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EDITORIAL

EU RELATIONS WITH CHINA: SEEKING STRATEGIC AUTONOMY AMID GROWING SUPERPOWERS COMPETITION | AN INTRODUCTION TO THE SPECIAL ISSUE

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EDITORIAL¹

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Since China lifted its anti-COVID 19 restrictions and reopened its doors to the world towards the beginning of 2023, leaders of more than 20 countries and international organizations have visited, issued joint statements and/or deepened partnerships with the Asian country in the first half of the year. The most high-profile was French President Emmanuel Macron and European Commission President Ursula von der Leyen's joint visit. The results of this joint visit to China are still to be seen, but two things are worth noting. First, even though EU-Chinese relations — which Von der Leyen calls "one of the most intricate and important anywhere in the world" (DW, 2023) — has experienced months of tensions, it seems that there remains room for dialogue, and the Chinese government welcomes the EU's "positive desire to...grow relations" (MFA, 2023). Second, the EU is clearly still calibrating its position vis-à-vis China, as evidenced by von der Leyen and Macron's somewhat differing positions: von der Leyen focused on the importance of de-risking commercial relations with China and the need to tie economic prospects to security considerations. Macron, on the other hand, while showing desires for continuing a robust economic relationship with China, *downplayed* security concerns. On his return from China, he further hinted that Europe should strive for strategic autonomy and minimize its dependence on external actors. In particular, Europe must reduce its dependency on the United States and at the same time avoid getting dragged into a tussle between China and the U.S. over Taiwan (Anderlini and Caulcutt, 2023). A month later, the French president reaffirmed this position by stating that "being allies does not mean being a vassal [...] doesn't mean that we don't have the right to think for ourselves" (Ridgwell, 2023).

As differing as von der Leyen and Macron's positions may be, they both point to something integral to current EU strategic consideration — what role should the EU play amidst a Sino-U.S. competition (i.e., a bipolar world) (Biscop, 2023)? It is in this context

¹ We would like to convey our gratitude to the individual authors for their invaluable contribution, and to all reviewers for their insightful comments and suggestions.



that the idea of a European “strategic autonomy” gains traction. The idea itself is not new. The debate emerged in the late 2010s after Macron called for a conscious “European sovereignty”, before former German Chancellor Angela Merkel said that Europe should take its destiny into its own hands, as it could no longer rely on protection from the U.S. (European Parliament, 2021). By “strategic autonomy” or “European sovereignty”, decision-makers refer to the capacity of the EU to act independently from other countries in strategically essential policy areas, which can range from defence policies to economic concerns and the capacity to uphold democratic values (European Parliament, 2022). This rationale applies with respect to not only China but also the U.S. One of the lessons that European authorities have drawn from the Trump administration is that American domestic politics can strain bilateral relations with the EU. Between 2016 and 2020, it became apparent that in a number of areas the U.S. was no longer a reliable partner — trade, the environment, security, and health. Such dubious tendency of the U.S. administration was exacerbated during the COVID-19 pandemic, as it assumed a solid nationalistic and un-scientific position, departing from the World Health Organization (WHO) and adopting an ambiguous stance regarding the role of vaccination. At the same time, the pandemic also spotlighted the EU’s own over-reliance on medical supplies such as masks and gowns produced in China (Bradsher and Alderman, 2020), therefore accelerating the EU’s awakening of the need to become more autonomous.

Despite being impacted heavily by the pandemic, the EU remains an economic powerhouse today: it continues to be the third-largest economy in the world and accounts for one-sixth of global trade. However, despite having this economic might, it will require a great deal of work on the European authorities’ part to achieve strategic autonomy vis-à-vis China and the U.S. For China, the fact is that, after 20 years of strategic partnership, European Union–China relations have grown into a multifaceted and complex relationship. They are interdependent in various areas, especially in the economic sector. In 2022, China was the third largest partner for EU exports (9%), and the most significant partner for EU imports (20.8%) (Eurostat, 2023). The EU is also highly dependent on China’s metals. Of the 30 raw materials classified by the EU as critical, 19 are predominantly imported from China. These include magnesium, rare earth and bismuth, of which China has a de facto monopoly (European Commission, 2020); these resources are crucial to developing wind turbines, electric vehicles, solar cells and semiconductors, and are fundamental to success in the energy transition and digitization drive (Wrede, 2022). Primarily (but not exclusively) in response to this situation, in March 2023, the European Commission proposed a new Critical Raw Materials Act whose goal is to diversify and enhance the resilience of EU critical raw material supply chains (European Commission, 2023). While the details of the (implementation of the) act is still being laid out, the proposal itself has already shown a concerted effort by the European countries to respond to structural vulnerabilities.

Moreover, even though Chinese investments in Europe have been steadily declining since 2017, with a 77% drop between 2021 and 2016’s peak figures (Kratz et al., 2022), China remains one of Europe’s largest investors. For instance, under the Belt and Road Initiative (BRI), Chinese companies and authorities have invested significantly in ports and railways, two of the most important investments being the Piraeus port in Greece and the more recent port in Hamburg, Germany (Kijewski, 2022). On the back of this flow of investments, the EU and China signed in 2020 a Comprehensive Agreement on



Investment (CAI) which aimed to overcome the hurdles in investment from the two sides. However, the EU froze the ratification of the CAI on the grounds of human rights violations in Xinjiang arising from China's repression of the ethnic Uyghurs there (which the international community accused the Chinese government of but the Chinese vehemently denied), and the Chinese Communist Party (CCP)'s crackdown on the dissident pan-democracy camp in Hong Kong (Mathias, 2022). Once the EU had adopted the Global Human Rights Sanctions Regime (GHRSR), a tool to "address serious human rights violations and abuses worldwide", it imposed several sanctions on Chinese officials. These sanctions prompted the CCP to retaliate with sanctions on members of the European Parliament (MEPs) (European External Action Service, 2021).

This shows that, despite strong economic ties, the two sides do not see eye to eye on several political issues, namely, human rights, democratic rule, and the rule of law. Moreover, China's growing economic relevance under President Xi has given the country the desire for a bigger say on international matters (Rudd, 2022), and the BRI is proof of it. As one of the largest trade powers in the world, China expects to consolidate that position. At the same time, China regards global governance institutions as having disproportionately served European and American interests, and therefore makes no secret of its intention to reform them. On this China is joined by other revisionist states such as Russia, Brazil, India, and South Africa, who together created the BRICS forum in 2009 to build alternative and/or complementary global governance structures to the post-Second World War ones developed by the U.S. and Europe. Indeed, China has grown more suspicious of Europe and the U.S. under Xi. In a recent speech (6 March 2023), Xi stated that "Western countries headed by the United States have implemented containment from all directions, encirclement and suppression against us, which has brought unprecedented severe challenges to our country's development" (Xinhua, 2023). This followed U.S. President Joe Biden's State of the Union address on 7 February 2023, in which he posited that "winning the competition [against China] should unite all of us!" (White House, 2023).

Even in strictly economic terms, it has been difficult to keep up relations; the EU, for example, has been expressing concerns and even complaints about China's state subsidies, industrial policies, and lack of reciprocity in market access, particularly in security-sensitive sectors. For this reason, in 2019 the EU put in place a Foreign Direct Investment (FDI) screening mechanism. While not exclusively directed at Chinese companies, the significant growth of Chinese investment in Europe was one of the main reasons to develop the instrument (Mathias, 2022). According to French President Macron, this move also showed that the EU was not naïve regarding China and was working towards building a "united front" against the Asian country (Gill, 2019).

In March 2019, the EU adopted a twofold definition of its relations with China — comprising both competition and cooperation — in acknowledgment of the fact that there were both strong economic relations as well as political tensions. This new definition stemmed from a 2019 document entitled "EU-China Strategic Outlook: Commission and HR/VP Contribution to the European Council", in which China was presented in different policy areas simultaneously as a cooperation partner (with whom the EU shares 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, as well as



a systemic rival promoting alternative models of governance (European Commission, 2019).

This stance is reinforced by another EU document in 2022 called "A Strategic Compass for Security and Defence", which aimed to improve the bloc's common defence and security policy by 2030. The document highlighted China as one of two critical actors of concern after Russia (China was referenced nine times in the document, compared to 19 mentions of Russia), and while reiterating the EU's multi-faceted approach towards China, it presented China as a revisionist actor challenging the rules-based international order, albeit shying away from adopting decisive language. The document also pointed out that EU-China relations were souring, and that the trust gap between them was widening. This mistrust grew particularly in 2020 and 2021 as a result of several events, including the pandemic and ensuing disruptions in production and logistics chains, the aforementioned situations in Xinjiang and Hong Kong. The more recent war in Ukraine has exacerbated the rift: while China has publicly expressed its neutrality over the war, it has also been strengthening relationships with Russia. In fact, even before the war, in 2021, Chinese politicians had embraced a new formula for cooperation with Russia, which they characterized as having "no limit, no forbidden zone and no ceiling to how far [it could] go" (Xinhua, 2021). In February 2022, the Joint Statement of the Russian Federation and the People's Republic of China on International Relations Entering a New Era and Global Sustainable Development reaffirmed the no-limit friendship between the two states, stating that the strengthening of their bilateral strategic cooperation was neither "aimed against third countries nor affected by the changing international environment and circumstantial changes in third countries" (Kremlin, 2022) thereby serving to justify the maintenance of good relations between the two countries despite Russia's invasion of Ukraine.

Nevertheless, despite tensions and evolving rhetoric, diplomatic relations between the EU and China have seemed slightly more stable in recent months. Efforts have been made from both sides to resume high-level exchanges. In late 2022, German Chancellor Olaf Scholz visited Beijing, as did European Council President Charles Michel. China's new ambassador to the EU Fu Cong has also been busy with meeting key European stakeholders in recent months (Houtari and Stec, 2023).

The recent years have therefore shown that the EU is still calibrating its China strategy. While European authorities want to assume a more defensive yet assertive position towards Beijing, they do not expect to compromise bilateral relations, nor to become dependent on the U.S. What in fact will be prudent is to find a balance between cooperation and confrontation, and to identify when and where China should be treated as a partner, a rival, or as a threat. Portugal's recent decision to exclude non-OECD, non-EU and non-NATO companies from being involved in the development of its 5G network (Almeida & Mayger, 2023), and Germany's approval of a COSCO investment in one of its largest ports are both signs of splintering within the EU, showing that individual EU countries treat Chinese investment differently. What this also shows is that the definition of what should be considered critical areas to be protected from Chinese investments is still open for debate.

The next years will determine the future of EU-China relations. First, given the interdependence between the two sides and significant world challenges ranging from



climate change to economic development and peace, it is unlikely that bilateral relations will be driven exclusively by rivalry, even though a certain level of systematic rivalry will remain. In addition, under the EU's goal of achieving more strategic autonomy vis-à-vis the world and China's intention to focus on domestic development and innovation, it is unlikely that economic and political relations between the two sides will be nearly as productive as they had been until 2019. Nevertheless, how it will all impact globalization, multilateralism and global governance remains to be seen.

This special issue is a result of the challenging times that we live in and the possibility of a transformation of the global order, in which the EU and China will both play determinant roles. The researchers participating in this special issue reflect on the topics mentioned above and problematize the impact of this conjuncture on the present and future of EU-China relations.

The inception of this special issue was the 6th edition of the International Conference "Europe as a Global Actor", hosted by ISCTE-IUL and OBSERVARE-UAL in May 2022, particularly its Panel 2 — The EU and China, but we also extended our invitation to scholars and experts from other countries and regions in the world. Therefore, as an international special issue, the present volume consists of five articles, offering valuable insights on China-EU relations from multiple perspectives. Since the beginning of the 21st century, China has gradually begun to establish different types of partnerships with the EU as a whole and with individual European countries to strengthen bilateral relations and promote cooperation in various fields (on the premise of the one-China policy); indeed, the year 2023 marks the 20th anniversary of the establishment of the comprehensive strategic partnership between the EU and China. As of 2022, among the 27 EU countries, 19 have established different types of partnerships with China, and 18 have signed MoUs with China under the BRI.

The **first article** in this special issue was written by Cátia Miriam Costa and Yichao Li, who were inspired by the interesting observation that seven of the eight countries (Slovakia, Slovenia, Malta, Luxembourg, Estonia, Lithuania, Latvia) that have not yet established partnerships with China have however signed BRI MoUs, while some countries that have long established partnerships with China (and have even deepened/strengthened those partnerships) have not signed BRI MoUs for the time being (e.g., Germany, France). Based on different types of Chinese partnerships, the authors divided all EU member states into four groups. They gather data on the outcome of the cooperations on trade and investment between China and EU member states, and find that there is no immediate positive impact or definite correlation between the type of partnership and trade in goods, the total value of trade in services and FDI. They therefore conclude that Chinese partnerships contribute to boosting cooperation results, but it has a political framework beyond economics.

In the past few years, China-EU relations have deteriorated due to bilateral and international issues. In the **second article**, using the theory of cognitive dissonance proposed by the psychologist Leon Festinger, Carlos Rodrigues evaluates possible attributes of China-EU relations' current state of affairs. Rodrigues concludes that the manner in which dissonance is being reduced does not fit with the theoretical predictions — rather than being based on changing dynamics in terms of behaviour, value and belief systems, and environmental conditions, the reduction seems to rely on a strategy of



hedging: the EU has seen China simultaneously as a partner, competitor, and rival, which is the precise notion of hedging — to separate the economic and political dimensions.

The first round of negotiations of EU-China investment agreement was initiated in January 2014, and after 35 negotiations in seven years, in December 2020, the two sides announced that the negotiations had in principle concluded in a Comprehensive Agreement on Investment (CAI) (European Commission, n.d.). Soon after, however, in May 2021, the European Parliament passed a motion to formally freeze the CAI. Seeing the CAI as a relevant international event affecting international relations, the **third article** — penned by Carmen Mendes, analyzes China's reaction to this unexpected cessation and whether or not the EU Parliament's vote could have foreshadowed the debacle. Moreover, Mendes expects little chance of the CAI to be brought back to the table in 2023, as, for the EU, it is impossible to separate trade and investments from other policy areas and fundamental values, and the reality of Chinese assertiveness will remain a matter of urgent concern both for the present and the future.

Moreover, recent U.S.-China competition and the Ukraine war are important factors affecting EU-China relations. Emphasizing the concept of strategic autonomy, Pablo A. Sánchez-Rodríguez argues in the **fourth article** that the EU should play the role of a balancer and overcome internal and external barriers to pursue its global affairs agenda amidst U.S.-China competition. Specifically, this means exercising cautious discretion over its military, economic and political alliance with the U.S., and strengthening mutual trust with China in areas beyond the economic domain.

The **fifth article**, written by Francisco José Leandro and Roopinder Oberoi, illuminates how India and China's involvement may impact the EU's security in the context of the Ukraine war. The authors see the war as having a real possibility of inducing a new international order, and, through comparing how India and China approach the war and impact their relations with the EU, they identify six major security challenges. They suggest that the EU should not expect to rely on India as an extended partner, and, more importantly, the EU, India, and China should come together and cooperate to engineer a peaceful resolution to the conflict.

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CHINA AND EUROPEAN UNION COUNTRIES: DO CHINESE PARTNERSHIPS BOOST COOPERATION RESULTS?

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Abstract

The People's Republic of China and countries of the European Union (EU) have signed multiple diplomatic documents for cooperation under different types of conception. France was the first EU country to start a comprehensive partnership with China in 1997, and, by 2021, among the 27 EU member countries, 19 had already established partnerships with China (the exceptions were Estonia, Latvia, Lithuania, Luxembourg, Malta, Slovakia, Slovenia, and Sweden). Since the Belt and Road Initiative (BRI) was announced in 2013, 18 EU member states (except Belgium, Denmark, Finland, France, Germany, Ireland, Netherlands, Spain, and Sweden) have signed MoUs with China. What this study investigates, however, is why some of the countries have opted to sign a BRI MoU but not establish partnerships with China. On the other hand, some countries that have long had partnerships with China have deepened or strengthened those partnerships, yet have not signed a BRI MoU. The current study is therefore motivated to pose this main research question: To what extent does the Chinese partnership framework facilitate practical cooperation between EU countries and China? The study also poses these secondary questions: What are the main differences between these cooperation documents? Do such differences in documentation result in discrepancies in the nature of cooperation? From a bilateral state-to-state perspective, the study compares joint statements pertaining to Chinese partnerships with different EU countries, analyzing how closely they are tailored to each European country's specificity. Through reviewing the literature, the authors gather data concerning the outcomes of cooperations on trade and investment between China and EU member states, and analyze any official diplomatic documents available.

Keywords

Belt and Road Initiative, Chinese Partnerships, EU, FDI, Trade, Investment.



Resumo

A República Popular da China e os países da União Europeia (UE) assinaram vários acordos diplomáticos para cooperação sob diferentes tipos de concepção. A França foi o primeiro país da UE a iniciar uma parceria abrangente com a China em 1997 e, até 2021, entre os 27 países membros da UE, 19 já haviam estabelecido parcerias com a China (as exceções foram Estónia, Letónia, Lituânia, Luxemburgo, Malta, Eslováquia, Eslovénia e Suécia). Desde que a Nova Rota da Seda (NRS) foi anunciada em 2013, 18 estados membros da UE (exceto Bélgica, Dinamarca, Finlândia, França, Alemanha, Irlanda, Holanda, Espanha e Suécia) assinaram Memorandos de Entendimento (MdE) com a China. Este estudo investiga, no entanto, porque razão alguns dos países optaram por assinar um MdE da NRS, mas não estabelecer parcerias com a China. Por outro lado, alguns países que há muito mantêm parcerias com a China aprofundaram ou fortaleceram essas parcerias, mas ainda não assinaram um MdE da NRS. O presente estudo coloca como principal questão de investigação: até que ponto o quadro de parceria chinês facilita a cooperação prática entre os países da UE e a China? O estudo também coloca as seguintes questões secundárias: Quais são as principais diferenças entre estes documentos de cooperação? Essas diferenças na documentação resultam em discrepâncias na natureza da cooperação? Numa perspetiva bilateral entre estados, o artigo compara declarações conjuntas relativas a parcerias chinesas com diferentes países da UE, analisando até que ponto estão adaptadas à especificidade de cada país europeu. Através da revisão da literatura, as autoras coletam dados sobre os resultados da cooperação nas áreas do comércio e do investimento entre a China e os estados membros da UE e analisam os documentos diplomáticos oficiais disponíveis.

Palavras-chave

Nova Rota da Seda, Parcerias Chinesas, União Europeia, Investimento Direto Estrangeiro, Comércio, Investimento

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CHINA AND EUROPEAN UNION COUNTRIES: DO CHINESE PARTNERSHIPS BOOST COOPERATION RESULTS?

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1. Introduction

In post-1990s international relations, as the international order underwent gradual reconfiguration, partnerships, especially strategic partnerships, became a fashionable means for states to seek dialogue and cooperation with other states and/or with regional/international organizations (Tyushka & Czechowska, 2019: 8 & 11). China established its first strategic partnership in 1993 with Brazil¹, and the European Union (EU) established its first strategic partnership with Russia in 1998 (Pałasz, 2015: 4). Being two of the most important economies in the world, the EU and China held their first summit in April 1998 during which they issued a joint statement², declaring that both sides hope to build and develop a 21st century-oriented long-term and stable constructive partnership³. This description of the partnership between China and the EU was expressed in the 4th summit in 2001 as “a comprehensive partnership”⁴ and in the 6th summit in 2003 as “an overall [comprehensive] strategic partnership”⁵. As of 2022, the China-EU Summit has been held 23 times, mostly annually, but with some exceptions⁶. In addition, in December 2003, the EU adopted the European Security

¹ Retrieved on 13 June 2022, from https://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/200011/t20001117_697843.html

² In March 1998, according to a communication from the Commission of European Communities, Brussels expressed wishes to build a comprehensive partnership with China. Retrieved on 13 July 2022, from <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:1998:0181:FIN:EN:PDF>

³ Retrieved on 13 June 2022, from https://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/200011/t20001117_697888.html

⁴ Retrieved on 13 June 2022, from https://www.google.com.hk/url?sa=t&rct=i&q=&esrc=s&source=web&cd=&ved=2ahUKEwie58bnlt34AhVFxYUKHV3RCf8QFnoECBAQAQ&url=https%3A%2F%2Fec.europa.eu%2Fcommission%2Fpresscorner%2Fapi%2Ffiles%2Fdocument%2Fprint%2Fen%2Fpres_01_312%2FPRES_01_312_EN.pdf&usq=AOvVaw08ACC33L7c6Msr-VBPyrt

⁵ Retrieved on 13 June 2022, from https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/77802.pdf

⁶ China-EU summits were held in neither the 2008 nor 2011, but took place in both in 2009 and 2012. In 2014, although the China-EU summit was not held, President Xi Jinping visited the EU’s headquarters in



Strategy, in which particular emphasis was placed on developing a strategic partnership with China (European Council, 2003: 16).

Till now, China has established various types (e.g., strategic) of partnerships with more than 100 countries in the world (Li & Vicente, 2020: 207), while the EU has formed only strategic partnerships with merely ten countries⁷. China and the EU also differ in their choices of strategic partners and definitions of partnership. As explained by Stumbaum and Xiong (2012: 163), China and the EU's conceptual gap regarding signing a partnership lies within their difference in the timeline and pace of implementing a partnership: China pays more attention to keeping the flow of the partnership over the long term, a point which is often reflected through positive, promotional language in the partnership's joint statement, in a view to achieving better cooperation and development in the future (Brown, 2021: 14). For the EU, the immediacy of its strategic thinking prompts it to place more emphasis on solving bilateral challenges that they face both presently and in the short term (Stumbaum & Xiong, 2012: 164).

One aspect, however, is consistent between China and the EU's understanding of a partnership: whether in terms of quality or quantity, a partnership has to be (further) developed through a dynamic and variable process. A partnership should therefore be regarded as a "soft law" (i.e., it is not legally binding) (Li, 2021: 46; Cihelková, *et al.*, 2020: 1729 & 1737). This, however, to some extent, causes concern for the effectiveness of partnerships. For example, this has led to the term "strategic partner(ship)" being viewed as "ill-defined in EU usage"⁸. China does not have a clear, standardized way to classify partnerships either. When assessing China-EU strategic partnerships, many scholars find the concept of partnership either unclear (Sautenet, 2008: 11), imperfect (Pałasz, 2015: 7), or elusive (Maher, 2016), such that people may doubt whether the two sides in fact regard each other as a strategic partner⁹. In regard to areas of cooperation, indeed, the coverage has been widening, but no real strategy has formed (Wouters & Burnay, 2012: 330). Yue (2018: 5) also believes that the Chinese partnership network "is still an aspiration rather than a realistic blueprint." Nevertheless, it is undeniable that a partnership provides a platform for dialogue between the two sides. It is therefore considered a diplomatic and relational approach, and, has, to a certain extent, led to positive results (Hu & Pelkmans, 2020: 2-3).

The foremost premise of establishing a partnership with China is adherence to the "one-China" policy and respect for Chinese sovereignty and territorial integrity. Such is always reiterated in the joint statement every time a Chinese partnership is established, deepened, or upgraded. Generally speaking, a partnership is reached through dialogue and provides a framework for bilateral cooperation, covering various cooperation areas, such as politics, economy, culture, people-to-people exchanges, health, sustainability,

Brussels, and the two issued a joint statement to deepen their comprehensive strategic partnership for attaining further mutual benefits. A China-EU summit did not take place in 2021 either.

⁷ The EU's strategic partners are, namely, the U.S., Russia, Japan, Canada, China, India, Brazil, South Africa, Mexico, and South Korea. Retrieved on 13 June 2022, from <https://www.etiasvisa.com/etias-news/eu-strategic-partnerships>

⁸ Retrieved on 15 June 2022, from <https://euobserver.com/eu-political/30828>

⁹ Retrieved on 15 June 2022, from <https://euobserver.com/eu-political/30828>



and other regional or global affairs (Men & Jiang, 2020: 394). In 1997, France became the first EU country to establish a comprehensive partnership with China¹⁰, and by 2021, 19 of the 27 EU member countries had established partnerships with China (except Estonia, Latvia, Lithuania, Luxembourg, Malta, Slovakia, Slovenia, and Sweden). Christiansen, Kirchner, and Wissenbach (2019: 73) argue that the fact that China has established separate bilateral partnerships with some EU countries affects coordination between the EU and its member states and weakens the EU's overall solidarity as it engages China. Although this situation may happen to some extent, it needs to be emphasized that all joint statements on the establishment of partnerships between China and any EU countries reinforce that the two sides should continue to deepen bilateral relations within the framework of comprehensive China-EU strategic partnership complemented by partnerships between China and individual EU countries. This two-tier framework shows that China is interested in using partnerships with each EU country to advance its overall relations with the EU. There certainly is no direct, specific intention of weakening Europe's integration on the Chinese part.

As of March 2022, 146 countries in the world have signed memoranda of understanding (MoUs) with China to become part of the Belt and Road Initiative (BRI)¹¹. Among them are 18 EU member states (EU countries that have not signed BRI MoUs with China are: Belgium, Denmark, Finland, France, Germany, Ireland, Netherlands, Spain, and Sweden). Overall, the expansive network comprising these partnerships is an important foothold for China to advance the BRI (Men & Jiang, 2020: 390).

Interestingly, however, it is notable that some EU countries that have not yet established partnerships with China have instead signed BRI MoUs (e.g., Slovakia, Slovenia, Malta, Luxembourg, Estonia, Lithuania, Latvia). On the contrary, some countries that have long established partnerships with China (and have even deepened or strengthened those partnerships) have not signed BRI MoUs for the time being (e.g., Germany, France). Furthermore, Garcia-Herrero and Xu (2019: 18) searched a global database of media articles to quantitatively analyze the perceptions of BRI in different countries and regions. Among the EU countries, the results are rather extreme: the Netherlands, which ranks first in the tone of coverage related to BRI, has not signed an MoU, while Poland, who ranks last in the tone of coverage related to BRI, was the second EU country to sign an MoU (after Hungary) in 2015. Such paradoxical statuses motivate this main research question of the paper: To what extent does the Chinese partnership framework facilitate practical cooperation between EU countries and China? Further secondary questions have also been proposed: What are the main differences between these cooperation documents? Do such differences in documentation result in discrepancies in the nature of cooperation? To offer answers to these questions, we gather data concerning cooperations between China and EU member states on trade and investment, analyzing them based on the timeline of the partnerships concerned — when they were established, deepened/strengthened, and specific circumstances of the various countries involved.

¹⁰ Retrieved on 13 April 2022, from <https://www.gov.cn/gongbao/shuju/1997/gwyb199717.pdf>

¹¹ Retrieved on 13 April 2022, from <https://greenfdc.org/countries-of-the-belt-and-road-initiative-bri/>



2. Grouping EU Countries by Types of Chinese Partnerships

Though all Chinese partnerships may be established on an equal basis, they likely differ in terms of depth and breadth of cooperation. This is reflected through prepending various descriptors – “strategic,” “comprehensive,” “all-round,” “reciprocal,” “friendly,” and “innovative” – to the word “partnership.” The different descriptors express the variability in the partnerships’ conceptualizations and characteristics, as well as show that “China’s relations with different countries are developing at varying speeds” (Men & Jiang, 2020: 392).

Generally speaking, a strategic partnership is of a higher level than a non-strategic partnership (Li & Vicente, 2020: 210). As cooperation between two countries deepens, their partnership agreement can be strengthened or upgraded, and the partnership may therefore be re-described accordingly to reflect such change in the nature of cooperation. Accordingly, we classify the 27 EU member states into four groups based on the type of their current partnerships with China (with particular focus on whether the descriptor “strategic” is present) (Table 1).

	Country	Current Types of Chinese Partnerships (E – year of establishment, U – year of update)	BRI MoU Signing Date
Group 1	Germany	All-round strategic partnership (U - 2014) ¹²	Not signed
	France	Comprehensive strategic partnership (U - 2004) ¹³	Not signed
	Italy	Comprehensive strategic partnership (E - 2004)	2019.03.23
	Spain	Comprehensive strategic partnership (E - 2005)	Not signed
	Poland	Comprehensive strategic partnership (U - 2016) ¹⁴	2015.11.26
	Hungary	Comprehensive strategic partnership (U - 2017) ¹⁵	2015.06.06
	Denmark	Comprehensive strategic partnership (E - 2008)	Not signed
	Greece	Comprehensive strategic partnership (E - 2006)	2018.08.28
	Portugal	Comprehensive strategic partnership (E - 2005)	2018.12.05
Group 2	Austria	Friendly strategic partnership (E - 2018)	2018.04.08
	Ireland	Reciprocal strategic partnership (E - 2012)	Not signed
	Czechia	Strategic partnership (E - 2016)	2015.11.26
	Bulgaria	Strategic partnership (U - 2019) ¹⁶	2015.11.26
	Cyprus	Strategic partnership (E - 2021)	2019.04.25
Group 3	Belgium	All-round partnership of friendship and cooperation (E - 2014)	Not signed
	Finland	Future-oriented new-type cooperative partnership (E - 2017)	Not signed
	Netherlands	Comprehensive cooperative partnership (E - 2014)	Not signed
	Croatia	Comprehensive cooperative partnership (E - 2005)	2017.05.16
	Romania	Comprehensive friendly partnership of cooperation (E - 2004)	2017.05.13

¹² China and Germany established a partnership with global responsibility within the framework of the China-EU comprehensive strategic partnership in 2004.

¹³ China and France established a comprehensive partnership in 1997.

¹⁴ China and Poland established a friendly partnership of cooperation in 2004.

¹⁵ China and Hungary established a friendly partnership of cooperation in 2004.

¹⁶ China and Bulgaria established a comprehensive friendly partnership of cooperation in 2014.

**Table 1. Chinese Partnerships and BRI MoUs with EU Countries**

	Country	Current Types of Chinese Partnerships (E – year of establishment, U – year of update)	BRI MoU Signing Date
Group 4	Sweden	Non-partnerships	Not signed
	Slovakia		2015.11.26
	Slovenia		2017.11.29
	Malta		2018.11.05
	Luxembourg		2019.03.23
	Estonia		2017.11.29
	Lithuania		2017.11.29
	Latvia		2016.11
Source: Authors' compilation. Retrieved on 13 April 2022, from https://www.yidaiyilu.gov.cn/xwzx/roll/77298.htm and https://www.mfa.gov.cn/web/qjhdq_676201/qj_676203/oz_678770/			

All of the countries in Group 1 except Germany have established with China comprehensive strategic partnerships that cover many cooperation areas, including horizontal areas such as politics (e.g., bilateral dialogue, frequent reciprocal visits between leaders, rule of law and human rights, security and military issues), economics (e.g., reform global economic governance, investment and trade, technological cooperation, development of small and medium-sized enterprises, intellectual property protection), culture (e.g., establishment of cultural centres, Chinese year of cultural activities, promotion of cultural diversity), people-to-people exchanges (e.g., tourism, education, media, youth exchanges), health (e.g., agriculture and food security, infectious disease prevention), environment (e.g., climate change, sustainability, biodiversity). There are also vertical (i.e., in terms of the geographical scope of cooperation) areas of cooperation: in addition to bilateral cooperation, regional and global cooperations are also addressed, for example international issues including conflict resolutions, counter-terrorism, the non-proliferation of weapons of mass destruction, refugees and illegal immigrants. Views on such international issues of mutual interest are exchanged bilaterally. China and Germany have established an all-round strategic partnership — an “all-round” partnership has one more dimension than a “comprehensive” one, which is consultation between the governments of the two partners. The Sino-German government consultations were established in 2010, six rounds of which have been held so far.

The countries in Group 2 have strategic but non-comprehensive partnerships with China. Compared with the countries in Group 1, those in Group 2 have narrower scopes of cooperation, both horizontally and vertically. For instance, the frequency of bilateral dialogue in the political field has reduced, discussions on reforming global economic governance have not taken place, and focus on global affairs has also decreased. The Chinese partnerships pertaining to Group 3 countries have been developing relatively slowly, with little deepening or upgrading since being established. The countries in Group 4 have yet to formally establish partnerships with China.



Promoting economic development has always been the focus of both China and the EU countries as they develop bilateral relations. The establishment, deepening and upgrading of Chinese partnerships often happen during meetings between Chinese and EU leaders¹⁷, with a view to not only building mutual trust and reaching political consensus but also facilitating more practice in areas with potential for further or future cooperation, especially if there is political support. In the following sections, we present data on cooperations in trade and investment between China and EU member states. We divide the EU countries into four groups for analysis.

