



# CHINA AND THE EU: “STRATEGIC PARTNERS” NO MORE

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*China has since March 2019, been labelled as the EU’s “systemic rival” as stipulated in the “EU-China – A Strategic Outlook”, a document which outlines some of achievements and many of the shortcomings of EU-China relations and cooperation.<sup>1</sup> Gone are the days, or so it seems, when Brussels’ policymakers boasted about their “strategic partnership” with Beijing, their “mutual understanding”, “common interests” and “sectoral dialogues” all of which created the instrumental basis to adopt joint policies and resolve problems through strong bilateral trade and an investment agenda.*

## Introduction

Against the background of what has and has not been achieved between Brussels and Beijing over the last 15 years it was high time that Brussels’ policymakers injected a dose of realism into bilateral relations. Particularly as the EU is a trading bloc built up of democratic states in direct partnership with a one-party dictatorship that it shares next to nothing with when it comes to international politics and security.<sup>2</sup> Indeed, Brussels and Beijing have invested (and will continue to do so) a very large amount of time and resources into seeking to solve problems and controversies in their bilateral trade and investment agenda as opposed to using this cooperation to adopt joint foreign and security policies. There are no such policies which Brussels and Beijing adopted over the last 15 years and this is – due to the fundamental differences in approaches towards regional and global policies – unlikely to change. That said, this new labelling of “systemic rival”, does not mean an end of Brussels’ engagement policy course towards China.

Attempts to find common ground and cooperate in the many areas listed in the EU-China sectoral dialogues (such as regional policy, security, maritime security, education, environment, food safety, agriculture, industrial policy etc.) will continue.<sup>3</sup> Furthermore, Brussels officially admitting that China is not in any way the kind of “strategic partner” it was referred to in 2003, has advantages too.<sup>4</sup> It may come as a relief to Brussels’ officials that they no

longer have to pretend that they are able to influence and change Chinese domestic and foreign policies when this is arguably the last thing policymakers in Beijing are planning to allow the EU or anybody else for that matter - to do.

In short, earlier ill-fated optimism that Beijing is open to outside advice or even directives, that they should, for example, not detain or “re-educate” religious minorities in Xinjiang, arrest dissidents with trumped-up charges or “invite” them to confess their crimes on Chinese prime time television and advice not to occupy and build military bases on disputed existing islands in the South China Sea as well as artificial islands built by China, have now been replaced by more realistic assessments of EU influence (or lack thereof) on Chinese internal and external policies. Now that gloves are off, the EU and its member states have the option to engage China when it wants to be engaged while not needing to counter Beijing’s economic and foreign policies when they fundamentally run counter to EU approaches, values and norms. Then again, individual EU member states will nonetheless continue to choose individually between “silence” and confrontation when it sees fit or when economic and business interests are at stake. In other words, the German or French or Italian governments will continue to choose independently if, and when, they want to discuss Tibet, Hong Kong or Xinjiang – depending on, for example, whether companies of the above-mentioned countries are about to sign trade and investment deals with, and in, China.



## Exploiting EU Disunity

Unfortunately for EU normative power and its credibility to act as a unified bloc in international politics, Beijing has for years been successfully operating on a strategy where it offers economic and financial carrots to individual EU member countries in need for investment. For instance, through investing substantial funds into the Greek port of Piraeus, Beijing's policymakers learned, that Greece would return the favor by, for example, vetoing a joint EU statement on human rights in China.

Critics have long warned that Beijing has turned to dealing with individual EU member states, in an attempt to receive what it cannot get from the EU institutions.<sup>5</sup> Beijing first began to realize (from around 2010 onwards) that an EU "strategic partnership" did not automatically mean that Brussels would lift the arms embargo it imposed on China following the ordering of the PLA into the crowds on Tiananmen Square in 1989. In addition, when the EU chose not to acknowledge China's Market Economy Status (MES), Beijing's policymakers decided to counteract EU policies by dealing with individual EU member states in need of foreign investments and infrastructure development investments.

Indeed, over recent years, China has been successfully taking advantage of EU disunity and the willingness of some member states to define and "adjust" their policies towards China according to the amount of Chinese investments they could receive. For example, as mentioned above in June 2017, Greece blocked the unanimous adoption of a joint EU statement on human rights in China, while in March of the same year, Hungary prevented the EU from adding its name to a joint letter expressing concern about a report of lawyers in China being illegally detained and tortured.<sup>6</sup> By coincidence, both Hungary and Greece have been recipients of large-scale Chinese investments over recent years.

