



Great Powers and Global Stability

Frans-Paul van der Putten
Jan Rood
Minke Meijnders

Clingendael Monitor 2016



Clingendael

Netherlands Institute of International Relations



Clingendael

Netherlands Institute of International Relations

Great Powers and Global Stability

Clingendael Monitor 2016

Frans-Paul van der Putten
Jan Rood
Minke Meijnders

May 2016

May 2016

© Netherlands Institute of International Relations 'Clingendael'.

Unauthorized use of any materials violates copyright, trademark and / or other laws. Should a user reproduce, distribute or display material from Clingendael publications or any other source for personal or non-commercial use, the user must retain all copyright, trademark or other similar notices contained in the original material on or any copies of the material.

Material may be reproduced or publicly displayed, distributed or used for any public and non-commercial purposes, but only by mentioning the Clingendael Institute as its source. Permission is required to use the logo of the Clingendael Institute. This can be obtained by contacting the Communication desk of the Clingendael Institute (press@clingendael.nl).

The following web link activities are prohibited by the Clingendael Institute and may present trademark and copyright infringement issues: links that involve unauthorized use of our logo, framing, inline links, or metatags, as well as hyperlinks or a form of link disguising the URL.

About the authors


Frans-Paul van der Putten is a *Senior Research Fellow* at the Clingendael Institute. The focus of his research is on the consequences of China's emergence for the international balance of power.


Jan Rood works for the Clingendael Institute as a *Senior Research Fellow*, dealing with global issues and European integration. He is also Professor in European Integration in a Global Perspective at Leiden University (the Netherlands).

Minke Meijnders works for the Clingendael Institute as a *Research Fellow*, conducting trend and scenario studies in the area of international security.

The Clingendael Institute
P.O. Box 93080
2509 AB The Hague
The Netherlands

Follow us on social media

 [@clingendael83](https://twitter.com/clingendael83)

 [The Clingendael Institute](https://www.linkedin.com/company/the-clingendael-institute/)

Email: info@clingendael.nl

Website: <http://www.clingendael.nl/>

Contents

1	Introduction	1
2	Recent Developments	8
3	An Analysis of the Axes	13
4	Cooperation and Tensions on the Axes	43
5	Conclusion	48

1 Introduction

An important conclusion of the previous editions of the Clingendael Monitor is that the international diffusion of power continues with the further rise of the BRICS countries, in particular China and India.¹ This process has not yet crystallised into a new, unequivocal power configuration, replacing the bipolar system of the Cold War and the subsequent US hyper-supremacy. However, it has become clear that the West's dominant position is subject to erosion in a globalised world and that other players, headed by the BRICS countries, increasingly have an impact on international relations. This largely concerns the patterns of conflict and cooperation in the global system.

Another conclusion from the previous editions is that, when the global multilateral system does not function so well, partly as a result of the diffusion of power, the capacity for international cooperation is more strongly conditioned by the relationships between the great powers. It was argued that the level of (dis)harmony on the axes² of the global system will to a large extent determine whether cooperation at a multilateral level is possible. The US-China relationship is developing into a dominant axis within this field of influence. However, other axes, particularly the one between Russia and the US/EU, are also influential.

History shows that periods of power diffusion go hand in hand with increasing tensions and a higher risk of conflict between emerging and existing powers. This may concern the direct relationships between countries. The conflict between Russia and the US/EU regarding Ukraine is a case in point, as are the increasing tensions between the US and China over the balance of power in East Asia. The tensions can also find expression indirectly in the form of differences of opinion about the approach to conflicts in which parties are not directly involved. The inability of the international community to take effective action in the case of Syria, Iraq and the Islamic State (IS), or Libya and Yemen, is an example of the latter.

1 Jan Rood and Rosa Dinnissen (final editing), *An Uncertain World - 2013 Clingendael Strategic Monitor*. The Hague: Clingendael Institute, May 2013; Jan Rood (final editing), *An Unstable World Order - 2014 Clingendael Strategic Monitor*. The Hague: Clingendael Institute, June 2014.

2 See the conceptual and analytical frameworks for an explanation of this concept.

These examples seem to give a picture of a world which is largely driven by the forces of geopolitics and where increasing (territorial) tensions and conflicts between the major powers are unavoidable and cooperation therefore does not happen.³ However, this picture is nuanced in the 2015 Monitor.⁴ Practice shows that, despite the changing balance of power, cooperation between major powers, at a group level and bilaterally on the axes, is actually possible. The recent agreement on the nuclear facilities in Iran is one example in this regard. The extent to which countries are integrated – financially, economically, politically, etc. – into the international system and therefore have a vested interest in the proper functioning of this system, and the extent to which they are mutually dependent, are major facilitators for cooperation here. Furthermore, cooperation seems to run more smoothly when there are no direct security interests at stake. However, it is clear that effective action by the international community is subject to cooperation on the axes.

On the basis of these considerations, the Monitor 2015 portrays a world which incorporates features of a more multipolar world and features of a world where the great powers are able to cooperate, albeit selectively. This ‘fusion’ scenario is characterised by a combination of rivalry and cooperation (see Figure 1). Furthermore, cooperation will take place less systematically, i.e. increasingly outside multilateral frameworks, unilaterally, on an *ad hoc* basis on the axes and at a group level. Although the results will often be suboptimal, this will not necessarily mean that the global system is breaking up.

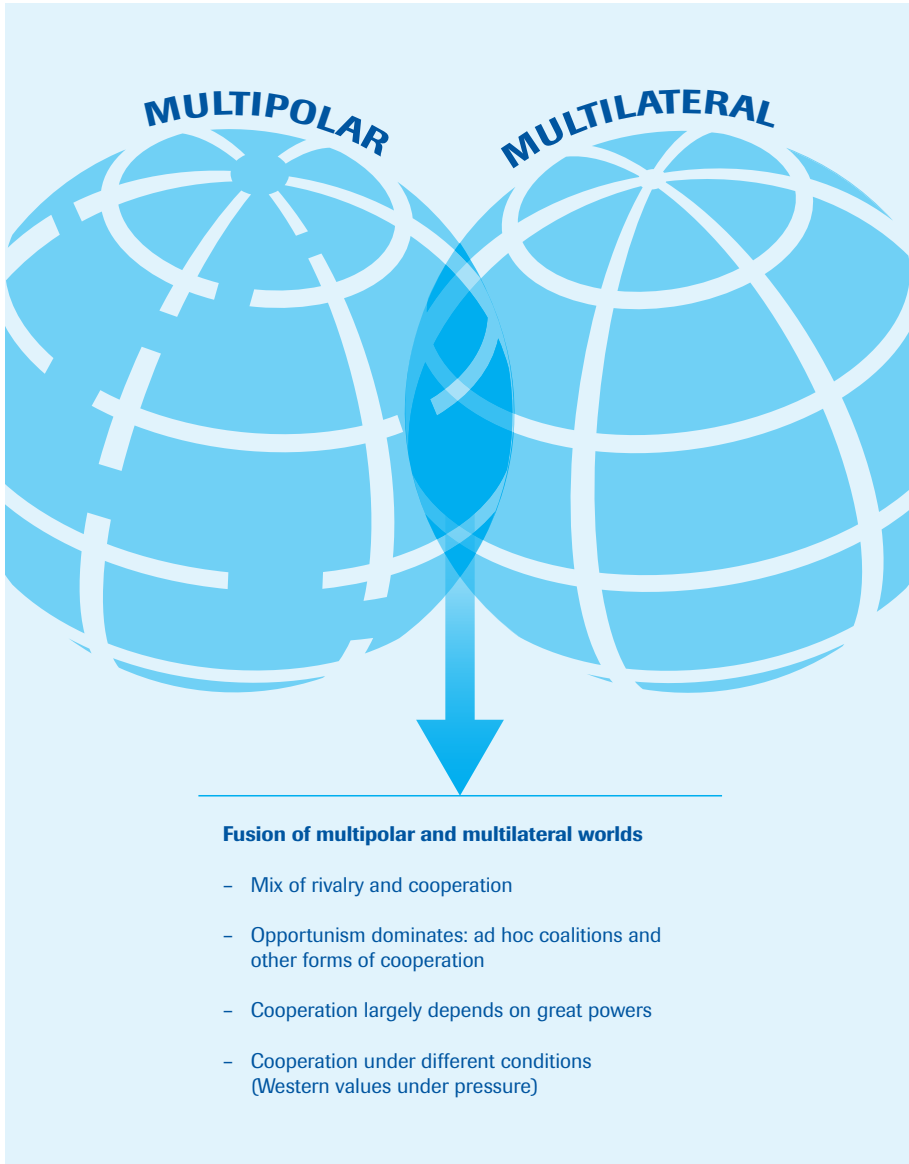
This report is an update of the Clingendael Monitor and focuses on an essential condition for international stability, namely cooperation between the great powers. Assuming that the axes are very influential, it is important to analyse the inner workings of the pattern of conflict and cooperation between the great powers in order to be able to determine their effects on the world order over the next 5-10 years. More specifically, this report aims to provide a tentative insight into (a) how relations between major powers develop in terms of cooperation and conflict and (b) how these developments affect international stability.⁵

3 See also: Robert D. Kaplan, *The revenge of geography; what the map tells us about coming conflicts and the battle against fate*. New York: Random House, 2012; Walter Russell Mead, “The return of geopolitics: the revenge of revisionist powers.” In: *Foreign Affairs*. 93(2014)3, pp. 69-79.

4 Jan Rood, Frans-Paul van der Putten and Minke Meijnders, *A world without order? – 2015 Clingendael Monitor*. The Hague: Clingendael Institute, February 2015.

5 The following persons contributed to this report: Maaïke Okano-Heijmans (author of the analysis of the Japan-China axis), Tony van der Togt (reviewer of the Russia-EU/US axes), Anne Bakker (project assistant) and Paul Görts, Pauline Hardy and Ofra Klein (as part of their research traineeship at Clingendael).

Figure 1 Fusion of the multipolar and multilateral worlds



The rest of this report is structured as follows: an introduction summarising recent developments which have (had) an impact on the world order. This is followed by an analysis of the relationships on the six axes (see the conceptual and analytical frameworks for a justification of the selection). The main trends of the past five years and the outlook for the next ten years will be examined in terms of cooperation and conflict/competition. A textual analysis (amongst other things) was carried out of relevant strategic documents periodically published by these great powers (e.g. *White Papers* and *Strategic Reviews*) to identify these trends. Finally, the implications of the developments on the axis for global stability and the functioning of *global governance* in the world will be examined for each axis. The next section will give an overview of the level of cooperation and conflict on these axes and present a conclusion.

Conceptual and Analytical Frameworks

Great Powers

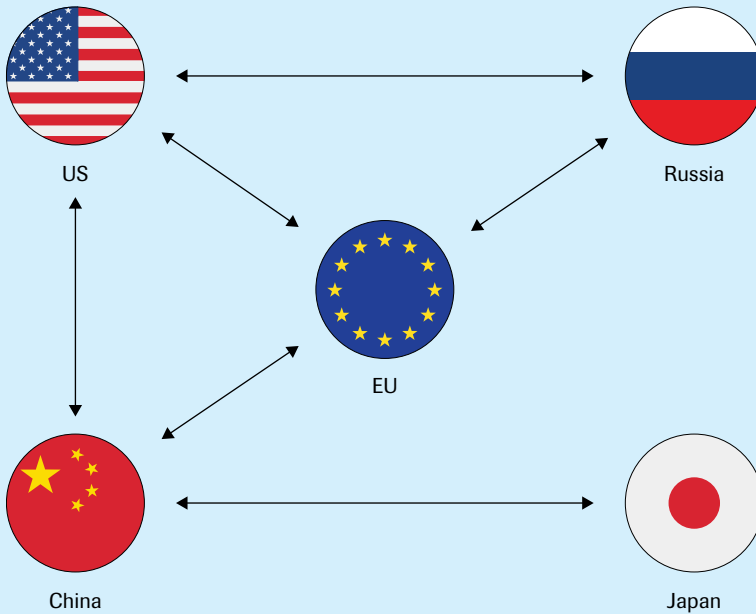
'Great powers' are defined as state actors which rank among the most influential international actors in terms of security policy and/or economic position. On the basis of their permanent seat on the UN Security Council and/or the size of their economy and population, this study regards the following actors as great powers: the United States, China, Russia, the European Union, Japan, India and Brazil.⁶ As far as security is concerned, the first four are more influential than the last three on account of their permanent seat on the Security Council (US, China, Russia) or that of its Members States (the EU by way of France and the UK). Of the four 'security powers', the US holds a special position since it is the only power which plays a leading security role in every region of the world.

Axes

Because of the limited scope of this study, this report does not focus on all the interrelationships between the great powers, i.e. 'axes', but on the six bilateral relationships which are likely to have the greatest influence on international stability in the next 5-10 years (see Figure 2). These six axes were selected in order to chart the expected development of (1) the axis which has been central to the global system since the end of the Cold War (US-EU), (2) the axis which has the greatest potential of becoming the new central axis for this cooperation (US-China) and (3) the five axes on which the greatest tensions are expected to occur in the years ahead (US-China, US-Russia, EU-China, EU-Russia, Japan-China). This is based on the assumption that the relationship between the cooperation between the US and the EU and China on the one hand and, on the other, developments in the above-mentioned five 'tension' axes will have a great impact on international stability in the next 5-10 years.

6 Clingendael 2013 Strategic Monitor.

Figure 2 The 'axes' examined in this study



Cooperation and Conflict

The analysis is based on the assumption that the relationships between the great powers have a great impact on international stability: the more they cooperate, the more the international organisations of which they are a member will be able to deal with the destabilising factors. Part of this assumption is that conflicts between great powers always have a destabilising effect that transcends their bilateral relations. This, of course, does not mean that smaller states and non-state actors cannot have a considerable impact as well. However, this assumption is different in that relationships between great powers *always* have an impact on the level of international stability. Although cooperation between the great powers is a condition for stability, it is not the only one.

