



NATO NEEDS A CHINA POLICY

Failing to act carries considerable security implications

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NATO today is properly focused on the threat to peace and stability posed by a revisionist and increasingly aggressive Russia. But NATO members also need to recognize China's expanding influence on the European continent and the challenges this presents to the Alliance. In short, NATO needs a policy that addresses China's emerging role as a major geopolitical power in Europe.

There are indications that the Alliance is paying attention. In December 2019, NATO leaders passed the London Declaration, which states, "We recognize that China's growing influence and international policies present both opportunities and challenges that we need to address together as an Alliance." While this was a good first step, much more is needed.

Speaking to NATO partners in August 2019, NATO Secretary-General Jens Stoltenberg said, "This is not about moving NATO into the Pacific. [It] is about responding to the fact that China is coming closer to us." He said it is becoming clear that China is entering a new era of great power competition and will attempt to disrupt the rules-based international order. "We see this in the South China Sea, in cyberspace and in Chinese investments in critical infrastructure," he said. "So, we need to better understand the consequences of the rise of China for our security."

Unlike NATO, the European Union has developed a public China strategy. Published in March 2019 by the European Commission, the strategy involves 10 concrete actions for EU governments to discuss and endorse. It points out that while the economic upside

to dealing with China is evident, it can be harder to see the long-term challenges of growing Chinese influence. The document labels China as a "cooperation partner," an "economic competitor" and a "systemic rival." The EU is clearly taking China seriously, and NATO should do the same.

One argument against establishing a NATO China policy is that it will require sovereign nations to openly discuss sensitive internal issues. This is difficult. As a rule, NATO does not talk about the internal policies of its members and certainly cannot set national policies for its members. What the Alliance can do is talk about threats and offer advice on how certain actions by China can affect the Alliance's collective defense. For example, it is a NATO guideline that members spend 2% of gross domestic product on national defense. While NATO does not set national defense budgets and cannot direct how national budgets are spent, NATO offers that guidance. At the same time, NATO members can discuss and set guidelines related to Chinese activity within the Alliance.

Analysis is scarce regarding the establishment of a NATO policy on China. The divergence between China's statements and its actions regarding Europe need to be examined and the implications for NATO highlighted. The North Atlantic Treaty of 1949 provides an analytical lens through which to view Chinese actions. Four of the 14 North Atlantic Treaty articles are used here to provide a framework for analyzing China's actions.

North Atlantic Treaty, Article 1 – Peaceful Settlement of International Disputes

“The Parties undertake, as set forth in the Charter of the United Nations, to settle any international dispute in which they may be involved by peaceful means in such a manner that international peace and security and justice are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.”

China is publicly touting itself as a responsible global stakeholder that is looking to grow its global trade network, be at peace with neighbors and operate within the current rules-based international order. President Xi Jinping has said, “China will deepen relations with its neighbors in accordance with the principle of amity, sincerity, mutual benefit and inclusiveness, and the policy of forging friendship and partnership with its neighbors.” However, China’s actions in the ongoing conflict in the South China Sea are at direct odds with these public statements.

NATO should closely follow China’s actions and not its words. China’s increasing military assertiveness toward its neighbors in the South China Sea should serve as a warning to NATO members about how China treats other sovereign nations, and its lack of respect for international laws and norms. China is determined to pursue its nine-dash-line strategy of building military facilities to fortify the small islets and shoals of the South China Sea as a pretext for claiming the vast majority of that sea as its territorial waters. China’s nine-dash-line maritime claims extend as far as 2,000 kilometers from the Chinese mainland and come within only several hundred kilometers of its neighbors Malaysia, the Philippines and Vietnam, despite those neighbors’ vociferous objections.

When the Philippine government brought its grievances to the International Court of Arbitration at The Hague in 2016 and subsequently won its case, China refused to back down. China refused to participate in the arbitration process and later rejected the judgment and authority of the court. China further escalated the situation by accusing the Philippines and its treaty ally, the United States, of military coercion by exercising their rights to freedom of navigation in the international waters of the South China Sea. China’s military expansion in that sea serves as a threat to its neighbors and to NATO members who rely on the South China Sea as a vital international transit route for global trade. By aggressively building out militarized islands

across its maritime claim, China hopes to intimidate other nations into acquiescing to its security agenda.

