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Introduction

The coronavirus crisis, as with several other crises, reveals the reality of increasing interdependency and the need for greater multilateral cooperation, at the EU level and beyond. It has also highlighted the growing rift between the US and China. The EU has a vital opportunity not only to present itself as a capable actor on behalf of EU Member States but as well as a strong and viable partner for Western Balkan and Neighbourhood countries and as a leader, in terms of messaging and solutions, at a global multilateral level.

United States

President Trump on 27 March signed a $2.2 trillion stimulus package, the largest in modern American history. This figure, or about 10% of GDP, is roughly double the existing annual fiscal deficit. Further measures are already underway — e.g. to shore up the already depleted $349 billion Paycheck Protection Program in providing relief for small businesses — and, in the longer term, possibly in the form of new infrastructure spending meant to boost demand. In March the Federal Reserve cut interest rates to near 0% and announced new purchases of $700 billion in securities, with further commitments to buy at least $500 billion in Treasury securities and $200 billion in mortgage-backed securities over the coming months. In April the Fed announced an additional $2.3 trillion in available financing for businesses, states and municipalities. The administration and Congress, based on the experience from 2008-2009, when swift, bold action was crucial, have essentially committed to spend and print the US out of the crisis.

By mid-April, more than 20 million new American jobless claims had been filed, shattering previous records. Confronting the risk of an irreparable US economy, starting on 22 March and for several days thereafter, President Trump stressed that 'we cannot let the cure be worse than the problem itself'; he suggested parts of the US economy could resume work by Easter. Faced with pushback from many experts and leaders, however, and with coronavirus cases and deaths exploding in the New York City area and elsewhere, the president backed down from this rhetoric and extended social distancing guidelines throughout the month of April. Pressure is again increasing, however, in particular on the political right, to reopen the American economy: on 16 April the president unveiled a plan for a phased approach. As of 22 April, the US had recorded over 819,000 COVID-19 cases and over 45,000 related deaths. Tension between federal and state governments is ongoing over how best to respond to the crisis, with likely implications in key swing states (e.g. Florida, Michigan, Ohio, Wisconsin, Pennsylvania, Virginia) for the November election.

Meanwhile the election process continues, though most Spring 2020 primaries have been either postponed or modified (e.g. via new provisions for postal voting). The Democratic National Convention itself has been postponed from 13-16 July to 17-20 August, and many are now suggesting there will be no in situ convention at all. Former Vice-President Joe Biden is the presumptive Democratic nominee for president, with his last 'moderate' rivals having dropped out at the beginning of March to coalesce behind his candidacy and with his 'progressive' rivals — notably Vermont Senator Bernie Sanders and Massachusetts Senator Elizabeth Warren — having just recently endorsed him. Former President Obama endorsed Biden in a 12-minute YouTube video posted 14 April; Obama focused on a platform of fairness and on the need for Democratic Party unity. This marks the earliest point since the 2004 cycle that the Democrats have had their candidate.

On 12 March, Biden assumed the role of shadow president in giving his own speech outlining what the US response to the coronavirus crisis should be: highlighting his own past experience dealing with the 2014-

2015 Ebola outbreak, expressing empathy for those affected and calling for preparedness, solidarity and professional competence. This is a role he will likely play throughout the coming months — though he is currently struggling to find an audience and a platform, having been relegated to issuing video messages from the basement of his Delaware home. Several recent polls have shown Biden beating Trump nationally. But among other challenges, Biden must contend with his relative lack of funding (though this is picking up): his war chest is only roughly 35% that of Trump's, whose combined personal and Republican National Committee campaign ended March with around $175.6 million available.

