

GERMANY-ISRAEL STRATEGIC FORUM, DECEMBER 10-11, 2019, BERLIN
SESSION 1: HOW EUROPE AND ISRAEL CAN NAVIGATE IN THE US-CHINA
COMPETITION

How Europe and Israel can navigate 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 a great power competition. Russia and China are increasingly challenging US dominance and Peking seems determined to become a global superpower by 2049, investing heavily in its military, in innovation, technology and infrastructure worldwide. As matter of fact this Great-Power-Competition has become the main priority of the US national defence strategy and foreign policy. With rising tensions between Washington and Peking, particularly playing out in the South and East China Seas and in international trade through the imposing of tariffs and quotas on imports, Germany and the EU have to find a way to navigate the US-China rivalry. This coincides with the fact that the liberal, norm-based international order, which Europe and Germany have counted on for decades, has been under significant stress lately.

As a response to the changing security environment, in June 2016 Federica Mogherini (HR/VP), presented the EU Global Strategy (EUGS). The EUGS clearly refers to the concept of strategic autonomy as a goal for the European Union. However, the EUGS remains unclear about what strategic autonomy means in concrete terms, how measures to achieve a higher degree of strategic autonomy can be implemented and what is demanded in the fields 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 a challenge to any unified approach.

If Europe wants to be a rule-maker rather than a rule-taker amid the Great-Power-Competition, it has to act to progressively increase 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 of high concern. 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 Spratly and Paracel) has increased tensions with its neighbors and the US. To uphold international law, and its economic and security interest in Asia-Pacific, the US is conducting Freedom of Navigation Operations (FONOPs) and has increased 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 the 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 contributor, the UK is a significant strategic and industrial partner in 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 a 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 that, for Europe, which was profiting for over 70 years from the US defense umbrella, it has to devote greater resources and strategic vision in its own defense and security. In particular, the challenges on the Eastern flank of NATO and concerns raised by Southern European countries, which stem 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 through 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 an inclusive and integrative approach to defence cooperation within the European Union. Moreover, Germany has repeatedly underlined the fact, that these efforts aim to strengthen the European pillar within NATO and should by no means undermine the transatlantic alliance.

¹Federal Ministry for Economic Affairs and Energy: Facts about German foreign trade, pp. 1 -2 (September 2019), URL: https://www.bmwi.de/Redaktion/EN/Publikationen/facts-about-german-foreign-trade.pdf?__blob=publicationFile&v=7 (Access on 12.12.2019).

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 and finding European answers to the challenges of the 21st century. This implies promoting a more cohesive economic and geopolitical approach towards China and Russia. At the same, Germany encourages a common European perspective on the relationship with the US as the most important European ally.

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 and has been associated with EU Research and Technological Development Framework Programmes since 1996, while it has participated in Horizon 2020 from the beginning. Despite Germany being a provider of 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, can set up ambitious frameworks for deeper cooperation in security and defence. Aimed at promoting readiness and response to wider regional conflicts, joint military training and exercises offer opportunities for 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.

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