

# VIEWS



## China and the World Roundtable | China-EU Relations

**Editor's note:** China and the European Union share extensive common interests and a solid foundation for cooperation. As two big markets, China and the EU should play a constructive role in injecting stabilizing factors into a turbulent world. Three experts share their views on the issue with China Daily.

Wang Yiwei

# China policy key to EU's strategic autonomy

To decouple, or not to decouple, with China, that is the question for the European Union and the United States. The EU has decided to not decouple, but instead to pursue a policy of "de-risking" from China. To achieve this, they say, the EU will focus on five factors.

To begin with, the EU will address its economic vulnerabilities and reduce its strategic dependency on China which, the EU officials claim, does not mean completely stopping trade with China. The key is to achieve diversification of raw materials and value chains, according to EU officials. Dutch Minister for Foreign Trade and Development Cooperation Liesje Schreinemacher responded to the United States urging the EU to increase restrictions on trade with China by saying the EU will ensure economic security powers remained in the hands of national governments.

Europe has been taking measures to boost its industrial competitiveness and strengthen its economic resilience, especially in areas such as healthcare, digital technology and clean energy technology, while deepening cooperation with like-minded partners. This includes reducing dependency on China for rare earths, batteries, pharmaceutical raw materials, and other key resources.

Second, Europe has been rebalancing its trade relations. China is an important trading partner, and Sino-EU trade has been beneficial to both sides. However, from the EU's perspective, the EU's trade deficit with China has doubled over the

past decade, reaching nearly €400 billion (\$433.32 billion) in 2022. In the EU's eyes, this imbalance has been caused partly due to China's "non-market practices" including "implicit subsidies", "discrimination" in public tenders, and "market distortions". Therefore, it is necessary to address these distortions and rectify such practices, the EU officials said.

Third, the EU, in order to better protect the bloc's security interests, will hold discussions on how to strengthen control on exports and overseas investments, especially in sensitive high-tech areas.

Fourth, the EU has decided to strengthen relations with its partners on core diplomatic policies and security challenges, and continue to urge China to not "support Russia's war efforts". The bloc also reiterated its commitment to peace and stability in the Taiwan Strait, and vowed to oppose any unilateral attempts to change the status quo, particularly through the use of force.

And fifth, the EU will deepen cooperation with other economies and promote the Partnership for Global Infrastructure and Investment as an alternative to the China-proposed Belt and Road Initiative.

However, Italian Prime Minister Giorgia Meloni has said that even if Italy does not participate in the Belt and Road Initiative,



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active, it can still maintain good relations with China.

And Schreinemacher recently warned that complete "decoupling" from China would make it impossible for the EU to achieve its planned green transition. She emphasized that China has made huge investments in green technology and research, and trade ties between the Netherlands and China are strong. She also said the two sides need each other to pursue green economic transformation.

Indeed, the biggest risk for Europe is its excessive reliance on the US for security (which outweighs its economic reliance on China), to the extent that an independent investigation into the Nord Stream 2 pipeline explosion cannot be conducted, and European media dare not speak or publish the truth. So why focus on China instead of the US, the real source of risk?

Under the guise of "de-risking" the EU is actually trying to "de-Sinicize" its econ-

omy and society and indirectly decouple from China, which will ultimately blunt Europe's competitiveness. This is something the EU needs to think carefully about, because unlike China and the US, it cannot rely on the bloc's market alone for its economic development and green transformation. Europe is also at a disadvantage when it comes to competing for the Chinese or the global market.

Hence, the EU should not allow the US to mislead it into pursuing "de-risking". The EU's policy toward China as a partner, competitor and rival is contradictory. It shows the bloc has not devised a clear strategy toward China and lacks strategic vision.

China-EU relations have become a litmus test for Europe's strategic autonomy. A Europe with independent foreign and economic policies can become a strong pillar of a multipolar world. In fact, German Chancellor Olaf Scholz asserted at the recent Global Solution Summit that a multipolar world is already a reality. It is hoped the EU will understand this and work out its own, independent policy toward China.

The views don't necessarily reflect those of China Daily.

Klaus F. Zimmermann

# Decoupling move harmful for both

With China becoming a major global economic and political player, its economic ties with Europe have strengthened. The EU is now the second-largest trading partner of China, and China is the largest trade partner of the EU, with 9 percent of the EU's goods exports destined for China and more than 20 percent of its goods imports coming from China.

This is the result of deepening mutual economic dependency as a strategic objective to not only promote peace, and mutual progress and prosperity but also to secure these goals in the long run. But in view of the Russia-Ukraine conflict, the long-term securing of these goals through economic integration no longer seems assured. Many voices are therefore calling for a diversification of EU-China ties, if not a total disentanglement of mutual dependency.

