

# “WOLF WARRIOR” AND UKRAINE

## Risks of Cooperation with China for Relations with the EU, the USA, and NATO



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the USA, and NATO



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## INTRODUCTION

"Wolf warrior diplomacy" is a metaphorical phrase used to describe recent approaches of the People's Republic of China in international relations. The Wolf Warrior is a character in a popular Chinese blockbuster sometimes compared to American Rambo. "Wolf warrior diplomacy" is a more self-confident, offensive diplomacy, accompanied with a more active defense of one's own interests. It marks a departure from the conservative, cautious and watchful foreign policy that has been intrinsic to Beijing until recently. Ukraine, which aims to develop relations with Asia (in no small part with China), must be aware of the potential and already existing risks it may face.

According to Foreign Minister Dmytro Kuleba, one of the important directions of Ukraine's foreign policy should be the development of cooperation with Asian countries. As soon as he headed the department in the early spring of 2020, he almost immediately stated the need to develop an appropriate "pragmatic strategy." "Once upon a time, a famous way from the Vikings to the Greeks run across Ukraine. Today we work together with China to become an integral part of their Belt and Road

Initiative [...] Asia traditionally both thinks centuries ahead and considers its past. It is also time for Ukraine to develop a strategy a few steps ahead. It is important to remember that the coronavirus will retreat sooner or later, but its consequences will linger." – these words belong to the head of the foreign ministry as presented in his blog during the first weeks after the introduction of quarantine measures in Ukraine, when the preparation of the fundamental document started<sup>1</sup>.

Ukraine's development of an Asian strategy has aroused interest not only among our partners in Asia but also among partners in the EU and NATO. As European and Euro-Atlantic integration remains the key priority of Ukraine's foreign policy, with the Asian strategy seen as a complementary direction, the New Europe Center has analyzed the main risks of preparing and implementing a strategy for Ukraine's European and Euro-Atlantic aspirations (the emphasis was put on cooperation with China, as this country is currently in the focus of attention of major global actors).

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<sup>1</sup> Dmytro Kuleba, «Asian cuisine in Kyiv». Blog for *Evropeyska pravda*, 6 Apr 2020. <https://blogs.pravda.com.ua/authors/kuleba/5e8adfffa2521/>

The document consists of four parts:

- 1 General conclusions.
- 2 Analysis of the risks of cooperation with China for relations with the EU.
- 3 Analysis of the risks of cooperation with China for relations with the USA.
- 4 Analysis of the risks of cooperation with China for relations with NATO.

Each single section on the EU, the USA and NATO aims to explore the current stage of relations between China and the mentioned actors, the challenges in these relations and ways of responding to them. The main question that analysts at the New Europe Center sought to answer was how certain challenges, for instance, in cooperation between China and the EU can affect the cooperation between Beijing and Kyiv.

## 1. GENERAL CONCLUSIONS



### **Euro-Atlantic partners are a priority.** Assigning a special place in Ukraine's foreign policy to relations

with Asia is of interest to the strategic partners, the United States and the European Union. Kyiv will face the task of correctly communicating the fact of the preparation and implementation of the Asian strategy by showing that foreign policy reorientation is not the case. Cooperation with Asia is complementary to, and not a substitute for, European and Euro-Atlantic integration.



### **Trade without dependence.**

Among all the countries, China now ranks first in terms of trade turnover with Ukraine (in general, primacy in trade still belongs to the EU), a trend which may well sustain in the future. In general, the EU or the US have no particular reservations about trade cooperation but seek to avoid dependence from China on individual trade categories. It cannot be ruled out that over time trade with China will emerge on the agenda of Ukraine's negotiations with the EU or the United States. Absence of trade dependence is also in Ukraine's interest, as trade flexibility may protect the country in the future from China's use of Ukrainian products in the Chinese market as a leverage against Ukraine in other, not necessarily trade-related, issues (as is the case with Australia).



### **Investments under microscope.**

The EU and the US are especially wary of Chinese global investments, believing that it could pose in particular security threats. It should be remembered that by making other countries economically dependent, China can advance its own political interests abroad. Closer cooperation with China could signal to the US and our partners in the EU that Beijing will potentially influence Ukraine.

European-style investment screening should be one of the options to respond to the relevant risks, especially in the field of defense, technology and strategic infrastructure. Therefore, it is better for Ukraine to adhere to the memorandum of cooperation with Ericsson on the development of 5G in Ukrainian territory and not to give preference to Huawei (both for security reasons and due to the possible acute reaction of Ukraine's essential partners). The issue of Motor Sich will continue to remain critically high on the agenda of Ukrainian-American relations and – under US influence – may become more significant in Ukraine-NATO cooperation.



### **Traps of infrastructure projects.**

Ukraine is interested in transport corridors to Asia bypassing Russia, thus seeing China's Belt and Road initiative as potentially useful. However, one should be cautious

about Chinese loans for infrastructure projects of dubious value and benefit ratio. There are too many examples of Asian countries and even the Balkans (Montenegro) that are heavily indebted to China. Although Chinese loans are offered unconditionally and are attractive to political leaders, they have already proved to be a financial trap in many countries, including Sri Lanka<sup>2</sup>, Kenya<sup>3</sup>, Montenegro, Mongolia and Tajikistan<sup>4</sup>.

The infrastructure built on Chinese loans does not receive enough income to repay the loan, with the property subsequently ensnared by China. At the same time, local authorities cannot influence how and what for this property will be used (and whether it will be used at all). It often turns out that Chinese investment was needed to buy a certain technology and transfer it to China. In many cases, this did not bring stable benefits to local industries.



#### Emphasis on rules-based international order.

Diplomatic tensions could arise between Ukraine and the PRC if Kyiv joins EU declarations on human rights violations in China. It is in Ukraine's interest to support the European position in this matter (not only because of the desire to share the same values as the EU), as it is

important for Ukraine to preserve EU support in the international arena, which consists in responding to violations of Ukrainian citizens' rights in the Russian-occupied territories. At the same time, in its communication with China, Ukraine could emphasize a rules-based international order. Such an approach would be completely in line with the interests of Ukraine, which sees a potential in mutually beneficial cooperation with China and also hopes for support within international organizations - first of all, in counteracting the Russian aggression at the UN level.



#### Preliminary consultations on sensitive projects.

Ukraine should evaluate any infrastructure, technology or, first of all, security project in cooperation with China in terms of its impact on relations with the US or the EU (possibly through informal prior consultations with partners in Washington or in the capitals of the EU member states). Cooperation with China has already become a toxic factor for both transatlantic and European partners. Conflicts result from tougher US approaches and more diplomatic steps taken by the EU as an institution as well as from the greater vulnerability of Central and Eastern European countries to China in comparison with

- <sup>2</sup> *How China's debt trap diplomacy works and what it means. TRT World. 13 Dec 2019 <https://www.trtworld.com/africa/how-china-s-debt-trap-diplomacy-works-and-what-it-means-32133>*
- <sup>3</sup> *China to take over Kenya's main port over unpaid huge Chinese loan. Hellenic Shipping news, 22 Nov 2019 <https://www.hellenicshippingnews.com/china-to-take-over-kenyas-main-port-over-unpaid-huge-chinese-loan/>*
- <sup>4</sup> *Montenegro fears China-backed highway will put it on road to ruin. Financial Times, 10 Apr 2019 <https://www.ft.com/content/d3d56d20-5a8d-11e9-9dde-7aedca0a081a>*



Western Europe. The transatlantic confrontation and a lack of a common position of EU member states on cooperation with China, on the one hand, creates room for maneuver for Ukraine and yet will, on the other hand, provoke situations when Kyiv is forced to choose a side.



#### Cyber/information security.

Ukraine should review EU's experience in the field of information security and, if possible, join relevant initiatives, since an important factor of Ukraine's successful integration into the EU Digital Single Market is to strengthen cooperation in the realm of cybersecurity. The Cybersecurity Act adopted in the EU in late 2018 aims to combat cybercrime. Ukraine also has to continue its cooperation with the US in this area. Ukraine is interested in countering Russia's disinformation campaigns in the world. At present, those who warn against information provocations on the part of China are being increasingly vocative in the EU. Ukraine has to keep an eye on the EU's counter initiatives in this respect so that the measures taken against China were not less serious than those targeted at Russia.



#### Arms sales.

So far, the EU and the US have not publicly criticized

Ukraine's arms sales to China. However, according to our interviews, it is possible that such a question may arise in view of the Western-imposed embargo on arms sales to the countries where human rights are systematically violated.



#### Intellectual Property.

Ukraine needs to regulate intellectual property issues with China and define the terms of cooperation between Ukrainian and Chinese companies and researchers.

## 2. ANALYSIS OF THE RISKS OF COOPERATION WITH CHINA FOR RELATIONS WITH THE EU

The European Union as a whole and individual EU member states in particular have not formally expressed any reservations about Ukraine's cooperation with the People's Republic of China. Still, at the informal level diplomats representing EU member states and Western-based independent analysts make no secret of their interest (bordering a certain concern) in Ukrainian-Chinese cooperation. The deepening of cooperation between Ukraine, China and Asia as a whole will inevitably attract the attention and warnings of some European partners.

The lack of a common position of the European Union on cooperation with China likely creates some room for Kyiv to maneuver: The EU will obviously not object to close economic cooperation with China but can expect Ukraine to join those initiatives or declarations that will be related to human rights protection in the PRC, while also warning against dubious Chinese investment. As Dr. Susan Stewart, a German expert, put it in her comment for the New Europe Center, *"Since the resources allotted to Ukrainian foreign policy are very limited, one serious risk of investing more time, energy and personnel in the direction of China would be that the resources devoted to the western direction would be reduced and existing relationships would suffer. This could send a signal to the EU and the US*

*that Ukraine is less interested in them as partners, which could lead them in turn to devote fewer resources to Ukraine."*<sup>5</sup>

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Against the background of the 2020 pandemic, the perception of China in the EU as a threat in the information sphere has become increasingly pronounced. Foregrounding the issue of information security is in the interest of Ukraine that has long called on Western partners to pay more attention to Russia's disinformation provocations.

### 2.1. EU'S POLICY TOWARDS THE PRC

The European Union and China are **the two largest trading partners in the world**. China is the EU's second largest trading partner (after the United States), while the EU is China's largest trading partner. Recent years have seen a kind of a culmination in the development of relations between the EU and China. On the one hand, there has been quite intensive

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<sup>5</sup> What are the risks of deepening Ukraine's cooperation with China for its relations with the EU and the United States? New Europe Center, 6 Aug 2020. <http://neweurope.org.ua/en/analytics/yaki-ryzyky-stvoryuye-poglyblennya-spivpratsi-ukrayiny-z-kytayem-dlya-yiyi-vidnosyn-iz-yes-i-ssha/>

cooperation: the European Union has developed a number of strategic documents that provide for further deepening of the partnership<sup>6</sup>. The EU is building its policy on China on the basis of a broader strategy to deepen cooperation between Europe and Asia as a whole. Hence, there has been established the EU-China Connectivity Platform with a view to creating sustainable transport corridors<sup>7</sup>.

**Connectivity is a keyword that defines the discourse of official instruments between the two parties.** On the other hand, the beginning of 2020 marks one of the most acute moments when the EU clearly articulates its claims against China. Some of them are directly related to the security sphere – in particular, concerns are expressed about the spread of disinformation by China in the European Union. Ukraine needs to pay attention to several aspects on which the EU builds its policy towards China.

