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Australia, China, and
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Challenge



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A EUROPEAN PERSPECTIVE ON CHINA	3
NATO'S PERSPECTIVE ON THE CHINA CHALLENGE	4
EUROPE MUST PLOT ITS OWN COURSE ON CHINA	6
EUROPE, CHINA AND AUSTRALIA: HOW FAR APART?	7
WE STRESS TEST BANKS, WHY NOT NATIONAL SECURITY?	8
CHINA LODGES A WAR AGAINST AUSTRALIAN SOVEREIGNTY	10
CHINA, AUSTRALIA AND GLOBAL CHANGE: WHY A EUROPEAN AGREEMENT NOW?	13
AUSTRALIA AND THE CHINESE CHALLENGE: THE PERSPECTIVE OF BRENDAN SARGEANT	17
EUROPE AND THE MEDITERRANEAN: THE CHALLENGES IN 2021	21
THE DISAGGREGATION OF THE UNITED KINGDOM	21
THE EUROPEAN UNION AND THE CHINA INSERTION	22
ERDOĞAN WORKS HIS AGENDA	24
RUSSIA LEVERAGING THE GROWING IMPACT OF 21ST CENTURY AUTHORITARIANISM	25
AFTERWORD	26

A European Perspective on China

01/12/2021

By The European Think-tank Network on China (ETNC)

The European Think-tank Network on China (ETNC) recently published its report entitled **Europe in the Face of US-China Rivalry**.

“The European Think-tank Network on China (ETNC) has devoted its fifth year of meetings and research to analyse – from a national, bottom-up approach – how the EU is responding to increased US-Chinese geopolitical rivalry.

“The report contains 18 country chapters, all from EU member states, and a further one focused on the EU’s perspective on Europe’s difficult balancing act between the US, a long-term strategic and economic partner, and China, the EU’s second most important market and, probably, the next economic superpower.”

Here is the executive summary of the report:

The European Think Tank Network on China (ETNC) has devoted its fifth year of meetings and research to analyse –from a national, bottom-up approach– how the EU is responding to increased US-Chinese geopolitical rivalry.

This report contains 18 country chapters, all from EU member states, and a further one focused on the EU’s perspective on Europe’s difficult balancing act between the US, a long-term strategic and economic partner, and China, the EU’s second most important market and, probably, the next economic superpower.

The evidence presented in this report shows how US unilateralism and Chinese assertiveness have triggered a rethinking of the EU’s strategic landscape. Despite the differences between EU member states, its key finding is that all the countries analysed are in a similar position. They all consider the US their most important ally and they all depend on its military protection, but they also want to do as much business with China as possible.

These contradictory trends are even more apparent considering that Washington is increasing its security presence in countries like Hungary, Greece and Poland, whereas the economic growth dynamic appears to be in China’s favour. Hence, far from being persuaded about a possible decoupling, the European economies are trying to maintain and even enhance their economic engagement with China, but this is now done with more awareness of the strategic dimensions involved and with new defensive tools, such as the European investment screening mechanism.

In several chapters China is seen as a key partner in tackling global challenges and global governance issues such as climate change, the reform of the WTO and the Iran nuclear deal. However, many other texts reveal the same complaints that are voiced in Washington DC, namely a certain suspicion and mistrust of the Belt and Road Initiative (BRI), unease about the lack of market access and fair competition and concerns about the theft of intellectual property, cyber- espionage, the acquisition of

European strategic technology and infrastructure, the human rights track record in Tibet and in Xinjiang, and the concentration of power in the hands of Xi Jinping.

However, while many European policymakers share the complaints that are voiced by Washington about China's state capitalist model, the nature of its political system and its strategic ambitions, on a range of issues the Trump Administration, too, is seen as undermining some European interests and values: the drop-out from the Paris climate agreement, the way the US seeks to push for WTO reforms, the undermining of the UN, the approach to the nuclear deal with Iran (JCPOA) and the nuclear arms control treaty (INF) and Trump's protectionism and his criticism of NATO and the EU are cases in point.

The EU sees trouble in both its major partners, and in their rivalry, but it also needs them both for its prosperity. By performing this balancing act, the common European objective is to avoid a bipolar system in which EU member states are forced to pick sides on all relevant policy issues. This is reflected in the reluctance of many member states to issue a blanket ban on Chinese companies' access to their 5G markets.

This report also highlights the different strategies employed by the various EU countries to implement this balancing act. States like Portugal, Greece and Italy, due to their history and geographical location, are keen to present themselves as a bridge between the US and China.

Some, like Hungary, are trying to play the two powers against each in other to extract possible concessions. Furthermore, Hungary is also playing with both powers to hedge against Franco-German dominance in Brussels. The previous Italian government –comprising the 5 Star Movement and Salvini's League– was following a similar approach.

Others, like Latvia, Romania and Slovakia, prefer to avoid trouble by maintaining a low profile, in wait-and-see mode.

Finally, there is a group led by France, Germany and Spain that is working with Brussels to enhance the EU's strategic autonomy and economic sovereignty, including the capacity to develop critical core technologies autonomously, independent from China while managing or hedging dependencies from the US.

So far, Europe's strategy has been to keep building up the liberal system mainly on a bilateral basis with like-minded countries, by signing free trade agreements with Canada, Japan and Mercosur, but also to toughen-up in order to be able to compete with geopolitical heavyweights such as the US, Russia and China in the digital era.

Strategic autonomy is not clearly defined yet, but even if the degree of motivation and ambition on the issue is very different across the EU, the concept is gaining traction among member states to navigate an international order less based on rules and more on muscle.

The report can be found here:

<https://merics.org/en/european-think-tank-network-china>

NATO's Perspective on the China Challenge

01/13/2021

In the November 2020 report entitled, *NATO 2030: United for a New Era*, the nature of the Chinese challenge to NATO and Europe was described as follows:

The growing power and assertiveness of China is the other major geopolitical development that is changing the strategic calculus of the Alliance.

At their meeting in London in December 2019, NATO leaders stated that China's growing influence and international policies present both opportunities and challenges that need to be addressed as an Alliance.

China poses a very different kind of challenge to NATO than Russia; unlike the latter it is not, at present, a direct military threat to the Euro-Atlantic area.

Nevertheless, China has an increasingly global strategic agenda.

China has an increasingly supported by its economic and military heft. It has proven its willingness global strategic agenda, to use force against its neighbours, as well as economic coercion and supported by its economic intimidatory diplomacy well beyond the Indo-Pacific region.

Nevertheless, China has an increasingly global strategic agenda, supported by its economic and military heft. It has proven its willingness to use force against its neighbours, as well as economic coercion and intimidatory diplomacy well beyond the Indo-Pacific region.

Over the coming decade, China will likely also challenge NATO's ability to build collective resilience, safeguard critical infrastructure, address new and emerging technologies such as 5G, and protect sensitive sectors of the economy including supply chains.

Longer term, China is increasingly likely to project military power globally, including potentially in the Euro-Atlantic area.

