

## **Speech by Guy Verhofstadt MEP at the IPAC Tokyo Symposium**

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Maybe the most appealing book on China that was published in recent years, is the autobiography of Chinese artist and activist Ai Weiwei '1000 Years of Joys and Sorrows'. In this book Ai Weiwei tells the story of his father (Ai Qing) and of himself and describes how the hope of Chinese modernity was boosted with economic openness... and crushed with the country's internal inflexibility and autocratic rule. His story, from being the son of one of China's most respected and rehabilitated poets and the honoured architect of the Olympic Bird's Nest stadium to an harassed, arrested and expelled artist in 2015, is the story of all of China.

The fall of Ai Weiwei repeated itself in the dramatic events in Hong Kong, where during the last years the Chinese Communist Party crushed an open, vibrant and democratic society. One country, two systems was the promise. How quickly that proved to be untrue. Today, we have no illusions anymore. No illusions about what the Communist regime's commitments were worth. And more important, despite the bravery of the citizens of Hong Kong, we have to recognize that we, the West, the democratic countries abandoned them, leaving them alone in their fight. Even though they were fighting our fight!

We as IPAC all have different political ideas, backgrounds and experiences. Maybe some of you were quicker to see through China, and some were more pessimistic or optimistic than others. But we all share one conviction: the urgent need to counter the systemic threat that China represents to our democracies and to our rule based order.

And China is not alone. Since more than a decade now we live in - what I call - a New Age of Empires (after the Cold war 1945-1989, after the wave of liberal democracy 1989-2012) , a dangerous world order dominated by a cruel competition not between individual nations, but between big blocs: China, the US, India, Russia. Empires, not

nations. A cruel competition not only in the political or military field, but also economically and even more important, technologically. Not only on earth, but also in space. Individual nations living outside the umbrella of one of these blocs are not secure and risk to become the battlefield of this new competition between these new and old empires. That's the reason why Sweden and Finland are breaking today with their old fashioned attitude of neutrality and wants to become member of NATO. That's also the reason why an urgent and in depth reform of the European Union is needed so it can become a geopolitical player. And that's definitely also the reason why a brutal war is raging in Ukraine.

Moreover, this New Age of Empires will be fuelled by an existential fight between autocracy and democracy. Francis Fukuyama was wrong when he predicted after the collapse of the Soviet Union, the 'End of History' and the victory of liberal democracy and free market economy. History never ends. So the question remains what we can learn from it? How to win the battle for freedom and democracy? How to defeat autocracy in the upcoming decades?

First to recognize the evil, the evil that authoritarianism represents. Autocratic rule is not an efficient and effective way of managing a society through shortcutting and bypassing difficult processes of democratic decision making. That has become a popular belief. On the contrary, autocracy is as crude and cruel as we always feared it was. Autocratic communist rule in China has led to the end of democracy in Hong Kong and to a genocide against ethnic minorities especially the Uyghurs. Speaking about cruelty, I saw with my own eyes what's happening in Ukraine today. I visit Bucha in April last year. And what since then happened in Mariupol, in Kharkiv, in Dnipro and in Kramatorsk can only remind us the horrors of the Second World War and Russia's brutal rule under Stalin.

Second, less optimistic, that does not mean that democracy is self-evident. The idea that economic growth would lead to a middle class and that in turn would automatically lead to demands for participation and democracy—that idea is false. In 2012 45% of the world population lived in 'free' countries, today that is only 20%.

Autocratic rule has won ground. Autocracy in one country leads to copycat behaviour elsewhere. And autocracies are supporting each other. Iran and North Korea providing weapons to Moscow. Beijing trying to distance itself a little bit from Moscow, but in reality providing a lifeline to Russia's economy and helping it to undermine Western sanctions. Trade between China and Russia boomed last year. Democracy's problems are often autocracy's opportunities.