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The first aspect of the EU's approach to China is rules as a priority. The EU hopes to develop win-win cooperation in both the political and economic spheres.

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The EU seeks to bolster its cooperation with China but is increasingly taking into account the challenges that go hand in hand with this cooperation. Calls coming from the US are also forcing EU allies to join discussions on a possible revision of strategic approaches to addressing potential threats. The EU as a whole has pursued a policy of balance, promoting the development of a multipolar world. **For the most part, the European Union is trying to avoid situations where it would have to take sides.** This may in particular explain the fact that some EU countries are in no hurry to introduce a ban on Chinese companies developing 5G networks.

The first aspect of the EU's approach to China is rules as a priority. The EU hopes to develop win-win cooperation in both the political and economic spheres. This implies that the EU expects, for example, that the Chinese market will be as open as the European market itself. The EU wants China to follow foreign policy approaches which would be grounded in the **rules-based international order**. These positions are standard for the development of any relations on the part of the EU – **they are fully in line with the interests of Ukraine as**

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- <sup>6</sup> *EU-China 2020 Strategic Agenda for Cooperation. EU External Action, 2013.* <https://eeas.europa.eu/sites/eeas/files/20131123.pdf>  
*EU-China – A strategic outlook. European Commission, 12 Mar 2019.* <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>  
*The 2016 Strategy on China (Joint communication to the European Parliament and the Council. Elements for a new EU strategy on China). European Commission, 22 Jun 2016.* [http://eeas.europa.eu/archives/docs/china/docs/joint\\_communication\\_to\\_the\\_european\\_parliament\\_and\\_the\\_council\\_-\\_elements\\_for\\_a\\_new\\_eu\\_strategy\\_on\\_china.pdf](http://eeas.europa.eu/archives/docs/china/docs/joint_communication_to_the_european_parliament_and_the_council_-_elements_for_a_new_eu_strategy_on_china.pdf)  
*EUs Strategy on Connecting Europe and Asia. European Commission, 26 Sep 2019.* <https://eeas.europa.eu/headquarters/headquarters-homepage/50699/connecting-europe-asia-eu-strategy>
- <sup>7</sup> *The EU-China Connectivity Platform. European Commission,* [https://ec.europa.eu/transport/themes/international/eu-china-connectivity-platform\\_en](https://ec.europa.eu/transport/themes/international/eu-china-connectivity-platform_en)

**well, which sees the potential for a mutually beneficial cooperation with China and hopes for support within international organizations.** First of all, in counteracting Russian aggression at the UN level.

In this sense, China mainly takes a neutral stance, although Beijing and Moscow have a fairly close relationship in general. To illustrate the point, in March 2014, China abstained (but did not veto) in the voting on a draft resolution condemning Russia's military intervention in Ukrainian Crimea<sup>8</sup>. In 2018, the PRC also abstained from voting on a resolution on the militarization of Crimea<sup>9</sup>. At the same time, China voted against the adoption of resolutions concerning human rights violations by Russia on the peninsula in 2016, 2017, 2018 and 2019<sup>10</sup>. Put otherwise, it is clear that **China does not support human rights documents but refrains from making statements or voting for resolutions about Moscow's security violations.**

The second aspect is **unity as a defining approach**. According to the official vision, EU countries strive to act as a "strong, clear and unified voice" towards China. Each EU member state, in

building its bilateral relations with the PRC, must work with the European Commission, the External Action Service and other member states to ensure that the bilateral agenda is in line with the Union's general rules and is in the EU's interest. When formulating its Asian policy (and especially its China-related part), Ukraine should take this guideline into account in the same way (although, obviously, even in the EU it does not always work). However, the EU's strategically desirable course of action is quite clear. It would be undesirable for Ukraine's position to be fundamentally different from that of the EU on a certain issue related to cooperation with China.

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The desire for common approaches notwithstanding, each EU country partly implements its own agenda in relations with the PRC<sup>11</sup>. Portugal, Italy and Greece, for example, partially position themselves as a bridge for dialogue between China and the US.

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<sup>8</sup> *Security Council Fails to Adopt Text Urging Member States Not to Recognize Planned 16 March Referendum in Ukraine's Crimea Region. United Nations, 15 Mar 2014.* <https://www.un.org/press/en/2014/sc11319.doc.htm>

<sup>9</sup> *Problem of the militarization of the Autonomous Republic of Crimea and the city of Sevastopol, Ukraine, as well as parts of the Black Sea and the Sea of Azov : resolution / adopted by the General Assembly. United Nations, 2018.* <https://digitallibrary.un.org/record/1656124?ln=ru>

<sup>10</sup> *Situation of human rights in the Autonomous Republic of Crimea and the city of Sevastopol (Ukraine) : resolution / adopted by the General Assembly. United Nations, 2016.* <https://digitallibrary.un.org/record/855181?ln=ru>

<sup>11</sup> *Europe in the Face of US-China Rivalry. European Think-tank Network on China (ETNC), January 2020.* [https://www.ifri.org/sites/default/files/atoms/files/etnc\\_report\\_us-china-europe\\_january\\_2020\\_complete.pdf](https://www.ifri.org/sites/default/files/atoms/files/etnc_report_us-china-europe_january_2020_complete.pdf)

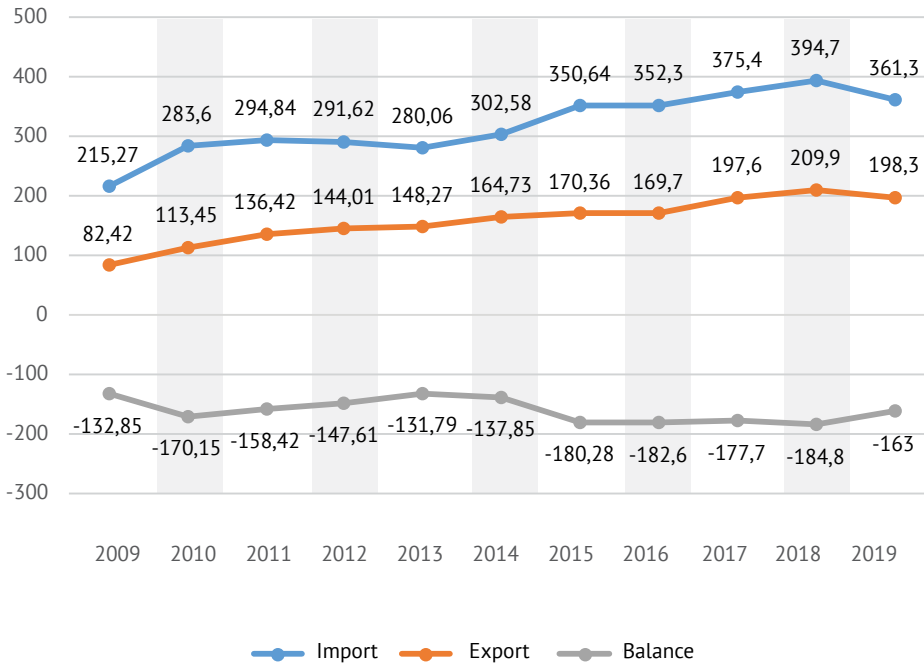
Hungary, according to foreign analysts, is trying to capitalize on disputes between Beijing and Washington. Latvia, Romania, and Slovakia prefer not to develop excessive cooperation with China, pursuing a wait-and-see policy. Finally, there is a group of countries led by France, Germany and Spain that are trying to strengthen the EU's strategic autonomy and economic sovereignty (especially in the development of critical technologies). Foreign analysts to whom the New Europe Center spoke have stressed the following in this regard: *"This is not just a geopolitical struggle between the West and China. This is freedom vs. authoritarianism. Ukraine, as a free country, should not hesitate which side it is on."*<sup>12</sup>

## 2.2. THE CHALLENGES THE PRC POSES TO THE EU AND THE WAYS THE EU ADDRESSES THEM

Despite attempts to reconcile frictions, intensive trade and economic cooperation, conflicts of varying severity often arise between China and the EU. Over the last thirty years, there has been a number of moments of crisis in the cooperation of the two powers. For example, European countries imposed an embargo on arms supplies to China after the crackdown on protests in Tiananmen Square in 1989. Tensions escalated between the EU and China in 1999, when the US and European allies agreed upon a NATO operation in the former Yugoslavia (the Chinese embassy in Belgrade was destroyed during the bombing)<sup>13</sup>. In 2008, the EU-China summit was canceled due to the intention of French President Nicolas Sarkozy to meet with the Dalai Lama. In 2020, distrust between China and the EU deepened due to the situation with freedoms in Hong Kong and China's disinformation campaign in the EU. However, **whatever these misunderstandings, trade between the two not only did not stop but has been on the rise** (see Graph 1).

<sup>12</sup> What are the risks of deepening Ukraine's cooperation with China for its relations with the EU and the United States? New Europe Center, 6 Aug 2020. <http://neweurope.org.ua/en/analytics/yaki-ryzkyk-stvoryuye-poglyblennya-spivpratsi-ukrayiny-z-kytayem-dlya-yiyi-vidnosyn-iz-yes-i-ssha/>

<sup>13</sup> China, at Security Council meeting, registers strongest possible protest over attack against its Embassy in Belgrade. United Nations, 8 May 1999. <https://www.un.org/press/en/1999/19990508.SC6674.R1.html>

**Graph 1.** EU-China trade turnover, 2009-2019 (in billions of euros)<sup>14</sup>

In general, the following challenges that the European Union considers in shaping its policy towards China can be identified:

China's trying to build close relations with some of its weaker member states, which makes such countries dependent on Beijing's influence.

### China's "divide-and-rule" policy

The EU sees considerable risks in China's trying to build close relations with some of its weaker member states, which makes such countries dependent on Beijing's influence. This could potentially have serious consequences that would cast doubt over the political

integrity of the entire EU. This is primarily about a partnership within the 17+1 group developed by China. While Beijing sees this partnership as an opportunity to realize infrastructure projects, Brussels suspects an unfriendly nature of the initiative, as **China will supposedly be able to implement a "divide-and-rule"**

<sup>14</sup> Trade balance of the European Union with China from 2009 to 2019. Statista. <https://www.statista.com/statistics/257155/eu-trade-with-china/>

**approach<sup>15</sup>.** The phrase "offensive mercantilism" can also be found in research circles to denote China's persistent efforts to conquer European markets<sup>16</sup>. In Ukraine, this factor should be taken into account as well: **a greater Chinese presence will mean greater dependence, which may cause more mistrust on the part of some Western partners.** However, so far Chinese investment has been focused primarily on richer EU member states, with the largest Chinese investment found in Great Britain (when in the EU, a leader in this regard), Germany, France, Italy, Finland, and Portugal (see Graph 2)<sup>17</sup>.

*countries. The infrastructure that was created never gained the revenue to pay off the loan, and the property then ended up in Chinese hands, without giving local authorities a hand in how, if and for what it will be used. Chinese investment often turned out to be a shopping spree to buy up technology and sell and transfer it to China – at the end without sustainable benefit for local industries,"* said Senior Policy Fellow Wider Europe Programme, European Council on Foreign Relations (ECFR), Germany<sup>18</sup>. In this regard, the analyst recommends first discussing with Washington and Brussels possible solutions and their implications, as this *"will save Kyiv from jumping into the crosshairs of an intensifying tech-war."*

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«Like every drug, it has severe side and addictive effects. They first and foremost concern Ukraine itself".