The EU and its major member states such as Germany are now reflecting on how to adjust and develop their China policy. But this is not completely new. These countries have reflected on such issues in the past too, for instance, when China launched the Belt and Road Initiative, a massive, ambitious infrastructure improvement project, in 2013. Plus, the EU has already referred to China as a "systemic rival" in 2019.

The drastic shift in China-US relations from "Chimerica", a kind of symbiotic embrace as suggested by observers, to a situation of strong mutual rejection, is not helpful to EU-China ties either. And given that the EU and the United States are and will remain close partners, European strategic independence has its limits.

However, the EU's economic decoupling with China could threaten the stability and friendly trade environment needed for long-term cooperation and collaboration on more general issues of global welfare. In a world of rising tensions and growing mistrust, exchanges among political, business and academic leaders have become even more important for promoting mutual understanding, leading to effective dialogue and cooperation. Because mutually respectful dialogue can help narrow the communication gaps and misperceptions, and build mutual trust.

As June 5 marked the 300th birth anniversary of Scottish economist and philosopher Adam Smith, the world should reflect on his contributions to the concept of the division of labor. In his *The Wealth of Nations*, he argues that division of labor is a driver of economic growth. This is crucial for international relations, too, as the international division of labor allows countries to specialize in certain sectors and still enjoy a wide range of goods and services.

China is important for the EU also because of its crucial role in addressing global and regional challenges, including but not limited to climate change, energy transformation, human migration, population aging, food security, pandemics, and weapons and nuclear proliferation. Solutions to the big upcoming crises are public goods, which can be enjoyed everywhere.

EU-China relations could still benefit from a deepening of partnerships among EU and Chinese companies, and increased interactions between academics and civil society organizations from the two sides.

Yet many EU countries are still concerned about the lack of market access in China and consequently large trade imbalances, possible "intellectual property theft" and "illegal technology transfers", cybersecurity and "non-transparent" regulatory and legal systems.

Germany, the economic heavyweight in the EU, could play a leading role in this regard, by helping stabilize China-EU ties. It is in the country's own interest to do so, given its significant trade orientation.

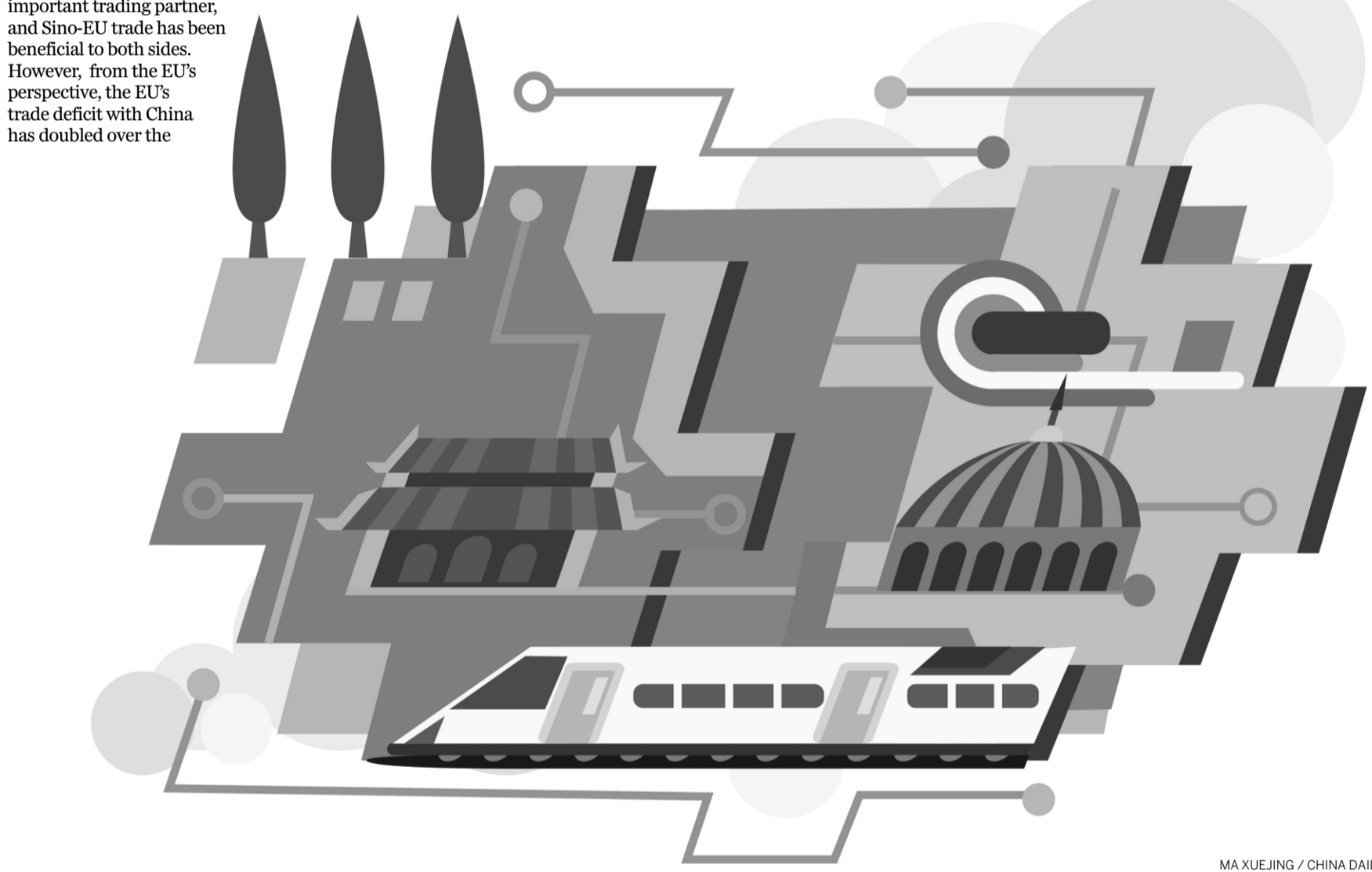
But it can do this only on the basis of a balanced strategy that combines intensified cooperation with China with a policy aimed at "de-risking" some aspects of bilateral economic and political ties. There is a need for all to understand this mutually beneficial approach, because it includes efforts to secure the critical infrastructure and important raw materials of a country.