China's industrial policy and military-civil fusion (MCF) strategy are central components of this systemic challenge. Its military modernisation in all domains, including nuclear, naval, and missile capabilities, introduces new risks and potential threats to the Alliance and to strategic stability.

Its approach to human rights and international law challenges the fundamental premise of a rules-based international order.

Grave risks are posed by China in some critical sectors such as telecommunications, space, cyberspace, and new technologies, as well as disinformation campaigns. Since the start of the COVID-19 pandemic, China has conducted a disinformation campaign in numerous Allied states.

It has also committed widespread intellectual property theft with implications for Allied security and prosperity, as well as cyber attacks on NATO governments and societies which have been attributed by Allies as originating inside China.

At the same time, because of its scale and economic trajectory, China is a driver of global growth, trade and investment, and a significant investor in many NATO countries. It has begun to develop a strategic-commercial presence in the Euro-Atlantic Area via the Belt and Road Initiative, the 17+1 format, numerous bilateral agreements, and its MCF strategy.

Allies will continue to seek relations with China, build economic and trading ties and seek to work with China on issues such as climate change and biodiversity. China's actions are central to prospects of tackling global challenges such as the Sustainable Development Goals, as it produces one-third of global emissions and almost half of global investment in green technology.

https://www.nato.int/nato_static_fl2014/assets/pdf/2020/12/pdf/201201-Reflection-Group-Final-Report-Uni.pdf

Europe Must Plot its own Course on China

01/11/2021

By Hans Kribbe

Ever since Joe Biden was elected, hope has burgeoned that the West would quickly heal itself, with the US, in Biden's own nostalgia-tinged words, "back at the head of the table".

Evoking the old frame of a Washington-centred world, Biden's national security adviser Jake Sullivan went so far as to chivvy the bloc to defer its China deal, seven years in the making. Clearly, the EU needed "coordination" with the White House, he said on Twitter.

By declining the summons, the EU showed it sees itself as a superpower in its own right, at least in trade. For requisitions by US presidents, be they liberal or populist, it has no time. Sovereign powers think, decide and are ready to act on their own....

Given China's size and interconnectedness with Europe, a strategic policy of non-engagement hardly deserves the label "strategic". We share a planet and a 1.3 billion people state will not magically disappear.

How can we get Xi to combat global warming? Is there any country that does not in some way bracket its systemic rivalry with Beijing?

Australia, New Zealand and Japan, proud democracies all, are no friends of China. It did not stop them from inking their own trade deal with China, only days after the Biden's election.

Biden himself could have pledged to terminate or at least re-open the Phase One deal, for example to get Beijing to ratify fundamental ILO conventions. To the delight of Wall Street bankers, he vowed to maintain the status quo.

It was inevitable that Trump's successor would be hailed as the 'Great Healer' of the West.

But Joe Biden's tragedy is that he turned himself into the symbol of a pipedream. He talks about democracy, values and global leadership, even as the US' standing in the world plunges to yet greater depths. Strongman Xi he calls a "thug".

It is firm language, and not a word we are likely to hear from Charles Michel or Ursula von der Leyen, or from Macron or Merkel.

Still, for now, what they say about China sounds incalculably more strategic and savvy.

This opinion piece was published by the EUobserver on January 11, 2021, and the complete article can be found here:

https://euobserver.com/opinion/150552?utm_source=euobs&utm_medium=email

Hans Kribbe is the author of The Strongmen: European Encounters with Sovereign Power.

Europe, China and Australia: How Far Apart?

12/31/2020

By Robbin Laird

With the European Commission spearheaded a closer relationship with China, the gap — not just geographical — between Australia and Europe is clearly growing.

My own recently published book on the evolution of Australian defence strategy highlights the shift from the away game to the home game for the Aussies. The focus is clearly upon the Indo-Pacific and the Chinese reworking of the global rules of engagement and stepping up a wide ranging challenge to the liberal democracies.

As Ross Babbage has recently argued:

Current tensions between Australia and the Chinese regime are often described as a trade war.

It is much more than that.

What we are actually seeing is a far-reaching sovereignty war.

The Chinese Communist Party (CCP) is using a vast arsenal to coerce Australian governments to cede key parts of our political independence. Trade pressure is just part of a larger offensive.

This type of coercion has been a feature of the CCP's campaigns to defeat domestic and international opponents for over a century.

They used it during the long-running struggles against the nationalists and the imperial Japanese Army in the 1920s, 30s and 40s and in every campaign since, including their current struggles against

Vietnam, the Philippines, Malaysia and Indonesia in the South China Sea, with Japan over the Senkaku Islands and with Taiwan over its sovereign status.

In every case the CCP has launched sophisticated operations to penetrate, divide, corrupt, weaken and incapacitate their opponents and to force their collapse or capitulation.

The Chinese see these forms of comprehensive coercion as a type of warfare because their goals are the same as violent combat – to overwhelm opponents and deny them their independence.

How would one reconcile this trade and political war of China against Australia with the current efforts of the European Commission efforts to more fully engage China? Well you could, but only if you were a European diplomat, of the old school, perhaps the 1938 vintage.

A measure of the gap can be provided by the perspectives of Senator Jim Molan on the need for a comprehensive national security strategy for Australia.

In this article, I have focused on the final episode in [a podcast series](#) looking at the way ahead and how Australia might address the challenges which it faces which he generated.

This is the final podcast in his series and I have now gathered the transcripts of those podcasts — with selected parts of the broadcasts — and put them into a single report,

We Stress Test Banks, Why Not National Security?

We started off by saying that most Australians thought that we were doing enough on defense on our national security, because we've been aiming to spend 2% of our GDP on defense. I've made the point that national security is far broader than just defense and covers every aspect of government and society. We also spoke about the fact that major wars, unlike the small ones I fought in, are not a thing of the past and could still happen.

And healthy paranoia is very, very wise. And I did say that, and we've discussed the appalling nature of modern war. And it's such an awful proposition that everything we do must be focused on stopping it. Australia's view on our security has been shaped by the fact that market forces and globalization have delivered great prosperity to this country over the last 75 years. And this has been facilitated by the strength of our great ally the U.S. but that's now changed. US power is not what it was, and challenges have risen.

And we've also spoken about the vulnerabilities. We have vulnerabilities. Some, we create ourselves internally by allowing ourselves to become overly dependent on foreign supply chains. And some are forced on us from overseas, such as the illegal occupation of maritime areas or regional border disputes that threaten sea lines of communication.

But all is not really gloom and doom. Australia has an extraordinary defense potential, far greater than most Australians realize. And we spoke about that in the last podcast. But until you organize it through security, through strategy, it's all just potential.

We need to bring all this together in the form of a strategy that makes us secure and prepares us for the future. Prepared for conflict and war for the first time in our history, what a revolution. And a strategy

is only ever 10% of the task, but it's a critical 10%. And with the other 90% of the journey towards a truly secure nation, being the implementation of the strategy we decided on.

And if it's good enough for us to regularly stress test our banks, because they're so important to us, why is it that we don't ever stress test something as important as national security?