Xy-Plane & Scenarios

This report uses the so-called 'scenario framework' that was developed within the scope of the "Future Policy Survey: 'A new Foundation for the Netherlands Armed Forces'" study (see Figure 3). The horizontal axis runs from cooperation to non-cooperation and the vertical axis from a state-controlled world to a world where a multitude of actors operate. This report expressly focuses on the horizontal axis, with the following scenarios at the centre:

Multilateral Scenario

A future scenario in which the system of international cooperation has been further developed (measured against the current system), in the context of which attempts

are made to resolve conflicts (of interest).⁷ In this scenario, the great powers usually cooperate within the global system.

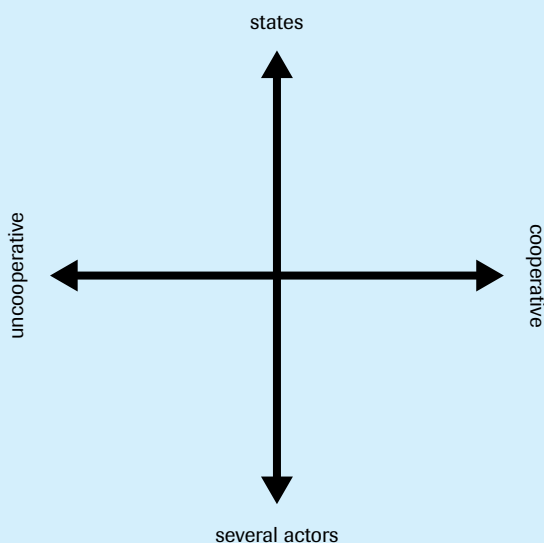
Multipolar Scenario

A future scenario in which power blocs have formed and international conflicts of interest are more pronounced than is currently the case.⁸ In this scenario, the great powers are divided and usually cooperate to a very limited extent (if at all) with state actors outside their own power blocs.

Fusion Scenario (see Figure 1)

A scenario which incorporates features of both the multilateral and multipolar scenario: the systems of international cooperation and international power blocs exist side by side. Cooperation and conflicts of interest between state actors are not mutually exclusive. The global system cannot be divided into power blocs, but the great powers largely cooperate on an *ad hoc* basis and in different configurations. This report focuses on whether this blended scenario will hold when the relationships between the great powers, which are assumed to be a decisive factor for global stability, are examined.

Figure 3 The xy-plane⁹



7 Future Policy Survey: 'A new Foundation for the Netherlands Armed Forces 2020'. The Hague: Ministry of Defence, 2010, p. 3.

8 As above.

9 As above.

Theoretical Framework

An important question is whether conclusions may be drawn about the pattern of cooperation and conflict at *system* level from the pattern of cooperation and conflict on the axes of the global system. There are conflicting views on this point in the literature on international relations. Firmly based on hypothetical roles of 18th and 19th century UK and post-WW2 US, the Theory of Hegemonic Stability states that a stable international order requires the presence of a hegemonial power which, on the basis of its dominant position and ideological preferences, is able and prepared to assume a leading role as far as such “collective arrangements” as security (the US as a “*security provider*”), monetary stability (the US dollar as the anchor of the Bretton Woods system), the free market (the US as the champion of free trade) and multilateralism (the US as the architect of the postwar international liberal order) are concerned.¹⁰

The US no longer holds such a leading position. This Monitor shows that the global system is developing into a multipolar system where several powers have an impact on the level of stability and the pattern of conflict and cooperation. According to Structural Realism, the smaller the number of great powers, the greater the likelihood of stable international relationships. A bipolar system centred round two great powers, as there were during the Cold War, provides the greatest stability. When the number of great powers increases, the uncertainty and unpredictability in the system will also increase, largely because powers will have more opportunities to form coalitions.¹¹ Taking an opposite view, the neoliberal approach states that, in addition to the number of parties, the extent to which powers are interdependent and the presence of mutual regimes in the form of regulations, agreements and procedures should also be taken into account in order to obtain a true picture of the conflict potential in the mutual relationships and its possible effect at system level.¹²

10 See also: Robert Gilpin, *The political economy of international relations*. Princeton N.J.: Princeton U. Pr., 1987.

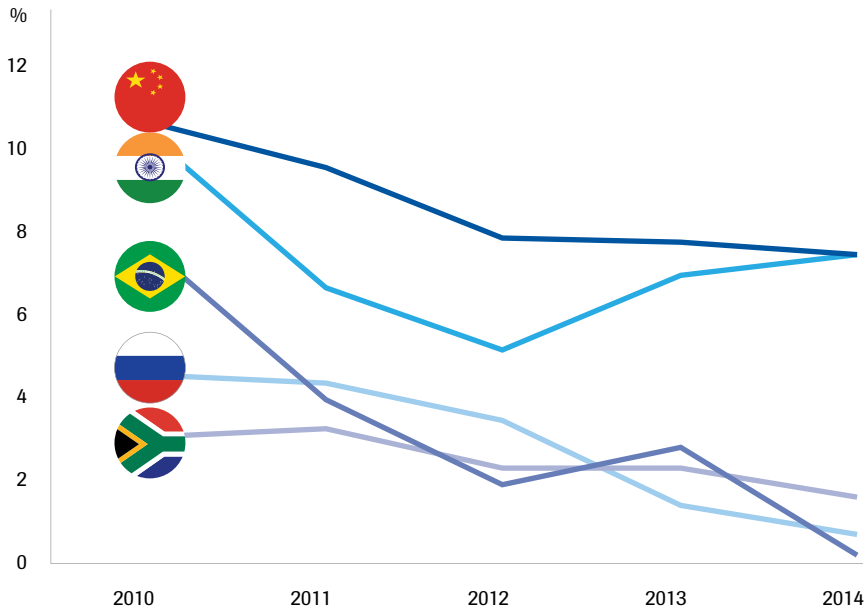
11 See in particular: Kenneth Waltz, *Theory of international politics*. Reading, Mass.: Addison-Wesley Publishing Company, 1979.

12 See also: Robert O. Keohane and Joseph S. Nye, *Power and interdependence; world politics in transition*. Boston/Toronto: Little, Brown and Company, 1977; Robert O. Keohane, *After hegemony; cooperation and discord in the world political economy*. Princeton N.J.: Princeton. U. Pr., 1984.

2 Recent Developments

The global shift in power is ongoing. Western dominance, which took the form of American hyper-supremacy at the end of the Cold War, is in decline. The transatlantic axis, which shaped the liberal-international order after WW2, loses its capacity to influence the world order and therefore loses influence and meaning as a result. This trend occurs in a world characterised by greater tensions between the great powers, a more complex regional conflict pattern and difficult international (multilateral) cooperation. The period since the publication of the 2015 Clingendael Monitor does not give cause to adjust the main features of this general picture. A few developments and events which have (had) an impact on the international system are worth mentioning here:

1. The global shift in power is ongoing. The 2014 and 2015 editions of the Clingendael Monitor already established that this process was marked by greater uncertainty as far as its speed is concerned. We must make a distinction here between shifting economic power relations and military power relationships. Economically speaking, the abbreviation “BRICS” stood for a shift from primary economic power to emerging countries from the former “Second World” and “Third World”. However, the economic slowdown in China, the economic and political problems in Brazil and South Africa and the effects of sanctions and oil and gas price decreases on the Russian economy show that this process is progressing more slowly and is more unpredictable (see Figure 4). The shift in economic power may nevertheless be expected to continue in the longer term, whereby China and India in particular will eventually take a dominant position in the global economy.

Figure 4 Economic slowdown of the BRICS (% GDP)¹³

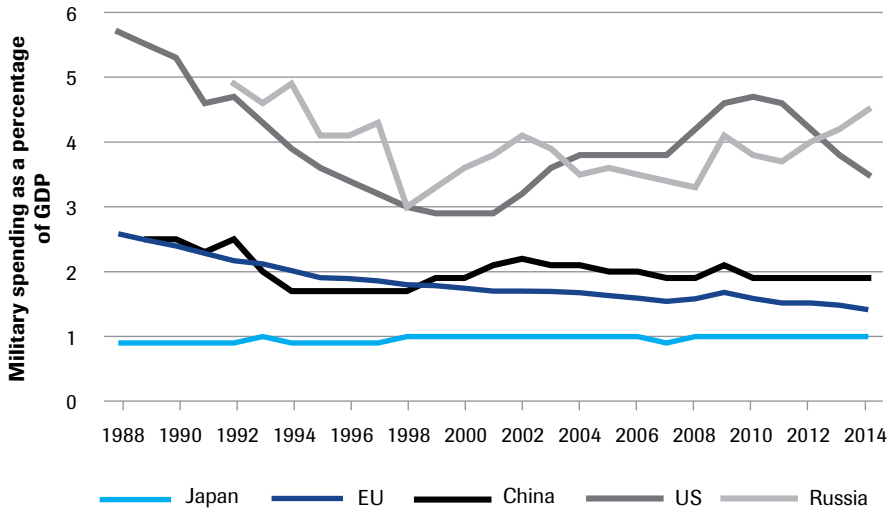
With regard to the military balance of power, the US will for the time being remain the greatest power. This country has by far the largest defence budget in the world (36% of global spending). Although US military spending has been on the decrease for a number of years, it is still almost three times as high as that of China, second on this list.¹⁴ China has considerably increased its defence spending for the modernisation of its armed forces over the past few years, but the strong growth has since levelled off somewhat. In response to China's growing assertiveness in the South China Sea, Japan has announced an increase in its defence budget of 1.5% for the years 2016/17, which will amount to a record high of more than EUR 38b.¹⁵ Russia is also working hard on the modernisation of its armed forces but, owing to less gas and oil revenues than expected, Russia's defence budget did not grow as much as anticipated. Russia nevertheless spends a large (and increasingly larger) part of its GDP on defence (5.4%; see Figure 5). Finally, European defence spending increased slightly in 2015 (by 1.7%), largely as a result of higher defence spending in Eastern Europe; the budgets in Western and Central Europe still decreased slightly.¹⁶

¹³ Source: Peter van Ham, *The BRICS as an EU Security Challenge: The Case for Conservatism*. The Hague: Clingendael Institute, September 2015 (data provided by the World Bank).

¹⁴ Sam Perlo-Freeman et al., *Trends in World Military Expenditure, 2015*. Stockholm: SIPRI, April 2016.

¹⁵ 'Japan defense budget to exceed 5 trillion yen in 2016/17', *Reuters*, 23 December 2015.

¹⁶ Sam Perlo-Freeman et al., *Trends in World Military Expenditure, 2015*.

Figure 5 Defence spending by the great powers¹⁷

2. Because of this shift in power and internal problems, the US and the EU – architects of the postwar multilateral order – see their positions come under greater pressure. Although the US still is the greatest power militarily, in a world where there are security threats against which the use of the military instrument is only partially effective, its aspiration of world leadership is being put to the test in several theatres at the same time (Europe, the Middle East, East/South-East Asia). An important question is whether the US will be able to maintain its position of world leader (and the capacities required for this) in the long term. In the short term, US leadership will largely be challenged by internal developments. US politics has been paralysed for some time by the polarisation between the Democrats and Republicans. In the lead-up to the presidential elections, this polarisation has become even more pronounced. It is not known who the next US president will be, the initial signs do not suggest that the trend of the past few years, whereby the US pursued a more cautious and selective foreign policy, will be broken. At the same time, the EU is plagued by a toxic combination of crises which seriously put the internal relationships between Member States to the test. Although one cannot speak of an ‘existential crisis’, it is clear that the combination of financial and economic problems, the refugee crisis, terrorist threats, instability along the borders of the EU and growing Euroscepticism in a large number of Member States, which may result in a Brexit, poses an unprecedented challenge for the Union.

¹⁷ Data provided by SIPRI and the World Bank.

3. Tension, instability and conflict centre on three '*hot spots*' within the global system:
- *East/South-East Asia*: The tensions in this region have increased recently as a result of the further modernisation of China's armed forces, China's actions in the South China Sea (Spratly islands) and, partly in response to this, the increase in military spending by a number of countries in the region, Japan in particular. Given its security guarantees to, amongst others, Japan and South Korea, the US is directly involved in this region, whereby its policy seems to be characterised by a combination of *containment*, aimed at curbing China's regional hegemonial aspirations, and of dialogue and cooperation with China in the knowledge that Chinese cooperation is indispensable to dealing with a number of problems (see also the analysis of the US-China axis). The security situation in the region is further complicated by the position of North Korea, in particular by the nuclear/missile tests it has carried out. This accentuates the picture of a region where there are increasing inter-state tensions and a higher risk of (escalating) incidents.
 - *Eastern Europe*: Following Russia's annexation of the Crimea in 2014 and the violence of the subsequent Russian-backed separatist uprising in Eastern Ukraine, the region has stabilised somewhat. Within the scope of the Minsk-II agreement, a truce was negotiated under the supervision of the OSCE. This forms the basis for arduous talks on a political solution. Given the limited progress and Russia's continuing intervention, one can actually speak of a '*frozen conflict*'. This forms a serious obstacle to Ukraine's further political and economic development. A resurgence of violence cannot be ruled out; this depends to a large extent on Russia's attitude towards the countries which Moscow regards as its sphere of influence. Russia's unchanging hostile attitude towards closer ties between the EU and Ukraine within the context of the association agreement indicates that Moscow will continue to exert pressure on the surrounding countries. The fact that this will not be limited to Ukraine is shown by, amongst other things, Russia's actions against EU partners and NATO allies (e.g. the Baltic States). However, Russian assertiveness extends beyond the surrounding countries and is intended to undermine the unity of the EU as a whole by influencing public opinion and the political elite.
 - *The 'wide' MENA region*: The situation in this very extensive area of conflict and crisis, which also extends to the Sahel region and East and West Africa, has seriously deteriorated in the recent past. This largely concerns the conflict in Syria/Iraq and Libya. Russia's intervention, which was/is largely intended to keep President Assad's regime in place and secure Russian involvement in possible 'peace talks', has further internationalised the conflict. The '*proxy nature*' of the conflict, which began with the involvement of Iran and Saudi Arabia amongst others, has intensified as a result, but this time at the level of the great powers. It is extremely uncertain whether the talks on a political solution being held under the UN flag will have a greater chance of success as a result. IS is not involved in these talks. Although the bombings carried out by

the US-led international coalition have weakened the Caliphate, it is definitely not yet beaten. Moreover, IS has shifted its activities to other parts of the MENA region, Libya in particular, where IS has secured a firm foothold. Moreover, the attacks in, amongst others, Paris (November 2015) and Brussels (March 2016) show that IS is capable of exercising terror on EU soil. It is feared that attacks in Europe will become a permanent part of the IS strategy and will become '*the new normal*'.¹⁸ These attacks exemplify the spillover effects of the instability in the MENA region. This not only concerns terror, but also the refugee flows and the increasing tensions and Kurd-related violence in Turkey.