3. Bilateral Trade in Goods

Since becoming a member of the WTO, China's continuous expansion of export in the 21st century has had an impact on the EU. Of particular note is China's capability to maintain a trade surplus with the EU (Garcia-Herrero *et al.*, 2020: 12–13). In 2021, China was the EU's biggest trading partner (total), ranking first as the EU's import partner and third as EU's export partner¹⁸. Garcia-Herrero *et al.* (2020: 1) conclude that "China is, and will continue to be, a major trade and investment partner for EU countries." In early 2022, the EU overtook the ASEAN to become China's top trade partner.¹⁹ In other words, as Chen *et al.* (2021: 582) quantitatively demonstrate, the EU's "share of trade with China rose, while the share of trade with EU partners declined," suggesting that "the trade links with China weakened trade links among EU countries". The chronic trade imbalance between China and the EU has also raised questions about the notion of mutual interests emphasized in Chinese partnerships. In this regard, the EU will work toward obtaining greater reciprocity and balance, while from China's standpoint, a "win-win" outcome means that both sides will work hard together to periodically achieve their respective goals, but not necessarily at a 50-50 split (Brown, 2021: 17).

The Observatory of Economic Complexity (OEC) provides comprehensive data on the import and export between China and EU member states from 2000 to 2020 (Annex I). Figure 1 is obtained by adding up and averaging the volumes of import and export of

¹⁷ For example, the first China-EU Summit was held in 1998, hosted by Zhu Rongji, then Premier of China, Tony Blair, then Prime Minister of the United Kingdom and EU President, and Jacques Santer, President of the European Commission. They issued a Joint Statement on China-EU Summit and reached a consensus on their readiness to build and develop a 21st century-oriented long-term and stable constructive partnership between them. Retrieved on 31 July 2022, from https://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/200011/t20001117_697888.html

The Sixth China-EU Summit was held in 2003 in Beijing, hosted by Premier of the State Council Wen Jiabao of the People's Republic of China. The EU was represented by Italian Prime Minister Silvio Berlusconi in his capacity as President of the European Council, as well as President of the European Commission Romano Prodi and High Representative for the EU Common Foreign and Security Policy Javier Solana. Chinese President Hu Jintao met with the visiting European leaders. The leaders expressed satisfaction on the positive outcome of this Sixth Summit meeting, particularly for promoting the development of an overall strategic partnership between China and the EU. Retrieved on 31 July 2022, from https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/77802.pdf

¹⁸ Retrieved on 13 April 2022, from

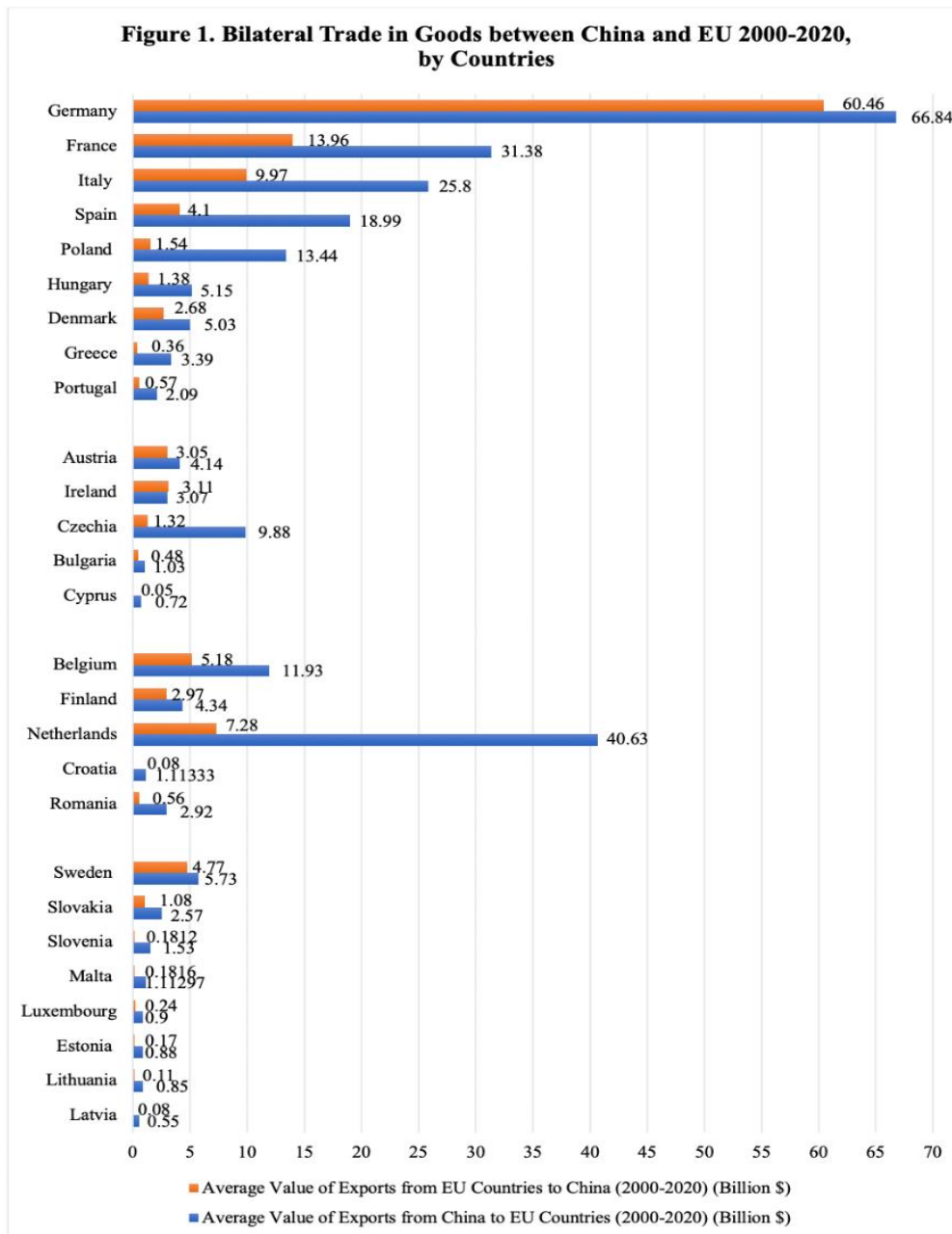
https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122530.pdf

¹⁹ Retrieved on 13 April 2022, from

<https://global.chinadaily.com.cn/a/202203/18/WS6233da5ba310fd2b29e51a69.html>



goods over 21 years. The following analysis is presented in conjunction with Annex I and Figure 1:



Source: Authors' compilation. Retrieved on 13 April 2022, from <https://oec.world/en/rankings/eci/hs6/hs96>

- (1) Generally speaking, the closer the partnership that an EU country has developed with China, the larger and more frequent its trade with China will be. Figure 1 clearly shows the difference in volume of bilateral trade in goods between countries that have established a comprehensive strategic partnership with China (Group 1) and



those in the other three groups, especially countries that have not established partnerships (Group 4). The comparison is, however, not absolute: for example, Sweden in Group 4, the Netherlands, Belgium, Finland in Group 3, and Czechia, Ireland, and Austria in Group 2 all have more bilateral trade in goods with China than Portugal and Greece in Group 1.

- (2) As seen from Annex I, indeed, the bilateral trade volume between China and all EU member states has grown considerably over the past 21 years, but fluctuations and trade imbalances have remained. In Annex, I, the volume of trade export from most EU member states to China (red line) has lagged behind import (blue line) for a long time. There are two exceptions here: Germany and Ireland. From 2000 to 2012, bilateral trade between China and Germany increased rapidly. Although China has always had a trade surplus with Germany, the gap began to narrow significantly in 2010 (this was the onset of the Sino-German government consultation mechanism). After that, China had several trade deficits with Germany, even though the gap, while present, was very small. In other words, the development of bilateral trade between China and Germany has been relatively balanced, mutually beneficial, and positive. For Ireland, it is the only member of the EU that maintains a continuous trade surplus with China over the recent several years, and the gap will likely continue to widen. China and Ireland established a reciprocal strategic partnership in 2012. Integrated circuits has always been a category accounting for a large proportion of Ireland's export to China. In 2020, Ireland exported in total \$11.2B worth of integrated circuits, \$6.91B of which to China²⁰. In the same year, integrated circuits made up Ireland's fourth largest export, and Ireland was the second largest exporter of integrated circuits in Europe, after Germany.²¹
- (3) Another noteworthy point is that although China has always had a trade surplus with the majority of EU countries, the larger surpluses mainly belong to Group 1 countries (e.g., France, Italy, Poland and Spain). Czechia (Group 2) and the Netherlands (Group 3) also have relatively large surpluses, with the Netherlands having the largest gap among all EU countries. Conversely, for those countries in Group 4 that are not in partnership with China, though they have trade deficits with China, the gap is not large. Butter and Hayat (2008) did an empirical analysis and showed that the main determinant of the Netherlands' import growth from China was in-house offshoring to China. Another factor has been the "Rotterdam effect," as the port of Rotterdam is an important entry point for products to enter into the EU (Garcia-Herrero *et al.*, 2020: 13–14). Suyker and Wagteveld (2019: 6) also believe that due to its "gateway function," the Netherlands has been accumulating deficits with China since 2000. This means that products from China will arrive in the Netherlands first, before being re-exported to their final destinations in the rest of Europe.

²⁰ Retrieved on 11 July 2022, from <https://oec.world/en/profile/bilateral-product/integrated-circuits/reporter/irl?yearExportSelector=exportYear1>

²¹ Retrieved on 11 July 2022, from <https://oec.world/en/profile/hs/integrated-circuits>



Table 2 contains data collected from the World Integrated Trade Solution (WITS) and lists the top three import and export trading partners of each EU member state in 2019. In terms of major trading partners of individual EU member states, China has ranked as Germany's main partner in both import and export. China is also one of the main import partners of France, Italy, Spain, Poland, Czechia, and the Netherlands, while these countries have had relatively large trade deficits with China. These results shown in Table 2 are consistent with our previous point. Interestingly, for Group 4 countries (those that have not established partnerships with China), China has little influence over their import or export trade.

Table 2. Top 3 Trading Partners for EU Countries in 2019							
Groups	EU Countries	Top 3 Export Destination Countries/Regions			Top 3 Import Origin Countries/Regions		
		1 st	2 nd	3 rd	1 st	2 nd	3 rd
Group 1	Germany	USA	France	China	China	Netherlands	USA
	France	Germany	USA	Italy	Germany	China	Italy
	Italy	Germany	France	USA	Germany	France	China
	Spain	France	Germany	Italy	Germany	France	China
	Poland	Germany	Czechia	UK	Germany	China	Russia
	Hungary	Germany	Slovakia	Italy	Germany	Austria	China
	Denmark	<i>Special categories</i>	Germany	Sweden	Germany	Sweden	Netherlands
	Greece	Italy	Germany	Turkey	Germany	Iraq	Italy
	Portugal	Spain	France	Germany	Spain	Germany	France
Group 2	Austria	Germany	USA	Italy	Germany	Italy	China
	Ireland	USA	UK	Belgium	UK	USA	France
	Czechia	Germany	Slovakia	Poland	Germany	China	Poland
	Bulgaria	Germany	Romania	Italy	Germany	Russia	Italy
	Cyprus	Netherlands	<i>Bunkers</i>	Libya	Greece	Italy	UK
Group 3	Belgium	Germany	France	Netherlands	Netherlands	Germany	France
	Finland	Germany	Sweden	USA	Germany	Russia	Sweden
	Netherlands	Germany	Belgium	France	Germany	Belgium	China
	Croatia	Italy	Germany	Slovenia	Germany	Italy	Slovenia
	Romania	Germany	Italy	France	Germany	Italy	Hungary
Group 4	Sweden	Norway	Germany	USA	Germany	Netherlands	Norway
	Slovakia	Germany	Czechia	Poland	Germany	Czechia	<i>Unspecified</i>
	Slovenia	Germany	Italy	Croatia	Germany	Italy	Switzerland
	Malta	<i>Bunkers</i>	Germany	Italy	UK	Italy	Germany
	Luxembourg	Germany	France	Belgium	Belgium	Germany	France
	Estonia	Finland	Sweden	Latvia	Germany	Russia	Finland
	Lithuania	Russia	Latvia	Poland	Russia	Poland	Germany
	Latvia	Lithuania	Estonia	Russia	Lithuania	Germany	Poland

Source: Authors' compilation. Retrieved on 10 July 2022, from <https://wits.worldbank.org>



In short, from the data of bilateral trade in goods between China and EU countries from 2000 to 2020, it can be shown that, generally speaking, the closer the partnership that a country has established with China, the greater the trade volume between the two sides will be, and the more influence China will have. For instance, countries in Group 1 (e.g., Germany, France, Italy, Spain, Poland, and Hungary), which have established all-round/comprehensive strategic partnerships with China, have relatively high trade volumes in both directions. There are, however, exceptions: Czechia in Group 2 and the Netherlands in Group 3 also perform well in bilateral trade in goods. If we look at each time that a partnership was established, deepened, or upgraded (including the times when a BRI MoU was signed) in conjunction with Annex I, we find no evidence that the aim was to bring immediate positive impact to both parties on trade in goods. In other words, every time a partnership is established, deepened or upgraded, it may not be immediately reflected in bilateral trade in goods in the following year. Instead, trade in goods is a long-term process that involves other factors as well.

4. Bilateral Trade in Services and Foreign Direct Investment

Compared with trade in goods, the scale of trade in services and foreign direct investment (FDI) between China and the EU is relatively small. The EU is the world's largest trader in services. Trade in services accounts for 25% of the EU's GDP, and 60% of all of EU's FDI to the rest of the world is in services (European Commission, 2021: 18). Unlike the trade in goods situation, in which the EU has a deficit with China, in trade in services the EU has a surplus with China²². Although China's ranking among EU's trading partners in services is not far behind, it trails by some distance both the UK and the U.S. (top two) in terms of volume²³.

Groups	EU Countries	2013	2014	2015	2016	2017	2018	2019	2020
Group 1	Germany	1,625.0	2,914.0	5,216.0	5,509.0	6,288.0	8,873.0	7,934.0	7,364.0
	France	458.0	986.0	2,487.0	1,063.0	3,550.0	4,248.0	5,045.0	3,303.0
	Italy	-457.4	-338.7	-492.6	-705.2	-729.5	-399.4	-114.9	418.9
	Spain	-356.0	-493.0	-549.0	-286.0	-391.0	81.0	42.0	-526.0
	Poland	-27.2	0.7	36.8	13.5	-23.5	-28.2	-88.2	-250.3
	Hungary	-56.9	-25.7	-46.3	25.7	19.6	257.7	305.0	-39.9
	Denmark	1,360.8	1,060.4	466.8	134.9	499.3	476.4	511.1	626.5
	Greece	-177.7	-133.1	769.8	647.9	944.4	1,045.5	1,083.3	933.9
Portugal	-53.0	-107.0	-144.0	-105.0	-71.0	-46.0	-58.0	-267.0	
Group 2	Austria	20.0	235.0	160.0	185.0	123.0	217.0	197.0	61.0
	Ireland	1,077.0	1,061.0	3,029.0	c	1,128.0	c	2,405.0	1,978.0
	Czechia	-414.2	-303.3	-498.9	-405.3	-416.2	-513.6	-586.1	-886.9
	Bulgaria	-8.6	-31.6	-17.0	-26.4	-16.8	3.1	2.6	-6.7

²² Retrieved on 13 June 2022, from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/china_en

²³ Retrieved on 11 July 2022, from https://ec.europa.eu/eurostat/statistics-explained/index.php?title=International_trade_in_services#General_overview



	Cyprus	8.0	34.0	42.0	12.0	3.0	-17.0	-40.0	-17.0
Group 3	Belgium	230.0	263.0	181.0	183.0	244.0	156.0	395.0	445.0
	Finland	-155.0	-314.0	-110.0	375.0	476.0	487.0	739.0	468.0
	Netherlands	-103.0	-565.4	-451.9	-1,661.7	-1,211.9	-857.5	575.2	1,204.3
	Croatia	4.4	3.7	11.6	24.2	24.4	23.7	11.6	6.8
	Romania	-16.7	-8.3	-22.5	-17.6	-33.9	-35.5	-48.7	-46.5
Group 4	Sweden	103.7	-158.5	434.3	801.0	801.3	207.6	573.3	309.0
	Slovakia	-14.7	-45.8	-60.3	-61.5	-41.4	-11.1	-8.1	-53.0
	Slovenia	2.5	2.3	-1.4	12.4	15.3	23.2	22.4	-11.0
	Malta	-11.0	-13.0	c	c	-6.0	c	13.0	-14.3
	Luxembourg	281.0	617.0	1,122.0	1,239.0	779.0	913.0	880.0	958.0
	Estonia	-36.6	-32.4	-33.7	-37.1	-41.4	-32.3	15.7	-9.6
	Lithuania	-10.8	18.7	c	2.7	1.5	1.8	12.1	-22.2
Latvia	-31.0	-46.0	-53.0	-49.0	-55.0	-56.0	-32.0	-49.0	
Note: "c" means data is confidential.									
Source: Authors' compilation. Retrieved on 13 April 2022, from https://ec.europa.eu/eurostat/databrowser/view/bop_its6_tot/default/table?lang=en									

According to data from Eurostat, from 2013 to 2020, in terms of trade in services, seven EU countries were always in surplus, and five always in deficit with China. The other 15 countries fluctuated between surplus and deficit during those eight years. Sweden and Greece turned from deficit to surplus with China in 2015, while Finland did so in 2016 (Table 3). Although the countries in Group 1 had more eye-catching performances, no correlation between the types of partnership and balance in trade in services could be identified. Taking Luxembourg in Group 4 as an example, according to data from the OECD, in 2018, among Luxembourg's exported services to China, transportation, financial services, and other business services had the highest values.²⁴ At the same time, among countries that were always in surplus with China in trade in services, the largest proportions pertained to these categories: royalties and licence fees, other business services,²⁵ transportation, and travel.

Year	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL TRADE IN SERVICES	558	627	820	770	856	1076	1210	1260
Transport	491	558	732	691	770	958	1097	1157
Sea Transport	8	7	10	11	12	12	11	11
Air Transport	42	43	47	40	42	78	91	85

²⁴ Retrieved on 13 June 2022, from <https://oec.world/en/profile/bilateral-country/chn/partner/lux>

²⁵ According to EBOPS 2010 services components, other business services mainly included: (1) Provision of customized and non-customized research, sale of proprietary rights arising from research and development, other research and development services; (2) Legal services, accounting, auditing, bookkeeping, tax consulting services, business and management consulting and public relations services, advertising, market research, and public opinion polling; (3) Architectural services, engineering services, scientific and other technical services, waste treatment and de-pollution, services incidental to agriculture, forestry and fishing, operating leasing services, trade-related services, other business services. Retrieved on 13 July 2022, from https://unstats.un.org/unsd/tradeserv/tfsits/msits2010/ebops2cpc_detailed.htm#ebops10



<i>Other Modes of Transport</i> ²⁶	441	508	674	635	716	867	995	1061
							
Transport/Total Trade in Services	87.99%	88.99%	89.27%	89.74%	89.95%	89.03%	90.66%	91.83%

Source: Authors' compilation. Retrieved on 13 July 2022, from https://stats.oecd.org/Index.aspx?DataSetCode=TISP_EBOPS2010#

Another outlier is Group 2's Czechia, who has always had a deficit with China in trade in services that seems to be expanding. The OECD provides detailed statistics on specific categories of Czechia's trade in services. The same can be observed from Eurostat's records: from 2013 to 2020, Czechia had a deficit in trade in services with China throughout. An interesting finding is that transportation accounts for about 90% of Czechia's total exported services to China. Within the transportation category, railway and road transport had the main shares, while air and sea transport accounted for only a small proportion (Table 4). Among the EU countries, Czechia and Cyprus were the only two that had signed a BRI MoU before formally establishing a strategic partnership with China. In November 2015, China and Czechia signed a BRI MoU, and the two established in March 2016 a strategic partnership. Their joint statement assured that they will strengthen cooperation in connectivity, tapping the enormous of potential within such fields as infrastructure construction, direct flights, logistics, and transportation.²⁷ In September 2017, China Railway Express from Yiwu to Prague commenced. In addition, China supports Czechia to become a financial centre of Central and Eastern Europe and is willing to further strengthen financial cooperation with Czechia. In April 2016, the Bank of China planned to officially open a branch in Prague²⁸. In 2017 and 2019, the Industrial and Commercial Bank of China (ICBC)²⁹ and Bank of Communications³⁰ also established Prague branches to provide account services, corporate financing services, international settlement and trade financing services, and treasury services.

In the 1990s, FDI from the EU to China grew rapidly, but has declined since the beginning of the 21st century. The decline worsened due to the impact of the economic crisis, but then in 2018 rose back to pre-economic crisis levels. Due to COVID-19, however, FDI fell back to US\$5.7 billion (a year-on-year decrease of 11.8%), accounting for 3.8% of total trade (Figure 2). Kratz, Barkin and Dudley (2022) reviewed trends in European FDI to China from 2000 to 2021 and found that European FDI in China in terms of countries of origin are relatively concentrated, mainly including Germany (Group 1), Netherlands

²⁶ According to EBOPS 2010 services components, other modes of transport mainly included: (1) Space transport; (2) Rail transport; (3) Road transport; (4) Inland waterway transport; (5) Pipeline transport; (6) Electricity transmission; (7) Other supporting and auxiliary services. Retrieved on 13 July 2022, from https://unstats.un.org/unsd/tradeserv/tfsits/msits2010/ebops2cpc_detailed.htm#ebops10

²⁷ Retrieved on 13 April 2022, from <https://www.mfa.gov.cn/ce/cecz/chn/zjgx/zywx/t1621576.htm>

²⁸ Retrieved on 13 June 2022, from https://www.chinadaily.com.cn/business/2016-03/31/content_24214014.htm

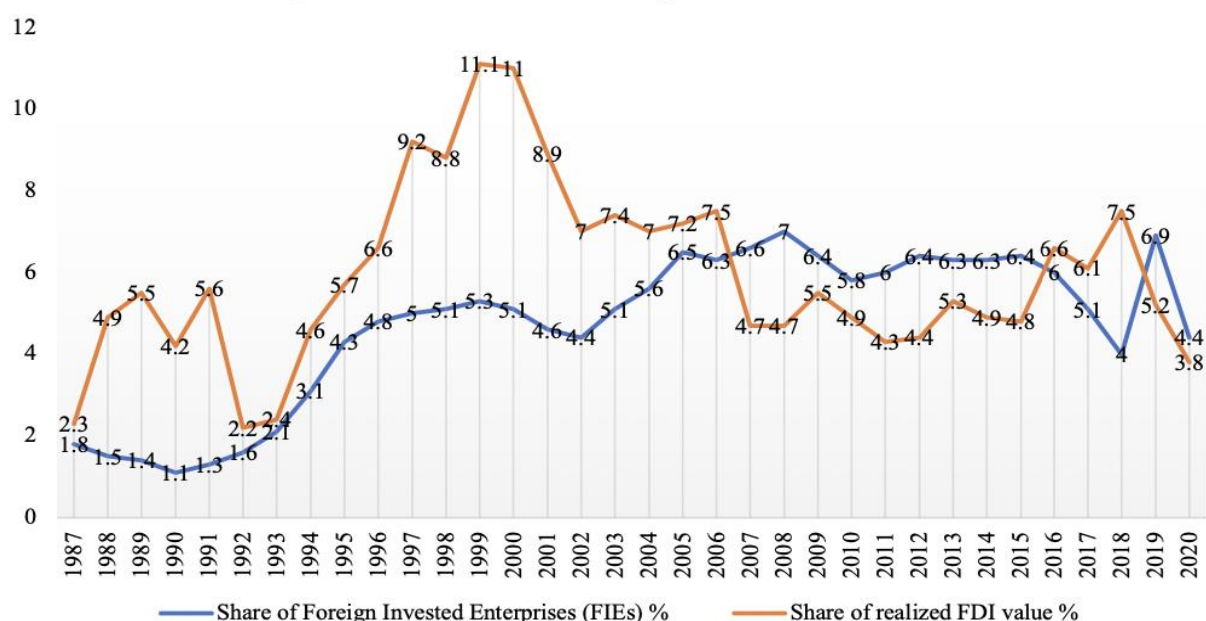
²⁹ Retrieved on 13 June 2022, from https://usa.chinadaily.com.cn/business/2017-09/13/content_31933680.htm

³⁰ Retrieved on 13 June 2022, from http://www.china-ceec.org/eng/hzil_1/glyhz/jm1/201905/t20190521_6830385.htm



(Group 3), the UK and France (Group 1). These four countries accounted for an average of 87% of total investment value in 2018–2021 and 69% in the last decade (2012–2021). So far, Germany is the largest investor, with German firms accounting for more than half of all European investment in China in 2018. The auto sector stands out in terms of sectors, which consistently represents about a third of all European direct investment in China. As a matter of fact, in 2020, 83% of FDI in China came from ten Asian countries/regions³¹ far exceeding FDI coming from the EU (MOFCOM, 2021: 8–9).

Figure 2. FDI from the European Union 1987-2020



Note: Statistics of EU’s investment in China from 1987 to 2019 include investment from UK investors, which is no longer included since 2020.

Source: MOFCOM, 2021: 28.

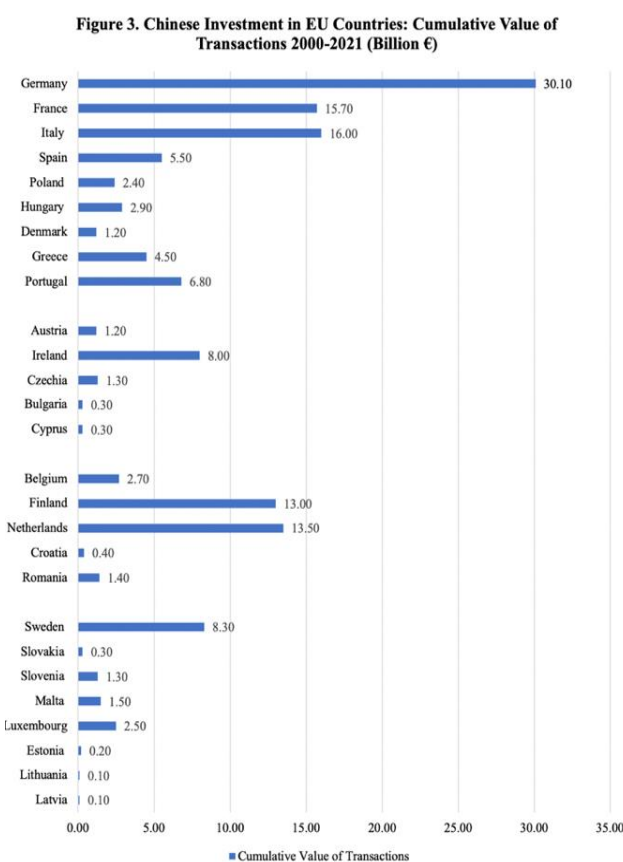
Meanwhile, Chinese FDI in the EU amounted to a similar amount. One research shows that China’s OFDI focuses on less technologically advanced countries that are rich in natural resources (Liu *et al.*, 2022: 21). Brown (2012: 83–84) also believes that in terms of factors affecting China’s overseas investment, indeed, the EU and China are major trading partners of one another, with a broad market and an open economic environment. However, not only does the EU not have advantages in resources, its distance from China and small number of ethnic Chinese makes it a challenge to compete with many Asian countries. In the EY Europe Attractiveness Survey 2022 (48–49), among the top 20 European countries that receive FDI, China is the second largest investor in Germany;

³¹ The ten Asian countries/regions are: Hong Kong, Indonesia, Japan, Macau, Malaysia, the Philippines, Singapore, Republic of Korea, Thailand, and Taiwan.

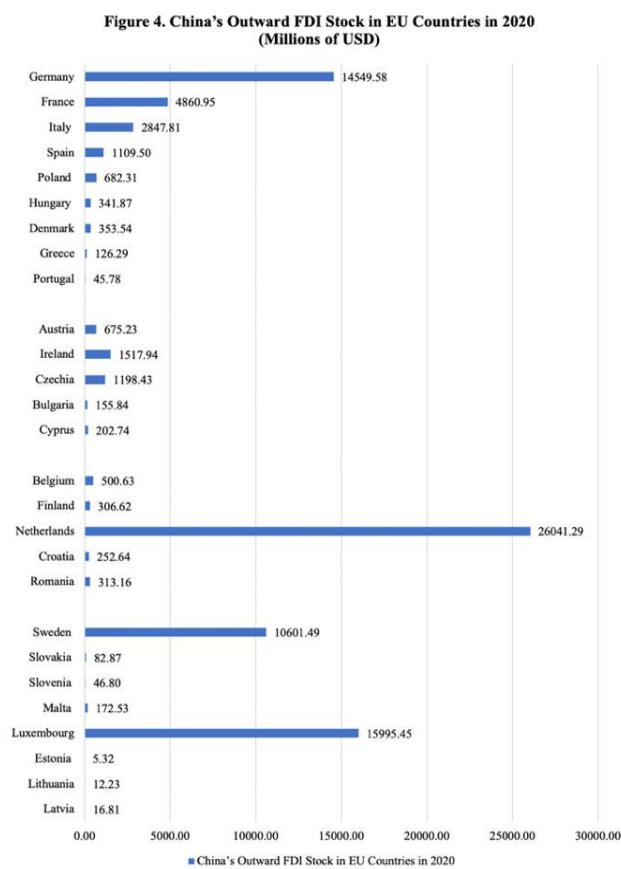


for the rest of the countries, the top three investors are almost always either the U.S. or other European countries.

With data from the Statistical Bulletin of China's Outward Foreign Direct Investment, Annex II presents the growth of China's outward FDI stock in EU countries, showing large increases from 2007 to 2020. Similar to trade in services (above), the types of partnership between China and the EU countries do not correlate definitely to the size of China's outward FDI stock. Figure 4 presents an overview of China's outward FDI stock to EU countries in 2020: nearly half of the stock went to EU countries in Group 1, with FDI exceeding US\$1,000 million, with the Netherlands in Group 3 and Sweden and Luxembourg in Group 4 being other notable receivers. Similar observations can also be made from examining the cumulative values of transactions involving Chinese investment in Europe from 2000 to 2021, according to data from a report by Rhodium Group & MERICS: Overall, Group 1 EU countries have the highest cumulative value of Chinese investment, with the Netherlands and Finland in Group 3, and Sweden and Luxembourg in Group 4 forming a prominent part of that tally (Figure 3).



Source: Rhodium Group & MERICS, 2022: 7.



Source: 2020 Statistical Bulletin of China's Outward Foreign Direct Investment, p. 168. <https://www.gov.cn/xinwen/2021-09/29/5639984/files/a3015be4dc1f45458513ab39691d37dd.pdf>



In 2021, the financial sector accounted for 5% of the total FDI in Europe, 20% of which pertained to Luxembourg. Although this percentage of Luxembourg was lower than 2020's (i.e., the figure has been decreasing), Luxembourg remains the largest investment centre in Europe, and, globally, second only to the United States (Wintgens, 2022). At the same time, Luxembourg is the largest investment fund centre in Europe, and is seen as a gateway between China and the EU and even other countries³². Six large Chinese banks have chosen Luxembourg as a hub for their European operations, establishing their European headquarters there (Deloitte, 2015: 3). More than 40% of Chinese investment in Europe has passed through Luxembourg. This is mainly due to Luxembourg's tax policies, stable regulatory environment, and ecosystem, which mainly means easy access to experts in relevant areas for solutions to their problems³³. In fact, Ireland and Luxembourg have a lot in common, not least for having the reputation for being fund domiciles for a wide array of investment funds (Nadaud, 2022). Moreover, Chinese greenfield investment in Europe has grown rapidly over the past two years, reaching 3.3 billion euros in 2021, up 51% from 2020's level, which mainly benefited from several large deals in the automotive and information and communication technology (ICT) sectors, including ByteDance's data centre in Ireland (Rhodium Group & MERICS, 2022: 10–11).

The Nordic countries of Sweden and Finland have not shown a strong interest in the BRI. However, though their bilateral trade in goods and services as well as FDI with China are not at the very top among EU countries, they are not far behind either. Forsby (2019: X) believes that "Nordic expertise, technology and innovation skills are in high demand in China, especially with respect to green growth and sustainable development solutions that are critical to China's overall modernization objectives." This is clearly reflected in the future-oriented new-type cooperative partnership that Finland established with China in 2017. The joint statement emphasized that the two countries will expand and deepen practical cooperation in trade and investment, innovation, environmental protection, urbanization and other fields, including (1) developing a circular economy, improving resource utilization efficiency, and promoting sustainable development; (2) developing new-type urbanization and green ecological smart city construction; (3) exploring the potential for cooperation in the fields of transport and ICT; (4) exchanging and sharing experience related to welfare solutions; (5) cooperating in relevant Arctic areas³⁴.