What do I want is for Australia for the first time in its post Federation history, to be prepared for our uncertain future? By being prepared, perhaps we will not have to endure the appalling possibilities that lie before us. Given what we have endured in the past, it could be an awful lot worse than what we have just come through.

Now, I don't advocate irrational preparation. I don't advocate panic. I don't say we should do this at the expense of our freedoms or our economy, or even globalization. I'm not denying particularly what this government has done brilliantly since 2013 in the field of national security. The preparation I want is the logical calm preparation based on facts and knowledge rather than doing it just whatever we can too late in a crisis as we've done for most of our existence as a nation.

I don't even want the implementation to start now because priority for the Morrison government must go to getting the economy back on its feet. And the greatest thing that we can do for this nation and for national security right at this moment is to recover the economy. The economy is the basis of our national security because it gives us the funds to prepare and it maintains that critical social cohesion.

But the thinking, the preparation, the examining of processes must start now, and it can start now. The Morrison government has proven during the pandemic that it can do many things at the same time. And thinking to produce a comprehensive strategy, not just for the military, but for the entire nation, doesn't cost a cent and should not compete for critical government brain space. And as I've argued, none of us how much time we have to prepare. So let's start as soon as possible....

Deriving a strategy is an essentially intellectual process, but it does require a few decisions and it does require a few resources. And those particularly are of smart people. I want Australia as the very first step to acknowledge that we face markedly changed strategic circumstances, which is a way a politician talks about the threat towards us. And we need to acknowledge that there are implications for this nation of that change.

The threat that I see is emerging now, and we need to act now. Not when the wolf is at the door. And that's been our historical reaction to crisis. We need to act now. Many countries that share our national philosophy are threatened by a rising power that is hostile to everything we are. Free, democratic, prosperous, occupying a full continent, and an ally of the United States.

We haven't seen anything like this since 1945. This is what the prime minister means when he talks about the twenties and the thirties. Perhaps he's not saying that war is going to break out in the modern equivalent of 1939, although that may happen, but a serious shifting of power relativities is what he's talking about.

Who is the big boy on the block?

The power relativity, the strength in our region is changing from an ally of ours, the United States, to an authoritarian power who is very assertive and even aggressive. And that power Sarah, the pair of China has proven it has no respect for international laws as has been shown in many ways.

Most markedly, I guess, in the South China Sea. In full view of a weak US president, the West did nothing in the South China Sea. China saw our weakness and has taken lessons from that.

History might be echoing from the twenties and the thirties. It may never repeat itself, but as people say, sometimes it echoes. And Australia must accept that tension may lead to war between the U.S. and China. And the result of that war will shape the world and particularly Australia. And it will shape us for decades to come. We need to be prepared and we are not prepared....

Primarily we need to build a self-reliant Australia. Not just militarily, but across the entire nation, which can secure our future. But we must also build alliances, be protected by them and be a significant contributor to them. The days of mindlessly and selfishly hoping the U.S. will be our savior in national security have gone, if they ever were there. The days of being complacent about national security are over, and it's time for some constructive paranoia, as we've discussed.

The world has changed. We must accept that this is our responsibility, and we must act. And when it comes down to what specifically we must do to achieve the aims of self-reliance, my suggestion to everyone is that we leave that for those who are going to write the detailed national security strategy.

I could come up with a whole range of ideas, but that means nothing. What I'm trying to say to people is let's be self-reliant, let's pull together an organization can analyze this and look at it and come up with a really specific actions that we need to take....

For the first time in our history, since Federation, we will be successful in fact, and in the eyes of the people, if we secure our sovereignty by being prepared for the uncertain future we face through a policy of national self-reliance based on a comprehensive nationwide strategy. Implemented through a modern national security organization, the equivalent of the national intelligence organization, which can both prepare Australia for high levels of tension as well as advise and manage all levels of crisis and war. To me, that's success....

If the need for a self-reliant approach to national security was acknowledged before the end of 2020 for example, a national security organization might be set up in 2021, able to produce a basic national security strategy. Addressing the security obligations of defense, cyber, manufacturing, diplomacy, health, energy and fuels, society, finances, education, borders, intelligence, food, and infrastructure, and anything else that I can't think of at the moment.

This could then be submitted to cabinet by the Prime Minister and considered by cabinet. So it shouldn't be a long period of time. As I've said, time and time again, we should aim to have this process in train within three years.

China Lodges a War Against Australian Sovereignty

12/13/2020

By Ross Babbage

Current tensions between Australia and the Chinese regime are often described as a trade war.

It is much more than that.

What we are actually seeing is a far-reaching sovereignty war.

The Chinese Communist Party (CCP) is using a vast arsenal to coerce Australian governments to cede key parts of our political independence. Trade pressure is just part of a larger offensive.

This type of coercion has been a feature of the CCP's campaigns to defeat domestic and international opponents for over a century.

They used it during the long-running struggles against the nationalists and the imperial Japanese Army in the 1920s, 30s and 40s and in every campaign since, including their current struggles against Vietnam, the Philippines, Malaysia and Indonesia in the South China Sea, with Japan over the Senkaku Islands and with Taiwan over its sovereign status.

In every case the CCP has launched sophisticated operations to penetrate, divide, corrupt, weaken and incapacitate their opponents and to force their collapse or capitulation.

The Chinese see these forms of comprehensive coercion as a type of warfare because their goals are the same as violent combat – to overwhelm opponents and deny them their independence.

Chinese President Xi Jinping doesn't hide the nature of his struggle against Australia, the US, Japan, South Korea, India and most of the countries of south-east Asia.

In recent months he has talked openly about China's "long struggle" and the need for a "protracted war" against the regime's opponents.

Some months ago Xi reportedly described China's relationship with the U.S. as "fighting while embracing."

More recently, in commemorating the 70th anniversary of the Korean War, he said "China will need the martial spirit of the (Korean) war to overcome today's challenges."

In pressuring Australia, the CCP has been using much more than trade sanctions. It has ramped up its propaganda and disinformation activities, greatly expanded its cyber operations and intensified its efforts to steal our intellectual property.

Successive directors-general of ASIO have said the scale of foreign espionage in Australia is larger now than at any time during the Cold War. CCP front organisations have proliferated and numerous attempts have been made to recruit parliamentarians, businesspeople, media personnel and others. Ethnic Chinese residents continue to be harassed.

These operations are planned, conducted and coordinated by four large agencies that are at the heart of the Chinese regime. They are the Propaganda Department, the United Front Work Department (that manages most front organisations overseas), the Ministry of State Security (the primary intelligence agency) and the People's Liberation Army.

All four report to the Politburo Standing Committee that is chaired by Xi. These organisations have deep experience in tailoring political warfare offensives to exploit weaknesses in targeted communities. Xi calls these operations one of his “secret weapons.”

While the CCP has chosen to ramp up trade pressure, it is notable that none of the list of 14 grievances against Australia passed to a journalist by the Chinese embassy on November 17 relates directly to Australian trading behaviour. The complaints rather seek changes in Australian legislation, to Australian international and domestic behaviour and even to the rights of Australian think tanks to freely express and debate issues.

