas for these highly profitable deals. At the same time, it has built up significant strategic stocks.

China has a vital interest in the stability of the Middle East, which explains its partnership with Iran on the one hand and Saudi Arabia on the other. It is too prudent to commit itself to new projects in Russia, given the constraints brought by the sanctions, and Moscow has never wanted to hand over control of energy assets to China. The weaker Russia becomes, the greater the opportunities for China in this sector, though it is essential for China that Russia does not collapse, and to comply with sanctions.

Sino-American Rivalry in the Nuclear Domain

The Sino-American rivalry is also playing out in the arena of civil nuclear power, with the United States seeking to thwart China's export projects on the grounds that it stole American technology. Another U.S. policy aims to replace and ban Chinese equipment in its critical power systems and plans to develop a domestic industry of low-carbon technologies. For Europe, the

crux of the matter is that the acceleration of the energy transition poses an immense industrial challenge, and much of the equipment, not to mention the metal, in its power and industrial systems, is Chinese. In the end, if Europe does not succeed in resolving its ideological battles over nuclear and hydrogen, China and the United States, but also Japan and South Korea—all pragmatic on the topic—will take advantage and establish an irreversible lead.

Recommendations for the European Union

In this context, the European Commission ought to develop a new gas strategy, adapted to the acceleration of the European energy transition, that establishes a realistic demand trajectory with various scenarios that consider different nations' import needs. Moreover, given Europe's vulnerability regarding hydrocarbons, a strengthened and simplified industrial policy for low-carbon technologies—including measures to make the power system more flexible and to replace natural gas in industry—seems essential. Equally so is the search for solutions to the internal tensions over nuclear and hydrogen, which are weakening Europe at a time of high energy costs, scarcity of low carbon electricity and obvious challenges to achieving the ramp up in renewables deployment, storage solutions and grid upgrade.

An Ifri publication for further reading:

Marc-Antoine Eyl-Mazzega, [“The impact of the war in Ukraine on the energy sector”](#), *Politique étrangère*, vol. 87, No. 2, 2022.

Climate in U.S.-China Relations – A Lost Sense of Public Good

Diana-Paula Gherasim

Global greenhouse gas (GHG) emissions in 2022 have been rising again, with prevailing policies putting the world on track for a 2.5° C rise in global temperature by the end of the century. Climate change is increasingly framed as a matter of technological and industrial competition between China and the United States of America (U.S.), rather than cooperation for the public good, and marked by rising North-South tensions. China is the world's largest emitter (nearly 31% of GHG emissions in 2021) and the second-largest national one after the U.S. in terms of cumulative CO₂ emissions, being responsible for 60% of the increase in global CO₂ emissions between 2010-2019. Over the period 1990-2020, US GHG emissions were reduced by 7.3%, and the country accounted for 13.5% of global emissions in 2021. By contrast, the EU achieved a GHG emissions reduction of 33% over the same period and accounted for about 7.5% of global GHG emissions in 2021.

Views and interests among these players do not converge. The U.S. wants to decarbonize to lead the technological race started by China with its Made in China 2025 plan, and to de-couple from Chinese manufacturing of clean technologies. The EU has been trying to accelerate its energy transition and achieved more than the two others in terms of decarbonization, yet just lately prioritizing issues of industrial policy and competitiveness. However, the case for action on climate change and environmental protection has never been stronger: China and the U.S. are involved in global discussions. They achieved progress in the past, and their efforts should be reinforced.

Fundamentally Different Approaches to Climate Change Action

On climate, China has been shying away from committing to ambitious targets (its “1+N” policy aims at peaking emissions before 2030 and becoming carbon neutral by 2060, but without any specific commitments after 2030). Strengthening energy security and ensuring social stability takes priority over rapid decarbonization (in 2020, China had around 250GW of coal fired capacity under development). At the same time, China has been massively subsidizing and deploying domestic low-carbon technologies, making the global energy transformation largely dependent on these. The world, and namely the U.S. and the EU, are waking up to a reality where China has the first mover advantage on the super large scale “green” industrial policy.

	Installed solar Photovoltaic capacity (2022)	Installed wind power capacity (2022)	Electric car stock (2021) (millions)	Coal consumption (2022)	Percentage of renewable energy sources in power generation (2020)
China	400 GW	382 GW	7,8 m	4250 Mt	28%
United- States	137 GW	144 GW	2 m	465 Mt	19%
EU	196 GW	204 GW	5,5 m	478 Mt	39%

On its side, the U.S. experiences ebbs and flows in climate ambition depending on internal politics (i.e., not ratifying the Kyoto Protocol, “in and out” commitment to the Paris Agreement, not ratifying the Convention on Biological Diversity). At the same time, there is a bipartisan determination to stay ahead of the technological race (ex. Chips Act, Infrastructure Investment and Jobs Act, Inflation Reduction Act - IRA) and keep a competitive edge against China, committing huge tax credits to incentivize investment to this end, some trade barriers and restrictive export control policies.

The EU has adopted a largely normative approach to climate change mitigation through a steady regulation of CO₂ emissions (namely through direct CO₂ pricing), mandating energy efficiency and renewable energy deployment obligations. Its commitment to climate action has been going in crescendo thanks to the European Green Deal, the European Climate Law, the Fit for 55 package and further strengthened during the energy crisis entailed by the war in Ukraine (RePowerEU). Toward China, the EU is developing a “de-risking” approach, more in phase with its specificities compared to U.S.’ decoupling approach.

