

Stronger Together: NATO's Evolving Approach toward China

By **Nada Kovalčíková** and **Gabrielle Tarini**

The rise of China poses a strategic challenge for the North Atlantic Treaty Organization (NATO). The Alliance needs a comprehensive political, economic, and security strategy to deal with China's growing global power. The more assertive a role China plays in world affairs, the more it could undercut NATO's cohesion and military advantages by translating commercial inroads in Europe into political influence, investing in strategically important sectors, and achieving major breakthroughs in advanced digital technologies.

NATO Secretary General Jens Stoltenberg has repeatedly emphasized the need for NATO allies to assess and better understand the implications of China's increased presence and activity in the North Atlantic.¹ At their London meeting in December 2019, NATO leaders noted that "China's growing influence and international policies present both opportunities and challenges that we need to address together as an Alliance."² At the 2020 Munich Security Conference in February 2020, China again featured prominently in the discussions. Plenary sessions and many of the side sessions focused on China, with US House Speaker Nancy Pelosi, Defense Secretary Mark Esper, and Stoltenberg all highlighting the role for transatlantic cooperation in addressing China's rise.³

This policy brief examines the challenge that China presents for NATO and the importance of a common posture toward China. It also considers China's perception of NATO as a stumbling block to its global ambitions, and it provides recommendations for how the Alliance should approach China moving forward.

China's Rise and Its Implications for NATO

China has used its growing economic, political and military capabilities to pursue an increasingly assertive foreign policy, and NATO has rightly begun to assess the implications for the Alliance. As the secretary general remarked in December 2019, "This is not about moving NATO into the South China Sea, but it's about taking into account that China's coming closer to us, in the Arctic, in Africa, investing heavily in our infrastructure, in Europe, in cyberspace."⁴

China's increased involvement in European allies' economies poses a challenge to NATO's political cohesion. China's annual foreign direct investment (FDI) in Europe has grown exponentially since 2008.⁵ Europe is also one of the most important destinations for China's Belt and Road Initiative (BRI), a global development strategy initiated by China in 2013. Last spring, Italy became the first G7 country to join BRI, while Greece joined China's "17+1 grouping," an initiative aimed at enhancing ties between China and Central and Eastern Europe.⁶

Chinese commercial inroads today can lead to wider political influence tomorrow, which well may be China's objective. An analysis from the Mercator Institute for Chinese Studies, for example, contends that China "incentivizes state-led Chinese banks as well as State-Owned Enterprises (SOEs) to fill financing or investment gaps in EU member states and accession countries in exchange for political support for Chinese positions, such as on territorial claims in the South China Sea or human rights."⁷ Most recently, during the COVID-19 pandemic, China has attempted to make political

inroads in Europe through “mask diplomacy.”⁸ China is widely publicizing its provision of medical masks and critical health equipment to affected European states and promoted false narratives over Chinese state media Twitter accounts (such as claims that COVID-19 actually began outside of China).⁹ These actions have helped China deflect criticism of its initial response to the virus and elevate its image in Europe as a global humanitarian player.

NATO allies also face pressure to address Chinese companies’ investments in Europe’s strategic sectors such as telecommunications, energy, transportation and ports. Chinese investments in these sectors have direct security implications for the Alliance, as it depends on national critical infrastructure to execute its activities and missions. For example, national telecommunication networks that are hacked or disrupted by foreign governments could threaten NATO networks such as the Federated Mission Network that are critical to command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) and allied decisionmaking.¹⁰ 5G equipment made by companies with obscure ownership structures and close ties to the Chinese Communist Party “could use well-concealed kill switches to cripple Western telecom systems” during conflict, or even during peacetime.¹¹ Moreover, the protection and integrity of digital information is also critical to secure force mobilization and plans for reinforcement. Civilian roads, ports and rails are an integral part of NATO’s plans for military mobilization. Chinese investments in European ports and rail could complicate NATO’s ability to reinforce and resupply Europe in a warfighting scenario. Currently, Chinese SOEs have invested in 12 ports in seven NATO countries that are key for military mobility planning in the east, south and southeast of NATO.¹²

