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Session 1: HOW EUROPE AND ISRAEL CAN NAVIGATE IN THE US-CHINA
COMPETITION

Europe and the US-China competition

After a period at the end of the Cold War, in which Washington and its Western allies set and enforced the rules of international order, the international system today is marked by great power competition. Russia and China are increasingly challenging US dominance and Peking seems determined to become a global super power by 2049, investing heavily in its military, in innovation, technology and infrastructure worldwide. As matter of fact the Great-Power-Competition has become the primary priority in US national defence strategy and foreign policy. With rising tensions between Washington and Peking, particularly playing out in the South and East China Sea and in international trade by imposing tariffs and quotas on imports, Germany and the EU have to find a way to navigate in the US-China rivalry. This comes along with a gradual disappearance of the liberal, norm-based international order, which Europe and Germany have counted on for decades.

As a response to the changing security environment in June 2016, Federica Mogherini (HR/VP), presented the EU Global Strategy (EUGS). The EUGS for the first time explicitly mentions strategic autonomy as an objective for the European Union. However, the document remains unclear what strategic autonomy means in concrete terms, how measures to achieve a higher degree of strategic autonomy can be implemented and what is demanded of politics, industry and above all the military. Despite the fact that no European Union Member State alone can address the challenges imposed by the Great-Power-Competition, the lack of internal European cohesion has been challenging a coherent approach.

If Europe wants to be a rule-maker rather than a rule-taker amid the Great-Power-Competition, Europe has to act towards progressively increasing its level of autonomy in security and defence and strengthen its industrial base by boosting innovation and promoting trade.

German interests

Removing trade barriers and guaranteeing fair competition: As the third largest exporter (behind China, USA) and third largest importer (behind USA, China), Germany relies heavily on open markets and international trade. Accounting for 8.7% of German exports, the USA has remained Germany's most important export market outside Europe in 2018, followed by China (7.1%). As a matter of fact, the United States' share of German exports declined compared to 2000 (10.3%), while

China's share more than quadrupled between 2000 (1.6%) and 2018.¹ The numbers clearly show that Germany can't afford to take sides in the US-China Trade War. Thus, a policy of multilateral, rules-based trade is in Germany's and Europe's vital interest.

Freedom of navigation and open sea trade routes: For Germany as an export nation, whose prosperity is highly dependent on open trade routes, open sea trade routes are of great importance. Thus, the increasing militarization of the South China Sea and the rising tensions in this region are highly concerning. China's sweeping claims of sovereignty over the sea, its efforts to reclaim land by increasing islands and creating new ones and the construction of civil and military facilities, such as ports and airstrips on these islands (particularly in the Spratly and Paracel) has increased tensions with its neighbors and the US. To protect international law, and its economic and security interest in Asia-Pacific, the US is conducting Freedom of Navigation Operations (FONOPs) and increased the support for its Southeast Asian allies to challenge China's assertive territorial claims and to ensure freedom of navigation.

Promoting good and stable relations with UK: The imminent Brexit will be a major challenge for Germany and the EU, since the economies are so closely interlinked with one another. Moreover, as one of the EU's biggest military powers, the UK brings a particularly valuable contribution and know-how to the area of European foreign, security and defence policy. Given these facts, Germany has a major interest in the UK exiting orderly and cooperating with UK as close partner post-Brexit.

Strengthening the Common Foreign and Security Policy: With the rise of China, Washington has been shifting its security priorities towards Asia-Pacific for some time now. This means for Europe, which was profiting for over 70 years from the US defense umbrella, that it has to devote greater resources and strategic vision into its own defense and security. Particularly, the challenges on the Eastern flank of NATO and concerns by Southern European countries, which arise from conflicts and instability in the MENA region, have to be answered firmly by Europe. As part of the 2016 EUGS implementation, the EU launched a series of new initiatives to boost European defence cooperation, most notably the establishment of the Permanent Structured Cooperation (PESCO), as well as the European Defence Fund (EDF) and the Coordinated Annual Review in Defence (CARD). These initiatives aim at developing and providing joint European defence capabilities and enhancing the operational readiness of armed forces. In contrast to the more ambitious and exclusive French proposals, Germany has been pushing forward an inclusive and integrative approach to defence cooperation within the European Union. Moreover, Germany has repeatedly underlined the fact, that these efforts aim at strengthening the European pillar within NATO and should by no means undermine the transatlantic alliance.

¹ https://www.bmwi.de/Redaktion/EN/Publikationen/facts-about-german-foreign-trade.pdf?__blob=publicationFile&v=7

Fostering European Cohesion and Solidarity: As the European Union's largest member state, Germany has a vital interest in reconciling the different priorities and expectations of the Member States. This implies promoting a more cohesive approach towards China, Russia and the US, and finding European answers to the challenges of the 21st century.

Potential for cooperation with Israel

Expanding trade and boosting scientific cooperation and innovation: Israel and the EU have long standing economic and trade relations specifically in the field of high-technology such as aviation, nanotechnology, health, environment and communications. For Germany and the EU cooperation in research and innovation is a strategic priority. Israel has been a major driver for innovation in technology. Israel has been associated to the EU Research and Technological Development Framework Programmes since 1996 and has been participating in Horizon 2020 from the beginning. While Germany can provide world class engineering, Berlin is lagging behind in digitalization and could profit from Israel's thriving innovation culture.

Strengthening cooperation in security and defence: The Blue Flag joint exercise is one example of how Israel and Germany, together with other countries, should set up ambitious frameworks for deeper cooperation in security and defence. Aiming at promoting readiness and response towards wider regional conflicts, joint military training and exercises offer opportunities of greater interoperability between strategic partners.

Foreign policy options

It is in Berlin's best interest to keep the European Union united and to contribute to a strong European Defence Union. The EU should further consider to deepen defence and security relations and cooperation with countries like Israel. The bilateral relations and cooperation between Germany and Israel in this regards, as for example the Blue Flag joint exercise, officers exchange programs and also armament cooperation could be strengthened and expanded by including a stronger European component.

As a middle power, Germany is highly concerned of the increasing trend of countries, such as Russia, China but also the US, to break free of constraints of international agreements and rules and use their power and influence to achieve their goals. Berlin should consider a stronger engagement in keeping up the international rules-based order by supporting freedom of navigation and open trade routes in the South China Sea.

Germany as an export nation should continue to support trading opportunities for European companies by removing trade barriers such as tariffs and quotas and by guaranteeing fair competition and free trade. Israel can be a strong partner in this effort.