4. The picture of difficult (multilateral) cooperation is confirmed by recent developments. The agreement which could be concluded on the supervision of the nuclear facilities in Iran, the agreements which were made at the end of 2015 in Paris regarding the fight against global warming, the resumption of talks on a political solution for the conflict in Syria, the ongoing negotiations on Ukraine; all these serve to show that it is not impossible to cooperate at an international level on issues which are sometimes sensitive. At the same time, they reveal a pattern which is consistent with the findings of previous editions of the Clingendael Monitor. In all cases, an issue could not be dealt with until intensive prior consultations were held at a bilateral (US-China in respect of the climate) or group level (in respect of Syria, Iran and Ukraine). Sometimes consultations did not get underway until the situation had first escalated (Syria, Ukraine). Organisations such as the UN, IAEA and OSCE play a minor role and have very little room, if any, to operate independently as conflict mediators. Cooperation is increasingly determined by the position of great powers such as the US, China and Russia on security issues which do not directly affect their own security interests, and by a wider range of large countries/actors, i.e. the EU, Japan, India and Brazil, where economic or other issues are concerned.

This underlines the importance of the relationships on the axes of the global system. The relationships on the following six axes will therefore be discussed in the next sections: US-EU, US-Russia, EU-Russia, EU-China, US-China, Japan-China.

18 'The new normal'. In: *The Economist*. 418(2016)8982, p. 11.

3 An Analysis of the Axes

The Relationship between the European Union and the United States



The relationship between the EU and the US is characterised by a high level of cooperation, which goes back a long way. In 1990 these great powers formalised their cooperation by means of the Transatlantic Declaration. This initiated a regular political dialogue at various levels. In 1995 this cooperation was strengthened by the New Transatlantic Agenda (NTA). The great powers now work together in a (very) large number of areas, such as trade and the economy, security, justice and home affairs, energy, climate, science, non-proliferation etc. The great powers meet regularly at EU-US Summits and have formalised their cooperation in a large number of different collaborative arrangements. However, the level and intensity of cooperation varies from time to time and is influenced by several factors. For example, the relationship has come under some pressure over the past few years as a result of the Guantánamo Bay case and several wire-tapping scandals.¹⁹ What the transatlantic relationship will look like in the future will therefore depend on the attitude and response of the great powers to a number of issues.

Firstly, it is crucial how the economic relationship between the EU and the US will develop further. At present, the two economic powers maintain the largest bilateral trade and investment relationship in the world; together they account for 31% of world trade and 49% of global GDP.²⁰ The US is the EU's main trading partner and the EU is the second trading partner, after China, of the US.²¹ The EU and the US have been conducting negotiations on the conclusion of the *Transatlantic Trade and Investment Partnership* (TTIP) trade agreement since July 2013. TTIP aims to lift both tariff and non-tariff trade barriers and deals with differences in technical standards and regulations. This agreement has become the focus of attention of the political relationship between the US and the EU since many hope for a 'new strategic alliance' between the two partners.²² However, the negotiations are progressing slowly and the relationship could

19 Textual analysis of the 2014 EU-US Summit fact sheet, Brussels, 26 March 2014. Posted on: <http://www.consilium.europa.eu/nl/meetings/international-summit/2014/03/26/>.

20 EEAS, 'EU Relations with the United States of America', http://eeas.europa.eu/us/index_en.htm.

21 European Commission, 'European Union: Trade in goods with USA', http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113465.pdf.

22 Peter van Ham, 'TTIP and the Strategic EU-US Relationship'. In: *International Spectator*. 68(2014)6, p. 21.

come under considerable pressure if the parties do not succeed in resolving their strong differences of opinion on certain points of the agreement during the negotiations.²³

Apart from TTIP, the stability of both economies will also be important for their future relationship. The EU has really felt the effects of the deep recession, which stemmed from the US, and therefore regards the stability of the US financial and economic system with some concern. Vice versa, the US is concerned about the stability and economic growth of the euro zone, which has only recently started to recover from the Eurocrisis.

Although the EU is trying to further develop into a capable security actor, NATO is still America's main partner for military cooperation with European countries.²⁴ There have been tensions within NATO for some time, whereby the US has increasingly urged Europe to make a greater contribution to NATO's capacities. Moreover, it expects Europe to carry more and more responsibility for security in the region. Most of the European partners have by no means met the NATO Guidelines to spend a minimum of 2% of its GDP on defence. At 3.3%, the US is well above this norm. Such differences have a negative effect on the possibilities for cooperation between Europe and the US.²⁵ Moreover, domestic issues in the US (criticism of internationalism, *tea party*, etc.) seem to add to this pressure.

In 2012 Obama announced a "strategic pivot to Asia" of US foreign and security policy.²⁶ This was a clear signal towards Europe. Although it seems that the crisis in Ukraine has prompted the US to refocus some of its attention on the European continent, it is also clear that the US will pay less attention to European security, if only because there are other regions which demand its attention.

Relations between the EU and the US have improved since President Obama took office, after they had cooled off a little during the Bush administration. When a new US president takes office in January 2017, US foreign policy will also change. Important questions here are the extent to which the new president will focus on foreign policy (or domestic problems) and what his/her objectives and priorities will be in this policy. Moreover, they will also depend on his/her preferred instruments and channels: does he/she prefer cooperation at a multilateral or at regional or bilateral level? Where does he/she stand on military intervention? The answers to questions such as these will have consequences for the future transatlantic relationship.

23 Derek E. Mix, *The United States and Europe: Current Issues*. Washington D.C.: Congressional Research Service, 3 February 2015, p. 15.

24 As above, p. 2.

25 Tijn Sadée, 'Obama points out Europe's weak spot', *NRC Reader*, 29 March 2014.

26 An indication of this shift is the diminished attention for Europe in American strategic documents.

With regard to expectations about the future relationship between the US and the EU, the development and position of other great powers are particularly important. The emergence of China is an especially big challenge for both the EU and the US.²⁷ Although predictions regarding China's economic position vary, it is clear that China already is one of the largest economies in the world and may actually become the largest economy within the foreseeable future.²⁸ The financial stability of the world economy will therefore be largely determined by this country. Moreover, China has developed into a strong regional player and is pursuing a more assertive foreign policy. All of this will affect its relationship with the US, but also its relationship with the EU.

Another decisive factor is the relationship with Russia. The relationship of both the EU and the US with Russia has deteriorated. In particular the MH17 disaster, the annexation of the Crimea, the "little green men" in Ukraine and Russia's support for Ukraine separatists have increased tensions between the West and Russia. The EU and the US then imposed sanctions against Russia, coordinating their actions in order to send the clearest possible message to Russia (this did not run entirely smoothly, however).²⁹ Russia's trump card is its ability to play off the transatlantic partners against each other. This may strain the relationship between the EU and the US in the future.

It is to be expected that the relationship between the US and the EU will continue to be characterised by cooperation. The countries will continue to cooperate in many different areas and will remain important partners as far as security policy and trade are concerned. However, the relevance of this axis for the level of cooperation at a global level will decrease for two reasons. Firstly, as a result of the emergence and position of other great powers, particularly China. The US administration now assumes that Asia will replace Europe as the strategically most important region in the 21st century. Secondly, the declining influence in the world of the EU and its Member States plays a role, as a result of which the US-EU axis will lose importance in the future.

27 Peter van Ham, 'The New Partnership between Europe and the US comes down to an economically based NATO', *Het Financieele Dagblad*, 8 March 2014.

28 Trading Economics, '*United States Economic Forecasts 2016-2020 Outlook*', <http://www.tradingeconomics.com/united-states/forecast>; Trading Economics, '*China Economic Forecasts 2016-2020 Outlook*', <http://www.tradingeconomics.com/china/forecast>.

29 Kristin Archick and Derek E. Mix, *U.S.-EU Cooperation on Ukraine and Russia- CRS Insights*. Washington D.C.: Congressional Research Service, 13 March 2015.

The Relationship between Russia and the United States



Relations between Russia and the United States have deteriorated at a rapid pace over the past few years. Following the annexation of the Crimea and Russia's military involvement in the conflict in Eastern Ukraine, the recent relationship between the US and Russia reached a low point. Russia's actions seriously violated the European security order which had taken shape after the Cold War. In response to this annexation and in cooperation with the EU and other Western partners, the US imposed a whole package of diplomatic and economic sanctions, which were tightened and extended a number of times. For instance, access to the US market by Russian banks has been seriously restricted and large Russian banks (including Sberbank, Russia's largest bank) can no longer be provided with loans. Restrictions were also imposed on the defence and oil sectors, affecting large Russian companies such as Rosneft. This also affects companies which wanted to prospect for oil and gas with American (and other Western) partners in the Arctic. This has now been put on hold.

In the past two decades there was still some optimism about the possibilities for cooperation between both countries. During Putin's first term as president, the relationship reached a certain high point with the joint '*War on Terror*', which even led some to suggest the possibility of Russia's membership of NATO. In 2009 US President Obama and Russia's President Medvedev made a symbolic attempt to '*reset*' their relationship. The *U.S.-Russia Bilateral Presidential Commission (BPC)* was established to improve communication and cooperation between the two administrations. This gave structure to the consultations between both countries at various levels and on various issues. The 2010 National Security Strategy of the US Ministry of Defence still spoke of similar interests and mutual respect between Russia and the US.³⁰ During this '*reset*' period, cooperation was possible in several areas. For instance, Russia and the US concluded the *New Strategic Arms Reduction Treaty* in April 2010. In that same year both countries worked together to adopt a Security Council Resolution which imposed severe sanctions against Iran. NATO and Russia also cooperated within the scope of the *NATO-Russia Council*. For instance, Russia helped to supply American troops in Afghanistan and the US was allowed to use bases in Central Asian states (e.g. Kyrgyzstan) for transit purposes. Some level of cooperation was also possible in the areas of trade and investment. For instance, Russia joined the World Trade Organization in 2012 with the

30 The President of the United States, '*US National Security Strategy 2010*'. Washington D.C.: The White House, May 2010. Posted on: https://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf; The President of the United States, '*US National Security Strategy 2015*'. Washington D.C.: The White House, February 2015. Posted on: https://www.whitehouse.gov/sites/default/files/docs/2015_national_security_strategy.pdf.

cooperation of the US.³¹ The '*Jackson-Vanik Amendment*' (which dates back to the Cold War and linked trade restrictions to human rights) would eventually be rescinded.

However, the '*reset*' lost momentum after 2011 and the tensions between the countries again increased. These tensions intensified when Putin took office again as president. Putin's domestic political policy is strongly geared towards staying in power, whereby his power is based on a social contract in which he promises the Russian people political stability and prosperity in exchange for restrictions on political freedoms.³² This contract has been subject to ever-greater pressure. To increase his political legitimacy, Putin is pursuing a strong anti-Western line (and is therefore also turning against the EU). He is strongly opposed to the hegemonial role of the US and claims that the US violates the sovereignty of other states, and mostly encourages *regime change* around the world in the form of so-called 'democratic revolutions' (colour revolutions in the post-Soviet sphere and, for example, the Arab Spring) and therefore poses a continuous risk for international stability.³³

Putin's foreign policy can be characterised as revisionist and aimed at restoring Russia's status as a great power. Russia therefore regards every expansion of democracy or Western institutions (such as NATO or the EU) at its borders as an enormous threat to its national security.³⁴ Russia perceives this expansion as a Western attempt to expand its influence in the region. Russia has therefore classed both the NATO/US and 'colour revolutions' as national security threats in its most recent national security strategy.³⁵ Conversely, the US has warned for a small but growing risk of military conflict with another major power, such as Russia.³⁶ In its most recent strategy report, the US armed forces identified the increasing risk of hybrid conflicts. According to this report, Russia poses a particular threat to the international order: by annexing the Crimea, Russia has repeatedly demonstrated "it does not respect the sovereignty of its neighbors and it is

31 See also: Kathryn Stoner and Michael McFaul, 'Who Lost Russia (this time?) Vladimir Putin'.

In: *The Washington Quarterly*, Summer 2015, pp. 171-172; Andrew C. Kuchins, 'Mismatched Partners: US-Russia Relations after the Cold War'. In: David Cadier and Margot Light (red.), '*Russia's Foreign Policy: Ideas, Domestic Politics and External Relations*'. London/New York: Palgrave Macmillan, 2015, p. 126; Ekaterina Koldunova, 'Russia as a Euro-Pacific power: Dilemmas of Russian foreign policy decision-making'. In: *International Relations*. 29(2015)3.

32 See also: 'Russian foreign policy: A hollow superpower'. In: *The Economist*. 418(2016)8981.

33 Stoner and McFaul, '*Who Lost Russia (this time?)*', p. 178.

³⁴ *The Military Doctrine Of The Russian Federation*, 25 December 2014. Posted on: <http://rusemb.org.uk/press/2029>.

35 Doug Bolton, 'Russia names US and Nato as national security threats for the first time', *Independent*, 4 January 2016.

36 US Joint Chiefs of Staff, '*The National Military Strategy of the United States of America*' 2015, June 2015, p. 4. Posted on: http://www.jcs.mil/Portals/36/Documents/Publications/2015_National_Military_Strategy.pdf

willing to use force to achieve its goals.”³⁷ Moreover, Russia’s actions undermine stability and security in the region. Russia scarcely received a mention in the last (2011) strategy report.³⁸ In response to Russia’s actions in Ukraine, the US has suspended various projects and meetings within the scope of the BPC.³⁹ In 2014 NATO also unilaterally suspended the collaboration within the *NATO-Russia Council* (this dialogue was recently resumed with difficulty).⁴⁰ Also, the US recently announced that it will quadruple its 2017 defence budget in Europe on account of “Russian aggression” in the Crimea and Ukraine.⁴¹ In doing so, NATO, i.e. the allies concerned about new forms of Russian hybrid warfare (in particular Poland and the Baltic States), is effectively implementing its ‘*reassurance*’ policy. Even so, the US has indicated in its most recent security strategy that it will “keep the door open” to greater cooperation if the Russians are prepared to respect the sovereignty and democratic development of neighbouring states.⁴²

Economically speaking, there is little interdependence. Although Russia is more dependent on the US than vice versa in terms of exports and investments, this has very little effect on their relationship. Unlike the EU, the US does not depend much on Russian oil or gas. In 2014 Russia was only the 20th largest US export partner. The US exported for a total of USD 10.7b. to Russia, which amounts to less than 0.1% of US GDP.⁴³ Conversely, the US was Russia’s fifth largest export partner, with Russia exporting for a total of USD 23.7b. to the US.⁴⁴ Exports between these two countries have decreased again over the past few years (see Figure 6).