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*"Like every drug, it has severe side and addictive effects. They first and foremost concern Ukraine itself: Chinese loans – although offered without conditionalities and hence attractive for political leaders – have proven a financial trap in many*

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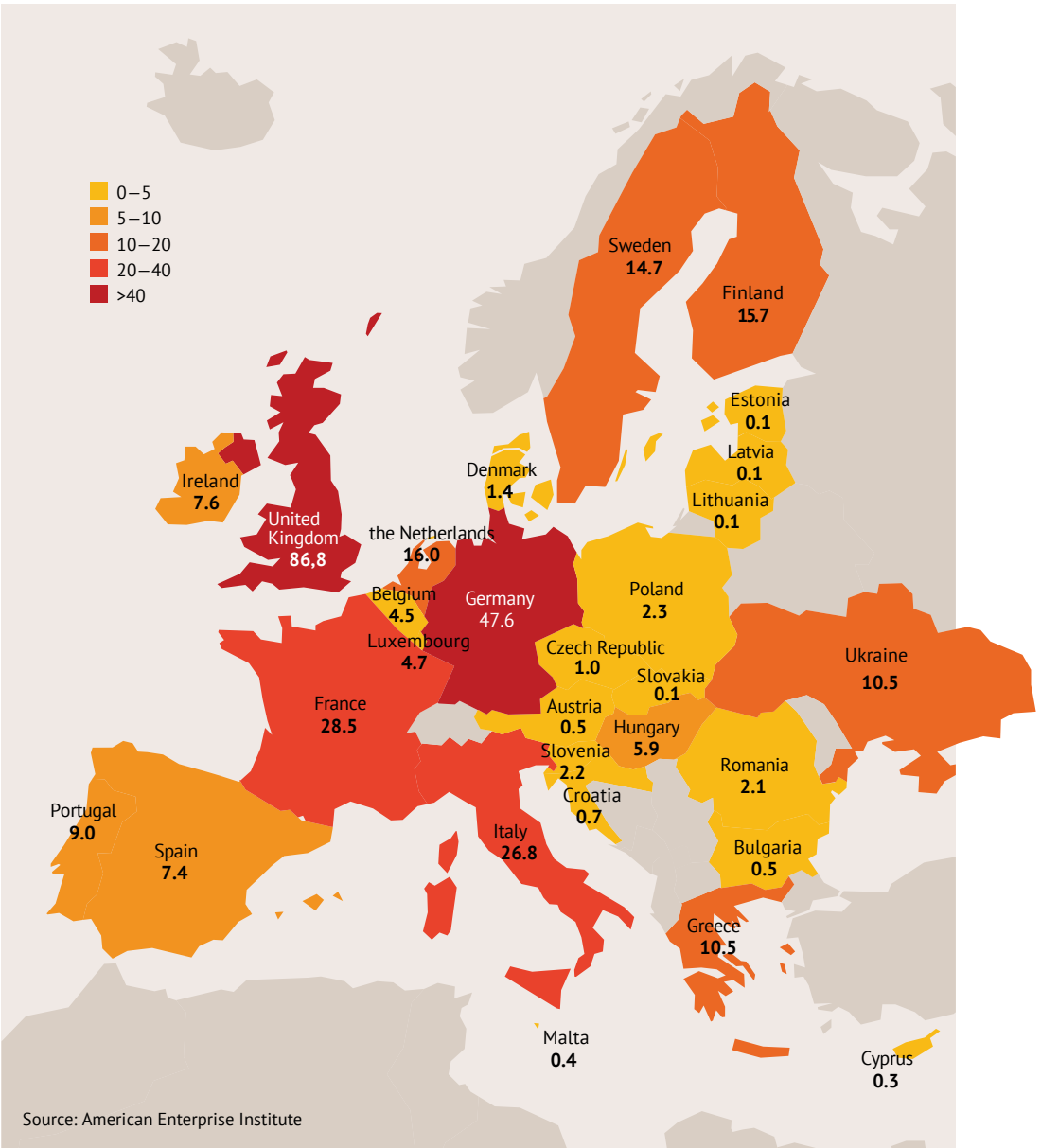
<sup>15</sup> Jeremy Garlick. *China's Economic Diplomacy in Central and Eastern Europe: A Case of Offensive Mercantilism?*, *Europe-Asia Studies*, 71:8, 5 Sep 2019. <https://www.tandfonline.com/doi/full/10.1080/09668136.2019.1648764>

<sup>16</sup> Holslag, J. *How China's New Silk Road threatens European trade*. *The International Spectator*, Vol. 52, Issue 1, pp. 46-60, 2017 <https://www.tandfonline.com/doi/abs/10.1080/03932729.2017.1261517>

<sup>17</sup> Thilo Hanemann, Mikko Huotari. *EU-China FDI: Working towards more reciprocity in investment relations*. *Mercator Institute for China Studies*, 17 Apr 2018. <https://merics.org/en/report/eu-china-fdi-working-towards-more-reciprocity-investment-relations>

<sup>18</sup> *What are the risks of deepening Ukraine's cooperation with China for its relations with the EU and the United States?* *New Europe Center*, 6 Aug 2020. <http://neweurope.org.ua/en/analytics/yaki-ryzkyk-stvoryuye-poglyblennya-spivpratsi-ukrayiny-z-kytayem-dlya-yiyi-vidnosyn-iz-yes-i-ssha/>

**Graph 2.** China's direct investment in EU countries (2000-2017)\*<sup>19</sup>



<sup>19</sup> *China Global Investment Tracker*. American Enterprise Institute: <https://www.aei.org/china-global-investment-tracker/?fbclid=IwAR34QFVy2H2tpIdiPIAaEKE6TlazCy9FIMMEioDnVFneE-eu7HunxcDBRkl>

\* Since 2020, the UK is not a member of the EU. The infographic includes data on this country due to the significant level of investment in China.



## Human Rights

The European Union is constantly and clearly speaking out about human rights violations in China (whether it concerns Tibet, Xinjiang, Hong Kong, etc.). The EU seeks a regular dialogue with China on human rights, the rule of law, and civil society. The EU's basic Lisbon Treaty of 2007 provides for the protection of human rights as one of the key elements of foreign policy<sup>20</sup>.

Previously, Ukraine has already experienced some tension on the EU track due to the Chinese factor. Thus, in 2010, the Ukrainian ambassador refused to participate in the Nobel Peace Prize ceremony of the Chinese human rights activist Liu Xiaobo. Ukraine then found itself in the one group with Russia, Venezuela, Cuba, Saudi Arabia, Tunisia, and Serbia. The refusal was in fact induced by pressure from China. At that time, the Ukrainian démarche was received with a certain level of concern in European capitals, as President Viktor Yanukovich's team often talked about a reversal from the path of European integration. Ukraine was finally able to save face – the ceremony was attended by the Ukrainian chargé d'affaires, first secretary of the embassy<sup>21</sup>.

The European Think-Tank Network on China (ETNC) has singled out several groups of EU countries according to their activity in upholding liberal values in China<sup>22</sup>. Thus, researchers identify four main groups of states:

**The first group** – Germany and Sweden (formerly joined by the United Kingdom, which is no longer part of the EU) – takes the most open and resolute position on this matter. These countries speak publicly, raising relevant issues in closed meetings with Chinese counterparts.

**The second group**, including Belgium, Denmark, France, the Netherlands, and Norway (non-EU member), is also active in advocating for political values but less persistent in the issue of public pressure on Beijing.

**The third group**, consisting of the Czech Republic, Latvia, Poland, Portugal, Romania, and Spain, does not speak publicly on the topic of political values in China. They prefer that the major brunt in this sense be borne at Brussels level, by the EU institutions.

**The fourth group**, represented by Greece, Hungary and Italy, looks to be the most passive in this regard.

<sup>20</sup> *Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007.* EUR-Lex. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:12007L/TXT>

<sup>21</sup> *The Foreign Ministry denies that the Ukrainian ambassador will take part in the Nobel ceremony on the recommendation of China.* Interfax-Ukraine, 8 December, 2010. <https://interfax.com.ua/news/general/55504.html>

<sup>22</sup> *Political values in Europe-China relations. The European Think-tank Network on China (ETNC), December 2018.* [https://www.ifri.org/sites/default/files/atoms/files/full-report-web-version\\_updated\\_2019.pdf](https://www.ifri.org/sites/default/files/atoms/files/full-report-web-version_updated_2019.pdf)

An analysis of this year's events suggests that for some countries such grouping is not entirely relevant. According to the observations of some analysts, we can even assume that Germany and France have swapped places. Alternatively one may see a new group established, an intermediate between the first and the second ones, which could include both Paris and Berlin (i.e. not always openly criticizing China's actions; the policy is based on the case-by-case approach).

It is likely that **Ukraine will fall into the third group, given the importance of cooperation with the EU on human rights protection (including in the occupied territories of Ukraine)**. Ukraine actually tested this approach while addressing situation around protests against Aliaksandr Lukashenka in August 2020: in its statements it referred to the fact that Ukraine's position generally coincides with the EU's (*"We generally share the position expressed by the European Union regarding the elections in Belarus"*<sup>23</sup>). It is possible that cases such as the Nobel incident may re-emerge in respect of cooperation with China, but the fact that Kyiv is not alone in its balancing policy on the European continent is somewhat conducive. Moreover, as Berlin's rather sluggish reaction to the events around Hong Kong has shown even

Germany is reluctant to sacrifice trade ties with China by focusing on human rights <sup>24</sup>..

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### Investment security

The European Union has been a favorite destination for Chinese investment in recent years. The dynamic has reached such a level that the EU has raised concerns about its own security. **China's direct investment in the EU has grown almost 50 times in just eight years**, from less than \$840 million in 2008 to a record-breaking \$42 billion (35 billion euro) in 2016. In total, China's investment in the EU in 2019 amounted to \$348 billion; Chinese citizens have acquired more than 350 European companies over the last ten years<sup>25</sup>. Although in general the share of Chinese investment is not that large (2.2 percent of the total against 36 percent of US investment in 2016), the rapid growth is particularly noteworthy. *"We do not want critical infrastructure (such as electricity, water and streets)*

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<sup>23</sup> Foreign Ministry statement on the presidential election in Belarus. Ministry of Foreign Affairs of Ukraine, 15 Aug, 2020. <https://mfa.gov.ua/news/zayava-mzs-shchodo-prezidentskih-viboriv-v-bilorusi>

<sup>24</sup> Germany's reluctance to speak out against China. Deutsche Welle, 07 Jul 2020. <https://www.dw.com/en/germanys-reluctance-to-speak-out-against-china/a-54079606>

<sup>25</sup> Mapping China's Investments in Europe. The Diplomat, 14 Mar 2019. <https://thediplomat.com/2019/03/mapping-chinas-investments-in-europe/>

to be owned by companies when we are not 100 percent sure of their intentions," said German Economy Minister Peter Altmaier in the German parliament in the spring of 2020<sup>26</sup>.

European companies, which now find themselves under Chinese control include Sweden-based Volvo Cars, Italian tire producer Pirelli, Greece's largest port, Piraeus, and Swiss crop chemicals producer Syngenta. Anta, a Chinese company, acquired Amer Sports last year, a Finnish company that owns the Louisville Slugger brand<sup>27</sup>.

In September 2018, at the initiative of Germany, France and Italy, the European Commission proposed a new piece of legislation to create a common European instrument for screening foreign direct investment. This document focuses on strategic sites that are critical to European

security and public order (particularly in the fields of critical technology, infrastructure or sensitive information).