At the end of November 2019, Beijing and Athens agreed to give China's state-owned company COSCO Shipping the go-ahead to invest an additional Euro 600 million into Greece's largest port, Piraeus. In 2009, COSCO was awarded a 35-year concession to upgrade and run container cargo piers in Piraeus. In 2016, then COSCO Shipping bought a majority 51 percent stake in Piraeus port. It should not go unmentioned that China won the bid in 2009 against only one additional bidder and Greece freely chose to give COS-

CO the go-ahead. However, whether COSCO won the bid by legitimate means is an open question as COSCO as a state-owned enterprise could count on the government to provide the company with the funds to outbid other potential European private competitor companies. However, there were no other European competitors at the time.

It is without doubt that the EU has allowed Beijing to increasingly divide its union, most notably in 2012 when a number of EU member states enthusiastically joined Beijing's 16+1 Initiative: China and 16 Central Eastern European (CEE) countries, many of which have been particularly interested in receiving Chinese investments. When Greece joined in 2019, this became the 17+1 Initiative.<sup>7</sup> Greece and Hungary, however, are not alone opting for divisive go-it-alone policies. The Italian government irritated Brussels when in March 2019, it chose to sign up to China's BRI, bypassing the EU Commission, the institution in charge of coordinating all trade and investment policies of EU members.<sup>8</sup> At the time, Italy's right-wing/populist government found itself (quite happily) on a continuous collision course with the EU and frequently neglected to consult with EU institutions on trade (and other) policies.

European scholars and analysts also share some of the blame in how Beijing was able to exploit EU disunity over years. In the early 2000s Chinese policymakers and officials seduced a number of European scholars into adopting rhetoric on "shared values" and "mutual understanding" during conferences and seminars hosted by Chinese institutions. Invitations to China were issued to those among European academics and analysts, who were sometimes prepared to throw academic integrity and independence to the wind and rather than sticking to objective analysis or to oppose repeating and endorsing Chinese propaganda, they let any standards they had slip.<sup>9</sup> In fairness, the number of European scholars and analysts selling their academic souls and integrity is arguably and fortunately smaller than a few years ago.

## Human Rights vs Internal Affairs

It is no surprise that Beijing chose to dismiss an EU statement on human rights as "illegitimate interference" in Chinese internal affairs. However, a human rights resolution, to which all EU member states – including those which have received, or are receiving, Chinese foreign direct investments for infrastructure development – would nonetheless have



sent a message of EU unity and one that puts the principle of rule over business. Furthermore, Beijing's government state media<sup>10</sup> would not be able, on a regular basis, to exploit EU disunity as alleged "evidence" that not all EU member states are prepared to "interfere" in Chinese domestic politics and impose its (usually undefined) "double standards" onto China.<sup>11</sup> The EU-China dialogues on human rights, the promotion of rule of law coupled with Brussels urging Beijing to embrace values such as freedom of speech and expression etc. have not produced any tangible results either. The reality is that Beijing continues to ignore the EU's advice on, and criticism of, the state of human rights in China. And this obviously also includes EU concerns about China running detention camps in the province of Xinjiang aimed at – at least as far as Beijing is concerned – "re-educating" ostensible Islamists terrorists and/or separatists who pose a threat to the country's national security and territorial integrity.

Recently leaked Chinese government documents – documents which in the press are referred to as "China cables" – paint a very disturbing picture of Beijing's preparedness and uncompromising determination to detain and "re-educate" up to one million Muslims in numerous detention camps in complete disregard of human rights and the rule of law.<sup>12</sup> While Brussels and its member states will find it harder to give Beijing the benefit of the doubt in regard to its inhumane and illegal treatment of detainees in Xinjiang, Beijing will continue to insist that Xinjiang is an "internal affair" and not for foreign governments to comment on.<sup>13</sup> For what it's worth, following the leak of the Chinese government documents, the new EU Commission President Ursula von der Leyen spoke on her first day in office on December 01, 2019, with Chinese Prime Li Keqiang on alleged human rights violations in Xinjiang. According to the South China Morning Post, the EU is currently in discussions with Beijing over the possibility and conditions of sending an EU inspection team to the region.<sup>14</sup>