NATO nations associate with one another because they believe in a common heritage — as outlined in the North Atlantic Treaty — of “democracy, individual liberty and the rule of law.” NATO is above all an organization that seeks peace and cooperation among its members and with other nations, and agrees to settle international disputes by peaceful means. China, by failing to resolve territorial disputes with its neighbors through the process of international law, has shown disregard for the conventions of a rules-based international order. China will remain a vital trading and cooperation partner with NATO members. However, NATO nations cannot lose sight of the fact that China is positioning itself to take maximum advantage of its geopolitical aspirations.

Article 1 of the North Atlantic Treaty states that member nations agree “to settle any international dispute in which they may be involved by peaceful means in such a manner that international peace and security and justice are not endangered.” But China is not bound to meet the standards required of NATO members. As a result, there are security implications when China is allowed access and influence within the Alliance. As the sovereign nations of NATO consider their current and future trade, financial and military interactions with China, there needs to be a serious debate about the implications of close China ties.

North Atlantic Treaty, Article 3 – Maintain Capacity to Resist Armed Attack

“In order more effectively to achieve the objectives of this Treaty, the Parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.”of the United Nations.”

China has adopted an active foreign and military diplomatic policy. This policy advanced with the formal announcement of the One Belt, One Road (OBOR) plan in 2013, when China greatly expanded its number of bilateral economic agreements, its military expeditionary capabilities and training with other nations. To this point, President Xi has publicly stated, “China has actively developed global partnerships and expanded the convergence of interests with other countries. China will promote coordination and cooperation with other major countries and work to build a framework for major country relations featuring overall stability and balanced development.”

As the leader of a major country, it should be no surprise that Xi would look to build better relations with other major countries and try to influence the framework of the rules-based international order in a manner that is advantageous to China. However, as China goes about this mission, it will be important for NATO to pay attention to the details and note with whom China is building these relationships. One of China's important security partners is NATO's main adversary, Russia. Following increased Western pressure on Russia as a result of its invasion of Ukraine in 2014, Russia and China have increased their military cooperation in a show of solidarity. This was visibly demonstrated during joint naval exercises in the Baltic Sea in 2017.

Three Chinese warships, including the People's Liberation Army Navy's most advanced guided missile destroyer, made the long journey to the Baltic Sea, passing through the Mediterranean Sea, and conducted maritime exercises with the Russian Navy.

In 2019, the Chinese army dispatched more than 1,600 soldiers, aircraft and tanks to a large-scale military exercise with Russia and six other countries in western Russia and Central Asia. Also in 2019, the Chinese and Russian air forces performed joint, long-range, aerial patrols in the East China Sea and the Sea of Japan for the first time.

Beijing's status as a great power has benefited from this display of global military potential. China's joint naval exercise with Russia demonstrated its development of an operational blue-water navy and its expeditionary skills, using its support facility in the Gulf of Aden. Furthermore, China has been able to provide comfort and a show of support to Russia in the face of NATO criticism over the Ukraine invasion. Russia and China likely see themselves and their joint military efforts as a needed balance to the NATO power structure in Europe and the extensive bilateral defense treaties that the U.S. leads in the Pacific. Despite this rationale, China conducting military exercises with a NATO adversary in the Baltic Sea — likely to be the maritime front lines of any potential NATO/Russia conflict — should be extremely worrisome to NATO members.

Article 3 of the North Atlantic Treaty states: "In order more effectively to achieve the objectives of this Treaty, the Parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack." If NATO members are interested in individually and collectively resisting armed attack, then the direct military cooperation of an emerging great power and the Alliance's greatest military threat should be of concern and should inform how those member nations engage China in all areas of international relations.

North Atlantic Treaty, Article 4 – Political Consultation to Defend Statehood

"The Parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened."

While the Chinese military has developed rapidly, the country's real success has been its flourishing economy, and the Chinese Communist Party (CCP) has been quick to claim credit for unprecedented economic growth. The CCP further claims that its model for development (socialism with Chinese characteristics) is ready for export around the world. According to Xi, "The path, the theory, the system, and the culture of socialism with Chinese characteristics [has] kept developing, blazing a new trail for other developing countries to achieve modernization. It offers a new option for other countries and nations who want to speed up their development while preserving their independence; and it offers Chinese wisdom and a Chinese approach to solving the problems facing mankind."