Since diplomacy and dialogue remain the most important elements to stabilize and develop China-EU ties, the two sides should arrange for frequent visits and exchanges by political leaders, in order to set the direction for the development of Sino-EU ties. There is also a need to organize debates and support for such an endeavor in the European media.

The views don't necessarily reflect those of China Daily.



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MA XUEJING / CHINA DAILY

Ann Buel

# Sino-European ties should be free of US pressure

Although relations between China and the European Union are undergoing changes, they will continue due to the undeniable economic power of China and its importance to the economic success of the EU, which is facing technical and/or real economic recession.

The entire eurozone has already witnessed a slowdown in growth, much observed in the Czech Republic and Lithuania, also in Germany and other eurozone countries, which was in technical recession for two quarters in a row. The technical recession could turn into a real one or lead to economic stagnation and spread across the EU and the United States.

The main reason behind this is the industry-related crisis due to the failure of export operations owing to the lack of purchasing power in the domestic and international markets.

To overcome this situation, but also under pressure from the US, the EU is set to take some challenging decisions and hold a series of meetings to define its policy toward China. At a key EU leaders' summit on June 29-30, EU-China relations will be high on the agenda.



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That EU-China relations will continue was, in a way, confirmed by what European Council President Charles Michel recently said that it is in the EU's interest to maintain "stable and constructive" cooperation with China. Michel also called on China to use its "influence" over its neighbor Russia to end the Ukraine crisis.

Josep Borrell, the EU's high representative for foreign affairs, in a recent commentary, hinted at how the EU could adjust its three-part policy toward China ("partner, competitor and systemic rival"). And while Borrell came closer than before to acknowledging China's aspiration to "build a new world order", the prescriptions he provided are woefully tepid, especially on human rights. He called for "robust engagement" between the EU and Beijing, though.

"De-risking" is the latest term to enter the China-related policy lexicon of the EU. But it appears to largely mean, for some leaders at least, protecting EU economic players' interests. Perhaps the most vivid example was given by German Chancellor Olaf Scholz, who sought to "de-risk" ties with China by ensuring dozens of German business executives accompanied him to Beijing during his November 2022 visit to Beijing, an approach adopted by French President Emmanuel Macron in April.

According to analysts, the EU should explain how it will recalibrate its human rights policy toward China.

After all, human rights, hyped up in recent times by Washington and Brussels, are a global issue, with breaches in the US and the EU. The recent promises made by the US administration, especially State Secretary Antony Blinken's claim that "America is back", and are engaged in helping resolve issues such as climate change, Iran's nuclear ambitions and human rights, have not been met.

There is evidence of greater silence on human rights violations in the EU, predominantly in Lithuania and in EU organizations, primarily the European

Commission, after complaints to the US State Department didn't evoke the promise of improving the situation but, in contrast, the denial of Fulbright scholarships on political grounds; perpetration of discrimination in the job market, leading to economic violence; even stealing of personal funds sent by the United Nations through fake invoices; and US State Department's support to offenders rather than the victims.

It is worth remembering what some European officials have said: if you have nothing else to accuse China of, go for human rights even if it is not always real.

Western countries, especially the US, should first set their own house in order before criticizing China. Otherwise, they would be manipulating the universal value of human rights.

Human rights cannot be the denominator of future China-EU relations. Sino-EU ties should be based not on polarization, but on mutual interest and respect, on multilateralism and economic exchanges, and should be free from unlawful US interference and pressures.

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