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Statement of

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“The Importance and Future of Transatlantic Relations in the Time of COVID and After”

Mr. Chairman and other distinguished Members, I am honored to testify before you today on this vital subject. My name is Dr. James Jay Carafano. I am the Vice President for Foreign Policy and Defense Studies, the Director of the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy, and the E.W. Richardson Fellow at The Heritage Foundation, a nonpartisan research institution. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.¹

In my testimony, I would like, in particular, to highlight: (1) why a robust transatlantic community remains a vital interest for the United States; (2) the necessity for transatlantic cooperation in post-COVID economic recovery; (3) the continued importance of U.S. military forward presence; (4) the necessity for greater cooperation on dealing with the destabilizing activities of the Chinese Communist Party; and (5) and the need for greater cooperation in managing international organizations.

My responsibilities at The Heritage Foundation comprise supervising all of the foundation’s research on public policy concerning foreign policy, defense, intelligence, and national security. Heritage has assembled a robust, talented, and dedicated research team. I have the honor and privilege of leading that team. Heritage analysts have studied and written authoritatively on virtually every aspect of the challenges of foreign policy and national security that affect the transatlantic community. The results of all our research are publicly available on the Heritage website at www.heritage.org. Of

particular note, and relevance here, are The Heritage Foundation's *Index of U.S. Military Strength*, which includes a comprehensive review of contemporary European security issues, and The Heritage Foundation's *Index of Economic Freedom*, which grades every nation in the world on its level of economic freedom (the pre-COVID trends in Europe are especially instructive).

We also collaborate frequently with the Washington research community, including such institutions as the American Foreign Policy Center, the Hudson Institute, the Foundation for Defense of Democracy, the Jamestown Foundation, the Center for European Policy Analysis, the Atlantic Council, the German Marshall Fund, and the Center for International Private Enterprise, all of whom have done substantive and important work on regional issues. In addition, we routinely engage with European research institutions, including Poland's Warsaw Enterprise Institute, the Warsaw Security Forum, the Polish Institute of International Affairs, Lithuania's Free Market Economic Institute, Switzerland's Avenir Suisse, the United Kingdom's Institute for Economic Affairs, the Aspen Institute Germany, and the Munich Security Forum.

Prior to COVID, I and our research team, also widely traveled in the region, participated in regional and international conferences on the spectrum of vital transatlantic issues. In addition to our regional work, we have substantial expertise on defense issues. I served 25 years in the U.S. Army, including two tours with NATO forces. Our team also includes senior retired officers from each of the armed services with well over a century of operational and combat experience, a good deal of it in the European theater.

I am particularly proud of The Heritage Foundation's long and substantive record of research on transatlantic issues. Last year, we published a comprehensive blueprint on future transatlantic relations.¹ Recently, we drafted comprehensive recommendations on a transatlantic partnership for post-COVID economic recovery.² Our effort reflects the foundation's commitment to advancing public policies that keep America free, safe, and prosperous. Strong transatlantic relations are vital to meeting

¹James Jay Carafano et al., "How and Why American Conservatives Must Fight for the Future of the Transatlantic Community," Heritage Foundation *Special Report* No. 217, November 7, 2019, <https://www.heritage.org/europe/report/how-and-why-american-conservatives-must-fight-the-future-the-transatlantic-community>.

²James Jay Carafano et al., "The U.S.–European Economic Partnership Recovery Plan," Heritage Foundation *Special Report* No. 230, May 8, 2020, <https://www.heritage.org/europe/report/the-us-european-economic-partnership-recovery-plan>.

these aspirations.³

Why Europe Matters

Great power competition is more than just a bumper sticker. This framework accurately enough describes the geo-political struggle going on in the world today. States trying to expand their spheres of influence bump into the interests of other states. Those confrontations create friction and conflict threatening to undermine global institutions, destabilize regional blocs, and hazard global peace.

From the U.S. perspective, how we thrive amongst our rivals remains a challenge. America is a global power with global interests and responsibilities. Ignoring the competitive pressures from others is not an option. In particular, there are three parts of the world that are crucial to the U.S.—Europe, the Greater Middle East, and the Indo–Pacific. They connect America to the rest of the world. In addition, the great “global commons” that traverse our planet (sea, air, space, and cyberspace) are anchored in these lands. In short, regional peace and stability in Europe, the Middle East, and Asia is vitally important to the United States. These parts of the world either facilitate American persistent presence or provide the means to get to the places Americans need to go to protect U.S. vital interests. All of them are equally important. For the U.S. to remain a global power American interests in Europe cannot be allowed to take a backseat to any part of the world. That should be non-negotiable in American strategy and policy.

