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Whither Sino-European Relations?

Relations between the European Union and China are currently one of Brussels' most significant priorities. The European Council of 20 and 21 October 2022 witnessed heads of state of member-states exchange views in the aim of formulating a new policy vis-à-vis the Asian giant. In the view of the High Representative Josep Borrell the European Union should recognize China even more as a competitor. This acknowledgment has not yet led to the clarification on how subsequent European policies might look like and what their specific content could be. China, from its side is developing fast, calls for the forging of a multilateral world but has not emerged into the type of power the West had wished for. The COVID-19 pandemic, the geopolitical antagonism between the United States and China and the war in Ukraine create an unprecedented wave of uncertainty and instability. It is within this framework that Sino-European relations are currently placed.

The Impact of the Pandemic

Sino-European relations had been grounded in relatively good economic cooperation until the end of 2019. Differences, inter alia on the interpretation of human rights, had been somewhat sidelined in favor of joint economic outcomes. The outbreak of the COVID-19 pandemic at the beginning of 2020 started to pose new challenges, however. To start with, most high-level EU-China meetings have taken place in the online sphere since then. President of the European Council Charles Michel and of the European Commission Ursula von der Leyen, for instance, have not had the opportunity to exchange views with President Xi Jinping in person. Additionally, people-to-people exchanges, and tourism flows have been almost completely frozen. The lack of personal and face-to-face communication hinders necessary mutual understanding efforts at the political and the societal level. In the interim, ideological and policy divergences, including on the management of the pandemic, are coming to surface.

The European Union approaches China in a triple way: as a partner, an economic competitor, and a systemic adversary. The combination of the three characteriza-

tions permits Brussels, at least theoretically, to cooperate with Beijing in areas of joint interest, protect its interests in sectors of antagonism and defend its values in the general geopolitical environment. The Chinese government, from its side, disagrees with the 'systemic adversary' illustration. It insists that it is not interested in exporting its political system across the globe. On the contrary, it demands respect for its governance model despite clear differences with the Western one. Against this backdrop, a dilemma in today's world will be whether a balance between well-known cleavages and common objectives can be struck.

The COVID-19 pandemic exposed Europe's reliance on third markets. When the virus reached the Old Continent after it had been first detected and reported in the area of Wuhan, the EU found itself dependent on surgical masks that were produced in China. This reality further reinforced the position of Brussels that it would need to carefully and systematically act in order to reduce the risk of relying on the capacity of others to define productivity and conditions in the supply chain network. This policy is closely linked to the evolution of the 'strategic autonomy' concept in the hope of the European Union to stand as a powerful and autonomous player in the international system. In the case of China, Europe is striving to reduce its dependency on technology and raw materials.

The COVID-19 pandemic did not largely impact on Sino-European trade – with the exception of a hiatus in the initial phase of lockdowns. Overall Eurostat data exhibit that European exports to China rose from €198.5 billion in 2019 to €223.3 billion in 2021, while imports increased from €363.5 billion to €472.2 billion in the same time frame. Subsequently, Europe's trade deficit widened from €165 billion in 2019 to €248.9 billion in 2021. In 2021, China was the third largest partner for EU exports of goods (10.2 percent) preceded by the United States (18.3 percent) and the United Kingdom (13 percent), and the largest partner for EU imports of goods (22.4 percent). Among EU member states, the Netherlands was the largest importer of goods from China, and Germany the largest exporter of goods to China.

In the years of the pandemic both the European Union and China have valued the role of the World Health Organization, although the former remains wary of potential geopolitical motivations of the latter in providing masks and vaccines to numerous countries. Also, the unprecedented situation caused by the pandemic has influenced the tone of some statements and posts, especially in the social media sphere. European experts and journalists are talking about a ‘wolf warrior diplomacy’ when referring to the communication tactics of some Chinese diplomats in defense of their country’s positions in Western public fora. Despite signs of deterioration in the bilateral relationship between the European Union and China, the organization of the online EU-China summit in September 2020 coincided with the signing of an accord on geographical indications. Further to this, the two sides decided to launch special rounds of dialogue devoted to digital affairs and the protection of the environment.

More importantly, the EU and China accelerated their efforts to sign a comprehensive agreement on investments in the last months of 2020. The agreement was finalized in December of that year. Following eight years of hard diplomatic work, Brussels believed that this deal would address some of the most important concerns it was constantly raising to the Chinese government, in particular reciprocity. In the words of President von der Leyen, the agreement could rebalance the relationship, provide deeper access to the Chinese market for European investors, enable businesses to grow and commit Beijing to ambitious principles on sustainability, transparency and non-discrimination. But some critics questioned the intention of the Chinese government to proceed with some of the commitments, for example on forced labor, without clear and specific timetables.

The Biden Presidency

In the end of 2020, the European Union and China reached a point where they could hope for the practical implementation of the agreement on investments. This implementation was subject to ratification by the European Parliament in a period during which pre-existing divergences on the understanding of human rights slowly started to dominate the agenda. Already during the online summit of September 2020 European leaders had expressed their concern at steps taken by the Chinese government to impose national security legislation in Hong-Kong as

well as the treatment of Uighurs in Xinjiang. The European Parliament, in particular, became vocal in defending Europe’s values and connecting the evolution of Sino-European relations to the preservation of some basic norms. It would thus refrain from easily offering its green light for the ratification of the comprehensive agreement on investments.