**Ukraine has also drafted a bill designed to conduct a detailed analysis of foreign investment**<sup>28</sup>.

It is expected to allow assessing the impact on national interests and security. Legislation that will provide for investment screening can protect Ukraine from undesirable repercussions. **What is especially important is that the process of introducing a screening instrument takes place simultaneously with its initiation in the EU.** At this stage, Ukraine is not one of the priority countries for Chinese investment. For example, between 2005 to 2019, China invested \$1.2 trillion in more than 1,600 investment projects in other countries, of which about 1 percent, or \$9 billion, was poured into the Ukrainian economy<sup>29</sup>.

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To address the problem of investment imbalance, the EU is seeking to sign an investment agreement with China already in 2020. Due to the deteriorating political climate in the

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<sup>26</sup> *Direktinvestitionen aus Nicht-EU-Staaten sollen genauer geprüft werden, Deutscher Bundestag, 23 Apr 2020.* <https://www.bundestag.de/dokumente/textarchiv/2020/kw17-de-aussenwirtschaftsgesetz-691594>

<sup>27</sup> *Europe Takes Steps to Block Chinese Bargain Hunters, The New York Times, 22 Jun 2020.* <https://www.nytimes.com/2020/06/17/business/european-union-china-deals.html>

<sup>28</sup> *Draft Law of Ukraine "On the Procedure for Making Foreign Investments in Business Entities of Strategic Importance for the National Security of Ukraine". The Ministry of Economy, Trade and Agriculture of Ukraine, 6 May, 2020.* <https://www.me.gov.ua/Documents/Detail?lang=uk-UA&id=873888fb-56ef-4f57-b9e7-c53c57d0fc05&title=ProektZakonuUkrainiproPoriadokZdiisnenniaInozemnikhInvestitsiiUSubktiGospodariuvannia-SchoMaiutStrategichneZnachenniaDliaNatsionalnoiBezpekiUkraini>

<sup>29</sup> *China Global Investment Tracker: American Enterprise Institute:* <https://www.aei.org/china-global-investment-tracker/?fbclid=IwAR34QFVy2H2tpIdiPJAaEKE6TlazCy9FIMMEioDnVFne-Eu7HunxcDBRkl>

relations, doubts were expressed about the possibility of concluding the document this year (Chinese disinformation in the EU; crackdown on freedoms in Hong Kong). Brussels expected the agreement to open the Chinese market to European car manufacturers, companies in the financial services sector and biotechnology enterprises. This document should provide that China adheres to high standards in environmental protection and the rights of employees.

## Intellectual Property

One of the priority issues on the agenda of EU-China relations is the protection of intellectual property rights. Ukraine has also faced the same problem in the past. Official Kyiv has a negative experience due to the infringement of intellectual property rights by the Chinese partners in the implementation of certain projects<sup>30</sup>. Ukraine initially supplied certain types of goods to China, and later the same products came out of Chinese conveyors marked as Made in China. This process was most obvious in the field of China's military reequipment.

## Security

Although the EU has pursued a policy of avoiding participation in the confrontation between China and the US, it seems that European capitals will have to decide. Against the backdrop of the pandemic in the EU, those who believe that China poses a security threat to the world have become more vocative. For instance, China is often mentioned with regard to cyberattacks and information security. The EU arms embargo on China has been in place for thirty years..

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Against the backdrop of the pandemic in the EU, those who believe that China poses a security threat to the world have become more vocative.

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In the field of cybersecurity, the European Union is trying to pursue a prudent policy so that, on the one hand, it does not interfere with the principles of competition, innovation and, on the other hand, protects the private data of citizens. There are concerns in the EU that "dishonest companies" originating from foreign authoritarian countries can acquire access to the information about EU residents. As a result, the EU has developed standards aimed at strengthening the level of data protection. The Cybersecurity Act, approved in the EU in late 2018, is

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<sup>30</sup> Klymenko, I.V On certain issues of economic cooperation between Ukraine and China in modern conditions. National Institute for strategic studies. <http://old2.niss.gov.ua/articles/1359/>

designed to combat cybercrime<sup>31</sup>. The most common sources of cybersecurity threats are China and Russia. Ukraine should analyze the EU's experience in cybersecurity and, if possible, join relevant initiatives. The EU is advancing its standards in the field of data protection globally, and such countries as Japan, India and Brazil have already declared their interest in implementing them as well<sup>32</sup>.

Given the growing EU attention to human rights violations in China (due to the events around Hong Kong and discrimination against Uighurs), we should not expect any easing with respect to the arms embargo. This may also have an impact on the relevant cooperation of Ukraine with China.

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<sup>31</sup> Regulation (EU) 2019/881 of the European Parliament and of the Council of 17 April 2019 on ENISA (the European Union Agency for Cybersecurity) and on information and communications technology cybersecurity certification and repealing Regulation (EU) No 526/2013 (Cybersecurity Act). EUR-Lex. <https://eur-lex.europa.eu/eli/reg/2019/881/oj>

<sup>32</sup> Annegret Bendiek, Martin Schallbruch. *Europe's Third Way in Cyberspace. What Part Does the New EU Cybersecurity Act Play?* SWP, December 2019. <https://www.swp-berlin.org/10.18449/2019C52/>

### 3. RISKS OF COOPERATION WITH CHINA FOR RELATIONS WITH THE USA

According to the experience of other countries, including Greece and Israel for the USA the most sensitive areas of cooperation with China are initiatives in the security sphere (defense, technology) and strategic infrastructure projects that are vital for the collective security of the region (major international ports)<sup>33</sup>. Countries seeking to cooperate with China in these areas have to choose between the opportunity to obtain Chinese investment and the risk of deteriorating relations with the United States, including partial or complete cessation of cooperation with Americans on security issues (for example, after China acquired access to the port of Haifa, Israel, the US stated that it would cease to use it for the purposes of its navy)<sup>34</sup>.

Particularly noteworthy to the US are technologies or practices that enable Chinese cyber espionage (Huawei and 5G). US pressure on EU countries and threats to halt its security support suggest that in order to maintain friendly relations with the United States, areas enabling Chinese partners to access the critical information must be closed for cooperation with China. Ukraine has signed a memorandum on the introduction of 5G with Huawei's rival Ericsson in 2020.

According to the experience of other countries for the USA the most sensitive areas of cooperation with China are initiatives in the security sphere and strategic infrastructure projects that are vital for the collective security of the region.

Ukraine has already faced pressure from the USA that seeks to restrict China's access to technology transfer that may become possible through the acquisition of Motor Sich by Chinese companies. In recent years, this issue has featured in the Ukrainian-American dialogue with different extent of intensity. In 2019, Former US National Security Adviser John Bolton paid a visit to Ukraine in order to persuade the leadership of Motor Sich and the Ukrainian authorities to stop the sale of the company to Chinese firms. This issue has become more acute after the start of the US election campaign that in the light of the pandemic unfolds with anti-Chinese slogans. There are grounds to believe that with the potential presidential succession in the US, this issue will not be removed from the Ukraine-US agenda.

Ukraine is one of the suppliers of weaponry (turbofan engines for a number of aircraft, diesel engines for

<sup>33</sup> Mario Esteban and Miguel Otero-Iglesias. *Europe in the Face of US-China Rivalry*. European Think-tank Network on China (ETNC), January 2020. [https://www.ifri.org/sites/default/files/atoms/files/etnc\\_report\\_us-china-europe\\_january\\_2020\\_complete.pdf](https://www.ifri.org/sites/default/files/atoms/files/etnc_report_us-china-europe_january_2020_complete.pdf)

<sup>34</sup> *Israel Pushes to Sell Its Biggest Port as China Builds Rival*. Bloomberg, 4 Aug 2020. <https://www.bloomberg.com/news/newsletters/2020-08-04/supply-chains-latest-israel-s-top-port-is-for-sale>

tanks, gas turbines for air-to-air missiles) to China<sup>35</sup>. This equipment is used by China to strengthen its naval and air forces which now threaten the US military in Asia. At present, there are no public signals from the Trump administration that such Ukrainian-Chinese cooperation is undesirable, yet the issue of arms sales to China may become as sensitive in Ukraine-US relations as the issue of Motor Sich.

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**The US takes a more moderate, though still cautious, approach to other countries' receiving Chinese funding.**

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In 2002, against the background of the Kolchuha (chainmail) scandal (the alleged sale of radar systems from Ukraine to Iraq), some attention was also paid to the Chinese factor. American and British experts assumed that Kolchuhas could reach Baghdad through China that purchased Ukrainian systems<sup>36</sup>. Subsequently, the United States effectively declared a diplomatic boycott of Ukraine, although there was no evidence of the sale of Kolchuhas to Iraq (US diplomats explained that even

recordings of the Ukrainian president's conversations on the subject were enough for strict US decisions). In the context of the current aggravation of relations between the US and China, our American partners are likely to pursue a tougher policy on Ukraine's arms trade with China.

**The US takes a more moderate, though still cautious, approach to other countries' receiving Chinese funding.**

This is evidenced by the experience of Poland, Slovakia and Kazakhstan, which the US advised to refrain from obtaining Chinese loans<sup>37,38</sup>. During his stay in Ukraine in 2019, Bolton also expressed concern that China offers loans to other countries on terms that subsequently lead to excessive debt, thus making them dependent on China<sup>39</sup>. At the same time, as the experience of Ukraine's receiving investments from China shows, the US does not react to China's infusion of funds into those Ukrainian enterprises that do not allow the Chinese to gain access to the defense industry. Among the investment projects that China plans to implement in Ukraine, there can be mentioned China Energy Engineering (waste recycling plant) and China Oil and Food Corporation

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<sup>35</sup> Michael Kofman. *Ukraine's China Problem*. Wilson Center, 8 Dec 2014. <https://www.wilsoncenter.org/article/ukraines-china-problem>

<sup>36</sup> *Ukraine Faulted in Probe of Radar Sale*. The Washington Post. 26 Nov 2002. <https://www.washingtonpost.com/archive/politics/2002/11/26/ukraine-faulted-in-probe-of-radar-sale/0246c744-c8a6-4783-9378-c4786bac2fd6/>

<sup>37</sup> Mario Esteban and Miguel Otero-Iglesias. *Europe in the Face of US-China Rivalry*. European Think-tank Network on China (ETNC), January 2020. [https://www.ifri.org/sites/default/files/atoms/files/etnc\\_report\\_us-china-europe\\_january\\_2020\\_complete.pdf](https://www.ifri.org/sites/default/files/atoms/files/etnc_report_us-china-europe_january_2020_complete.pdf)

<sup>38</sup> Pompeo, in Kazakhstan, Warns of China's Growing Reach. The Diplomat. 03 Feb 2020. <https://thediplomat.com/2020/02/pompeo-in-kazakhstan-warns-of-chinas-growing-reach/>

<sup>39</sup> *The United States is concerned about the sale of Motor Sich to the Chinese – Bolton*. Ukrainska Pravda. 28 Aug, 2019. <https://www.pravda.com.ua/news/2019/08/28/7224688/>

(infrastructure renovation of the port of Mariupol)<sup>40</sup>. At the end of the summer of 2020, the Ukraine-China subcommittee signed a protocol that includes an agreement on cooperation in the field of infrastructure projects. The agreement will allow Ukraine to obtain a loan from the Eximbank of China for the construction of a new bridge in Kremenchuh and the first stage of the Great Ring Road around Kyiv<sup>41</sup>.