As things stand currently, outright exemptions from EU’s recently agreed Carbon Border Adjustment Mechanism (CBAM) can hardly be justified for both the U.S. and China. China has made significant steps domestically by putting in place an emissions trading scheme (ETS - limited to the power sector, with a soft take off), a plan to improve the energy and resource efficiency in industries, certain standards for CO₂ emissions in buildings and targets for non-fossil fuel electricity generation, EVs and H₂ mobility. Nevertheless, the world remains unclear about the concrete decarbonization trajectory in China. The same uncertainty looms over the U.S. pathway. Despite a target of 50-52% of emissions reduction by 2030 and of 100% carbon pollution-free electricity by 2035, policies in place

mainly consist of incentives for domestic production and consumption, leaving direct CO₂ pricing still out of sight, and emission decline rates way insufficient for a 1,5° C trajectory.

The U.S.' IRA, the EU's reaction to it and China's decision to ban the export of several core solar panel technologies abroad (replicating U.S.' move on semiconductors) have confined climate action to matters of industrial policy and green protectionism. This excessive focus on industrial policies will be harmful for finding international solutions to fundamental issues like establishing a global CO₂ pricing system, regulatory standards for decarbonization of industries, optimizing energy and resource use, etc.

The EU: Instilling a Sense of Public Good at the Heart of Climate Action

EU must have a clear narrative recognizing that it is the only large emitter with effective results and a holistic framework to tackle climate change. While continuing to display a more assertive attitude (e.g., Regulation on Foreign Subsidies, etc.), a critical dialogue should be developed with China on issues such as enhancing transparency and accountability standards to guarantee a level playing field, adopting standards for reducing energy consumption in the digital sector, moving to sustainable aviation fuels, fighting imported deforestation and methane emissions. The EU should also gear its Global Gateway funding toward partnerships with key actors in raw materials and clean energy production, push forward with the implementation of Just Transition Partnerships and be a driving force for the establishment of an international green taxonomy and green trade rules. The EU also needs to be a global force in pushing for energy and resource sobriety, especially in discussions with large consumers like the U.S.

An Ifri publication for further reading:

Marc-Antoine Eyl-Mazzega and Diana-Paula Gherasim, ["The European Green Deal, Three Years On: Acceleration, Erosion or Fragmentation?"](#), *Briefings de l'Ifri*, Ifri, November 14, 2022.

Critical Raw Materials: Zero-sum Competition, a Challenge for Supply Chain Resilience and Sustainability

John Seaman

Amid deepening strategic competition between Beijing and Washington, China's dominance over a number of critical raw material value chains is a clear source of vulnerability. The increasingly pervasive use of economic statecraft and the shift toward a weaponization of economic interdependencies has pushed the issue to the top of the policy agenda in both the United States and Europe. Indeed, critical metals are China's wildcard. But the increasingly zero-sum competition to secure access to raw materials for the industries of the future risks complicating efforts to ensure that supply chains are both more resilient and sustainable.

China's Supply Chain Dominance

China maintains a clear dominance over supply chains for several raw materials that are essential to a successful transition toward a digital, carbon-neutral future. For some minerals, mines in China supply the bulk of global production. China mines over 60% of the world's rare earth elements, for instance, which are used in a broad range of critical applications, notably permanent magnets that are essential components in motors for electric vehicles or offshore wind turbines. More broadly, of the 35 minerals that the United States Department of the Interior classified as "critical" to its economy and national security in 2018, China is the majority producer of 13, for 7 of which its mines produce more than 70% of global supply. In other cases, for instance lithium, cobalt and nickel, essential components for battery manufacturing, China has moved to secure a central place in mining operations overseas. But more than the extraction of the minerals themselves, China has also established a dominant position in downstream processing. Nearly 90% of rare earth processing is done in China, which then produces 92% of the world's permanent magnets. China processes 40% of the world's copper, 35% of nickel, 58% of lithium, 65% of cobalt and 70% of graphite. It then produces over 70% of the world's cathode and 80% of anode battery cell components, and accounts for over three quarters of the world's final assembly of Lithium-ion batteries. China's dominance of the solar photovoltaic value chain is even more pronounced.

Risks of Weaponization and Washington's Search for Resilience

In the face of China's dominance across a number of important sectors, the United States, as well as Europe, have found themselves in an uncomfortable position of dependence. For the time being, Beijing's weaponization of its strategic wildcard, namely by cutting off supplies, remains largely theoretical. China's de-facto embargo of rare earth exports to Japan in late 2010 has largely set the tone for considering the supply risks, but it remains the only clear example, and one for which Beijing's the intention is still a matter of debate. In 2019, as the Trump administration ramped up its trade war, Chinese president Xi Jinping made a public visit to a leading rare earth magnet manufacturing plant of JL Mag to demonstrate the potential for China to leverage its dominant position in this strategic sector. But in the end, such levers have remained untouched in the context of U.S.-China competition. Beijing appears fully aware that a weaponization of its supply chain advantages would trigger a broader escalation of tensions that would undermine its own economic interests. China's priority remains its own economic development, ensuring resource security for its growing domestic needs and bolstering competitiveness in key sectors, such as electric vehicles.

Nevertheless, as tensions with Washington mount, including through efforts to freeze China's technological development in place, and in the event of a more direct confrontation, for instance over Taiwan, China's raw material supply chain advantages could eventually be mobilized to serve broader strategic ends.

