VIEWS

China and the World Roundtable | China-EU Relations

Editor's note: *The relations between the EU and China have evolved dramatically over the past several decades. The China-EU Summit will present a significant opportunity to reflect on the experience and also offer a platform to build consensus and chart a stable path forward that benefits both sides and the world. Three experts share their views on the issue with China Daily.*

Borut Pahor

Pitfalls, opportunities in Sino-EU ties

European Commission President Ursula von der Leyen's and European Council President António Costa's visit to China on Thursday to attend the China-EU Summit coincides with a major shift in global geopolitics and the rapid decline of multilateralism, which emerged from the ruins of World War II.

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Also, the global balance of power has been undergoing significant changes in recent times, with the rapid economic, technological and political ascent of China playing an important role in the process. Over the past few years, this process has further accelerated because of the Russia-Ukraine conflict and US President Donald Trump's protectionist policies. Trump's shifting position toward US allies and competitors alike, as well as the uncertainty caused by the trade war he has launched have pushed the world into a period of instability and unpredictability.

It is perhaps for these developments that the European Union and China have in recent years more frequently found themselves on opposite sides than before. However, in some observers' eyes, distrust between Brussels and Beijing has grown, because the lack of regular consultations and dialogue has played a key role in the West falsely believing China is supporting Russia, which Western powers, especially the EU, perceive as a security threat.

At the same time, the EU is trying to adapt to the emerging consensus in the United States, where opposition to China is one of the few issues that unites both the political parties. Over time, therefore the EU's policy toward China has turned into measured restraint.

Despite these developments, many consider that von der Leyen is visiting China without a clear mandate to deepen comprehensive cooperation between the EU and China.

On the other hand, Trump's tariffs on imports from many of its trade partners, including the EU and China, have not prompted the EU to change its attitude toward China. Since trade relations are extremely important for both China and the EU, the US tariffs would have, under a different geopolitical situation, prompted them to strengthen trade cooperation. But that is not happening — at least not to the extent one expected.

Brussels is cautious about strengthening cooperation with Beijing, partly because many of its member states are also members of NATO and partly because the West sees Beijing's justified stance on the Taiwan question as aggression.

All of this must be seen in light of China's fast-paced, multifaceted advancement over the past couple of decades, which the US sees as a challenge to its global economic dominance. While I generally agree with most analysts that China is the primary focus of the US' global policy, I believe Trump's intention to secure a trade agreement with China reflects his aim to curb China's rise and use it as an opportunity to reindustrialize the US while maintaining its global economic and political primacy.

However, unlike the US, the EU does not have the same room to maneuver in order to reshape the global economic and political landscapes, and given its declining competitiveness and increasing security vulnerabilities, the bloc has to adapt to circumstances.

This applies to its relations with China, too. However, Sino-EU strategic, particularly trade, relations have been developing despite the changed scenario. Incidentally, despite the EU officially designating China as a partner, competitor and systemic rival, both sides continue their mutually beneficial trade in goods and services, with their trade volume increasing from €793 billion ($927.95 billion) in 2023 to €845 billion in 2024, with the major goods being machinery, automobiles, telecommunications equipment, pharmaceuticals and optical instruments.

Moreover, the China-proposed Belt and Road Initiative has helped expand cooperation between the EU and China, though some EU analysts suggest that current geopolitical complexities present new challenges for the initiative.

It will be interesting to see whether the EU and China deepen cooperation at least in climate action. So far, Sino-EU joint initiatives and investments in wind, solar and hydro power have been relatively successful, accompanied by exchanges of know-how and technology, for instance, in energy storage and smart grids.

The same applies to green transport. The EU remains open to Chinese-made electric vehicles but is also conducting "investigations into subsidies" to protect its market from dumping. It remains to be seen whether the EU's waning commitment to green transition will reflect in its new seven-year budget and further impact its cooperation with China in this field, especially because security concerns have overshadowed green transition within the EU.

When it comes to artificial intelligence, the EU and China have very different regulations — while the EU emphasizes the importance of transparency and accountability in AI ethics, China has its own system of guidelines which are more focused on development and competitiveness.

It is clear therefore that geopolitical rivalry, security concerns, differences in standards and values, and equal market access greatly influence relations between the EU and China. Despite that, the most important factor in China-EU relations is that we are living in times of exceptionally intense changes in global politics and economy, driven primarily by the US, to whose policies the EU is more or less adapting to.