When the crisis began, the US administration's messaging vis-à-vis the European Union was rather negative. On 11 March, President Trump blamed the EU for failing to contain the coronavirus — unilaterally banning European travel to the US. On 15 March, the story broke that the Trump administration had pursued exclusive rights to a vaccine being developed by the German company CureVac. On 17 March, the US proceeded as planned with increased tariffs on EU aircraft in the context of a longstanding dispute over Airbus subsidies; EPP Group in the European Parliament's INTA Committee Spokesman Christophe Hansen responded by calling the move 'an irresponsible and dangerous distraction from the fight that really matters today'. Allegations have continued of unilateral US behaviour, amounting even to 'piracy', in requisitioning needed medical equipment from suppliers around the world. Further criticism followed President Trump's 14 April announcement that the US would be withholding support for the WHO.

On the other hand, the US administration and Federal Reserve have successfully coordinated with the ECB, Bank of England and other central banks to ensure global market liquidity. And despite disagreements — reportedly, for instance, at a G7 foreign ministers meeting on 25 March over whether to brand COVID-19 the 'Wuhan virus' — and despite a widely perceived lack of US multilateral leadership, the US has nevertheless participated constructively in various G7, G20, UN and other formations.

Perhaps to offset a narrative of worsening transatlantic relations, Secretary of State Mike Pompeo has reiterated in several tweets the US's commitment to the transatlantic partnership and to NATO, e.g. on 27 March following a conversation with VP/HP Borrell: 'The Transatlantic relationship is crucial to global public health and advancing our shared interests in Libya, Syria, Venezuela, and the Western Balkans.' (In another tweet, Pompeo welcomed the Council's decision to open accession talks with Albania and North Macedonia.) Significant transatlantic cooperation to fight the coronavirus is also taking place — often below the radar — between governments, institutions and companies. (It is ironic how often even Trump's most ardent 'America First' supporters cite exemplary research or policies being carried out overseas, particularly in Europe.)

More broadly, one can clearly discern now within American discourse a renewed populist push for anti-globalisation per se, with China the main adversary. One of Trump's most influential populist backers, for example, prime-time Fox News pundit Tucker Carlson, recently called China an 'imminent threat to the United States' and said that after the crisis, 'we'll need to start treating China like the dangerous Cold-War-level adversary it has clearly become.' To take another example, President Trump's director of the Office of Trade and Manufacturing Policy, Peter Navarro, has longed urged decoupling from China and has recently intensified his call to quickly repatriate (from China and elsewhere) US supply chains for medicines, medical equipment and other vital goods.

Even before the crisis, China loomed ever larger as a perceived threat to the United States. US Secretary of Defense Mark Esper highlighted this in a speech in Brussels in October 2019. At an event in London in January 2020, sitting beside UK Foreign Secretary Dominic Raab, Secretary of State Pompeo called the Chinese

Communist Party (CCP) the ‘central threat of our times’.

Being tough on China is increasingly a bipartisan US concern. Populists on the right and left agree on the need for stronger trade protection of American workers. More traditional Republicans are alarmed by China’s growing military ambitions. At the 29 February Democratic debate, Bernie Sanders criticised the CCP for its authoritarianism; Joe Biden condemned its treatment of Uyghurs. Only former New York City Mayor Michael Bloomberg, notably, took a softer line, arguing the US must cooperate with China to fight climate change.

What will the crisis mean for US-China and for US-EU relations? In a 25 March op/ed in the Wall Street Journal, respected conservative thinker Walter Russell Mead, calculating that at least 50% of American voters have for various reasons become bitterly anti-establishment, predicted that despite real failings and bad press, Trump may well prevail politically in the wake of this crisis. Should that be the case, we should not be surprised to see a new spate of US protectionism and unilateralism ensue.

Regarding the EU, President Trump — long fixated on closing the US’s deficit in trade in goods — has not abandoned his oft-repeated threat of imposing tariffs on European cars. In a time of national crisis, the president could use this or other threats to pressure the EU into further trade concessions. Trump could sell any such deal as a political ‘win’ and will be looking for any new ways to boost market confidence prior to the November election. (Joe Biden, notably, in a March/April 2020 Foreign Affairs piece entitled ‘Why America Must Lead Again: Rescuing U.S. Foreign Policy After Trump’, signalled his intention, if elected, to immediately remove US steel and aluminium tariffs on Canada and EU allies. And yet it must also be said that in the current crisis many Democrats as well as pro-Trump Republicans are calling loudly for stronger trade protection of American workers and of vital supply chains.)

