

DEBATE

Karl Kaiser, Senior Associate of the Project on Europe and the Transatlantic Relationship, Belfer Center for Science and International Affairs, Harvard University

We have about a quarter of an hour for the debate so there is some time for short questions from the audience and short answers.

Ebtesam Al-Ketbi, President and Founder of the Emirates Policy Center

This competition between China and the United States was discussed at the Bratislava GLOBSEC security conference with a debate between an Eastern European and Western European. Among the comments, it was said that when it comes to money, the United States does not give any money or importance to Eastern Europe, and it asked but it has never been given the chance to meet the President. China, on the other hand, comes with money and will give it anything it asks for. It is the same in the Gulf states where we have the same dilemma. Nowadays, with the new alignment, the United States wants us to give everything, but the US will give nothing in return, and it wants us to turn our backs on China. This is the dilemma, while you have your economy, the Chinese are able to help but the Americans are not willing to help in economic terms or even with military protection, the Americans are moving away from the region. If Western Europe and the Gulf states were to choose between these two countries, then this is a question that has to be debated.

Karl Kaiser

Thank you. Eastern Europe was addressed, so Bogdan you can start.

Bogdan Klich, Senator in the Polish Parliament, Chairman of the Foreign and EU Affairs Committee in the Polish Senate

Thank you very much for this question because it is important to underline this difference between the approach of the United States and the European Union towards China. In Europe, we say that China is challenged when Russia is a threat and there is a difference between, for example, the opinion introduced in the United States' national security strategy from 2018. The specific challenge for the countries of Central Europe, that is the former 16+1, now 15+1, after the Lithuanian government decided to withdraw from this 16+1 format, after the confrontation with China over Taiwan's involvement with Lithuania. The majority of Central European countries decided to weaken their relations with China and not go as far as Hungary's Prime Minister Viktor Orban did by involving his country and economy in full cooperation with China including banks and Chinese capital instead of many other European partners. Within the European Union we try to have a common approach to China although I try to describe those two positions, that of Lithuania's government and Hungary's government.

Karl Kaiser

Thank you. Jean-Claude.

Jean-Claude Gruffat, Chairman of the Competitive Enterprise Institute, member of the Leadership Council of United Way Worldwide

Before leading a think tank in Washington and participating in another one, as some of you know, I was a banker for many years, and I worked for Citibank. Between 2010 and 2014, I was based in New York covering the emerging markets and talking to companies to see how we can help to provide banking services around the world. I visited many countries like Pakistan, Algeria, Central America, and surprisingly Chinese construction companies everywhere were often Citibank clients. They were Citibank's clients because they did not want to deal with the local banks, which were often disorganized or corrupt. They did not want to work with European banks because they often represented the old colonial powers and they were willing to work with us because we were the alternative, not of choice but the non-choice of the other ones. Having said that, I remember some conversations very well where we would ask how business was and they would say that Chinese companies come, are very aggressive on the commercial side and offer very attractive terms. We would give them the contract and then the problems started with delays, cost overruns and the fact that they do not create jobs because they bring in their own workers and then take them away once the contract is over. At the end of the day, you have a situation where you do not get what you want, you pay too much for it and you get into debt. Look at what happened in Malaysia, which is a very good example. It was part of the bridge and road project for China and ultimately, they pulled back and that happened with other countries too.

Ana Palacio, International Lawyer, former Minister of Foreign Affairs of Spain, former Senior Vice President and General Counsel of the World Bank Group

I think that we Europeans and, in this case, you from the Gulf states should not be so self-flagellating. It is true that there are strings attached to our cooperation, always including human rights, etc., on our side. But we have to remind our partners in Africa and all over the world that China also has strings attached. It does not just bring in workers but there is also usually a barter exchange where they build a stadium and want the production from some mines, and this is what is behind it. We can see in Sri Lanka and other places they have taken control of ports, big infrastructures, in exchange for loans or for money. Again, we have a lot of issues, but we have to be very clear that with China it is not just a case of giving money without any strings attached. They do not give money and in the end, there are strings that are even more difficult to handle than the ones we put on the table from the start.

Karl Kaiser

Thank you, Ana. I may ask Wang Jisi in a moment, but Zaki you go next.

Zaki Laïdi, Senior Advisor to the High Representative and Vice President of the European Commission, Professor at Sciences Po

From a European perspective, I think the way we deal with China is quite smart in the sense that our strategy defines our position vis-à-vis China as a partner, competitor, and strategic

rival. Nobody mentioned the fact that that is exactly the position that has been officially adopted by the North American administration; the wording is exactly the same. I am not saying that the policy is necessarily conducted along those lines, but the way we behave vis-à-vis China is hedging in a smart way. There are areas in which we have to cooperate with China, where it is indispensable and very important for the international order, for example on climate change and even the JCPOA, and the Chinese are playing a positive role in this area. We have divergences and in the discussions we have had with our Chinese counterparts they have said, "We are partners but not rivals, so please stop the idea of rivalry". No, there is a rivalry with China because there are strong differences in terms of values and even in terms of interests. In my view, concerning the 16+1, I would prefer that all members of the European Union talked to China from within it; there is no need for a specific subsystem of relations between Europe and China.

Karl Kaiser

Thank you very much. Jisi, would you like to comment on China's policy vis-à-vis the European Union and the United States in this context?

Wang Jisi, President of the Institute of International and Strategic Studies at Peking University

Yes. I think that the Chinese approach to Europe is different from its approach to the United States. In Chinese eyes, the United States is the major problem but will be less and less of a problem. They are only [inaudible] each other denouncing China's human rights record and some European powers even join in that space and thus are doing some military events in the South China Sea. Then as we see some European countries being closer to Taiwan than before, these actions have alienated Europe from China. My point is China is not as angry towards the Europeans as to the Americans. The strategy, to put it bluntly, is to drive a wedge between the European Union and the United States but whether they do so or not, I am not too sure. On the one hand, China's actions are not so much assertive or aggressive; China's rhetoric is very much assertive and aggressive. This rhetoric is for China's domestic audiences but they find it difficult to distinguish between China's domestic purposes and this international propaganda. This is a problem. Thank you.

Karl Kaiser

Thank you very much. Unfortunately, time is up, and the Chairman reminds me that we should stick to the time because there are more events to follow. First of all I would like to thank the panel for their contributions and I would like to conclude with a word of caution on what we have said. Despite your relevant point that there is a great deal of continuity between the present administration and the previous one and the point was made very well indeed by Richard Haas in this very readable piece. However, the uncertainty of American domestic politics is a fact and we do not know what America will look like in 2022 and 2024. There may be a return of what we had before and what consequences that will have for the transatlantic relationship, for multilateralism, for relations with China, I am sorry to say is unpredictable at this point. There is this point and it was made in an earlier discussion by Pierre Jacquet, there is always something unforeseen around international politics and it may happen again. In any case, at this stage I think we can say that a new geopolitical structure is emerging. The



Europeans are challenged to play a role in affecting this structure and it poses enormous pressure on the Europeans themselves to get their house in order.

With that, I would like to thank the panel and close the session.