



Source: © Reuters.

[Conflict-ready? Western Foreign Policy in Times of Systemic Rivalry](#)

Will a Mauling by the Bear Teach Us How to Tame the Dragon?

Implications of the Russian War of Aggression
for Germany's New China Strategy

Johann Fuhrmann

Communist China is increasingly perceived in Germany and the rest of Europe as a systemic rival while, at the same time, German investments in the People's Republic are rising. For years, China has been the most important bilateral trading partner of both Germany and the EU. How can the China strategy announced by the German Federal Government address these challenges and dependencies – also against the background of the Russian war of aggression in Ukraine?

Since Vladimir Putin began his war of aggression in Ukraine, Germany has been faced with the ruins of a disastrous Russia policy: the result of naivety and failure to contain Russia through close economic relations. At the same time, China's ambivalent position towards the European war, and threats of military annexation of Taiwan have sparked a new debate in media and political circles about Germany's approach to the People's Republic. Under the auspices of the Federal Foreign Office, the German Federal Government is creating the country's first China strategy. What lessons can be learnt from the Russian war of aggression and its repercussions? To answer this question, we will focus on the growing partnership between Beijing and Moscow and on China's international role and ambitions. Finally, we will consider what conclusions can be drawn for future dealings with China. But first, let us examine the context in which the China paper announced by the German Federal Government is being drafted.

New China Strategy: It's a Trap!

“The experience of the past few months has taught Germany how dangerous it is to be dependent on individual trading partners. And even though current concerns are focused on how to acquire as much energy as possible to replace Russian gas within the shortest time possible, worries that Germany could be much more vulnerable at another point remain. China is the country from which Germany imports by far the most goods,”¹ reads

a recent analysis by economic correspondent Julia Löhr, who works for the Frankfurter Allgemeine Zeitung. And thus, two strategy papers announced by the German Foreign Office and which are currently in the making, are marked by growing international tensions and economic dependencies. A “comprehensive national security strategy” will be published in the spring of 2023, followed by the above-mentioned China strategy. Meanwhile, there are growing indications that the two papers are part of the German Federal Government's preparations for an era of heightened systemic rivalry. “‘Just in time’ has had its day. Our guiding principle should be ‘Just in case’,”² said Franziska Brantner, Parliamentary State Secretary in the Federal Ministry for Economic Affairs and Climate Action. In other words, Germany does not want to enter a conflict with China unprepared, like it did with Russia.

The German Federal Government's decision to adopt a China strategy was taken with the coalition agreement in December 2021. The suppression of the pro-democracy movement in Hong Kong; reports of human rights violations, torture, and forced internment in Xinjiang; and open threats of military annexation of Taiwan are all factors that reinforce fears of growing rivalry between Beijing and the West. China's unwillingness to condemn Russia's war against Ukraine as the violation of international law that it is, and the unfiltered dissemination of Russian propaganda by Chinese diplomats and state media, have recently further heightened tensions.

China and Russia – United against the West?

For several years, Russia and China have been staging – and celebrating – a rapprochement in bilateral relations. There have, for instance, already been almost 40 meetings between Chinese President Xi and Vladimir Putin. In early February 2022, Russia's president travelled to Beijing for the opening ceremony of the Winter Olympic Games. Discussions with Xi led to a comprehensive declaration of more than 5,000 words. In the text, both sides said that they “oppose further enlargement of NATO”. In return, Moscow said that it considers Taiwan to be “an inalienable part of China”. Both parties also sharply criticised AUKUS, the US-UK-Australia partnership in the Indo-Pacific concluded in mid-September 2021.³ It is unclear whether Moscow discussed its plans for war in Ukraine with Beijing before it attacked. What is certain is that experts have long worried about an ever-closer alliance between China, the most populous country in the world, and Russia, the world's largest territorial state.