Meanwhile, responding to China's asymmetric advantage in critical raw materials is being treated with an increasing sense of urgency in the United States. During the Trump administration, the United States moved quickly into a posture of exploring and developing mineral deposits and building supply chains domestically, in the context of a broader approach of reshoring and national reindustrialization. Starting in 2020, for instance, the Department of Defense began funding the development of rare earth processing facilities in California and Texas, slated to come online by 2025. The Biden administration has redoubled the government's efforts, making domestic supply chain development for critical minerals a national priority, particularly in light of its efforts to drive the low-carbon energy transition. Indeed, mineral security has been a feature of prominent legislation passed in the last two years, notably the Infrastructure Investment and Jobs Act, the CHIPS and Science Act, and the Inflation Reduction Act (IRA).

Europe Challenged by Zero-Sum Competition

Of these measures, the IRA, passed in July 2022, is proving to be the most problematic for Europe. In addition to tax credits, loan guarantees and direct public spending to bolster domestic production and processing of critical raw materials worth upwards of USD 70 billion, the legislation includes protectionist measures such as revised electric vehicle tax credits, requiring that battery materials be sourced domestically. An exception has been provided for partners with which the U.S. has a free trade agreement, but no such pact exists with the EU. This has strained Trans-Atlantic cooperation at a moment when the bloc is redoubling efforts to bolster its own mineral supply chain resilience in the face of challenges from both China and Russia, for instance through the Critical Raw Materials Act adopted in March 2023. Critical mineral markets are already under strain from rapidly increasing demand and severe environmental challenges that will come with a dramatic ramping up of mine production. Strategic rivalry, trade protectionism and zero-sum competition will only create needlessly wasteful duplication and complicate efforts to ensure that supply chains will not only be more resilient, but more sustainable.

An Ifri publication for further reading (in French):

Vincent Donnen, [“Vers une ère métallisée : renforcer la résilience des industries par un mécanisme de stockage stratégique de métaux rares”](#), *Notes de l’Ifri*, Ifri, May 2022.

Third Parties in a Tight Spot

China and Russia: The Anti-Western Axis and the Limits of the Bilateral Partnership

Marc Julienne and Tatiana Kastouéva-Jean

In late March 2023, thirteen months after the start of the Russian invasion of Ukraine, Xi Jinping made a state visit to Moscow. Xi and Putin extolled the solidity and the growing scope of their partnership, which “has gone far beyond the bilateral scope and acquired critical importance for the global landscape and the future of humanity”. The two leaders reaffirmed their shared vision of a more “just” and “democratic” multipolar world order, which they had called for in their joint statement of February 4, 2022. They also reiterated their attachment to the Charter of the United Nations, albeit adhering to an interpretation that is visibly contradictory to that of the West. Behind their promotion of the Charter lies a historical bilateral position against the West—led by the United States—, which they accuse of instrumentalizing international law to interfere in the domestic affairs of other states and to expand its hegemony. Sino-Russian alignment thus constitutes an anti-Western axis that seeks to revise the rules-based international order.

Putin’s Russia, an Assertive Anti-Westernism

Russia’s objectives in Ukraine go far beyond that of simply subduing its rebellious neighbor: Moscow is openly fighting against Western domination over European and global affairs. Having been limited to the geopolitical and ideological spheres for many years, the confrontation between Russia and the West is now playing out in the economic, energy, and societal domains, which had previously been relatively unaffected by this rivalry. Still harking back to the Cold War era, Russia continues to see itself as a great power on a par with the United States, but it no longer has the means to match its ambitions. While Russia has taken the miscalculated risk of acting as a battering ram in an attempt to smash the edifice of the post-Cold War international order, it does not appear to be capable of resisting the military (supply of arms to Ukraine) and economic (sanctions) pressure of the “collective West” on its own.

Running low on options, Moscow is in desperate need of an economic lifeline from China, and it even hopes that Beijing will offer it military support, including through the supply of arms and munitions. Over the last year, Russia has accelerated the redirection of its economic and energy flows toward Asia, and in particular China. However, it is unlikely that the Chinese market will be sufficient to replace the European market for Russian hydrocarbons: in 2022, China received 15.5 billion cubic meters (bcm) of Russian gas at a discounted rate (compared to 10 bcm a year earlier), while in 2021 the EU imported 140 bcm from Russia. The planned construction of the “Power of Siberia 2” gas pipeline will not make up for this shortfall. In the longer term, the “great turn to the East” could cause Moscow to become overly dependent on the Chinese market and on Chinese technologies and currency. The risks of this growing asymmetry are, however, absent from the Russian public debate, despite Moscow constantly emphasizing the preservation of its sovereignty in its relations with the West.

China and the War in Ukraine

For its part, Chinese leadership has emphasized its supposed “neutrality” ever since Russia first invaded Ukraine, while implicitly supporting Russia by avoiding using the term “invasion”, instead preferring the expression “special military operation”. It has recognized Russia’s “legitimate security concerns” and the United States’ direct responsibility for the “crisis”.

Since the start of the conflict, China has maintained this facade of neutrality by reiterating ad infinitum its commitment to peace talks and a cease-fire, without ever putting forward a proposal in this regard. Beijing wants to be seen as a responsible actor promoting peace, but not at the cost of abandoning its Russian partner. For while the Chinese leadership has no particular desire to see Ukraine become a Russian territory, Moscow is an important partner in the Sino-American rivalry. We can thus recognize that the twelve-point Chinese position on “the political settlement of the Ukraine crisis” published on February 24, 2023, is by no means a “peace plan”, since it simply reiterates general principles and does not put forward any concrete solutions. What is more, it is difficult to imagine Xi Jinping playing the role of impartial mediator, given that he does not acknowledge Russia’s aggression and has not deigned to make contact with his Ukrainian counterpart since the conflict began thirteen months ago. However, supplying arms to Russia is a line that Beijing does not currently appear ready to cross. If Beijing were to do so, this would represent a major shift in Chinese strategy, as it would render its position of neutrality obsolete. We would then enter a new dimension of the conflict, and for the moment this does not appear to be in Beijing’s interest.