The CCP's main effort for executing this vision is through OBOR, which aims to build a transportation and trade network of overland and sea routes to connect the economy of China with the rest of Eurasia using trade deals and foreign direct investment in major infrastructure and transportation projects. The vast majority of the funds used emanate from China's state-owned banks.

Due to the European debt crisis, China sees Europe as a prime target for OBOR funding. Cash-strapped NATO members such as Greece have sold off national assets and infrastructure to stay solvent and have turned to China for relief. In Greece, the state-owned China Ocean Shipping Co. (COSCO) purchased the Port of Piraeus. Acquisitions such as this are likely good investments for Chinese companies, but they also align perfectly with the CCP's OBOR. The deal is even more lucrative for companies such as COSCO because they gain access to Chinese state financing directly aimed at projects compatible to OBOR.

The most significant European OBOR recruit to date, however, appears to be Italy. Italy signed a memorandum of understanding with China in 2019 to allow for significant investment in 29 separate projects, including investments in several significant ports, making it the first of the G7 advanced economies to sign onto the project.

NATO must now consider how much power and influence China has achieved over certain Alliance members. Consider recent history: In July 2016, Greece

and Hungary agreed to block any direct reference to China in an EU statement regarding the Permanent Court of Arbitration's ruling on the South China Sea dispute. In March 2017, Hungary broke with all other EU members in refusing to sign a joint statement condemning China's use of torture. And in June 2017, Greece blocked a joint EU statement at the U.N. that was meant to criticize China's human rights record.

NATO must understand and respect the desires of member nations, especially following the European debt crisis, to grow their economies and develop investment in their countries. However, it is critical for the collective defense of Europe that members do not compromise their political independence. This is even enshrined in Article 4 of the North Atlantic Treaty, which states that member nations "will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened." NATO cannot allow China to slowly increase its political influence in Europe to the point that it secures veto authority within the Alliance by having economic or resource leverage over a member nation.

North Atlantic Treaty, Article 5 – Collective Defense

"The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all."

China's public statements on the South China Sea have been clear about making its maritime claims there permanent. Xi has said, "We have strengthened military training and war preparedness and undertaken major missions related to the protection of maritime rights." He has also said that China "will never allow anyone, any organization, or any political party, at any time or in any form, to separate any part of Chinese territory from China." Although speaking specifically about separatist movements in Hong Kong, Macao and Taiwan, there can be no doubt about China's intention to protect its claims in the South China Sea militarily. Rear Adm. Luo Yuan, the deputy head of the Chinese Academy of Military Sciences, has said, "What the United States fears the most is taking casualties." He said that this could be accomplished with the sinking of two U.S. aircraft carriers in the Pacific, which he noted, could claim the lives of 10,000 American sailors. China is clearly seeking to develop a military strategy to fight and win in the South China Sea.

It is important to note, however, that an attack on a NATO member operating in the South China

Sea would not trigger an Article 5 reaction because the attack would have occurred outside of Europe and North America. The specific geographic limitations to where an attack could be considered relevant for Article 5 are outlined in Article 6. However, the repercussions of such an attack against the U.S. or any other NATO ally would be felt strongly in Europe. Maintaining free access to the South China Sea is vital to the global economy. An estimated one-third of global shipping transits that sea. It is within the interests of the U.S. and the major economies of Europe to maintain the free flow of goods through those waters. The economic impact to European economies of closing the South China Sea would be devastating.

Absent an Article 5 imperative in a South China Sea conflict, it is important for NATO to recognize that security issues in the Pacific have consequences for Europe. With the U.S. announcement of a Pivot to Asia policy and the rebalancing of many U.S. forces, defense systems and defense spending to the Pacific, any future Pacific conflict would leave Europe and NATO open to further destabilization by an opportunistic Russia. Furthermore, in the case of a Pacific conflict, it would be in China's interest to escalate tensions in Europe (or call upon Russia to do so) in order to present the U.S. with a strategic dilemma in its force allocation. The consequences of this for NATO are twofold. First, NATO must provide sufficiently ready forces in Europe to deter Russia in the event of an Asia-Pacific conflict. Second, NATO must realize that what happens in the Pacific can greatly affect its own security interests.

