

The growth of China as it affects Europe

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The growth of China's economic and political power, and the major implications it has for the United States (US), Australia and for China's Asian neighbours, is unsurprising. However, Europeans still tend to see China as a faraway country of which they know little.

Europeans recognise that China's enhanced economic status will have profound consequences for trade and investment throughout Europe as well as the US and Asia. Yet, it seems Europe has not fully appreciated that the growth of economic power is often accompanied by a growth in political and military capability. This combination can have profound implications for global security and the balance of power.

China's growth in power is not yet fully recognised in Europe. This is, in part, due to the perception that China's political assertion of its new strength has, so far, been primarily limited to the South China Sea, and to putting pressure on both foreign governments and companies which do not respect its sensitivities over Taiwan and Tibet. Underpinning this is also the idea that, especially since World War II, states can transform into economic giants without falling into the temptation to use their newfound financial muscle to become military and diplomatic heavy-weights as well.

The most obvious examples have been Japan and Germany. Both have reached the premier league of global economic powers but, both remain relatively modest in military capability and have pursued a peaceful and non-aggressive foreign policy. Neither Europe nor Asia has been unduly alarmed. Japanese and German restraint in the use of their new economic power for national agendas has largely been as a legacy of their terrible history in the 1930s. Their conduct in the last global war, in which they were both defeated and occupied, has led to a recognition that they need to rehabilitate their international reputations. China, having been a victim and not an aggressor during that period, is now having no such inhibitions.

Deng Xiaoping advised his fellow citizens not to use economic growth to alarm China's neighbours. Xi Jinping is doing little else. The implications for Europe, as for Asia, are very significant.

For the first time in over 500 years, the emergence of a large and powerful Chinese Navy is being seen. Its role is not being confined to the Pacific or the South China Sea. The Chinese Navy already has a significant presence in the Indian Ocean and the Red Sea, with a base in Djibouti. Although part of its presence has been beneficial in assisting with the international operation to counter piracy, it can also be viewed as a projection of Chinese power.

Associated with this naval strength, China is also establishing a series of ports stretching from China to the Arabian Sea which it can use either to base ships, to refuel and repair, and to conduct other tasks. China controls a port in Sri Lanka and has various rights in the Maldives, Pakistan, Djibouti and elsewhere; the so-called "string of pearls". This can, of course, be compared with what the British did in the 19th century, in reverse, with the Suez Canal, Aden, Ceylon, Singapore and Hong Kong.

This new Chinese naval capability matters to Europe. For example, in 2016 no less than \$124 billion worth of trade from the United Kingdom transited through the South China Sea carrying

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exports to, and imports from, all Far Eastern countries, including China. China now has the naval power to exercise diplomatic pressure by threatening to refuse passage to these ships in times of crisis.

However, it is not just the growth of China's naval power that has major implications for Europe and Asia and the Pacific more broadly. The continuing controversy about Chinese technology and whether Huawei should be allowed to participate in 5G affects Europe as much as the US and Australia. Threats to national security often recognise no international borders. However, one of the most significant ways in which the relationship between China and Europe is changing has not yet got the attention it deserves.

The central component of China's Belt and Road Initiative is the massive new rail and road infrastructure projects. These projects are already carrying large volumes of rail freight to, but mainly, from China, through Central Asia all the way to Western Europe. For over a thousand years, apart from a few doughty travellers on the Silk Road, contact between Europe and China was, by necessity, through sea travel across the Indian Ocean arriving on China's eastern coast.

The large and forbidding land mass of what is now Kazakhstan, Uzbekistan and Central Asia was as much a barrier between China and Europe as the Atlantic was a barrier between Europe and the Americas. The Atlantic began to become a bridge rather than a barrier when steam ships replaced sail in the 19th century and when air travel reduced the journey to hours instead of weeks.

Now, for the first time in history, Europe and China will face each other directly with rail, road and pipelines carrying exports and imports in rapidly increasing volumes. Some talk of a new Silk Road, which is a massive understatement. China's growth matters to Europe as much as it does to the United States, Asia and the Pacific. The future is not what it used to be.



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