37 As above.

38 US Joint Chiefs of Staff, *The National Military Strategy of the United States of America 2011: Redefining America’s Military Leadership*, February 2011. Posted on: <http://www.defense.gov/Portals/1/Documents/pubs/2011-National-Military-Strategy.pdf>.

39 US Department of State, ‘*U.S.-Russia Bilateral Presidential Commission*’, <http://www.state.gov/p/eur/ci/rs/usrussiabilat/index.htm>

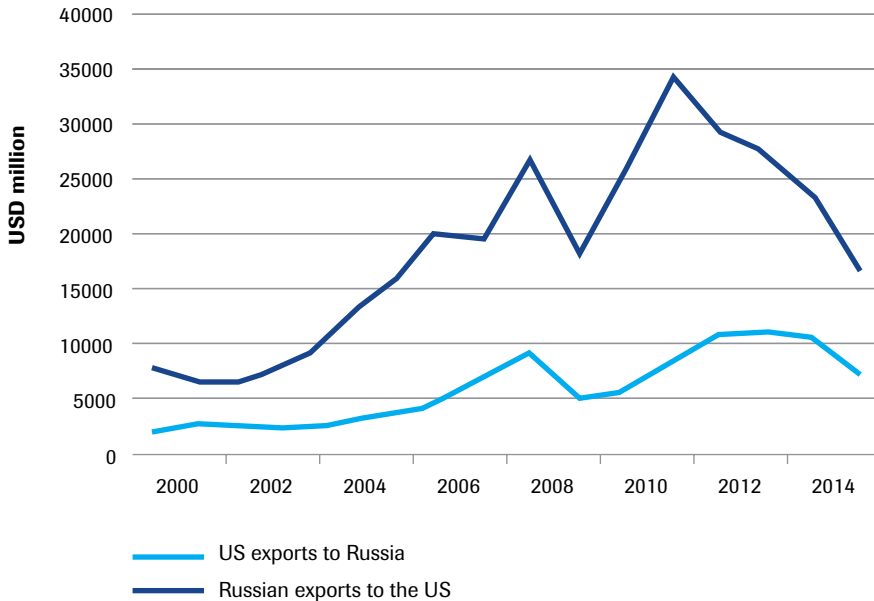
40 NATO- Russia Council, ‘*Statement by NATO Foreign Ministers*’, <http://www.nato.int/nrc-website/EN/index.html>.

41 Hubert Smeets and Etienne Verschuren, ‘Pentagon quadruples defence spending in Europe on account of threat posed by Russia’, *NRC Handelsblad*, 3 February 2016.

42 US National Security Strategy 2015, p. 25.

43 See Census, ‘*Trade in Goods with Russia*’, <https://www.census.gov/foreign-trade/balance/c4621.html>.

44 As above.

Figure 6 Trade in goods Russia-US⁴⁵

The dynamic between the United States and Russia visibly changed in the summer of 2015, when Russia began to intervene militarily in the Syria crisis. Russia launched an air offensive at the end of September 2015 in order to stop the advance of anti-government rebels in the west of the country. At the same time, the US tried to fight IS. Although both countries have different interests and agendas, they were forced to cooperate, mainly in order to avoid getting in each other's way and to prevent incidents between both parties. However, their agendas and therefore their military objectives differ considerably, on both whether Assad and his regime should be kept in place, and on which anti-Assad groups should be classified as terrorist. The fight against IS was not Russia's main objective; it was more about the groups (including the moderate groups) which threatened Assad's position. According to analysts, the fact that Russia is said to have partially withdrawn its military involvement in the conflict in recent months suggests that the country is prepared to work with, instead of against, the US.⁴⁶ The United States and Russia were indeed able to broker a cease-fire agreement between the Syrian regime and opposition groups. A political solution will now have to

45 As above.

46 Anatol Lieven, 'Don't Fear the Russians', *The New York Times*, 17 March 2016.

be found during further peace talks.⁴⁷ Although there is a lot of scepticism about the chance of success of the agreement, it does show that Russia and the US are prepared to enter into a dialogue when their interests are aligned or coincide (in part).

Cooperation in other areas has also turned out to be possible, albeit to a limited extent. For instance, both countries maintained a dialogue on the prevention of the proliferation of *Weapons of Mass Destruction*.⁴⁸ Both countries played an important role in the conclusion of the nuclear deal with Iran and both were involved in the so-called 'six-party talks' with North Korea.⁴⁹ Furthermore, the countries also have a common counter-terrorism agenda. There is also long-term cooperation in the areas of research and education, for example regarding space travel.⁵⁰ However, these forms of cooperation have not been able to remove the strong sense of mutual distrust. Moreover, there are suspicions about Russia's motives to, for example, help broker the nuclear deal with Iran. Critics suspect that Russia's willingness to cooperate is largely motivated by the desire to increase its influence in the world and to reduce that of the West.⁵¹

What does the above imply for the world order? It is obvious that the tense relationship can be harmful to both countries and to the international system as a whole. Both countries disagree on the form of the future world order and its underlying rules. Can one speak of a 'New Cold War', as Russia's Prime Minister Medvedev said earlier this year at the annual Munich security conference? In any case, one cannot speak of a global conflict between two ideologies, as during the Cold War. The situation was still relatively stable at the time, due in part to the nuclear deterrent, while the current situation is more complex and characterised by a high level of unpredictability and uncertainty.⁵² Under Putin, Russia is striving for a multipolar world order and, together with countries such as China, hopes to rewrite the current rules (determined by the West).

47 US Department of State, 'Joint Statement of the United States and the Russian Federation, as Co-Chairs of the ISSG, on Cessation of Hostilities in Syria'. Washington D.C., 22 February 2016. Posted on: <http://www.state.gov/r/pa/prs/ps/2016/02/253115.htm>.

48 It should be noted here that, despite the new Strategic Arms Reduction Treaty (START), both countries are modernising their nuclear weapons programmes (see 'The Nuclear Arms Race Is Alive and Well', *STRATFOR*, 10 March 2016). Moreover, Russia was not at the 2016 Nuclear Security Summit in Chicago.

49 Robert Einhorn, 'Prospects for US-Russian non-proliferation cooperation'. Washington D.C.: Brookings Carnegie Endowment for International Peace, 26 February 2016.

50 Alexander Sergunin and Valery Konyshev, 'US-Russian Relations'. In: *Russian Analytical Digest*, 178(2016).

51 See for example: Anna Borshchevskaya, 'How Russia Views the Iran Nuclear Talks - PolicyWatch 2383'. Washington D.C.: The Washington Institute, 12 March 2015.

52 Maxim Suchkov, 'In search of a new agenda for US-Russian relations', *Russia Direct*, 18 February 2016.

One may say that the relationship between the US and Russia is becoming increasingly more complex. On the one hand, the relations are seriously deteriorating, whereby both countries explicitly portray each other as a threat. On the other hand, limited cooperation is possible in some areas, although it is often weak. Both countries seem to realise that they need each other in order to be able to deal with regional crises, such as the one in Syria. Cooperation seems to be largely motivated by pragmatism here, with fundamental distrust on both sides.

It is hard to say how the relationship between Russia and the US will develop further. There does not seem to be much of a chance that the relationship will stabilise somewhat in the short term, as it did at the time of the 'reset'. The current situation is more likely to continue, whereby the relationship will largely be determined by Russia's actions in its 'near abroad'. It will probably come down to: confrontation wherever possible, cooperation whenever necessary. Finally, other, more temporary factors also play an essential role, such as the forthcoming US presidential elections, which only serve to increase the uncertainty about the US-Russia relationship.

The Relationship between the European Union and Russia



Like the relations between the US and Russia, the relations between the European Union and Russia have seriously deteriorated since Russia's annexation of the Crimea and Moscow's support for the separatists in Eastern Ukraine. In response to Russia's actions and in cooperation with other Western partners, including the US, the EU has imposed a wide range of political and economic sanctions. In response, the regime in Moscow imposed a package of countersanctions which largely affect the agriculture and food sectors. Because of the significant mutual interests (in 2012, approx 70% of Russia's exports of natural gas was destined for Europe and 32% of Europe's imports of natural gas came from Russia), both sides have excluded the gas sector⁵³ from sanctions. Almost two years after the annexation of the Crimea, the relationship between the EU and Russia is still characterised by tensions and uncertainty. The sanctions against Russia have been extended, whereby their relaxation or tightening has been made dependent on Russia's position and the execution of the Minsk agreements.

53 Eurostat, 'Trade in Energy Products', http://ec.europa.eu/eurostat/statistics-explained/index.php/Trade_in_energy_products

The deterioration of the past two years follows a period when the mutual relations were none the less subject to fluctuations.⁵⁴ Until about 2000, people assumed that Russia would be able to develop in 'Western' style into a democratic state under the rule of law and market economy. The EU policy set out in the Partnership and Cooperation Agreement (PCA), which was concluded in 1994, intended to encourage this transformation wherever possible. It is not a coincidence that this phase of the mutual relations coincided with a time when Russia was weak and politically out of control.⁵⁵

However, since Vladimir Putin took office as president in 2000, it has gradually become clear that Russia will pursue an increasingly independent course, in terms of both internal and foreign policy. This change in course has largely taken shape since the colour revolutions in former Soviet states in 2003/2004 and is expressed in Russia in a more autocratic style of government and a more acute nationalism, resulting in a revisionist foreign policy (see also Russia-US axis).⁵⁶

This reorientation goes hand in hand with increasing tensions and sharper differences of opinion between Russia and the West. This concerns, amongst other things, the repeated halting of energy supplies to Ukraine (adversely affecting some EU Member States), the suspension of the Treaty on Conventional Armed Forces in Europe (CFE Treaty) in 2007, the invasion of Georgia in 2008, Russia's growing criticism of the OSCE and, more generally, rejection of the Euro-Atlantic security architecture and its eastward expansion through NATO. Russia regards this expansion as an attempt by the West to increase its sphere of influence and isolate Russia.⁵⁷ In the same period Russia began to reorganise and modernise its armed forces, with the intention of making greater combined use of military and political means.⁵⁸

54 See André Gerrits, 'The Netherlands, Russia and the European Union'. In: Adriaan Schout and Jan Rood (editors), *The Netherlands as an EU Member: Awkward or Loyal Partner?* The Hague: Boom Lemma Uitgevers, 2013, pp. 97-112; Hiski Haukkala, 'From cooperative to contested Europe?; The conflict in Ukraine as a culmination of a long-term crisis in EU-Russia relations'. In: *Journal of Contemporary European Studies*. 23(2015)1, pp. 25-40.

55 André Gerrits, op. cit., p. 99.

56 See for example: Bobo Lo, *'Russia and the new world disorder'*. London/Washington: RIIA-Chatham House/ Brookings Institution Press, 2015.

57 See: Richard Sakwa, 'The death of Europe?; Continental fates after Ukraine'. In: *International Affairs*. 91(2015)3, pp. 553-579; also: John J. Mearsheimer, 'Why the Ukraine crisis is the West's fault: the liberal delusions that provoked Putin'. In: *Foreign Affairs*. 93(2014)5, pp. 77-89. While the West was focused on expansion of the transatlantic security regime with NATO at its core, Russia made alternative proposals during this time for a Pan-European security architecture, resulting in, amongst other things, the 'Corfu process' at OSCE level; an initiative which never came to fruition.

58 See also: Gustav Gressel, *'Russia's quiet military revolution, and what it means for Europe.'* London: European Council on Foreign Relations/Policy Brief, October 2015; also: James Sherr, *'Containment 2.0: Living with the New East-West Discord'*. The Hague: Clingendael Institute, December 2015.

Cooperation between the EU and Russia was nevertheless possible in this period, especially under President Medvedev, since it is in Russia's best interests to have access to the EU market, while a large number of EU Member States are dependent on Russian energy. The EU is Russia's main trading partner. Of Russia's total exports in 2014, 52% went to the EU. Russia is also very dependent on Europe as far as imports are concerned: over 41% of its imports in 2014 were from the EU.⁵⁹ The EU is also the main investor in Russia. It is estimated that approx 75% of foreign direct investments in Russia are from EU Member States.⁶⁰ Vice versa, Europe is less dependent on Russia as a trading partner. Russia takes third place, behind the US and China.⁶¹

The 2003 European Security Strategy and the 2008 Implementation Report emphasise Russia's importance as Europe's energy partner. As previously indicated, Russia depends greatly on European imports of energy. However, this dependence decreased between 2005 and 2012: while 78% of Russia's total exports of energy products were destined for Europe in 2005, this had dropped to 69% by 2012.⁶² At the same time, Europe has become more dependent on Russian energy supplies. While Russia was already Europe's largest supplier of oil and natural gas in 2003, this is still the case in 2013. In 2006 Russia replaced South Africa as the main supplier of coal. In 2013 almost 30% of all European imports of coal were from Russia (see Figure 7).