### Wasting Time, Mostly

The EU-China dialogue on security, the so-called "EU-China High-level Strategic Dialogue", has not produced any results that indicate any EU influence on Chinese foreign and security policy conduct (the last one was held on March 18, 2019).<sup>15</sup> Consequently, there is no detailed information available on the content or results of that dialogue on the EEAS websites. The EEAS site on EU-China political and

security relations dedicates only a short paragraph to the dialogue, in essence stating that Brussels talks to China on foreign policy and security issues. Against a background where China does not allow anyone to engage in anything that resembles, what Beijing refers to as, "interference" in Chinese domestic and foreign policies, the security dialogue with the EU can be analyzed as simply a surface level cooperation that Beijing has agreed to hold as a favor to the EU. It is unlikely that any policymaker in Brussels really believes that the EU has – through the dialogue or other exchanges with Chinese policymakers – an influence on Chinese regional and global foreign and security policies. In fact, each time Brussels' policymakers voice and/or publish criticism of Chinese foreign and security policies – be its policies towards Taiwan, its policies related to territorial claims and territorial expansion in the East and South China Seas – Beijing dismisses such opinions as unwanted "interference in China's internal affairs."

### Elusive Bilateral Investment Treaty

The EU is China's biggest trade partner, while China is Brussels' second-largest one. Bilateral trade in goods amounts to 1.5 billion Euro each day. The EU exported 198 billion euros worth of goods to China in 2017, and imported 375 billion euros in return.<sup>16</sup> Roughly six years ago, Brussels and China decided that there was still further possibilities in terms of bilateral trade and thus adopted a bilateral investment treaty – the so-called "EU-China Comprehensive Agreement on Investment" (EU-China CAI). The EU-China bilateral investment treaty negotiations, however, have been dragging on for six years with no immediate end in sight. Beijing on the other hand is very confident that the adoption of the bilateral investment agreement is as good as imminent, but in reality, it is everything but that. Brussels still has a lot of issues – in essence the same issues it has since the negotiations began six years ago – such as Chinese industrial subsidies, market access, intellectual property rights (IPR) etc. The EU is urging China to address such issues before signing an agreement.

So far, there are no indications that Beijing and its trade officials are addressing the issues in a manner that allows their EU counterparts to share Chinese optimism that the bilateral agreement is about to be adopted. In fact, Chinese officials and policymakers insist that market access obstacles and forced technology transfers that European companies investing in China are subject to are either a "myth"



and/or non-existent.<sup>17</sup> Against the background of perceived unfair Chinese business practices, in March 2019, China's largest European trading partner - Germany, announced the launch of a new industrial strategy.<sup>18</sup> That strategy is aimed at favoring and protecting so-called "national champions." Berlin will be granting additional and special support for German companies producing batteries for, among others, electric vehicles, chemicals, and 3D printing. Machine engineering, medical devices and aerospace and defense will too be part of Germany's turn towards protectionism.<sup>19</sup> The strategy was announced a few months after Germany's biggest business association the Bundesverband der Deutschen Industrie (BDI) published a report, in which it urged, in very clear terms, European institutions to counter Chinese heavily subsidized exports, industrial overcapacity and state-financed corporate bail-outs.<sup>20</sup>

## Conclusions

When dealing with a country which does not want to be engaged, the other party should address this and change its approach. It is, therefore, pointless keeping the EU's aforementioned human rights dialogue with China alive when, over the years, the dialogue has not produced any results, i.e. when Beijing does not even agree with the EU on a common definition of the term – "human rights." Brussels has for years – without any success – been insisting on convincing China to endorse the term human rights as defined by the United Nations – among others, freedom of speech and expression, freedom of religion, the right to social protection, right to life and liberty.<sup>21</sup> Instead, Beijing insists to add the formula "with Chinese characteristics" to the term "human rights", defining and deciding on behalf of 1.4 billion Chinese people, what it actually means. Human rights "with Chinese characteristics" includes for example, the right to replace material poverty with material prosperity, buy and own private land, chose where to work, and go shopping in Milan and Paris. The same goes for the aforementioned dialogues on security and the rule of law: is there a need to hold such sessions when there are no prospects for results and it could be serving simply as positive public relations (for both sides). Resources are limited and Brussels could allocate them more efficiently by keeping China from exploiting EU disunity and asking for concessions and the occasional blind eye from individual EU member states when building ports and railways, for example in Greece and Hungary.