ANALYSIS OF CHINESE ACTIONS

When the U.S. and other Western nations officially recognized the Peoples Republic of China in 1979 and normalized diplomatic and trade relations, there was hope that China's economy would flourish, the Chinese middle class would expand and the country would have no choice but to liberalize. That, of course, never happened. Xi has further strengthened his and the CCP's grip on power and has very clearly set the course that the country can be expected to follow beyond the 2049 centenary of the Communist Party's victory. China will try not to change its ways or conform with the current rules-based international order, but rather seek to redefine the nature of that order on terms that are more beneficial for China and that recognize it as a leader in a new multipolar world.

China views the militarization of the South China Sea as necessary to ensure that it has effective strategic depth between itself and U.S. forces stationed in the region and on the territories of U.S. allies Japan and South Korea. The Chinese memory of the Japanese invasion and blockade of its coast during World War II should not be underestimated — it is a painful historical memory of a time when it was completely

contained and blocked off from external resources. In this context, OBOR actually serves two functions. First, it serves as an alternate overland and sea outlet to the West, much in the same way that the Burma Road served as an outlet to the Indian Ocean during the Japanese occupation. And second, it serves as a mechanism for China to build relationships with and investments in countries around the globe. Instead of working to build a network of allies that have similar interests, values and goals, China has turned to a system of continentalism that spreads investment (and dependency) across the Eurasian landmass.

Finally, China is at least partially using Russia to meet its strategic ends. China and Russia actually want very different things. China does not want to completely upend the international system; it greatly benefits from international trade, and the CCP's power depends on the economic growth that trade provides. China wants

Alliance could be compromised by any future Asia-Pacific conflict and how Asia-Pacific security issues have real implications for NATO.

To kickstart a broader discussion regarding Chinese actions within the Alliance and lay the groundwork for a coherent China policy, NATO should:

- Agree to expand and reinforce its network of partner nations in the Pacific and create a formal partner structure for Pacific nations. It would be helpful to create a NATO partner group, similar to NATO's Mediterranean Dialogue, that is focused on China and consisting of current NATO partners. Additionally, NATO should place liaison offices in Tokyo, Seoul, Beijing and at U.S. Indo-Pacific Command headquarters in Honolulu to keep NATO leaders plugged into current concerns in the Pacific theater.

CHINA VIEWS THE MILITARIZATION OF THE SOUTH CHINA SEA AS NECESSARY TO ENSURE THAT IT HAS EFFECTIVE STRATEGIC DEPTH BETWEEN ITSELF AND U.S. FORCES STATIONED IN THE REGION AND ON THE TERRITORIES OF U.S. ALLIES JAPAN AND SOUTH KOREA.

to reshape the international system to its own benefit, whereas Russia wants to grab what it can in the short term and play the role of spoiler. But there are intersections of interest: Both are adamantly opposed to the encirclement of their countries by the U.S.-led order. By aligning itself more closely with Russia, especially following Russia's 2014 invasion of Crimea, China can show the world that it is a geostrategic power in Europe and take advantage of Russia positioning itself as a military threat and counterbalance to the West.

CONCLUSION AND RECOMMENDATIONS

By looking at Article 1 of the North Atlantic Treaty, we can see that Chinese actions in the South China Sea are not compatible with NATO values or with the rules-based international order. Looking at Article 3, we can see that China's close military ties with Russia are a threat to NATO security and serve as a means for China to use Russia as a counterbalance to NATO power. Looking at Article 4, we see how deepening Chinese economic ties within Alliance nations have given China a means by which to exert political influence and potentially compromise the political independence of Alliance members, which could allow China to effectively split the Alliance during a crisis. And finally, through Article 5 we see how the security of the

- Recognize that while the U.S. remains committed to the defense of Europe, due to the U.S. Pivot to Asia strategy, there will be considerably fewer forces available to NATO in the event of overlapping European and Pacific conflicts. Therefore, NATO should remain committed to the 2% defense spending target and modernization of military units. Furthermore, the addition of a NATO defense presence in the Pacific (possibly in the form of NATO freedom of navigation operations in the South China Sea) could demonstrate Alliance resolve and interest in the region while at the same time contributing to collective deterrence.
- Collectively recognize the importance of its critical physical and digital infrastructure and of the ownership of those assets, technologies and infrastructures remaining in the hands of Alliance nations. Furthermore, NATO should recognize the insidious loss of political independence that can occur when nations sell off such infrastructure and become beholden to outside debt holders that do not share their values.
- Establish a NATO-China council. Such a council could give NATO nations an opportunity to debate China issues and address China together with one, unified voice. □