Overall, there is still a lot of room for improvement in cooperation between China and EU countries in terms of bilateral trade in services and FDI. Combining the data on trade in services and FDI from both sides shows no definite correlation between the type of partnership and the total value of trade in services and FDI; more appears to depend on the countries' own development conditions, resources, and abilities to attract investment, as well as the whole international environment. However, the establishment of Chinese

³² Retrieved on 13 June 2022, from http://www.xinhuanet.com/english/2020-11/30/c_139553724.htm

³³ Retrieved on 13 June 2022, from <https://www.bdo.lu/en-gb/insights/business-services-outsourcing-en/new-china-eu-investment-deal-possible-implications-for-luxembourg>

³⁴ Retrieved on 13 April 2022, from https://www.mfa.gov.cn/web/gjhdq_676201/gj_676203/oz_678770/1206_679210/1207_679222/201704/t20170405_9339825.shtml



partnerships has indeed played a positive role in promoting the development of trade in services and FDI with certain EU countries (e.g., Czechia).

5. Conclusion

Considering which EU countries have established partnerships and which ones have signed BRI MoUs with China, we have proposed this main research question: To what extent does the Chinese partnership framework facilitate practical cooperation between EU countries and China? We have also put forth these secondary questions: What are the main differences between these cooperation documents? Do such differences in documentation result in discrepancies in the nature of cooperation?

After analyzing and comparing data on bilateral trade in goods, trade in services, and FDI between China and EU countries over the years (economic cooperation), we believe that Chinese partnerships contribute to boosting cooperation results, but it has a political framework that goes beyond economic results. Meanwhile, the different types and specificities of partnerships between China and the EU countries add complexity and difficulty to a comparative study of all partnerships, as each nation's economy and market have individual specificities. This process demonstrates the creativity on China's part in adapting models to specific situations, which we have demonstrated in a previous study concerning the development of different types of special economic zones (SEZs) in China (Li & Costa, 2021). Trade in goods, services and FDI between China and all EU countries have been growing over the years, whether or not those EU countries have established Chinese partnerships. However, there is no evidence to suggest that the growth of economic relations with China can be achieved immediately after a Chinese partnership has been established, upgraded, or deepened. Nevertheless, economic development requires stable political relations, and Chinese partnerships have been playing precisely that role, paving the way for stable, long-term development and cooperation of economic and trade relations between China and EU countries.

All Chinese partnerships have a similar building process. Each partnership's joint statement signifies a consensus reached by both partners after their heads of states have met and expressed satisfaction (on behalf of the countries) with the establishment, deepening, or upgrading of their partnership. However, the joint statement, though reached, is not legally binding, but its core principle and premise adhere to the "One-China" policy. The joint statements of Chinese partnerships usually include three main parts: (1) an affirmation of current bilateral relations and reaffirmation of historical ties or prior relations (if any); (2) a discussion on potential areas of cooperation and development; (3) an exchange of regional or international situations and affairs.

Within the flexible and political framework provided by Chinese partnerships, the areas of cooperation between the two parties cover many aspects such as politics, economy, culture, environment, and public health. These areas are not limited to bilateral cooperation; they can also be regional or global. Therefore, the main difference in the documentations of these cooperations is that, according to China's interests and the



characteristics of each EU country, the areas of bilateral cooperation can be diverse. Furthermore, the agreements result in different kinds of cooperation that are sector-specific. For example, in maritime cooperation, China and Portugal have developed a blue partnership and are prepared to build a STARLab to promote new aerospace cooperation and develop a blue economy from both sides. In terms of third-party markets, China and Austria, France, Italy, Portugal, Spain, and the Netherlands believe that there is potential to continue seeking development in cooperation with such markets. Africa and Latin America are in particular drawing more attention for third-market cooperation between China and Portugal, and China and Spain.

Last but not least, countries that have established partnerships but not signed BRI MoUs have much more frequent economic exchanges than those that have signed BRI MoUs. In fact, half of the EU countries that have not established partnerships but signed BRI MoUs are members of the China and Central and Eastern European Countries (China-CEEC, the "16+1") Cooperation. The "16+1" initiative can be regarded as part of the BRI, and these Central and Eastern European countries provide a strategic link between Asia and Western Europe, which can greatly impact the success of the BRI (Jaklič & Svetličič, 2019: 84). China has devised a strategic approach by adapting the BRI discourse to diverse circumstances and audiences, thereby paving the way for cooperating with European countries even before establishing partnerships with them (Costa, 2020: 41).

Economic relations are complex due to asymmetries and interdependence between countries. "A fruitful and balanced co-existence should be the aim of EU-China economic relations" (Garcia-Herrero *et al.*, 2020: 69). Ultimately, although Chinese partnerships are affected by the whole international environment and may be long and changeable, they can provide a platform for bilateral dialogue, build a political framework for cooperation, and positively impact the process towards achieving the goal.

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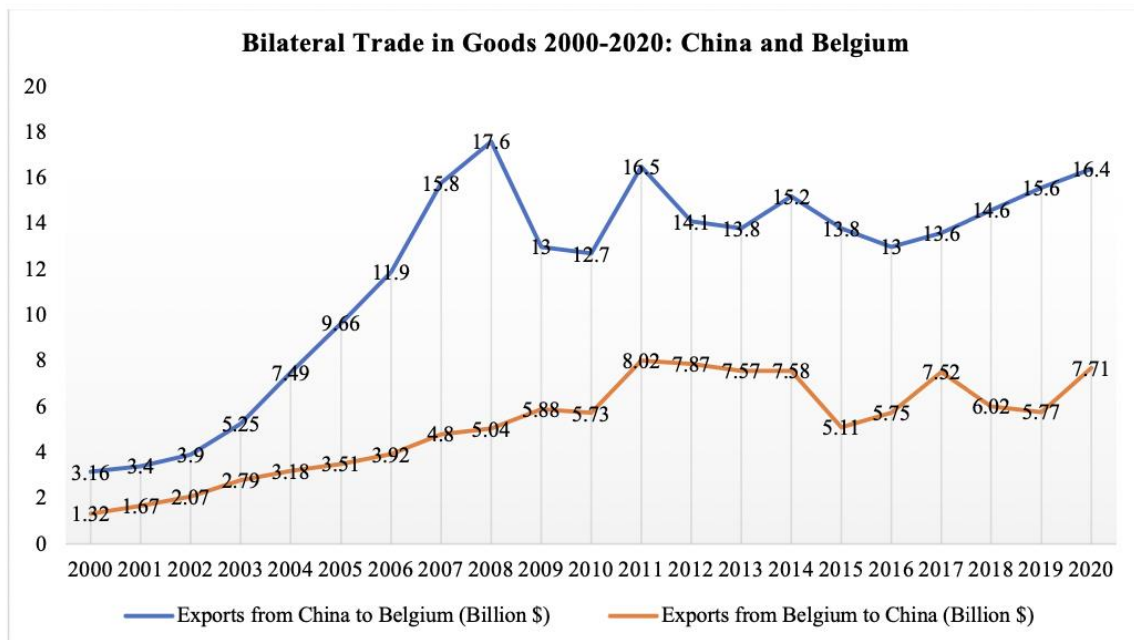
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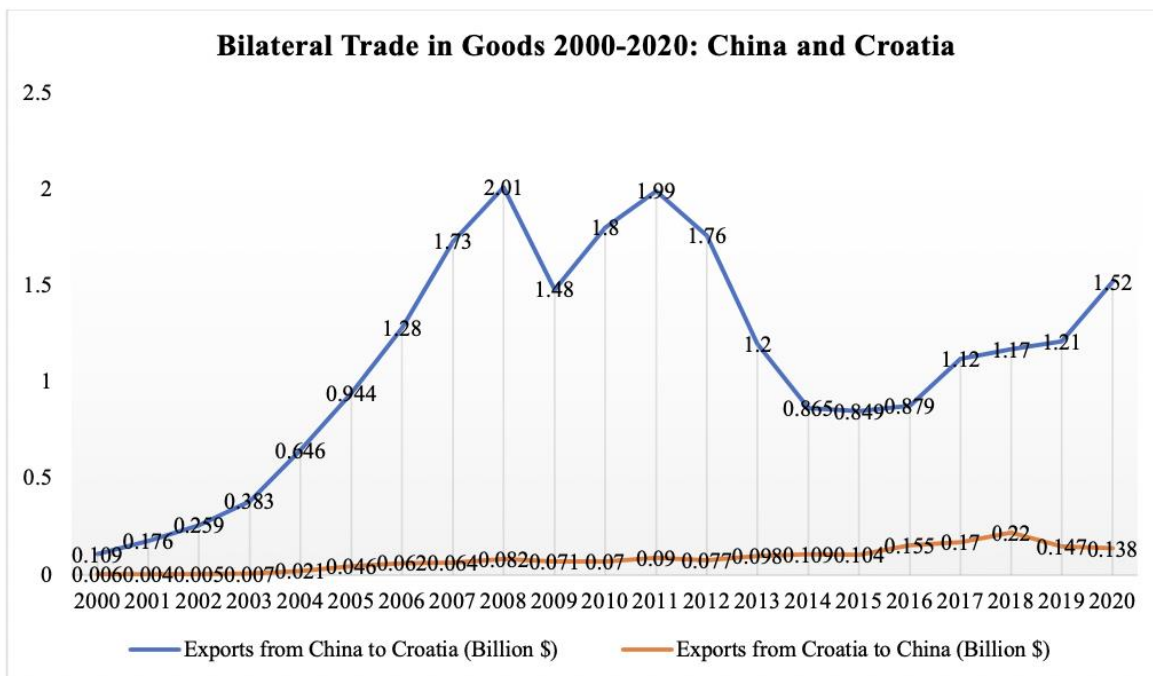
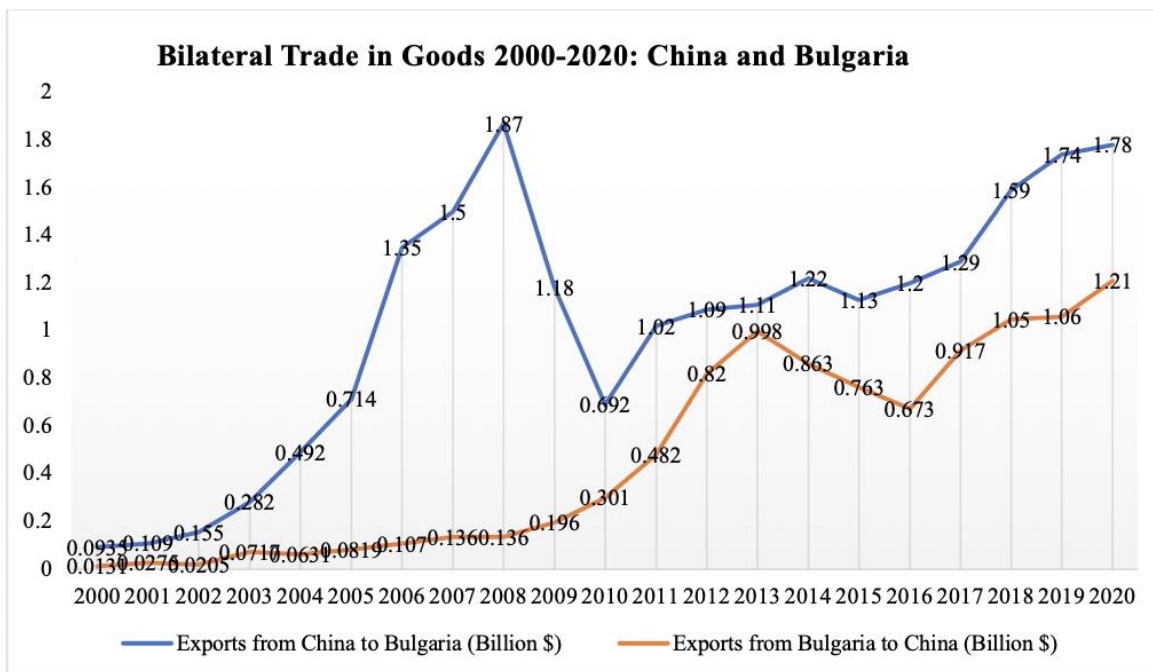
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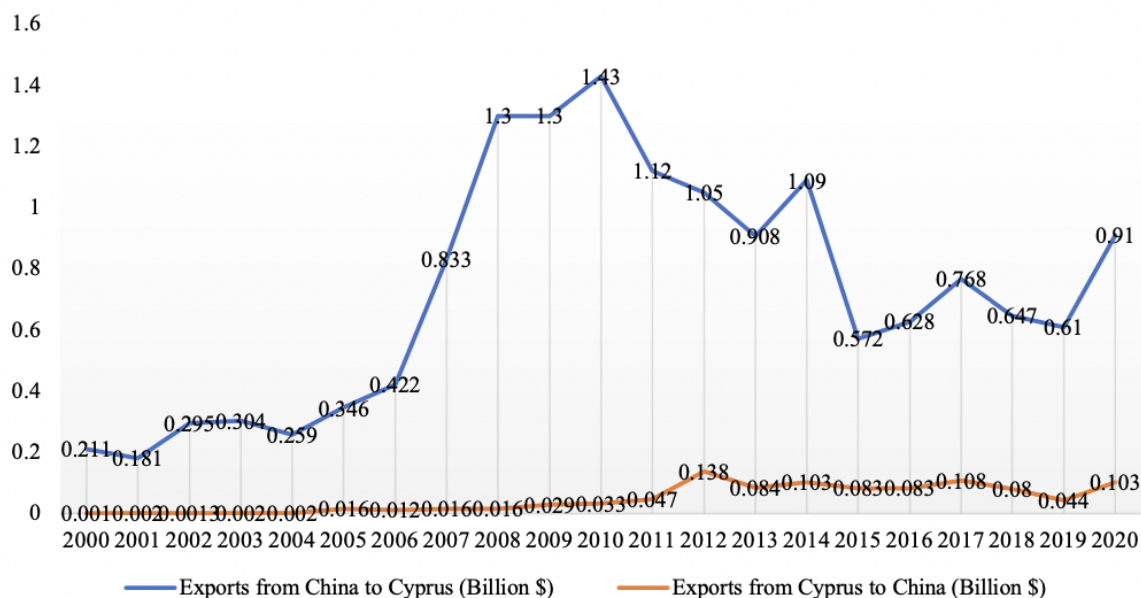
Annex I. Bilateral Trade in Goods 2000–2020 between China and EU Countries



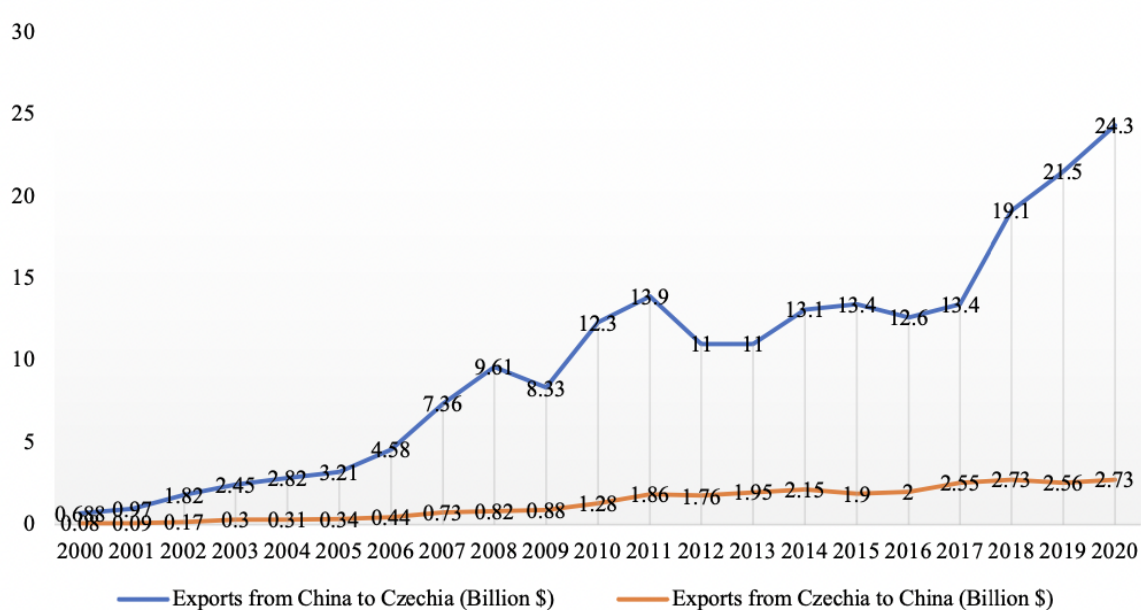


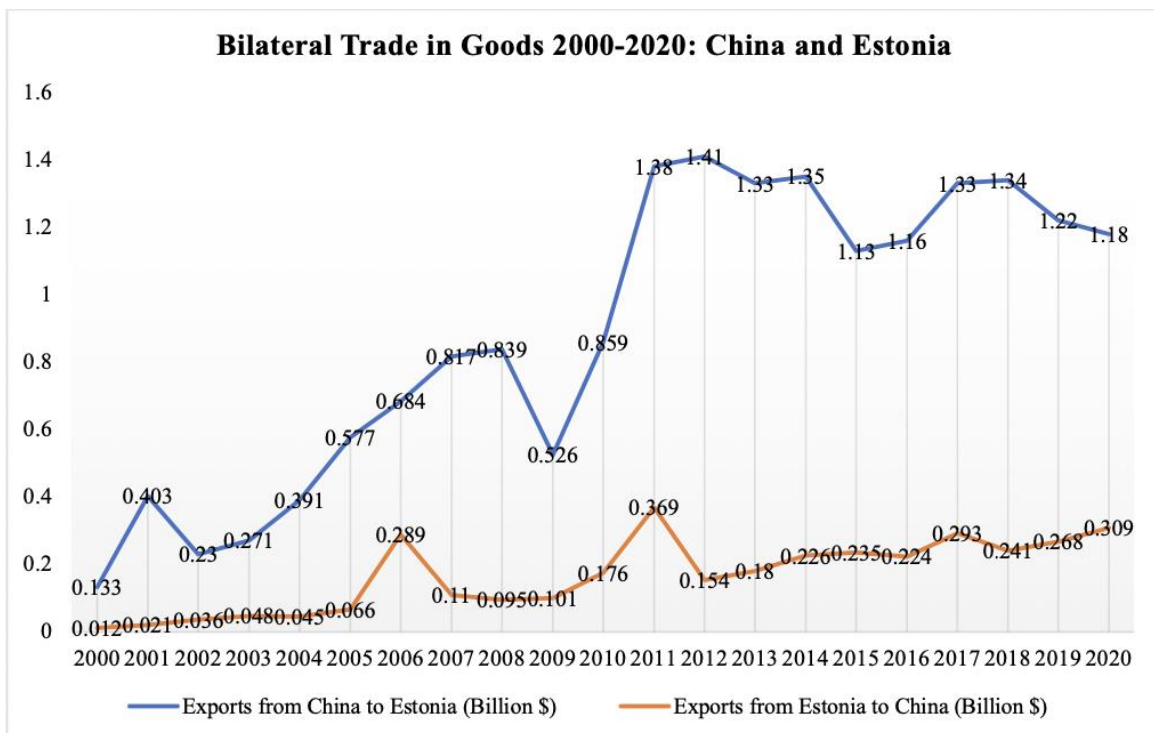


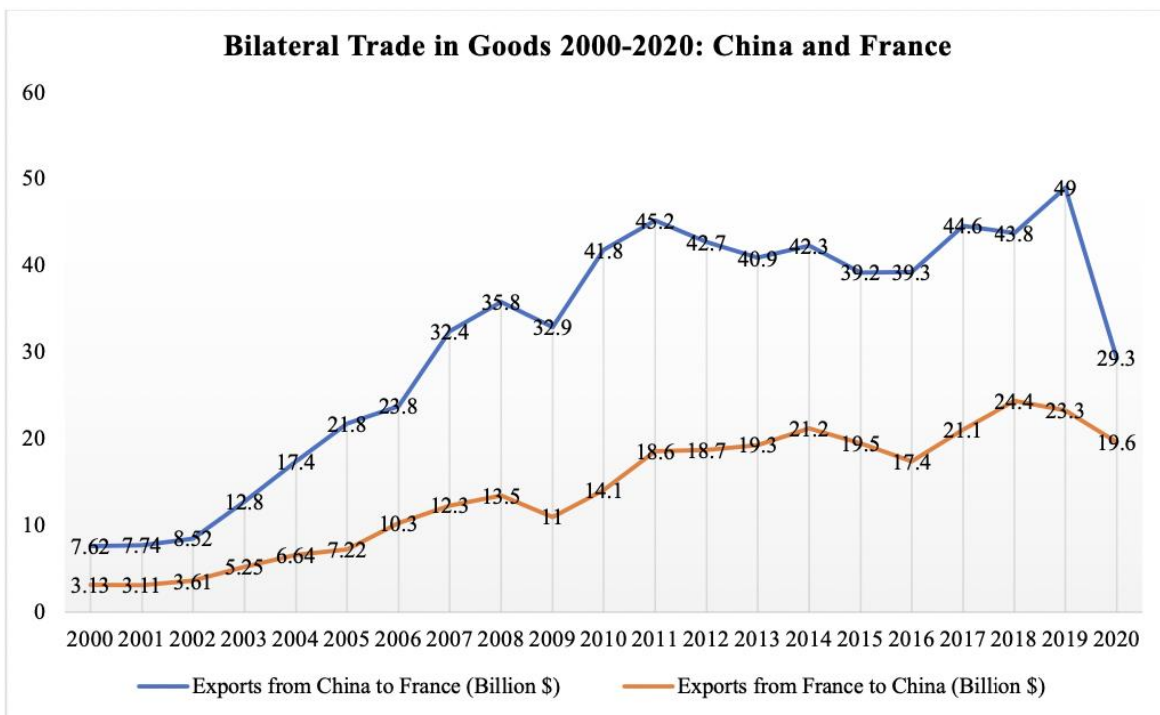
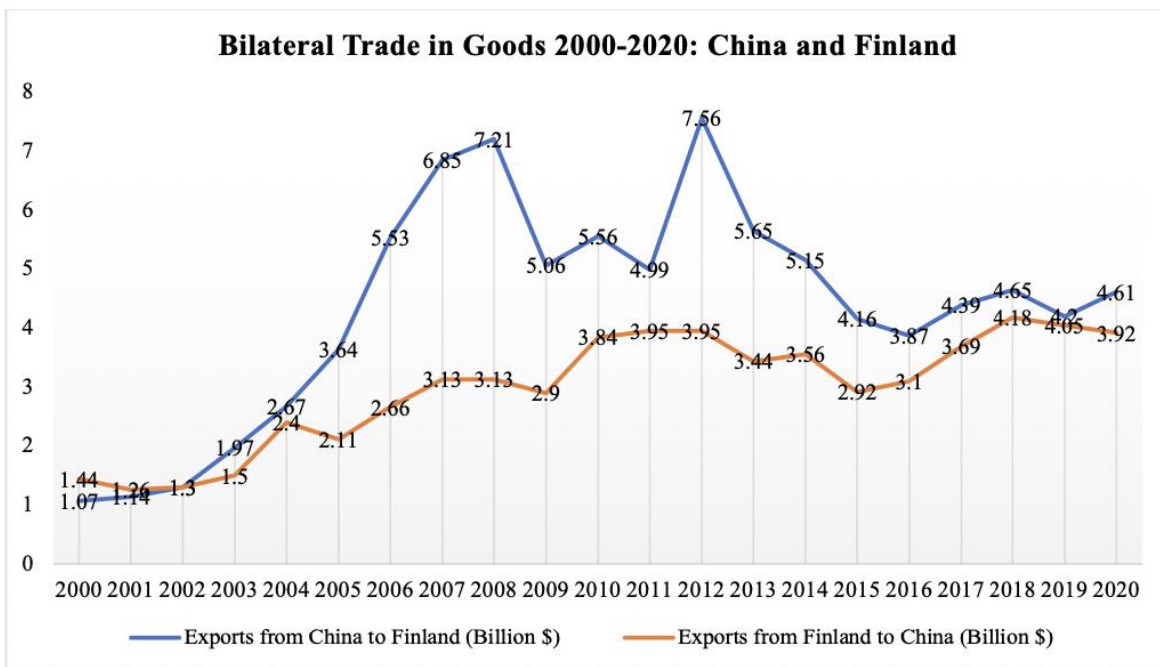
Bilateral Trade in Goods 2000-2020: China and Cyprus

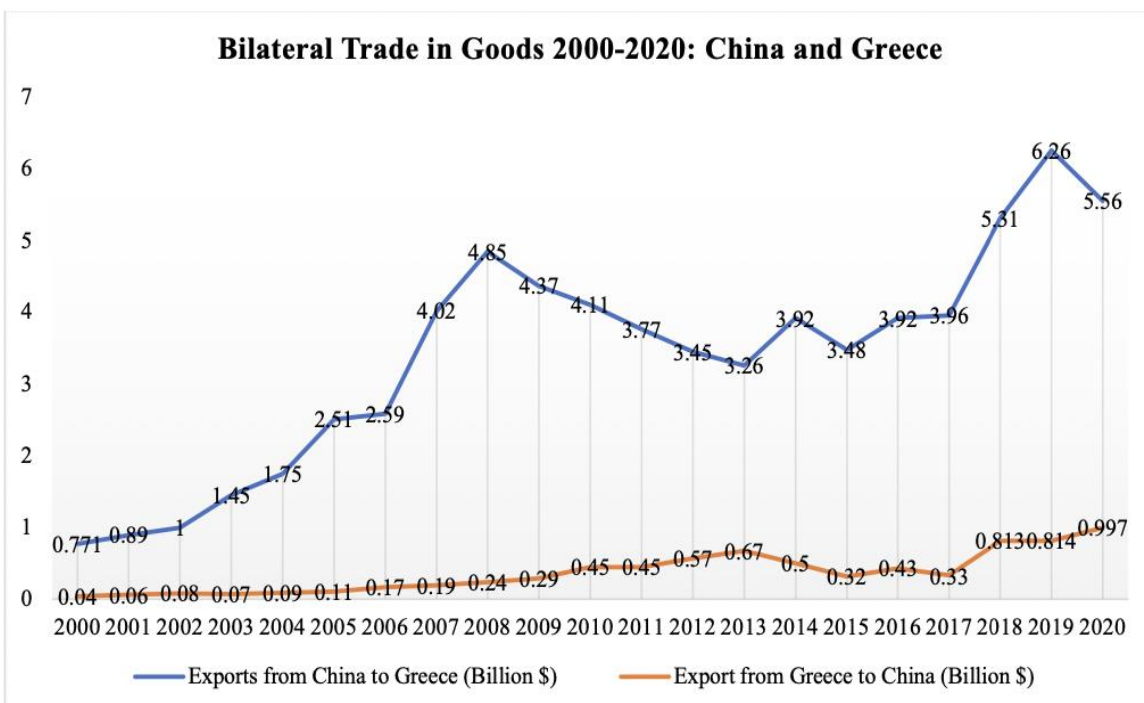
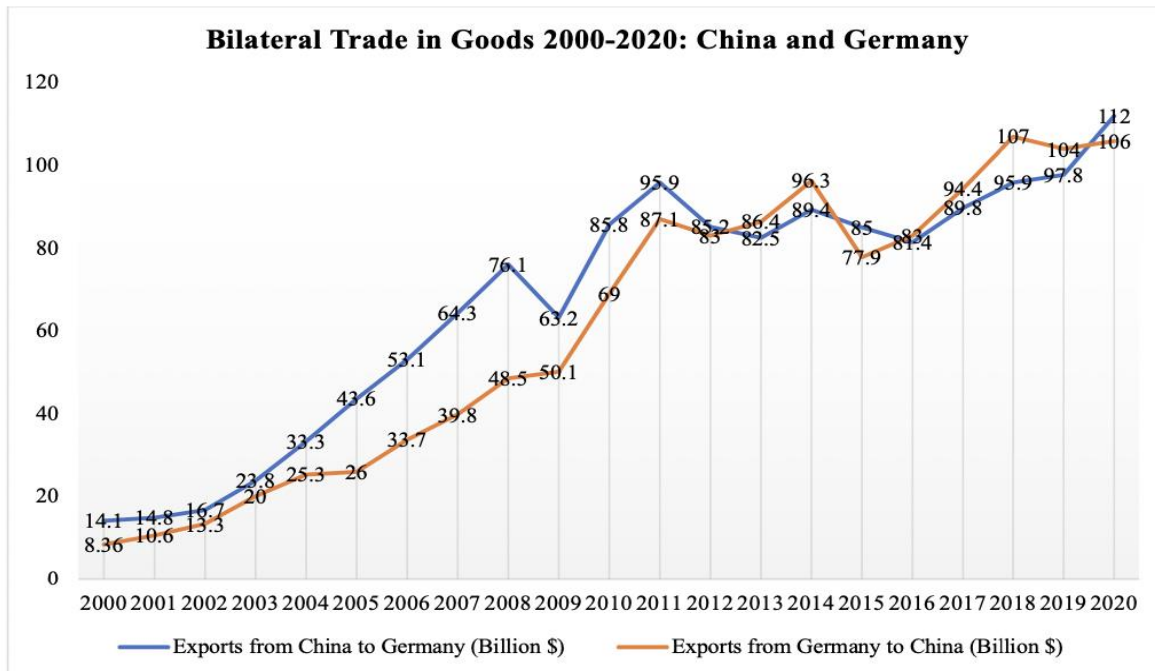