Some analysts and a section of the European media in March 2019, referred to the EU labelling of China as a "systemic rival" as a "dramatic" change in tone and attitude towards China.<sup>22</sup> However, it does not seem as though the attitude has swung entirely, not least as Brussels for its part is using the words "cooperation partner" and "systemic rival" in the same sentence in the aforementioned China policy paper "EU-China – A Strategic Outlook": "China is, simultaneously, in different policy areas, a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance."<sup>23</sup>

The timing to engage China whilst simultaneously exerting pressure on Beijing policymakers to play more by the (Western) rules of international politics, trade and security is – to put it simply – well placed. China already finds itself under significant U.S. pressure to address many of the trade & investment and market access issues Brussels too has been unsuccessfully urging Beijing to address for years: the protection of intellectual property rights (IPR), market access to the Chinese banking and financial markets and significant changes to the Chinese government procurement system (allowing European companies to make the same infrastructure investments Chinese companies are allowed to make in EU countries).<sup>24</sup>

If Beijing decides to give in to U.S. pressure and eventually addresses U.S. complaints regarding Chinese trade and investment practices, then the EU would potentially have a strong case to urge China to make the same concessions for European investors in China.<sup>25</sup> Not exactly conventional diplomacy, but if one believes in the dynamics of "realpolitik", then it can be tempting to buy into the argument that the end justifies the means even if changes in Chinese trade and investment policies could be triggered by a U.S. President who is facing impeachment in the U.S. and whose international credibility below zero. Either way, the EU – if it acts as a unified actor – has an opportunity to exploit international pressure on China. "Realpolitik" as its best or worst, depending on the perspective.



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## Endnotes

- 1 European Commission and HR/VP contribution to the European Council, EU-China – A strategic outlook; March 12, 2019; <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>.
- 2 To be sure, some EU member states such as e.g. Hungary and Poland have over recent years challenged some of the norms and values the EU insists are core non-negotiable ones. Indeed, the governments in both countries have undoubtedly authoritarian tendencies, which in turn has e.g. had an impact on the level of freedom of press and expression in both Hungary and Poland. Both governments are currently being ‘monitored’ by Brussels and their anti-EU tendencies and habits to pick fights with Brussels over issues such as migration, freedom of speech and expression and also identity will continue to define relations with Brussels.
- 3 Musialkowska, Ida, Dabrowski, Marcin, EU-China Regional Policy Dialogue: “Unpacking the Mechanism of an Unlikely Policy Transfer”; in: Europe-Asia Studies Volume 70, 2018; <https://www.tandfonline.com/doi/full/10.1080/09668136.2018.1545899>.
- 4 In September 2003 the EU Commission adopted a China Policy Paper, in which China was referred to as ‘strategic partner’; See EU-China: Commission Adopts New Strategy for a Maturing Partnership; EU Commission Press Release September 10, 2003; [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_03\\_1231](https://ec.europa.eu/commission/presscorner/detail/en/IP_03_1231).
- 5 For details and analysis see e.g. Godement, François, Vasselier, Abigael, “A New Power Audit of EU-China Relations”, European Council of Foreign Relations, December 2017, [https://www.ecfr.eu/publications/summary/china\\_eu\\_power\\_audit7242](https://www.ecfr.eu/publications/summary/china_eu_power_audit7242).
- 6 Denyer, Simon, “Europe Divided, China Gratified as Greece blocks E.U. Statement over Human Rights”, the Washington Post, June 19, 2017: <https://www.washingtonpost.com/news/worldviews/wp/2017/06/19/europe-divided-china-gratified-as-greece-blocks-e-u-statement-over-human-rights/>.
- 7 Kavalski, Emilian, China’s “16+1” Is Dead? Long Live the “17+1”, the Diplomat, March 29, 2019; <https://thediplomat.com/2019/03/chinas-161-is-dead-long-live-the-171/>.
- 8 “Italy’s Plan to Join China’s Belt and Road Initiative Ruffles Feathers”, The Economist, March 21, 2019; <https://www.economist.com/europe/2019/03/21/italys-plan-to-join-chinas-belt-and-road-initiative-ruffles-feathers>.
- 9 Critical opinions pointing to the quasi-impossibility of cooperation in international politics and security between a democratic block of countries and an authoritarian one-party state were not appreciated, to say the (very least). Often rights and the asking onificant number of fina relations hosted bha declared, protection of human rights and the asking o Very man rights and the asking onificant number of fina relations hosted bha declared, protection of human rights and the asking o
- 10 The reporting and editorials of the newspaper the Global Times in particular can be cited in this context. The Global Times is arguably as far away as it can be from objective reporting. i.e., in the Chinese case reporting that does not fully reflect and present what the government is thinking and propagating as regards its ties with the EU, the U.S. or anybody else.
- 11 Accusing the EU (and the U.S. for that matter) of ‘double standards’ is what Beijing’s policymakers turn to when responding to outside criticism of its domestic and foreign policies. ‘Double standards’ which however typically remain undefined.
- 12 Published by among others the New York Times, the Guardian and Süddeutsche Zeitung at the end of November 2019. The documents are among others Xi Jinping’s secret speeches, in which the Chinese president claims that “Muslims infected with the virus of extremism have to undergo a painful, interventionary treatment. Xi also instructs Chinese officials to ignore “Western hostile forces and criticism.” For details of the leaked government documents see also Totalitarian and Proud; in: published among others in the N EU concerns about zero.the (very least).floy from ds approaches ilateral trade and decided to a the Economist, November 23, 2019.
- 13 The Chinese government – through various embassies in Europe – claims that the leaked documents are fakes. However, they are not and there are no doubts about the authenticity of the documents. These claims were made right after the “China Cables” made it to the open on November 24 and November 25, 2019.
- 14 Keegan, Elmer, “New EU Chief Ursula von der Leyen Takes Helm amid Growing European Suspicion of China”; the