Yet, and precisely because of these developments, it is worth noting that Brussels is more aware of these changes than ever before, and important practical shifts are already taking place, both in politics (strategic autonomy) and in the economy. This will likely be reflected in the EU's upcoming seven-year budget of about €2 trillion, placing strong emphasis on security and productivity. Greater EU autonomy, especially in relation to the US, while maintaining the Western alliance — could potentially deepen mutual trust and cooperation between the EU and China in the long term. However, this will largely depend on whether current global geopolitical tensions are defused peacefully or not.

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

Lauri Myllyvirta

China leads boldly in global energy transition

China has invested trillions of yuan in the clean energy equipment manufacturing sector over the past few years, but returns will depend on the success of clean energy transition both in China and the rest of the world.

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In 2024, clean energy industries contributed to more than 10 percent of China's GDP, generating an estimated $1.9 trillion in economic output, becoming a key driver of economic growth and overtaking the real estate sector in sales value. Chinese companies exported an estimated $177 billion worth of clean energy technologies and committed at least $60 billion to building new factories abroad. Once completed, these facilities could generate output worth $110 billion a year.

The export of affordable solar photovoltaic panels, electric vehicles (EVs) and batteries from China is already helping many countries transition to clean energy. The regions where China's exports are having the biggest impact are the Middle East, North Africa, sub-Saharan Africa, South Asia and Europe.

China's clean energy exports are broad-based: since 2023, China exported clean energy equipment such as wind power products and photovoltaic products to more than 200 countries and regions.

In particular, solar power combined with batteries has become a cost-competitive and reliable source of energy much faster than expected because Chinese manufacturers succeeded in drastically reducing the cost of production. The solar power boom in Pakistan and South Africa are some of the more prominent examples. Similarly, lower-cost batteries are making EVs more attractive than fossil fuel-driven vehicles. In fact, in emerging markets, Chinese-made EVs account for about 75 percent of the growth in EV sales.

China's clean energy footprint across the world is set to expand significantly, especially if the global energy transition accelerates in line with the International Energy Agency's road map for realizing net-zero emissions by 2050. To reduce global emissions in accordance with the Paris Agreement, while meeting the growing energy demand, especially in emerging economies, investments in solar and wind energy sectors beyond China need to more than double from the 2024 level and the global market for EVs needs to grow 12-fold in the next decade.

This can happen only with support from China's manufacturing.

In such a scenario, global demand could propel China's clean energy and technology exports to $1.1 trillion by 2035, with emerging and developing economies accounting for the majority of China's clean technology exports: about 70 percent in solar PV panels and 60 percent in wind and battery storage.

SHI YU / CHINA DAILY

Some may be concerned that China's strength in clean energy manufacturing could limit economic opportunities for other countries. But that's not true, as China is now focusing on upstream manufacturing. After all, solar panels and batteries now account for just a quarter of the value of a typical solar power generation project, and a consumer EV.

This means three-quarters of the value of China's solar panel and battery exports are enjoyed by the importing countries. When the supply of low-cost clean energy results in the development of new industries or other economic activity in the destination country, the downstream value is far larger. And as clean energy use continues to grow globally, there is huge potential for Chinese enterprises to boost their participation in downstream activities, including infrastructure development, operations and maintenance, in order to capture a larger share of the value-added market abroad.

However, some economies have raised supply security concerns over China's central role in global supply chains, with many of them taking steps to diversify their sources of key components like solar panels, EVs and batteries. The European Union and India, for instance, are trying to develop their own clean energy manufacturing sectors, but they have a lot of work to do to even meet their domestic demand, let alone exporting such products.

To redress those economies' genuine concerns over supply chain security, Chinese manufacturers should work with them to make supply chains more resilient and universally beneficent. Nevertheless, given the scale and cost advantages of China's clean energy manufacturing sector, its products are likely to comprise a large part of the global clean energy landscape in the near future.

China has every reason to help expedite global energy transition, including initiatives such as tripling global renewable energy capacity from 2022 to 2030. As a matter of fact, China's clean energy industries could double their value by 2035, adding 15 trillion yuan ($2.09 trillion) to the economy if the energy transition in China and the rest of the world continues.

Many Chinese enterprises have increased their investment and financing overseas, but a lot more needs to be done. And China's role in advancing the clean energy sector suggests a potential shift toward proactive global positioning on climate and clean energy.

By providing easier and relatively inexpensive access to clean technologies, coupled with investments in clean energy and related infrastructure projects and production facilities, including technology transfer, China could play a key role in driving the global energy transition, while exploring lead markets for its key technologies.