**The United States is currently inclined to tolerate trade between China and other countries** (in part because the country itself is dependent on the Chinese market). At the same time, there are reasons to believe that China's market diversification, including the further decline of the US role as an exporter of agricultural products to China, is a matter of concern among US politicians and business circles. In respect of the US-China trade war, Ukraine has almost completely replaced the US in supplying agricultural products to the Chinese market in certain categories (corn). Ukraine mainly exports raw materials to the PRC and mostly buys finished products from it.

### 3.1. US POLICY TOWARDS THE PRC

Both Republicans and Democrats see China as a competitor threatening US global dominance. Donald Trump has made a tough stance on China a priority in his election campaign, but his policy toward the PRC is rather chaotic and is not geared to the long term. In the event of his election defeat, the Democratic Party is likely to develop a more comprehensive vision of partnership with China

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**Both Republicans and Democrats see China as a competitor threatening US global dominance.**

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and audit relations with its partners in line with the new strategy. **This could have positive consequences for Ukraine, such as a clear understanding of the “red lines” in cooperation with the PRC.** The new strategy could also bring about new challenges for Ukraine, as issues such as arms trade with China (not just the Motor Sich case) could potentially become toxic to Ukrainian-American relations. *“The Chinese Dream is turning into a Chinese Nightmare. Deepening relations with China, except if done from a robust position of strength, will certainly jeopardise relations with the US – a country in which opposition*

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<sup>40</sup> *China encircles the world. And it gives Ukraine a chance.* Ukrinform, 2 May, 2019. <https://www.ukrinform.ua/rubric-economy/2693197-kitaj-opoasue-svit-i-nadae-ukraini-sans.html>

<sup>41</sup> *Ukraine and China have agreed on a protocol on cooperation in the field of infrastructure.* LegalHub. 28 August, 2020. <https://legalhub.online/uryad/ukrayini-i-kr-pogodyly-protokol-pro-spivpratsyu-u-sferi-infrastruktury/>



*to China's new imperialism is the last big topic which unites the Republican and Democratic parties,"* said Roland Freudenstein of the Wilfried Martens Center for European Studies as part of the research conducted by the New Europe Center<sup>42</sup>.

The economic crisis and the escalation of relations between the US and the PRC threaten the implementation of the first stage of the trade agreement signed by the two countries in early 2020. Trump is interested in adhering to this agreement before the presidential election, but after his re-election, he will most likely continue to take a hard line on China. **Therefore, regardless of the outcome of the US presidential election Ukraine should expect that its relations with China will be closely followed by the US** and will most likely be subject to tighter regulation by American partners..

### 3.2. THE CHALLENGES THE PRC POSES TO THE US AND THE WAYS THE EU ADDRESSES THEM

#### A challenge to the dominance of US-led Western democracies

China poses a threat to the global liberal order by shifting the spheres of influence of major powers. **Together with Russia, China is establishing an alternative center of gravity that unites countries with weak democracies and authoritarian regimes.** Until 2014, Ukraine officially supported China's position on Tibet and banned peaceful gatherings of Falun Gong members<sup>43,44</sup>. Since 2014, the Ukrainian authorities have been avoiding statements on human rights issues, a fault line between the US and China. During last year's protests in Hong Kong, Ukraine did not show solidarity with the US position but did not make statements in support of China's actions.

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China poses a threat to the global liberal order by shifting the spheres of influence of major powers.

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**The US supports other countries (Japan and, to some extent, India) to establish alternative centers of influence in certain regions and joins forces with**

<sup>42</sup> What are the risks of deepening Ukraine's cooperation with China for its relations with the EU and the United States? New Europe Center, 6 Aug 2020. <http://neweurope.org.ua/en/analytys/yaki-ryzkyky-stvoryuye-poglyblennya-spivpratsi-ukrayiny-z-kytayem-dlya-yiyi-vidnosyn-iz-yes-i-ssha/>

<sup>43</sup> Grishchenko supports Tibet's affiliation with China. *Ukrainska pravda*, 22 July, 2012. <https://www.pravda.com.ua/news/2012/07/22/6969269/>

<sup>44</sup> Violation of freedom of peaceful assembly. Does China pressurize the Ministry of Foreign Affairs, and the Ministry of Foreign Affairs puts pressure on the Kyiv City State Administration. *Ukrainian Helsinki Human Rights Union*, 14 May, 2010. <https://helsinki.org.ua/articles/porushennya-svobody-myrynyh-zibrany-kytajs-tysne-na-mzs-a-mzs-na-kmda-v-dodatku-lyst-mzs-dlya-sluzhbovoho-korystuvannya/>

**other democracies to confront China**, in particular in the context of the concept of a free and open Indo-Pacific region<sup>45</sup>. For example, Australia has recently joined the US in the attempt to persuade other leading democracies, including the EU to more aggressively defend liberal values from the influence of the communist ideology. In statements to its partners who may be influenced by China, the US also insists that cooperation with undemocratic states will be detrimental to the development of democracy in those countries.

In response to China's policy on COVID-19 (silence on the scale of the virus in early 2020, China's "mask diplomacy"), the US has announced its intention to withdraw from the World Healthcare Organization. Republicans have called on other leading democracies to create an alternative to the United Nations, without China, which now has a significant impact on the human rights agenda through its representatives in the organization. In response to widespread human rights abuses in China, the US is imposing sanctions on those involved in the offenses (Hong Kong: travel bans and asset freezes for Chinese politicians).

As China's influence in the region grows, the US may demand that Ukraine

take a clearer stance on ideological issues (human rights in China). It is worth mentioning here the joint statement of George W. Bush and Viktor Yushchenko in 2005 on "*support for the progress of freedom in countries such as Cuba and Belarus*." As we can see, Washington has previously proposed similar initiatives, which ultimately affected bilateral cooperation with third countries<sup>46</sup>.

## Security challenges

### The growth of China's military power.

China surpasses all other countries in terms of weaponization tempo. According to the Stockholm Institute for Peace Studies (SIPRI), in 2019 China ranked second in the list of countries with the highest military spending

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China surpasses all other countries in terms of weaponization tempo.

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in the world (+ 5.1 percent in 2019 compared with 2018)<sup>47</sup>. Apart from modernizing its military equipment, China is carrying out military reforms

<sup>45</sup> *A free and open Indo-Pacific*. Department of State, United States of America, 4 Nov 2019. <https://www.state.gov/wp-content/uploads/2019/11/Free-and-Open-Indo-Pacific-4Nov2019.pdf>

<sup>46</sup> Alyona Getmanchuk, Sergiy Solodkyy, Kateryna Zarembo. *Ukraine's soft power in the region: an instrument of effective foreign policy*. New Europe Center, 2011. <http://neweurope.org.ua/wp-content/uploads/2017/12/Myaka-syla-Ukrayiny-v-regyone.pdf>

<sup>47</sup> *Global military expenditure sees largest annual increase in a decade—says SIPRI—reaching \$1917 billion in 2019*, SIPRI, 27 Apr 2020. <https://www.sipri.org/media/press-release/2020/global-military-expenditure-sees-largest-annual-increase-decade-says-sipri-reaching-1917-billion>

that should bring the country's armed forces to a new level by 2050. The Defense Intelligence Agency attributes China's rapid transformation into a "military superpower" to the fact that the Chinese government has saved a lot of money on research and development by buying, upgrading or stealing the intellectual property of other countries<sup>48</sup>. By supplying arms to China, Ukraine assists the latter in strengthening its military power thus playing on the side of the US adversary.

According to Richard Weitz, Senior fellow and Director, the Center for Political-Military Analysis at Hudson Institute, USA, "*Under previous governments, weapons sales from Ukraine to China helped the PLA develop more powerful naval and air forces that now threaten the US and European forces in Asia, as well as India, Japan, and other Asian countries. If Ukraine were to purchase 5G equipment from PRC firms like Huawei, prospects for Ukrainian intelligence cooperation with NATO countries would substantially decline.*"<sup>49</sup>

The US has recently increased its military spending (a 5.3 percent increase in 2019 compared to 2018), **which is partly in response to the growing military power of the PRC**<sup>50</sup>. In addition, the US is tightening export

controls aimed at preventing the transfer of technology or products that could potentially be used by China to strengthen its armed forces. The US export audit is carried out not only with respect to American companies but also on enterprises of partner countries (including the EU). **For Ukraine, tighter export controls will imply the impossibility of repeating the Kolchuha scandal and the need to discuss in advance with the US any issues that are sensitive to American partners in order to prevent the imposition of US extraterritorial sanctions against Ukrainian companies.**

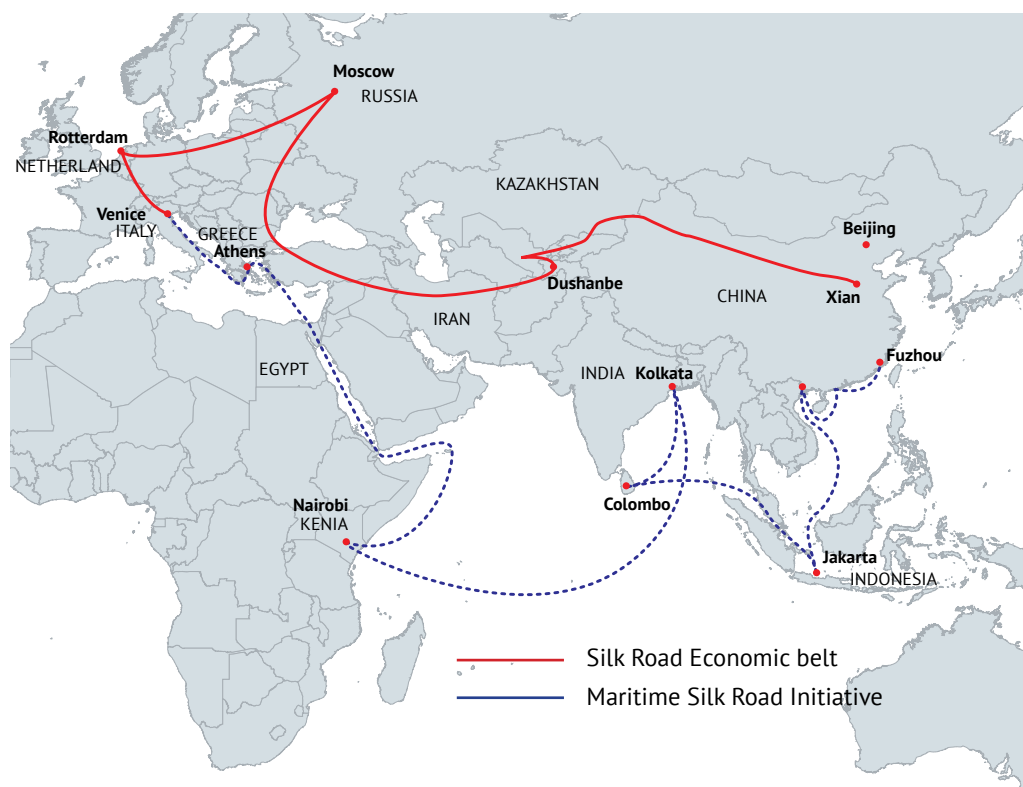
#### Growing insecurity of partner countries (primarily the EU and NATO).