Toward a Clear-Headed European Vision of the Sino-Russian Partnership

The West must maintain a critical distance from the rhetoric of a “no limits friendship” between Moscow and Beijing. While there are strong signs of rapprochement in the military and technological fields, this supposed “friendship” is primarily aimed at deterring the West. Moreover, the bilateral partnership has serious limitations, due to the growing asymmetry in favor of Beijing, Moscow’s disappointment at not obtaining greater support from its neighbor, and China’s mistrust of an unpredictable Kremlin.

The attempts of several European leaders to look to Beijing for a solution to the war in Ukraine are not only illusory, but they also feed into Beijing’s discourse, which seeks to present China as a pacifist and constructive actor, all the while supporting Russia. Thus, it is urgent to identify and condemn China’s true position, behind the ambiguities and contradictions of its discourse.

Finally, it is important to hold Beijing to its discourse of neutrality, in order to prevent any Chinese military support for Russia in the Ukrainian conflict.

An Ifri publication for further reading:

Bobo Lo, [“The Sino-Russian Partnership. Assumptions, Myths and Realities”](#), *Russie.Nei.Reports*, No. 42, Ifri, March 2023.

India and Sino-American Competition

Isabelle Saint-Mézard

In order to understand the impact of Sino-American tensions on India, we must first remember that India itself has experienced a marked deterioration in its relations with China. Not only did the skirmishes along the Sino-Indian border in spring 2020 cause the deaths of twenty soldiers, but they also completely undid nearly three decades of confidence-building efforts between New Delhi and Beijing. The Indian Armed Forces have already begun strengthening their defense capabilities along the 3,000-kilometer-long line of actual control (LAC) between the two countries, but they still face pressure from the People's Liberation Army (PLA). The situation on the ground is volatile, as demonstrated by the latest skirmishes between Indian and Chinese soldiers in December 2022.

The worsening of tensions along the LAC has encouraged India to consolidate its bilateral cooperation with the United States. In late 2022, the two countries' armies took part in a high-altitude training exercise in Uttarakhand, 100 kilometers from the LAC, which Beijing promptly condemned. On the multilateral level, since 2020, India has engaged more openly in the Quad (a strategic security dialogue in which it participates alongside the United States, Japan, and Australia) in order to counter Chinese initiatives in the Indo-Pacific.

Rapprochement between Washington and New Delhi

The United States, for their part, have stepped up their efforts to convince India to align itself more closely with them. For example, in mid-2022, they signed a contract to entrust the maintenance of a U.S. Navy ship to a shipyard in Chennai, illustrating the U.S.' desire to contribute toward the development of the Indian defense industrial and technological base, a major objective of the Modi government. Similarly, in the technological domain, major US political and economic actors are sending promising signals. One of the main goals of the Modi government is to take advantage of Sino-American tensions to attract multinationals pulling out of China. In line with this goal, Apple has turned to India to diversify its production base, announcing in October 2022 that it would start manufacturing the iPhone 14 there.

Finally, in January 2023, the two countries launched the U.S.-India Initiative on Critical and Emerging Technologies in order to encourage cooperation in the key sectors of defense, space, biotechnology, advanced materials, rare earth processing technology, and semiconductors. With regard to semiconductors, Washington has clarified that the Initiative is

focused on “supporting the development of a semiconductor design, manufacturing, and fabrication ecosystem in India”. On this matter, Indian and American objectives concerning the localization of production are more complementary than competitive, as India is targeting the production of “mature” semiconductors (65–28 nanometers), while the United States is targeting more advanced generations.

Persistent U.S.-Indian tensions

While their shared distrust of China has prompted India and the United States to strengthen their ties, it has not reduced the latent tensions in their bilateral relations. The two governments have recriminations against one another that are serious, even if they remain discreet. The Biden administration is exasperated by New Delhi’s decision to cultivate friendship with Moscow and to import massive amounts of oil from Russia. Meanwhile, the Modi government is irritated by the criticisms made by certain members of the Biden administration and the U.S. Congress regarding the deterioration of Indian democracy.

Finally, true to its tradition of strategic autonomy, India is reluctant to align itself entirely with the United States, despite American requests. India considers that such an alignment would pose two major risks: first, that of becoming increasingly dependent on the United States; and second, that of being a pawn in the U.S.’s anti-China strategy, thus becoming increasingly exposed to the PLA’s pressure in border areas. India is thus maintaining its policy of strategic autonomy, making room for the strengthening of relations with the European Union (EU).

Relations between India and the European Union

Indian leaders have sought rapprochement with the EU since 2020. The series of summits and high-level visits between the two parties testify to a common desire to relaunch the partnership and to aim for ambitious goals. Brussels and New Delhi thus resumed negotiations on a trade and investment agreement in 2021 and established a Trade and Technology Council in 2022 (previously, the United States was the only country to have such a Council with the EU). The two sides have also signed a Connectivity Partnership targeting the digital, transport, and energy sectors, making India one of the EU’s key partners in its efforts to find a role in the Indo-Pacific.

In short, while it still faces pressure from the PLA in border areas, India is taking advantage of the growing polarization between major international players. All of these players—the United States and the EU on the one hand, and Russia and even China on the other—are attempting to curry favor with New Delhi. India is exploiting this situation to the fullest,

wagering that the United States and the EU are so desperate to increase their cooperation with India that they will put up with its Russia policy and the erosion of its democracy. Thus, the EU and the United States would benefit from coordinating their message to remind the Modi government in a discreet but systematic manner that their respective desires to make India a privileged partner and a major power in the Indo-Pacific are only meaningful and viable if India remains a liberal democracy that respects fundamental human rights.