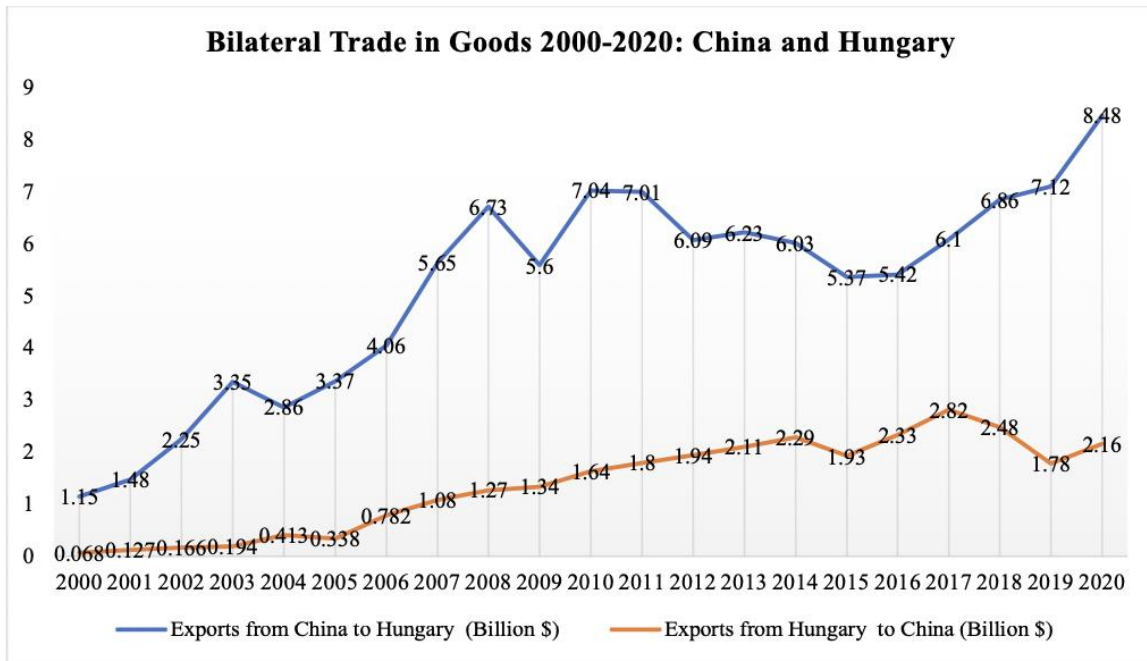
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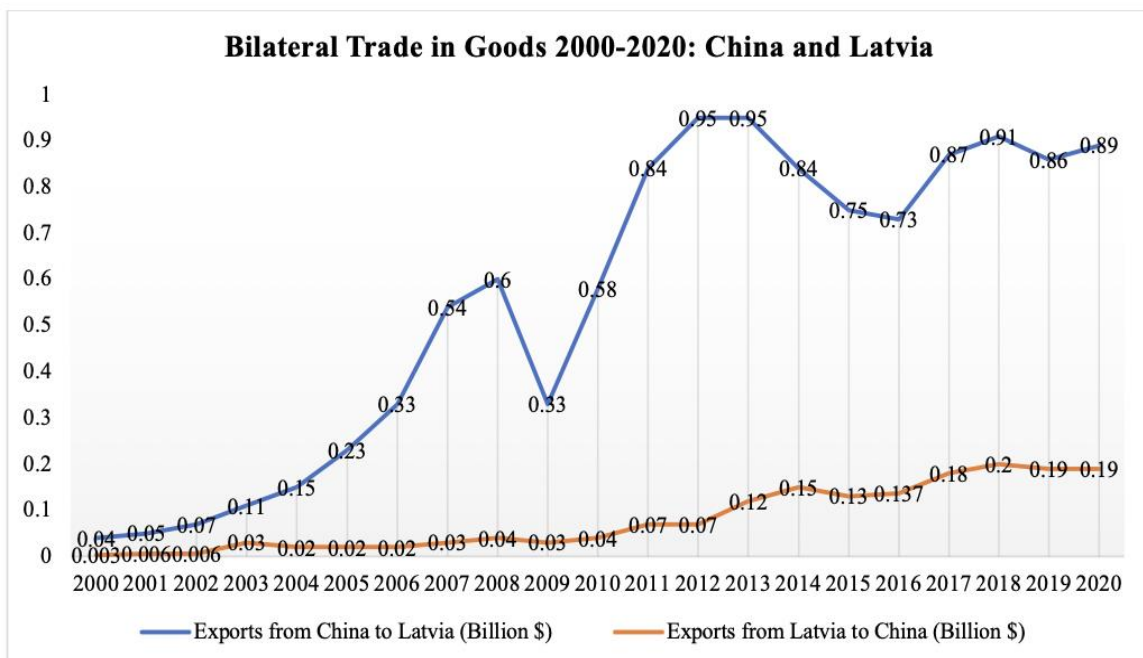
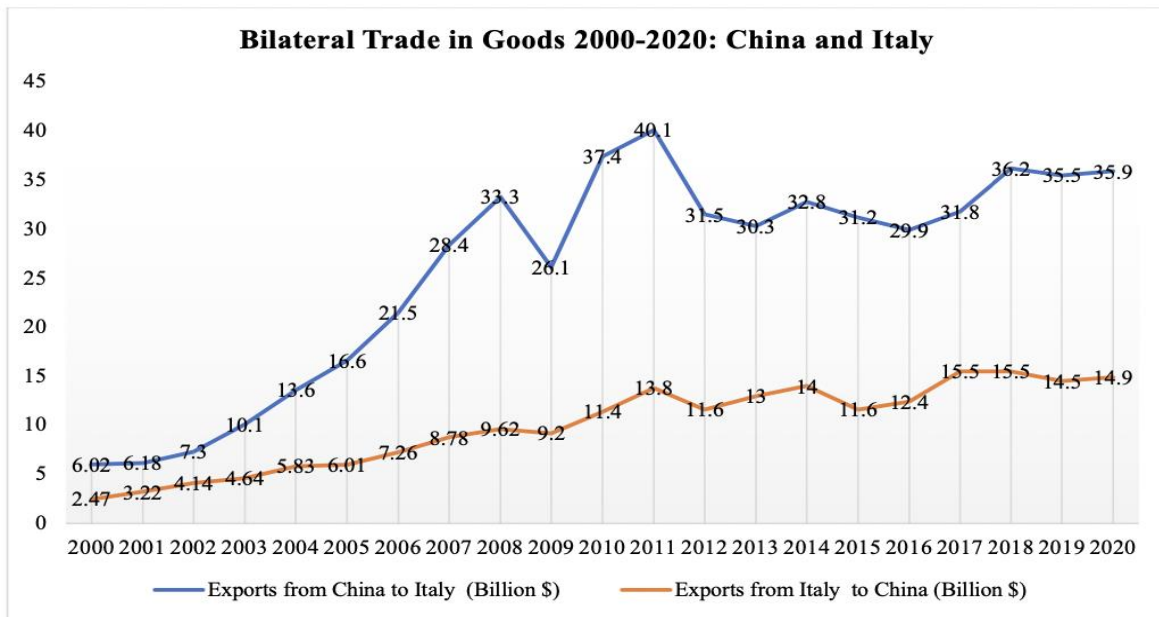


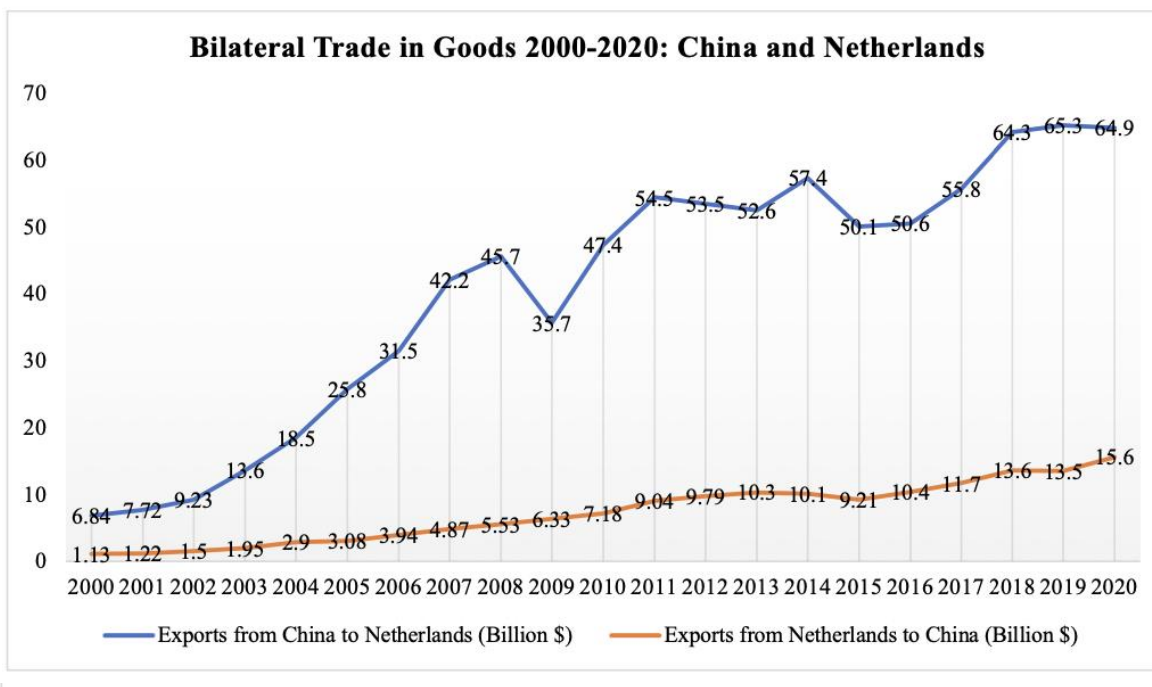
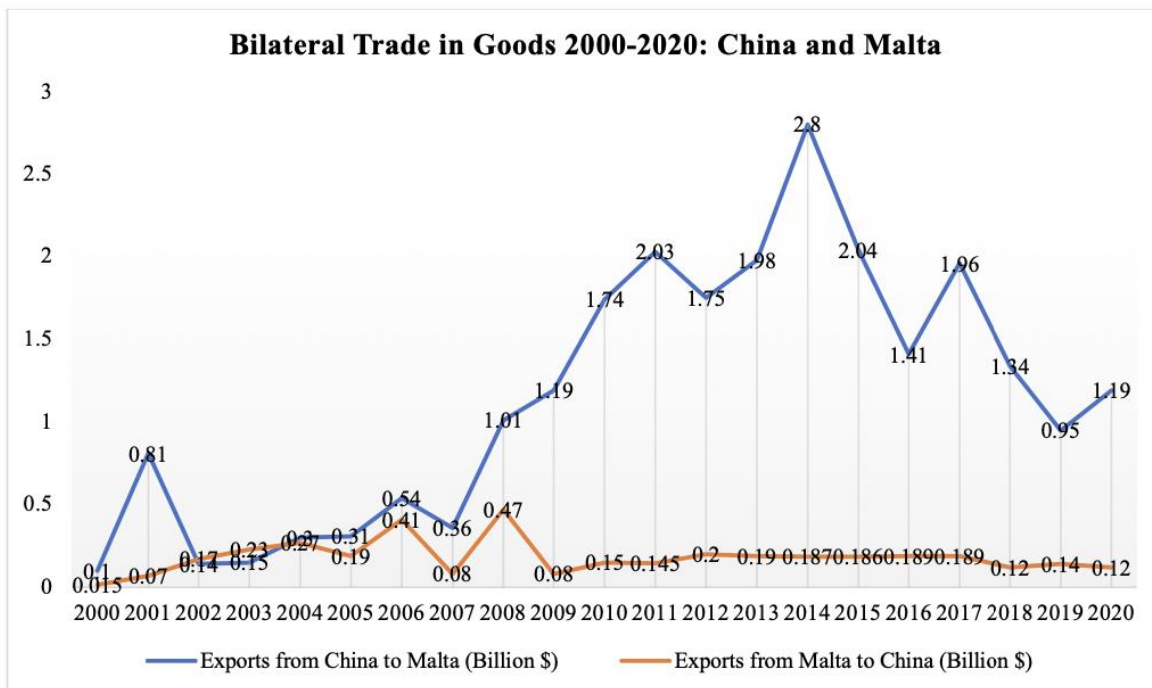


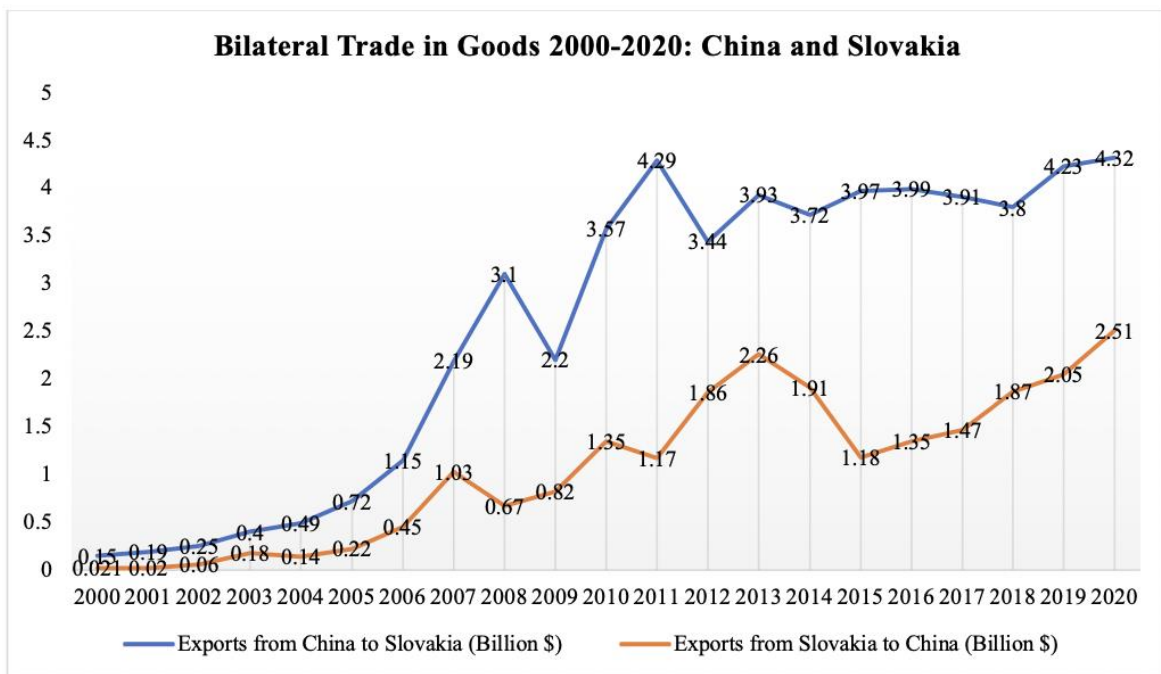
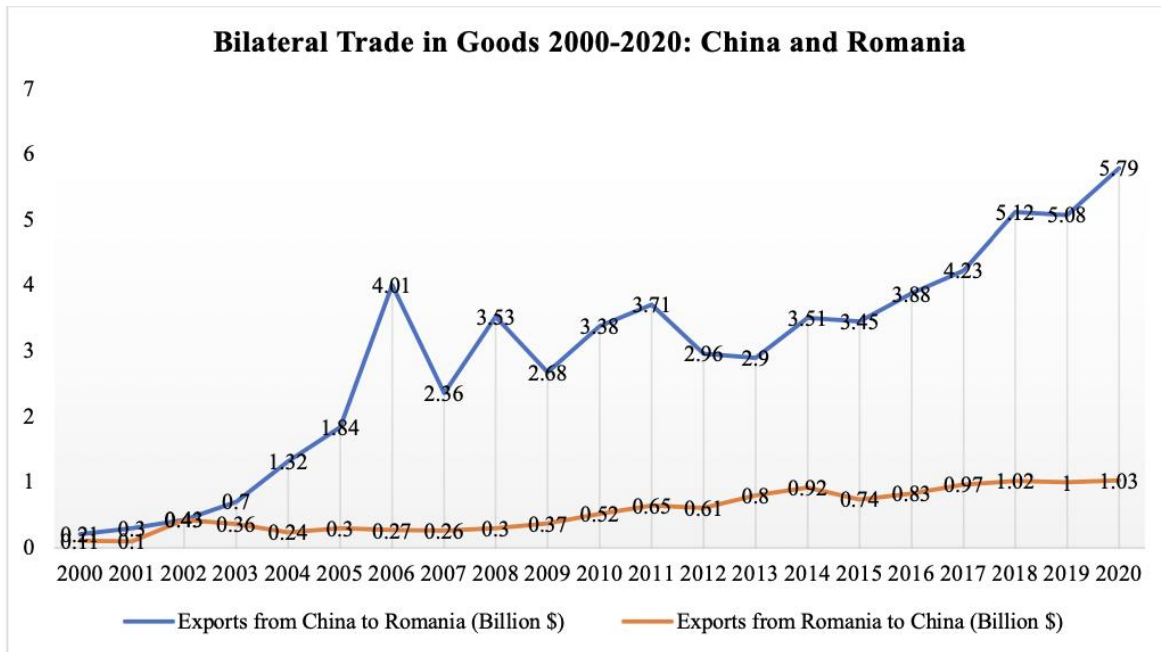


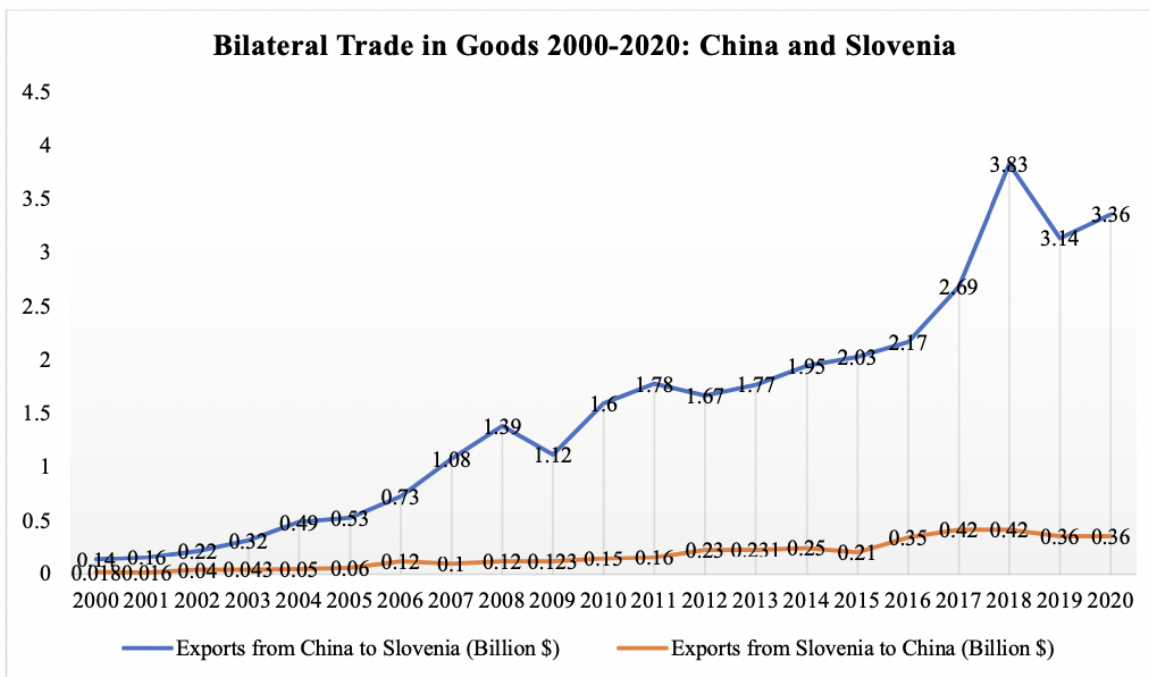


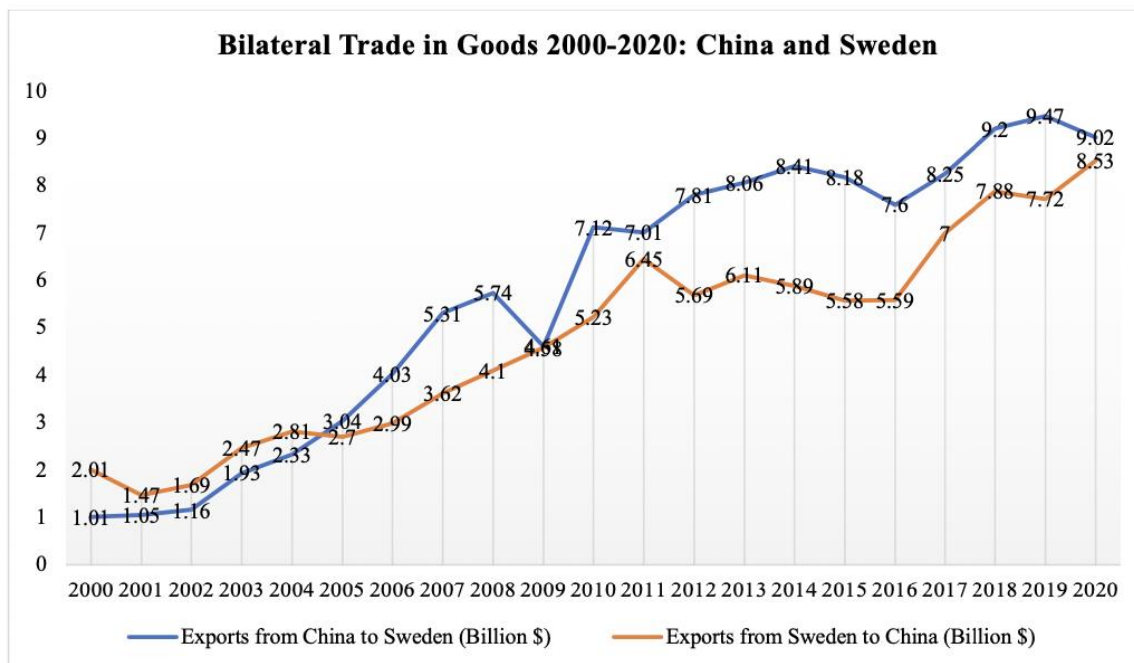












Annex II

China's Outward FDI Stock in EU Countries: 2007-2020 (Millions of USD)															
Groups	EU Countries	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Group 1	Germany	845.41	845.5	1082.24	1502.29	2401.44	3104.35	3979.38	5785.50	5881.76	7841.75	12163.20	13688.61	14233.99	14549.58
	France	126.81	167.13	221.03	243.62	3723.89	3 950.77	4 447.94	8 444.88	5 723.55	5 116.17	5 702.71	6 598.79	5 954.34	4 860.95
	Italy	127.13	133.6	191.68	223.8	449.09	573.93	607.75	719.69	931.97	1 554.84	1 903.79	2 145.35	2 570.17	2 847.81
	Spain	142.85	145.01	205.23	247.76	389.31	437.25	315.71	424.53	608.01	736.47	692.63	1 060.14	1 110.57	1 109.50
	Poland	98.93	109.93	120.3	140.31	201.26	208.11	257.04	329.35	352.11	321.32	405.52	523.73	555.59	682.31
	Hungary	78.17	88.75	97.41	465.7	475.35	507.41	532.35	556.35	571.11	313.70	327.86	320.69	427.36	341.87
	Denmark	36.75	38.08	40.79	42.47	49.13	53.24	84.37	208.15	82.17	226.11	228.83	246.53	294.85	353.54
	Greece	0.38	1.68	1.68	4.23	4.63	5.98	119.79	120.85	119.48	48.08	182.22	242.47	231.02	126.29
	Portugal	1.71	1.71	5.02	21.37	33.13	40.38	55.32	60.69	71.42	87.74	110.23	105.93	58.57	45.78
Group 2	Austria	4.04	4.04	1.55	2.01	24.54	79.46	76.66	201.70	327.99	530.51	851.49	461.63	492.18	675.23
	Ireland	29.23	107.77	106.82	139.91	156.83	193.77	323.25	249.72	248.32	573.77	882.63	972.77	1 074.01	1 517.94
	Czechia	19.64	32.43	49.34	52.33	66.83	202.45	204.68	242.69	224.31	227.77	164.90	279.23	287.49	1 198.43
	Bulgaria	4.74	4.74	2.31	18.6	72.56	126.74	149.85	170.27	235.97	166.07	250.46	171.09	156.81	155.84
	Cyprus	1.36	1.36	1.36	1.36	90.9	94.95	171.26	107.17	109.15	110.05	718.69	845.43	1 061.47	202.74
	Group 3	Belgium	33.98	33.3	56.91	101.01	140.5	230.69	315.01	493.47	519.53	544.03	479.23	326.41	470.95
Finland		0.94	3.59	9.04	27.25	31	34.03	42.55	58.99	95.07	211.70	213.07	327.54	340.38	306.62
Netherlands		138.76	234.42	335.87	486.71	664.68	1107.92	3193.09	4194.08	20067.13	20587.74	18529.00	19428.99	23854.82	26041.29
Croatia		-	-	-	-	-	8.63	8.31	11.87	11.82	11.99	39.08	69.08	98.40	252.64
Romania		72.88	85.66	93.34	124.95	125.83	161.09	145.13	191.37	364.80	391.50	310.07	304.62	428.27	313.16
Group 4		Sweden	146.93	157.59	111.89	1479.12	1531.22	2408.17	2737.71	3012.92	3381.96	3553.68	7307.42	6896.81	8578.69
	Slovakia	5.1	5.1	9.36	9.82	25.78	86.01	82.77	127.79	127.79	82.77	83.45	99.29	82.74	82.87
	Slovenia	1.4	1.4	5	5	5	5.00	5.00	5.00	5.00	26.86	27.25	40.09	189.60	46.80
	Malta	1.87	4.81	5.03	0.2	3.37	3.37	3.49	5.42	10.45	163.64	164.98	230.49	229.32	172.53
	Luxembourg	67.02	122.83	2484.38	5786.75	7081.97	8977.89	10423.76	15666.77	7739.88	8776.60	13936.15	15388.70	13902.21	15995.45
	Estonia	1.26	1.26	7.5	7.5	7.5	3.50	3.50	3.50	3.50	3.50	3.62	56.84	63.33	5.32
	Lithuania	3.93	3.93	3.93	3.93	3.93	6.97	12.48	12.48	12.48	15.29	17.13	12.89	9.81	12.23
	Latvia	0.57	0.57	0.54	0.54	0.54	0.54	0.54	0.54	0.94	0.94	1.02	11.70	11.63	16.81

Note: Croatia joined the EU in 2013.

Source: 2011 & 2020 Statistical Bulletin of China's Outward Foreign Direct Investment.

<http://aaa.ccpit.org/Category7/Asset/2014/Apr/22/onlineeditimages/file71398159735273.pdf> & <https://www.gov.cn/xinwen/2021-09/29/5639984/files/a3015be4dc1f45458513ab39691d37d.pdf>

EU-CHINA RELATIONS: EXPLORING THE POSSIBILITY OF COGNITIVE DISSONANCE

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Abstract

This paper takes stock of the idea of cognitive dissonance as a possible attribute of the current EU-China relations state of affairs. It goes far beyond the simplistic approach to the term that became quite frequent in politicians and analysts' discourses, because delving into the theory pioneered by the psychologist Leon Festinger in the late 50s, which, in brief terms, assumes that in a psychologically unpleasant situation characterised by conflicting beliefs, opinions, feelings, behaviors, or attitudes, there is a tendency to attempt to reduce dissonance and avoid information likely to increase conflict. Under this theoretical framework, the article explores the tensions, contradictions and dilemmas that are shaping EU-China relations in a complex, fast-changing, geopolitical and geostrategic context. Accordingly, it takes advantage of insights provided by the theory of cognitive dissonance to frame a discussion on dependencies and interests, as well as efforts to keep up appearances and manageable balances within conflict, which, arguably, can configure a dissonance-reducing intent. The paper, though, concludes that this intent is bearing on a hedging strategy, rather than on changes in behavior, values and beliefs, or environmental conditions, as advocated by Festinger's theory.

Keywords

Cognitive Dissonance, Systemic Rivalry, Contradiction, Dilemmas, China, European Union.

Resumo

Este artigo faz um balanço da ideia de dissonância cognitiva como um possível atributo do atual estado das relações UE-China. Vai para além da abordagem simplista do termo, que se tornou bastante frequente nos discursos de políticos e analistas, pois aprofunda a teoria lançada pelo psicólogo Leon Festinger no final dos anos 50, que, em poucas palavras, assume que numa situação psicologicamente desagradável caracterizada por crenças, opiniões, sentimentos, comportamentos ou atitudes conflitantes, há uma tendência para tentar reduzir a dissonância e evitar informações que possam aumentar o conflito. Sob esta estrutura teórica, o artigo explora as tensões, contradições e dilemas que estão a moldar as relações UE-China num contexto geopolítico e geoestratégico complexo e em rápida mudança. Assim, aproveita as intuições fornecidas pela teoria da dissonância cognitiva para enquadrar uma discussão sobre dependências e interesses, bem como esforços para manter as aparências e equilíbrios administráveis dentro do conflito, o que, sem dúvida, pode configurar uma intenção de redução da dissonância. O artigo, no entanto, conclui que essa intenção está relacionada



a uma estratégia de cobertura, e não a mudanças de comportamento, valores e crenças ou condições ambientais, conforme defendido pela teoria de Festinger.

Palavras-chave

Dissonância Cognitiva, Rivalidade Sistémica, Contradição, Dilemas, China, União Europeia

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EU-CHINA RELATIONS: EXPLORING THE POSSIBILITY OF COGNITIVE DISSONANCE

CARLOS RODRIGUES

Introduction

The Chinese Minister for Foreign Affairs and State Councillor, Wang Yi, talking about the international situation in a 2021 interview given to Xinhua agency, has classified the European Union (EU) recent positioning towards China as suffering from “*cognitive dissonance*”. Wang’s argumentative line that it is “*hard to imagine that on one hand, Europe seeks to build a comprehensive strategic partnership with China, and on the other hand, it defines China as a systemic rival*” and “*difference in systems does not mean China and Europe have to be rivals*” seem to prompt the somehow weird wording (at least in terms of political discourse) he used. Cognitive dissonance is, notwithstanding, a prestigious theory in the psychology field, pioneered by Leon Festinger in the late 50s (Festinger, 1957), which, taking it simply and shortly, revolves around the idea that in a situation characterised by conflicting beliefs, opinions, feelings, behaviours, or attitudes, being psychologically unpleasant, there is a tendency to attempt to reduce dissonance and avoid information likely to increase conflict (Harmon-Jones and Mills, 2019). Moreover, as Harmon-Jones and Mills (2019:3) claim, “*the greater the magnitude of the dissonance, the greater is the pressure to reduce dissonance*”.

Is that so in the realm of EU-China relations? This is the issue at stake in this paper. Accordingly, it seeks to know whether Wang’s words mirror the theoretical concerns, that is, the inevitability of a decrease in dissonance due to a variety of ‘discomforts’, or, rather, a moment of (theory-free) rhetoric. The endeavour requires tackling the tensions, contradictions and dilemmas marking the recent evolution of EU-China relations, in a context of fast and complex geopolitical and geostrategic change. Accordingly, it implies to bear in mind the *crescendo* in dissonance that corresponds to a strategic leap that led the EU approach on China from a quite optimistic overall stance to the ‘systemic rivalry’ status of 2019 (EC, 2019). This, in turn, cannot be detached from a reaction to the far-reaching policy transformation that led China from Deng’s policy of “*keeping a low profile and get something done*” to the one of “*work hard for achieving*”, Xi’s motto to materialise the ‘Chinese dream’ and the “*two centenary goals*”.

Notwithstanding, there is a consensus that the costs of an eventual EU-China decoupling, be it total or partial, would be a serious blow both for Europe and China. Felbermayr et



al. (2021:17), for instance, consider that such a decoupling “*would considerably worsen the standard of living for people inside the EU as well as for its trading partners outside, and should thus be avoided by all means*”. Accordingly, there is scope to mull over the possibility of an endeavour to lessen dissonance and conflict, and thus the risk of a harmful breaking off. The crux of the matter, under the light of cognitive dissonance theory, seems to be whether the strong mutual dependence between the EU and China may display the ground needed to bear the basic postulate put forward by Festinger (1962: 3): “*In short, I am proposing that dissonance, that is, the existence of nonfitting relations among cognitions, is a motivating factor in its own right*”.

Hence, this paper takes stock of the insights provided by the theory of cognitive dissonance in order to frame a discussion on dependencies and interests, as well as efforts to find manageable balances within dissonance and conflictual cognitions. It starts by briefly sketching the basics of Festinger’s theory and contextualising the current dissonant dynamics marking EU-China relations. After a snapshot of the current situation, which allows for discerning dissonant cognitions, the paper discusses the prospects concerning motivations to reduce dissonance, taking stock of the well-known problem of dependence that engulfs the relations between the two parties.

About cognitive dissonance

This first section does not aim to detail the theory of cognitive distance, let alone to explore the academic debate it fuelled over almost seven decades (e.g., Cooper, 2007; Vaidis and Bran, 2019). Rather, it grasps the basics of Festinger’s theoretical contributions that, in short and in the author’s own words (Festinger, 1962: 102), “[I]n addition to throwing light on one’s own behavior, it would seem to carry useful lessons for everyone concerned with understanding human behavior in a world where everything is not black and white”.

The main assumption, as put by the theory’s proponent (Festinger, 1962: 93), is that “*cognitive dissonance is a motivating state of affairs*”, in the sense that “[J]ust as hunger impels a person to eat, so does dissonance impel a person to change his opinions or his behaviour”. As such, the central idea is that an individual who knows several things that are dissonant with one another will endeavour to make them more consonant (ibid.). In the same vein, two elements of knowledge, -two cognitions¹-, whether relevant to each other, are consonant, if one follows from the other, or dissonant, if the opposite follows from the other. Psychological discomfort caused by dissonance triggers the motivation to reduce it. As put by Cooper (2007: 2): “*we do not like inconsistency. It upsets us and it drives us to action to reduce our inconsistency*”. Festinger (1957) suggests that, when dissonance is present, there will be an active attempt to avoid situations and information that could potentially increase it.

¹ According to Festinger (1957), the term cognition means any knowledge, opinion or belief about the environment, oneself, or one’s behaviour.



According to Festinger's theory, dissonance can be the result of logical inconsistency, cultural mores, the inclusion of a specific opinion in a more general opinion, or inconsistency with past experiences. For those who are not familiar with the theory, and for the sake of clarity, it is worth to bring over the examples provided by Festinger himself (Festinger, 1957) to illustrate each of these sources of dissonance between two cognitive elements. On logical inconsistency, the author gives the example of a person who believed that man would reach the moon in a near future, but also believed that man would not be able to build up a device able to leave Earth's atmosphere. The use of hands to pick up a "*recalcitrant chicken bone*" (Festinger, 1957:14) in a formal dinner gives rise to dissonance between the knowledge of the action and the knowledge of formal dinner etiquette, or, in other words, between the action and what cultural mores establish as consonant with the prevailing norms. Dissonance caused by specific opinions inserted into a general opinion, following the author, occurs when a Democrat, in a given election, prefers a Republican candidate and vote accordingly, thus undermining the notion that 'being a Democrat' brings with it, as part of the concept, favouring Democratic candidates. Finally, inconsistencies stemming from past experiences are illustrated by the case of a person who stands in the rain and yet cannot see any evidence that he or she getting wet, although knowing from experience that getting wet follows from being out in the rain.