China provides loans to many countries around the world, including those in Central, Southern and Eastern Europe most of which have close ties with the US. Unlike stable and more prosperous democracies, countries such as Hungary, Slovakia and Serbia are more susceptible to Chinese funding. The PRC offers these countries loans for bilateral infrastructure projects and initiatives under the One Belt One Road initiative, promotes its business through the 17+1 platform that was established specifically for cooperation between

<sup>48</sup> *Die Welt: China's way to the military superpower. Ukrainsky Tyzhden. 22 March 2019. <https://tyzhden.ua/World/227744>*

<sup>49</sup> *What are the risks of deepening Ukraine's cooperation with China for its relations with the EU and the United States? New Europe Center, 6 Aug 2020. <http://neweurope.org.ua/en/analytics/yaki-ryzyky-stvoryuye-poglyblennya-spivpratsi-ukrayiny-z-kytayem-dlya-yiyi-vidnosyn-iz-yes-i-ssha/>*

<sup>50</sup> *Global military expenditure sees largest annual increase in a decade—says SIPRI—reaching \$1917 billion in 2019, SIPRI, 27 Apr 2020. <https://www.sipri.org/media/press-release/2020/global-military-expenditure-sees-largest-annual-increase-decade-says-sipri-reaching-1917-billion>*

**Graph 3.** Chinese One Belt One Road initiative

China and the countries of the region and lobbies the development of the 5G network through Huawei (see the Graph 3)<sup>51</sup>. Countries indebted to the PRC may run risk of becoming dependent on China that may subsequently seek to obtain information on the security and defense of the indebted state. Due to weak democratic institutions and the economic crisis, Ukraine is also at risk and may become financially dependent on China that will try to put pressure on Ukrainian companies to obtain strategically important information.

As the experience of Poland, Slovakia and Kazakhstan shows, the US usually advises partners to refrain from receiving investments from China. This is explained by the fact that the attractiveness of Chinese investment can lead to a loss of sovereignty and harm the long-term development of the country (Serbia which owes China \$6 billion is a case in point). **At present, the US only warns Ukraine that Chinese loans can result in negative economic and political consequences.**

<sup>51</sup> *Belt and Road Initiative. The World Bank, 29 March 2019. <https://www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative>*

**The US views Chinese investment in large-scale infrastructure and defense projects as a more dangerous challenge than lending to fragile democracies.**

The Trump administration sees the use of Huawei technologies for 5G networks as a challenge to US and EU security because of the threat that Chinese companies may hack into the information systems of governmental agencies and strategic enterprises. The US also considers it dangerous to provide access to large infrastructural facilities for Chinese companies. For example, in 2016, the Chinese bought a 51 percent stake and thus gained control of the port of Piraeus in Greece, the second largest container port in the Mediterranean and the largest passenger port in Europe. Another cause for concern for the US was the recent participation of a Chinese company in a tender for the construction of the world's largest desalination plant to be located near an Israeli military base.

The situation with the sale of the Motor Sich demonstrates that the US considers Ukrainian defense technology an important resource that can strengthen China. As Associate Senior Research Fellow, Centre for European Policy Studies (CEPS), told the New Europe Center, *"There is the case of the Motor Sich manufacturer of helicopter engines,*

*bought in principle some time ago by Chinese interests, but currently stuck in the anti-monopoly agency's in-tray. Best block this, since otherwise this investment will cost a lot in terms of US goodwill these days.*"<sup>52</sup>

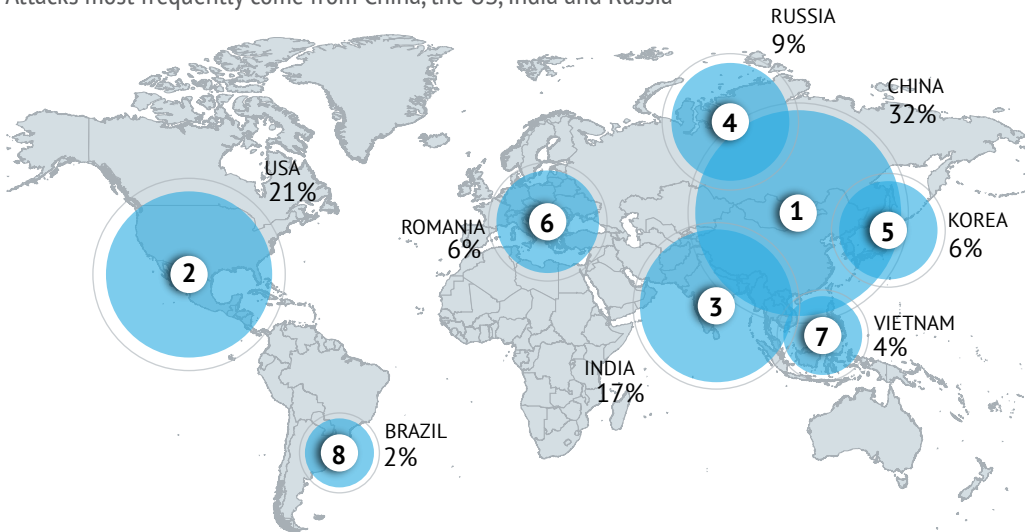
The Trump administration is putting pressure on its allies to ban the use of Huawei technologies for 5G networks and not to give China access to strategic infrastructure. The main method of pressure is threats to halt security cooperation. In Poland, for example, Pompeo said that if Huawei remained in the country it would hamper US-Polish security cooperation<sup>53</sup>. In Israel, the US has insisted that the country reduce Chinese presence in the Israeli port of Haifa. Failure to do so could have jeopardized the continued use of the port by the US Fifth Fleet.

It is not ruled out that, if reelected, Trump will apply more pressure on the EU on 5G issue. Countries that depend on IMF financing may face a new condition for receiving tranches: refusal to cooperate with Huawei. **This has to become a wake-up call for the Ukrainian government if it wants to change its 5G development partner in Ukraine.**

<sup>52</sup> What are the risks of deepening Ukraine's cooperation with China for its relations with the EU and the United States? New Europe Center, 6 Aug 2020. <http://neweurope.org.ua/en/analytics/yaki-ryzkyk-stvoryuye-poglyblennya-spivpratsi-ukrayiny-z-kytayem-dlya-yiyi-vidnosyn-iz-yes-i-ssha/>

<sup>53</sup> Mario Esteban and Miguel Otero-Iglesias. *Europe in the Face of US-China Rivalry*. European Think-tank Network on China (ETNC), January 2020. [https://www.ifri.org/sites/default/files/atoms/files/etnc\\_report\\_us-china-europe\\_january\\_2020\\_complete.pdf](https://www.ifri.org/sites/default/files/atoms/files/etnc_report_us-china-europe_january_2020_complete.pdf)

**Graph 4.** USA: sources of cyberattacks against the USA  
Attacks most frequently come from China, the US, India and Russia



**Espionage.** The cyber threat from China has been a major challenge for the US for more than ten years (see the Graph 4)<sup>54</sup>. Examples of US cybersecurity challenges include hacking attacks on public and private servers to steal information and alleged cyber espionage through technologies of Chinese companies (Huawei). The US also sees a threat in Chinese businessmen, researchers and students entering the country with business or study purposes and accessing crucial infrastructure and military objects.

**Despite warnings from Latvian intelligence services and Ukrainian activists from cyber-threat response groups Ukraine regularly purchases video surveillance equipment from HikVision, a state-owned Chinese company.** Experts reported that Chinese cameras have a built-in mechanism for

unauthorized hidden access to devices (backdoor) and assume that the data from the cameras may flow to Chinese servers.

Some American interlocutors express a certain concern about the fact that in 2017 China donated telecommunications equipment to a state institution (Ministry of Foreign Affairs of Ukraine) worth approximately \$100,000.

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**The cyber threat from China has been a major challenge for the US for more than ten years.**

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In July 2020, the first Diya.Biznes Business Support Center, initiated by the Ministry of Digital Transformation

<sup>54</sup> The true location of the attackers remains unknown. Softpedia news, 25 Aug 2014. <https://news.softpedia.com/news/United-States-Targeted-by-Cyber-Attacks-Originating-from-China-the-US-India-and-Russia-456235.shtml>

of Ukraine was launched in Kharkiv. The project was sponsored by Huawei along with Visa. The head of the Kharkiv Regional State Administration Oleksiy Kucher believes the city was chosen to host the first Center due to the potential of the Kharkiv IT sector. **The close cooperation of the Chinese company associated by the United States with cyber espionage with the Ukrainian Ministry and company's access to the newest information technologies may well cause concern among American partners in the future<sup>55</sup>.**

**The USA has taken a number of measures to combat espionage.** Certain categories of Chinese workers, researchers, and students have been denied entry to the USA. Huawei and

**Intellectual Property.** In addition to hacking attacks that could lead to the theft of new technologies the USA sees a threat in the cooperation of American companies with their Chinese counterparts. There are numerous cases when in exchange for access to the Chinese market American companies were forced to share information that contained commercial secret. The situation around the sale of Motor Sich indicates that Ukraine has a powerful resource in the field of aviation technology, and China is interested in gaining access to this intellectual property.

The 2020 trade agreement between the United States and China introduces stricter regulation with respect to commercial secrecy, trademark usage and piracy. It is possible that Washington will impose sanctions on companies that the USA identifies as involved in the theft of intellectual property rights<sup>57</sup>.

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The situation around the sale of Motor Sich indicates that Ukraine has a powerful resource in the field of aviation technology, and China is interested in gaining access to this intellectual property.

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ZTE have lost access to the US market. US Navy officials have been banned from using the Chinese TikTok service. Sanctions have been imposed on the manufacturer of CCTV cameras HikVision<sup>56</sup>.

## Economic dependence

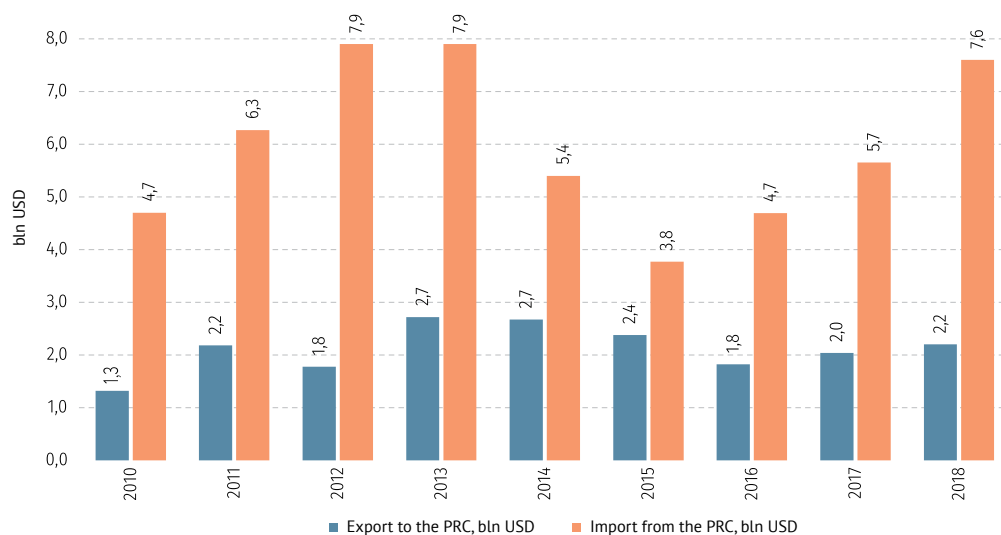
The US ranks first among countries importing Chinese goods. Along with Canada and Mexico China is among the top three destinations for US products. Despite attempts to achieve greater independence from the Chinese market