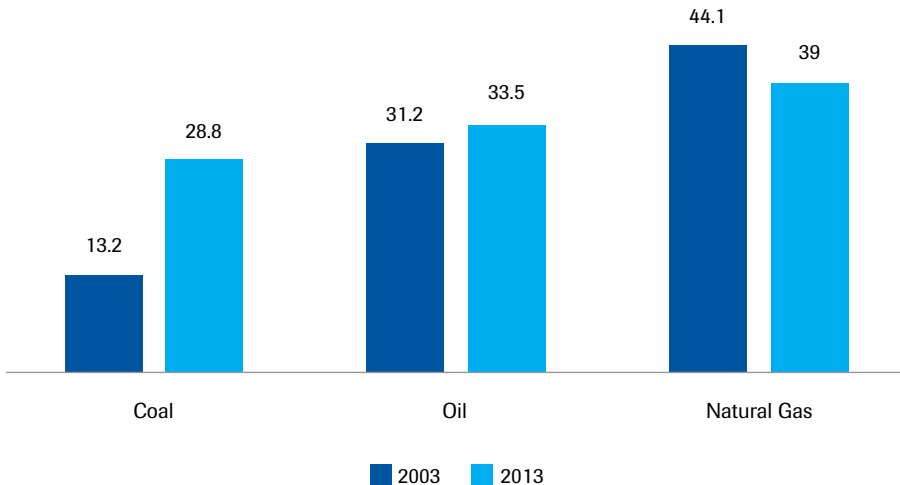
59 European Commission, '*European Union: Trade in goods with Russia*', http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113440.pdf

60 European Commission, '*Trade: Russia*', <http://ec.europa.eu/trade/policy/countries-and-regions/countries/russia/>

61 Eurostat, '*Energy production and imports*', http://ec.europa.eu/eurostat/statistics-explained/index.php/Energy_production_and_imports

62 Data provided by UN Comtrade, via Eurostat, '*Trade in energy products*', http://ec.europa.eu/eurostat/statistics-explained/index.php/Trade_in_energy_products

Figure 7 Russia's share in the EU's imports of coal, oil and natural gas, as a percentage of the total European imports⁶³



Despite this (economic) dependence, Moscow has made it clear that it will not put up with EU requirements in the areas of democracy, rule of law and human rights. Therefore, a *value gap* is becoming increasingly pronounced, with the EU's post-modern structure on one side and, on the other, a conservative Russia which is more inwardly focused and cherishes its sovereignty. The mutual relations have therefore not significantly deepened over the past decade, as shown by, amongst other things, the fact that the negotiations on a new cooperation agreement (when the existing agreement expired) have stalled since 2007 and have now been suspended. Moreover, Russia does not shirk at playing a game of 'divide and rule' with the EU by targetting bilateral relations with individual EU Member States, a game to which the EU Member States are rather susceptible. This goes to show that the relationship between Russia and Europe is a complex one. On the one hand, Russia is a natural trading partner, particularly with respect to energy. On the other hand, Russia forms a natural threat, making active use of the vulnerabilities of the EU's eastern neighbours.⁶⁴

Is the current crisis a variation on this past or has the European-Russian relationship fundamentally changed? With all the uncertainty, there is a great deal which points towards a drastic change in the mutual relations. The fact that Russia no longer accepts the rules of conduct established during and after the Cold War, particularly at CSCE and

⁶³ Data provided by Eurostat.

⁶⁴ European Union, *The European Union in a changing global environment*. Brussels: European Union, 2015.

OSCE level, as shown by its actions in Ukraine, lies at the heart of this. This concerns respect for the sovereignty and territorial integrity of countries and for the right of countries to outline their own foreign policy. With the annexation of the Crimea, the ongoing support for the separatists in Eastern Ukraine and the hybrid threat against other surrounding countries, Moscow has made it clear that it regards its 'near abroad' as its sphere of influence, where no European or Western interference or orientation towards the EU/the West is tolerated.⁶⁵ This not only applies to NATO expansion, but also – as the recent crisis has made abundantly clear – to rapprochement to the EU.

Apart from the frustration about the fall of the Soviet Union, NATO's eastward expansion and Russia's aim to seek recognition of its status as great power, this position is also based on domestic political considerations. The establishment of stable, prosperous, Western-oriented democracies on Russia's borders could constitute an immediate threat to the authoritarian regime in Moscow. From a Russian point of view, to prevent this from happening lies at the heart of the geopolitical rivalry in which the West/the EU and Russia have now become involved, whereby Ukraine is now inevitably the main theatre.⁶⁶

For the relations between the EU and Russia this means first of all that there are fundamentally different views on Europe: a '*clash of Europes*'⁶⁷, with the EU's post-modern model on one side and, on the other, Moscow's '*realpolitik zero-sum*' mentality. For the first time in its existence, the European Union is involved in a geopolitical conflict where European security and stability are at stake. Because the EU is relatively weak as a security actor, this means that, as a collective alliance, NATO will play a more prominent role in the defence of the EU and its Member States, in particular the Baltic States. At the same time, because of the hybrid nature of the threat, cooperation between the EU and NATO is more necessary than ever before.⁶⁸

Can we now speak of a 'new Cold War'? Not if this is understood to mean a global conflict between two parties which dominate the global system.⁶⁹ However, one can definitely speak of a *clash of values* at a regional level and of competition between two separate forms of regional integration: one under the leadership of the EU, the other

65 This policy is supported by the establishment of their own alternative collaborative arrangements, such as the Eurasian Economic Union and the *Collective Security Treaty Organisation* (CSTO).

66 Sakwa, 'The death of Europe?'

67 See also: Andrew Monaghan, *A 'New Cold War'?; Abusing history, misunderstanding Russia.* London: RIIA-Chatham House/Research paper, May 2015, p. 6.

68 The EU's limited role is also shown by the fact that Germany and France are representing the EU at the negotiations on the Minsk agreements, not the EU's High Representative.

69 Monaghan, 'A 'New Cold War'?'.

under the direction of Moscow.⁷⁰ At the same time, in contrast with the Cold War period, one can no longer speak of clearly delineated European blocs which provide predictability and stability. On the contrary, there is a diffuse transitional area in Eastern Europe which gives Russia room for its hybrid form of intervention, which is partly intended to restrict the political scope of the countries in this part of Europe.⁷¹

The lack of a clear bloc structure means that the security situation in Europe has become more unpredictable. This unpredictability is increased by Russia's hybrid style of operation and by the modernisation of Russia's armed forces over the past few years.⁷² It has been given an extra dimension in the light of the unpredictability of the current Russian regime. It is also clear that the EU's relations with Russia are inextricably linked with events in the former Soviet States in the east and vice versa. Russia will try to prevent or frustrate a rapprochement between the EU and the countries of the Eastern Partnership, thereby putting a heavy burden on the EU's policy to stabilise these countries – in particular Ukraine, Georgia and Moldova – through their association with the EU. In any case, the scope to continue this policy on the basis of the principles of the Eastern Partnership is seriously limited as a result of the current conflict.⁷³

This means that account needs to be taken of the fact that the relationship between the EU/EU Member States and Russia will remain tense in the years ahead, whereby Russia's efforts will partly be aimed at spreading dissension in the EU. Practical cooperation will sometimes be possible. However, it will be conditioned *ad hoc* and, to a large extent, by power-political considerations. Moreover, depending on the internal political and economic developments in Russia, a further deterioration of the relations cannot be ruled out.⁷⁴

70 See also: Tony van der Togt, Francesco Montesano and Iaroslav Kozak, *'From Competition to Compatibility: Striking a Eurasian balance in EU-Russian relations'*. The Hague: Clingendael Institute, November 2015.

71 By creating and deliberately maintaining 'frozen conflicts', amongst other things: it seems that the Donbas region in Eastern Ukraine will become the most recent example of this.

72 Gressel, *'Russia's quiet military revolution'*; Sherr, *'Containment 2.0'*.

73 The European Neighbourhood Policy is now designed more flexibly, tailored to the self-professed ambitions of individual countries; this may vary from a detailed association agreement to a form of intensive partnership, whereby the relationships of these countries with third countries, such as Russia, are also taken into account. See: European Commission/High Representative of the Union for Foreign Affairs and Security Policy, *Joint communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; Review of the European Neighbourhood Policy*. Brussels, 18-11-2015, JOIN(2015)50 final.

74 See Keir Giles, et al., *'The Russian challenge'*. London: RIIA-Chatham House, June 2015.

The Relationship between the European Union and China



Economic relations are central to the bilateral relationship between the European Union and China.⁷⁵ The EU is China's main trading partner and China is the EU's main trading partner, after the US.⁷⁶ Trade between the EU and China almost doubled between 2005 and 2013 (see Figure 8). China has therefore moved closer to the position of the US as the EU's main trading partner.⁷⁷

European exports to China doubled between 2009 and 2013. In 2014 almost 18% of Europe's imports were from China. The EU was also China's main supplier. In 2014 over 12% of all China's imports were from the EU-28. The US is the main export market for both China and the EU.⁷⁸ In 2014 almost 10% of all exports from the EU went to China. The EU-28 was China's main export partner, after the US.⁷⁹

The scale of Chinese direct investments in the EU has rapidly increased over the past few years.⁸⁰ The number of Chinese investments in Europe quadrupled between 2010 and 2012.⁸¹ Despite this sharp increase in Chinese investments in Europe, the relative importance of China as an investor is still limited (from 18th investor in 2010 to 12th investor in 2012). For instance, Chinese investments in the EU in 2012 only accounted for 2.6% of the total investments in the EU.⁸² It is to be expected that this trend will continue and that China will be one of the largest direct investors in the EU in a few years' time.⁸³ Market access is very important for both parties. Europe is also an important source of technology for China, and China is becoming increasingly important as a supplier

75 Frans-Paul van der Putten and Jikkie Verlare, 'Strategic Partnership EU-China: limitations and potential'. In: *International Spectator*. 68(2014)6, p. 25.

76 European Commission, '*Trade: China*', <http://ec.europa.eu/trade/policy/countries-and-regions/countries/china/>.

77 Syetarn Hansakul and Hannah Levinger, *China-EU relations: Gearing up for growth*. Frankfurt am Mein: Deutsche Bank Research, 31 July 2014.

78 European Commission, '*European Union: Trade in goods with China*', http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113366.pdf.

79 As above.

80 Thilo Hanemann and Mikko Huotari, '*Chinese FDI in Europe and Germany. Preparing for a New Era of Chinese Capita*'. Berlin: Mercator Institute for China Studies and Rhodium Group, June 2015; Hansakul and Levinger, '*China-EU relations*'.

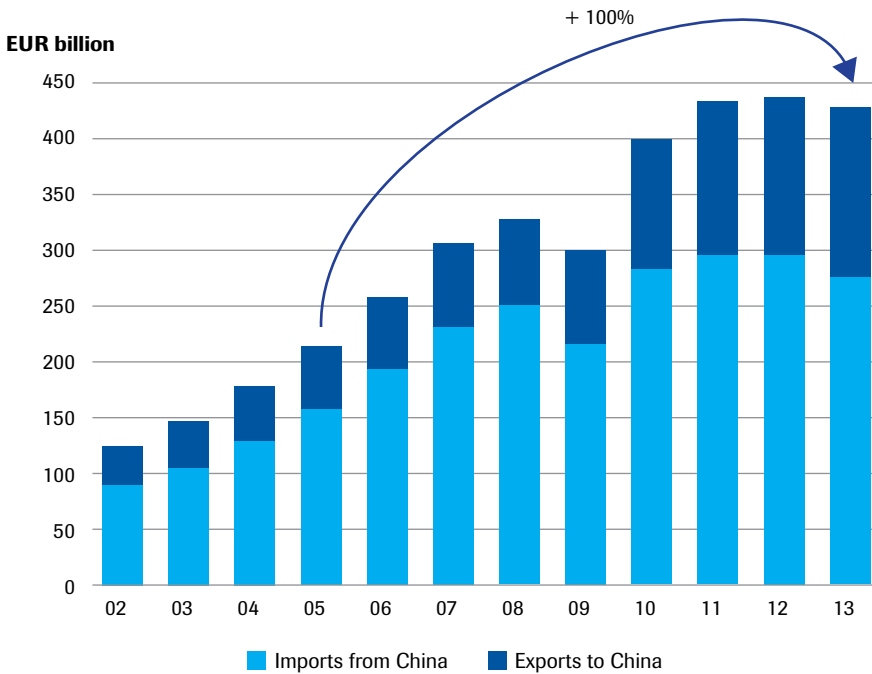
81 Hansakul and Levinger, '*China-EU relations*'.

82 European Commission, '*Facts and figures on EU-China trade. Did you know?*', http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144591.pdf

83 Expressed in terms of the value of annual inbound investment. As far as the cumulative value of Chinese direct investments in the EU are concerned, it will take more time before China ranks among the main investors.

of capital for European companies and governments. China and the EU are currently conducting negotiations on a bilateral investment agreement at Union level, to replace the existing agreements at Member State level. Although economic relations are close and are becoming increasingly closer, this form of cooperation does bring various tensions. For instance, the Europeans are dissatisfied about the Chinese government's policy on access restrictions to the Chinese market, the provision of state assistance to Chinese companies and the engagement in or facilitation of economic espionage activities. For their part, the Chinese are critical of visa restrictions for Chinese subjects visiting the EU and the fact that the EU does not recognise China as a market economy by WTO standards in anti-dumping cases.

Figure 8 Trade between the EU and China⁸⁴



At a multilateral level, the EU/EU Member States and China collaborate economically in institutions and on forums, such as the IMF, the World Bank, the G20, the Asian Infrastructure Investment Bank (AIIB) and in global climate negotiations. However, there are tensions here also, for example regarding the voting proportions in the IMF and World Bank (where China wants more influence for itself and developing countries,

⁸⁴ Hansakul and Levinger, 'China-EU relations', p. 2.

at the expense of Western actors). At WTO level, the conflicts of interest between the West and China and a large number of developing countries are blocking the formation of new global free trade agreements. Partly in response to this, the EU is conducting negotiations with the US on a bilateral free trade agreement (TTIP) which, together with a *Trans-Pacific Partnership* (TPP), could create two large regional free trade areas which will exclude China. Beijing feels that these processes are a US-led attempt to isolate China in the area of multilateral trade cooperation. Partly in response to this, China launched at the end of 2013 its 'Silk Road initiative' (*One Belt One Road*, OBOR), which is intended to strengthen the economic integration between Asia, Europe and Africa. As part of this long-term policy, China invests in large-scale infrastructural projects in these three continents. Beijing increasingly regards the economic relations between China and Europe – also in relation to third countries in Asia and Africa – within the scope of the Silk Road initiative.