The theory also deals with the problem of dissonance magnitude, looking at it as "*an important variable in determining the pressure to reduce dissonance*" (Festinger, 1957: 18). It states that the relation between two (relevant) cognitions is either dissonant or consonant and that the magnitude of dissonance or consonance increases in line with increments in value or importance of cognitions. As mentioned above, the bigger the dissonance, the bigger the pressure to reduce dissonance. The total amount of dissonance existing between two clusters of cognitions, following the theoretical reference, depends on the weighted proportion of all relevant dissonant relations in those two clusters, meaning that the weight of each relevant relation would be determined by the importance of the involved cognitive elements.

Festinger (1957:18) points out that, in general, "*if dissonance exists between two elements, this dissonance can be eliminated by changing one of those elements*". The ways to reduce dissonance depend, primarily, upon the type of cognitive elements and the overall cognitive context. As such, the author, on the one hand, refers to changes in a behaviour cognitive element in order to make it consonant with the environmental element with which it relates. On the other hand, he puts forward the "*much more difficult*" (ibid.: 20) possibility of introducing changes in an environmental cognitive element as a means to reduce dissonance, implying the existence of sufficient control over the environment. Bearing in mind that the full elimination of a dissonance requires that some cognitive element should be changed and that change is not always possible, the author (ibid.:21) argues that "*even if it is impossible to eliminate a dissonance, it is possible to reduce the total magnitude of dissonance by adding new cognitive elements*". The reduction effect of new information holds by means of decreasing the proportion of dissonant relations as compared with consonant ones or by the 'reconciliation' of two



dissonant elements. In short, the pressure to reduce dissonance includes behavioural changes, changes of cognition and what Festinger (ibid: 31) calls "*circumspect exposure to new information and new opinions*".

The extent to which this theoretical frame of reference can be useful to the scientific endeavour in the field of international relations is a first and most important interrogation. Auerbach (1986:534) seems to have no doubts about the "*rich source of conceptual and analytical tools to be used in explaining foreign policy processes and their outcomes*" that cognitive social psychology can provide. Moreover, the same author (ibid.) emphatically considers the field as an effective way to overcome the idea of "*peoples and states trapped in self-perpetuating conflicts, moving eternally in close circles of hatred and enmity which they seem powerless to break*", as in the cognitive approach to foreign policy decision-making processes that prevailed during the 1970s and the early 1980s. Goldgeier and Tetlock (2001) also look at psychology as useful in international relations analysis, namely because (ibid.:81) its contribution "*to delineate the conditions under which decision makers are especially likely to change their underlying attitudes to bring them into line with counterattitudinal behaviour*". The same authors (ibid.: 88) highlight "*psychology's help in refining ideas in key debates regarding power, institutions, and norms*", as well as "*to consider how environment and cognition interact in systematic and identifiable patterns to produce the variation we find in world politics*".

Aligning with the endorsement of those scholars, the challenge, thus, is to turn the conceptual ground put forward by the theory of cognitive dissonance into a frame of reference amenable to a sound analysis of the current state of affairs in EU-China relations. Accordingly, a number of theory-laden assumptions are set forth, namely:

- The present status of EU-China relations is the result of a set of decision-making processes influenced by what Auerbach (1986) calls a cognitive system that includes beliefs, attitudes and values;
- In the system, there exist clusters of dissonant cognitions which are configuring the developments in EU-China relations;
- Dissonance between cognitions can be traced both in terms of type and magnitude, implying that judgements on the 'discomfort' that triggers efforts to reduce it can be brought into light;
- Change in the balance of beliefs, attitudes or values, as well as in terms of the 'environment' in which EU-China relations evolve, is possible and crucial to respond the pressures to reduce dissonance;
- Motivation to reduce dissonance cannot be detached from the struggle between passions and interests, to use a Smithian wording wrap.



About the deterioration of EU-China relations

It is widely accepted that EU-China relations have deteriorated in recent times (Umbach, 2021). European perceptions and judgements about the alleged violations of human rights in Xinjiang, the Hong Kong situation, and, particularly, China's approach to the COVID-19 pandemic and to the war in Ukraine prompted a new relational baseline that, in tandem with the interests inherent to the transatlantic alliance with the United States, was a (pretextual) part of a reactive stance towards the rise of China as a global power and the inherent geopolitical challenge, seen by the Biden administration as a "*most consequential*" one (The White House, 2022: 11). Differences in values, political system and world views seem to have emerged as a dissonance driver, bringing to the surface contrasts that, to a certain extent, were veiled before. Charles Michel, the current president of the European Council, attests it: "*we have to recognise that we do not share the same values, political systems, or approach to multilateralism. We will engage in a clear-eyed and confident way, robustly defending EU interests and standing firm on our values*". (Council of the European Union, 2020).

The 'strategic outlook' Joint Communication (EC, 2019:1) made explicit a 'systemic' divide, under the scope of, as written in the document, "*a growing appreciation in Europe that the balance of challenges and opportunities presented by China has shifted*". Accordingly, China has become "*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*" (ibid). A straightforward interpretation of the new outlook would convey the idea that, albeit competition exists in economic and technological terms, the clashing dimension of EU-China relations lies on differences in ideological, political and government systems. The placing of China in different relational categories, following Silva (2022: 5), underpins a compartmentalisation of different policy areas "*in order to maintain operational autonomy of specific domains even when other policy areas might be at risk (e.g., continuing economic cooperation in spite of irreconcilable political divergences)*". This compartmentalisation did not appease the discomfort of Chinese authorities in relation to the rivalry issue. Wang Yi, for instance, averred that the rivalry logic "*has not only undermined China-Europe relations but also brought confusion to European friends themselves*". According to the Chinese State Councillor and Minister for Foreign Affairs, "*difference in systems does not mean China and Europe have to be rivals*"².

In 2021, rivalry was raised up to unprecedented harshness, under the pretext of a significant number of issues, from the National Security Law aimed at Hong Kong to the allegations of forced labour and repression of ethnic minorities in Xinjiang province, without neglecting the pressure to bring the EU positioning closer to the US openly conflictual approach to China. Mutual sanctions on individuals and organisations followed,

² Interview to Xinhua News Agency and China Media Group on the International Situation and China's Diplomacy in December 2021.



strengthening the confrontational dynamics. The wording of a letter outlining an internal EU report on China, undersigned by Ursula van der Leyen and Josep Borrell and sent to the members of the European Council (see Lau, 2021), set forth the new, further deteriorated, relational environment: *"The reality is that the EU and China have fundamental divergences, be it about their economic systems and managing globalization, democracy and human rights, or on how to deal with third countries. These differences are set to remain for the foreseeable future and must not be brushed under the carpet"*. The war in Ukraine has intensified the divide, as made clear in the EU Strategic Compass for Security and Defence, in which the trust gap between the two parties seems to be further broadened.

Meanwhile, a manifold number of agreements, commitments, joint strategies and statements proceeded way despite harshened rivalry. The case of the Comprehensive Agreement on Investment (approved in December 2020, but still pending approval from the European Parliament) emerges as a good example, to which one can add the agreement on geographical indications. Moreover, whereas the EU has confirmed its position as main overall trading partner of China, statistics also reveal that China, in 2021, for the first time in recent history, had outweighed the US as main supplier of the EU. It seems obvious that there is an apparent contradiction between a stout affirmation of dividing elements and a prolific momentum of comprehensive cooperation. This is in line with Geeraerts' (2019: 281) argument that looks at EU-China relations as *"residing somewhere along a spectrum that extends from pure cooperation at one extreme to unrestrained competition at the other"*. Perhaps this contradictory ground can find explanation in Li and He (2022), who characterise the new relational baseline as the outcome of a movement from engagement and cooperation to engagement and rivalry.

Resuming the set of assumptions built upon the insights of cognitive dissonance theory, one can argue that:

- The cognitive systems configuring EU and China's decision-making processes in foreign policy rely on different beliefs, attitudes and values;
- There is a mismatch between the confrontational values-driven approach and the more 'amicable' stance adopted by the EU when striving for the pragmatic view of China as a *"negotiating partner with whom the EU needs to find a balance of interests"* (EU, 2019: 1), fleshing out dissonance between cognitions.
- Cultural mores, namely in the form of ideology and prevalent values, seem to play a role in dissonance production.

One can easily speculate about the discomfort that the cognitive dissonance stemming from the mismatch mentioned above may provoke. However, to make extended judgements about the type and magnitude, and, accordingly, about the motivation to engage in reducing dissonance, requires further efforts. The endeavour claims for a discussion on interconnectedness and dependence, which brings forward the struggle



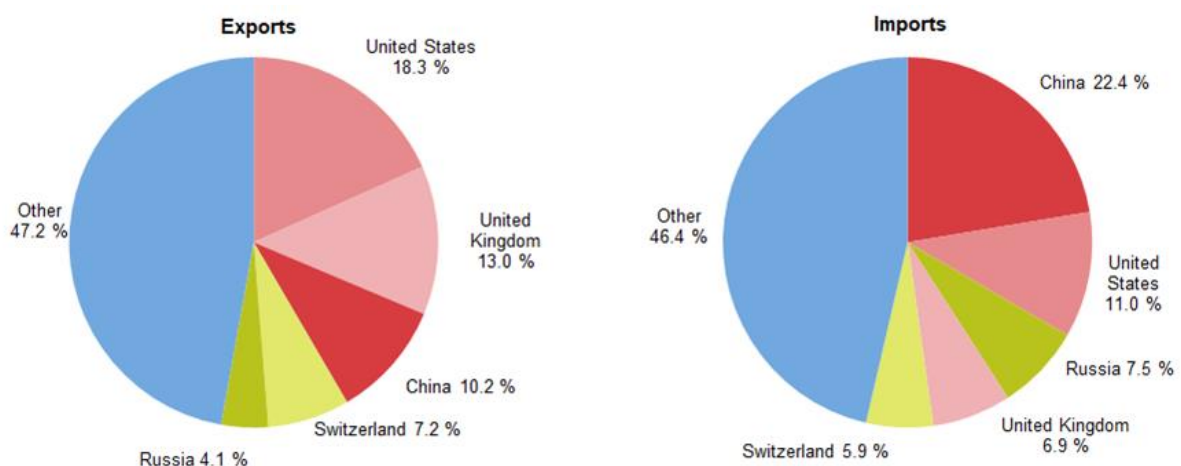
between interests and passions and its driving effect on the motivation for dissonance reduction.

Interconnectedness and dependence...

China's transformation process triggered by Deng's openness and reform policies, leveraged by an economic global integration, led the Middle Kingdom to a stellar socioeconomic development trajectory, deemed as unprecedented in recent history. The production and, more recently, technological innovation capacities drove China to a prominent position in global trade, supply chains and investment, causing a shift in terms of the balance of economic power. As expected, increased interconnectedness between the EU and China's economies is part of this changing balance, as well as a rise in mutual dependences, as evidenced by trade and investment statistics.

As in Figure 1, China, in 2021, was the EU's leading partner for imports (22,4%), followed by the US (11.0%), Russia (7.5%) and the UK (6.9%), and the third largest partner for exports (10.2%), after the United States (18.3%) and the United Kingdom (13.0%). While dissonance was increasing, so did EU-China trade. In fact, between 2011 and 2021, EU imports from and exports to China rose ca. 97% and 76%, respectively. For the same period, the EU trade deficit increased in 93%. China, in 2021, has become the main EU trading partner, ousting the US from the top position for the very first time.

Figure 1- EU's main partners for trade in goods, 2021



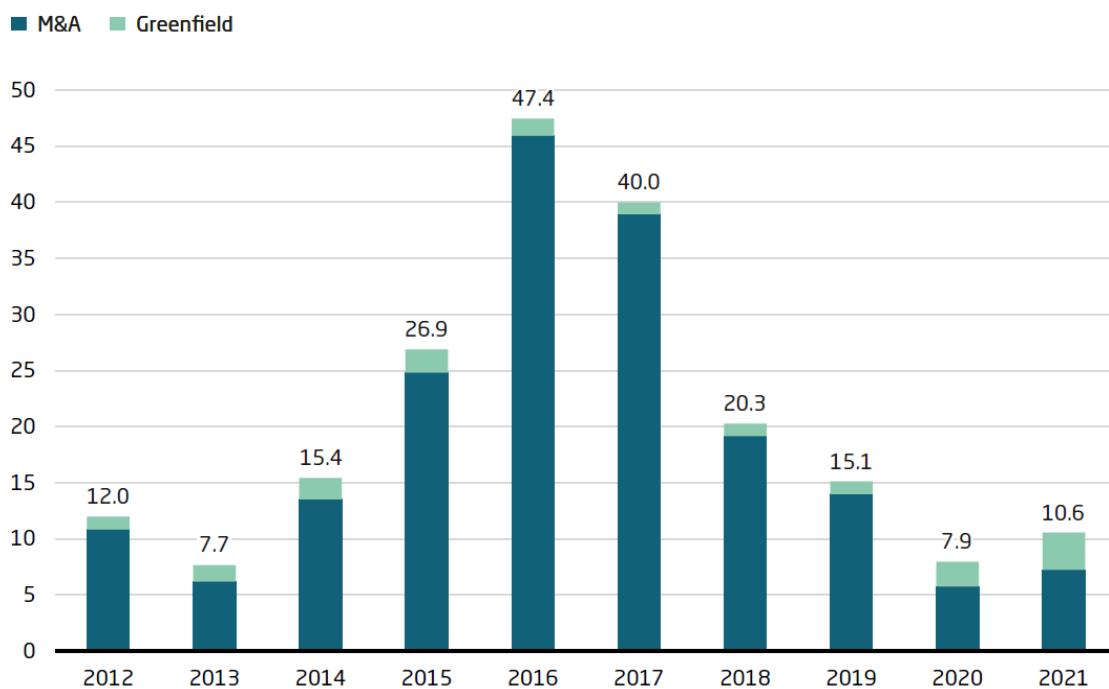
Source: Eurostat, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU - international trade in goods statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics)

Regarding investment, although a decreasing trend in the most recent years (Figure 2), both the cumulative account and the sectors and activities involved place China as an actor that cannot be neglected. Rather than entering in details (for a comprehensive



discussion see, for instance, Seaman et al., 2017 or Kratz et al., 2022a), the crux of the matter here is that China, either through state-owned or private companies, has stock and stake in a wide array of economic sectors and companies, including many with a sensitive and strategic nature (e.g., maritime port facilities and electrical power suppliers). Moreover, as Kratz et al. (2022a) highlight, the focus of Chinese foreign direct investment (FDI) in Europe has significantly changed, from mergers and acquisitions to greenfield and venture capital investment, namely in high-tech start-ups and rapidly growing sectors.

Figure 2- Chinese FDI into Europe (2012-2021) EUR billion



Source: Kratz et al. (2022a)

Any analysis of EU investment flows into China would show a very different scenario when compared with the opposite direction. As well established by Kratz et al. (2022b), a striking distinctive feature concerns the concentration in terms of countries of origin. Germany, France and the Netherlands (together with the United Kingdom) are by far the largest sources of EU investment in China. The weight of these three countries in the total amount of EU-China outbound investment was 61% in 2018, 88% in 2019, 65% in 2020, and 79% in 2021. In addition, over the last years, the concentration trend also affected the investment sectoral distribution. Automotive, food processing, pharmaceuticals, chemicals and consumer products industries, in 2021, represented ca. 70% of total European investment in China (including here the UK). Moreover, the top



ten European investors in China were also responsible for approximately 70% of the total amount (Kratz et al., 2020).

Whereas the trade and investment statistics provide evidence of a high degree of interconnectedness, when addressing the issue of dependence, a closer examination is needed. For instance, the simple analysis of numbers would show that China is far more dependent on the EU than the contrary – the head of the EU Chamber of Commerce in China, Jörg Wuttke, said that the EU “*export goods at a value of 600 million euros every day to China [...] the Chinese export 1.3 billion euros of goods daily to Europe*” (in Joshi, 2022). Yet, when delving into details, any assertion on a higher or lower level of dependence becomes difficult to substantiate. In fact, China’s dependence on the EU can be grasped through the acknowledgement of the role played by imports and FDI in the Chinese effort to improve the country’s R&D and innovation capacities, which has been transforming the ‘factory of the world’ into a global technological power. On the other hand, crucial EU policy goals, such as, for instance, the Green Deal and digital transition, are heavily dependent on China, which has become a dominating power in the global green supply chain (Brown, 2022). Brown (ibid.:2) refers to photovoltaics, wind-turbine components, and rare earth elements as paradigmatic examples of how dependent Europe is upon China when endeavouring to achieve in one of its chief objectives: “*In photovoltaics, for instance, China accounts for about [80 percent](#) of the global production of polysilicon, cells and modules, as well as 97 percent of wafer production. About [four-fifths](#) of wind-turbine components are manufactured in China. [Neodymium](#), a rare earth element used to make permanent magnets that go into wind turbines and electric vehicles, is also predominantly refined in China*”.

In addition, despite the deterioration of EU-China relations and the recurrent and wishful discourse on the need to diversify supply chains, large and influential European companies are doing their best to ensure a sort of ‘business as usual’ thread. Germany provides a very good example. The biggest EU economy is, by far, China’s main European economic partner (17% of Germany’s exports to non-EU countries and ca. 49% of total EU exports to China), as well as the largest source of European investment in China (43% of total). Zeiglen (2020: 6) adds that, within the EU, “*Germany has benefited most economically from China’s rise*” and “*deeper political ties under the leadership of Chancellor Angela Merkel have flanked stronger trade and investment relations since 2005*”. Following Katz et al. (2022b), four German companies- the carmakers Volkswagen, Daimler-Benz and BMW, and the chemical BASF-, made up more than 30% of the total amount of European capital poured into China in the last four years. The case of the German automotive sector can indeed be deemed as a paradigmatic one when assessing how remote is the possibility of a swift and extensive process of supply chain diversification in the near future. Besides the huge relevance of the German carmakers’ sales in the Chinese market (the Volkswagen Group, for instance, is the market leader in China with a share of 16%), interdependencies do exist in the technological developments that are fostering e-mobility and digitalisation. These go beyond the widespread dependence account based on the fact that China is the main producer of batteries for electric vehicles and the main source of essential raw materials. In practice,



German automotive companies are strengthening their R&D partnerships with Chinese organisations (mostly companies). Mercedes-Benz, for instance, from 2015 onwards, has established such partnerships in a variety of fields, such as autonomous driving (Tsinghua University, Tencent, and Baidu), connectivity (Xiaomi), batteries (BJEV Beijing Electric Vehicle, CATL- Contemporary Ampere Technology, Farasis Energy), electric vehicles (Geely), and cybersecurity (Tencent) (Sebastian, 2022). Moreover, Mercedes-Benz, BMW and Volkswagen maintain 16 R&D centres in 9 Chinese cities. A note to highlight is that eight of these centres were created after the launching of the new EU strategic outlook that brought systemic rivalry to the fore.

Katz et al. (2022b) explain these developments using three major reasons: i) the belief that China will continue to be a lucrative market despite the economic and geopolitical headwinds; ii) investments in China are a means to ensure increased competitiveness to face rising domestic competition, namely in the e-mobility sector; and iii) the attempt to insulate the companies' operations in China from the rising global risks by means of greater localisation.

This brief sketch of EU-China interconnectedness and dependence helps to bring back the theory of cognitive dissonance to the discussion and supports two major propositions:

- Having in mind the soured relational environmental and the high level of interdependence, one can suggest that logical inconsistency is a source of dissonance, as it is inconsistent with past, cooperation-prone, experiences;
- The size and relevance of the Chinese economy and the inherent trend of EU economic actors to behave according to a 'business as usual' line are indications that interests are placating passions, thus increasing the magnitude of dissonance.

As such, accepting that increased dissonance steps up the motivation to reduce it, ground is provided to check out whether this assumption stands. This is the task of the next section.

Reducing dissonance?

As argued by Festinger (1962: 94), sometimes "*it may be very difficult or even impossible to change behavior or opinions that are involved in dissonant relations*", meaning that "*there are circumstances in which appreciable dissonance may persist for long periods*". Apparently, the dissonant cognitions that configure EU-China relations are likely to hold in the near future. The Chinese global policy shift characterised by Li and He (2022) as a move from a 'stimulus-response' to an 'actively shaping' mode comes up against an increased EU emphasis on strategic autonomy and a (European) values-based approach to world politics (with a particular focus placed on China), prompting a divide that matches the difficulties forecast by Festinger and thus makes it unrealistic to aspire for dissonance to be easily attenuated. However, the magnitude of dissonance allows for arguing that the motivation to engage in and the pressure to find paths aimed at its



reduction are present in the environment shaping EU-China relations. The interdependences discussed above can be taken as major drivers in the production of cognitive dissonance in the context of EU-China relations, as they establish a stout dividing line between political differences and common economic interests. As such, they emerge as a major element supporting the motivation and building pressure for a reduction in dissonance. The problem here seems to be the identification of the kind of changes that are necessary to ensure such a reduction.

According to Festinger (1957), in order to reduce dissonance, there is a need to change either behavioural or environmental cognitions. A third possibility concerns the introduction in the cognitive system of new information. Placing EU-China relations under the spotlight, as argued before, it seems hard to devise a great opportunity to foster consequential changing dynamics, both in terms of beliefs, values and behaviour, and in terms of the environmental element. Furthermore, it is also a remote possibility to expect that new pieces of information will have the power to trigger those changing dynamics. Doubts can also be cast on the effectiveness of an eventual overstating of existing similarities (e.g., the promotion of multilateralism and non-hegemony), while understating or ignoring any differences (Shambaugh et al., 2008).

The notion of hedging can be of utility to resolve this standoff. Goh (2005:2) avers that hedging "*refers to taking action to ensure against undesirable outcomes, usually by betting on multiple alternative positions*", implying "*a set of strategies aimed at avoiding (or planning for contingencies in) a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning, or neutrality*". In practice, the compartmentalisation of policy areas in the EU strategic outlook on China (EU, 2019) meets the hedging conceptual wrapping, namely because it separates the economic and the political dimensions, allowing for Europe to view China as simultaneously a cooperating partner and a systemic rival. In addition, the desire rooted in the EU business community to ensure a 'business as usual' path in what concerns China, taken together with the economic concerns of governments acting in growing uncertainty and global turbulence, can foster a hedging approach to reduce the magnitude of dissonance.

Although slightly speculative in nature, the observation of a number of events that occurred in recent months signals an attempt to mitigate confrontation that fits the idea of hedging. Olaf Scholz's visit to China in November last year can be placed within this framework. The German chancellor, the first European leader to travel to Beijing since the beginning of the COVID-19 pandemic, brought with him a delegation of German business leaders. His visit to Xi Jinping gave rise to fierce criticisms from within the German Government (namely those coming from ministers of the Greens, SPD's coalition partners) and other German and EU political elements, criticisms that intensified when Germany gave the green light to the acquisition of a minority stake in the Port of Hamburg by the Chinese state-owned company COSCO. In a guest article published in *Politico* (Scholz, 2022), the chancellor stated that "*even in changed circumstances, China remains an important business and trading partner for Germany and Europe*", adding that "*We do not want to decouple from it*". The article ends as follows: "*We will seek*



cooperation where it lies in our mutual interest. We will not ignore controversies. That is part and parcel of a candid exchange between Germany and China”.

Giorgia Meloni, the Italian prime minister, before she took office at the *Palazzo Chigi*, did not mince words but stoutly criticised China and announced her intention to limit China’s expansion and influence in Europe. Yet in November 2022, while participating in the G20 summit held in Bali, Indonesia, Meloni officially met Xi Jinping. According to the Italian Government site (www.governo.it), she had “*a cordial meeting with the President of the People’s Republic of China*”, in which she “*expressed the Italian Government’s interest in promoting mutual economic interests, also with a view to increasing Italian exports to China*”, and touched upon EU-China relations, “*with the hope being expressed that they will be revigorated*”.

These two observations seem to legitimate the identification of a form of hedging strategy, since they approximate, as Goh (2005:2) puts it, “*a middle position that forestalls or avoids having to choose one side at the obvious expense of another*”. More time and further observations will be needed to fully confirm the extension of this method of diminishing cognitive dissonance affecting EU-China relations. Nevertheless, one can already acknowledge that the European side, in particular, is matching the predictions of Festinger’s theory. The ‘discomfort’ of clashing views of China as a (very important) partner and, at the same time, as a (globally influential) rival is pressuring the European settings to endeavour to attempt to reduce dissonance.

Concluding remarks

EU-China relations have deteriorated in recent years. The EU has attributed to China the qualities of being, simultaneously, a partner, a competitor and a rival, aiming to ensure a compartmentalisation of policy areas and thereby allowing them to operate in insulation from each other, with low interference between them. The extent to which this compartmentalisation has been a productive way of configuring EU-China relations is still by no means established, given the aftermath of further deterioration in the relationship’s dynamics prompted by a series of events that led the European authorities to adopt a more confrontational stance. In the end, amidst turbulence provoked by a striving balance between interests and values, and perhaps under the scope of ‘principled pragmatism’, the two parties are attempting to mitigate the effects of a relational baseline marked by a conflictual approach. This makes cognitive dissonance and its theory a purposeful theoretical framework to delve into the current EU-China relation state of affairs. In this sense, Wang Yi, while addressing the issue of systemic rivalry, was right in bringing the concept into the light.

This paper has extended Yi’s simplistic use of the concept, taking advantage of the pioneering work of Leon Festinger (Festinger, 1957, 1962). By conjugating the theoretical contributions with an analytical effort of the relational ground between the two blocs, thus exploring their configuring dissonant cognitions, it provides a number of insights that ought to be useful in appraising EU-China relations. It highlights that the



confrontation logic coexists with a high level of interdependence and interconnectedness. As such, in light of Festinger's theory, one can argue that logical inconsistency, as well as inconsistency with past experiences, are producing dissonant cognitions. Still, mutual dependence forces a dividing line between political differences and economic advantages, which, in the end, gives privilege to interests to the detriment of values (or passions...). Accordingly, the motivation and pressure to reduce dissonance can be detected in the realm of EU-China relations. The manner in which dissonance is being reduced, however, does not fit with the theoretical predictions, because, rather than being based on changing dynamics in behaviours, values and beliefs, or in environmental conditions, it seems to be relying on some form of hedging strategy.

As a final conclusion, there is scope to argue that, under the current political environment, it is not expectable any move to take us back in time, namely to the 7th EU-China summit, held in The Hague, in December 2004, a period when the *zeitgeist* was heavily focused on mutual coexistence, avoidance of any disturbing effects of differences on the overall relationship, the mutual recognition of the importance of each side fostering its own comparative advantages, learning from each other, and ensuring the joint construction of prosperous societies. Revesz (2022: 95), though, alerts that "*bipolar antagonism would amount to disaster*". She (id.) adds: "*This is why we believe in facilitating discussion, dialogue and all kinds of knowledge flow to diversify the discourse and raise it to a new, more rational and empowering level*". Hedging, dissonance-reducing, strategies might be of value in fostering such a new, more rational and empowering level.

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bringing back, stoutly, the idea that the European ideal, as the former Commission's president Barroso would say, "*it is about values, and I underline this word: values*"³.

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PERSPECTIVES ON THE SUSPENSION OF THE EU-CHINA COMPREHENSIVE AGREEMENT ON INVESTMENT

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Abstract

The decision reached by the European Parliament (EP) to suspend ratification of the Comprehensive Agreement on Investment (CAI) introduced a new phase into EU-China relations. This paper examines some of the events leading up to the EP decision, and considers some of the larger consequences of the decision. When on 20 May 2021 the European Parliament passed a motion recommending a formal freeze on the CAI, it brought an abrupt interruption, and possible final conclusion, to seven years of negotiations. The decision resulted in considerable comment in the EU and China. Beyond the question of how China reacted to this unexpected block to future negotiation, and whether the EU Parliament vote could have been foreseen, the paper considers, among other topics, the role of public opinion in the EU. The paper reviews the changing evaluations of China in advanced economies, as mirrored in Pew Research Center surveys. What brought about the suspension was not investment or trade-related differences, but was directly related to human rights issues and labour law issues, and sanctions imposed upon China on members of the European Parliament, with the CAI being signed in the context of crackdowns in Xinjiang and Hong Kong. Accepting the view of Mario Teló that the CAI must be seen not only as a new investment regime, but also as a relevant international event affecting international relations, this paper examines indications of changes in Chinese attitudes towards the EU. While some of those in the EU Parliament who voted for the motion previously might have held a positive view towards developing a new framework, more recent events demonstrate that even were there to exist any resolve towards future negotiations, they could not occur at the price of fundamental European values.



Keywords

EU, EU Parliament, China, EU-China Comprehensive Agreement for Investment (CAI), Public Opinion.

Resumo

A decisão do Parlamento Europeu em suspender a ratificação do EU-China Comprehensive Agreement for Investment (CAI) deu início a uma nova fase das relações entre a União Europeia (UE) e a China. Este artigo analisa alguns dos eventos que levaram esta decisão e considera algumas das suas consequências mais abrangentes. O congelamento formal do Acordo, a 20 de Maio de 2021, levou a uma interrupção abrupta e, provavelmente, pôs fim a sete anos de negociações. Para além da questão da reação chinesa a este inesperado bloqueio de negociações e se o voto do Parlamento Europeu poderia ter sido previsto, o artigo considera o papel da opinião pública europeia e as alterações às percepções da China nas economias avançadas, de acordo com os inquéritos do Pew Research Center. O que levou à suspensão, não foram dissensões na área do investimento ou comércio, mas sim sobre questões de direitos humanos e de legislação laboral, bem como as sanções impostas pela China a membros do Parlamento Europeu, num contexto da repressão chinesa em Xinjiang e Hong Kong. Seguindo a visão de Mario Teló de que o CAI deve ser visto, não apenas como um novo regime de investimento, mas também como um evento internacional relevante com impacto nas relações internacionais, analisamos os indicadores de mudança nas atitudes chinesas em relação à UE. Enquanto alguns dos que votaram a favor da moção podem ter tido, inicialmente, uma visão positiva em relação ao desenvolvimento de um novo enquadramento, os eventos mais recentes demonstram que, mesmo que se dê o reatar negociações, estas não irão pôr em causa os valores fundamentais defendidos pela UE.

Palavras-chave

UE, Parlamento Europeu, EU-China Comprehensive Agreement for Investment, Opinião Pública

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PERSPECTIVES ON THE SUSPENSION OF THE EU-CHINA COMPREHENSIVE AGREEMENT ON INVESTMENT

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Introduction

The decision reached by the European Parliament (EP) to suspend ratification of the Comprehensive Agreement on Investment (CAI) introduced a new phase into EU-China relations. The suspension of the ratification of the agreement in 2021 has been widely commented upon, and the literature concerning it is considerable. Several leading Chinese researchers have published in English on the topic, providing invaluable insights into non-western perceptions of the situation. When the two major global trading partners could not finalize the accord, it became *de facto* a major IR event. As was widely reported at the time, the average daily trade in goods in 2019 between China and the European Union (EU) was two billion dollars. The stock Chinese direct investments to the EU in the same year was over 93 billion dollars, and the stock of the EU's investments in China was over 136 billion dollars (Chen, 2022). While substantial, there nevertheless existed a real potential for further development since EU investments in China only amounted for about 5% of the total foreign investment, and similarly China's investments only reached 3.4% of the EU's total foreign investment. The agreement that would improve these investment figures, as well as level the playing field, and improve access for European companies to the Chinese market was incontrovertibly impeded. However, in 2022 China remained the third largest partner for EU exports of goods (9.0 %), and the largest partner for EU imports of goods (20.8 %). For the period January 2021 to December 2022 EU imports from China increased by 39%, while exports increased by 1.6% (Eurostat, 2022). Trade thus continued, and grew, despite the suspension of the Agreement.

What brought about the suspension was not investment or trade-related differences, but was directly related to human rights issues and labour law issues, and sanctions imposed upon China on members of the European Parliament, and signed in the context of crackdowns in Xinjiang and Hong Kong (Nicolas, 2022). Mario Teló has suggested that the CAI must be seen not only as a new investment regime, but also as a relevant international event affecting international relations (Teló, 2021). This paper examines some of the events leading up to the EP decision, and considers the larger consequences of the decision. Teló makes what, in my opinion, is a central, yet often insufficiently emphasized point in discussions regarding the CAI and its fate, namely that the EU



elected assembly is under the influence not only of the general trade politicization, but also, more specifically of multiple very vocal public opinion campaigns based on large flows of information against the perceived authoritarian turn of the Chinese regime of Xi Jinping (Teló, 2021).