An Ifri publication for further reading:

Sana Hashmi, [“India-Taiwan Ties: A Case for Stronger Partnership”](#), *Asie.Visions*, Ifri, No. 125, November 2021.

The Middle East Embroiled in Sino-American Competition

Jean-Loup Samaan

In March 2023, China announced, to widespread surprise, that it had brokered a reconciliation agreement between Saudi Arabia and Iran. This unprecedented act of mediation by Beijing in the Middle East abruptly revealed China's ambitions in the region. Most importantly, it indicated an extension of the "cold war" between Beijing and Washington to the Middle East. Until this point, the region seemed to have been spared the effects of Sino-American competition, which had primarily played out in East Asia, with China free to establish economic and political ties with Washington's closest partners in the Middle East, from Israel to the Gulf States.

However, the deterioration in U.S.-China relations under the presidencies of Donald Trump and now Joe Biden has led American leaders to become increasingly wary of China's expansion in the region and to call on their partners in the Middle East to pick a side.

Chinese Expansion in The Middle East

Over the 2010s, trade between the Middle East and China grew continuously. China's economic growth relied on intense consumption of hydrocarbons, and Arab countries accounted for close to 50% of China's oil imports, with Saudi Arabia the primary source. With Xi Jinping's rise to power in 2013, and the launch of the Belt and Road Initiative, a new impetus was given to Chinese economic activity in the Middle East: Chinese operators became omnipresent in the development of infrastructure in the region. COSCO now controls 90% of container terminals in the port of Abu Dhabi. Chinese capital is also flowing into Duqm, a tiny Omani port on the Arabian Sea. In Israel, a large proportion of local infrastructure is developed in collaboration with Chinese companies: for example, the Carmel Tunnels, the Acre-Karmiel railway, or the ports of Ashdod and Haifa.

Beijing also places great importance on the digital sector: Huawei opened a research and development center in Israel in 2004 and has since purchased several major Israeli cybersecurity companies (including Toga Networks and HexaTier). Huawei is also responsible for the development of the 5G network in all the countries of the Gulf Cooperation Council.

While this rapprochement appears at first glance to be driven by economic considerations, strategic motivations are certainly at play too. In the military domain, China remains a minor actor in the Middle East, though its ambitions are growing, particularly in the Gulf. Its industry is already exporting equipment that the Americans refuse to sell to the Middle

East, such as armed drones (Saudi Arabia, United Arab Emirates (UAE)) or ballistic missiles (Saudi Arabia, Qatar). Moreover, Abu Dhabi has finalized the purchase of twelve *L-15* light combat aircraft from China—a first in the region.

The American Response

For a long time, the United States ignored China's expansion in the Middle East. It was not until 2018 that the Trump administration grasped the full scope of this phenomenon. The arrival of Chinese companies in the port of Haifa that year perturbed the U.S. Navy, which threatened to stop docking there.⁸ The Israeli authorities attempted to assuage these concerns by emphasizing that in no circumstances would the security of the military section of the port be compromised by the Chinese presence.

Joe Biden's accession to the presidency in January 2021 did not calm things down—rather, it increased friction between Washington and its allies. With the UAE in particular, tensions have been rising: in autumn 2021, Washington condemned what it saw as the secret construction of a Chinese military base in the port of Abu Dhabi.⁹ Negotiations on the sale of *F-35s* to the Emiratis were then put on hold.

Not only has the United States urged its local partners to distance themselves from China, but it has also embarked on new initiatives aiming to contain Beijing's influence in the Middle East. In October 2021, the "I2U2" group was established—a forum bringing together India, Israel, the UAE, and the United States. The Americans and the Indians have not hesitated to speak of a "Middle Eastern Quad" in reference to the Washington-led initiative. But the resolutely anti-Chinese tone of this new "Quad" has made things awkward for the Israelis and the Emiratis, who are keen to preserve their ties with Beijing.

Despite pressure from Washington, the countries of the Middle East are desperate to avoid the dilemma of having to choose between America, an ally that is vital for their security, and China, an essential partner for their prosperity. This is why, as yet, none of these countries have responded to Washington's demands. Although Israel has decreased its volume of trade with China since 2018, it has no intention of terminating existing contracts. In the Gulf, the strategies vary: Kuwait and Bahrain, the states most dependent on the U.S. military presence, are keen not to upset Washington, while Saudi Arabia and the UAE continue to attract Chinese investment. By accepting Chinese mediation on the Iranian issue in

8. M. Wilner, "U.S. Navy May Stop Docking in Haifa After Chinese Take Over Port", *The Jerusalem Post*, December 16, 2018.

9. G. Lubold and W. P. Strobel, "Secret Chinese Port Project in Persian Gulf Rattles U.S. Relations with U.A.E.", *The Wall Street Journal*, November 19, 2021.

March 2023, Riyadh has gone even further, signaling to the White House that it no longer believes in the monopoly of American leadership.

What About Europe?

Faced with this “cold war” climate that is taking hold of the Middle East, Europe is seen by the countries in the region as a potentially attractive partner, in that it does not impose the same kind of conditions as the U.S. does. In May 2022, the implementation of a new EU “strategic partnership” with the Gulf was positively received in the region. On a bilateral level, France has been one of the main winners: the purchase of eighty *Rafales* by the UAE, whose negotiations on the *F-35* are on hold, is no coincidence. It underlines the desire of Arab leaders to establish an alternative, if not non-aligned, policy allowing them to avoid the effects of Sino-American competition.