Compared with the economic dimension, security cooperation plays a limited role in the bilateral relations between the EU and China.⁸⁵ Over the past few years, there have been several short exchanges between Chinese navy personnel and their counterparts on European ships, sailing under the EU flag, involved in anti-piracy actions in the Gulf of Aden. This largely concerned port visits, sometimes also joint exercises.⁸⁶ There are also limited military contacts with China at EU Member State level, for example in the form of visiting delegations. Several European companies export technology to China which contributes to the modernisation of China's armed forces. This mostly concerns dual-use technologies which have both civil and military applications. Because a EU arms embargo against China came into effect in 1989, no complete weapon systems are being supplied, but only, for example, unarmed helicopters and engines for fighter jets, submarines and frigates.⁸⁷ The export of defence-relevant technology to China falls outside the scope of an explicit security cooperation policy – the arms embargo is partially circumvented in practice but formally remains in force – but is largely motivated by economic interests. The embargo, therefore, primarily has a symbolic value: the EU does not recognise China as a full security partner. In addition to this symbolic value, the embargo also has practical consequences for the European arms industry.

Because of the human rights situation in China and tensions in US-Chinese security relations, it is not likely that the EU's arms embargo will be lifted in the foreseeable future. Although China has urged the EU to lift the embargo for many years, the human

85 Frans-Paul van der Putten and Chu Shulong (editors), *'China, Europe and International Security: Interests, Roles and Prospects'*. London/New York: Routledge, 2011.

86 EEAS, *'Operation Atalanta Ships Conduct Joint Training with Chinese Navy'*, <http://eunavfor.eu/operation-atalanta-ships-conduct-joint-training-with-chinese-navy/>.

87 *'EU states strike lucrative military contracts with China overriding embargo'*, RT, 30 April 2014.

rights situation in China remains an obstacle for the EU.⁸⁸ US pressure on Brussels and European capitals to keep the embargo in place also plays an important role. Apart from the arms embargo, there are other obstacles to greater security cooperation between the EU and China. China would like more cooperation in the areas of crime-fighting, cybersecurity and counter-terrorism, but this will remain limited since the EU and its Member States do not wish to take steps which help to suppress civil liberties in China.⁸⁹ The large-scale application of the death penalty in China is a significant obstacle in the area of crime-fighting. With respect to cybersecurity, an additional problem is that European governments regard China as part of the problem: according to several European intelligence services, the Chinese authorities are directly or indirectly responsible for many cases of internet espionage and other forms of cyberattack.⁹⁰ However, security-related tensions between the EU and China largely concern their difficult cooperation, and not so much an image of the enemy on both sides.⁹¹ China does not see the EU and its Member States as a direct security threat, and this is also true *the other way around*.

There is also security cooperation at a multilateral level but to date this cooperation has also been limited in scope. The main obstacles are: the EU is not a permanent member of the UN Security Council, China usually avoids becoming overly involved in security crises, and the views of the EU and its Member States on what constitute 'proper preconditions' for military interventions differ from those of China. The latter is also relevant for relations in the Security Council between China and France/the United Kingdom. There is sometimes *Ad hoc* cooperation. Both the EU and China were involved in the negotiations between Iran and the so-called E3+3 group of great powers, which resulted in an agreement on Iran's nuclear programme in 2015. The EU, China and other states involved coordinate their anti-piracy activities in the Gulf of Aden to a certain extent.⁹² There are also UN operations – such as the United Nations Multidimensional Integrated Stabilisation Mission in Mali – in which both China and some EU Member States take part.⁹³ A On the other hand, China and the EU have not been able to adopt

88 European Commission, *16th EU-China Summit*, Brussels, 19 November 2013. European Council, *17th EU-China summit*, Brussels, 29 June 2015.

89 As above.

90 National Cybersecurity Centre, '*Cyber Security Assessment Netherlands (CSBN) -3*'. The Hague: National Cybersecurity Centre, June 2013; Merics, '*China Update No. 32/2015*'. Berlin: Merics, September 2015.

91 Textual analysis of the biennial White Papers of the Chinese Ministry of Defence (2010-2015). Posted on: <http://eng.mod.gov.cn/>.

92 Susanne Kamerling and Frans-Paul van der Putten, 'Enhancing Maritime Security Governance: European and Asian Naval Missions against Somali Piracy.' In: Sebastian Bersick and Paul van der Velde (red.), *The Asia-Europe Meeting: Contributing to a New Global Governance Architecture. The Eight ASEM Summit in Brussels (2010)*. Amsterdam: Amsterdam University Press, 2011.

93 Frans-Paul van der Putten, *China's Evolving Role in Peacekeeping and African Security The Deployment of Chinese Troops for UN Force Protection in Mali*. The Hague: Institute Clingendael, September 2015.

a combined approach to the crises in Syria and the Ukraine over the past few years. The effect of the European and American economic sanctions against Russia was even reduced as a result of the further intensifying of Sino-Russian economic relations.

An EU-China summit is held every year. At the summit of June 2015, China was represented by Prime Minister Li Keqiang and the EU by the President of the European Commission (Juncker), the President of the European Council (Tusk) and the High Representative for Foreign Affairs and Security Policy (Mogherini). The main items on the agenda were economic concerns in the bilateral relations. However, attention was also given to bilateral security (organised crime), multilateral organisations (AIIB, G20, UN) and specific regions (development in Africa, security in respect of Africa, Ukraine, Afghanistan, Syria, Libya, Yemen, Iran).⁹⁴

It should be pointed out here that China's policy towards Europe is not primarily targetted at the level of the European Union. Beijing's primary focus is on individual Member States, particularly the larger ones. In the past decade, China's diplomatic contacts with Germany (in particular) were more intensive than those with the European Commission. Because relations between China and the United Kingdom intensified in 2015, the UK may develop into China's second primary partner in Europe, alongside Germany. With regard to trade, the contacts are also largely focused on Member States. Germany and China trade more with each other than China does with the UK, France and the Netherlands (the three countries which trade the most with China, after Germany) combined.⁹⁵

Bilateral economic cooperation is likely to remain the main focus of the relations between the EU and China in the years ahead. Because of China's growing economic influence in the world, EU-China interaction at a multilateral level is also likely to become more intensive. This concerns both economic and security cooperation. At the same time, tensions will also mount. Because China's economic influence in Europe and in multilateral organisations is on the increase, and because of the mounting tensions between China and the US, frictions between the EU and China (both as far as economy and security are concerned) are expected to increase. This is also shown by the EU's

94 European Commission, '*EU-China Summit*', Brussels: 29 June 2015. Posted on: http://europa.eu/rapid/press-release_IP-15-5279_en.htm; European Council, '*EU-China summit joint statement: The way forward after forty years of EU-China cooperation*', 29 June 2015. Posted on: <http://www.consilium.europa.eu/nl/press/press-releases/2015/06/29-eu-china-statement>

95 Hansakul and Levinger, '*China-EU relations*'.

increasing focus on the mounting tensions in the South China Sea.⁹⁶ This process is geopolitically relevant in that the China-EU relationship is increasingly characterised by the interrelationship between mutual dependency and mounting tensions. The relations with China are becoming increasingly important for the EU, but the opposite probably does not hold true to the same extent. Whether the EU will increasingly act in concert with the US towards China will largely depend on the further development of US-Chinese relations. If these relations do not seriously deteriorate, the EU will be able to seek coordination with Washington without incurring significant economic costs in its relationship with China.

Cooperation between the EU and China is best reflected in their close trade and investment relationship. The annual bilateral summit, which deals with a wide range of issues, is also a form of cooperation, but is less extensive than the *US-China Strategic & Economic Dialogue* (S&ED; see the next axis for a detailed description). There is security cooperation in certain cases, such as the negotiations on Iran's nuclear programme. Although there is limited cooperation outside of economic relations, there are no severe mutual tensions as well. There exists no military image of the enemy on either side and the history of conflict between China and some EU Member States (in particular the United Kingdom, France and Germany in the period 1840-1901) only plays a background role. However, the EU has been enforcing an arms embargo against China (since 1989) and China is trying to slowly reduce the influence of the West, including the EU, in international organisations.

96 Textual analysis of the biennial White Papers of the Chinese Ministry of Defence (see note 92); Chinese EU Policy Papers 2003 (http://en.people.cn/200310/13/eng20031013_125906.shtml) and 2014 (http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wjzcs/t1143406.shtml), European Security Strategy 2003 (<http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>), 2008 Report on the European Security Strategy (http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/EN/reports/104630.pdf) and statements of EU-China summits (2010-2015).

The Relationship between China and the United States



China's rise as a world power has a drastic effect on the relationship of that country with the United States. While China and the US were still strategic partners in the confrontation with the Soviet Union in the eighties, they have since gradually started to regard each other as each other's greatest geopolitical rival.⁹⁷

This process accelerated in 2009 as a result of the global financial crisis – due to which China more than ever became the motor of global economic growth – and the more active US strategy on Asia under President Obama. The geopolitical rivalry between the two great powers has become increasingly pronounced in East Asia. The South China Sea in particular has increasingly become the focus of geostrategic tensions between the US and China.⁹⁸

A large-scale armed conflict or a new Cold War between these two great powers is not inevitable. Despite their rivalry, both countries are determined to avoid a direct confrontation. The previously mentioned *US-China Strategic & Economic Dialogue*, is the most important diplomatic consultation structure between the two countries. It is an annual bilateral conference at ministerial level for consultations on all the issues which play a role in their relations. The S&ED consists of two 'tracks': a strategic track which was led by the US Secretary of State John Kerry and the Chinese State Councillor Yang Jiechi during the 2015 summit, and an economic track, which was led by the US Minister of Finance Jack Lew and the Chinese Vice-Premier Wang Yang in 2015. Not only bilateral economic and security issues are on the agenda, but also a wide range of issues which transcend the bilateral level, such as various security issues (North Korea, Afghanistan, Iran, Syria, Iraq, terrorism, Sudan/South Sudan, East Asia, UN peacekeeping operations) and cooperation regarding development, climate, the environment, health, science and energy in an international context. A large number of bilateral working groups at policy-maker level are linked to the S&ED, as is the annual *Strategic Security Dialogue* and 'sub-dialogues' on Africa, Latin America, South Asia and Central Asia.⁹⁹

97 Textual analysis of the biennial White Papers of the Chinese Ministry of Defence (see note 92); the annual *Report to Congress of the U.S.-China Economic and Security Review Commission* (posted on: <http://www.uscc.gov/>) and the annual *Annual Report to Congress of the US Department of Defence* (posted on: <http://www.defense.gov/News/Publications>).

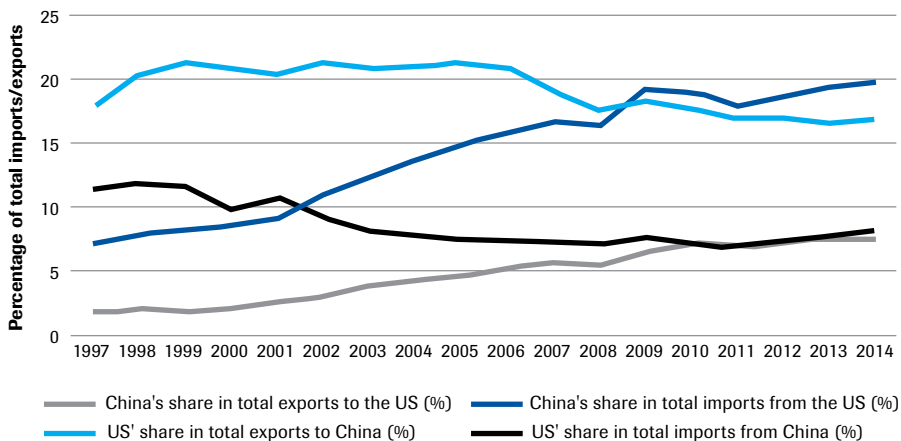
98 Mark Landler, 'Offering to Aid Talks, U.S. Challenges China on Disputed Islands', *The New York Times*, 23 July 2010.

99 US Department of State, 'U.S.-China Strategic & Economic Dialogue Outcomes of the Strategic Track'. Washington D.C.: 24 June 2015. Posted on: <http://www.state.gov/r/pa/prs/ps/2015/06/244205.htm>

There is still scope for Beijing and Washington to shape their bilateral relations in such a way that the tensions will largely remain controllable. If the Chinese economy continues to grow at a significantly higher rate than that of the US, this scope will gradually diminish and the risk of unintended incident-related escalation will increase more and more. However, the coexistence of tensions and cooperation will probably continue to characterise Chinese-American relations in the next 5-10 years.

China and the US have collaborated on several areas over the past few years. Economically, China is the main trading partner of the US. China's importance as a US trading partner sharply increased between 1997 and 2014 (see Figure 9). The US is to a large extent dependent on China, particularly for the import of goods. In 2015, 21.5% of all imports of goods were from China. With regard to exports, China is less important to the US as a trading partner than Canada and Mexico. The US is China's second trading partner, after the EU. The relative importance of the US as China's trading partner was stable between 1997 and 2014, and even decreased somewhat (Figure 9). With a share of 16.9% in China's total exports in 2014, the US is still the dominant market for Chinese goods.¹⁰⁰

Figure 9 Trade relations between China and the US¹⁰¹



In addition to economic cooperation, there is a great deal of technology transfer from the US to China, for example through Chinese students in the US and cooperation between American and Chinese companies and research institutes. The two powers

¹⁰⁰ European Commission, 'European Union: Trade in Goods with China'.

¹⁰¹ World Integrated Trade Solution, 'United States Exports by Country and Region 2013', <http://wits.worldbank.org/CountryProfile/en/Country/USA/Year/2013/TradeFlow/Export>

also collaborate on security, e.g. by coordinating their anti-piracy activities in the Gulf of Aden and by taking the same position in the Security Council in a number of cases (when approving new or adapted UN peacekeeping missions in the Democratic Republic of Congo, Mali and South Sudan, amongst other things). In some cases the countries also collaborated on climate, namely the bilateral climate agreement which was concluded at year-end 2014.