The CAI and Public Opinion

Regarding the economic relationship between the EU and China, it is the EU that has the formal responsibility for trade and investment (Freeman, 2022). Although the CAI was formulated by officials from the European Commission in dialogue with representatives of the Chinese government, over a period of seven years, it was known from the beginning of the process that the CAI eventually to be ratified by the European Parliament (EP). Since the members of the EP who are elected through a democratic process, represent a variety of national and political interests, a degree of diversity of opinions regarding issues related to trade and investment were to be expected. The leaders and governments of non-democratic nations are well aware of the democratic process, and know that it does not function in the same way as authoritarian regimes. Members of the European Parliament (MEPs) are directly influenced by the opinions of their constituents to a degree not experienced in authoritarian states. Public opinion can, and often does, develop into a political force in authoritarian regimes, but runs the risk of being quashed by the authorities, and is often quashed with violence. Examples of such outcomes are too numerous and well-known to require examples here. The suppression of public opinion is not the case in elections held in the European Union, although some EU citizens might beg to differ, and they have the legal right to do so. Indeed, it is the legal right to entertain and express different opinions, without threat of reprisal, which underpins the democratic system. The point here is public opinion campaigns have an importance in the democratic system that cannot be overlooked, and that a valid means to understanding how political change occurs in the EU is to consider changes in public opinion regarding specific issues.

This paper considers the changes that can be seen in public opinion regarding China, and regarding increased and enhanced trade and investment cooperation with China, primarily in the developed countries of the EU, that occurred over time from the years preceding the signing of the Comprehensive Agreement on Investment that was announced on 20 December 2020, and up to the decision by the European Parliament not to ratify the CAI on 20 May 2021. As Zhang Li notes, Europe's view of China is increasingly complex, and the complexity derives in part from the increasing number of member states, and as a result of China's developing relations with Central and Eastern European nations (Zhang, 2022). China's economic leverage, through the funding of projects in Greece and Hungary, appears to have enabled China 'to disrupt a united European policy on China' (Cooper, 2019). The results of three Pew Research Surveys are taken up, and set in context, and they are followed by examples of media reactions to the failure of the European Parliament to ratify the CAI that were published in China and the EU.



Chen Xin, Director of the Economic Division at the Institute of European Studies at the Chinese Academy of Social Sciences, identifies a central problem that conditions EU decision making processes, noting that, "Everybody knows that if Europe desires to gain its credibility, EU countries need to speak with a single voice and take concerted action." Chen continues to bluntly state, "if we look at concrete cases, the reality is totally different" (Chen, 2022). Chen raises a number of valid questions regarding the timing of the signing of the CAI, among which the questions of the participation of President Emanuel Macron at the video conference, the urgency to finalize the negotiations prior to the end of the German presidency, and the haste to sign the agreement before President Biden assumed office in January 2021. The haste was attributed to the Chinese by former NATO Secretary-General Anders Fogh Rasmussen who stated, 'The Chinese saw an opportunity to split the EU and the new Biden administration. The Chinese all of a sudden moved' (Burnay, 2022). Regarding the presence of President Macron, it is arguable that it was predictable since Macron had invited German Chancellor Angela Merkel and European Commission President Jean-Claude Juncker to take part in a meeting with President Xi Jinping in Paris in 2019. The efforts that Macron and Merkel exerted to reduce tensions between France and Germany in 2020, and their common desire to achieve the signing of the CAI. Placed in this light, Macron's participation is understandable.

At time of the signing in 2020, following the call with President Xi Jinping, at which European Commission President von der Leyen, European Council President Charles Michel, and German Chancellor Angela Merkel on behalf of the Presidency of the EU Council, as well as French President Emmanuel Macron were present, the President of the European Commission, Ursula von der Leyen, stated among other things that: "Today's agreement is an important landmark in our relationship with China and for our values-based trade agenda," and that, " The agreement will rebalance our economic relationship with China" (von der Leyen, 2020).

While it is clear that the possibility of a decision regarding non-ratification could be taken by the European Parliament existed throughout the seven years of negotiation that preceded the signing, the European Commission devoted considerable efforts towards mitigating criticism and alleviating concerns. In one digital conference in July 2020, Ms Maria Martin Prat, Director for Services and Investment, Intellectual Property and Public Procurement, DG Trade argued that while much had been achieved in negotiations with China, yet maintained that there existed broad support for the prioritisation of the substance of the agreement over the speed of its conclusion (Martin Prat, 2020). However, in responses to questions posed by several entities, Ms Martin Prat explained that the critical situation in Hong Kong was beyond the remit of the CAI, that the CAI does not cover cross-border trade of goods and services, and that the CAI would not include a specific IP chapter. Regarding the question of prioritisation of substance over speed, to which I shall return, it appears that in fact this was precisely the opposite of what both Angela Merkel and Xi Jinping intended, with an eye on the impending inauguration of Joe Biden as President of the United States of America on January 20, 2021. In other words, the ratification of the CAI was essentially a relevant international



event affecting international relations, and not only an agreement between two trading parties.

Matthieu Burnay and Kolja Raube argue convincingly that “the rise and fall of the CAI testifies to both, on the one hand, a growing (geo-) politicisation of trade policy and, on the other hand, a growing (geo-) politicisation of trade investments in the context of EU-China relations (Burnay & Raube, 2022)”. Burnay identifies the separation of trade and investments from other policy areas and fundamental values (such as human rights), and the legal and political commitment to coherence in the EU’s trade and investment policy, as a way to understand the growing tensions between the temptation to compartmentalize in times of (geo-) politicisation. At the same time, it is relevant to take note of the important point that while the EU seeks equivalence with China, simultaneously the leaders of the EU socially distance themselves from China with ethical forms to articulate their international identity (Song & Hall 2019).

The changing perception of the relationship between the EU and China since the establishment in 2003 of the strategic partnership between the two parties was first made, became obvious, from the EU perspective, with the publication in 2019 of the *EU-China Strategic Outlook*. In this document, four perceptibly different, and arguably incompatible, perspectives of China in the framework of EU-China relations that the EU entertains, were presented, namely, “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” (EU-China Strategic Outlook, 2019).

To a western reader, this statement could appear to embody challenging undertones to China to align itself more closely with the EU’s interests, and even reconsider its supposed rivalry. While the EU was categorical in its depiction, the official Chinese response, penned by Yao Ling, shrugged off any acceptance of the existence of diversities in direction, blankly avoided making any direct criticism, and took a higher moral stance. As often occurs, China preferred ‘to control the narrative’ by realigning the substance of the EU statement according to China’s own preferred perception of EU-China relations. Yao’s views were published in the *China Daily*, which is owned by the Central Propaganda Department of the Chinese Communist Party, and is relied upon to publish official statements. Yao Ling wrote,

'In March, the European Commission released a document "EU-China: A strategic outlook", which has been interpreted as the transformation of the EU's policy toward China. Although it assertively highlighted the EU's interests more, China-EU cooperation remains the mainstay of bilateral relations. In fact, China and the EU both regard each other as an important partner for strategic cooperation. In December 2018, China issued its third policy paper on the EU, identifying the direction, principles and specific measures to deepen the China-EU Comprehensive Strategic Partnership in the new era and promote greater development of China-EU relations. On its part, the EU



always looks upon the strategic partnership with China from the perspective of common development and prosperity' (China Daily, March 2019).

Having explained to the EU that, in fact, no great differences existed between China and the EU, and that the EU was actually in full agreement with China, this view of the fundamentally positive nature of EU-China relations was further reinforced by an article a few weeks later by an article titled 'Political trust has forged strong bonds' by Shi Mingde, former ambassador to Germany and Austria, who made it patently clear that the Chinese view of relations between China and Germany, specifically selected as the representative of the EU that China prefers, were that they were excellent. Referring to the issues raised by the EU, Shi Mingde simply stated that, "The steady progress in China-Germany relations can serve as a role model for cooperation between countries with different political systems" (China Daily, May 2019). In this way, China successfully diverted attention from the European Commission's recently formulated views on EU-China relations. Nevertheless, it is apparent that the EU-China Strategic Outlook statement still rankled in China more than two and a half years later, and required criticism. The Chinese Minister for Foreign Affairs and State Councilor Wang Yi stated, in his end of year summation of Chinese diplomacy in 2021, that "Europe's policy towards China seems to suffer from "cognitive dissonance". It is hard to imagine that on one hand, Europe seeks to build a comprehensive strategic partnership with China, and on the other hand, it defines China as a systemic rival. This logic has not only undermined China-Europe relations but also brought confusion to European friends themselves" (Wang Yi, 2021).

In December 2019, the European Commission President Ursula von der Leyen encouraged the DG for Trade to "step up negotiations with China" with the aim of reaching an agreement by the end of 2020 (von der Leyen, 2019). The same month Foreign Minister Wang Yi also supported the importance of reaching a conclusion concerning the CAI in 2020 (MERICS *China Essentials*, 10 September 2020). However, the CAI was not really ready for the EU and Chinese heads of state to sign. It lacked relevant agreements on climate change, standards, or COVID-19 cooperation (Garcia-Herrero, 2020). Furthermore, many of the commitments in the CAI were not novel, but were already covered by Chinese laws (O'Reilly, 2021) Not only were the negotiations far from completion, but during the seven years that they had taken, several EU Member States had perceived flaws weaknesses in the proposals, some of which were related to their own national interests (Burnay, 2022: 685), and within the European Commission itself 'promise fatigue' on the part of the Chinese (Lai Suetyi, 2023). At the same time, China urgently desired that the CAI be ratified before 20 January 2021, before Biden became President of the USA, since a magic strategic goal of the PRC's external policy was, in the words of the resolute MEP Reihard Bütikofer, "to drive a wedge between the U.S. and the EU" (Bütikofer, 2022).



A Disruption of EU-China trade relations

Once on 20 May 2021 the European Parliament passed a motion recommending a formal freeze on the EU-China Comprehensive Agreement for Investment, it brought an abrupt interruption, and possible final conclusion, to seven years of painstaking negotiations (van der Made, 2021). The vote of 599 in favour of the motion, 30 against and 58 abstentions signified clearly that resistance to continued discussions was fundamental, beyond any simple alteration of a number of specific provisions, and not likely to be reconciled for the foreseeable future. The resolution mentioned China's deteriorating human rights records, identifying violations in Hong Kong and Xinjiang, and denounced Chinese sanctions on members of the European Parliament and national parliaments that had followed shortly after the EU had imposed sanctions on Chinese officials accused of violating human rights in Xinjiang. The motion went even further calling on the EU to intensify cooperation with the USA in the *Transatlantic Dialogue with China*, and also took up the issue of trade with Taiwan. At the time that this motion was passed, the obvious question of 'What comes next in EU-China trade relations?' arose. The questions of how China reacted to this abrupt and unexpected block to future negotiation, and whether the EU Parliament vote could have been foreseen the debacle, are important to consider. Answers to these questions expose the power relationship between the EU and China in mid-2021, and whether there was any clear path by which the EU-China economic partnership could continue as previously.

The answer to the first question could have easily been predicted. Chinese media reacted with vehemence and indignation, at the same time as diverting readers from any consideration of the central reasons for the motion. The *Global Times*, the tabloid version of the People's Daily, as almost always spear-heading outrage and threatened repercussions, called the MEPs motion "preposterous", and stated that it made use of "groundless claims concerning human rights as an excuse to block progress on a deal that bodes well for European businesses and consumers (Global Times, May 2021)." The *Global Times* took the EU to task, stating that the EU had "displayed an *accelerating* confrontational attitude toward China, ... by trying to interfere in China's internal affairs", an accusation that is repeatedly made against any country that criticizes a point of concern in China, but does not appear to apply to China itself when it criticizes other countries. With the *Global Times* deploying its usual rhetoric of recrimination, the *China Daily* repeated the opinion of foreign ministry spokesperson Zhao Lijian who denied that China had any responsibility in the matter, stating "China is unwilling to see the current difficulties in China-European Union (EU) relations caused by the EU's unjustified sanctions, and the responsibility does not lie with China." In Zhao's opinion, "the EU disregarded facts, twisted right and wrong, and stubbornly made a wrong decision of unilateral sanctions based on lies and disinformation." Taking a position of moral superiority, Zhao diplomatically "hoped that the EU side will make serious reflections" on its actions, and stressed "Dialogue and cooperation is the right way forward." Zhao concluded by stressing that the "the China-EU investment agreement is a balanced and win-win deal." So much for the official Chinese response which projected the EU as being at fault, and as being confrontational and misrepresenting the situation.



The *South China Morning Post (SCMP)*, rather than castigating the EU Parliament for failing to acquiesce to the narrow parameters demanded by China for international cooperation, looked at how China appeared to have misread the future of Germany's trade relations with China. One day after a speech made by Armin Laschet, the CDU candidate for chancellor after Angela Merkel, who had promised strong trade ties with China, and had stated that he would vote to ratify the CAI, at the same time as informing his listeners that Germany accounted for 50% of EU exports to China, the European Parliament vote left the deal, to quote the SCMP "dead in the water" (Birmingham, 2021). Regarding voting in the EU Parliament, not one MEP from Merkel or Laschet's party voted to save the CAI. Only one of the 83 MEPs for Germany voted against the motion, along with a small number of abstentions. In other words, attitudes that may have been widespread in Germany in 2013 at the beginning of negotiations appear to have changed radically, and other priorities had come to the fore. Indeed, the only EU state whose EU parliamentarians voted *en bloc* to save the CAI was Hungary, which has 21 MEPs, with all twelve MEPs from the ruling party Fidesz voting against the motion. Not only did Laschet drastically misread his own MEPs, but so too did China.

Regarding the voting of the Fidesz bloc, of all the EU states, Hungary currently has the closest political relations with China. Hungary is the only EU member state to have issued Good Manufacturing Practice (GMP) certificates to Chinese producers of Covid-19 vaccine in 2021. The first was issued for the *Sinopharm* vaccine on April 5 (Pharmaceutical Technology, 2021), prior to the vote, and the second for *Convidecia* vaccine on 22 May, soon after the EU Parliament vote. As Feng Duoqia, president of the China Vaccine Industry Association, told the *Global Times* when *Sinopharm* was approved, certification increased confidence in Chinese vaccines in "small European countries" (Liu, 2021), and would lead to more recognition of Chinese vaccines in the EU. Whether the expected increase in Chinese vaccines was viewed as being a proxy for increased confidence in the CAI in smaller European countries, both within the EU and in the process of applying for EU membership, is not beyond consideration. Nevertheless, such confidence was totally lacking in the MEP representatives for these countries, apart from Hungary, which consequently made a public demonstration of its pro-China stance by approving the *Convidecia* vaccine.

Changing evaluations of China

Regarding the second question of whether the result of the vote could have been foreseen, this should not have been a surprise for anyone. In October 2020, during the Covid-19 outbreak, the Pew Research Center published a survey of changes in attitudes between the years 2007-2020 towards China in fourteen advanced economies (Silver, 2020). In the majority of countries surveyed a dramatic increase in negative evaluations of China are noticeable. The only country in the EU that did not demonstrate a significant change was Italy with an average 62% negative evaluation for the period. In the UK there had been an increase in negative evaluation from 16% to 74%, in Germany from 37% to 71%, in Spain from 21% to 63%, in the Netherlands from 34% to 73%, and in



Sweden most dramatically from 40% to 85%. Outside the EU, in the USA the increase had been from 35% to 73%, in South Korea from 31% to 75%, and in Japan from 42% to 86%, an even greater shift than for Sweden. In other words, increases of approximately 40% in negative evaluation had been widespread in the advanced economies with which China expects to cooperate, and not infrequently on its own terms.

When it came to the handling of the Covid-19 pandemic, a median of 61% of those surveyed expressed a negative evaluation of how China had conducted itself. The Pew Survey also found that a median of 78% of those surveyed did not have much, or any confidence in President Xi Jinping "to do the right thing regarding world affairs." Specifically, 78% of those surveyed in Germany had no confidence in Xi Jinping. This was a significant, and worrying figure, that should have alerted Chinese diplomats to a dramatic change in EU attitudes. At the same time, a plurality or majority in every EU country surveyed had expressed the opinion that "China is the world's leading economic power". Perhaps surprisingly, but also indicatively, different income levels and educational levels did not influence the negative perception of China. The fact that a negative view of China has grown continually in most cases since 2007, and has become pervasive across large sections of the EU population, must be considered as one of the central problems for China to successfully implement its international relations within the EU, where public opinion exerts influence on political decisions. China's failure to succeed in its soft-power initiatives, and to provide at least a satisfying degree of transparency regarding its ongoing activities and planned initiatives, was and continued to remain a stumbling block to achieving widespread acceptance for many of its singular achievements. However, at the same time, and perhaps not unexpectedly, there clearly existed a consensus regarding China's economic superiority.

The future of EU-China trade relations

The third question that this paper raises is 'What comes next in EU-China trade relations?' Once the rhetoric has abated, there still exist strong reasons for the EU to cooperate more closely with its prime trading partner. The business reality expressed in the following views of a Portuguese business developer, who will remain anonymous, provide a pragmatic perspective, prior to the freeze on negotiations. Firstly, he hoped that the CAI could allow for the definition of more equitable rules for the EU-China relationship, since it still remained relatively difficult for European companies to enter the Chinese market. European health companies were an example of European companies that would benefit from better access to the Chinese market in the developer's opinion. The second point that the developer made was that Chinese capital is not infinite, with the result that China needs to guarantee a constant flow of FDI. After the election of President Biden, China's need for a constant flow of FDI would become even more important due to the fact that the Biden administration was continuing to blacklist Chinese companies. This would mean that, sooner or later, Chinese companies would be forced to leave the US market and search for new possibilities. Consequently, this developer understood the CAI as potentially permitting Europe to position itself as the recipient for a new wave of



Chinese investment. What the developer was pragmatically arguing for was the need for more equitable and more transparent rules, and an adaptation to the presumed departure of a number of Chinese companies from the USA, with a corresponding influx to the EU, as a result of what we may call the 'Biden effect'.

While the *Global Times* had predicted on 24 March, that "those holding ideological prejudices in the European Parliament would ultimately lose ground to the prevailing trend within the bloc that advocates for cooperation to fit into the actual development needs" (*Global Times*, March 2021), this opinion was a total misunderstanding of the underlying adherence to values, beyond simple profit margins, that exists within the EU. The fact that the *Global Times* followed up its prediction with a warning that, in the case of a failure to sign the deal, it "could deal a blow especially to EU vehicle manufacturers", is indicative of the Chinese negotiating strategy — considerably more stick than carrot. It is now patently clear that the Chinese view, as expressed in the *Global Times*, that there is the "utmost urgency for the EU to return to its China strategy that has proven to be successful over the past decade", was not the central problem. As matters stood in June 2021, it was simply not possible to predict, with any degree of credibility, that in the future a 'return to the past' would occur, or that an improvement in cooperation in trade within the existing framework, without increased transparency, could take place. The failure of the CAI should have hammered home the realization that sustainable global trade would require China, as well as the EU, to make changes. While many of those in the EU Parliament who voted for the motion remained positive towards developing a new framework, it was now perfectly clear that there existed a resolve that it would not be at the price of fundamental European values.

On 30 June 2021, the Pew Research Center published a follow-up survey to the one of October 2020, that on this occasion covered results from seventeen advanced economies. In all but one country, Singapore, favourable views regarding the US had increased significantly. The overall median showed an average favourable view of the US being 61%, while only there was only a 27% favourable view of China, with only Greece and Singapore having a favourable view over 50%. The negative views of China had continued unchanged, and in some cases were even less positive than in the previous survey. For example, broadly negative views of China were found in Japan (88%), Sweden (80%), Australia (78%) and the US (76%). The only EU member state included the survey to have a relatively favorable view of China was Greece (52%). As the Pew Survey notes, "these unfavorable views are at or near historic highs". At the same time, confidence in President Xi Jinping remained low, with more than 50% of those surveyed in Australia, France, Sweden and Canada saying that they had no confidence in President Xi at all. On the other hand, confidence in President Biden at the time of the survey was dramatically higher than the figures for President Xi.

However, views regarding the handling of the Covid-19 pandemic rated China as having done a better job than the US with, among the EU member states surveyed, Greece, Spain and Italy all placing China considerably higher than the US. But when it came to choosing with which nation to have closer economic ties, the US outranked China in all the countries surveyed, apart from Singapore. Among EU member states, Sweden was



the most positive regarding economic ties with the US (82%), followed by the Netherlands (69%), Italy (66%), Belgium (64%), Greece (64%). The overall conclusion must be that negative views towards China remain prevalent, confidence in President Xi Jinping is minimal, and closer economic ties with the US, rather than China, are the public sentiment in all EU member states surveyed, as well as in Japan, South Korea, Australia, Taiwan, and New Zealand. This public antipathy towards China indicates that any Chinese soft-power initiatives aimed at the world's most advanced economies have demonstrably failed (Silver, 2021).

Chinese Policy towards the EU

The Diplomat pointed out that there exist three serious failings in China's policy towards the EU. Firstly, China has failed to treat the EU "as a serious political and security actor", and notes that the EU "holds strong soft power", projecting its influence globally. The author posits that China views the EU as being "a fragile bloc with deep divides", and considers the US as its unique target when making policy. Secondly, that China does not take normative concerns, embracing democracy, human rights and rule of law, as seriously as it should. China is overtly investment-oriented, and it has attempted to solve the problem of normative divergences with offers of investment and trade. Thirdly, China has failed to develop "a sophisticated diplomacy" to deal with Europe. This article provides a potential insight into Chinese thinking with the comment that "Beijing does not have a clear idea of its influence and potential threat to others (Xue, 2021)." The result is, for example, that China repeatedly declares that it "aims to establish a deep cooperative partnership with the EU, regardless of the changing perception the EU has of China". In other words, when China increasingly has deployed diplomatic 'wolf warriors', to whom compromise is weakness, it has lost any accurate perception of the impact of its policies on its partners, and the image it is creating and promoting.

There have been recent indications that a minor change of tactic, if not of policy, may have been attempted, focusing on national governments more positively inclined towards Chinese overtures. At the end of October 2021 Wang Yi, the Chinese Foreign Minister, visited Greece, and continued on to Serbia and Albania, before ending his trip in Italy. As noted previously, Greece is the only EU member state appearing in the Pew Survey that has a relatively favourable view of China. Wang Wenbin, a Chinese Foreign Ministry spokesperson stated that, "Greece, Serbia, Albania and Italy are important cooperation partners of China in Europe. China and these four countries [...] share fruitful outcomes in BRI cooperation (Shannon 2021)." When Wang Wenbin pointed out that Wang Yi was specifically visiting three of the members of the then so-called 17+1 group, formed by China and seventeen countries in Central and Eastern Europe, most of which are EU member states, e.g. Greece, and Italy, the only member of the G-7 to have joined the BRI, it was a demonstrative statement, reminding the EU that China will favour countries that are cooperating with China, particularly in connection with the BRI. Since the vast majority of EU member states have been unwilling to join the BRI, and Portugal which in 2019 signed an extension MoU with China regarding the BRI but has done little to



intensify its level of discussions since then (China-Lusophone Brief, May 2019), Wang Yi's visit may be viewed as a cautiously extended olive-branch, in hopes of resurrecting a positive dialogue with the EU. This previously planned visit by Wang Yi came, somewhat less than fortuitously, just a couple of weeks after a resolution passed by the European Parliament for closer ties with Taiwan, and consideration of a possible future EU-Taiwan bilateral investment agreement (Europa News, 2021).

Interestingly, the relative importance of the failure of the CAI, and the negative international public opinion in the seventeen most advanced economies revealed by the Pew Surveys, may possibly be less relevant for the direction that China's IR, its economic development and its economic diplomacy will take over the next five years. China's 14th Five Year Plan that was formally adopted in March 2021, and as researchers at MERICS noted, "marks a shift away from the qualitative growth-focus of Beijing's previous plans." China intends to prioritize a "great internal cycle (*danei xunhuan* 大内循环)", with the aim of achieving two targets, namely a strengthened domestic economy and a consolidation of social development (Grünberg & Brussee, 2021). The idea of self-sufficiency has thus emerged strongly. Self-sufficiency in essential resources, self-sufficiency in key technologies, without any stipulated targets for growth of the GDP; this is a departure from all previous plans. Ominously predicting "challenges unseen in a century", that may well be a reference to the sort of international negativity identified by the Pew Surveys, the plan remained vague about how the goals stated are to be achieved.

Generally, prominence is allotted to national security, strengthening the domestic socio-economic foundations of the country, and to supporting technology and innovation. While digitization (including smart solutions in the economy), "opening-up" and international economy, innovation and industrial modernization, and the economic system (including market reforms), are prioritized, other fields appear to have been deprioritized. Less emphasis appears to be given to agriculture and rural development, sustainability, urbanization and regional coordination, and public services, and the absence of mention of CO₂ emission caps and a restatement of a climate policy is noticeable. The inclusion of "opening-up" and international economy in the priorities marks the fact that de-coupling is not a current consideration. Instead, we see the concept of resilient, efficient and innovative domestic economy linked with a selective internationalization of the Chinese economy, currently referred to as China's Economic Dual Circulation. As the MERICS analysis concludes, the lack of specificity in the plan suggest that the guiding principle will be "upholding party leadership", and that "where no concrete targets exist, central party guidance will fill the voids ...".

China's Economic Dual Circulation in practice

In the summer of 2021, a "regulatory storm" shook markets in China, and resulted in a considerable loss of financial value, amounting to 1.5 trillion dollars, by high-tech moguls and celebrities. The government had already announced policies that had significant effect on high-tech companies, internet business and finance, as well as other sectors of society, in something that Professor Bary Naughton, at the time, called an effort to



exercise “grand steerage” of the economy. In fact, according to Bloomberg, the expression “disorderly expansion of capital” first appeared in a Politburo readout from December last year, and in the nine years of President Xi Jinping’s leadership, it had only appeared five times in documents connected to him — all in the previous ten months (Bloomberg, 2021). The expression appeared at least 38 times in the same period in the *People’s Daily*. As with the announcement of the OBOR, that became the BRI, an imprecise turn of phrase used by President Xi Jinping has become a central and irresistible force. Regulation, rather than free-markets, now became the lead policy, suggesting as Bloomberg wrote, a move “back toward more ideologically driven centralized planning.” While there have been comments that regulatory crackdowns will end efforts “to get rich overnight”, there has been a calibration of Xi Jinping’s message by leading authorities, such Vice Premier Liu He, who was quoted as saying that private business “has not changed and will not change in the future,” and Vice Premier Hu Chunhua who stated that China wants foreign investments in advanced manufacturing and modern services.

While President Xi Jinping may wish to promote self-sufficiency in essential resources and in key technologies, the Pew Surveys reveal that the world’s most technologically advanced nations appear to be disincentivized by ‘wolf warrior diplomacy’, and that will result in increasingly difficult negotiations concerning technology transfer. Cumbersome regulations, and uncertainties regarding future sudden restrictions in China, may curb the sort of rapid development that President Xi Jinping looks forward to. China’s bilateral partners in the BRI will not be able to provide the sort of assistance that China seeks to obtain. When these problems are coupled to a renascent US administration that, despite the chaotic Afghanistan withdrawal, will probably re-assert its position as a global economic leader. As a European Parliamentary Briefing published in December 2020 noted that “China is seeking to avoid the middle-income trap, while prerequisites for growth are disappearing with China’s rapidly aging working population and rising wage levels, which have led to government-supported industrial offshoring to low-cost Asian neighbouring countries”. This briefing also predicted the essence of the 14th Five-Year Plan when it continued to state that “at 2.25 %, China’s productivity growth has declined steadily since the 2008 global financial crisis, and that against this backdrop technological innovation and improving the efficiency of resource allocation are ideas crucial to raising total factor productivity.”

The push towards increased self-sufficiency, and promotion of indigenous innovation, is going to require a reform in China’s relationships with its technologically advanced partners as sweeping as the Economic Dual Circulation policy. This reform would entail greater transparency and an absence of arbitrary interventions, but while there is a clear need for such a step to create a new Chinese economic diplomacy, the Pew Surveys remind us that possible partners remain reluctant to enter any new negotiations or make any new commitments. Nevertheless, the mutual symbiosis of China and the EU as major trading partners means that solutions need to be reached to permit continued interaction.

The apparent trend towards a disarming tone in international diplomacy was continued when, in a meeting with ASEAN leaders, President Xi Jinping stated that “China would never seek hegemony nor take advantage of its size to coerce smaller countries” (CNN,



November 2021), emphasizing that China would be “a good partner of ASEAN”. This conciliatory tone comes when China is widely asserting its sovereignty in the South China Sea, with resulting tension between China and Vietnam, the Philippines, Brunei, Taiwan, and Malaysia, and a recent US warning that “an armed attack on Philippine vessels would invoke US mutual defence commitments”, a confrontation that could have far-reaching consequences. However, the likelihood that China will submit its disputes with ASEAN members concerning the South China Sea to international arbitration, as requested by President Duterte of the Philippines in 2016, remains distant.

Where the Pew Surveys consider the world’s most advanced economies, the opinions of less advanced countries towards China have until recently been more positive, particularly when the countries in question have benefitted from BRI infrastructural development projects. Among the EU member states, as noted above, Hungary has developed strong ties with China. When the *Global Times* highlighted the resilience of the rail transportation sector during the ongoing Covid-19 pandemic, it pointed out that the number of China-Europe cargo trains exceeded ten thousand by the end of August 2021. This was indeed a major achievement which came, as the *Global Times* could not fail to remind its readers at a time when “the EU’s increasingly hostile actions against China pose further risks to bilateral ties” (*Global Times*, September 2021), perhaps a reference to disappointment at the failure of the EU Parliament to endorse the CAI. Without more detailed information it is difficult to be able to concur that “the China-Europe trains have become crucial life-saving routes during the pandemic”, but the importance of the possibility of rail transport at a time when there was substantial global shipping disruption is understandable. The question is whether this sort of success has been widely enjoyed elsewhere in connection with rail transport development within the BRI.

Postscript

As of October 2021, it still appeared “very likely that some EU governments will seek to resurrect the CAI, since many industrial associations across Europe support the deal”, (Casarini & Otero-Iglesias, 2022), since China remained Europe’s second largest trading partner, and investment flows between the EU and China were very substantial. For example, the EU remained China’s third largest source of FDI. However, in 2023 the outlook is very different. Despite Ambassador Fu Cong, the new Head of the Chinese Mission to the EU stating that he would like to resuscitate the CAI (McElwee, 2023), and the fact that there may be some parties interested in a revival, given China’s stance in the war being waged by Russia on Ukraine, there is little likelihood of the CAI reappearing on the table. The compartmentalization that allowed the separation of trade and investments from other policy areas and fundamental values is no longer a possibility for European policy makers.



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IT'S NOT VENUS, BUT MINERVA: THE EUROPEAN QUEST FOR RELEVANCE VIS-À-VIS THE CHINA CHALLENGE

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Abstract

In a world driven by US-China competition, American IR literature is disregarding the EU, presenting the struggle in terms of a bipolar zero-sum game and pure military conflict. Using Schweller's terminology, this vision of the hegemonic struggle is urging the EU to adopt a bandwagon position, backing the status-quo "lion" US when facing revisionist "wolf" China. This paper contests this bipolar narrative to introduce the most interesting option for the EU: becoming the balancer. Using the concept of strategic autonomy, this paper argues the EU should overcome internal and external barriers to pursue her own agenda in global affairs. In this context, the China challenge offers an incomparable opportunity for the EU to hold the balance in three areas: economics, security affairs, and the system of values. Embracing this leadership role, the EU would regain her geopolitical relevance, resisting the shakings of American decline, and proving, in global affairs, Minerva's wisdom and strategy are the most precious gifts to hold.

Keywords

European Union, US-China Competition, International Relations Theory, Strategic Autonomy, Balance of Power.

Resumo

Num mundo marcado pela competição entre os EUA e a China, a investigação americana em RI está a ignorar a UE, apresentando a contenda em termos de um jogo bipolar de soma zero e de teor exclusivamente militar. Utilizando a terminologia de Schweller, esta visão da competição hegemónica incita a UE a adotar uma posição de "bandwagon", apoiando o status-quo "leão" dos EUA quando enfrenta o revisionismo "lobo" da China. Este artigo contraria esta narrativa bipolar para apresentar a opção mais interessante para a UE: tornar-se o equilibrador. Utilizando o conceito de autonomia estratégica, este documento defende que a UE deve ultrapassar as barreiras internas e externas para prosseguir a sua própria agenda nos assuntos mundiais. Neste contexto, o desafio da China oferece uma oportunidade incomparável para a UE manter o equilíbrio em três áreas: economia, assuntos de segurança e sistema de valores. Ao abraçar este papel de liderança, a UE recuperaria a sua relevância geopolítica, resistindo aos abalos do declínio americano e provando que, nos assuntos globais, a sabedoria e a estratégia de Minerva são os dons mais preciosos a reter.