South China Morning Post, December 2, 2019, <https://www.scmp.com/news/china/diplomacy/article/3040258/new-eu-chief-ursula-von-der-layen-takes-helm-amid-growing>.

15 “China and the EU”; European External Action Service (EEAS); [https://eeas.europa.eu/headquarters/headquarters-homepage/15394/china-and-eu\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/15394/china-and-eu_en).

16 Cameron, Fraser, “The European Union’s New Rival – China”, GIGA Focus/Asia Number 7 October 2019; GIGA German Institute of Global and Area Studies Hamburg, Germany, [https://www.giga-hamburg.de/en/system/files/publications/gf\\_asien\\_1907\\_en.pdf](https://www.giga-hamburg.de/en/system/files/publications/gf_asien_1907_en.pdf).

17 Chinese officials typically insist that Chinese market is open to business and that the obstacles Brussels and the EU member states cite do simply not exist. Analysis of issues related to market access, government procurement procedures etc., however, provide evidence that these obstacles do exist.

18 Nienaber, Michael, “Germany Defends Plans for more Interventionist Industrial Policy”, Reuters, March 27, 2019; <https://www.reuters.com/article/us-germany-industry-altmaier/germany-defends-plans-for-more-interventionist-industrial-policy-idUSKCN1R81GD>.

19 Hanke, Jakob, “Germany’s Industrial Plan Signals Europe’s Protectionist Lurch”, Politico, March 2, 2019, <https://www.politico.eu/article/germany-industrial-plan-signals-europes-protectionist-lurch/>.

20 For a summary of the report see Strengthen the European Union to Better Compete with China; BDI Article January 10, 2019, <https://english.bdi.eu/article/news/strengthen-the-european-union-to-better-compete-with-china/>.

21 United Nations. Human Rights; <https://www.un.org/en/sections/issues-depth/human-rights/>.

22 “EU Slams China as ‘Strategic Rival’ as trade tension rise”, Politico, March 12, 2019; <https://www.politico.eu/article/eu-slams-china-as-systemic-rival-as-trade-tension-rises/>.

23 European Commission Press Release, “Commission reviews relations with China, proposes 10 actions”, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_19\\_1605](https://ec.europa.eu/commission/presscorner/detail/en/IP_19_1605),

24 Brussels has for years tried unsuccessfully to impose the concept of ‘reciprocity’, i.e. a level playing field in terms of trade and investment – onto Beijing. Beijing has in turn claimed that as a developing country it is not obliged to offer highly industrialized countries a level playing field.

25 U.S.-Chinese negotiations on a bilateral trade agreement are seemingly ongoing although it remains yet very unclear what a trade agreement would consist of and to what extent Chinese authorities are prepared to comply with U.S. demands in the areas market access, tariffs, IPR and others.