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<sup>55</sup> The Center for Support of Businessmen Diya.Biznes, the first in Ukraine, was launched in Kharkiv. Huawei, 1 July, 2020. [https://www.huawei.com/ua/news/ua/2020/20200701?fbclid=IwAR19vblxdIE5BLdnWb58cK70MpMZiDWaQCVm0aH5apnrhEq\\_OGP0Rt4v9ZU](https://www.huawei.com/ua/news/ua/2020/20200701?fbclid=IwAR19vblxdIE5BLdnWb58cK70MpMZiDWaQCVm0aH5apnrhEq_OGP0Rt4v9ZU)

<sup>56</sup> Why is Kyiv buying Chinese surveillance cameras and how can they be dangerous? Khamarochos, 3 May, 2020. <https://hmarochos.kiev.ua/2020/05/03/chomu-kyiv-zakupaye-kytayski-kamery-sposterezheniya-i-chym-vony-mozhut-buty-nebezpechni/>

<sup>57</sup> After the purchase of Motor Sich, the Chinese may have access to Ukrainian aircraft technology. Ukrainska Pravda, 28 Aug, 2019. <https://www.pravda.com.ua/news/2019/08/28/7224661/>

**Graph 5.** Ukraine-China bilateral trade, 2010-2018

Source: State Statistics Service of Ukraine

**Table 1.** Key trade items in Ukraine-China trade, 2018

Export to the PRC	Share of item of goods in*		Import from the PRC	Share of item of goods in*	
	Ukraine's export	China's import		China's export	Ukraine's import
Iron ore and concentrates	23%	0,9%	Semiconductors	2,1%	94%
Corn	14%	62%	Smartphones	0,2%	59%
Sunflower oil and seeds	8%	58%	Computers	0,3%	68%
Gas-turbine jet engines	57%	2,5%	Steel or non-alloy steel rolled iron	1,5%	46%
Oil cake, pelleted	15%	22%	Pesticides	3,1%	17%

\* export/ import share of item of goods from/to the PRC from the total export/import of the item of goods

Source: International Trade Center / Trade Map



the US trade with the PRC decreased by only 11 percent in 2019. Due to the close ties between the world's two largest economies increasing US independence from China is possible only in the long run, after the reorientation of the US economy to other markets. As a result, the US is forced to seek a compromise on trade with China and cannot break this partnership. In some trade categories (aviation, soybeans, vehicles, and microchips), China is the main market for the US. This opens up opportunities for China to put pressure on the US by imposing import duties on American products. Agricultural goods are especially vulnerable.

raw materials Ukraine has other sales markets.

The US is taking a number of measures to reduce its dependence on the Chinese market. These include a ban on federal pension funds to invest in shares of Chinese companies and the introduction of import duties (since 2018, with the outbreak of the trade war with China, the US is trying to become less dependent from the Chinese market). To this end, import duties on Chinese goods (household appliances, medical devices, weaponry, etc.) were introduced. The US is also gradually diversifying its markets (soybeans: Europe, Egypt, Pakistan) and seeking to convince partner countries that are also dependent on trade with the PRC (Australia) that they should achieve greater autonomy from the Chinese market and join forces with the USA in order to weaken China's economy..

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**China is becoming Ukraine's biggest trading partner leaving behind the USA and Russia, with a negative trade balance for Ukraine standing at \$5.4 billion.**

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China is becoming Ukraine's biggest trading partner leaving behind the USA and Russia, with a negative trade balance for Ukraine standing at \$5.4 billion (see Graph 5, Table 1)<sup>58</sup>. Ukraine is not dependent on China in terms of import. Instead, a refusal to purchase Chinese machine building products could strengthen the position of the Ukrainian manufacturers<sup>59</sup>. Despite the growing share of China in the structure of Ukrainian export of

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<sup>58</sup> O. Drobotyuk. *Ukrainian-Chinese economic cooperation: results of 2010-2018*, Ukrainian Association of Sinologists, 2019. <https://sinologist.com.ua/drobotyuk-o-ukrayinsko-kytajske-ekonomichne-spivrobitnytstvo-pidsumky-2010-2018-rr/>

<sup>59</sup> *Ukraine-China. Colonial imbalance*. *Ukrainsky Tyzhden*, 13 Aug, 2019. <https://tyzhden.ua/Economics/233713>

## 4. RISKS OF COOPERATION WITH CHINA FOR RELATIONS WITH NATO

NATO has not officially expressed reservations about Ukraine's cooperation with the People's Republic of China. Moreover, the Alliance, like Ukraine itself, is currently looking for patterns of relations with China. Obviously, at the institutional level, NATO will not express reservations about Ukrainian-Chinese cooperation, but at the level of individual NATO member states, Ukraine is likely to face the need to "take sides."

This is primarily due to the difference in NATO's institutional and interstate approaches to China. As an institution, NATO declares that it takes into account the threat posed by China but seeks to develop relations with it. At the same time, there are significant contradictions between the US, the European Union, Turkey, and Canada that have asymmetric interests in China. Bearing in mind that decisions in NATO are taken by consensus and that any state can block certain Alliance decisions on Ukraine, as was the case with Hungary and the NATO-Ukraine Commission at the highest level, Ukraine needs to balance between European partners and the US by building its strategy of relations with China.

It is entirely possible that the current lack of a unified NATO position on cooperation with China creates some room for Kyiv to maneuver. **Careful and selective cooperation will not have significant ramifications for Ukraine's Euro-Atlantic integration. Ukraine should not be afraid to develop**

**Ukraine should not be afraid to develop relations in the areas that would not entangle it into economic dependence on China; at the same time, it should be kept in mind that cybersecurity or investment in infrastructure projects are sensitive areas in cooperation with the PRC.**

**relations in the areas that would not entangle it into economic dependence on China; at the same time, it should be kept in mind that cybersecurity or investment in infrastructure projects are sensitive areas in cooperation with the PRC.** Specifically, the US will closely monitor Ukraine's compliance with the memorandum of cooperation with Ericsson (not Huawei) on the development of 5G as well as the issue of Motor Sich that may emerge on the NATO-Ukraine agenda under US influence.

### 4.1. NATO'S POLICY TOWARDS THE PRC

Until recently, the PRC was absent on NATO's agenda. For the first time, the idea that China could potentially be a challenge appeared in the Alliance in 2012-2013 at Washington's suggest during the "US strategic pivot to Asia" and an intensification of the US presence in the Asia-Pacific. However, after the annexation of Crimea and the outbreak of the war in Donbas, NATO's priorities were to restrain the Russian Federation and reinforce the Alliance's defense capabilities.

Meanwhile, China that was rapidly increasing its military potential mainly concerned NATO in regard of its **involvement in arms control frameworks**. With this in mind, the Alliance has repeatedly emphasized its support for China, with its world's second-largest defense budget<sup>60</sup>, to join Russian-US negotiations including the June 2020 nuclear arms control consultations in Vienna<sup>61</sup>. However, the PRC ignores the Alliance's calls to join these frameworks.

In recent years, China has managed not only to increase its military and economic potential but also to expand its influence in Europe (especially in its Central and Eastern part) so much that this fact has raised concerns in the Alliance. **Thus, at the NATO summit in London in December 2019, for the first time in NATO's history, member states put on the agenda a discussion on China as a potential threat.** As the

joint London Declaration of allied leaders says, *"We recognise that China's growing influence and international policies present both opportunities and challenges that we need to address together as an Alliance."*<sup>62</sup>

Thus, NATO started to implement its policy towards China only at the beginning of 2020, and in fact, like Ukraine, is currently looking for patterns of building relations with China. This is evidenced by the appearance during 2019 and 2020 of a large number of analytical materials on how NATO should build relations with China and what challenges it poses for the Alliance (so far, analysts have mainly focused on the PRC's bilateral relations with the USA and the EU).

China is so far absent at the level of the Alliance's strategic documents, but **it is likely that the Chinese issue will be reflected in NATO's new Strategic Concept**; the work at this document was launched in 2020. The document is the Alliance's roadmap for ten years and will replace the 2010 concept. At the same time, China is also among the issues **addressed in the NATO Reflection Process**, designed to contemplate where the Alliance should move in the next ten years. Launching the NATO-

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<sup>60</sup> Global military expenditure sees largest annual increase in a decade—says SIPRI—reaching \$1917 billion in 2019, SIPRI, 27 Apr 2020. <https://www.sipri.org/media/press-release/2020/global-military-expenditure-sees-largest-annual-increase-decade-says-sipri-reaching-1917-billion>

<sup>61</sup> Statements by NATO Secretary General Jens Stoltenberg and Mark Esper, US Secretary of Defense. NATO, 26 Jun 2020. [https://www.nato.int/cps/en/natohq/opinions\\_176811.htm?selectedLocale=en](https://www.nato.int/cps/en/natohq/opinions_176811.htm?selectedLocale=en)

<sup>62</sup> London Declaration. Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in London, 3-4 December 2019, NATO, 4 Dec 2019. [https://www.nato.int/cps/en/natohq/official\\_texts\\_171584.htm](https://www.nato.int/cps/en/natohq/official_texts_171584.htm)

2030 Dialogue Initiative<sup>63</sup> on 8 June this year, NATO Secretary General Jens Stoltenberg emphasized that the current three global challenges are COVID-19, terrorism and China's growing power<sup>64</sup>.

## 4.2. THE CHALLENGES THE PRC POSES TO NATO

Just as the PRC has been almost absent on NATO's agenda until recently, the former paid little attention to the Alliance as well. An analysis of Russian and Chinese media narratives conducted by NATO StratCom COE in June 2020 reveals that **at the moment NATO is a far more frequent topic on Russia's agenda than its is on China's**<sup>65</sup>. The wording that *"the bear and the dragon (i.e. Russia and China – editor's note) have united to deter NATO"* is mostly found in the Russian media space, not in the Chinese one. The Chinese media mainly cast a negative light on the USA, not NATO.

Similarly, at the level of the PRC's strategic documents, NATO is not mentioned as a threat or a challenge. In China's latest 2019 White Paper,

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**It is likely that the Chinese issue will be reflected in NATO's new Strategic Concept. China is also among the issues addressed in the NATO Reflection Process.**

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the Alliance is mentioned only once with regard to the transformation of the international strategic landscape: *"NATO has continued its enlargement, stepped up military deployment in Central and Eastern Europe, and conducted frequent military trainings."*<sup>66</sup>

Researchers believe that, given the gradual recognition of China as a threat by NATO member states, the situation may change in the future resulting in the deterioration of relations between China and NATO. However, it is fair to say that China is already potentially posing certain threats both to member states and, indirectly, to the Alliance as a whole.

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**At the moment NATO is a far more frequent topic on Russia's agenda than its is on China's.**

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<sup>63</sup> Secretary General launches NATO 2030 to make our strong Alliance even stronger. NATO, 8 Jun 2020. [https://www.nato.int/cps/en/natohq/news\\_176193.htm](https://www.nato.int/cps/en/natohq/news_176193.htm)

<sup>64</sup> NATO Secretary General underlines the need for NATO to take a more global approach. NATO, 30 Jun 2020. [https://www.nato.int/cps/en/natohq/news\\_176985.htm](https://www.nato.int/cps/en/natohq/news_176985.htm)

<sup>65</sup> The People's Republic of China and the Russian Federation as Strategic Allies. NATO strategic Communications Centre of Excellence, June 2020. <https://www.stratcomcoe.org/peoples-republic-china-and-russian-federation-strategic-allies>

<sup>66</sup> China's National Defense in the New Era. The State Council Information Office of the People's Republic of China, July 2019. <http://www.chinadaily.com.cn/specials/whitepaperonnationaldefenseinnewera.pdf>

### Threat to unity

The confrontation with the US, neutral rhetoric about NATO, and the development of economic relations with European countries suggest that China applies the "divide-and-rule" principle to NATO member states. Thus, **the threat to the unity of NATO member states is a key challenge among those that China potentially poses to the Alliance.**

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This is primarily due to the asymmetry of member states' interests in relation to China skillfully used by the PRC to achieve its own goals. In referee in particular to the fault line between the USA and Europe in the following areas: security, economy, and human rights.