Third, democracy needs more than ever to be backed up with hard power. Hard power under the form of sanctions. Hard power also military. And that's where, speaking as a European, we fall short. Ukraine —our neighbour— gets by far the most of its military aid from the US. And when it is European, they get different types of equipment, needing different training, repair, ammunition and so on. EU armies have more than 130 different weapon systems. The US around 30. We have 29 different kinds of destroyer, 17 different kinds of tank. It's true, we are improving our individual efforts: defence spending grew by 6% in 2021. But we only spend 18% on European collaborative procurement projects. This is a huge waste of energy and efficiency, just when we need it most.

I always call defence the biggest waste of money in Europe today. Together we spend as much as China, four times as much as Russia... with very little real security as a result. And the reason is: duplication, duplication, duplication. We can no longer afford it. My idea for the EU itself is to fundamentally integrate Europe's armies into a European Defence Union, from procurement and planning to training, intelligence and boots on the ground.

This European Defence Union should be a pillar of a new-style NATO with clear but global remit. If we have the same interests from some of China's unacceptable ambitions, then we need to link forces to face them together. Therefore, NATO should evolve from an 'Atlantic Treaty Organisation' into a 'World Treaty Organisation', a real alliance of democracies spanning from Japan and Australia to Europe and American democracies. Last time, when Joe Biden attended the NATO Council in Brussels, a few months before the brutal invasion in Ukraine, he started

the discussion talking about China as the most important thread to NATO, while China in my humble opinion still belongs to the South Pacific and not to the North Atlantic.

Fourth, speaking of a 'WTO', the acronym might become available soon anyway: rules-based world trade is in fact under pressure as never before. The relationship between the US and China is now largely managed outside WTO disciplines. The US approach to go very hard on China's chip industry is one way forward: choke them of the newest technology. But there is a huge risk though: chip-making is very complex and fragile —we all saw the problems during the pandemic, resulting from fragmented global supply chains and excessive demand. We could end up undermining the chip and digital industry as a whole. Or more broadly, create an eventual split in two rival separate digital blocs, each based on different technologies. Something that could wipe out 5% off the world's GDP and would take away the leverage we now have.

Whatever scenario, it is in our interests to make the most of the trading relations outside of China's grasp: Europe especially must tackle its lack of technological competitiveness by improving competition rules, cross-border investment and finally integrating its digital markets. Something we talk about for years but never actually do. The EU and US, with their partners like Japan, Australia and elsewhere, must boost their research, production and sales 'together', not solve one trading problem by creating another.

I already said it: authoritarian regimes always find ways to help one another, despite their huge differences. We, democracies must find ways to overcome the differences between us that —in the new world order— are altogether minor.

[In this context, this is not the time and not the place to debate Britain's longer-term relationship with Europe — I have some ideas on that but, here today, will remain diplomatic— but we cannot avoid the urgent questions of limiting the geopolitical damage done: as permanent member of the UN Security Council, as a military and

intelligence power of the first order, as an economic, science and soft powerhouse, the break between the UK and the EU should be healed as soon and as best as possible. Whatever your ideas on Brexit, don't let them undermine our common interests: in today's world democracies need to be united, undoubtedly and unconditionally.]

Fifth and final lesson, the European Union needs to understand that we have to play a more geopolitical role to counter China's increasing dominance in the rest of the world, especially in the developing world. If we want to defend our rules-based world order, we have to work more closely together with democracies in Asia, in Africa, in Latin-America. With 'Global Gateway', we offer an investment package to our partners, an attractive alternative to Beijing's Belt and Road Initiative, allowing to avoid the Chinese debt trap. The plan is to invest more than 300 billion euros up to 2027 mostly in green and digital connections.

It is in our mutual interest: it will help us to fight climate change and become more energy-independent together. It fits our ideas of liberal-democracy. We make sure that human rights and labour rights are involved. And it implicitly recognises that in the New World Order economics and politics are intertwined as never before by offering countries an attractive growth model not outside, but inside the democratic sphere. If you see how many countries do not take a stance in Russia's war against Ukraine—in diplomatic, military or economic terms—, you understand that the world order we have built together in the last 70 years is in danger. The world must make a stance against aggressors; otherwise they get away with it. Now it is Ukraine, but the next could be Taiwan. Let us make sure this will never happen.