The truth is that China doesn't have a real trade dispute with Australia.

The core agencies of the CCP have, nevertheless, decided that because more than a third of Australia's exports are destined for China, we are vulnerable.

They have calculated that the addition of targeted trade sanctions to the formidable forces already directed against us might make Australia crack.

Their hope is that one or more political parties, industry groups or other opinion leaders will wilt, seek to compromise, give ground on Australia's international and domestic interests and be prepared to water down some of our core principles and values. The firm defence of our sovereignty is the primary security challenge Australia faces this decade.

There are many things we should do but four priorities stand out.

First, we need to do our homework on China.

We need to greatly strengthen national understanding of the CCP, its ideology, its practices, its track record and its future plans. We need to encourage deep expertise not only in our politicians and officials but also in the media, industry, trade unions and all important parts of our society.

Second, we must energetically strengthen our international competitiveness and our national resilience.

Many industries and enterprises need to rapidly diversify their markets and their product mixes.

Third, we need to rapidly strengthen our military and para-military deterrence and defence capabilities.

We need to move quickly to strengthen those capabilities that will provide high leverage in the types of crises we may face in the coming decade. Highly trained special forces are one capability that will have very important roles to perform.

Fourth, we need to do more to assist all of our Indo-Pacific neighbours and friends that are also confronted by the CCP's coercive pressures. Australia should work closely with Japan, India and others to initiate a New Security Partnership.

This flexible network would provide both political and practical support to Indo-Pacific countries of all sizes as they strive to maintain their sovereignty and independence.

Above all, we need to ensure that no country is left standing alone.

Ross Babbage is CEO of Strategic Forum in Canberra and non-resident Senior Fellow at the Center for Strategic and Budgetary Assessments in Washington D.C.

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China, Australia and Global Change: Why a European Agreement Now?

01/14/2021

By Robbin Laird

Recently, I had a chance to talk with Ross Babbage, a leading Australian strategist about the pressure Beijing is applying down-under. Australia and its close partners are looking to build a regional coalition to reinforce national resilience, better protect national sovereignty and encourage a change of course in Beijing.

Question: How would you describe the current Chinese policies towards Australia?

Ross Babbage: "In recent months the Chinese government has imposed heavy restrictions or bans on the importation of Australian barley, wine, copper ore, sugar, cotton, timber, lobsters, coal and a range of other products. These Chinese sanctions have been imposed in retaliation for Australian steps to prevent foreign interference in the country's internal affairs and Canberra's call for an independent international investigation into the origins of COVID 19. In consequence, we are currently under some pressure.

"But the challenge we face is not really a trading dispute. What we are seeing is Beijing pressuring the Australian government and people to give away some of their sovereignty. And frankly, both the government and the political opposition in Australia are not prepared to give much ground.

"In its attempts to coerce Australia, the Chinese are actually using a much wider range of instruments than just trade sanctions. The regime has substantially ramped up propaganda against us, expanded the coercive operations of a range of front organizations in Australia and substantially increased its cyber operations. The level of espionage against Australia now is more intense than it was at the height of the Cold War.

"The Xi regime perceives Australia's trading relationship to be a weakness that they can exploit simply because China buys more than a third the country's exports.

"There are many people in Europe, the United States and elsewhere who still think that the regime in Beijing is a normal government that can be treated like any other international player. In my view our friends abroad need to take a closer look at Beijing's track record, its recent behavior and the nature of the challenges the Chinese regime is likely to pose to them in coming years.

“The official community in Australia takes a different view and believes that the Chinese regime is anything but benign. Largely because of the coercive behavior of the Chinese party-state, Canberra has been forced to tighten legislative frameworks, restrict foreign influence operations, restructure foreign investment controls and strengthen a wide range economic, community and national security defenses.”

Question: How would you characterize the evolving Australian position compared to some of its allies?

Ross Babbage: “Within the Australian official community there’s very little dispute about the nature of the challenge posed by the Chinese regime. What tends to be debated is the range of measures that deserve priority, how they can be delivered most effectively and with whom we should coordinate our actions most closely internationally.”

Question: How has Australia been working the global circuit to inform allied opinion and behavior?

Ross Babbage: “Australian diplomats and others have been working closely with partners across the Indo-Pacific, in Europe and elsewhere to discuss ways of jointly dealing with the Xi regime. One of the catalysts for this activity was the stark conclusion that the Australian government reached about four years ago that the security risks of permitting Chinese involvement in Australia’s 5G network were so high as to require firm and immediate action.

“When the Malcolm Turnbull-led government became concerned about what Huawei might be able to do with 5G, the Australian Signals Directorate was asked to do some work on the potential impact of involving Huawei in the Australian telecommunications network.

“The results were stark and horrifying. The analysis had a big impact on the cabinet. The Australian government was united on the need to strengthen the country’s electronic and broader infrastructure security and to move immediately.

“These events also generated a need to explain to our allies, security partners and friends why Australia had taken such a quick and very firm stand. Briefings were soon delivered in Washington and most U.S. agencies quickly came on board. Australian officials have since been active in briefing many governments across the Indo-Pacific, Europe and elsewhere.

“A number of European countries have come to conclusions similar to Australia about the potential risks of Chinese involvement in 5G networks.”

In effect, what Babbage is describing is the formation of a coalition of the willing to work together to achieve a desired security outcome, rather than relying on multinational organizations or formal alliances to deliver the desired outcome.

It is in this context that Australians and others in the Indo-Pacific see the draft European agreement with China on investment as being unhelpful and short-sighted.

Question: How do you view the new European agreement with China?

Ross Babbage: “The proposed agreement sends the wrong messages and I think it’s a very poor move. In particular, it displays no sort of solidarity with the democracies in Asia and the broader Indo-Pacific.

“It’s not only Australia that has been pressured by Beijing. Look at what the Chinese regime has been doing to the Indians, the Vietnamese, the Indonesians, the Malaysians, the Filipinos and also the Japanese, the South Koreans and the Taiwanese. There is also the Chinese regime’s behavior in the island states of the South Pacific.”

“Some influential Europeans seem not to regard this track record as being terribly important in their calculations.

“Look at how the Xi regime has performed in keeping its obligations under the WTO, and also their obligations under the free trade agreements they have with Australia and other countries. What faith can Europeans have that the regime in Beijing will abide by any of the agreement’s terms?

“There is also the question of helping President Xi out when he is under political and economic pressure at home. The Chinese regime pushed hard for this agreement so as to demonstrate to its own public that it was making good progress internationally. Does Europe really want to give this authoritarian regime such a break?

“In addition, the regime has been eager to conclude the European agreement to give some diplomatic maneuver space, vis-à-vis Washington. They wanted to be seen to be not beholden entirely to the new U.S. administration, no matter what direction it takes. I think they have been very keen to get an agreement with someone to give them extra leverage in Washington. And if that someone was the EU, terrific.”

How then should Australia proceed in building coalitions in the Indo-Pacific region to deal with the Chinese assault?