As was noted in previous sections, the US takes a tougher stance on all three issues than its European partners, while EU member states try to pursue a policy of balance and avoid situations where they have to take sides. Particularly

emblematic in this sense are the controversy between the USA and Germany over the ban on Huawei's 5G network development<sup>67</sup> or the situation around the Asian Infrastructure Investment Bank (AIIB), in which most European countries are members, with the US refusing to join<sup>68</sup>.

Meanwhile, despite efforts to implement a unified approach to the PRC, the EU itself does not currently have a clear joint strategy for China. Instead, member states are fighting for Chinese investment under the 17+1 framework and One Belt One Road project<sup>69</sup>. As a result, states dependent on Chinese investment sometimes begin to pursue policies that benefit China. For example, in June 2016, Greece blocked a joint EU statement calling on China to comply with international maritime law. The next year, Athens also refused to approve an EU statement urging China to respect freedom of speech<sup>70</sup>. Such actions by Greece seemed particularly strange given that Greece constantly calls on other states, especially the neighboring Turkey to respect international maritime law and human rights.

The lack of unity among NATO member states is not limited to the differing

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<sup>67</sup> Zinaida Bechná, Bradley A. Thayer. *NATO's New Role: The Alliance's Response to a Rising China*. Naval war college review, 2016. <https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=1162&context=nwc-review>

<sup>68</sup> Jennifer Lind. *The Rise of China and the Future of the Transatlantic Relationship*. Chatham House, 20 Jul 2019. <https://www.chathamhouse.org/publication/rise-china-and-future-transatlantic-relationship>

<sup>69</sup> *Mapping Europe-China Relations. A Bottom-Up Approach*. European Think-tank Network on China (ETNC), October 2015. [https://www.ifri.org/sites/default/files/atoms/files/etnc\\_web\\_final\\_1-1.pdf](https://www.ifri.org/sites/default/files/atoms/files/etnc_web_final_1-1.pdf)

<sup>70</sup> *Why China has its eyes on Greece*. The Week, 12 Nov 2019. <https://www.theweek.co.uk/104284/why-china-has-its-eyes-on-greece>

positions of the US and Europe. **Turkey**, which is currently experiencing a debt and currency crisis and is trying to improve the situation through Chinese investment, is unlikely to take a hard line on China within the Alliance<sup>71</sup>. At the same time, relations between China and **Canada**, being one of the largest trading partners, are difficult at the moment as they are currently in the middle of a scandal over the arrest of the Huawei founder's daughter in Canada and the detention of two Canadians for alleged espionage in China<sup>72</sup>.

**The lack of a security identity of NATO member states is the weak spot of the Alliance that the PRC will use to its advantage.** The difference in positions between NATO member states is dangerous especially given that decisions in the Alliance are taken by consensus. Therefore, as the example of Greece in the EU shows, **China's political influence on one member will be enough to block the Alliance's decisions**. In addition, given the confrontation between the USA and China, European NATO partners may one day find themselves having to choose between economic ties with China and a strategic partnership with the United States.

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**The lack of a security identity of NATO member states is the weak spot of the Alliance that the PRC will use to its advantage.**

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## Security challenges

Though indirectly, China also poses **certain security risks to the Alliance**. It is increasing its presence in the Arctic, Africa and the Mediterranean (which are NATO's areas of interest and may eventually lead to disputes between the Alliance and China) and is conducting joint exercises with Russia (Vostok-2018, Tsentri-2019 and so on), violates the law of the sea, etc. In addition, Chinese Huawei's 5G technology and China's involvement in member states' infrastructure projects could pose a threat to the Alliance's cybersecurity creating risks for the exchange of confidential information between member states. The US has repeatedly warned NATO allies, including Poland and Hungary about the threat. According to Mike Pompeo, it will be more difficult for Washington to cooperate with countries deploying in their territory the equipment of the Chinese telecommunications giant Huawei<sup>73</sup>.

Although the Chinese threat is not yet as high on the agenda of NATO

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<sup>71</sup> *China to the Rescue in Turkey? The Diplomat*, 3 Jul 2020. <https://thediplomat.com/2020/07/china-to-the-rescue-in-turkey/>

<sup>72</sup> *A shot at hostage diplomacy with China backfires in Canada. The Japan Times*, 11 Jul 2020. <https://www.japantimes.co.jp/news/2020/07/11/asia-pacific/hostage-diplomacy-china-canada/>

<sup>73</sup> *Pompeo warns allies Huawei presence complicates partnership with U.S. Reuters*, 11 Feb 2019. <https://www.reuters.com/article/us-usa-pompeo-hungary/pompeo-warns-allies-huawei-presence-complicates-partnership-with-u-s-idUSKCN1Q0007>

members as the Russian one (especially in Eastern Europe) the states are increasingly aware of the potential hazards stemming from China. This is evidenced by a study that analyzes the intelligence reports of European countries, Canada and the US in order to reveal common trends among the threats that these countries identify for themselves as originating from China.

In particular, there is concern about China's investment in critical infrastructure in European countries (UK, Denmark), political espionage (Germany), increased activity of Chinese intelligence (Czech Republic), and Chinese "profiling" – finding appropriate people among the local population and forging long-term contacts with them (the Netherlands, Lithuania)<sup>74</sup>.

Some of the identified trends also include political and economic pressure from China to gain support for its policies (promoting the condemnation of Taiwan and Tibet or territorial disputes in the South China Sea), the use of the Chinese expatriate community for intelligence purposes, etc.

#### 4.3. THE WAYS NATO ADDRESSES CHALLENGES CREATED BY THE PRC

While NATO has not made much progress in developing its own strategy papers on China (including the above mentioned new NATO Strategic Concept and the NATO Dialogue Initiative 2030), the expert community has come up with a number of recommendations that the Alliance should take in building relations with the PRC.

Specifically, it is recommended that the Alliance **establish a NATO-China Council**, similar to the existing NATO-Russia Council, which will, on the one hand, demonstrate a more coordinated approach by allies to China as a challenge, whilst also serving as a platform for developing constructive relations with the PRC, for instance, in counter-piracy operations<sup>75</sup>. Ukraine should also consider cooperating with China in such neutral areas.

It is also suggested that NATO members **tighten restrictions on Chinese investment in key technology sectors** on both sides of the Atlantic<sup>76</sup>. Although the USA and European countries have divergent positions on this issue

<sup>74</sup> *Russia and China through eyes of NATO and EU intelligence agencies. How do the EU member states, Canadian and the United States intelligence agencies assess russian and chinese influence activities? Security Strategies Program 2019. Konrad Adenauer Stiftung. European values.* <https://www.europeanvalues.net/wp-content/uploads/2019/06/Russia-and-China-through-eyes-of-NATO-and-EU-intelligence-agencies.pdf>

<sup>75</sup> *Ian Brzezinski. NATO's role in a transatlantic strategy on China, Atlantic Council, June 2020.* <https://www.atlanticcouncil.org/blogs/new-atlanticist/natos-role-in-a-transatlantic-strategy-on-china/>

<sup>76</sup> *Douglas Lute, Nicholas Burns. NATO at Seventy: An Alliance in Crisis. Belfer Center for Science and International Affairs Harvard Kennedy School, February 2019.* <https://www.belfercenter.org/sites/default/files/files/publication/NATOatSeventy.pdf>

Ukraine should also be careful about cooperating with China in these fields.

NATO should develop relations with key democracies in the Indo-Pacific: **Australia, New Zealand, South Korea, and Japan**, in particular, by establishing a military headquarters and/or a NATO Center of Excellence in one of the countries of the region<sup>77</sup>. Ukraine can also adopt this recommendation and pay more attention to these very countries in the Asian vector of its foreign policy.

**EU member states and NATO partners are also advised to work more closely together in the field of cybersecurity<sup>78</sup>.**

In 2019, the Polish Interior Minister called on the EU and NATO to take a joint position on Huawei after the arrest of a Huawei employee on espionage charges<sup>79</sup>. Similar appeals were also made by the Estonian IT Minister<sup>80</sup>. With experience in countering Russian cyber attacks, Ukraine can initiate and promote its own participation in these cooperation frameworks.

With regard to the protection against cyber attacks, it is worth mentioning that in July 2016, NATO member states recognized cyberspace as an area in which the Alliance must defend itself as effectively as in the air, on land and at sea. At the same time, at the Brussels Summit in 2018, member states agreed to establish the Cyberspace Operations Center, which is expected to be fully staffed and operational from 2023<sup>81</sup>. It was also agreed that NATO could use the cyber capabilities of individual member states for its missions and operations<sup>82</sup>.

It is fair to say that the Alliance has taken such steps to ensure the security of its member states in cyberspace primarily because of the threat posed by Russia, which has long been one of the most pressing problems on the organization's agenda. However, they are a useful tool for countering cyber threats from the PRC as well. To illustrate the point, NATO is now conducting exercises to counter cyber attacks coming from China. In 2019, Japan joined such exercises<sup>83</sup>. Ukraine may also hold negotiations to take part therein.

<sup>77</sup> Ian Brzezinski. *NATO's role in a transatlantic strategy on China*, Atlantic Council, June 2020. <https://www.atlanticcouncil.org/blogs/new-atlanticist/natos-role-in-a-transatlantic-strategy-on-china/>

<sup>78</sup> Kadri Kaska, Henrik Beckvard and Tomáš Minárik. *Huawei, 5G and China as a Security Threat. NATO Cooperative Cyber Defence Centre of Excellence*, 2019. <https://ccdcoe.org/uploads/2019/03/CCDCOE-Huawei-2019-03-28-FINAL.pdf>

<sup>79</sup> EU, NATO should agree on joint position towards Huawei: Poland. Reuters, 12 Jan 2019. <https://www.reuters.com/article/us-poland-security/eu-nato-should-agree-on-joint-position-towards-huawei-poland-idUSKCN1P60FV>

<sup>80</sup> Eesti riigivõrkudes Huawei seadmeid turvakaalutlustel ei kasuta. ERR, 6 Dec 2018. <https://www.err.ee/882737/eesti-riigivorkudes-huawei-seadmeid-turvakaalutlustel-ei-kasuta>

<sup>81</sup> Cyber defence. NATO, 17 Mar 2020. [https://www.nato.int/cps/uk/natohq/topics\\_78170.htm?selectedLocale=en](https://www.nato.int/cps/uk/natohq/topics_78170.htm?selectedLocale=en)

<sup>82</sup> NATO's Cyber Operations Center – Will Russia Feel Threatened? The Cyber Research Databank. <https://www.cyberdb.ca/natos-cyber-operations-center-will-russia-feel-threatened/>

<sup>83</sup> Japan joins NATO cybersecurity drills to counter Chinese hackers. Nikkei. Asian Review, 3 Dec 2019. <https://asia.nikkei.com/Politics/International-relations/Japan-joins-NATO-cybersecurity-drills-to-counter-Chinese-hackers>





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