Any EU overtures vis-à-vis the US will be important which signal to Democrats and to the many Republicans who do not believe in the America First agenda the EU’s capacity as an actor and firm commitment to the transatlantic relationship, whatever the fallout from the crisis. Any ideas will be welcome which promise to boost market confidence in the US and EU — already each other’s main source of, and destination for, direct foreign investment. Possible projects could involve high-speed rail, ports, broadband or other forms of infrastructure in areas of mutual interest to the EU and US: the Western Balkans, already a theatre of intense great-power competition, may be a good place to start. Any joint US-EU ventures intended to create jobs, burnish the image of liberal democracy and strengthen the transatlantic partnership and NATO, in order to convince this current US administration, will likely need to stress the geopolitical dimension of US-EU solidarity in competition with China. Per the priorities laid out by Secretary Pompeo in his 27 March tweet, Libya, Syria and Venezuela remain other promising areas of shared US-EU interest and potential cooperation.

The EU and Member States should expect the persistence of bipartisan US opposition to the development by Huawei of allies’ critical 5G infrastructure. The coronavirus crisis, in fact, will likely raise these stakes going forward. Any European solidarity alongside American efforts to confront China’s military push into the Indo-Pacific theatre will be welcome.

Finally, high-level political messaging is important. Whether in the form of direct bilateral EU-US cooperation, public-private partnerships to test and invent new treatments, or coordination at multilateral level: positive examples of transatlantic solidarity should be highlighted. It is striking, for instance, that one has to scroll down to early February, in the context of a visit to Washington, to find on HR/VP Borrell’s official

Twitter feed any endorsement of the transatlantic partnership. Throughout the entire coronavirus crisis, he has hardly mentioned or tagged the US in any way, in fact, with the exception of thanking Secretary Pompeo for hosting the G7 foreign ministers meeting on 25 March; on the other hand, one finds several instances of implicit criticism of US policy (e.g. the administration's attempts to label COVID-19 the 'Wuhan' or 'Chinese' virus or President Trump's announced halt to support for the WHO). Even in the context of his February visit, Borrell felt the need to qualify: 'On core challenges we always sit on same side of the table, even if we don't agree on everything' — though he felt no such need, just days later at the Munich Security Conference, in praising ongoing cooperation with China.
The point is not to dismiss legitimate criticism of US policy but to stress the vital importance of enduring transatlantic solidarity, despite disagreements, and the need to signal this publicly however possible. As the EU and the EPP have long stressed, this solidarity is based on history and values as well as mutual interests. Confronting a tendency in many places towards greater autocracy and autarchy, and amidst a great deal of disinformation, a renewed 'can do' spirit of transatlantic unity would help forestall market panic, unlock new potential solutions and blunt the insidious advance of antidemocratic propaganda.

China

Having flattened its infection curve and begun to allow people to return to work, China is pursuing an aggressive public relations campaign to cast itself as a friend standing in solidarity with other affected nations. Chinese ambassadors and media outlets have defended their government's response to the crisis and promoted China as a responsible global leader while harshly criticising the US — even blaming the US for the pandemic itself. In the context of escalating tensions, China on 17 March announced that American journalists in China working for the New York Times, Wall Street Journal and Washington Post would essentially be expelled.

At the same time, welcome aid from the Chinese government as well as from Chinese companies and private individuals has been delivered, for instance, in Italy, Belgium, the Netherlands, Spain, Serbia, Iran and the United States. In a tweet on 18 March, President von der Leyen expressed gratitude to China for providing 2 million surgical masks; 200,000 N95 masks; and 50,000 testing kits. She cited as well the EU's having given China 50 tonnes of equipment in January, concluding 'We need each other's support in times of need.'