This is emerging in military matters, for instance. In 2016 and 2017, Russia and China held joint missile defence exercises in the form of computer simulations, and in 2019, Moscow revealed that Russia was supporting the People's Republic in building a missile early warning system.⁴ Both countries have been conducting joint military exercises since 2005. Their joint air power exercises attracted attention at the end of May 2022. The provocative action involved Chinese and Russian jet aircraft violating South Korea's air defence zone, and approaching Japanese airspace.⁵ Security experts like Brian G. Carlson currently see evidence of increasing Chinese-Russian cooperation on nuclear deterrence.⁶

The rapprochement was facilitated by common interests, especially rejection of the Western order and of a unipolar claim to leadership by the US. Thus, the two countries jointly founded two multinational development banks to serve as a counterweight to the World Bank and the International Monetary Fund. To the

consternation of Washington, 103 countries, including Germany, joined the Asian Infrastructure Investment Bank initiated by Beijing. The creation of such parallel structures is a source of irritation for the US. China uses these means to push for a role that seemed reserved for the US at least since the end of the Cold War, reinforcing its claim to global leadership. Such institutions constitute a significant vehicle for China and Russia. They allow the autocracies to present themselves as serious alternatives to the West in the area of development cooperation and infrastructure development.

Despite all the policymakers' warnings, German investments in China have continued to rise sharply.

However, no formal alliance exists between the two autocracies – at least, not yet. For instance, Beijing emphasises that its relations with Moscow constitute a partnership, not an alliance. Beijing will doubtless attempt to gain the greatest advantage from the current situation. For instance, in June 2022, China overtook Germany to become the largest importer of Russian energy sources.⁷ But at almost the same time, official sources in the US announced that there was so far no indication that China was providing Russia with direct military support for the war in Ukraine or helping it to circumvent sanctions.⁸ China appears to be at pains to keep all options open. From a Chinese perspective, this policy is also attractive because a partnership between Beijing and Moscow is by no means a partnership between equals. China, the world's second largest economic power, does not feel it necessary to adopt an unequivocal position. It is far from clear that this power is illusory: despite all the policymakers' warnings, German investments in China have continued to rise sharply. In the first half of 2022 alone, they rose by 26 per cent compared to the same period last year.⁹ And numerous German companies are developing new major projects. For instance, BASF is currently investing

ten billion euros in the new integrated chemical complex in the South Chinese province of Guangdong. Hella, an automotive parts supplier, plans to expand its manufacturing capacity with a new lighting plant in Changzhou. And Aldi, a discounter, has announced its intention to open hundreds of new locations in China.

Xi's Ambitions

The images travelled around the world: former President Hu Jintao was escorted, evidently against his will, from the 20th National Congress of the Communist Party of China in Beijing in mid-October. His successor, Xi Jinping, remained motionless in his seat. Was this a demonstration of power for the global public? The Tagesschau, a German news programme, used

the term “Xina”, and Spiegel, a German news weekly, referred to Xi as “the almighty”.¹⁰ With the end of the Congress, Xi has cemented his autocratic rule within the Communist Party of China and driven intraparty opposition from its centres of power, the Politburo and its Standing Committee. But where is Xi steering his country, and to what extent does this give rise to potential conflict with Western states and their value partners in the Indo-Pacific?

There is no question that under Xi, China has become more prosperous, authoritarian, self-confident, and aggressive over the past decade. The suppression of the Uyghurs in the Xinjiang province and the elimination of the last democratic freedoms in Hong Kong have become symbols of Beijing’s growing aggression. Beijing’s



Saber rattling towards Taiwan: In August 2022, the People’s Liberation Army started large-scale manoeuvres near the island that China considers part of its own territory. Source: © Tingshu Wang, Reuters.

backing for Putin's war of aggression against Ukraine has done great damage to China's reputation in Europe and beyond. Threats to Taiwan have exacerbated worries of open systemic conflict. Beijing has made further territorial claims in its immediate neighbourhood. For example, China does not recognise a 2016 ruling by the Permanent Court of Arbitration in The Hague by continuing to claim virtually the entire South China Sea, where it is creating artificial islands and setting up military infrastructure.

It is Beijing's declared goal to undermine the world order of which the US is guarantor.