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Klaus F. Zimmermann

Talent exchanges can help improve relations between Beijing, Brussels

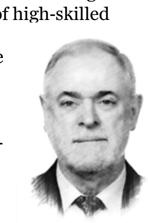
Chinese President Xi Jinping, European Council President António Costa and European Commission President Ursula von der Leyen are scheduled to attend the China-European Union Summit in Beijing on Thursday, marking 50 years of the establishment of diplomatic relations between Beijing and Brussels at a time when Sino-EU ties face uncertainties.

Geopolitical distrust on industrial subsidies, cybersecurity and the Russia-Ukraine conflict dominate official dialogue, while people-to-people exchanges are far from normal. In such a situation, the talks in Beijing are likely to focus on trade disputes and tariffs (particularly on Chinese-made electric vehicles), climate change, biodiversity, the Russia-Ukraine conflict, and ways to bolster multilateral cooperation.

The implementation of a "talent mobility action plan" could improve Sino-EU relations, especially because the issuance of new work permits on both sides has not yet returned to pre-COVID-19 pandemic levels, depriving companies, and research and educational institutions of the flow of talents. Re-establishing and increasing this flow is a secure and cost-effective way to stabilize Sino-EU relations and tackle some of the economic challenges domestically.

Demographic disparities between China and the EU are becoming more pronounced. The EU faces an aging population, and its labor markets are struggling to find high-skilled workers such as welders, electricians, nurses, software engineers and AI specialists. Consequently, the shortage of skilled workers is causing delays in orders, particularly among small and medium-sized enterprises involved in exports in Germany.

China, too, faces an aging population. But decades of higher education promotion has resulted in millions of high-skilled graduates, especially in engineering and computer science, not all of whom can find suitable jobs.



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These labor-market mismatches, combined with a worsening trade situation, have further complicated issues. Last year, the EU's goods deficit with China exceeded €300 billion ($350.61 billion), as Chinese exports to Europe outpaced EU exports to China. And reports from the US suggest that supply chains, particularly of Chinese-made EVs, could become even more fragmented.

As such, Brussels and Beijing need to take constructive measures before trade becomes hostage to spiraling tariffs. Talent exchanges could help resolve some of these issues, by diversifying supply chains, mitigating innovation risks, and fostering knowledge and goodwill among trade partners.

Globally, austerity measures in higher education have tightened the post-doctoral job market. But since universities in both China and the EU continue to invest in cutting-edge science, a collaborative program for post-docs offering three-year contracts, renewable once, to young researchers holding Chinese or European citizenships could establish a solid academic base, with funding being equally shared and managed by the China Scholarship Council and the EU's Marie Skłodowska-Curie Actions. Such an initiative would not only create an early success story but also foster professional networks and produce publishable results.

For multiyear postings, a bilateral "gold-card visa" could enhance existing programs like the EU Blue Card, while surpassing them in two key areas. One, holders could be allowed to move between EU member states without having to reapply for a visa, while China could do away with the current location-specific work permits for participating economic zones, allowing foreign specialists to transition between places like Suzhou and Shenzhen with equal ease.

And two, a unified set of salary and skill thresholds could be applied in both directions, benchmarked against each host country's average wage. Of course, critical defense industries and other security-sensitive sectors should remain off-limits. European policies are aligned with such an agenda.

Moreover, German Chancellor Friedrich Merz will likely visit Beijing with a business delegation later this year. Since Germany's updated "Skilled Immigration Act" has already eased the language and degree-recognition barriers, a "China-EU Gold Card" would complement this, enabling green-hydrogen start-ups in North Rhine-Westphalia or automotive suppliers in Baden-Württemberg to more swiftly recruit Chinese engineers.

For Chinese graduates, the reward would give access to one of the world's largest single markets and its AI ethics, battery chemistry and environmental regulation hubs. On the other hand, it would help Europe to collaborate with the internationally competitive Chinese research centers in universities and other institutions, advancing their careers.

While talent exchange may not address all the challenges the China-EU relationship faces, it can accomplish three practical objectives. First, it can clear bottlenecks by allowing Chinese graduates to meet the EU's demand for talents. Second, it can adjust the imbalanced trade ledger by transitioning a part of economic activity from goods to high-value services such as consulting and research.

And third, it can foster dialogue through personal connections: scientists, coders and project managers, for instance, who have worked on both sides and are less prone to misunderstanding the other side upon returning home.

Fifty years since the establishment of diplomatic relations, Beijing and Brussels have become adept at managing disagreements. And yet they risk neglecting the constructive potential of their relationship.

The concept of a "talent mobility action plan" presents a tangible solution: it can meet genuine labor market demands, alleviate economic concerns among the electorate, and be more cost-effective than granting subsidies or imposing tariffs. Should the summit initiate this process, the 50th anniversary of the establishment of Sino-EU diplomatic ties would be significantly more promising.

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