Further, in the transatlantic community values, interests, and strategy align. The dividing line between the free and the not-free world is only going to become starker. The transatlantic community shares a commitment to freely elected governments, free enterprise, and human rights. They will have to bind themselves more closely together in their own self-interests. Countries that do not necessarily share all these values, but seek the umbrella of security that the free world can offer, will join their side as well. The upshot, in the future, is that the U.S. will have more security partners, economic and diplomatic

partners—not fewer. The transatlantic community will be a foundation of the free world in the world in which we live.

Partnership in Economic Recovery of the Free World

There is no greater priority than for the transatlantic community to lead in the post-COVID economic recovery of the free world. The Heritage Foundation organized an independent, nonpartisan national commission to advise on the challenge on national COVID recovery.⁴ The commission published a five-phase plan, where the last phase called for “U.S. leadership in leading the free world in economic recovery”—a clear recognition that America’s recovery cannot be accomplished solely within the confines of our borders.

International cooperation with Europe ranks second only to the U.S.–Canada–Mexico partnership as an imperative for joint cooperation.⁵ Europe is home to some of our most important trade, military, and diplomatic partners—and I am not talking about just the more influential nations like Germany. Smaller countries from the former Soviet states in Eastern Europe make outsized contributions and are valuable strategic partners. Europe, like the United States, has been battered by the virus. We need each other.

To accomplish this goal we need a model for partnership based on the principles of invest, enable, and empower.

1. Invest. The United States ought to be looking for opportunities to invest and encourage private-sector investment that will advance strategic objectives, promote growth, and bring a return on commercial investments. The U.S.-supported Blue Dot Network offers a good framework for identifying the right opportunities for development finance. One great example of the kinds of strategic investments the United

⁴See The National Coronavirus Recovery Commission, *Saving Lives and Livelihoods: Recommendations for Recovery*, June 15, 2020, http://thf_media.s3.amazonaws.com/2020/NCRC_FINAL.pdf.

⁵This section of testimony was adopted from James Jay Carafano, “Trump’s New Marshall Plan,” *The National Interest*, May 2, 2020, <https://nationalinterest.org/feature/trump%E2%80%99s-new-marshall-plan-149966>.

States should look for is the Three Seas Initiative, a cooperative effort to build infrastructure in Central Europe that would yield important strategic and economic benefits to all parties involved.

2. Enable. Here, for example, the United States should act to restore and expand trade and investment flows. One way to jump-start this process would be to eliminate tariffs on intermediate goods (i.e., those goods used by manufacturers to produce other goods). The United States should also aggressively pursue mutually beneficial trade deals such as a U.S.–U.K. agreement and a digital trade treaty with the European Union.

3. Empower. The United States should lead in creating new opportunities and free-market solutions to unleash innovation and productivity with our free world partners and protect them from malicious practices by China and others. Washington, for example, should work with like-minded partners to counter China’s growing influence through coordination of investment and export-control regimes. Another example: The United States can promote credible, free-market alternatives to Huawei’s efforts to the European 5G market. The dominance of the Chinese telecommunications giant raises both economic and grave national security risks. Promoting alternatives could help fuel a recovery while eliminating a security threat.

Strategic Defense of the Transatlantic Community

The U.S. military footprint in Europe is crucial to protecting U.S. vital interests. In addition to supporting the defense of the transatlantic community, Europe serves as a power-projection platform from which the U.S. can deploy, support, and sustain forces for operations in other critical theaters. According to the nonpartisan analysis in The Heritage Foundation’s *Index of U.S. Military Strength*, the United States has improved the security balance in Europe over the past four years including not only the presence of U.S. forces, but also investments through the European Deterrence Initiative, support for the Defender Europe 20 exercise, and pressing NATO partners to increase their contributions.

Nevertheless, the current U.S. footprint, according to the *Index of Military Strength*, is inadequate to fully protect U.S. interests. In addition to a greater capacity to ensure the forward defense of NATO, the U.S. needs greater ability to reinforce and sustain forces in theater, as well as more air and missile defense capabilities. Additionally, working with NATO partners, the Alliance needs a strong presence in the Black Sea, the Baltic Sea, and the Arctic.

As a result, any initiatives to reposition, adjust, or remove forces from theater must be looked at with great care. Any efforts to change the U.S. footprint must contribute to enhancing NATO's conventional deterrence posture and expanding the Alliance's capacity to operate on its Northern and Southern flanks.⁶ Congress should not support anything less.