Palavras-chave

União Europeia, Competição EUA-China, Teoria das Relações Internacionais, Autonomia Estratégica, Equilíbrio de Poder



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IT'S NOT VENUS, BUT MINERVA: THE EUROPEAN QUEST FOR RELEVANCE VIS-À-VIS THE CHINA CHALLENGE

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Introduction: The American disdain for the European Union

In 2002, Kagan (2002: 3) asserted that “on major strategic and international questions today, Americans are from Mars and Europeans are from Venus”. His actual point in that essay, titled ‘Power and Weakness’ was that, in International Relations (IR), there are two different views over power. While Americans do exercise power in the anarchic Hobbesian world, he perceived that Europeans were “turning away from power”. According to Kagan, Europeans appeal to international law and commercial and economic ties to bind nations, using subtlety, diplomacy, and persuasion. Using provocative language, he explained that American military predominance and Europe’s relative weakness provoked a division of labour, where the United States (US) was “making the dinner” and the Europeans were “doing the dishes” (*ibid.*: 4-9).

This alleged superiority of the US has also had a manifestation in the discipline with the idea the US holds a more qualified understanding of interstate relations since the 1940s. Therefore, world models have tended to illustrate the American perspective over global needs through a narrative of a perpetual struggle for power where satiated good powers need to stop unsatisfied evil nations from subverting the entire system. It is ironic to notice the similarities between this Manichean world vision and the antagonistic standpoint attributed to the Soviet Union by Kennan (1946).

This theoretical discourse has also meant to turn away from the traditional advocacy for the balance of power, entering into a hegemonical narrative that defends it is in the world interest the US occupies the apex of the pyramid. In the “European world” from the late 18th century to the mid-20th century (Jacques, 2009: 1-21), the balance of power was the rule in international affairs. The stability provided by the equilibrium of forces and the continuous negotiation among powers was fundamental for Continental powers in Europe to guarantee their freedom of action (Kissinger, 1964: 271). Additionally, from the precautionary policy of an insular power, like Britain, the continental balance of power ensured no overriding danger would threaten the equilibrium, and, ultimately, its immediate security (*ibid.*: 163).

However, the isolation that geography provides the US with, in comparison to other great powers, clearly gives American elites this sensation that hegemony could work better for



their interests. Hegemony means only one power, the US, rules the system, while the European powers are considered secondary, but necessary allies (Schwarzenberger, 1960: 159). Even NATO, which symbolized Transatlantic relations after 1948, mainly protects American interests, disregarding Europe. The best example of this is Lord Ismay's words about NATO keeping "the Russians out [the European continent], the Americans in, and the Germans down" (Flockhart, 2010: 5).

This inequality between the Western North-Atlantic allies has obliged the European powers to reinvent themselves geo-strategically, towards a more strategic European Union (EU), although unity has not changed her consideration as a minor party in the hegemonical struggle. The current challenge China poses over the American predominant position globally is provoking a shift in US grand strategy attention to the Pacific theatre (Simón *et al.*, 2021: 91). The most immediate outcome is that the current hegemonic narrative in the US is disregarding the EU as a global strategic actor.

This paper is rooted in the idea that the situation with China offers an incomparable opportunity for the EU to be strategically independent while regaining relevance in the hegemonic competition. In the first section, the correlation of the American discourse with the theory is explained, denouncing that the literature has progressively subordinated the EU to a secondary role in the discipline. Secondly, and thanks to the balance of power, the role to be represented by the EU as the balancer is introduced, alerting about the four challenges the EU should overcome to hold the balance. Finally, a route map for EU-China relations to act as the "arbiter" of the current US-China hegemonic struggle will be exposed in the fields of economics, security affairs and culture.

The EU from the theory: Just a lamb fearing the China bad wolf?

When the realist research program became hegemonic in IR Theory, the world started to be depicted as a division of states struggling for power and resorting to conflict to pursue their interests in a self-help system. However, the nuclear capabilities of the US and the Soviet Union in the late 1940s provoked a change in the scope of the theoretical literature. The discipline could no longer be satisfied with explaining interstate relations in conflictual terms, since preventing major wars to happen should be the litmus test.

In this period, Classical Realism devoted considerable attention to the balance of power as the finest world model to maintain stability in global affairs. Originally founded on the idea of equal right-to-exist among the units (Morgenthau, 1949: 125-126), the aspiration of this model was "equilibrium or a distribution of power between two opponents in which neither side has attained a position of superiority or supremacy" (Wolfers, 1959: 2). The logic was tremendously simple: without holding power superiority, none of the forces will have enough confidence in their victory and then the conflict would be avoided.

The balance-of-power model served as the preferable situation in world affairs until the late 1950s. The unrelenting Western discourse about Soviet evil intentions and the fructiferous Transatlantic alliance with Europe allowed a turn in theoretical terms, as



simple parity with the Communist bloc was no longer desirable. However, to eliminate any suspicion over this aspiration to disrupt the equilibrium, a new concept was introduced: the “defenders of the peace and law of the world community” (Wolfers, 1959: 3-5), the status-quo powers. In the hands of these Western democratic status-quo powers, led by the US, indisputable hegemony was ideal to preserve world stability.

In 1958, Organski introduced the power-transition theory as a critique of the balance of power. He stated that equilibrium was not equal to peace, since the modern greatest wars took place in situations of power parity (Organski, 1958: 291-292). Consequently, he developed a model according to which the best scenario would be an uneven distribution of power, a hierarchical system dominated by a dominant status-quo nation able to resist the challenging dissatisfied powers (Organski, 1958: 313-337). Organski was probably envisioning a cyclical succession of world orders as later presented by Modelski & Thompson (1989: 36), but his terms were used differently. They served to consolidate two patterns of great power behaviour in IR literature: the status-quo US and Europe vis-à-vis the revisionist Soviet Union and Red China (Wolfers, 1959: 11). This power-transition literature was then biased to argue that world stability had to rely on the superiority of Western powers.

Nevertheless, the end of the Cold War brought some changes to this conception. The global pressure on China after Tiananmen and the Russian rapprochement towards the West after the dissolution of the Soviet Union eliminated all potential rivals to the US hegemony. Therefore, the US did not have to rely any longer on the Transatlantic alliance. During the Cold War, the US had sustained NATO despite French concerns about the overdependence on the US and even supported European nuclear ambitions while convenient. However, given the new events, it was no longer in the American interest to deal with the EU as an equal partner, as evidenced in inferiority speeches like the so-called “Kissinger question” about who would be answering the phone in Europe, which created serious concern in the EU.

Given the control of the IR Theory narrative, this US policy also found support in the theory. Continuing the tradition of power-transition theory, Schweller introduced the bandwagoning for profit in the status-quo/revisionist dimension. In his work, he identifies four patterns of state behaviour in the *continuum* of satisfaction-dissatisfaction: lions, lambs, jackals, and wolves (Schweller, 1994: 100-104). Lions, as kings of the jungle, rule and manage the international system and need to frighten voracious (revisionist) wolves from aggression or fight to defeat them. Yet, the most important part of this contribution is how weak states are portrayed as lambs if they bandwagon to appease threats, or jackals if they bandwagon to rely on others’ victories.

Although Schweller never referred to specific states when presenting these roles, it is shocking how the definition of lambs perfectly suits the American vision over the EU. The American protection the EU searched for during the Cold War (Ratti, 2012: 92) has been sustained and even increased with the end of the Cold War, despite the lack of direct threat. Additionally, the US Pivot to Asia in 2011 has thrown the EU into a secondary role in hegemonic terms when attention is focused on Asia-Pacific.



This shift is manifesting also more assertiveness towards the EU, as evidenced by Trump's threats over the dismantlement of NATO. Despite the change of tone, Biden has not engaged in a more promising dialogue with the EU about global affairs. On the challenge posed by China, the US would like the EU to support American interests in their competition with Beijing, or at least not undermine their efforts (Simón *et al.*, 2021: 91). Concerning China, the US seems to be asking the EU to be a small power (Toje, 2011: 47) that joins the lion to avoid being fed by the China bad wolf. But what happens with European interests then? Who is taking care of them if the EU is a lamb in this anarchical jungle?

Honding the US-China balance: The answer for European relevance

This American disdain for the EU has been problematic in the European continent for decades. It was one of the reasons behind the French abandonment of NATO in 1967, as the security alliance ultimately meant dependence on the American military forces to solve purely European security affairs. This is the foundation also of the idea of strategic autonomy, probably the most important concept in European foreign affairs in the last decade. According to Damen (2022: 1), strategic autonomy "refers to the capacity of the EU to act autonomously – that is, without being dependent on other countries – in strategically important policy areas, [ranging] from defence policy to the economy, and the capacity to uphold democratic values". It was the result of the EU's realization that she needed to rely on herself, considering the episodes going on with Brexit, Trump's America First, and China's assertiveness.

In a system where the units are looking inwards, the EU needs to make a stance to pursue a more integrative approach among the European nations to strengthen the union on the outside. The common security and defence policy (CSDP) was, at the time, the initiative that most symbolized the ambition to act as a Union, diplomatically, economically and militarily (Toje, 2011: 44). However, the time has evidenced the CSDP was not enough to achieve the autonomy that was originally pursued. The invasion of Ukraine in February 2022 has still raised the strategic dependence on the US when defending European values in the European continent. On the other hand, the existing complex interdependence between the US and the EU, as main economic and technological partners and members of the main strategic military alliance in the world, provokes a still decisive relationship between both powers, despite the increasing importance of China.

What are then the possibilities for the EU to still be relevant in hegemonic terms? As mentioned above, the gradual American hegemonic interests have been accompanied by a progressive correlation in the IR Theory literature, with the preference for the power-transition theory over an equilibrium based on the balance of power. Nevertheless, the China challenge is offering a new turning point in this theoretical construction, as the Western decline and China's ascent are causing a recent shift in the discipline. Certain voices are advocating for a balance of power (Swaine, 2015: 146; Lukin, 2021: 375) or cooperation between the US and China (Weiss, 2022: 41; Rodrik & Walt, 2022: 150) to



escape from the Thucydides' Trap, which is simply a captivating term for Organski's original power-transition theory. The US is pushing away the hegemonical discourse to prevent an escalation leading to a major war based on theoretical grounds.

This renewed strength of the balance of power offers very fertile soil to raise the foundations of European strategic ambitions and find the EU's place in this early Asian century. Concretely, Morgenthau (1948: 142-145) explains that, apart from the two scales composing the balance, there is a third element, named the "holder" of the balance, whose objective within the system is simply the maintenance of the balance. The holder of the balance should support the weaker scale to avoid the domination of the other and maintain equilibrium. Therefore, the balancer "must refuse to enter into permanent ties with either side", and this isolation, and even condemnation on moral grounds, is the price to be paid to sustain stability in the system. This key role as "arbiter" of the system was majestically represented by Great Britain until the late 19th century.

Morgenthau (1948: 145) stated that "this variety of the balance of power seems to have disappeared in recent years with the decline of British, and the growth of American and Russian, power". In this Cold War context, no force was perceived as strong enough to hold the balance while not aligning with the Western or Eastern blocs. Additionally, Organski (1958: 297) severely criticized the concept itself of the "balancer" since no single nation would disregard their self-interest to maintain the balance, not even Great Britain. However, as Kissinger (1964: 171) recognized, the political equilibrium in the continent was an end in itself for the insular power to preserve her particular safety. Because of that, Britain's role as the balancer would "more likely encourage divisions in the Continent than ameliorate them" (Kissinger, 1964: 313).

While divisions could hardly be more enhanced between the US and China in the current scenario, the EU can play this balancer role, adopting a more tenacious position in the world system instead of forging permanent alliances with any of the contenders. The European "isolationist" position towards a potential conflict in Asia-Pacific allows certain indifference over the domination of the region, providing the ground to decide who will win and who will lose in every dispute. This role would certainly give the EU a decisive standpoint in the region where global hegemony is to be decided, but also three important assets commonly attributed to the balancer: certainty over her independence, responsibility for the independence of the other nations, and the option to extract the highest price from those whom she supports (Morgenthau, 1948: 143).

These key decisions to be made would push the EU to become the most powerful actor within the system, since the US and China would, in a certain way, depend on the EU's choices. This unparalleled position as the holder of the balance would certainly come with the cost of facing, at least, four major challenges for the EU in her quest for relevance. These are: (1) overcoming the domestic barriers in the search of true internal cohesion in foreign affairs; (2) breaking the regular military, economic, and political alliance with the US; (3) starting from scratch as a strategic geopolitical actor in the current multipolar global system; and (4) reversing the unconstructive rhetoric over China to create mutual trust in other domains apart from the economic.



In the first place, the EU has never been able to agree on a truly common foreign policy. In the end, the credibility of external power depends on the deployment of resources (Aron, 2003: 49), which ultimately involve the intricated EU decision-making process, the different national foreign agendas, and the need to stay firm with the final decision made. Any blockade on this situation or unilateral positions, as currently shown with the practice of bilateral energy agreements with Russia, could be fatal for this common position. Finally, the challenge posed by Hungary and Poland when giving voice to anti-European views demands the search for accommodation within the European system to these opposing attitudes. This search for compromise to avoid revisionism and unilateral decisions is the only way to effectively tackle this issue and prove the "unity in diversity" that inspires the entire EU model.

Secondly, being the balancer, the EU should be open to becoming a temporal foe of the US if her interests require so. To achieve this, moving away from American interests ought to be a priority, but the US-EU's existing complex interdependence would certainly hinder the process. Fortunately, in the last years, the US has incurred certain behaviours that may lighten up this pressure over the EU, as shown by Trump's actions and rhetoric over the Old Continent or Biden's unilateral decision to withdraw American troops from Iraq. Domestic upheavals in the US and the idea of the Western decline are manifesting the inner contradictions of the American system. Escaping from these earthquakes by building a stronger society that abstains to see the US as a role model internally and externally should be a main concern for European institutions, facilitating a potential split in strategic affairs.

The existing interdependence means strategic disengagement with the US would hardly condition a dramatic transformation in the economic and political relations between both sides of the North Atlantic. However, this move would certainly jeopardize the most vulnerable and obvious domain for the EU: the dependence on the US military forces. Nevertheless, Russia's assertiveness over Eastern Europe has recently emphasized again the benefits for the US when being present in Europe. Consequently, even with European strategic autonomy, it would be in the interest of both sides to maintain NATO, as the two parties would be enjoying the advantages of this alliance among traditional friends.

In this context, the EU could gain this strategic autonomy by officially recognizing the EU's "insular" neutral position over a potential confrontation in Asia-Pacific, using rhetoric based on the balance of power between the US and China. This isolationist policy would not be an existential threat to the Transatlantic alliance while making clear the EU would not be subordinated to the White House's dictates regarding China. Contrary to this ideal scenario for the EU, the most recent NATO Strategic Concept moved on the opposite direction when identifying China as a challenge to Euro-Atlantic interests, security, and values (NATO, 2022: 5). In future NATO agreements, the EU needs to limit the inclusion of US grand strategy in the Pacific if she wants to maintain the alliance while regaining freedom of action to progressively approach China.

The third challenge for the EU in the quest for relevance, that is, finding her new role in the system, is certainly demanding since it would mean abandoning the bipolar discourse.



The multipolar narrative assigns the EU a prominent position in international affairs, but the EU needs to initiate the route to discover her separate part in the current hegemonic competition. The EU has traditionally been perceived by other parties as an economic actor since economy was the primary bond for the EU in her origins. Economics is an area that allows bonding among European states while not calling for external enmity if the rest's shares remain untouched. Embarked on a win-win logic when offering a common free market to potential partners, the EU has enjoyed a prominent character, by promoting internal unity and becoming a role model in the domain where cooperation is less troublesome.

However, the hegemonic relevance the EU is seeking would oblige the organization to adopt a more substantial role in security affairs, where cooperation is harder and, as already warned, internal and external constraints can easily be involved. Therefore, the EU's new position to regain relevance in hegemonic terms should only be referred to as freeing herself from the American interests and policies towards China and adopting a new strategy on China. The latter is our fourth challenge and is developed in the following section.

The China challenge as an opportunity: How to make it happen?

In 1948, Morgenthau (1948: 273-274) identified the disappearance of the balancer as a change in the new balance of power that was occurring at the time. According to him, Great Britain could no longer be able to perform this role as her naval strength had been surpassed by the US, and modern warfare was challenging the uncontested mastery of the seas, as well as the invulnerability of the British Isles. Furthermore, when justifying France's impossibility to play this position in the aftermath of World War II, he gave the three main conditions to hold the balance: (1) being "geographically remote from the centers of friction and conflict", (2) having "no vital interests in the stakes of these conflicts as such", and (3) having "the opportunity of satisfying its aspirations for power in areas beyond the reach of the main contenders for power" (*ibid.*: 275).

The EU's success when separating from American interests will precisely depend on the ability to justify whether these three conditions are met if the US and China engage in conflict in Asia-Pacific. Geographically remoteness is no longer a real condition for neutrality with the current warfare. However, based on the experience in both World Wars, the US knows that struggling on another continent gives you freedom of action to decide when to be involved. The vital aspirations of Europe are not played in this US-China competition in Asia-Pacific, despite the growing interest in partnerships with the Indo-Pacific region, involving India in economic calculations. In fact, the extension of the concept from the Pacific to the Indo-Pacific talks about this need to expand the "power center of global politics" to invoke more interests, as it searches the US with the Quad and China with the attempt to expand her economic and strategic influence in the Indian Ocean (Saeed, 2017: 502-504).



However, the EU's position in the world is not depending on the Chinese expansion in the Indo-Pacific area or the ability of the US to rebalance China. A potential conflict could provoke a reversal in the economic possibilities of the European national governments, but that does not mean the EU as a strategic actor is genuinely interested in the events occurring in the Indo-Pacific. Actually, her remoteness could be key to rising as a hegemonic actor when having no vital interests in the region and finding other areas to exert influence, for example, in Central Asia. But first, the EU should look for the satisfaction of her power aspirations from the inside, with the unity of the European powers as a common front in foreign affairs. Achieving this, the EU would be a relevant actor in hegemonic terms, away from the "main center of friction and conflict", and with enough autonomy to draft her own policy in the world.

However, these favourable conditions are dependent on the ability of the EU to separate herself from American interests and build a constructive relationship with China, acting as a real balancer. The challenge China is posing to American hegemony is an unparalleled opportunity for the EU to act as arbiter between the hegemon and the rising power. Becoming the holder of the global balance of power leads, apart from the deterioration of the traditional strategic bond across the Atlantic, to the fourth challenge for the EU on the road to becoming a hegemonic power: reversing the negative interaction with China. The trial behind this policy is evidenced by the division in the West on whether China should be considered a "threat" or a "challenge". However, what might be a threat to the US national interests in the Pacific could not mean a direct menace for the EU, as it was proven by the pragmatic approach that EU member states seem to have adopted to China due to economic possibilities. In fact, this association could be reinforced by China's view of the EU as a crucial player in the global society and the idea of the EU-China relationship as a "new model of major-power relations (新型大国关系)", away from confrontation and hostility (Li & He, 2022: 442).

This turn in EU-China relations should be performed following the EU priorities in strategic autonomy, to be coherent with the order the EU seeks to arbitrate as the global balancer. In this regard, the European Parliament (2022: 1) and countries like Spain and the Netherlands (2021: 1) have identified three main fields to achieve strategic autonomy while preserving peace and international stability: economics, security affairs, and the upholding of democratic values. This resonates with the traditional distinction in IR Theory between the three basic forms of social power: economic, political, and cultural, using the definitions provided by Caldusch Cervera (1991) that will be developed below.

Economic power is defined as the "form of social power developed among the members of an economic process on their condition of producers, distributors, or consumers" (*ibid.*: 6). Within this global economic system, China is currently the first commercial power in the world, with the Belt and Road Initiative (BRI) offering a common economic framework in the Eurasian continent under Chinese principles. For the EU, the top priority would be creating a common policy toward the BRI, avoiding unilateral signatures between the giant dragon and the EU member states. To achieve this, it would be required to convince existing signers to revoke their partnerships in favour of a partnership between the entire EU and China within the BRI framework. Therefore, the EU would avoid individual



conditions with her member states, while China will add more territories and markets to her most ambitious project in economic terms.

A European united front in economic terms could enhance the European position in the negotiations with China, opting for a more equal standpoint for both parties to ensure the win-win approach China is selling to the world. This approach could be applicable within the BRI framework, but also to the Global Gateway project the EU is developing, which affects critical resources such as digital technology. In the past, challenges from China have been reported in the EU in terms of economic security, especially connected with Huawei or the 5G networks, but it is important also to separate security threats, which affect the survival of the actor, from the mere protection of economic interests, which can be achieved otherwise. To do so, the EU needs to become a more self-sufficient actor to avoid dependency on critical resources and fear of supply chain disruptions from China. This autonomous EU policy may create some concern in the US, which is currently coordinating with the EU in several policy areas, including growing the bilateral trade and investment relationship, to contain China economically (Li & He, 2022: 446).

A perfect case study in this regard is the EU-China Comprehensive Agreement on Investment (CAI), which was concluded, right before the Biden administration was in place, due to some remarkably appealing Chinese concessions (Bergsen, 2021: 24). The US has not only opposed to the CAI but even pressured the EU to dismiss it in the base of its global disadvantages. While the agreement is officially frozen due to the situation in Xinjiang, it evidenced the pull of the Chinese market in Europe (Casirini, 2022: 101-103). The final ratification would be a signal of developing an EU policy on China unhearing American preferences, with a positive impact on economic and political affairs for the EU and China. These moves would probably be strengthening Chinese economic power but would also provide more possibilities for the EU to use Chinese investments for her profit and under her terms, given the EU's stronger position in the international system.

A similar pattern of behaviour could be performed in political power, defined as the "established social power to organize cohabitation and guarantee society's security and independence" (Calduch Cervera, 1991: 6). This political power is then critically impacted by security affairs, that is, the use of the military to guarantee the state's survival and the consecution of the national interests. In this regard, with the US-led NATO and China's Global Security Initiative as the two poles that could eventually collide in the Indo-Pacific. The inclusion of China as a "security threat" to NATO means that, in the case of a direct US-China confrontation, the EU could be involved if invoked Article 5 of the North Atlantic Treaty. For the US, it is a priority referring the US-China competition in military terms to ensure European involvement, as well as the use of the rhetorical confrontation between responsible democratic Western nations and revisionist authoritarian non-Western powers (Peters *et al.*, 2020: 1502). In both cases, the already-exposed EU's strategy of isolating herself from the Indo-Pacific military theatre could be successful in the creation of her own narrative and security policy.



The construction of a new common framework of reference in security affairs would ensure the continuation of the NATO alliance while reaching certain autonomy over the US grand strategy. As stated, this policy could be harder because of the US-EU's complex interdependence, but it would be the only road to being more strategically independent in this multipolar world. This disengagement with the US could mean, for example, the adherence to the One China policy regarding Taiwan, as requested by China. The EU needs to assemble and decide if, contrary to US ambiguity, she would act in case of a Chinese attack on Taiwan, where no vital interests of the EU are involved. Holding a common policy on the Taiwan issue and creating a narrative around it could impact revealing the military escalation between the US and China is actually over becoming the linchpin in the global system, not on the stability of the latter.

Finally, cultural power is defined by Calduch Cervera (1991: 6) as the "acquired form of the social power that is based on the existence of a community of values, knowledge, ideologies or experiences among the members of a society". In this "community of values", one of the most pressing cultural concerns for the EU is the Chinese disregard for human rights. This matter has been tremendously problematic in China-EU relations since 1995 (Dosch, 2018: 188-189), but achieved a point of no return when the narrative on Eastern values was raised (Davison, 2018: 304-310). This disdain for human rights in China is repetitively addressed by Western officials, linked to accusations of censorship, abuses against the Uyghurs in Xinjiang, and repression in Hong Kong. Despite the repulsive character of these policies in all places, the US has a policy of selective condemnation of human rights violations depending on their foreign agenda. This was demonstrated in the promoted diplomatic boycott over the 2022 Beijing Olympic Games, while the 2022 FIFA World Cup in Qatar was not perceived as problematic whatsoever.

In this cultural projection, the EU has commonly adopted a more coherent position towards the respect of human rights, being critical of violations everywhere, regardless of the economic or political interests involved. In a certain way, the EU has embraced being the "voice of conscience" as part of her international credibility and her aspirations to "exercise global normative leadership" (de Búrca, 2011:690). Therefore, the options for the EU would not allow a more flexible stance towards China's human rights violations since it would mean a reverse in the European position as a global human rights actor. This is particularly true in the case of Xinjiang, where the EU should act as Jiminy Cricket and whisper in China's ears to get a reversal of the governmental policies in the region and an improvement in the conditions of the Uyghurs. Through the rapprochement in other spheres of power, the EU could adopt a more privileged position to try to use her normative force to impact and obtain concessions from China in terms of the embracement of societal values like human rights.

However, the EU should always check not crossing the line of sovereignty to prevent China from perceiving European interference in domestic affairs that could lead to higher secrecy on Chinese affairs. Therefore, two courses of action for the EU could be followed to avoid the naming and shaming towards China while maintaining her global normative front-runner: (1) a more critical approach to other countries neither respecting human rights, which would reduce pressure on China and, at the same time, pursue a fairer



defence of human rights globally; and (2) drawing a line and not letting politics to be involved against China in other cultural aspects like Chinese brands or sports events, as Macron defended regarding the Beijing 2022 boycott. Both policies would provoke a positive reaction from Beijing over this change in the EU discourse, easing the path to becoming the balancer in the existing hegemonic US-China competition.

Conclusions and food for thought: Minerva as a role model

This study has addressed the European concerns of strategic autonomy and hegemonic relevance, using the challenge posed by China as a far-fetched opportunity to obtain independence from the American global interests and adopt her own common policy without further interference. If the EU simply pursues the trail of American officials in her relationship with China, it will become an irrelevant actor in geopolitical terms, and this is why the EU should enjoy this chance to raise her voice toward China. In this sense, the Chinese policy of resisting American hegemony could be interesting for the EU to avoid being a mere puppet in foreign affairs, but the solution can neither be Chinese hegemony. The most preferable scenario for the EU would be a global balance of power with the US and China on each of the scales, and the EU holding the balance.

To achieve this goal, it is fundamental to coordinate the policy toward China and overcome internal and external barriers, especially in the always-challenging Transatlantic alliance. Further actions have been drafted in the economic arena, security affairs, and the defence of democratic values, but the main challenge would certainly be maintaining the relationship with the US despite the interference (by omission) in American policy in the Indo-Pacific. As Morgenthau (1948: 143) stated, the ambivalent role of the balancer comes with moral condemnation, but also with a key position as the "arbiter" of the system. For the balancer, using Lord Palmerston's words, there are no eternal allies or perpetual enemies, just the interests to be followed are eternal and perpetual. Therefore, it seems to be in the EU's interests to be accused by the US of negotiating with the "enemy", as a jackal bandwagoning for profit, if these could finally be on the negotiation table.

The possibilities on the other side are promising, especially if being able to act externally as a bloc. Strategic autonomy comes with the price of ceding sovereignty, but the alternative is global irrelevance in a world progressively dominated by Washington and Beijing. The EU should learn from the Cold War period and emphasize the importance of a tripolar global order, as envisioned by China in her aspiration of a three-superpower system (三超多强), ruled by the US, China, and the EU. This system is an interesting option for China because it would guarantee developing countries would ask for her help, with the subsequent positive economic effect on China. But, even more, it is the best option for the EU, whose relevance would be notable when arbitrating the US-China competition in the Pacific.

This entire framework for strategic autonomy during the China challenge opposes the position the US has been asking the EU to hold in this hegemonic confrontation, and



questions Kagan's assertion about Americans coming from Mars and Europeans coming from Venus. This caricatural differentiation between Mars, the masculine god of war and father of Rome's founders, and Venus, the female goddess of love, beauty, and fertility, permeated the IR literature (Brown, 2002: 481). However, the achievement of EU strategic autonomy and the policies previously drafted to hold the global balance of power would make clear those outdated roles do not represent the current EU status and strategic planning no longer pertains only to Americans.

Status-quo and revisionist powers, lions and wolves, and Mars and Venus are all terms coming from a Manichean vision of the international order that perpetuates the conflictual nature of interstate relations and mutual distrust. Current global issues require cooperation between the nations in a stable system where world poles of power are not defined by such outdated and antagonistic roles. The EU needs an order where her voice can be heard, but to achieve this goal, the effort should be put into obtaining strategic autonomy from the US and strengthening her independent position towards China. Holding the balance of hegemonical power, the EU would certainly resemble Minerva, a member of the Capitoline Triad, goddess of wisdom, justice and strategy, and patron of defensive war, in contrast to Mars' violence and battle lust.

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UKRAINE GEOPOLITICAL EUROPEAN FLASHPOINTS VIS-À-VIS INDIA AND CHINA: FROM AMBIVALENCE TO STRATEGIC ENGAGEMENT

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Abstract

Ukraine's Westward drift has been countered by Russia's invasion. This conflict marks a dramatic escalation of rivalry and a momentous crossroads for global security, symbolizing a clear alteration in the world's security milieu from a unipolarity to one demarcated by a revival of Cold War competitiveness and global reconfiguration of power balance. Some political analysts view it as a manifestation of the Kremlin's growing antipathy towards the U.S., NATO, and implicitly the EU's post-Cold War expansionism into the erstwhile USSR's sphere of influence.

Response from the global community toward the invasion of Ukraine has been mixed: there has been an array of condemnations that is pushing the international community to a New Cold War, (re)aligning the EU, NATO, and the U.S. on a number of key issues, but many have staked a tacit, condoning stance that prioritizes the protection of their own immediate interests. Meanwhile, ideological, nuclear and economic powers such as China and India have adopted strategic ambivalence towards the invasion. China, as a member of the United Nations Security Council (UNSC), and as an alternative ideological power house, is also facing a sort of paradox with Chinese characteristics. India, as the world's sixth largest economy and an emerging power devoted to self-reliance, has seized the opportunity to capitalize on the Russia-India-China trilateral strategic cooperation. This is significant, as, together, China and India account for more than half of all FDI-inflow to low- and middle-income countries. However, as the war wears on, the appeal of any initial constructive neutrality begins to backfire. For China, it damages its branding of peaceful options, severs its economic partnerships with the EU, and reinforces the trade-war antagonist perceptions in relation to the U.S. in light of the looming isolation of Russia. The 2024 U.S. presidential elections will likely add more uncertainty.

Ultimately, this research illuminates how India and China's involvement may impact the EU's security. The research uses an inductive methodology and combines analyses of events, qualitative primary sources, key media references, the realism school of international relations, and it is organized as follows: (1) Introduction: The new Cold Power Play and Hot War; (2) Decoding India's Strategic Ambivalence; (3) EU and China: Diplomatic aloofness or constructive engagement? (4) China-Russia: Paradox with Chinese Characteristics; (5) Conclusion.

Keywords

European Union, US-China Competition, International Relations Theory, Strategic Autonomy, Balance of Power.

Resumo

A invasão militar Russa na Ucrânia, tem por objectivo combater a sua deriva para Oeste. Este conflito armado marca uma escalada dramática de rivalidade e, assinala uma encruzilhada importante para a segurança global, simbolizando uma clara alteração no ambiente unipolar no contexto de segurança mundial. Além deste facto, demarca também o renascimento da conflictualidade à guisa da Guerra Fria e ainda, uma reconfiguração global do equilíbrio de poderes. Alguns analistas políticos vêem estes factos como uma manifestação da crescente antipatia do Kremlin em relação aos EUA, à OTAN e, implicitamente, ao expansionismo pós-Guerra Fria da União Europeia (UE), na antiga esfera de influência da URSS.

A resposta da comunidade dos estados à invasão da Ucrânia foi mista: Por um lado, houve uma série de condenações que conduziram a um ambiente internacional para uma nova espécie de Guerra Fria, (re)alinhando a UE, a OTAN e os EUA em várias questões importantes. Por outro lado, outros estados têm assumido uma postura tácita de condescendência, que prioriza a proteção de seus próprios interesses imediatos. Enquanto isso, potências ideológicas, nucleares e económicas como China e Índia, adotaram uma ambivalência estratégica em relação aos acontecimentos na Ucrânia.

A China, como membro do Conselho de Segurança das Nações Unidas (CSNU) e como potência ideológica alternativa, enfrenta também uma espécie de paradoxo com características Chinesas. A Índia, como a sexta maior economia do mundo e uma potência emergente



dedicada à autossuficiência, aproveitou a oportunidade para capitalizar a cooperação estratégica trilateral Rússia-Índia-China. Estes factos são significativos, pois, juntos, a China e a Índia respondem a mais da metade de todo o fluxo de Investimento Directo Externo para países de baixo e médio rendimento. No entanto, à medida que a guerra avança, o apelo da neutralidade construtiva inicial, começa a ter também os seus efeitos negativos. A China, acaba por não beneficiar totalmente das suas legítimas opções pacíficas, prejudicando as suas parcerias económicas com a UE e reforçando as percepções antagonistas na guerra comercial em relação aos EUA, à luz do isolamento iminente da Rússia. Finalmente, as eleições presidenciais de 2024 nos EUA, provavelmente, adicionarão mais incerteza a este cenário. Em última análise, esta investigação clarifica como o envolvimento da Índia e da China pode produzir efeitos no contexto da segurança da UE. A investigação utiliza uma metodologia indutiva e combina análises de eventos, fontes primárias qualitativas, referências jornalísticas de momentos chave, considerando a escola do realista das relações internacionais. O texto está organizado da seguinte forma: (1) Introdução: O novo jogo da Guerra fria e a escalada da guerra; (2) Decodificando a ambivalência estratégica da Índia; (3) UE e China: distanciamento diplomático ou engajamento construtivo? (4) China-Rússia: Paradoxo com Características Chinesas; (5). Conclusão.

