

Strategic autonomy in a new era: a Cold-War risk assessment of China's involvement in the EU's 5G networks

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Theme

This paper suggests studying the relations between the EU and China through a Cold War analysis framework. It challenges the assumption that the latter has become obsolete in an international system (re)shaped by interdependence. Rather, the Cold War experience can prove to be useful to determine the EU's position within the emerging Sino-US duopoly and to assess the strategic implications of China's engagement in the EU's 5G networks.

Summary

China's sustained rise and worldwide engagement has recently led to a redefinition of EU-China relations. Faced with an emerging Sino-US duopoly –combining top world economic, military and technological investments and capabilities– and with uncertainties related to Huawei's involvement in 5G networks, the EU would be advised not to overlook the Cold War experience. This paper aims to highlight that asymmetric interdependence in the context of a shifting global economy, combined with the doubtful implications of cross-cultural interdependence in international relations, do not entail changes substantial enough to completely disregard a Cold War framework of analysis. Therefore, strategic caution is advisable, especially if 5G were to affect critical infrastructures. Although positioning between China and the US should not occur at the expense of economic relations or cooperation towards global common goods, it should also be emphasised that contrary to China, the US, forever an economic competitor, remains the EU's long-term strategic partner.

Analysis

Introduction: the EU seeks its own path in a new era

The relations between the EU and the People's Republic of China (PRC) have entered a new stage. After more than a decade of scrutiny and calls against China's protectionist and unfair competition, and faced with its economic rise and increasing worldwide engagement, the EU finally seems to have started a redefinition of its relations with the PRC, no longer merely a developing country but an emerging global power. While half of the member states have endorsed the Belt and Road Initiative (BRI), there is also increased concern about China's current and potential engagement within EU

infrastructures and strategic sectors, as illustrated by the implementation of an EU screening mechanism of foreign direct investment. In this context, the European Commission has qualified the PRC as an economic partner but also an 'economic competitor' and 'systemic rival' –promoting alternative models of political, social and economic governance–.

5G and technology as a whole highlight that the EU not only faces a new framework of relations with China, but that globally it will have to position itself within an emerging new Sino-US duopoly, two economic, military, technological and geopolitical leading powers. This is the case regardless of the ups and downs in Sino-US rivalry such as the recent agreement on the sidelines of the G20 summit between Trump and Xi to restart trade talks.

It could be said that this is everything but a new Cold War, and that looking through outdated lenses is pointless, but the Cold War can certainly provide some very useful insights at a time of strategic choices and positioning in relation to both China and the US.

A Cold War spectre? Power politics resilience in an interdependent world

What made the Cold War a unique case was the global and multidimensional confrontation between two economically and ideologically antagonistic closed systems. The confrontation was limited through nuclear deterrence, making war itself 'improbable [but] peace impossible'. The recent cooling of US-Chinese relations has fostered the revival and diffusion of the concept, raising a debate about whether they are heading towards a new Cold War or not. Critics point at unprecedented levels of interdependence, the absence of a critical military standoff, the existence of areas of common interest and a different distribution of power –multipolarity rather than a renewed bipolarity–. On the opposite side are an increased ideological competition between an illiberal authoritarian China and a liberal democracy, the continuity of irreconcilable 'focal points' such as Taiwan and the shaping of a bifurcated technological world.

Today, while China and the US appear to be ideological competitors, they share crucial economic ties and areas of cooperation. But are their differences likely to lead to a different competition framework? According to John Mearsheimer, what might actually occur is the very return of a Cold War structure of competition between two 'bounded orders' –US and China-led– within a 'thin international order' maintaining arms control and economic cooperation. US-China cooperation can be highlighted but it has recently suffered from several setbacks. The momentum fostered by the 2014 US-China Joint Announcement on Climate Change and the signing of the Paris Agreement in 2015 has ground to a halt due to Donald Trump's backtracking and further cooperation might be jeopardised by current economic tensions. The same goes for higher education and academic cooperation, which the US has started targeting in order to prevent sensitive technology transfers: the duration of Chinese STEM graduate student's visas has been limited while the US Department of Energy is seeking to cut interpersonal ties with Chinese public programmes. Cooperation in other areas, such as counter-terrorism, remains limited. In its day, Cold War fluctuations between heightened tensions and détente also provided opportunities for cooperation between the US and the Union of