In a way, China's PR push is not new. Nor is it new, China's using its growing heft to pressure individuals, companies, organisations and countries to toe the Chinese Communist Party (CCP) line, whether over the geopolitics of Taiwan and the South China Sea; unfair trade and economic practices; or systematic human rights abuses in Hong Kong, Tibet, Xinjiang or elsewhere.

Prior to the pandemic, the EU had acknowledged that China not only is but has for some time been a determined geopolitical competitor and systemic rival, in terms not only of jobs and trade but fundamental interests and values. EU policy has become increasingly realist and strategic vis-à-vis China — while remaining reactive. The Commission's current framework includes four essential categories for understanding China: 1) essential partner (e.g. on climate action, the JCPOA and the circular economy; 2) negotiating partner (e.g. on investment, visas and issues of connectivity); 3) economic competitor (e.g. on robotics); and 4) systemic rival.

This final term, 'systemic rival', significantly, differs from the US view of China as a 'strategic rival' — with the EU seeking to transform through negotiation rather than contain or push China back geopolitically. The EU, in fact, has rejected a new regionalisation of great power politics — i.e. into competing blocs ('America First' vs. 'Chinese Dream') — for being counterproductive and detrimental to EU interests. The EU has pushed, rather, for a holistic international system built on cooperation, societal and corporate values and open trade.

In terms of these categories, China could be described in different ways, at different times, based on new factors in the dynamic EU-China relationship. This has been one complicating factor, politically, in defining China from an EU perspective. Another difficulty, as ever, is forging a unified position among EU Member States, each with its own unique interests and relationship to China.

Despite lack of unity at the Council level, however, a growing consensus has emerged among Europe's business community regarding the China question: a consensus for a level playing field, mitigated market distortions, stronger EU competitiveness and fairer competition and cooperation vis-à-vis third markets. This, along with growing concern on both sides of the Atlantic regarding serious, systemic human rights abuses — including in the form of a new 'digital authoritarianism' — could provide a good starting point, at least, for a robust and coherent EU position. Even in the area of geopolitics, the EU and its Member States have become increasingly aware of China's potential for 'systemic rivalry': whether via its exertion of sharp power in the Indo-Pacific theatre, in the form of threats to cybersecurity, or in terms of what seems to many experts to be China's ever-closer strategic alignment with Russia.

Sensing itself confronted by an ever more united front, as the EU and US (and Japan's) positions have moved closer together, China has acted more boldly to defend and promote its interests. In the context of the current crisis, having initially failed, at least in part through incompetence and domestic repression, to contain the spread of the coronavirus, the CCP has redoubled its efforts, via both aid and propaganda, to be seen as a global leader and benefactor. At stake is not merely China's image or role as a rising or regional power; given its status already as an economic superpower and its stated ambitions for military superpower status, China's role in the world affects the global order itself.

April reports showed that China experienced in the first quarter of 2020 an economic recession — a full 6.8% contraction — for the first time in decades. Already high debt levels and the political challenge of widespread unemployment pose big risks for the CCP as it tries to reignite the country's economy. China's ability to recover quickly from the crisis will be critical to its argument for global leadership.

A great-power competition, in which the EU also has a major role to play, is underway as to which system can best confront the challenges of the 21st century. It is not a given that liberal democracies or market economies will prevail. A strong EPP position on EU-China relations, therefore, has never been more urgently needed. Even before the coronavirus crisis, 2020 was expected to be a major year in EU-China relations, with a hoped-for conclusion (now likely delayed) to the long negotiations on the Comprehensive Agreement on Investment, and with a major EU Council-China Summit scheduled for 14 September in Leipzig. Without a coherent, unified strategy for EU-China relations, it will be more difficult to prevent countries, companies or other entities from falling essentially into China's orbit and thereby weakening further the transatlantic relationship, and with it the existing rules-based global order.

If you have any question you would like to ask please contact us.

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