Finally, China’s advances in the field of artificial intelligence (AI) threaten to undermine NATO’s current military and intelligence advantages. China’s “New Generation AI Development Plan” calls for China to “catch up on AI technology and applications by 2020, achieve major breakthroughs by 2025, and become a global leader in AI by 2030.”¹³ China sees AI as a way to leapfrog—in other words, skip—a generation of military technology.¹⁴

NATO relies on individual members to incorporate AI into their national defense capabilities. However, if all do not master and integrate this technology at the same pace, it may erode decades of work to strengthen interoperability. Moreover, European technologies to run AI operations—including robotics and efficient electronic chips such as Dutch ASML semiconductors—are in high demand in China. If foreign state-backed companies were to acquire this technology, with its dual commercial and military applications, it would cause serious security concerns for the Alliance.¹⁵

China’s Perception of NATO

Generally, Beijing views NATO as a stumbling block to its global ambitions. As Adam Liff’s work on China and the U.S. alliance system has shown, Beijing expresses “deepening frustration towards, and even open opposition to” America’s alliances.¹⁶ China has not yet publicly expressed its vision of an alternative international system—and indeed scholars vigorously debate China’s long-term strategic objectives—but it is clear that China believes it can exercise greater influence on the world stage if power is more broadly diffused.¹⁷

China’s efforts to date seem to have focused largely on driving a wedge in U.S. alliances in the Indo-Pacific, but China would undoubtedly welcome a fractured transatlantic relationship, where US and European threat perceptions and policy priorities increasingly diverge.¹⁸ As a recent analysis of China-Europe relations noted, China wants to “weaken Western unity, both within Europe and across the Atlantic.”¹⁹ Consequently, it prefers to deal with European states individually rather than through the European Union’s collective leadership. Thus President Xi Jinping was likely displeased when French President Emmanuel Macron unexpectedly invited German Chancellor Angela Merkel and European Commission President Jean-Claude Juncker to join his bilateral meeting with China in March 2019.²⁰ China also seeks to fragment EU unity on economic issues and trade, criticizing it for “politicizing” economic and trade issues in its Policy Paper on the European Union.²¹ China knows that NATO has neither robust tools nor a legacy of regulating political economy issues. China’s use of this narrative contributes to internal tension within the Alliance between those who guard against NATO’s involvement in these areas, especially since 21 EU members are also NATO allies.²²

In sum, a united NATO and a cohesive transatlantic relationship thwart China’s desire to increase multipolarity in the international system, while a fractured NATO enables China to play Europe off America and Europe off itself.

Recommendations

Developing a united stance toward China will require NATO to synchronize regional priorities. It will also need to strengthen partnerships with other institutions and countries, given that much of what needs to be done currently falls outside NATO's core competencies. NATO could strive for greater cohesion toward China in three areas: politics, military and technology.

Political Recommendations

To date, there is little evidence that NATO allies are coming closer to a solid political consensus on how to address China's rise.²³ In order to operationalize allies' views in the London Declaration on the "opportunities and challenges"²⁴ that China's growing influence presents and limit its ability to undermine transatlantic cohesion or make further political inroads in Europe, NATO should do the following:

- Consistently coordinate allied efforts to ensure that Chinese initiatives, such as the BRI or the 17+1 grouping with Central and Eastern European countries, do not allow Beijing to gain political support for Chinese positions, such as on human rights or territorial claims, and drive wedges between allies.
- Increase cooperation with the EU on screening and assessing Chinese FDI in allied critical infrastructure and advanced technologies, which rely heavily on sensitive data. NATO should contribute to defining key criteria on FDI in domains with dual civilian-military applications.
- Encourage allies to make full use of their existing screening mechanisms for foreign investment and encourage those that do not have one to set it up.²⁵ NATO's EU allies should also systematically implement the EU's foreign investment screening mechanism in order to mitigate the risks of foreign investors acquiring control over critical technologies, infrastructure, or sensitive information with potential security implications to all NATO allies. Increased transparency about Chinese FDI in critical infrastructure across NATO would help to mitigate the potential impact on NATO's overall political cohesion.
- Enhance NATO's political partnerships with Indo-Pacific countries, especially with Australia (within the "Enhanced Opportunities Partner" framework²⁶ or other tailored platforms) and Japan to strengthen interregional engagement and expertise. Such partnerships could inaugurate a new consultative body, which could pave the way for more coordinated planning and intelligence sharing.²⁷