Soviet Socialist Republics (Soviet Union or USSR). In particular, the two countries managed to establish strategic and non-strategic arms-control agreements: the 1972 Strategic arms limitations talks (SALT 1) and the 1987 Intermediate-range nuclear forces (INF) Treaty. While limited, other examples include scientific cooperation, space cooperation, with the Apollo-Soyuz project that started in 1975, and environmental cooperation, with the signing of the Agreement on Cooperation in the field of environmental protection in 1972. Another major milestone was the Antarctic Treaty, signed in December 1959, which demilitarised the continent, suspended territorial claims and paved the way for free and public scientific investigation.

It is also interesting to note that ideological factors might be emphasised in the case of the Soviet Union, yet, except in discourses and perhaps the initial stages of the Cold War, ideology did not prevent it from being a rational actor. Of course, Communism's power of appeal may appear to be greater than China's 'Authoritarian capitalism', but, to date, the latter still represents a viable alternative to Liberal Democracy. China's model may not be 'exportable' but the country can still foster authoritarianism worldwide by providing a 'legitimate' alternative model of development and through direct institutional and economic assistance. Moreover, the appeal of the 'Chinese model' (with the prospects of fast economic growth, technological upgrading and poverty reduction) may be further strengthened if China were to successfully overcome the middle-income trap thanks to new drivers of growth. As Francis Fukuyama himself foresaw (even though he was thinking about Russia), China is far from turning into a liberal society. There is almost a consensus that China deeply differed from the USSR when it chose to open its economy. But China's 'Socialism with Chinese characteristics' and Authoritarian Capitalism still constrain economic liberalisation while perpetuating protectionism and a statist economic approach. Market features remain secondary, with limited economic liberalisation and openness being subordinate to state planning. And this is not expected to change, since state control is not simply an economic model but also a necessary tool for the Communist Party of China (CPC) to monitor socioeconomic development, its main source of legitimacy. Further marketisation would deprive the CPC of crucial economic levers allowing it to exert a tight control on the course of the Chinese economy. China did not abandon state planning and neither did it turn away from the heavy industry that boosted its development in the 2000s. And it might not have been much more pragmatic than the USRR. The latter was aware of the importance of light industry and a diversified economy, but institutional and structural factors together with its geopolitical competition with the US led soviet leaders to prioritise fast-growing and geopolitically significant sectors, mainly heavy and military industry. Heavy industry provided sustained growth until the 1970s, before economic imbalances led the soviet economy to stagnation. On the other hand, China benefited from a US-led rapprochement –a way to weaken the communist block– but the focus on fast and sustained growth led China to experience similar social, environmental and organisational drawbacks, compounded by institutional factors. For China is not that much different from the USSR in that respect. Although it economically reframed socialist ideology, a main priority remains the continuity of the Communist Party of China. Economic growth, social stability and environmental sustainability are not considered *per se*, but are mediated through the interests of the ruling party.

What may prove crucial is the issue of interdependence –furthermore, between different ‘cultures’–, although this assumption might not entail fundamental differences. Take as an example the contemporary World Order envisioned by Henry Kissinger. Although acknowledging the multiplicity of conceptions of world orders, the analysis still revolves about the interaction between power and legitimacy, advocating the continued relevance of a classic Balance of Power. Henry Kissinger’s analysis in the old and the new era leads to similar recommendations, highlighting that the integration of historical and cultural differences in international relations do not translate into structurally different parameters. Although such an analysis remains enshrined in realism (and does not exhaust all international relations theory), it still offers a hint that the rules of the game do not radically differ from the past. And they are less likely to do so as both the US and China indeed embrace a realistic vision. Furthermore, cultural differences should not be overestimated and they might not induce greater challenges than Cold War ideological and strategical differences did. Among others, views that China’s international relations differ in the absence of an imperialist record or on the ground of alternative world visions like *Tianxia* are likely to have a limited relevance. On the one hand, China’s history is far from peaceful. Despite the literature on the ‘demilitarisation’ of Chinese history –no less for ideological than for political reasons– intra and inter-state conflict has occurred since *Huaxia* territorial consolidation. On the other hand, *Tianxia* is not only an idealised version of a harmonious past and a benevolent China, but also an ill-suited one to analyse current international relations and China’s foreign policy. Plus, imperial and transcendental concepts are not specific to China or Chinese culture. Excluding merely expansionist nation-states, such as the Portuguese, Spanish, Dutch, French and British colonial empires, other historical European and Mediterranean empires, including the Roman Empire, the Holy Roman Empire and the Ottoman Empire, offer similar hierarchical, transcendental and universal views of the international order. On a more contemporaneous note, whatever cultural-induced misunderstanding there might be, they should not conceal the crucial strategic differences faced during the Cold War between the two superpowers on matters as crucial as nuclear deterrence and the use of military power.