Xi announced his intentions early on: only a few months after Xi took power, Chinese journalist Gao Yu leaked "Document Number Nine", in which party leaders warned its cadres against "anti-Chinese forces" in the West, belief in "universal values", "civil society", and "Western ideas of journalism".¹¹ China experts consider the document to be Xi's political roadmap. It makes clear that China considers its rivals to be in the West, with Washington the guarantor of a world order which it is Beijing's declared goal to overpower and undermine. With the help of multilateral organisations such as the Shanghai Cooperation Organisation and the BRICS association of emerging economies, the People's Republic strives to make its voice heard in the world and to hollow out established Western institutions. And it is succeeding: the BRICS countries, which also include Brazil, India, and South Africa, did not condemn Putin's war of aggression at their 14th summit. Under Point 22 of their concluding declaration issued in July, the heads of state merely called for "negotiations between Russia and Ukraine"¹². This egregious step would scarcely have been conceivable without political and economic pressure from Beijing.

China is already the second largest economic power in the world. As early as 2017, China was the main trading partner for 120 countries. The

People's Republic is the most important bilateral donor for developing countries and holds around 21 per cent of the debt of all African countries. Since 2013, China has used its Belt and Road Initiative to systematically pursue its goal of developing trade routes to Europe, Southeast Asia, Africa, and Latin America. More than 100 countries have signed cooperation treaties with the People's Republic for the construction of rail lines, roads, seaports, and airports. Beijing has planned to spend around one trillion US dollars on this comprehensive programme by 2025, most of which has already been invested.

Ongoing US sanctions have also prompted China to seek more economic independence from the West. The "dual circulation" strategy announced by the Central Committee in late October 2020, aims in particular at promoting the domestic market and pursuing a technological decoupling. Xi has repeatedly shown that China is prepared to instrumentalise its economic power for political ends. For instance, China has been blocking almost all imports from Lithuania for almost a year. The point of contention was the establishment of a "Taiwan office" in the Lithuanian capital of Vilnius. Beijing's reaction was prompt.

Observers now agree that the greatest potential for military conflict between China and the West is China's desired "reunification" with Taiwan. For instance, former Australian prime minister and sinologist Kevin Rudd believes that the US will likely intervene militarily if there is a conflict: "If the United States were to fail to defend Taiwan militarily, it would, according to its own calculations, see cracks in its credibility as a good ally to Japan, South Korea, and other Asian countries."¹³ Xi's ambitions thus pose immense challenges to the West, which Germany and the EU also have a responsibility to address.

A New View of China

"How can we set ourselves free from China?" was the mid-August headline of *Die Zeit*, a German weekly newspaper. And, in the face of the war in Ukraine, there is scarcely any question that attracts more attention from China

strategists in the German Foreign Office and Federal Ministry for Economic Affairs. Statistics show how important China is as a trading partner for Germany: the total volume of foreign trade with China in 2021 was just under 246 billion euros – compared to less than 60 billion with Russia.¹⁴ But that is not all: Germany’s dependence on China is much more complex than its dependence on Russia. “It involves important raw materials (like rare earths and the basic materials needed to make batteries), new technologies (like artificial intelligence and 5G wireless technology), and ultimately, the huge Chinese market, on which large German companies depend.”¹⁵

The greatest challenge is reducing individual major German corporations’ dependence on China.

As early as May, Germany’s Federal Minister for Foreign Affairs, Annalena Baerbock, held talks in the Foreign Office with Siemens CEO Roland Busch and BASF CEO Martin Brudermüller to determine whether the companies would be in a position to become independent of Chinese business within a few years if necessary. Media reports indicated that the reaction was cautious. The Chinese market, with its potential 1.4 billion customers, is simply too important to many companies. For instance, Volkswagen sold 3.3 million vehicles in China in 2021 alone for a profit of twelve billion euros. Puma gets 28 per cent of its turnover from China, Infineon 27 per cent, and Airbus 19 per cent.¹⁶ But the problem goes much deeper: a survey by the ifo Institute showed that almost half of all manufacturing companies in Germany are reliant on pre-products from China and “the dependence

on Chinese raw materials is in many cases even greater than for industrial products”¹⁷. For instance, some 65 per cent of raw materials for electric motors are imported from China; for rare earths, that number rises to 93 per cent.¹⁸

The Russian attack on Ukraine showed that Germany and Europe must fundamentally rethink the rules governing their dealings with authoritarian states. It is important to systematically review supply chains and dependencies. In a position paper, the ifo Institute advocates in particular that Germany and the EU should work harder on free trade agreements to provide effective political support for diversification efforts by German companies.¹⁹ The