However, there are also areas where one of the countries sought collaboration, but nothing resulted from this attempt. Economically, the US is of the opinion that the Chinese authorities fail to comply with US requests to adjust policy regarding exchange rate manipulation, large-scale economic espionage via the internet, limited access to the Chinese market and the provision of state assistance to Chinese companies. At the same time, China is not satisfied with the restrictions on Chinese companies to invest in certain sectors in the US and with US reluctance to deport Chinese subjects who have fled their country because they are wanted for corruption.¹⁰² Both countries have also failed to comply with several urgent security-related requests which had been made. For instance, the US has unsuccessfully urged China to exert more pressure on North Korea, Syria and Russia (by providing less economic and/or diplomatic assistance). On the other hand, China has not been able to induce the US administration to refrain from supplying Taiwan with arms or from indirectly supporting Japan, the Philippines and Vietnam in their territorial and maritime disputes with China.¹⁰³

The underlying reasons for these limits to collaboration are the previously mentioned geopolitical rivalry and conflicting ideological views. The US and China are competing for international influence and propagating political and economic values which differ significantly in certain respects. As a result of this, and of China's growing influence, tensions between the countries have increased over the past few years,¹⁰⁴ especially since Barack Obama took office as president in 2009 and the '*pivot to Asia*' policy launched by his administration.¹⁰⁵ This strategy is intended to strengthen US ties with countries in East and South-East Asia. China's economic influence in these countries has rapidly expanded over the past decades, while China's military potential is also

102 Jerome A. Cohen and Zha Daojiong, 'Should the United States Extradite Chinese Fugitives?', *Foreign Policy*, 7 August 2015.

103 Textual analysis of the biennial White Papers of the Chinese Ministry of Defence (see note 92).

104 Robert G. Sutter, *China's rise: implications for US leadership in Asia*. Washington D.C.: East West Center Washington, 2006.

105 Jeffrey A. Bader, *Obama and China's Rise: An Insider's Account of America's Asia Strategy*. Washington D.C.: The Brookings Institution, 2012.

increasing at a rapid pace. The US regards these developments as a threat to (US interests in) the Asian-Pacific region.¹⁰⁶

By means of economic, diplomatic and security cooperation with a large number of Asian countries, Washington is trying to prevent the regional balance of power from tipping significantly in China's favour. The actors with whom the US has entered into security alliances and partnerships – in particular Japan, but also Taiwan, South Korea, Singapore, Thailand and the Philippines – play a key role in this power play. By taking successive provocative steps against these countries, especially in respect of territorial disputes, China is implicitly putting the US security relations in the region under ever-increasing pressure. In the short term, China's neighbouring countries will benefit from the US role of 'offshore balancer' and their collaboration with Washington will become closer, but they are uncertain about its value in the longer term. If, for whatever reason, the US also withdraws militarily from East Asia or becomes involved in a conflict with China, the other countries in the region would find themselves in a very difficult position. Many Asian countries are making allowances for this by remaining reticent about military cooperation with Washington and preventing Beijing's exclusion from regional collaborative arrangements.¹⁰⁷

The above-mentioned trend is likely to continue in the next 5-10 years: the bilateral relations will be subject to increasing pressure as China's influence in the world increases. Even if China's GDP increases at a lower rate than the current (almost) 7%, China will probably be able to continue to expand its international influence. The geopolitical rivalry between China and the US will increase as a result, since Washington wishes to maintain its leading position.¹⁰⁸ At the same time, it is unlikely that the two countries will converge in terms of their values: that could only happen if China were to make fundamental changes to its politico-economic system. The main areas on which the geopolitical rivalry is currently focused (and which will probably remain the focus in the years ahead), are East Asia (in particular the South China Sea) and cyberspace. For instance, textual analyses of the annual *Report to Congress* documents show that, with respect to Chinese cyber activities, the US is increasingly convinced

106 *Report to Congress of the U.S.-China Economic and Security Review Commission* (2011, 2012, 2013; see note 97); *US Department of Defense Report to Congress* (2014; see note 97).

107 Elena Atanassova-Cornelis and Frans-Paul van der Putten, 'Strategic Uncertainty and the Regional Security Order in East Asia', *E-International Relations*, 24 November 2015, <http://www.e-ir.info/2015/11/24/strategic-uncertainty-and-the-regional-security-order-in-east-asia/>

108 Hugh White, *The China Choice. Why We Should Share Power*. Oxford: Oxford University Press, 2012; Stephen Walt, *EU Global Strategy Expert Opinion - No1*. Paris/Brussels: EU Institute for Security Studies, January 2016

that the Chinese authorities are coordinating an espionage campaign.¹⁰⁹ Their bilateral cooperation will probably remain as it is as a result: primarily focused on economic relations and, on an *ad hoc* basis, on collaboration on security and climate. However, the increasing geopolitical tensions increase the risk of incidents and an unintended escalation which could result therefrom. If serious incidents were to occur, these could have a negative effect on the scale of mutual cooperation.

At this point, the geopolitical relevance of increasing tensions between the US and China largely concerns the diminishing stability in East Asia. However, the indirect geopolitical consequences of these tensions can already be perceived outside this region. China's highly ambitious Silk Road initiative, intended to significantly increase China's economic and diplomatic influence in Asia, Africa and Europe, is partly in response to the US '*pivot to Asia*' strategy. In order to avoid a confrontation with the US in East Asia (amongst other things), China is currently focusing on expanding its influence in other regions. As a result, Beijing is increasingly involved in regional security issues far beyond its own region. This was already the case in 2014 during the crisis in Ukraine (the relations between Ukraine and China, which are rapidly intensifying, gave an added incentive to Moscow to intervene in the Ukrainian crisis).¹¹⁰ Another example was China's attempt to mediate between Iran and Saudi Arabia in early 2016 in order to prevent tensions between two of China's most important partner countries in the Middle East from escalating further.

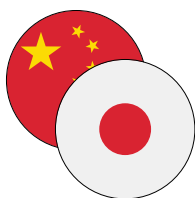
Increasing pressure on the US-Chinese relationship will also fuel Beijing's propensity to make overtures to Moscow or, in any event, not to reject Russia's overtures outright. This will increase Russia's strategic scope for manoeuvre vis-à-vis the West and therefore affect interrelationships in Eastern Europe. Finally, China's growing economic influence in Europe – one of the objectives of One Belt One Road – is relevant to the transatlantic relationship. In 2015, when it joined the China-dominated Asian Infrastructure Investment Bank, the United Kingdom ignored Washington's express request not to do so. This incident seems to be the precursor of a new situation where European governments will – more often than before – consider letting their economic relationship with China take precedence over the strategic interests of the US – in so far as this can be done without seriously harming their relationship with Washington. If relations between Washington and Beijing deteriorate (further), it will become increasingly difficult for European actors to strike this balance.

109 Textual analysis of the annual *Report to Congress* of the US-China Economic and Security Review Commission (2011, 2012; see note 97)

110 Susann Handke and Frans-Paul van der Putten, 'Eastern Economic Integration Projects and the EU Periphery', *Georgetown Journal of International Affairs*, 17 February 2016.; John C. K. Daly, 'Was Russia's Crimea Annexation a Move Against China?', *Silk road Reporters*, 13 May 2014.

In summary, there is close cooperation between both countries with respect to economic relations and the extensive bilateral dialogue. Both countries collaborate on climate (increasingly so) and security (as far as certain UN peacekeeping operations in Africa are concerned). At the same time, there are clearly tensions in several areas: there exists a military image of the enemy on both sides, the US is enforcing a boycott on the sale of defence equipment to China, both countries accuse each other of large-scale harmful cyber activities and there are clearly conflicting interests with respect to the implementation of the international order (with regard to the balance of power and the role of certain values, but not the order's general institutional form).

The Relationship between China and Japan¹¹¹



China's economic growth and the political and military power which it has steadily built up since the eighties have resulted in a growing struggle for power between the two great powers in East Asia: China and Japan. China dealt a severe but not unexpected blow when it replaced Japan as the world's second economy in 2010 (Japan is still the third economy). Tokyo regards undemocratic and State capitalistic China, which is rapidly increasing its influence in the region – including Japan's territorial waters – with some distrust. There are realistic concerns about a possible economic crisis and political instability in China, about aggressive use of military and political influence in the region and about bilateral relations.¹¹² These uncertainties about (the relationship with) China are the main reason for Japan's gradual military repositioning. For instance, the (self-imposed) export ban on weapons was lifted in 2014 and the conditions for deploying the Self-Defence Forces can be extended.

After years of increasing tensions, China and Japan took a few important steps towards more top-level cooperation in 2015. Communication has much improved since the leaders of both countries met for the first time in two years in November 2014. This should help to decrease the likelihood of an unintended military conflict. In 2015 both countries held two top-level bilateral meetings, in addition to multilateral meetings. In June they concluded a basic agreement about a maritime communication mechanism and in November they resumed economic dialogue after a period of six years. Moreover, the trilateral top-level consultations – which included South Korea – were revived at the end of 2015, following a 3.5-year hiatus. All of this demonstrates a clear intention to prevent escalation, after the relationship seemed to have hit a low point. Public opinion

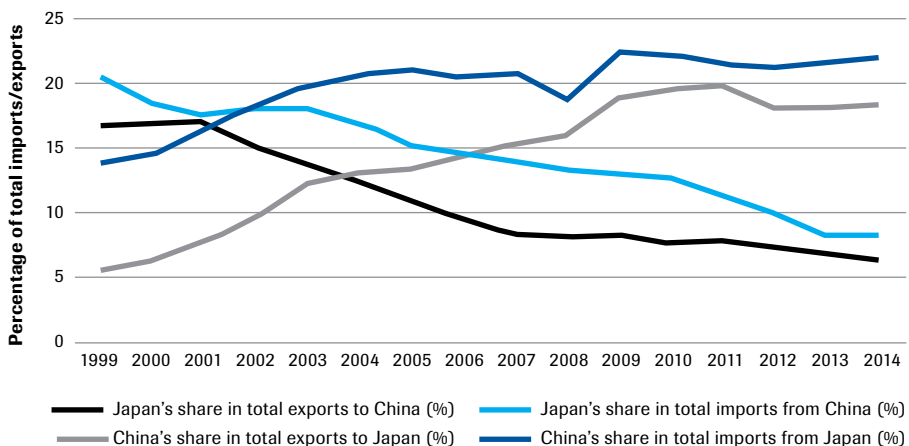
111 Dit onderdeel is geschreven door Maaïke Okano-Heijmans.

112 Textual analysis of the annual *East Asian Strategic Review* of the Japanese *National Institute for Defense Studies* (2010-2014, posted on: <http://www.nids.go.jp/english/publication/east-asian/>)

of the other country has never been so low since the first polls were taken in 2005, largely because of China's 'power games' (on the Japanese side) the Diaoyu/Senkaku-island issue, and how Japan has handled its (war) history (on the Chinese side).¹¹³ This distrust is also reflected in official policy documents of both governments, where China recently took a more explicit and accusatory tone, whereas the acute threat is expressed less explicitly in Japanese documents.¹¹⁴

China and Japan are closely bound economically.¹¹⁵ China is Japan's main trading partner. China's share in Japan's total exports increased from 14% to 22% between 1999 and 2014; also, China's share in Japan's imports more than quadrupled from 6% to 18% (see Figure 10). In contrast, Japan's role as China's trading partner diminished during this time, with a decrease from 20% to 8% in imports from China and from 17% to 6% in exports to China. This makes Japan China's fourth trading partner, after the EU, US and Hong Kong.¹¹⁶

Figure 10 Trade relations between Japan and China¹¹⁷



113 The Genron NPO and China Daily, 'The 10th Japan-China Public Opinion Poll', 9 September 2014, http://www.genron-npo.net/en/pp/docs/10th_Japan-China_poll.pdf.

114 Textual analysis of the biennial *White Papers* of the Chinese Ministry of Defence (see note 92) and of the annual *East Asian Strategic Review* of the Japanese National Institute for Defense Studies (see note 113).

115 See table.

116 World Integrated Trade Solution. Posted on: <http://wits.worldbank.org/Default.aspx?lang=en>; European Commission, 'Trade in Goods with China'.

117 World Integrated Trade Solution, 'United States Exports by Country and Region 2013'.

However, growing uncertainty about the stability of China's economy and investment climate, rising labour costs and persistent anti-Japanese feelings in China are increasingly prompting Japanese companies to shift investments to other areas of the region. For instance, Japan's direct investments in China decreased by 25% during the first 10 months of 2015 in relation to 2014.¹¹⁸ At the policy level, practical cooperation in specific areas did increase, such as visa policy (relaxation of Japanese visa restrictions), nuclear safety (in the wake of the crisis in Fukushima), climate (research cooperation) and health (e.g. in view of Chinese medical tourism to Japan and Japanese investments in China). This dual policy of diversification of investments away from China and cooperation in subareas will probably be continued in the years ahead. An important test case which will demonstrate whether cooperation will also become concrete in more sensitive areas is the resumption of joint gas generation in the East China Sea, agreed upon at the end of 2015. This dual policy will also continue to play a role in a multilateral context; for example, although Japan is not likely to join the China-led AIIB in the short term, the Asian Development Bank (ADB) – where Japan holds sway – will cooperate with the AIIB.

Dissatisfaction with the way Japanese leaders – in particular Prime Minister Abe – deal with their war history is a real Chinese concern, which is often used for political purposes. China responded relatively calmly to the Japanese prime minister's relatively nuanced statement during the 70th anniversary of the end of the Second World War. More provocative was the celebration – for the first time in 70 years – of 'the defeat of Japan', including a military parade in Beijing in September which showed a great display of power. Only a few foreign leaders accepted Beijing's invitation to attend this occasion.

Rivalry between both countries is especially noticeable in the areas of (inter)regional economic governance and territorial disputes. The formation of the AIIB – led by China, with 14 EU Member States but without Japan and the United States – is mostly regarded as a challenge (although also an addition) to the Japan-led ADB. China's New Silk Road Initiative, which runs "from Beijing to Rotterdam", leaves out Japan (literally). Tokyo reacted indirectly by announcing a 'new' fund of USD 110bn for infrastructure development in South-East Asian countries and the corresponding *Partnership for Quality Infrastructure*. The interregional trade agreement (TPP) which Japan, the US and ten other countries in the area concluded in October indirectly puts economic and geostrategic pressure on China. The two countries are also increasingly competing for more practical commercial activities, as shown by the tendering for a high-speed rail in Indonesia (China was awarded the contract).¹¹⁹

118 Ministry of Commerce PRC, 'Press Conference', 18 November 2015, <http://english.mofcom.gov.cn/article/newsrelease/press/201511/20151101167343.shtml>.