Yet it is undeniable that economic-led interdependence establishes a rather different framework than the Cold War. However, the underlying assumption that interdependence rules out a Cold-War analysis should be carefully scrutinised, in order not to replicate the failure and disillusion of liberal theories and beliefs that China’s economic and institutional integration would ‘inevitably’ turn it into a liberal democracy. The issue is that if there is interdependence, it remains uneven and asymmetrical, both structurally and on a sectoral basis. Commercial trade imbalances, or China’s nascent technological leadership, may actually lead to tensions, with a narrowing technology and financial gap between China and the West jeopardising the latter’s position within the global economy. Global interdependence has indeed been a relatively alien feature during the Cold War era, but not in the context of European and World history. At the opening of the 20th century Europe witnessed multidimensional interdependence, with levels of financial integration, trade openness and labour migration as high as those of the 1980s. This did not prevent it from escalating into war. The peace factor in interdependence should not be taken for granted or, for that matter, its continuity. The current US-China trade might entail a reduction of interdependence between the two

economies, if not a 'bipolarisation of globalisation'. Measures like Huawei's trade ban may very well turn dependency into vulnerability and prompt China's leaders to seek self-reliance in innovation and digital technologies through protectionist policies. Although this is nowhere near advocating geopolitical confrontation, a peaceful resolution and cooperation must be promoted. There is no doubt that shared economic development and a safe and secure future for the coming generations are far more important issues than great-power competition, especially while climate change threatens to disrupt mankind's environment. Nevertheless, it is worth noting that the Cold War preserved a shaky stability and prevented global confrontation through nuclear deterrence. The period also managed to accommodate state interests to address what was then the main existential threat to the world: nuclear-weapon proliferation. The need for a multilateral response to address a global issue was successfully acknowledged and built around the near universal Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Despite significant failures, mainly the absence of endorsement by India, Israel, Pakistan and North Korea, the agreement thrived to become a 'highly developed example of International Law'. It could very well be a template for the global climate regime after the US withdrawal from the Paris agreement and the difficulty in managing core economic and strategic state self-interests.

Cold War lessons for the EU: 5G strategic risks and indirect coercion

From a European perspective, EU-China relations offer a different outlook from the Cold War's East-West antagonism. During the latter, the USSR posed a major threat to Western Europe, which faced the risk of direct military confrontation and periodic fears of both soviet conventional and nuclear superiority, as during the 1977-82 'Euromissile crisis'. Moreover, the Soviet Union also threatened European colonial interests as it opposed them and assisted insurgent liberation and communist movements. To date, this is not the case with China. The 'China threat' is unevenly distributed across the EU –absent in Greece while relatively salient in Germany– and it remains secondary, framed in economic terms and far beyond the concerns raised by jihadism, an assertive Russia, climate change or even US power and influence. Economic divergences are also significant. Despite protectionist policies and a lack of reciprocal market access, China remains a major trading partner and a 'strategic market' for the EU –an inexistent prospect in the case of the USSR– even if the 'balance of challenges and [economic] opportunities... has [recently] shifted'. Yet, if not perfect, the Cold-War analogy should be considered as a useful framework of analysis to assess and address the current challenges, all the more because Europe is faced with the preservation of its social, environmental and political model, which calls for careful strategic action. Therefore, what lessons can be drawn from the Cold War confrontation?