Step on the brakes? In a first, the German Federal Government has recently denied credit guarantees for Volkswagen’s renewal of its production plants in China’s Xinjiang province. [Source: © China Daily via Reuters.](#)

EU free trade agreement with New Zealand concluded at the end of June cannot be more than a first step. The aim of German and European efforts should be to conclude strategic partnerships and free trade agreements with like-minded nations such as the US. It is also important to strengthen alliances with partners who share Germany's values, such as the democratic members of the BRICS group – Brazil, India, and South Africa. The West should also focus more on its partners and potential allies across the world. The surprise security treaty between China and the Solomon Islands in the South Pacific in April 2022 should demonstrate to the West that the competition for strategic alliances is well under way.

Yet, the greatest challenge is reducing individual major German corporations' dependence on China. The consequences of a total stoppage – if something like a military confrontation over Taiwan were to happen – would be devastating. That is why the strong focus on the Chinese market by large individual corporations is not just a business risk. Policymakers have clearly recognised the problem, but their means are limited. For instance, in June, the German Federal Ministry for Economic Affairs denied Volkswagen credit guarantees for the partial renewal of its plants in Xinjiang. "Limiting investment guarantees, as discussed by the Ministry for Economic Affairs, is an initial signal, but is unlikely to prevent large corporations



from investing further,”²⁰ said Dana Heide, a former China correspondent for the *Handelsblatt*. The question of economic dependencies on the People’s Republic will therefore probably continue to be mostly decided in these corporations’ boardrooms.

Beijing’s threats concerning Taiwan must be taken seriously.

Assessment and Outlook

Russian Foreign Minister Sergei Lavrov’s Africa trip at the end of July once again demonstrated that Moscow and Beijing’s systemic conflict with the West is also a competition for partners and narratives. For instance, Chinese diplomats and state media are propagating the Russian narrative that the war in Ukraine was caused primarily by NATO’s eastward expansion. A global media monitor for the war in Ukraine produced over several months by the Konrad-Adenauer-Stiftung makes it impressively clear that the Russian-Chinese war narrative is having the desired effect in large swathes of Asia, Africa, and Latin America. In many places, Western sanctions are blamed for the worsening food crisis and rising prices. The German Federal Government’s China paper should therefore develop a strategy that integrates German and European media in order to lend a stronger voice to the Western discussion and a European perspective on global events. An obvious partner for developing such a strategy is the *Deutsche Welle*. But here, too, it is important to think and proceed at European level.

There is no question that reducing economic dependencies and cluster risks relating to China is an important step towards reducing German and European vulnerabilities. However, Germany’s new China strategy should dare to do more. German and European interests must be clearly defined so that China realises the immense costs of a conflict. The China strategy

should also determine the areas in which China is a rival or even enemy of the West and where there is competition – which might be beneficial to both sides. And the areas in which China is needed as a partner, as in the global fight against climate change, should also be explored.²¹

There is no doubt that China and Russia are trying to undermine the Western order. Beijing’s threats concerning Taiwan must be taken seriously. Nonetheless, the relationship between Beijing and Moscow is not a formal alliance. And the goal of German and European efforts should be to continue to sound out all the opportunities inherent in this ambiguity. The fact that the German Chancellor Olaf Scholz’s first Asia trip was to Japan, was a clear signal – both to China and the value partners in the region. It is therefore clear that it is primarily up to China to avoid a systemic conflict with the US and the West.

Nevertheless, the so-called compromise on the Chinese state company Cosco’s investment into the Hamburg seaport, imposed by Scholz against the will of six federal ministries sceptical of such a move, sends a completely wrong message in this context – virtually dismissing the *Zeitenwende* that he himself proclaimed in February. In allowing this transaction, the chancellor also undermines what was meant to become a core principle of the Foreign Office’s future China paper: reducing dependencies. Only a firm stance would have made it clear, also to Beijing, that business as usual is no longer an option in Germany’s policies towards China. Instead of learning its lessons, the Federal Government again lacks a clear strategy, which is all the more regrettable in a time where our values must be asserted with even more dialogue, less naivety, and a good dose of firmness.

– translated from German –

Johann Fuhrmann is Head of the Konrad-Adenauer-Stiftung’s China Office, based in Beijing.