Military Recommendations

It would be difficult and inadvisable to reposture the Alliance toward a hypothetical contingency with China: NATO members already have varied preferences over which region should receive priority focus and, with the exception of the United States, do not have the expeditionary capabilities to project power into the Indo-Pacific region. Nevertheless, there are four areas where NATO could improve its posture vis-à-vis China:

- Increased Chinese naval activity in the Mediterranean Sea, Baltic Sea, and the High North, often in collaboration with Russia, is a direct concern for NATO.²⁸ NATO need not make plans to fight China in the North Atlantic. However, as a noted NATO and maritime affairs expert argues, allies must be prepared to "monitor and interact with another growing naval power operating in waters of key interest to the transatlantic alliance."²⁹
- NATO should step up its existing military partnerships with Indo-Pacific countries, in particular in NATO exercises, the Partnership Interoperability Platform, and other capacity building programs.³⁰
- Working with the EU, NATO tabletop exercises should focus on enhancing military mobility in Europe to mitigate against the effects of rising, potentially coercive Chinese investments and to secure a more robust, integrated civilian-military infrastructure.
- NATO allies should continuously assess and avoid investment in Chinese military equipment that would plug into NATO's command and control system.³¹

Technological Recommendations

- NATO allies should coordinate efforts to incorporate AI-based military technologies into their national capabilities in order to avoid duplication and economize.
- The roadmap on disruptive technologies adopted by NATO's Allied Command Transformation in 2018 should guide allies toward increased and better tailored investments in military technology powered by AI, biotechnology and cyber and quantum computing. NATO should also continue to adapt its Defense Planning Process to account for rapid, fundamental technological evolution.³²
- NATO should coordinate its efforts with the European Union in this domain, as AI and other advanced technologies are developed primarily in the private sector and can have both civilian and military applications. EU-NATO collaboration may be hampered by the fact

that not all EU member states or NATO allies have written national AI strategies, and as one analyst notes, “Europe’s political and strategic debate on AI-enabled military technology is underdeveloped.”³³ NATO should encourage all allies to develop their respective AI strategies, while the European Union can guide them by collecting and publishing best practices and encouraging countries to limit potentially burdensome regulations on AI before it is applied. The European Union in collaboration with NATO may also consider establishing an AI Center of Excellence.³⁴

- Cybersecurity in 5G networks is another area where NATO should coordinate its efforts with the European Union. Because this issue concerns mostly civilian networks, NATO does not have robust tools to tackle this problem alone. Thus the European Union and the European Commission in particular should lead in coordinating and implementing action. In its new “toolbox,” rolled out in January 2020, the European Union recommended measures to mitigate the cybersecurity risks of 5G.³⁵ The plan, which could ban suppliers from core parts of telecoms networks if they are identified as “high-risk” vendors, could allow European countries to limit Chinese tech giant Huawei’s role in Europe in the future. NATO allies should not only consider the EU measures when appropriate but also push for more transparency into foreign companies’ ownership structures and state influence. In general, each NATO member should strengthen oversight of telecom network security by creating mechanisms to review contracts between operators and suppliers and conducting national-level audits of the security practices of 5G companies.

In sum, NATO must strive to maintain transatlantic unity in the face of a rapidly evolving technology and global security landscape. As China seeks to divide allied democracies, it is critical for NATO allies, in coordination with the EU and other partners, to address a widening array of emerging economic, political, societal and technological challenges to the Alliance.

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