

## China: Partnership with Russia, rejection of the West

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Mikko Huotari, director of the Mercator Institute for China Studies (Merics).



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After several postponements, an EU-China summit will take place again on Friday after a long time, via video conference. This was not planned in the middle of the war. The SZ spoke to Mikko Huotari, Director of the Mercator Institute for China Studies (Merics), the most important China think tank in this country.

SZ: Mr Huotari, China's party leader Xi Jinping and Russia's President Vladimir Putin swore off borderless friendship in February. What connects the two?

Mikko Huotari: I think we have to go back much further than February and conclude: China and Russia have a problem with their strategic space, their spheres of influence being restricted by the West. Xi and Putin are trying to fight this. Putin has now started a war. In the case of China and Xi, we are setting ourselves up for a confrontation over Taiwan in the next few years.

So they are in the common camp against the US, against the West. Does the competition of systems also play a role?

It is both. We have the strategic derivation: we are not satisfied with the world order as it is now. Not satisfied with our lack of capacity to act. And what became even clearer at the meeting of Putin and Xi on 4 February in Beijing: All the ideas of order and the concepts that are important to us in the West, democracy for example, are being reinterpreted and hijacked. China and Russia are therefore the two states that best implement these concepts. China and Russia are the better democracies.

In China, the state media take over and spread Russia's propaganda. What are the signals that Beijing is sending out domestically?

The orientation towards the Russian narrative is clear. The leadership seems to believe that there is capital to be made by exacerbating the anti-Western and anti-American sentiment in China. This completely controlled flow of information is designed to maintain popular support for Russia and thus also to confirm Xi's baseline: His siding with Putin is meant to appear as the historically correct choice.

To Western interlocutors, China urges peace in Ukraine and is even considered a possible mediator. Is this just an act?

Chinese diplomacy is extremely adept at spinning various parallel narratives and giving the right answers for the respective interlocutor..

**The EU's foreign affairs envoy Josep Borrell was quick to call for China to act as a mediator.**

I think this sends absolutely the wrong signal at this point in time and is a complete misjudgement of the situation. That Xi, of all people, is the only man who can mediate in this crisis in the European interest is, in my view, misguided.

**Is China in a quandary?**

No, the partnership with Russia as a strategic safeguard remains central for China and the support for Putin has been clear so far. Of course, Beijing sees the need to mitigate the consequences of this line and possible negative effects on economic development, among other things. But Chinese experts also speak explicitly about opportunities that arise from this war: Russia becomes more dependent, and a weakening of Europe could also bring advantages.

**China sits back and watches as those in Europe tear each other apart. And in the end, China is the winner?**

They are, as so often, balancing costs and gains. The West is sinking into chaos, that's what the leadership has been claiming for a long time, but we in China are the haven of stability. Even if everyone emerges from this conflict weakened, China could lose less in relative terms.

**What does that mean for Europe?**

Now, at the latest, we must realise that China also poses security challenges for Europe. The Sino-Russian partnership and joint rejection of the USA, the West and central democratic standards poses one of the greatest strategic challenges of the last 30 years. At the same time, we have a China that, in its anger over Lithuania's Taiwan policy, is attacking the EU's internal market, the Holy Grail of European integration. And we continue to have Chinese sanctions against European parliamentarians and research institutions that attack democratic constitutionality and freedom of expression in Europe. Recognising this as a whole package should be the basis for shaping European policy on China.

**But is it not?**

I believe that it is still not a mainstream perception to see China as a comprehensive strategic challenge or even as a security policy problem. If many in Europe are now calling for China as a saviour, even though the country has sided with Russia, it shows that there is still a lot of catching up to do.

**Where does this misperception come from?**

So far, we have been looking too much at the diplomatic shell, at the flourishing economic relations, without taking seriously the course the leadership has taken in domestic politics. The brutal repression, the absolute control of information, the centralisation of political power. Add to this the hard-line policy of interests in foreign policy. Essentially, the leadership has set itself up for conflict and an existential strategic competition with the USA and derives everything else from this. From Beijing's point of view, this can result in positive relations with the EU member states - if only they behave properly.

**So if they allow themselves to be played off against the USA?**

Exactly. We are a swing factor where it is a question of getting it on the right side of history. The consequences of this are not yet sufficiently thought through in our country. In recent years, German foreign policy in particular seemed to me to be characterised by the search for strategic opportunities, especially with Russia and China. That was the case with Angela Merkel, and it is the case with Olaf Scholz.

### **What does that mean?**

That German foreign policy was also geared towards strategically cooperating with Moscow and Beijing in order to expand its own room for manoeuvre, also vis-à-vis the USA.

**Are the decision-makers in this country aware that in China itself there has long been talk of being in a rivalry struggle not only with the USA, but with Western democracy as such?**

That was certainly not the defining perspective. But perhaps something is shifting with the new German government; you hear different tones from Christian Lindner and Annalena Baerbock. I believe that we have to realise that deeper integration with China is a risk. If politicians now say that we cannot afford deteriorating relations with China because of the crisis with Russia, then that is a mistake.

**Because otherwise we are also threatened with a rude awakening in our relationship with China?**

The fronts are now becoming clearer. And I see China on the other side. The Sino-Russian partnership will remain. Of course, we have to recognise that an energy dependency on Russia is something different from the sales dependency of the automobile industry in China. The latter is less existential. But what is central is that the overall economic interdependence with China is much greater. Therefore, we would be well advised to look much more closely at strategic dependencies and finally invest more in European alternatives and diversification.

**What could that look like?**

We could learn from Japan, for example. There is a public sector diversification fund in Japan. We are a long way from setting up such an instrument, from thinking that diversification is something that needs to be supported by the state. For this to happen, things like semiconductor and battery production or hydrogen development have to take place in Europe again. A lot has happened in recent years, but it is still in its infancy.

**How dependent are we already?**

We need much greater transparency at the corporate level with regard to their interconnectedness with China or autocratic states in general. It would be beneficial for Germany's strategic resilience to know how great these dependencies are - on the import and export side. There is a huge grey area of interdependence between many German and European companies about which little information is available because it is highly sensitive. It is in the public interest to have a clearer picture here.

**So we don't even know how dependent we are?**

It is extremely difficult to understand the details of exposure in the Chinese market. And it is about much more than just the question of how many cars a company sells there or how much of the group's turnover China accounts for, but also about questions such as: What can you actually do with the money you earn in China? What contribution does it make to Germany as a business location? We know little about this, we still have to do our homework. That would be a dramatic change in policy.



### **What will happen at the upcoming China-EU summit on Friday?**

Beijing would still like to have the EU-China investment agreement CAI and expects the way to it to be prepared. And the European side will probably communicate quite uniformly that there will be costs for China if support for Russia becomes stronger. At the same time, Brussels is also trying to maintain channels to stay in conversation with China at all, which has been extremely difficult lately.

### **So what are the lessons China is learning from the Ukraine war?**

In their eyes, the most important lesson is that they are absolutely right to focus more on independence, to make themselves independent of the West, but also of international institutions. There is a danger that Beijing's paranoia will intensify and fuel the urge to turn away from the existing order because - see Russia - it can be turned against you.