More specifically, what can the Cold War teach about the strategic implications of China's potential engagement in the EU's critical infrastructures, and how should the EU seek strategic autonomy within the Sino-US duopoly? The US has frequently highlighted the risks of Huawei's involvement in its allies' infrastructures, without clear supporting evidence but going so far as to issue blackmail-like statements directed against some allies, such as Italy. Why have Huawei's 5G capabilities become such an issue? First, because 5G is expected to penetrate a wide range of economic and social sectors – many of them of strategic value– and to bolster the development of industry 4.0. This

has been due to enhanced connectivity capabilities and network latency for data-intensive and quasi-real-time applications, making it a critical infrastructure in itself, central to the economic competition between China, the EU and the US. Secondly, because of the feared potential risks of collusion between Huawei and the CPC – Huawei's ownership structure and China's institutional framework suggest indirect control by the CPC– and the facilitation of Chinese espionage and acts of sabotage. Despite the absence of public evidence that Huawei is installing back doors in its network architecture, concerns arise from 'technological known unknowns' and the difficulty of detecting –and addressing– illegitimate data flows. The 5th Annual report by Huawei's cyber security evaluation centre notes 'significant risks' for UK operators while only providing 'limited assurance' that the risks raised by already deployed Huawei equipment can be managed. Espionage appears as a mainstream issue but increasing sabotage capabilities would be a different matter. It would be tempting to be reassured by China's apparent unwillingness to engage in acts of war or equivalent acts. Yet the Cold War shows that the absence of 'war' or direct confrontation does not entail an absence of power politics and indirect coercion.

The Cold War was not a direct war between the US and the USSR. Conflicts were limited to proxy wars despite several occasions of the risk of a real war breaking out between the two superpowers. But it was still a Clausewitzian duel between two contenders or a war through means other than direct confrontation, where power politics were partly channelled through nuclear deterrence and military power not only threatened a direct attack but also political blackmail. So even in the absence of a direct war, it was still possible to coerce or gain compliance by using state power. Technology might entail the same logic. Foreign involvement in strategic sectors might pose the risk of the disruption of crucial infrastructures threatening state integrity. It should be pointed out that the latter is the main concern of nuclear doctrines around the globe. The 2014 military doctrine of the Russian Federation maintains a lowered threshold to deter conventional aggression, putting 'the very existence of the State in jeopardy'. Official Pakistani statements suggest that the country's nuclear deterrence covers not only conventional aggression but also economic 'strangulation' and the disruption of major lines of communication. These examples show that nuclear doctrines encompass security threats of a nature different to the nuclear threat itself, but considered significant from a state security perspective. Technological disruption might be one of these. As a nuclear power, China still lags behind Russia and the US despite a renewed process of nuclear modernisation. China's nuclear arsenal remains smaller and the country still has to consolidate its second-strike capability. A secondary factor of China's assertive posture in the South China Sea may be the need for a safe maritime access for its Jin Class/Type 094 nuclear powered ballistic-missile submarines. Hence China's reaction against US surveillance activities and its deployment in the South China Sea. But China's deep access to Western infrastructures would be a game changer, offering an indirect non-military but potentially militarised way to threaten core state infrastructure and disrupt military capabilities. This would be a very complex scenario –adding technological deterrents to conventional and nuclear ones– better avoided.

In a new international panorama shaped by the Sino-US duopoly, the EU will not only have to position itself vis-à-vis China, but also the US. The latter now faces a renewed

'sputnik' moment with China, adding pressure on the EU to position itself between the two contenders. Mainly, the US has catalysed economic tensions with China, leading to a sort of commercial war. While this move is indeed a way to tackle economic imbalances, it also shows several limitations and adds to recent shortcomings in the US's new diplomacy, pushing its allies to the edge, such as: the official recognition of Jerusalem as Israel's capital, jeopardising Middle-Eastern stability, the implementation of new extraterritorial sanctions, the undermining of the EU's political and economic interests in Iran and Cuba and action against Central American populations. There is also a significantly apparent disregard for multilateralism, ranging from the US withdrawal from the Paris Agreement, the INF nuclear treaty, and the Iran Nuclear Deal, to criticism of NATO and the WTO. Nevertheless, this scenario of uncertainty should not entail a similar assessment of the US and China at time when the EU finds its strategic position and continues on its quest for strategic autonomy. The latter might be the ideal outcome but significant issues remain, including how to develop it and what to do meanwhile, as it is a goal that will not be reached in the foreseeable future.