An Ifri publication for further reading (in French):

Jean-Loup Samaan, [“L’Arabie Saoudite face à la compétition sino-américaine. La tentation du pivot de Mohammed bin Salman”](#), *Briefings de l’Ifri*, Ifri, March 8, 2023.

Sub-Saharan Africa, a Secondary Front of Sino-American Competition

Alain Antil

Since the end of the nineteenth century, sub-Saharan Africa (SSA) has been integrated into globalization according to three different modalities. The first modality, which lasted until the 1960s, was colonization by various Western European nations, which few SSA countries managed to avoid. In addition to military domination, this period was characterized by SSA countries' quasi-exclusive economic relations with European metropolises.

The second modality was that of the Cold War. SSA was a theater of confrontation between the two camps, which supported different authoritarian regimes. The two leaders of their respective blocs—the United States and the Soviet Union—were assisted by allies (including France and the United Kingdom for the former, and China and Cuba for the latter) and established ties with African countries rooted in geopolitical clientelism. This period was marked by strong correlation between economic relations, security relations, and cooperation. Some non-aligned countries succeeded in maintaining relations with both blocs.

The third modality emerged following the end of the Cold War and has gathered pace since the turn of the twenty-first century. New partners (the Gulf States, Asian countries, Turkey, Brazil, European countries without a colonial past, etc.) have opened embassies and developed policies and forms of cooperation with the countries in the area, enabling the latter to diversify their alliances and escape certain dependencies. This period is characterized by democratization, economic growth, and greater cooperation between powers that were previously rivals. For example, we have seen China purchase Western companies, as well as China and the West cooperating in the fight against piracy around the Horn of Africa. Security cooperation and economic ties are no longer as closely correlated as they once were.

Despite these evolutions, the vast majority of SSA countries continue to be suppliers of raw materials, while importing manufactured goods. They are therefore highly dependent on their capacity to export a very limited range of products.

China in Africa, an Unavoidable Presence in the Twenty-First Century

The United States and China have been key partners of SSA for decades. The People's Republic of China (PRC) has developed a dynamic form of diplomacy since the decolonization of the region in the mid-twentieth century, attempting to convince the countries in the area to renounce their recognition of Taiwan. It

supported certain independence movements during the Cold War, but with limited resources, since it was still a developing country itself at that stage. Since the late 1990s, the PRC has encouraged its companies to conquer foreign markets, started to become “the world’s factory”, and become increasingly dependent on energy and mineral resources from SSA. It has gradually developed into the region’s leading trade partner, its main bilateral creditor, one of its biggest buyers of mineral resources, and an increasingly important actor in certain key sectors: infrastructure, telecoms, and “critical” raw materials for the decarbonization of the economy. All the while it has developed its soft power around several mantras: the PRC does not give lessons on good governance to SSA countries; it too is a country from the “Global South” that experienced colonization; and it is working toward a “multipolar” world, rather than one dominated by “Western imperialists”.

Washington’s Reinvestment in Africa to Counter Moscow and Beijing

The United States has been a major political player in SSA since the end of the Second World War, supporting official development assistance in “underdeveloped” countries (speech by President Harry S. Truman in 1949), calling for “decolonization”, then becoming the Western leader in SSA during the Cold War. After the collapse of the Soviet Union, different preferential trade agreements were implemented to stimulate trade, including the African Growth and Opportunity Act (2000). However, security investment fell sharply from the first decade of the twenty-first century onward. While the density of cooperation/training with various SSA countries remains high, direct military interventions have been limited to special forces operations. The Trump era marked Washington’s relative diplomatic divestment in SSA, caused among other things by the United States’ growing self-sufficiency in oil products.

Since Joe Biden took up the presidency, a revival of US activism has been visible (in the areas of health, trade, and climate, among others), with increasingly aggressive discourse aimed at Russia (for example, the current campaign against the Wagner Group), but also China. Among the angles of attack against Beijing, American leaders have criticized the re-indebtedness of African economies to the PRC and the forms of dependence this entails; Chinese companies’ non-compliance with environmental and social standards; the practice of tied aid; and corruption. The Democratic Republic of the Congo, which some Congolese observers have nicknamed “the Saudi Arabia of the electric vehicle era”, is one of the SSA countries where Sino-American competition is most intense. Washington is also concerned by China’s growing security investment in Africa, taking umbrage at its opening of a military base in Djibouti; the appearance of Chinese private security companies; and China’s plans to open a second military base in Africa, this time on the Atlantic coast.

What Position Should Europe Adopt?

While the Beijing Consensus appears to have gradually supplanted the Washington Consensus in SSA, this area remains a secondary arena of competition between the two great powers. Europe must recognize that SSA has entered a new geopolitical era, where competition is set to replace collaboration. Russia has been the primary focus of attention in the last few years, but we ought to be wary of the PRC's African policy too. Control of critical infrastructure (ports, airports, telephone networks, etc.), gains made in access to key minerals for the future, and the continuation of “grand corruption” are all elements that should concern us. Europeans need to snap out of their naivety. Is it reasonable for Chinese companies to obtain contracts linked to official development assistance from European countries, when the inverse would be unimaginable?

An Ifri publication to go further :

Alicia Garcia Herrero, Alain Karsenty, Johanna Malm and Thierry Pairault, [“Les influences chinoises en Afrique. 2. Mythes et réalités des relations économiques”](#), *Études de l’Ifri*, Ifri, October 2022.