- 1 Löhrr, Julia 2022: Ein neues Geschäftsmodell für die Deutschland AG, Frankfurter Allgemeine Zeitung, 27 Jul 2022, in: <https://faz.net/-gqe-au1sg> [8 Sep 2022].
- 2 Haerder, Max 2022: Wie Deutschland seine fatale Abhängigkeit von China reduzieren will, Wirtschaftswoche, 25 Jul 2022, in: <https://bit.ly/3BxjYLv> [8 Sep 2022].
- 3 President of Russia 2022: Joint Statement of the Russian Federation and the People's Republic of China on the International Relations Entering a New Era and the Global Sustainable Development, Presidential Executive Office, 4 Feb 2022, in: <https://bit.ly/3XVHXNM> [30 Nov 2022].
- 4 Carlson, Brian 2022: Die chinesisch-russische Kooperation im Bereich der nuklearen Abschreckung, SIRIUS – Zeitschrift für Strategische Analysen 6: 2, in: <https://bit.ly/3xkfAwP> [8 Sep 2022].
- 5 Tagesschau 2022: Kampfjet-Manöver empört Japan und Südkorea, 24 May 2022, in: <https://bit.ly/3U4mFeG> [8 Sep 2022].
- 6 Carlson 2022, n. 4.
- 7 Handelsblatt 2022: China überholt Deutschland als größter Importeur russischer Energie, 13 Jun 2022, in: <https://handelsblatt.com/28421598.html> [8 Sep 2022].
- 8 Der Tagesspiegel 2022: Erleichterung in Washington: USA sehen keine Hinweise auf chinesische Hilfe für Russlands Krieg, 4 May 2022, in: <https://bit.ly/3U7pf3O> [8 Sep 2022].
- 9 Lau, Jörg et al. 2022: An der goldenen Kette, Zeit Online, 14 Aug 2022, in: <https://bit.ly/3eLGozO> [8 Sep 2022].
- 10 Fahrion, Georg / Giesen, Christoph 2022: Der Allmächtige, in: Der Spiegel 42/2022, 14 Oct 2022, pp.10–16; Anthony, Tamara 2022: Wie aus China Xina wird, Tagesschau, 16 Oct 2022, in: <https://bit.ly/3AfypTh> [16 Nov 2022].
- 11 Fahrion / Giesen 2022, n. 10.
- 12 Sieren, Frank 2022: Brics suchen den Konsens, G7 zeigen sich bissig, China.Table, 7 Jul 2022, in: <https://bit.ly/3stbPTa> [25 Oct 2022].
- 13 Rudd, Kevin 2022: “Xi sieht sich wie Putin als einen großen Mann der Geschichte”, interview, in: Der Spiegel 42/2022, 14 Oct 2022, pp.17–19.
- 14 Rudnicka, J. 2022: Wichtigste Handelspartner Deutschlands nach dem Gesamtvolumen des Außenhandels (Exporte + Importe) im Jahr 2021, Statista, 24 Aug 2022, in: <https://bit.ly/3B8A4Kh> [8 Sep 2022].
- 15 Lau et al. 2022, n. 9.
- 16 Ibid.
- 17 Baur, Andreas / Flach, Lisandra 2022: Deutsch-chinesische Handelsbeziehungen: Wie abhängig ist Deutschland vom Reich der Mitte?, ifo Schnell-dienst 75: 4, 13 Apr 2022, p.60, in: <https://bit.ly/3Du3sgp> [25 Oct 2022].
- 18 Jesberg, Lena 2022: Neue China-Strategie: Wie Deutschland sich aus der Abhängigkeit vom wichtigsten Handelspartner lösen will, Handelsblatt, 2 Sep 2022, in: <https://handelsblatt.com/28652854.html> [8 Sep 2022].
- 19 Baur / Flach 2022, n. 17.
- 20 Heide, Dana 2022: Drei Kriterien für eine neue China-Strategie, Handelsblatt, 1 Sep 2022, in: <https://handelsblatt.com/28649872.html> [30 Nov 2022].
- 21 See also: Priess, Frank/Fischer-Bollin, Peter 2022: Sicherheit zum Nulltarif wird Deutschland nicht mehr kriegen, t-online, 19 Aug 2022, in: https://t-online.de/id_100040016.html [8 Sep 2022].