

The ghost of the ‘systemic rival’

By Rolf D. Cremer and Horst Loechel



Germany is not fighting with China over the global order. What we need are stable relations between the two countries. No global problem can be solved without or against China, least of all climate change.

The German government has entitled its recently [presented China strategy](#) “Partner, Competitor, Systemic Rival” in the introduction. The classification of our most important trading partner as “partner” and “competitor” is a matter of course. But what “systemic rival” actually means and is supposed to achieve is not apparent. This term, we should not fool ourselves, sounds like suspicion, demarcation, perhaps even hostility, but certainly not cooperation. It burdens talks and poisons the atmosphere. But a part of the government apparently did not want it any other way.

This is also how the China strategy has been interpreted in China, and not only there. The bang with which the city of Kiel abruptly slammed the door on its intended partner city Qingdao after years of preparation is just as much an example as the termination of the 20-year cooperation between the University of Erlangen-Nuremberg and the China Scholarship Council for financing Chinese doctoral students. The responsible minister justified the procedure ex-post by citing the risk of espionage. In the meantime, KfW (*Germany’s state-*

owned investment and development bank) has announced, apparently under pressure from the Economy and Foreign Affairs Ministries, that it will no longer fund joint climate and energy projects with China after 2024.

The China strategy justifies “systemic rivalry” by stating that “Germany and China have different concepts of the principles governing the international order in important areas.” (p. 10). The German government expresses concern about China’s efforts “to influence the international order in line with the interests of its single-party system and thus to relativize the foundations of the rules-based international order, such as the status of human rights” (ibid.). Furthermore, it complains that China is underlining its “Chinese concepts of global order,” is expanding its “relationship with Russia,” is striving for “regional hegemony” in the Indo-Pacific, is using its economic power to pursue “political goals,” is spending “the most on defense” after the United States, and is placing “its own interests above multilateral principles” in the United Nations (p. 55). In other respects, the usual prejudices are cultivated, for example, that the Silk Road Initiative would solidify “political dependencies” (p. 48).

Assuming that everything was true, would that be a reason for Germany to consider China a “systemic rival?” Are we in any sense in a struggle with China for global order, as the strategy suggests?

Two considerations, in particular, speak against this. First, the international world order must change. It is paramount for a peaceful, rule-based and functioning order that China – as well as India, South America and Africa – sit at the table as equal co-architects in developing the new order. With all the foreseeable difficulties, it cannot be expected that 90 percent of the world population will let 10 percent dictate the development of this order.

Second, unlike the United States, which has brought the concept of “systemic rivalry” into play, the German Federal Republic does not have the international political influence and resources. And indeed, it is the United States and China that will foreseeably stand as the main protagonists in the struggle for a new order, not Germany, nor Europe. The struggle for world order will be waged between the established and the emerging superpower. Germany’s role in the struggle is to represent its own and Europe’s interests.

This is not pusillanimous and cowering, but simply realistic, even if it may not be enough for a moralizing German foreign policy, which likes to play the role of supreme teacher on the international stage. We are not in a “world civil war” of systems, neither against China nor other authoritarian regimes.

China is a sovereign nation. The legitimacy of its government and, thus, its statehood is primarily a national matter. The German Foreign Ministry should accept China’s statehood as a political reality not only formally but also practically. It is not a matter of taking “positions” but of practicing diplomacy, as recently demonstrated again by the grand master Henry Kissinger during his visit to Beijing.

Incidentally, the entire document does not mention how China, despite its phenomenal rise over the past 45 years, is still marginalized in the Western-dominated international order of the Bretton Woods institutions and kept down in relation to the country’s history, size and economic significance. Prime examples are the International Monetary Fund (IMF) and the World Bank, whose respective chairs are shared between the EU and the US. In the IMF,

China has a voting right of just over 6 percent, which is less (!) than Japan and only slightly more than Germany, although the country's gross domestic product is four times higher. Moreover, the United States alone and the EU states each have a blocking minority.

So much for the "rules-based world order," which in reality continues to be dominated by the West, a fact that is increasingly being met with incomprehension not only in China, as is well known. It should come as no surprise that China, for instance, is building up its own international infrastructure by establishing the Asian Infrastructure Investment Bank (AIIB). This has absolutely nothing to do with influencing "the international order in line with the interests of its single-party system and thus to relativize the foundations of the rules-based international order, such as the status of human rights."

In this context, it should also be remembered that unlike Russia (!), China was denied market economy status in 2016 on unsubstantiated grounds, which was agreed upon when it joined the World Trade Organization in 2001. Also, it was not China but US President Trump who started the trade war in 2018, which has now been further exacerbated and expanded by the Biden administration by restricting technology exports to China. The recent decision to prohibit US investment in Chinese semiconductors, quantum computing and artificial intelligence speaks volumes.

The strategy's reference to China having the second-highest military spending in the world after the United States is accurate, but it understates – knowingly or unknowingly – the relevant magnitude of the differences: In 2022, US military spending was more than two times higher than China's, and if NATO is included, even four times higher.

It is certainly not wrong that China, as it goes on to state, is striving for "regional hegemony" in the Indo-Pacific. However, the authors themselves will probably know why it is not mentioned that Australia, the United Kingdom and the United States, united in the so-called, newly founded AUKUS pact, which is in the process of providing Australia with nuclear submarines, are also massively arming themselves against China in this region. It also fits in with the fact that the Biden administration has recently announced that it will supply Taiwan with weapons from its stockpile for the first time in its history.

Which superpower has more reason to believe it is threatened by the other is debatable. After all, vastly superior American warships are cruising the entire Western Pacific on China's doorstep, not the other way around. The Thucydides trap sends its regards.

It is urgently advised for Germany to safeguard its interests internationally. Acting as the world's arbiter of political systems and lecturing other nations with our values is entirely inappropriate and grossly overestimates our importance and strength. What we need are stable relations with China – in truth, with everyone, but especially with China – that promote the prosperity of our country, employees and employers, and peace in the world.

No global problem can be solved without or against China, least of all climate change. The fact that we represent our values, such as human rights and democracy, is a matter of course and not a criterion for excluding others.

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