Germany, France, and the Sino-American Rivalry

Éric-André Martin

The Sino-American rivalry affects the European Union (EU) in the form of a trade and technological conflict. Sino-American decoupling may have negative effects on European economies, caught between American sanctions and Chinese retaliation. The combination of this geoeconomic pressure with more traditional protectionist measures contributes, moreover, to weakening the multilateral trading system.

Four years after President Macron staged European unity by receiving Xi Jinping in Paris in the presence of Chancellor Merkel and the president of the European Commission, has the EU managed to define a common approach, allowing it to respond to the challenges of commercial competition and technological security, which have been exacerbated by the Sino-American rivalry?

Over these four years, no significant progress has been made in developing a common, coordinated European approach. What is more, the war in Ukraine has damaged the competitiveness of European economies and brought a new security and diplomatic dimension to relations between the EU, China, and the United States.

The War in Ukraine as Seen from Paris and Berlin

Ever since the war in Ukraine broke out, public debate in Germany has centered around the notion of *Zeitenwende* (end of an era), a term coined by Chancellor Olaf Scholz in his address to the Bundestag a few days after the Russian invasion. Berlin has faced the need to break free of its dependence on fossil fuels, in particular Russian gas.

In this context, the perception of the challenges linked to the Sino-American rivalry differs on either side of the Rhine. This is primarily due to France and Germany's differing levels of exposure to risks: for Berlin, which must break free of its dependence on Russian gas, opening a second front with China is not an option, as the Chinese market is an essential outlet for the German economy. In 2019, Germany accounted for 48.5% of EU exports to China. Germany's market share in China is 5.1%, compared to 1.5% for France.

Franco-German Relations: Between Affirmation of a European Ambition and Bilateral Competition

The coming into power of the coalition led by Chancellor Scholz in autumn 2021 has not yet led to a common Franco-German approach to Beijing and Washington. There are two reasons behind this. First, the war in Ukraine has put the issues of collective security and the provision of military aid to Ukraine at the top of the agenda. This has changed these countries' relations with the United States, which has asserted its leadership in the coordination of Western aid to Ukraine. Second, the coalition in power in Berlin is working on defining a national security strategy and a China strategy, in order to translate into governmental action the more assertive language contained in the coalition agreement. The laborious negotiations between ministries have delayed the adoption of this strategy. At the same time, the government's decisions to allow the Chinese company COSCO to buy a 24.9% stake in a terminal of the port of Hamburg and to block the sale of one of Elmos Semiconductor's chip factories to the Swedish subsidiary of the Chinese company Sai Microelectronics relativizes the importance of such a strategy.

Meanwhile, Paris is taking stock of its dependencies on the Chinese market, which are limited to a few strategic sectors, and favors a strategy of risk reduction based on the reshoring of certain industries. Although the EU is strengthening its toolbox of trade defense instruments around the principle of open strategic autonomy, it has not managed to put forward a model of its own that might allow it to resist the United States' insistence on decoupling with China, while protecting itself from geoeconomic risks coming from the Chinese side. Beijing's use of economic coercion against Lithuania on the one hand, and the agreement between the United States, Japan, and the Netherlands to impose restrictions on the export of semiconductor manufacturing equipment to China on the other, are a cruel demonstration of this.

Despite the EU's aim of projecting an image of unity, the prevailing impression is one of competition between the European capitals, as demonstrated by the German chancellor's solo visit to Beijing in November 2022, with the French president and the Italian prime minister set to follow suit in April this year.

The war in Ukraine has changed Europe's position within the Sino-American rivalry. China's announcement of a "no limits" partnership with Moscow was a wake-up call for Europe regarding the risks posed by Beijing's position, prompting European countries to strengthen their ties with Washington, which has established itself as the guarantor of their security. As they consider how to organize their economic relations with China while at the same time strengthening the protection of national security, European capitals are exposed to intense pressure from

Washington, which will become even stronger if sanctions against China are to be imposed in response to possible arms shipments to Russia. Moreover, the Biden administration's determination to strengthen the position of the American economy in the competition for green technology, throughout the entire production chain, places the question of the competitiveness of European industry at the center of the debate. This is an essential debate, as reflected in Josep Borrell's remarks in November 2022 that the EU's dependence on China for its green transition strategy is greater than its dependence on Russian fossil fuels.

An Ifri publication for further reading (in French):

Detlef Puhl, [“L’Allemagne, le changement d’époque et l’avenir de l’OTAN”](#), *Visions franco-allemandes*, No. 33, Ifri, August 2022.

Summary of Recommendations for the European Union

The Underlying Factors of the Sino-American Rivalry

Topics	Recommendations for the European Union (EU)
China's America policy	1) The EU must take heed of China's desire to remodel the international order; 2) Without falling into line with the American position, France and Germany must clarify their position on China in order to gain credibility.
The United States' China policy	1) The EU must pursue negotiations with the United States in order to obtain a relaxing of measures that it considers to be protectionist and which may harm European companies or lead them to move their investment to the United States; 2) It is important to continue to develop measures supporting the green transition in Europe (à la the Green New Deal).
International trade	1) Europe must enter into a dialogue with the United States with the aim not of breaking away from China and isolating it completely, but rather of reducing dependencies on China in order to limit potential vulnerabilities. The establishment of the EU-US Trade and Technology Council (TTC) should enable progress in this direction; 2) While the TTC has proven to be useful in coordinating sanctions against Russia, the EU must recenter the TTC's work on fields of transatlantic cooperation, for example by emphasizing issues related to the digital transition.