The Challenge of China

The vast majority of the world is, and will remain for the foreseeable future, divided into three camps: (1) the free world, resilient against Chinese meddling; (2) the balancers, nations that recognize the key to their prosperity and security is engaging with both the United States and China, protecting their independence and minimizing the likelihood that they will become theaters of competition between great powers; and (3) contested space, where the U.S., China, and others compete for influence across the spectrum of economic, political, security, and information spheres.⁷

The transatlantic community needs to be solidly in the first camp. No strategic partnership is more important to the free world than the transatlantic community. The U.S. is not going to give up on this partnership. Neither should Europe. If Europeans want to keep their freedoms, they cannot be neutral observers in the competition between the U.S. and China. Even Switzerland cannot be Switzerland

⁶For recommendations see, James Jay Carafano et al. "Reducing U.S. Troops in Europe Would Harm America's National Interests," Heritage Foundation *Issue Brief* No. 5083, June 8, 2020, <https://www.heritage.org/defense/report/reducing-us-troops-europe-would-harm-americas-national-interests>.

⁷ This portion of testimony is adapted from James Jay Carafano, "The Great US-China Divorce Has Arrived," *The National Interest*, April 20, 2020, <https://nationalinterest.org/feature/great-us-china-divorce-has-arrived-146177>.

anymore. Post-COVID, expect renewed investments in the transatlantic community, not just to restart our joint economic engine, but to marginalize the malicious influences of China.

In addition to renewed economic cooperation, the transatlantic community needs to get its security partnership regarding China right. NATO is the only instrument with the capacity and capabilities to defend the core interests of the community. No collection of European nations or security framework could possibly do the job. While China does not represent an existential threat to NATO, Chinese activities could serve to undermine the political coherence and operational capabilities of the alliance. Thus, the NATO nations must work together to ensure Chinese malicious activities cannot undermine NATO in the Alliance's area of operations.⁸ A good place to start these discussions would be with threat assessments. NATO commanders need to roll up their sleeves and hash out a rigorous assessment of the Chinese threat—one that all parties can agree on.

International Organizations—The New Battleground of Freedom

The reality is that international organizations have become less a place where global norms are established for the benefit of all and more a place of competition in the great power struggle. If free nations do not act together, these organizations could well become places that undermine their interests rather than instruments for the greater good.⁹

China is the greatest threat to the future of beneficial international organizations, albeit only the most aggressive and notable abuser. The Chinese Communist Party has a deliberate strategy of placing individuals who are answerable to the party in high posts at international organizations. Chinese nationals are already in charge of four of the U.N.'s key fifteen specialized agencies. Recently one of them, Houlin

⁸See also James Jay Carafano, "NATO's China Problem," *The Hill*, August 8, 2019, <https://thehill.com/opinion/international/456699-natos-china-problem>.

⁹This section of testimony adapted from James Jay Carafano et al., "International Organizations are the Devil's Playground of Great Power Competition," *The National Interest*, May 15, 2020, <https://nationalinterest.org/feature/international-organizations-are-devil%E2%80%99s-playground-great-power-competition-154706>.

Zhao, secretary-general of the International Telecommunication Union, declared that opposition to Huawei, the Chinese telecom company, was “political.” In reality, the company has raised significant national security concerns. Zhao’s outrageous comments are just outrageous—and they are not a one off. Chinese influence on the World Health Organization in the response to the COVID outbreak has raised real and troubling concerns.

An effective U.S. strategy for international organizations should be a hybrid—a combination of withdraw, reform, or replace—which every step is required to get the kinds of institutions we need to further beneficial outcomes, rather than undermine them. These three tactics all share one thing in common: The more broadly they are supported by the free world, the better the outcomes they will produce. This means we must line up in support, in advance, among nations that respect human dignity, enterprise, and liberty. The European Union and the nations of Europe have to be among our most important partners in this endeavor.

How do we do that? By investing more smartly in better governance, security, and economic freedom, including better instruments of public diplomacy. Further, the United States has to lead the free world in economic recovery. We need strong, confident partners to take on the challenge of illiberalism. If free countries align and act together, they can lead international organizations toward desired outcomes. Of course, this also requires that these nations approach the organizations with clear-eyed realism rather than a starry-eyed vision of benign global governance—an attractive yet dangerous chimera.

I want to thank the committee for the opportunity to address these important issues in transatlantic cooperation. I look forward to your questions.

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