Our discussion focused on shaping coalitions of the willing to address specific challenges posed by China, rather than relying on a classic alliance framework. It is about finding ways to protect the national sovereignty of neighbors and friends through cooperation on specific issues.

This is how Babbage described a way ahead for Australia: “What we really need is a broader international partnership, a security coalition which can operate with great flexibility to help all Indo-Pacific countries maintain their sovereignty and security.

“We can help them a lot. The U.S can obviously play a big role in such an effort. The Japanese are already committed to strengthening security partnerships across the region. And the Indians and others are doing some useful things as well.

“We don’t want to call this loose network an alliance. That doesn’t resonate well in most parts of Southeast Asia and the South Pacific. We need to build a coalition of like-minded countries who share our concerns about reinforcing national sovereignty and security. And I think we’re starting to make some progress.

“That’s where the future really lies, and that’s what we’ve got to make work. If we do, we’ll be changing the environment markedly. We’ll be reinforcing national and regional security and we will also be bolstering political and economic cooperation and confidence.”

Question: Putting pressure on Xi's regime is important rather than letting him simply shape an influence and pressure campaign against the liberal democracies. How do you envisage this side of the equation?

Ross Babbage: "Much of the pressure being felt by Xi and his regime is self-inflicted. One example amongst many is the regime's action in ceasing the importation of Australian coal.

"I don't think that too many Americans are aware that these measures are starting to cause the Chinese serious problems. In several parts of China, they've had to ration electricity and reduce markedly the heating of apartments and many facilities in mid-winter.

"The Chinese operate a large number of new-generation coal-fired power stations, many of which are tuned to burn high-quality Australian thermal coal. These plants can't run properly without it.

"And then there's another problem that has arisen with metallurgical coal, where we are also a leading supplier to China. If you don't use high-grade Australian coal and you use lower grade coal sourced from elsewhere, you have to use much higher-grade iron ore in the blast furnaces to compensate. But higher-grade iron ore is more expensive, and this has helped drive a doubling of iron ore prices in recent months. This, in turn, has increased the cost of Chinese iron and steel and reduced China's international competitiveness.

"So, the regime's ill-considered actions are imposing serious costs on Chinese businesses and the Chinese people more generally. The lack of heating and the halting of elevators in twenty-story apartment blocks has imposed unnecessary hardships. Several industries have been forced cut their power use and suffer a reduction in productivity. If this goes on indefinitely, there may be consequences for the regime's domestic reputation and legitimacy.

"The real difficulties confronting Xi's regime underline the reality that although the Chinese economy is large, its outlook is cloudy, and it is not quite as attractive to foreign investors as many assume. Few informed analysts now see China as 'the factory of the world' now and certainly not in a decade's time.

"Part of the reason is that China's national debt is now around 335% of GDP and still rising rapidly. The head of the Chinese central bank has made it clear that the country can't keep spending large sums of money on unnecessary building works and incurring yet further debt just to maintain a sense of economic normality.

"Other serious problems are the rapid aging of the population and the declining size of the workforce. These deteriorating demographic trends are starting to be felt as major social and economic problems which the regime has little scope to influence.

"In short, Xi has promised a great deal but his international policies and his domestic mismanagement could be his undoing.

"The Chinese regime is the cause of many of the security problems now faced by the United States, its European and Indo-Pacific allies and their many security partners. There is a need for genuine solidarity in the face of Chinese interference and coercion. That is why there is a need for enhanced international consultation, cooperation and coordination.

“In this environment the draft European agreement with China on investment looks to be out of place and poorly timed. There is a need for the European Parliament to give this draft agreement much deeper thought.”

Australia and the Chinese Challenge: The Perspective of Brendan Sargeant

01/18/2021

By Robbin Laird

Recently, I continued my discussion with Brendan Sargeant, the well-known and well-regarded Australian strategist about how best to understand the challenge posed by the regime of President Xi to Australia and the Indo-Pacific region. We focused on how he would characterize the nature and focus of the strategy of the Xi regime as a Communist Authoritarian state and then focused on how Australia was responding to this strategy. This raised the question then of how the allies of Australia, notably the United States, and Europe and most significantly the states of the Indo-Pacific were responding to the Xi regime policies and strategy.

It became clear in the discussion that Europe and the United States have a golden opportunity to work with the Indo-Pacific states and to take advantage of Australian initiatives to provide a clear counterstrategy to Xi and his authoritarian regime. Europe otherwise known as the European Commission wishes for a geopolitical role. It is difficult to see how embracing an authoritarian regime with global reach and ambitions as Xi's China provides more than legitimization and support to Chinese policy, rather than seizing the opportunity to work with the Indo-Pacific states working to counter the Chinese strategy as shaped and executed by Xi's government. We started by discussing Chinese strategy and how Sargeant viewed that strategy as formulated and executed by Xi's regime.

“What is China's strategy? What are they seeking to achieve? What do the actions that they are taking actually mean?”

“I think that China's fundamental goals are straightforward. They don't try and hide them. The first key element is the role and dominance of the Communist Party. The Communist Party is the foundation of the contemporary Chinese state, and the legitimacy and political survival of the Communist Party is the overriding strategic priority for the current leadership. This perspective drives much of China's internal and external policy.”

“With regard to how they present themselves to the world, Taiwan is a challenge to the legitimacy of the governing model that the Chinese Communists have developed. It is quite a significant challenge, as was Hong Kong, because it presents an alternative Chinese model to that of Communist Party dominance. It is an alternative that is more powerful in the context of the Communist Party's refusal to acknowledge its own history and to deal with some of the terrible things that they have been responsible for.”

“To be clear we are not friends with Xi’s China. We are not partners. These are not useful terms to characterize the relationship. We must deal with China, but we always need to deal with a recognition that we are in a situation of long-term political conflict. If you look at strategic policy, most policy in relation to China is concerned with challenging China’s legitimacy in terms of its actions in areas that bump up against Western or regional interests. The South China Sea is a good example, but the really significant area is in relation to Taiwan.

“The second driver of their strategy is that China is resource-hungry. It needs resources, because it has to sustain levels of growth to deliver economically to its people; in a sense, sustaining economic growth is one foundation for the current legitimacy of the Communist Party.

“The third element is because they are hungry for resources, they are looking at ways of guaranteeing supply. Belt and Road; the relationship with the countries that are close to them, in Southeast Asia, Cambodia, Laos, and so on; their alignment with Russia at the moment; all can be seen as an attempt to guarantee resource flows into China, and to give China diversity of supply.

“I think one of the issues for Australia is that we have been complacent about being a monopoly provider to China in certain areas. In my view the Chinese don’t like that. It represents risk. They will wear some pain in order to reduce their risk in relation to countries like Australia. Of course, we have created strategic risk for ourselves by having so much of the economy dependent on a narrow range of exports to China.

“The fourth key element is that they work to create buffers. The Xi regime wants to maximize the distance between China and potential threats. China is a country with many land borders with other countries. They are trying to push outwards and increase their strategic space.

“They do that in two ways. One is what you see in the South China Sea; a much more aggressive extension of boundaries with their territorial claims, island-building and occupation and militarization of claimed areas. Another is to try to bring close countries within a Chinese sphere of influence or, in the case of India, establish primacy.