119 Chris Brummitt, 'China-Built High-Speed Rail in Indonesia Gets Off to Bumpy Start', *Bloomberg*, 1 February 2016.

More direct confrontations are apparent in the East China Sea, where China and Japan are disputing the Diaoyu/Senkaku islands and their territorial waters. China's increasing presence/assertiveness here was an important reason for Japan to pass new laws in 2015 (controversial within Japan) which give the armed forces greater authority. The reactions of third countries to this were notably different: the critical reaction of Beijing and Seoul contrasts with the encouragement/open attitude of the US and Europe and (albeit less emphatically) many South-East Asian countries. Tensions between China and Japan regarding the South China Sea are more indirect: Japan does not have a base there and does not carry out any patrols – although it does not rule out doing so in the future. However, Japan does support the United States, the Philippines and Vietnam in their confrontation with China, for example by supplying ships, (partly) under the guise of development cooperation. Tokyo is also trying to put the dispute on the international agenda – in multilateral organisations and bilateral agreements – and attempts are being made to increase solidarity among the ASEAN countries. Despite the symbolic value, the positive developments at top level do not yet give cause for real optimism. Agreements between both countries will first have to lead to greater cooperation and *engagement* in practice. Rivalry for influence in the region will continue unabated over the next 5-10 years. Japan is in a relatively weaker position here; in the eyes of many in China, Japan is becoming less and less important and is serving less and less as an example. However, economic stagnation or crisis in China (which is not unlikely within this period) could be a *game-changer* in this matter. Although this would strengthen Japan's position in relative terms, domestic economic stagnation could induce China to take more aggressive action in the world (to distract from domestic problems).

The US will continue to play a decisive role in the relations between both regional great powers. The Japanese are less concerned about Washington's withdrawal from the region than a few years ago; economic, political and military cooperation between the two alliance partners is growing (see TPP, AIIB). However, this will further strain relations between Washington/Tokyo and Beijing. Although Japan uses various diplomatic means to strengthen cooperation with China in specific areas and prevent direct conflicts (see above), an unintended confrontation (in particular at sea) cannot be ruled out.

It is notable that, in an attempt to strengthen its collaboration with countries in and outside the region (including Europe), Japan is increasingly emphasising the difference in values between both countries. For third countries, this means that formation of a relationship with one of the countries (China or Japan) will also have a direct and indirect effect on their relationship with the other. Neighbouring countries have been faced with the challenge of not taking sides for some time – or not to be seen as taking sides – with either country, and this will apply increasingly often to countries outside the region. To determine their own position or a response to the actions of other parties, economic interests are continually being weighed against politico-strategic interests. Statements/actions regarding territorial disputes and global economic

administration, including the values closely related to these (e.g. freedom of navigation and interpretation/protection of the rule of law and the liberal market economy) are especially delicate.

The countries are clearly collaborating in the bilateral economic arena, but significantly less in other areas. On the other hand, there are several areas where there are severe tensions: the effects of the history of conflict (the wars of 1894-1895, 1900, 1931-1932 and 1937-1945 and Japan's colonial influence in China), the territorial disputes in the East China Sea and a military image of the enemy on both sides.

4 Cooperation and Tensions on the Axes







Cooperation

The previous analyses revealed several factors which point towards cooperation: mutual dependency in trade and investment, coordination on major issues (climate, development), the scope of formal bilateral dialogue, the level of international security cooperation and the level of consensus on the international order and its underlying values. These factors may be used to establish the following indicative¹²⁰ ranking as far as the level of bilateral cooperation per axis is concerned (see Figure 11).

At the end of the Cold War, the transatlantic axis played a central role in the global system: when the US and the EU acted in concert in the nineties, they were very likely to set the multilateral agenda. However, the importance of this axis for international cooperation has decreased over the past few years as a result of the West's declining influence in the world. In many respects, the EU is the weaker party within the transatlantic axis. As a result, the US in particular has the tendency to increasingly choose its preferred collaborating partner on an *ad hoc* basis. This process will probably continue in the years ahead, undermining transatlantic cooperation. Should Donald J. Trump be elected president in 2017, this will be exacerbated by a more isolationist US policy. On the other hand, increased tensions between Washington on the one hand and Moscow and Beijing on the other means that the relevance of the EU for the US will increase in areas directly related to these tensions. This concerns regional security in Europe (as far as the relationship with Russia is concerned) and standards for international economic transactions (as far as the relationship with China is concerned).

120 The level of cooperation shown is an estimate based on previous analyses per axis and on the above-mentioned factors.

Figure 11 Level of cooperation on the axes

		Cooperation				
	Cooperation-based ranking	Bilateral trade and investment	Bilateral dialogue	Major issues	Security	Consensus int'l order/values
	#1	strong	strong	strong	strong	strong
	#2	strong	strong	moderate	moderate	weak
	#3	strong	moderate	weak	moderate	moderate
	#4	strong	weak	weak	weak	weak
	#5	strong	weak	weak	weak/moderate	weak
	#6	moderate	weak	weak	weak/moderate	weak

Because of the economic and political emergence of China, the US-China axis has become increasingly important at a multilateral level. In the first year of Obama's presidency (2009), the US administration seemed intent on relatively close cooperation with China.¹²¹ From an American point of view, this relationship ideally complements the gradually less influential transatlantic relationship. Because of increased American-Chinese tensions since 2010, China and the US have only been able to cooperate with great difficulty (if at all) in areas where each felt threatened by the other. What is largely at stake for China here is its internal security and its status as a regional leader. For the

121 Bader, 'Obama and China's Rise'.

United States, this concerns threats to its position as world leader. Cooperation between China and the US is more likely to decrease than increase in the longer term. On the one hand, with China's continuing rise as a global power, there is a growing number of areas where it would be beneficial for the US and China to cooperate. On the other hand, because of increased rivalry between both countries, it is becoming increasingly more difficult to realise actual cooperation.

While the transatlantic relationship no longer plays the pivotal role it did in international cooperation in the nineties, there is as yet no alternative for it. Although cooperation plays a major role in the US-China relationship, it is mostly lacking in a number of important areas. The other axes in this study have a limited scope. Of these axes, only the relationship between the EU and China has the real potential to develop into an important axis of cooperation in the years ahead. However, cooperation between these two actors is for the time being largely bilateral in nature and plays a limited role at the multilateral level.¹²²

Tensions

The previous analyses also revealed a number of underlying factors as far as tensions between the great powers are concerned: the military image of the enemy on both sides, the application of economic sanctions, the existence of territorial and/or cyber disputes, the effect of a shared history of conflict and conflicting views on the international order. An initial interpretation of the ranking as far as the intensity of mutual tensions is concerned can be represented as follows (see Figure 12).¹²³







As far as tensions are concerned, the transatlantic relationship is a special case in relation to the five other axes: there are no significant tensions which could give rise to a serious conflict. However, despite existing tensions, a military conflict is also unlikely in the EU-China relationship. This does not apply to the four other axes: a further increase in tensions could result in a direct military confrontation on these axes. On all four axes, there has been a trend towards increasing tensions over the past five years, and these tensions are likely to increase even further in the years ahead. This does not necessarily have to result in a serious conflict, but it does increase the likelihood of such a conflict. Given the central economic and/or security roles played by the powers concerned here, a conflict would have a wide-ranging effect on the multilateral system on each of these four axes. Conflicts on the US-China and US-Russia axes could lead to *proxy* conflicts involving several other actors. Conflicts between the EU and Russia and between China

122 Van der Putten and Verlare, 'Strategisch Partnerschap EU-China'.

123 The level of mutual tension shown is an estimate based on previous analyses per axis on the above-mentioned factors.

and Japan could lead to the direct involvement of the US and, thus, have a wide-ranging destabilising effect.

Figure 12 Level of conflict on the axes

		Conflict				
	Tension-based ranking	Image of the enemy	Sanctions	Territorial/cyber disputes	History of conflict	Conflicting views int'l order
	#1 Strong tensions	strong	strong	strong	strong	strong
	#2 Moderate to strong tensions	strong	moderate	strong	moderate	strong
	#2 Moderate to strong tensions	strong	moderate	strong	strong	moderate
	#2 Moderate to strong tensions	strong	strong	moderate	moderate	strong
	#3 Weak to moderate tensions	weak	moderate	moderate	weak	moderate
	#4 No to weak tensions	-	-	-	-	weak

Cooperation Versus Tensions at a Bilateral Level

What stands out is that the cooperation-based rankings are not entirely the mirror image of the tension-based rankings. In both cases, the poles are formed by the EU-US axis (the closest and most harmonious relationship) and the US-Russia axis (the most distant and inharmonious relationship). Second to the transatlantic relationship, the US-China axis is the most important axis of cooperation, although it is also an important axis of

potential conflict. Even in the US-Russia relationship, some level of cooperation can be discerned. This leads us to the first conclusion on the interaction between cooperation and conflict: although cooperation between the great powers does not always go hand in hand with potential conflict, the reverse does hold true. The great powers, at least in the cases dealt with in this study, always cooperate to a greater or lesser extent, even when there are serious tensions.

A second conclusion concerns the way bilateral cooperation and tensions influence each other. It follows from the previous conclusion that they are not mutually exclusive. This would probably only be the case if there were to be a very large-scale direct military conflict between the powers concerned. It is not possible to determine the extent to which an increase in cooperation will result in a decrease in mutual tensions and *vice versa* with any degree of certainty on the basis of this exploratory study. We may tentatively conclude that this interaction seems to depend on the area where there is cooperation (or where tensions exist) and how this relates to the underlying reasons for the mutual tensions (or the fundamental interests in case of cooperation).

Thirdly, we may conclude that, given the influential role of both countries, the interaction between cooperation and tensions will increasingly affect the functioning of the multilateral system, especially where the US-China axis is concerned. This not only concerns the prevention of military conflict. In the decades ahead, American-Chinese cooperation will probably be very important as an addition to – and increasingly as an alternative for – transatlantic coordination as far as international cooperation between state actors is concerned. With the transatlantic axis increasingly losing influence and the lack of extensive coordination between Washington and Beijing, the international order will – at least as far as state actors are concerned – be shaped by a process of ever-changing *ad hoc* coalitions. Although this does not mean that the multilateral system will stop functioning, it does mean that deadlocks are more likely to occur when the interests are highly divergent. For lack of a dominant coalition, it may turn out to be impossible to adopt a combined approach on certain issues. States and non-state actors will therefore face a greater challenge of preventing such situations than they do now, and the need for strong multilateral institutions that are not dominated by great powers will be more acutely felt than it is now.

5 Conclusion

This edition of the Clingendael Monitor shows that the transition to a multipolar international system is ongoing. Economically, one can already speak of a more multipolar system, with the US, the EU, China, India and Japan as the main players in, amongst other things, world trade talks. In terms of security policy, a single system is taking shape with one global power in the form of the US and a number of regional military powers which, in the case of Russia and China, challenge the United States in their respective regions.

Power shifts are characterised by greater tensions between the countries involved. In our own times, we can once again observe rising tension and frictions within the global system. In the one corner, we find the US, the EU and Japan as established players; in the other, we find Russia and China – powers that wish to alter the existing balance in a number of areas.

At the same time, the analysis shows that there exists a mix of both conflict and cooperation within the dominant axes of the global system. Tension does not rule out cooperation: conflicts sometimes force parties to enter into negotiations. Decisive factors here relate to the issue at hand (economic or security policy), whether there is a high level of interdependence and whether direct security interests are at stake. It is noticeable that the relationship between the US and China in particular – characterised as decisive for the future world order in this and previous editions of the Monitor – is not only characterised by tensions but also by intensive cooperation. Moreover, China increasingly shows its willingness to assume responsibility in the existing multilateral institutions, in particular the UN Security Council.

This picture is consistent with the 2015 Clingendael Monitor's assertion that the transition to a more multipolar world does not necessarily mean that this world will be without order. Cooperation, at a multilateral level or otherwise, will still be possible in this world. However, the type of order will much depend on the nature of the relations between the great powers. The following conclusions may be drawn from the above analysis:

1. The pattern of cooperation and conflict varies greatly. The relationship between the US/EU and Russia has been characterised by tension and conflict, especially since Russia's annexation of the Crimea. The relationship between Japan and China is also tense. However, the key question is: how will the axis between China and the US develop (further)?

2. In terms of order, the world displays features of the multipolar scenario in the form of regional rivalry and attempts to establish spheres of influence. At the same time, the great powers are definitely working together, if this serves their interests, and if necessary at a multilateral level. In this regard, one can speak of the fusion of the multipolar and multilateral scenarios.
3. The liberal international order is not likely to continue in its present form. Emerging powers such as China and India will make their mark on this order. In any event, this order is already changing as a result of Chinese initiatives such as the Asian Infrastructure Investment Bank.
4. The future strategy of the US will be an important factor in the development of the US-China relationship. If the US were to adopt a policy of ever-increasing '*containment*' of China, the risk of conflict and confrontation will further increase. However, if the US were to focus on a 'constructive dialogue' on the future roles of both the US and China in the international order, this will increase the likelihood that China will be prepared to position itself more as a '*responsible stakeholder*'. However, this would require the US, China and countries in the East Asia region to reach a shared vision on the form of the regional order. However, the path to such a consensus is still a very long one. If and how soon progress can be made in this regard will also be determined to a large extent by China's position (aggressive or constructive) with respect to its own region and its internal stability. In the global arena, the US and China will – if China continues to rise – eventually also have to lead to mutual acceptance of each other's roles before their bilateral relations can be put on a secure footing.
5. If the geopolitical forces were to gain influence in the international system, the EU would – as a result of a lack of unity and effective military force – be a relatively weak party in the power games on the axes. In the light of, on the one hand, the ongoing crisis (of confidence) in the Union, which is putting the internal unity and decisive action heavily to the test and, on the other, the instability, conflicts and fragmentation to which the EU's immediate environment has fallen victim, this conclusion carries more weight. It is therefore a legitimate question to ask whether the EU will be able to act as a 'great power' over the next ten years or whether, due to lack of unity, the European countries will be at risk of becoming the plaything in the power games of the other great powers, with all the concomitant negative consequences for the position and interests of individual Member States, including the Netherlands.