

# Economy & geopolitics - Biden and Europe, Concerning China and Russia

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The U.S. empire built after World War II was based on its economic and military domination, which remains. But over time it has begun to fray.

The challenge by China on aspects of emerging technology and other economic fronts is one example. But increasing competition from European powers is another.

There have been two approaches the U.S. ruling class has taken to try to defend the empire.

One was exemplified by the path of the Trump administration. Unilateral actions were taken such as Trump's unilateral withdrawal from the Iran nuclear deal which upset the Europeans who wanted to do business with Iran, but were prevented by Trump's threat of sanctions against them unless they knuckled under.

He also scorned other previous international agreements, including with Europe, and embarked on a path of seeking bilateral agreements with other countries, not multinational ones.

His "America First" rhetoric often included derogatory comments about Europe.

Biden has sought the other course, attempting to shore up the U.S. role as leader on the international scene through multilateral agreements, with the expectation that the Europeans would accept without exception Washington's positions.

But this too is not what it once was.

*Foreign Affairs* is the magazine of the Council on Foreign Relations, a think tank for the ruling class which includes a wide spectrum of views. A number of contributors to this magazine have pointed out that there is no going back to the pre-Trump days.

Other countries now are wary of Washington, fearful that U.S. elections every four years could reverse its course and agreements, as happened with the election of Trump.

Biden made a speech to European leaders in late January where he attempted to get them fully aboard the U.S. plans to confront China and Russia. Biden also said that "America is back" and ready to once again assume leadership of the trans-Atlantic alliance between Europe and the U.S.

This was reinforced by Secretary of State Anthony Blinken in a trip to Europe, where he demanded the Europeans join the U.S. in a bloc against China. The German Chancellor Andrea Merkel publicly made clear there would be no economic bloc against China.

Blinken beat a hasty retreat.

Almost simultaneously with Biden's January speech the European Union announced the tentative renewal of its trade and investment agreement with China. Already China bypassed the U.S. as the

EU's leading trading partner in 2020.

The new agreement would give European businesses greater access to make investments inside China by equalizing each party's allowed investment in the other. It would also streamline trade. European businesses welcomed the agreement.

The new agreement has to be ratified by the European Parliament. Behind the scenes Washington is trying to scuttle the agreement by pressuring EU countries to not ratify.

The U.S. was aided in this effort when the EU parliament sanctioned in late March Chinese officials over Beijing's oppression of the Uyghurs, and China retaliated with its own sanctions against individuals in the EU Parliament, raising opposition in the Parliament to the agreement.

However the struggle in the EU Parliament turns out, it is unlikely to affect commercial relations between Germany and France with China for example.

According to Germany's Foreign Office in June of last year, "China was once again Germany's most important trading partner in 2019, with a volume of trade of almost 200 billion euro.

"In the face of international crises and mounting global challenges (including COVID-19, climate change), great importance attaches to German-Chinese cooperation and coordination under the comprehensive strategic partnership. China views Germany both economically and politically as a key partner in Europe.

"The regular high-level coordination of policy in some 80 dialogue mechanisms, as well as dynamic trade relations, investment, environmental cooperation and cooperation in the cultural and scientific sector, are key elements in bilateral relations.

"Germany also advocates closer relations between the EU and China and increased EU unity towards China."

Germany does officially disagree with China's human rights, etc., policies, but these disagreements are separate from its policies listed above.

France's Ministry for Europe and Foreign Affairs says, "Investment in both [France and China] is booming. France has a long-standing presence in China (foreign direct investment stock of 27 billion [euros] in 2017) in all sectors, including agrifood, industry, transport, urban development, major retail and financial services.

"More than 1,100 French companies are present in China where they employ around 570,000 people. Chinese investment in France has grown significantly in recent years .... A total of 700 subsidiaries of Chinese and Hong Kong companies are set up in France and employ 45,000 people.

"France supports Chinese investment which creates jobs and forges long-term, balanced partnerships. The economic partnership is reflected by the consolidation of structuring industrial cooperation in civil nuclear energy and aviation .... And its expansion into new sectors (sustainable development, health, the economics of aging, innovation and financial services)."

It goes on to list other areas of cooperation, including scientific and technical, combatting emerging infectious diseases and space satellites. "Over 3,000 researchers from the two countries and from 600 research unites cooperation with some 60 public research structures. In the area of artistic and cultural exchanges, the 'Croisements' festival has become the most prominent foreign festival in China".

Germany and France are not likely to join in any attempt by the U.S. to form an economic bloc against China.

A major source of tension between the United States and Germany is the construction of new pipelines to deliver natural gas directly from Russia to Germany, called Nord Stream 2.

There are already two such pipelines delivering gas from Russia to Germany under the Baltic Sea, called Nord Stream 1. Nord Stream 2 would greatly increase the volume of gas delivered.

The construction of Nord Stream 2 is almost completed, and gas is scheduled to start flowing by the end of summer.

The United States has been opposed to the project from its beginning, and the Biden administration is frantically stepping up pressure on Germany to cancel it before it is completed.

Washington claims it would give Russia control over gas going to Europe. But it doesn't object to the gas pipeline going from Russia across Ukraine to Europe. Russia is planning to bypass Ukraine by building other pipelines, including Nord Stream 2.

One of the reasons the U.S. is opposed to the new pipelines is that they would cut off the rent Ukraine charges Russia to allow the gas to flow across Ukraine, a source of financing for the U.S. client state. This rent increases the cost of the gas.

Getting gas cheaper directly from Russia is the main reason Germany has supported Nord Stream 2.

What Washington really opposes is not that Russia could potentially cut off supplies (a far-fetched danger that would be against Russia's interests) but Germany's increased control over more gas flowing from Germany to the rest of Europe.

Germany is much more of an economic competitor to the U.S. than Russia is.

The U.S. is opposed to Nord Stream 2 for another reason. It wants Germany to buy U.S. liquified natural gas (from fracking). Since liquifying natural gas comes at a cost, as does shipping it in pressurized containers across the Atlantic, this would mean Germany would pay more than getting the gas directly from Russia.

Secretary of State Blinken has even threatened Germany with sanctions unless it cancels the project. Is this a bluff? Any sanctions against Germany would cause hostility to Biden to increase among the German people.

A possible wild card in all this for Germany has been the rise of the German Greens. Green Parties around the world are different. The German Greens have moved to the right, and now stand for supporting the U.S. drive against China and Russia (and subordination to the U.S. generally), and want Nord Stream 2 cancelled. (By contrast, the U.S. Greens ran two socialists for president and vice president in the 2020 elections on an anti-imperialist program.)

How this struggle plays out in the next weeks and months remains to be seen.

**Barry Sheppard**