“The final element of their strategy which affects Australia quite significantly is to break alliances. They seek to make themselves the center of the Indo-Pacific regional order. They don’t want to face any form of alliance or coalition of the willing that is going to, in a sense, reduce their capacity to control the agenda and to establish patterns of behavior across the strategic system in ways that support China’s interests. In this respect, the QUAD is an important strategic intervention because it signals that China’s cannot unilaterally establish the future strategic order. It must take account of other countries in the Indo Pacific.”

With regard to China’s approach to the United States, a key element of Xi’s strategy is to “raise the cost of the United States operating in the Indo-Pacific region.

“They do that in two ways. One is through diplomacy to make it harder for the United States to operate here. The other way is to push the U.S., and everyone else, out beyond the First Island Chain. And that means that if they control the South China Sea, and they control Taiwan, they have unimpeded access to the Pacific, and they can establish a more capable future deterrent capability against the United States.”

How then did Sargeant see Australia and its allies and partners countering this strategy with one of their own?

He started by underscoring the importance of recognizing that the Xi regime is not the equivalent of China itself. “We talk about the friendship with China, but that confuses China with the Chinese government. The Chinese government is not our friend. It is as simple as that. We should not assume that it is.”

Sargeant argued that Australia along with its ally and partners need to expand the reach of its defense capabilities to operate within the Indo-Pacific region. The challenge highlighted in COVID-19 of supply chains needs to be met with what John Blackburn has called “smart sovereignty” whereby Australia works with allies and partners to shape supply chains not dependent upon China, and by working “coalitions of the willing” in supply chain areas, one can build up the kind of alternative to reliance on Chinese markets that Xi’s regime needs to remain in control of China itself.

“We clearly will work with China, but we need to do so from the standpoint of understanding that we are dealing with a government with priorities and interests very different to ours. We need to conduct a diplomacy with China that seeks to identify areas of common interest and to work in those areas. We need to establish boundaries in areas where our interests diverge. We need to operate on the pragmatic assumption that the relationship will be limited. To describe the Chinese government using terms like friend or partner is misleading. We work to support common interests and to minimize problems where interests diverge, and it doesn’t mean anything more than that.”

He underscored the importance of setting in motions of a broader partnership and alliance strategy built on providing ways to influence China’s approach to the Indo-Pacific.

“What we haven’t seen with policy towards China is a more concerted strategic positioning with coalitions in response.”

“What I see at the moment is a lot of volatility and experiments, as people try to establish a framework, a strategic order, that is capable of solving problems, that allocates roles and power in a way that doesn’t, in a sense, concede everything to China or embody a nostalgia for a U.S. as it might have been, not as it is now.”

“We need to push back against initiatives by China, or any of the other authoritarians, that are going to work against our interests.”

“This is a real challenge for Australia. We’ve always had an approach of separating economics from strategy. Our statecraft has been immature in that respect. In the future, in dealing with China, and with the other authoritarians, we need to understand that how we do all aspects of policy internationally has to be congruent with our strategic interests.

“We can’t separate economics from strategy. We can’t assume that there’s a set of rules in common with the authoritarian powers that we are following as well. I think that that’s what the Europeans have done, and that’s their faith, a faith in the rules-based order being supported by the authoritarians. That world has gone.”

He cautioned that although European nations pursue economic interests, those are not related in any fundamental way towards dealing with China and the Indo-Pacific as a whole.

“European strategy has always seemed to me myopic and concerned with the economic positioning of the significant countries in Europe. It is not global. It doesn’t have a global vision. And when you look at Europe in the Indo-Pacific, everyone is rushing here to talk to India, to talk to China, and to open up branch offices because they think there’s money to be made. It has nothing to do with strategy; it has nothing to do with the defense of liberal democracy.”

“The agreement that they have come to with China, and the rhetoric around it, is just not credible. I agree with the Americans, it is not strategic. They needed to take more time and think more deeply about the implications of it. It is clearly a gift to President Xi.”

He highlighted as well that President Xi might mis-read the actual military situation he faces. With President Trump there was a more realistic assessment of American power and its inability to operate as a global policeman. As Sargeant put it with regard to the United States: “I think one of the challenges for the U.S. administration is to actually align its strategic policy in appropriate communication with its actual power.”

But working with the coalition partners in the Indo-Pacific region and the extensive engagement of the U.S. military in the region creates a formidable defense capability. “When I look at the China challenge, what worries me the most about China is that they overestimate their own power, and they underestimate U.S. power. We need to work to correct Xi’s understanding of what he actually faces in the region in response to his regime’s disruption of the region.”

With regard to shaping a way ahead for Australia, what is the key focus?

“We need a strategic policy that connects us with the world, where the instruments of economic power and the instruments of more traditional strategic power are operated in an integrated way to shape effective “coalitions of the willing” to try to shape China’s participation in the regional strategic system in ways that support all participants in that system. A regional strategic system dominated by an authoritarian China is not in Australia’s interests.

“Australia is building the capacity to create those coalitions that sustain the ability to exercise sovereignty, if that’s a term you want to use. We are potentially quite vulnerable, because of the way we have structured our economy, and our defense is probably not big enough to secure all our interests unilaterally. This means that we need to work effectively with other countries, the United States being a key ally, but also to work effectively with like-minded states in the region, in order to enhance our capacity to defend ourselves and exercise Australian sovereignty in ways that support our interests.

“But it’s not about traditional alliances; it’s about building capacity to work together to build and sustain capabilities appropriate to circumstances and to respond to problems when they occur. It is about working with others to shape the strategic environment in ways that support our interests.”

Europe and the Mediterranean: The Challenges in 2021

01/06/2021

By Robbin Laird and Kenneth Maxwell

As 2021 begins the European and Mediterranean region is in the throes of fundamental change. How those changes work out in shaping new geo-political and strategic dynamics is an open question. What is clear, however, is that the changes underway raise any number of important questions and pose a series of challenges.

These challenges are particularly acute for the liberal democracies which are facing increasingly aggressive authoritarian states that are using an ever more effective mix of soft and hard power to expand and consolidate their zones of influence, and to subvert the democratic processes in what were, once-upon-a-time, the self-confident and democratic core-nations that founded the global order after the world-wide devastation of the Second World War.

We see a number of dynamics of change unfolding which include but are not limited to, the potential disaggregation of the United Kingdom, the enhanced role of China in shaping European infrastructure and with it significantly reshaping security and defense in Europe, the growing independence of Turkey from the western alliance with Erdogan shaping a Neo-Ottoman approach in the eastern Mediterranean and the Caucasus, and Russia under Putin enhancing its influence and capabilities and leveraging Chinese actions in the region.

The Disaggregation of the United Kingdom

While much attention has been placed upon the United Kingdom reaching an agreement with Brussels with regard to its future relationship with the European Union, that is “Getting Brexit done” in the words of the British Prime Minister Boris Johnson, the core problem is that both parties to the agreement are in the process of fundamental change. With regard to the “United” Kingdom there is little doubt that a major question facing the Prime Minister and his team over the next months is actually keeping the “United Kingdom” just that.