Despite the EU's awareness that 5G is an issue of strategic autonomy and that there are viable European alternatives to Huawei and US operators, mainly Erikson and Nokia. But without addressing market and regulatory fragmentation and with insufficient levels of investment, the EU runs the risk of falling into a trap and lagging behind the Sino-US duopoly. This, again, is nothing new from a European perspective. Back in the 1950s, amid the nuclear competition between the US and Soviet superpowers, military nuclear capabilities were considered a necessity to ensure strategic autonomy. Both the UK and France achieved their objective through divergent courses of action. The UK chose to jump on the US bandwagon, which quickly provided it with nuclear capabilities at the expense of real strategic autonomy. Initially, France had to face an uncooperative US, as the latter did not favour European strategic autonomy, as it does not now, until geopolitics led it to revise its position. Back in the 50s, the US opposed cooperation on nuclear technology, restricted by the Atomic Energy Act and political and administrative reluctance. The French decision to develop a fully independent nuclear force worsened the prospects for cooperation until 1970, when President Richard Nixon and National Security Adviser Henry Kissinger reversed the US position on the assumption –and understanding– that enhanced French nuclear capabilities strengthened the US strategic position itself. Subsequent US assistance encompassed the design of thermonuclear weapons and the development of French MIRved missiles M4. No matter the path, both countries strategically sided with the US, targeting the USSR as their main threat.

Between then and now, two crucial differences remain between the US, the USSR and China. First, the US and the EU shared a broad consensus on how to manage economic competition; neither the USSR nor China shared that consensus. This is not going to change in the foreseeable future as China embraces state capitalism. Moreover, the US is, and always has been the EU's economic competitors but not a strategic rival. After a period of generous support for reconstruction, motivated by US strategic interests, the US and the EU, like Japan, again became economic competitors during the Cold War but remained strategic allies. That cannot be said about China, despite the so-called 'Comprehensive Strategic Partnership' announced between the EU and China in 2003. The EU shares more common interests with the US than with China, particularly given

their similar political systems and values. On the other hand, China's illiberal political system, associated with uncertainties regarding China's ambitions, nurture strategic mistrust. Opposition to China extends to the economic field and its model of statist capitalism, contrary to the principles of a market economy, free trade and public procurement. Last but not least, the US is the EU's defence partner and ally, while the EU engages in a very limited defence and security cooperation with China. Cooperation prospects face several challenges, including the legacy of the Tiananmen repression and the subsequent European arms embargo against the PRC, and **divergent** threat perceptions and responses to common security concerns, such as cybersecurity.

Conclusions

The redefinition of EU-China relations is taking place within an emerging Sino-American duopoly that raises renewed security and technological challenges and highlights the issue of the EU's strategic autonomy. The onset of a US-China commercial war, technological competition and ideological opposition, together with uncertainties regarding global economic interdependence, call for a meaningful recourse to a Cold-War analysis framework. The latter should help to simultaneously grasp both an emerging pattern of bipolar competition and the need for international cooperation to address common challenges and preserve common goods. EU-China relations do indeed offer a different pattern to Western Europe-USSR relations, yet a Cold-War analysis framework would help to cautiously assess current strategic issues, mainly China's involvement in EU's 5G telecommunications networks, highlighting the risks of political and technological blackmail that threatens the EU's interests. The upcoming common EU approach to the **security of 5G networks** should take this into account.

Therefore, faced with the prospect of a difficult positioning between China and the US, the EU would be well advised to remember its privileged ties with the latter, an ally with whom it shares fundamental political and economic similarities that are absent in EU-China relations. Both the EU and the US share common political systems and values, a strong and long-term security partnership, and similar economic perspectives at odds with China's political and economic model. This is not to imply that the EU and the US share the same strategic goals and interests, nor that Europe can blindly rely on the US for its security and should sever its economic links with China. This is not about securitising the EU's economic relationship with China but about drawing attention to the strategic challenges posed by some of its dimensions and the costs that European citizens might have to face in order to overcome these challenges. How much money should the EU spend –o be willing to spend– to guarantee the security of critical infrastructures such as 5G networks?