From another perspective, hopes for efficient transatlantic coordination after the victory of Joe Biden in the American presidential election of November 2020 played a catalytic role in the perception of China in Europe. Among other things, the new American administration did not welcome the Sino-European agreement on investments. On the contrary, it was aiming at talking to Brussels for the two to respond to the Chinese challenge in a cooperative manner. This attitude could not be ignored by European policymakers who had been alienated by the crisis in transatlantic relations during the years of President Trump, and the indifferent stance of the then US President towards Brussels. As transatlantic relations returned to some normalcy under President Biden, the European Union and the United States started intensive consultations that led to the establishment of the trade and technology council as well as the engagement – at least to some degree – of several European countries in the Indo-Pacific, including at the military level. Synergies with Asian like-minded partners have been also on the common agenda.

Under the new circumstances, the Sino-European agreement on investments was abandoned. The European Union imposed sanctions – largely symbolic – against some Chinese figures for the treatment of Uighurs in Xinjiang and China responded rather disproportionately by also targeting some European scholars and research organizations in tandem with politicians and the Parliament’s subcommittee on human rights. The European Parliament demanded from the Chinese government to lift its sanctions as a pre-requisite to ratify the agreement. The latter remained adamant on its position and the bilateral relationship entered uncharted waters. In parallel with this setback, tensions between Lithuania and China after the former allowed Taiwan to open a representative office in Vilnius under its own name became another issue of concern for Brussels. Beijing decided to impose trade restrictions which affected not only Lithuania but also the entire single market. As a result, the European Union referred China to the World Trade Organization.

The War in Ukraine

In February 2022, approximately three weeks before the outbreak of the war in Ukraine, China and Russia signed a joint statement that cemented their partnership in all fronts. The invasion of Ukraine by the Russian military on 24 February exposes the existing security dangers in Europe's backyard and poses questions about the future stance the Chinese government could take. Beijing views the war from its own prism. It views NATO as the main culprit for cultivating tensions in its effort to demonstrate to the West that mutually accepted security arrangements are imperative in today's world. War can be on the agenda, Beijing implies, when no holistic understanding of security sensitivities prevails. Tensions around Taiwan are obviously at the epicenter of attention. All this does not mean that the war in Ukraine is pleasing the Chinese government. Energy and food security themes, the risk of escalation with or without the usage of tactical nuclear weapons, and hurdles for the realization of the Belt and Road Initiative in Eurasia belong to the challenges it is facing.

The Chinese position causes disenchantment in Brussels. NATO's role is becoming central (again) in Europe's security in the aftermath of the invasion and the parallelization of European and American strategic thinking is a natural development. Moreover, China belongs to the constellation of countries which do not agree with the policy of sanctions against Russia. Subsequently, Western sanctions are arguably obtaining the desirable results in damaging the Russian national economy. From a Chinese perspective, the outcome of the Ukraine war will define the status of Sino-Russian relations that will matter for the future direction of Sino-American rivalry. The emergence of a European Union that will blindly follow the United States does not serve China's interests. Even so, China can hardly influence the strategic content of European foreign policy in areas of convergence with American priorities.

Brussels expects from Beijing to use its influence on Moscow to end the Ukraine war. High Representative Borrell reiterated this position on 21 September 2022 when meeting with Chinese State Councillor and Foreign Minister Wang Yi in the margins of the United Nations General Assembly in New York. In such a delicate

diplomatic moment, however, the Chinese government would not strive to meet European expectations but analyze the linkage between a potential mediation and its strategic objectives first. It's all about power politics. Also, China is not necessarily able to persuade Russia to stop the war. Closer relations between the two countries have sparked a debate about the potential establishment of an alliance. We are not there yet. Although Beijing and Moscow find a common denominator principally in dealing together with pressure from the West, their foreign and economic policies are often marked by clashing interests.

Conclusion

The level of suspicion in Europe's perception of China is currently rising. Economic competition with the usage of tools such as the screening mechanism, the international procurement instrument and the regulation on foreign subsidies only partly reflects the ongoing turbulence. The new security environment creates conditions where adjustments are made and transatlantic relations are strengthened. China understands the different landscape but remains very-well connected to the West. Interconnectivity is the driving force. The nexus of globalization makes continuous Chinese lockdowns against COVID-19 felt in Europe and in the world, while the demand for natural gas in China is influencing relevant imports by European member states as China has been able to resell some of its surplus to the Old Continent. The European Union needs to consider all parameters of the evolving Sino-American rivalry, make preparatory work for its repositioning in line with its interests and study possible scenarios. An à la carte co-operation with China in meeting common goals such as climate change will allegedly function as long as general tensions are increasing. More importantly, the country will arguably stomach the developing strategy of containment and relax its behavior to please Europe or act according to European standards. The understanding of China and the recontextualization of its policies are more vital than ever in Europe, especially after the 20th National Congress of the Communist Party.