Given the importance of defense installations in Scotland, and the role of the North Sea through to the Nordics in dealing with the direct Russian military threat, will these defense installations be part of a unified defense force which has the UK stamped on it? As Charles Grant recently put the challenge: “During 2020, the year of COVID-19 and the Brexit trade talks, support for independence among Scottish voters rose substantially, to about 60 per cent.” The pandemic and the trade talks allowed the Scottish National Party (SNP) to portray the Conservative government as incompetent and acting against Scotland’s interests. “The more that Brexit appears to hurt Scotland, the better for the SNP and its policy of leave the UK to rejoin the EU.”^[1]

The Scots did not fail to notice that during the referendum campaign and subsequently, few of the Brexiter Leavers – with some exceptions like Cabinet Office Minister Michael Gove, who was born and brought up in Aberdeen (the key port for British access to the North Sea oil reserves) – cared much

about the unity of the UK. Many Scots do not warm to the English nationalists who are so influential in today's Tory Party.

The SNP is on course for a big victory in next Scottish elections which will take place in May. If the Prime Minister in London continues to say “No” to another Scottish referendum (as Boris Johnson does. He says it will occur in 40 years), and continues to insist that Scotland cannot become independent, with every successive SNP victory, it will be harder for London to sustain this hardline position. Scotland after all voted overwhelmingly against Brexit (as did Northern Ireland). Brexit has made Scottish independence much more likely.

The potential independence of Scotland has major security implications. The RAF Lossiemouth is where four Typhoon combat aircraft squadrons, one Poseidon MRS1 Squadron, and a RAF Regiment squadron, are based. The base is a key component in the UK's defense of its northern Airspace and the Northern flank of NATO. This role is of increasing importance given the renewed Russian threat as perceived by Norway, Denmark and Finland (and Sweden). The HMNB base on the Clyde at Faslane, Helensburgh, on Gare Loch of the Firth of Clyde, is the base for Britain's nuclear weapons and of Britain's nuclear submarines armed with Trident missiles.

The Scottish National Party (SNP) has long opposed Trident, and in 2016, 58 of Scotland's 59 MP's, voted against the decision to renew the Trident nuclear weapons system. According to YouGov polling a majority of Scots think that the Scottish government rather than the UK government should have the final say over Trident. The former SNP leader and former Scottish First Minister, Alex Salmond, hosts a political talk show on RT, the Russian backed broadcaster. He has come under cross-party pressure to abandon his program after a damning report by the UK's intelligence watchdog which linked RT to the Kremlin's strategy of sowing disinformation and division across the west.

The consequences of the Boris Johnson' EU/UK free trade Brexit deal are also profound for the relationship between Northern Ireland and Great Britain within the UK. In effect the EU/UK free trade deal establishes a border in the Irish Sea because Northern Ireland will remain part of the EU single market in order to prevent a hard land border being re-established between the Republic of Ireland and Northern Ireland, and hence undoing the achievements of the Belfast Agreement which ended (with substantial US support) the years of violent inter-community violence. But the Boris Johnson deal makes the possibility of a “United” Ireland much more than a distant aspiration for many on both sides of the internal Irish broader.

These are all questions. They are not predictions. But they are challenges which need to be recognized and which have broad international implications.

The European Union and the China Insertion

The European Union faces a significant security challenge which underlies its capability to defend itself – infrastructure security, communications security, and secure networks. In the co-authored book by Laird and Delaporte on *The Return of Direct Defense in Europe*, a core element was the need of focusing much more centrally upon the defense of European infrastructure and reducing the interference of the 21st century authoritarian states in that infrastructure.

“The expanded challenge posed by the authoritarian states is highlighted by how the Russians and Chinese have used the free market mechanisms in Europe and the United States to invest in and to

control key infrastructure in the West and thereby work to influence outcomes to their benefit. The EU clearly is crucial to any comprehensive European effort to deal with the threat from Chinese and Russian direct investments in Europe itself.”

The EU has just signed a comprehensive investment agreement with China. It is seen as the triumph of the last year of Angela Merkel’s long dominance of the German political landscape as chancellor, and of the German presidency of the EU Council (just before the rotating presidency of the EU council is handed over to Portugal.)

Angela Merkel has made developing a strategic relationship with China a priority of her last years as German chancellor with the support of German car makers and manufacturers who see opportunities in the vast Chinese market. Merkel endorsed the EU/China deal in a video call with the European Commission President (and the former German defense minister) Ursula von der Leyden, and the European Commission President, Charles Michel, and Chinese President Xi Jinping. The EU/China agreement still requires the official approval of the EU governments, the European parliament, and the national parliaments. The confirmation is expected to come during the French Presidency of the EU Commission in the first half of 2022.

Jeffrey Sachs, the Columbia University celebrity economist and co-editor of the “World Happiness Report” welcomed the investment treaty: “The New Year” he writes “will begin on a promising footing. Now is the time for the World’s leading powers to stop casting stones from glass houses and should come together to end the pandemic and set the stage for a green, digital global recovery.”^[2]

Many others have expressed skepticism. Theresa Fallon of the Center for Russia Europe Asia Studies said: “The main deliverable from Beijing’s point of view was to drive a wedge in transatlantic relations, and Brussels seems to have complied.”^[3]

And the Chinese commitment to workers’ rights is laughable in face of their treatment of their Uighur Muslim minority in the Xinjiang Uyghur “Autonomous” region. President for life Xi’s diktat in Hong Kong where the imposition of Beijing inspired new security laws and the repression to eliminate dissent, hardly inspires any confidence in his respect for “human rights” let alone international agreements. Nor does the imprisonment for four years of the citizen journalist, Zhand Zhan, for her reporting on the coronavirus pandemic in Wuhan.

It is difficult to see how trusting a regime like Xi’s enough to sign a comprehensive economic agreement makes any sense at all. With the very clear examples of the Xi regime in undercutting liberal democratic values and the political and trade war against Australia and its sovereignty, Xi’s intentions are clear.

And if further evidence is needed, there is the Chinese performance in initially both covering up and lying globally about the Wuhan virus. And even more narrowly to the question of European interests, China’s expansion of its military capabilities directly against the key guarantor of European defense, the United States, is happening to such an extent that core capabilities needed for the direct defense of Europe might not be available due to the operations of the de facto Russian-Chinese alliance.

In light of these and many other similar dynamics, it is difficult to see why a German led EU would reach such an agreement except to further ignore the defense of Europe itself.

Erdoğan works his Agenda

It is very clear that the main value of NATO to the Turkish leader is to remove a threat from his back door. The Ottoman emperors always had to worry about the action of the Christian West against their interests. Erdoğan is simply using his NATO membership to block such pressure or to attenuate it. As we put it in *The Return of Direct Defense*: “Turkey is clearly using its NATO membership to reduce pressure on its actions, while at the same time reaching out to non-NATO “partners” to try to achieve Erdoğan’s particular objectives on a case-by-case basis.”