<p>Industry</p>	<p>Europe must undertake major innovation and investment projects to adjust its industrial offer in relation to its Chinese and American competitors. Thus, a comprehensive reflection, centered on the improvement of European industrial competitiveness, and on the means to finance it and protect it from unfair or predatory competitive practices, must be carried out at the EU level.</p>
<p>The Indo-Pacific</p>	<p>1) The EU must maintain its internal cohesion and coordinate its action with its American ally and its Asian partners; 2) It should offer Indo-Pacific nations a credible “narrative” focused on the needs of the region’s countries and on areas where the EU can offer real added value (standards and norms, infrastructure financing, cyber-governance, production chain resilience, maritime security); 3) The EU should learn to engage in forms of cooperation that may be unusual to Europeans, in particular “minilateral” cooperation, a favorite of Asian nations; 4) The EU should further strengthen its political-military presence and visibility in the Indo-Pacific by joining organizations and coalitions with which it aligns to varying degrees on security, the economy, technology, or governance.</p>
<p>Taiwan</p>	<p>1) European leaders must strengthen—and harmonize—a dissuasive discourse toward Beijing, reminding it that a unilateral change to the status quo would be unacceptable; 2) It is also up to Europe to call for moderation in the American domestic debate on China, which could itself lead to excesses; 3) The question of military engagement within a coalition must also be posed, in particular in regions neglected by the United States, for example in the Indian Ocean.</p>

The Battlegrounds

Topics	Recommendations for the European Union (EU)
Digital Technologies	<ol style="list-style-type: none">1) France and Europe must lay out their position on the possible economic and security risks posed by American and Chinese technologies and their growing penetration in Europe;2) European companies and governments must invest heavily in key digital sectors such as artificial intelligence, cloud computing, and edge computing. For the American and Chinese giants, the development of technologies often involves open-source, which is something European companies do not use enough, given that it accelerates the development and dissemination of technologies.
Semiconductors	<ol style="list-style-type: none">1) It is important to strengthen analysis and coordination capabilities at the European level in order to identify the risks linked to the export of certain technologies (in particular to China) and to explore the relevance of new export controls;2) In order to avoid a costly subsidy race, it is important to strengthen transatlantic discussions on this subject within the Trade and Technology Council and to define the scope of the commitment to greater "reciprocal transparency" on semiconductor subsidies set out in December 2022.
Space	<ol style="list-style-type: none">1) In order to maintain its place as a space power, but also its influence and its ability to promote its own vision of space governance, Europe must maintain and strengthen its autonomy in access to space, surveillance and tracking capabilities, Earth observation, and space-based telecommunications;2) Europe must clarify its space ambitions in order to achieve greater efficiency in the allocation of resources and in the realization of its programs.

<p>Energy</p>	<p>1) The European Commission ought to develop a new gas strategy, adapted to the acceleration of the European energy transition, that establishes a realistic demand trajectory with various scenarios that consider different nations' import needs;</p> <p>2) Given Europe's vulnerability regarding hydrocarbons, a strengthened and simplified industrial policy for low-carbon technologies seems essential, as is the search for solutions to the internal tensions over nuclear and hydrogen, which are weakening Europe.</p>
<p>Climate and the Environment</p>	<p>1) The UE developed a critical dialogue with China on issues such as enhancing transparency and accountability standards to guarantee a level playing field, adopting standards for reducing energy consumption in the digital sector, moving to sustainable aviation fuels, fighting imported deforestation and methane emissions; 2) The EU should also gear its Global Gateway funding towards partnerships with key actors in raw materials and clean energy production, push forward with the implementation of Just Transition Partnerships and be a driving force for the establishment of an international green taxonomy and green trade rules. The EU also needs to be a global force in pushing for energy and resource sobriety, especially in discussions with large consumers like the U.S.</p>
<p>Critical Raw Materials</p>	<p>Europe must push back against trade protectionism in Washington, consider partnerships with mineral-rich countries that also account for local development concerns and pursue environmentally and socially responsible mining, explore joint investments into extraction and processing with consumption-side partners such as Japan, Korea, the UK and the U.S., and ultimately work toward optimizing mineral demand, production and recycling through inclusive multilateral efforts that, for the sake of the planet, will also need to include China.</p>

Third Parties in a Tight Spot

Topics	Recommendations for the European Union (EU)
The China-Russia axis	<p>1) The EU must maintain a critical distance from the rhetoric of a “no limits friendship” between Moscow and Beijing (which is primarily aimed at deterring the West, and which has serious limitations due to the growing asymmetry in favor of Beijing);</p> <p>2) Europe must identify and condemn China’s true position on the war in Ukraine, behind the ambiguities and contradictions of its discourse;</p> <p>3) European leaders must hold Beijing to its discourse of neutrality, in order to prevent any Chinese military support for Russia in the Ukrainian conflict.</p>
India	<p>The EU and the United States would benefit from coordinating their message to remind the Modi government in a discreet but systematic manner that their respective desires to make India a privileged partner and a major power in the Indo-Pacific are only meaningful and viable if India remains a liberal democracy that respects fundamental human rights.</p>
North Africa and the Middle East	<p>1) It is important to recognize that the Sino-American rivalry risks marginalizing European interests in the region;</p> <p>2) The EU must implement a European infrastructure investment strategy in the Middle East and North Africa that highlights the EU's comparative advantages.</p>
Sub-Saharan Africa	<p>1) It is vital to recognize that sub-Saharan Africa has entered a new geopolitical era, with competition replacing collaboration;</p> <p>2) The EU must snap out of its naivety (for example, Chinese companies are obtaining contracts linked to official development assistance from European countries, but the same is not true the other way around);</p> <p>3) The EU, to break its dependence in the field of critical raw materials necessary for the energy transition, must promote mining champions.</p>



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