The German leadership certainly knows that the migration card which Erdoğan plays is a key lever to influence EU policy, and thus by extension with NATO and the EU, giving him a free hand for his policy in the Mediterranean, the Middle East, the Caucasus and in North Africa. Here he is clearly focused on sorting through some sort of accord with the Russians to sort out how both might benefit from the new situation.

The recent Turkish involvement in the conflict in the 2020 Armenian-Azerbaijan conflict and in the Nagorno-Karabakh war where in operation “iron-fist” as the Azerbaijanis called it, Turkey provided Syrian mercenaries and supplied drones, long range artillery and conducted information warfare via social media accounts, to great effect.

Russia has brokered a ceasefire and Russian troops have been deployed, but the incitement to hatred in the Caucasus will not go away any time soon. Armenians have very bitter memories of Turkish atrocities in the past. They have only been reinforced by Erdoğan’s recent Turkish expansionism. Yet the bottom line is that the geostrategic interest of both Russia and Turkey have been strengthened. Turkish support for Azerbaijan has been long standing since the fall of the Soviet Union and the access corridor in the ceasefire will provide Turkey with potential trade access to central Asia and to China’s “belt and road” network.

The conflict has much wider implications since it shows that as in Russian actions in the Crimea and Eastern Ukraine, the deployment of hard power can be used to expand and consolidate influence in those grey areas of international competition. In the Middle East where both Russia and Turkey have employed hard power in Syria, the Abraham Accords, where Israel is a central player, and Saudi Arabia is a hidden partner (and where the long-standing dispute with Qatar has been resolved) is seen also a threat to both.

With regard to the way ahead for Russia and Turkey, Andrew Rettman wrote this recently in the *EU Observer* about their relationship: “*Turkey and Russia have pledged to go further on military cooperation despite US sanctions, in a move that risks destabilizing NATO. “We prefer to solve all issues, including that of the S-400, through negotiations,” Turkish foreign minister Mevlüt Çavuşoğlu said on Tuesday (29 December), referring to a Russian-made air-defence system bought by Turkey.*

Recent US sanctions over the purchase were “an act of aggression against our country’s sovereign rights” the Turkish minister said. “We will not give up on our intentions,” Çavuşoğlu added, after meeting Russian foreign minister Sergei Lavrov in Sochi, Russia.

The U.S. blacklisted four Turkish officials in December over the S-400 and previously excluded Turkey from a fighter-jet development program, amid concern Russian-made radars could jeopardize NATO assets in the region.

But for Russia's Lavrov, the West was trying to drive a wedge between Turkey and Russia because they had defied its claim to monopoly on power. "We appreciate ... the principled disposition of our Turkish colleagues to continue cooperation in this area, despite the continuing illegitimate pressure from Washington," Lavrov said in Sochi. [\[4\]](#)

Those states most concerned with the direct Russian threat, such as Poland, are not finding this relationship amusing, but it is notable that the Russian foreign minister went out of his way to highlight the importance of Turkish sovereignty versus its membership in NATO. This is a very revealing and accurate comment.

Unsurprisingly, Boris Johnson's government as just staged a free trade deal with Erdoğan, which came into effect on January 1st without the most rudimentary parliamentary scrutiny. This is part of Johnson's post-Brexit "global Britain" agenda. It comes, of course after Johnson scared the leave voters in the Brexit referendum with a vision of hordes of Turkish migrants arriving in Britain. Turkey has had a £18.6bn two-way trade with Britain in recent years and Britain is Turkey's second largest export market. British trade with Turkey involves £1.3bn in arms sales.

Russia Leveraging the Growing Impact of 21st Century Authoritarianism

The Chinese efforts to expand their influence in Europe, the Turkish approach to reshaping the Mediterranean region to their advantage with no regard to its NATO allies, and the growing capability of the Russians to savage the Western digital economies, puts them into a much better position than if they had to rely only on their own capabilities and positions.

It needs to be remembered as we face Obama III, that the Obama II team consistently underrated what Putin could do. For Secretary Kerry (now Climate Change Kerry), the Russians were living in the 19th Century. For Vice President Biden, the Russians were a weak power bound to fail in the face of the dynamic West.

This is how we put it in our book on *The Return of Direct Defense in Europe*:

"The Obama Administration built its reset policy on the notion that Russia was weak and at best a regional power. His Vice President, Joe Biden, characterized the Russian challenge in 2009 as follows: "The reality is the Russians are where they are. They have a shrinking population base, they have a withering economy, they have a banking sector and structure that is not likely to be able to withstand the next 15 years, they're in a situation where the world is changing before them and they're clinging to something in the past that is not sustainable."

What Putin will try to do as he faces opposition at home, and the very negative consequences of the COVID-19 situation within Russia, is what virtually all authoritarian leaders do in crises: leverage what their friends are doing and work it to their best advantage.

In short, these trend lines and there are more, set in motion the prospects for significant geopolitical change in the next few years.

[1] Charles Grant, “Ten Reflections on a Sovereignty First Brexit,” Centre for European Reform (December 28, 2020), <https://www.cer.eu/insights/ten-reflections-sovereignty-first-brexite>.

[2] Jeffrey D. Sachs, “Europe and China’s Year End Breakthrough,” *Project Syndicate* (December 31, 2020.) <https://www.project-syndicate.org/commentary/eu-china-investment-agreement-by-jeffrey-d-sachs-2020-12>.

[3] Hans Von Der Burchard, “Merkel Pushes EU-China Investment Deal Over the Finish Line Despite Criticism,” *Politico* (December 29, 2020), <https://www.politico.eu/article/eu-china-investment-deal-angela-merkel-pushes-finish-line-despite-criticism/>.

[4] Andrew Rettman, “Turkey and Russia Arms Deal, NATO Headache,” *EU Observer* (December 30, 2020), <https://euobserver.com/foreign/150485>.

Afterword

The China challenge figured prominently in our book published in December 2020, *The Return of Direct Defense to Europe: Meeting the Challenge of 21st Century Authoritarian Powers*.

“Countering the Western liberal democratic alliances are the deepening relationships among the core drivers of 21st century authoritarianism, the People’s Republic of China and Putin’s Russia. These two powers play off of one another in working to reshape the rules of the game rather than working within the rules-based order that the liberal democracies have crafted over the past 50 years.

“It is this contest between the liberal democracies and the 21st century authoritarian powers which is resetting the nature of the challenge of the direct defense of Europe in the 2020s. This book provides a prologue to understand how that challenge is being shaped and framed.”

<https://sldinfo.com/books/the-return-of-direct-defense-in-europe/>

For an interesting look at the transformation of China under Xi, see the article by the *Der Spiegel* correspondent to China, now the correspondent in Hong Kong.

<https://www.spiegel.de/international/world/the-dawn-of-the-dragon-how-xi-jinping-has-transformed-china-a-49d467ed-3bd8-4b95-882a-395200cef324?fbclid=IwAR0cQxkSKQLOUAIgZxVnx8hIIrNPaqwLfSmpNRCPh7FIs8vPzzAxnKQU6-M>