Palavras-chave

Guerra na Ucrânia, União Europeia, Índia, República Popular da China, Federação Russa, Ambivalência Estratégica, Neutralidade

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Introduction: The New Cold Power Play and Hot War

A New Cold War - reminiscent of the 1950s but with apparent, essential differences in international circumstances - has been unfolding (Karaganov, 2021). This New Cold War, between not only the Russian Federation (hereafter Russia) and NATO but also the U.S. and China, has been looming long before the ongoing Ukraine crisis. Such is the current reality of the international system where battles are being fought for spheres of influence. Ukraine has been more than a critical combat zone; it is where two opposing ideologies collide: one, classical, hard supremacy, driven by the simple, unrefined ideas of "blood and soil"; the other, a more contemporary approach for propagating national interests and influence through effective and malleable philosophical, communicative, and financial apparatuses frequently referred to as "values" (Tsygankov & Tsygankov, 2022).

The world is said to have entered the New Cold War era, whose iron curtain is drawn wherever the reach of Russian troops ends (Gaston, 22 February 2022). Politically and economically, Russia is becoming increasingly isolated, "and Russian foreign relations will be increasingly zero-sum or even negative-sum" (Engle, 2014). Russian Federation is isolated by overwhelming defeating majorities (Table 2) at UNGA and uses the veto to block all the initiatives addressing the Ukraine War, at UNSC, as its last resort, as it did during the Cold War. The war in Ukraine is all about the European defence architecture and Russia's fears posed by the continued expansion of NATO and European values. The looming possibility of the Ukraine accession to European Union and NATO would represent the end of the "Russia buffer zone", consequently being perceived as having the 'enemy' literally at the gates. This narrative suggests that Putin had seized Crimea out of an enduring wish to resurrect the Soviet Empire (or at least to protect what is left from it), and has ultimately gone for the rest of Ukraine. The 2014 Maidan Revolution and the ousting of the Ukraine's constitutionally-voted pro-Russian president had been the last



straw for Putin. Therefore, his pushback to reclaim control was, arguably, expected.

The West had it coming: they had moved too close to Russia's backyard, menacing. Georgia and Ukraine's push for NATO membership had in particular seriously perturbed the equilibrium in the region; Putin had constantly upheld that these two countries joining NATO would outright signify a direct security risk to Russia. From the Russian perspective, the existence of NATO is an unacceptable vestige of the Cold War (Talbot, 1995; Carpenter, 2022), inherently directed against them, particularly after the end of the Warsaw Pact. For the Russian Federation the key question is why the Western allies did not disband NATO? The reality is, however, very different: as Rajagopalan (2022) categorically explains, it was Russia's own post-Cold War decline that left it vulnerable to Europe, not the other way around. Indeed, Russia's self-perception as a waning power - especially in regard to its ideological and economic appeal - is the root cause of its insecurity, and its invasion of Georgia in 2008 - Putin's last resort - should have demonstrated his determination to curtail Russia's demise. Yet, despite this clear warning, NATO never publicly closed its doors to Georgia and Ukraine (and to Finland and Sweden).

Ukraine President Zelensky was banking on the U.S.-led NATO to come to its support in case of any conflict with Russia, but, truthfully, Russia's attack was not just about Ukraine; it was also part of a larger geo-strategic to stall NATO's eastward expansion. After the collapse of the USSR, from 1991 till 2007, NATO had enlarged into the Czech Republic (now Czechia), Poland, Hungary, Slovakia, Slovenia, Romania, Bulgaria, Lithuania, Latvia, and Estonia. Putin, speaking at the Munich Security Conference in 2007, questioned whether such NATO expansion was the West's way to box in Russia.

The EU's eastward expansion and the West's backing of the pro-democracy movement in Ukraine starting with 2004's Orange Revolution were therefore playing with fire and have now escalated into full-blown war. Putin called the expanding EU a mere stalking horse for NATO expansion, and when Russian leaders looked at Western social engineering in Ukraine, they saw their nation as next on the list. This strategic trio of the West — NATO expansion, EU enlargement, and democracy promotion — would serve to not only symbolize Russia's failure to counteract, unmasking its true state of affairs beneath the façade of a modern powerhouse, but also add to Russia's anxiety. For Putin, it was now or never to act against Ukraine — as he blames the West for making trouble in Russia's backyard, threatening Russia's core strategic interests, even though the EU has never been by any means a military organization, and, as an association of states, has seemed to enjoy considerable appeal.

For Putin, the disintegration of the USSR was the biggest catastrophe of the 20th century (2022 was to be the centenary of the Soviet Union). Over the past few decades, Western regimes have tried to pacify Russia, presuming that if Russia seizes just one piece of land — in Moldova (Transnistria), Georgia, or Ukraine — then the incumbent administration can be placated, and the West can continue its economic, political, and cultural relations with Russia. This is where their calculus has erred and has been a cause for frustration for the Ukrainians: despite the growing isolation of Russia (such as from G7, G20, Arctic



Council, and WEF), the world has not taken decisive action to stop Russia, consequently rendering Ukraine a mere epicenter of global political tectonics.

Table 1 - Comparative Key Indicators								
	1	2	3	4	5	6	7	8
	GDP	HDI	SDI	Major Trading Partners	Military Expenditure	Weapons Exports	Public Debt	Relations with U.S.
European Union	17,088,620.74 (3 rd Largest)	0.895 Average ¹ (2020) 28 out of 189	66.70 92 out of 168	European Commission (2021) Exports – US (€399M), UK (€283M), China (€223M), Switzerland (€156M), Russia (€89M). Imports – China (€472M), US (€232M), Russia (€162M), UK (€146M), Switzerland(€123M).	1,5% GDP	USD 5,722B2 (2020) 2 out of 32	94% GDP	Relative alignment and mutual reinforcing. Very important trade partners.
People's Republic of China	17,734,062.65 (2 nd Largest)	0.761 (2019) 85 out of 189	65.44 100 out of 168	Exports - United States (US\$438B), Hong Kong SAR (US \$262B), Japan (US \$151B), Germany (US \$112B), and South Korea (US \$110B). Imports - Japan (US \$133B), South Korea (US \$131B), United States (US \$122B), Germany (US \$106B), and Chinese Taipei (\$104B).	1,7% GDP (Unconfirmed official figure)	USD 760B (2020) 8 out of 32	70% GDP (Official figure ³)	Very important relationship in the global context. Economic competition and ideological antagonism.
Republic of India	3,173,397.59 (6 th Largest)	0.645 (2019) 131 out of 189	58.81 115 out of 168	Exports – UK (US\$49.7B), China (US\$18.5B), UAE (US\$18.1B), HK SAR (US\$9.18B), and Germany (US\$8.8B). Imports – China (US\$64.2B), United States (US\$26.6B), UAE (US\$22.1B), Saudi Arabia (US\$16.8B), and Iraq (US\$14.4B).	2,1% GDP	USD 151B (2020) 18 out of 32	84% GDP	Growing in importance. Currently strengthening across economic and political areas.
Russian Federation	1,775,799.92 (11 th Largest)	0.824 (2019) 52 out of 189	73.45 62 out of 168	Exports- China (US\$49.3B), UK (US\$25.3B), Netherlands (\$ 22.5B), Belarus (US \$15.8B), and Germany (US \$14.2B). Imports - China (US \$50.7B), Germany (US \$26.1B), Belarus (US \$12.8B), South Korea (US \$7.93B), and Italy (US \$7.71B).	4,3% GDP	USD 3,203B (2020) 2 out of 32	19% GDP	Critical bilateral relationship with implications well beyond the two states themselves.

¹ The highest value was in Ireland: 0.955 points and the lowest value was in Croatia: 0.783 points.
² Germany, Italy, Spain, The Netherlands and France.
³ This number has been challenged by different analysts, such as "Today, China's banking system is still standing despite a debt-to-GDP ratio of 264%" (Pei, 2022). Nevertheless, according to the World Bank International Debt Report (2022, p. 3), China is one of the world's largest single creditor nations.

Sources: (1) WB, 2021; (2); (3) SDI, 2021; (4) EC, 2022b) and OEC, 2022; (5) WB, and SIPRI 2020; (6) GE, 2022; (7) Trade Economics, 2022

Mearsheimer's remarkably clear and consistent work provides compelling answers as to why, tragically, aggressive state strategies are a rational answer to life in the international system (Toft, 2005): Post-USSR Russia had been humiliated by heavy-handed retribution from the victor of the Cold War (i.e., the West). This in turn paved the way for a strong, Soviet-style leader (i.e., Putin) to rise to power, under whom the Russians could unite. The trajectory of the assertion of power and influence in the international system that would ensue follows Mearsheimer's theory of offensive realism. For Russia, it took advantage of China's increasing economic dominance and the demise of the U.S.'s global leadership to assume a position that challenged the U.S.'s military supremacy. All of these events culminate in the creation of a new international order (Mearsheimer, 2001). Where U.S. and European leaders had blundered was in attempting to turn Ukraine into their stronghold right on Russia's border; and, now that the consequences have been laid bare, it would be prudent to avoid blundering further down the same misbegotten course. One of the strong points of classical realism, in contrast to U.S. neorealism, is the mindfulness of how significant it is to comprehend the local and internal circumstances for a nation's successful defense against external coercions. Raymond Aron, Edward Carr, and Hans Morgenthau articulate their theories during critical periods in Europe's development (Tsygankov & Tsygankov 2022). That probably helps to understand the Russian unprovoked war of aggression.

Politically and economically, Russia will likely become more isolated, and its foreign relations more zero- or even negative-sum. There is now bipartisan consensus in Washington that China and Russia are the most existential threats to U.S. security



interest, while anti- Western/U.S. sentiments have been mounting in Moscow and Beijing. NATO's new strategic concept (2022) not only states that Russia "is the most significant and direct threat to Allies' security and to peace and stability in the Euro-Atlantic area" (NATO, 2022, Paragraph 8), more importantly, "[t]he deepening strategic partnership between the People's Republic of China and the Russian Federation and their mutually reinforcing attempts to undercut the rules-based international order run counter to our values and interests" (NATO, 2022, Paragraph 13). Such has been the political tectonics underlying the Ukraine war, in which China has decisive momentum, since the EU and Moscow are not the leading actors, as they themselves are not self-subsistent.

The U.S. and its European allies thus face a trilemma on Ukraine: 1) continuing down the current road, which will prolong hostility with Russia and devastate Ukraine in the process - a scenario that pushes China further towards Russia; 2) working together to create a prosperous but neutral Ukraine, one that does not threaten Russia but allows the West to repair its relations with Moscow — this scenario will reward forceful land occupation by a UNSC member (as it does not penalizes Russia), which simply undermines the international system. This scenario is very unlikely to happen and China will continue to adopt neutrality with Chinese characteristics; 3) escalating their involvement in Ukraine, which will exacerbate hostility with Russia - a scenario with chaotic, unpredictable global consequences that drive China towards siding further with Russia. Ultimately, however, all scenarios tend to converge towards a grim outcome in the international order:

"A Russian victory [in Ukraine] ... would lead countries around the world to arm themselves with nuclear weapons, because they would know that, in the final analysis, they are alone. And lonely, fearful countries with nuclear weapons may very well use them [...] Ukrainian victory would encourage if not guarantee change in a Russia that has yet to accommodate itself to the loss of empire and still evidently aspires to its restoration". (Cohen, 2022)

This suggests that a protracted stalemate would be the best option. Moreover, from the West's perspective, China detaching itself from Russia will benefit its global leadership. China however strongly disagrees with this; China perceives that the results of the Ukraine war will produce consequences for the international order, and this time China wants to have a say in it. The Ukraine war may herald a new international order — a new bipolarity of actors including China, but not Russia.

1. Decoding India's Strategic Ambivalence

We turn to India: the soon-to-be world's most populous country, a nuclear power, an economic powerhouse, and a political actor with strong geopolitical implications on its relationships with Russia, China, the U.S., and the EU. In the context of a broader regional reality, India is wedged in geopolitical contestations: The regional and global looming rise of China, the Taliban's return in Afghanistan, the possible convergence of interest among



China, Pakistan, and Afghanistan, and the war in Ukraine. All these factors have put India in a perceived unpleasant spot. Russia, conceivably, is the state that is not ill-disposed.

After Russia's 24 February 2022 invasion of Ukraine, on the next day, India vetoed a UNSC resolution to condemn Putin's aggression disguised as a "special operation." On 18 March, the UNGA overwhelmingly adopted A/RES/ES-11/1, demanding Russia to immediately end its military operations in Ukraine and unconditionally reverse its decision on the status of certain areas in the Donetsk and Luhansk regions of Ukraine. On 30 September 2022, a new draft resolution, circulated by the United States and Albania, was supported by ten of the fifteen members of the Council, with Russia voting against it. Four members abstained, Brazil, China, Gabon and again India (Table 2). This draft described the so-called referendums held by Russia in the four regions of Ukraine which Moscow now regards as sovereign territory – Luhansk, Donetsk, Kherson, and Zaporizhzhya – as illegal and an attempt to modify Ukraine's internationally recognized borders. As Table 2 summarizes the UN resolutions, emphasizing India's position in relation to the Ukraine war.

Table 2 – Summary of the United Nations Decisions		
#	Content	Positions
UNSC S/2022/155 UNSCR draft 25 Feb 2022	2. Deplores in the strongest terms the Russian Federation's aggression against Ukraine in violation of Article 2, paragraph 4 of the United Nations Charter; 3. Decides that the Russian Federation shall immediately cease its use of force against Ukraine and shall refrain from any further unlawful threat or use of force against any UN member state;	The draft resolution was not adopted due to the negative vote of a permanent member of the Security Council (Russian Federation) (S/PV.8979). Eleven members voted in favor, one against and three members China, India and the United Arab Emirates abstained.
UNGA A/RES/ES-11/1 (18 March 2022)	3. Demands that the Russian Federation immediately cease its use of force against Ukraine and to refrain from any further unlawful threat or use of force against any Member State; 4. Also demands that the Russian Federation immediately, completely and unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders;	Adopted by a recorded vote of 141 in favor to 5 against (Belarus, Eritrea, Democratic People's Republic of Korea, Russian Federation, and Syria) with 35 abstentions. China and India abstained.
UNSC S/2022/720 UNSCR draft 30 Sep 2022	6. Also declares that the 21 February 2022 decision by the Russian Federation related to the status of certain areas of the Donetsk and Luhansk regions of Ukraine is a violation of the territorial integrity and sovereignty of Ukraine and inconsistent with the principles of the Charter; 7. Decides that the Russian Federation shall immediately and unconditionally reverse its decision on 21 February 2022 related to the purported status of certain areas of the Donetsk and Luhansk regions of Ukraine, and refrain from future decisions related to the purported status of the Kherson and Zaporizhzhya regions of Ukraine;	The draft resolution was not adopted due to the negative vote of a permanent member of the Security Council (Russian Federation). Ten members voted in favor, one against and four members Brazil, China, India , and Gabon abstained.
UNGA GA/12458 (12 October 2022)	The General Assembly condemned the Russian Federation's attempted illegal annexation of the Donetsk, Kherson, Luhansk and Zaporizhzhia regions of Ukraine, and demanded it immediately withdraw all its military forces from Ukraine territory. India joined several other speakers in expressing deep worry that the people of the global South were feeling pain from a food, fuel and fertilizer shortage, and sky-high price increases, as a result of the war.	Adopted by a recorded vote of 143 in favor to 5 against (Belarus, Democratic People's Republic of Korea, Nicaragua, Russian Federation, Syria) with 35 abstentions. China and India abstained.
	Statements (Selection) Fergal Tomas Mythen (Ireland) condemned the Russian Federation's attempts to illegally annex the Ukrainian regions of Luhansk, Donetsk, Kherson and Zaporizhzhia, and its holding of illegal, illegitimate and sham referendums. Such actions are another blatant breach of the United Nations Charter and do not represent the freely expressed will of the people in those regions, he said (...) Describing the Russian Federation's veto as a "reprehensible attempt to excuse its own military aggression against Ukraine, a fellow member of our United Nations," he reiterated the call to abolish the veto. He then called on the Russian Federation to immediately cease hostilities, unconditionally withdraw from the entire territory of Ukraine and refrain from further threats of the use of force of any kind, including nuclear weapons. Agustín Santos Maraver (Spain), aligning himself with the European Union, condemned the sham referendums held in parts of Ukrainian territory temporarily under the Russian Federation's military control. The Russian Federation persists in its flagrant violations of international law, he said, adding that the international community will never recognize these illegal annexation attempts (...) Noting that the Russian Federation's veto paralysed the Council at a time when that country is threatening to use nuclear weapons, he said such actions undermine global peace. Ishikane Kimihiro (Japan) condemned the Russian Federation's aggression against Ukraine (...) The attempted illegal annexation of the Donetsk, Luhansk, Kherson and Zaporizhzhia regions clearly breaches the Charter and international law, he said, adding that the General Assembly must not accept such outrageous actions. Further, such unilateral attempts to change the status quo by force shake the very foundation of the international order, he said, adding that while the Security Council has the primary responsibility for the maintenance of international peace, it failed to act because of the veto cast by the Russian Federation.	

Source: <https://digitalibrary.un.org/record/3965290>

India's abstentions might have been perceived as surprisingly, as its ambiguity ran counter to its old resolve on respecting sovereignty and territorial integrity. Western policymakers hoping for increased allyship with the world's largest democracy were left disappointed. The Bilateral relationship between Moscow and New Delhi dates back multiple decades: since India's independence in 1947, the two have shared a high level of mutual political and strategic trust, regularly supporting each other on various



contentious international relations issues, and there is the notion of Russia being a sturdy, dependable supporter of India that traces back to 1955 - both the erstwhile Soviet Union and, since the 1990s, Russia, had unrelentingly supported India's stand on Kashmir at the UN (in 1957, 1962, and 1971) and the UNSC, and stood steadfast with India during the Indo-Pakistani conflict. Also worth noting is that Russia devotes nearly 4.3% of GDP to its defence, whereas India spends 2.1 % of its GDP on military, according to data collected by the Stockholm International Peace Research Institute (SIPRI) and World Bank (Table 1).

This partnership between India and Russia has remained till this day, particularly during times when the U.S. was not a partner of India. In 2010, the Declaration of Strategic Partnership (signed by Putin and Vajpayee) was upgraded to a special and privileged strategic partnership; in 2019, when India (under the Modi regime) scrapped Article 370 which provided special status to Jammu and Kashmir, Russia refrained from interfering, calling it India's "internal matter"; and the year 2021 marked both the 10th anniversary of the special and privileged strategic partnership, and 50 years since the Indo-Soviet Treaty on Peace (1971), the joint statement of which reads "Partnership for Peace, Progress and Prosperity," with wide coverage on business, health, defence, and multilateralism.

This relationship between India and Russia has however become more complicated amidst rising U.S.-China rivalry (chiefly due to closeness between Russia and China). India's geopolitical strategy has geared towards establishing a U.S.-Russia equilibrium to curb China's growing dominance — India can no longer discount the reality of having to co-exist with a hegemon. Since the annexation of the Crimean Peninsula in 2014, relationships between Russia and the West have down-spiralled, leading Russia to ascribe more worth to China and India as they have both backed Russia on Crimean issues at the UN, despite India having joined the Shanghai Cooperation Organisation (SCO) in 2017.

In the last few years, India became tactically closer to the U.S. The institutionalisation of the Quadrilateral Security Dialogue (QUAD) gave new impetus for India and the U.S. to collaborate and focus on the Indo-Pacific region. Besides a shared obligation to shape a tactical relationship, since 2016, the U.S. has designated India as a Major Defense Partner, with New Delhi and Washington penning defence agreements. The Biden administration has also reaffirmed its commitment to support India's permanent membership in a reformed UNSC and New Delhi's entry into the Nuclear Suppliers' Group (Press Trust of India, 2022).

Needless to say, China is another potential flashpoint between India and Russia. Even though both countries want to cut their financial dependence on China, they hold different opinions and follow dissimilar strategies in face of China's ascendancy — India mainly sees China as a constant rival (especially after the border dispute at Galwan Valley in May to June 2020), while Russia views China as a tactical partner. The possibility of a Russia-India-China trilateral strategic cooperation is therefore slim, as such multilateralism and shifting alliances create a fragile power balance between India,



Russia, the U.S., and China. Considering their long historical ties, it is hardly surprising that the Indian administration and the citizens have opted to take remain neutral while the rest of the global community strongly denounces and sanctions Russia. Clearly, India wants to hold onto its strategic ties and partnership with Russia as it needs Russia's backing in resolving border clashes with its neighbours (especially China), as well as financial and military support. There has been the sentiment in India that, since Russia has repeatedly sided with India at the UN on Kashmir, India should now return the favour.

A further point of concern relates to cooperation in space. India has already been cooperating with the U.S. and EU in several space projects. Unfortunately, sanctions imposed on Russia have led to ROSCOSMOS withdrawing its engineers from the Guiana Space Center, site of the European Space Agency (ESA)'s operations to launch its Copernicus and Galileo global navigation satellite systems. While the European Commission claims that this would have no consequence on the continuity of its navigation services, it is undeniable that the withdrawal will impact their launch schedule, which depends on Russian Soyuz rockets (Bhandari, 2022). On the other hand, in December 2021, after a visit from Putin, India released a joint statement with Russia in which the two agreed to enhance cooperation between ROSCOSMOS and the Indian Space Research Organization (ISRO) in various domains — human spaceflight, satellite navigation, development of launch vehicles, and planetary exploration. This joint statement was an addition to an existing MOU between ROSCOSMOS and ISRO (CBS NEWS, 2022). Russia's recent declaration to pull out of the International Space Station project after 2024 may trigger strong cooperation in space among Russia, China, and India.

At this juncture we can therefore see why, on the Ukraine war, it is unsurprising that India should adopt a strategic ambivalence, but it is also treading a tightrope. While India does not want to condone (Russia's) aggression, considerable public neutrality toward Russia has also been engendered. At the UNSC, UNGA, and UNHRC, India has abstained from chiming in on the West's strong, unanimous condemnation of Russia, and refused to outright label Russia the perpetrator. This choice to distance itself from the Ukraine war and tacitly tolerate Russia is less apprehensiveness towards upsetting the established world order and more a geopolitical calculation to avoid estranging Russia, as doing so would destabilize the region and threaten India's security, despite drawing the ire of the West with such ostensible fence-sitting.

In a nutshell, the sequence of events and India's tense backroom diplomacy with Ukraine — including summoning the Russian and Ukrainian ambassadors to demand "urgent safe passage" for Indians stranded in Kharkiv and other war zones — explicate why India forwent a reproachful tone and adopted a more delicate narrative to mask its disappointment towards Russia. While wanting to convey dismay at Russia's actions, India also declined to unequivocally condemn Moscow, opting instead to reinforce the need to "respect [...] the sovereignty and territorial integrity of states," ask for "the immediate halt of aggression," openly express regret that the "route of diplomatic negotiation and mediation was given up," advising that global leaders should "return to



it” and that negotiation would be the best way to resolve disputes (Tellis, 2022). India also reiterated that “the global order is anchored on international law, [the] UN Charter and respect for [the] territorial integrity and sovereignty of states.” Such ambivalence toward Russian aggression was underpinned by India’s apprehension vis-à-vis China and Pakistan, both of whom India perceived as coercive. India assumes that an alliance with Russia can help to thwart any deepening Russia-China ties as well as relations with Pakistan sought by Russia. Another reason for this neutrality is India’s dependence on Russia for military acquisitions (partly because Russian weapons are typically cheaper than their Western counterparts) even though India has already been diversifying the sources of its arms purchases (in 2022, India received 36 French aircraft Rafale). This is, indeed, at odds with India’s pledge to protect the rule-based world order in the Indo-Pacific, especially as India’s global partners — both financial and strategic one — stand in solidarity while denouncing and sanctioning Russia. In turn, India’s opting out of that solidarity has left it in the company of China and Pakistan, both having been India’s long-standing rivals (Tellis, 2022). However, Indian officials are conscious of the perils associated with their neutrality towards Russia. The key moral from the Russia-Ukraine war is to have clear and unambiguous national interest. There is no doubt, thus, that Russia’s invasion of Ukraine has put India in a difficult position with tough strategic choices, and India is buying time as it manoeuvres between the West and Russia, drifting towards the former but refusing to sever ties with the latter, all the while cohabiting with a China rising as a regional and global power competitor.

2. EU and China: Diplomatic aloofness or constructive engagement?

The EU’s approach towards China as set out in the “Strategic Outlook” Joint Communication of 12 March 2019 remains valid, but bilateral relations between the two economic giants have deteriorated, exposing immense ideological discrepancies. According to EU/EEAS (2022a) China’s counter-measures to EU sanctions (pertaining to human rights issues), economic coercion, and trade measures against the single market, as well as its position on the Ukraine war are all contributing to worsening the bilateral relations, but the EU continues to work with China not only as a partner for cooperation and negotiation, but also as an economic competitor and systemic rival.

In reality, the EU and China need one another economically. China is very dependent on the 420 million consumers in European markets, and China is the top export partner of the EU (Table 1). However, their ideological clash is damaging trade relations. The Comprehensive Agreement on Investment (CAI) is a case in point on how principled diplomacy (Borrell, 2022) can hinder their relationship: the EU Parliament holds the ability to ratify international agreements, thus any EU members being sanctioned by China will put the overall agreement into a quagmire. In addition, though China’s initial stance on the Ukraine war was constructive neutrality in favour of a peaceful solution (in accordance with the Chinese golden rule of peaceful settlement of neighborhood conflicts), in the eyes of the EU, while peace has not been restored in Ukraine but trade relations between China and Russia have grown, especially in terms of energy, China has



already taken sides and has indirectly facilitated further brutality and carnage in Ukraine. To the EU, the more the war drags on, the more China's constructive "neutrality" becomes an abettor of Russia's perpetration of supplanting the international order and increasing its geopolitical influence. As Le Corre (2022) recalls: "Despite Beijing's so-called 'neutrality,' on 4 February 2022, Putin and Xi Jinping signed a joint communiqué declaring a 'friendship without limits' between their two states." Indeed, it is not the Ukraine war, but the very nature of China's relations with Russia that has caused the relationship between China and the EU to sour.

All countries' sovereignty and territorial integrity should be respected and upheld and the purposes and principles of the UN Charter should be jointly safeguarded [...] our relationship (China-Russia) features non-alliance, non-confrontation and non-targeting of any third party (Wenbin, 2022).

To the EU and its partners, this deliberately vague statement — contradictorily standing by the principles of the UN Charter but also backing a state that unlawfully exercises brutal, unprovoked aggression — is hardly acceptable. Moreover, China's tacit acceptance of the systematic destruction of a sovereign state (Ukraine) has rendered it an unmistakable supporter of Russia's agenda: for the two to stand together to "oppose further enlargement of NATO and call [for the abandonment of] its ideologized cold war approaches" (Rajagopalan, 2022). The EU and its partners interpret the message of the statement — 1. friendship between China and Russia has no limit; 2. there are no 'forbidden' areas of cooperation; 3. any strengthening of bilateral strategic cooperation neither targets any third-party country, nor is affected by the changing international environment or circumstantial changes in any third-party countries — as a fragility of China, which, as history has shown, will prove to be a major source of problems. "Necessity is clearly pushing Russia and China together, but it remains to be seen how long it will last" (Rajagopalan, 2022).

Since the COVID-19 pandemic and especially since February 2022, China's branding and image within the EU and its partners have plunged. Beijing's willingness to embrace and magnify EU divisions in the early stages of the pandemic has led to backlash both in European public opinion and among governmental elites, who have become irritated by China's aggressive discourse (Le Corre, 2022). In terms of macro-economics, Chinese FDI has dropped considerably (MERCIS, 2022), despite a significant surge in 2020. As Table 1 depicts, China is the EU's second trading partner in export and first in import. However, the situation deteriorated when China sanctioned Lithuania (an EU member state) for opening a new office in Formosa, bringing uncertainty to the future of Sino-EU bilateral relations.

EU-China relations will also have heavy implications on the Belt and Road Initiative (B&RI). Ukraine, first of all, plays an important role in the Eurasia land belt of the B&RI: Since 2016, China and Ukraine have signed USD 2.95 billion worth of construction contracts under the B&RI in sectors such as transport and energy (including sustainable energy and gas). According to the Chinese Foreign Ministry (Xinhua, 2022), Ukraine-China trade increased by 47.5 percent year-on-year to 9.37 billion U.S. dollars in the first



half of 2021, and a direct freight train linking Ukraine and China was established. These projects have, however, been severely disrupted by the Ukraine war. On the other hand, for the 16 states in Central and Eastern Europe (hereafter CEE) that have cooperative relationships with China, most of them are receiving large numbers of refugees and are sending assistance to Ukraine. They will be rethinking and reevaluating their relationships with China, particularly as China appears to be an apologist for Russia.

As Le Corre suggests (2022), Sino-European relations has reached a tipping point, and there is a risk that the Ukraine war and Beijing's stance on advancing a strong relationship with Russia might deeply affect relationships with the EU and CEE in the long term. As Hussain suggests, however, China still has some wiggle room (2022): "Ukraine's integration into the ambitious rail network linking China with Europe, by providing alternative routes bypassing Russia, would be acceptable to the EU, the U.S., and Russia, too, could be open to China taking a lead on brokering a sustainable ceasefire, especially if it means lifting some sanctions."

3. China-Russia: Paradox with Chinese Characteristics

One of the main reasons that China adopted a constructive neutrality was its own sense of a potential vulnerability. Neutrality allows China to bide its time, and such deliberate wait to pragmatically evaluate the best option in light of the national interest is a typical Chinese characteristic. Several scholars have also defended China on taking this stance: Among them, Bi (2022) argues that the neutrality "is crucial, not only for its own interest but also for world stability ... [it] is not purely commercial, [but] is driven by a mix of humanitarianism, pragmatism, and political realism." Bi goes on to suggest that: Beijing's current principled and impartial neutrality should be appreciated. In the age of the toxic mix of weapons of mass destruction and mass dissemination of fake news of various kinds, it is time to leave some room for dialogue, peace, and neutrality towards an inclusive, indivisible, and enduring security for all (2022).

A wider reason that prompted such neutrality was China's geopolitical quandary, in which all options seem equally undesirable. China is particularly disturbed by the possibility of nuclear escalation and global economic disarray. According to Nathan and Scobell (2014): "Despite its impressive size and population, economic vitality, and drive to upgrade its military, China remains a vulnerable nation surrounded by powerful rivals and potential foes." Furthermore, the war in Ukraine drives China into five intertwining dilemmas:

- (1) China needed to be sympathetic to Russia's self-perceived vulnerability against a possible NATO eastward expansion, and China has reiterated that "Russia's legitimate security demands ought to be taken seriously and Russia's legitimate security demands ought to be taken seriously and properly addressed" (MFA-PRC, 2022 and Indian Express, 2022). However, China cannot and should not support Russian separatists' agenda in east Ukraine and Moldova (Transnistria). Doing so will contradict the principle of not interfering in a third state's domestic affairs, as well



as the “One-China policy” vis-à-vis the South China Sea and Formosa. Furthermore, China is particularly uncomfortable with Russian nuclear rhetoric;

- (2) China has worked tirelessly to build and repair its branding and image in the EU, negotiating the 2003 China-EU comprehensive strategic partnership and the 2020 EU-China Comprehensive Agreement on Investment. Both can be game changers in their bilateral relations. However, the EU sees China’s constructive neutrality as pro-Russia, which undermines their bilateral relationships, potentially leading to more troubles ahead, i.e., the European Parliament voting down any attempts to further and/or strengthen cooperation;
- (3) China’s constructive neutrality may open the door for diplomacy with potentially huge domestic and external benefits. If China can work with both Russia and Ukraine under the UN framework, it may be able repair its global image and divert the focus away from its internal affairs, ultimately giving it a chance to reinforce the Eurasian part of the B&RI. However, as Europe strengthens its unity and fortifies alliance with the U.S., China will find it increasingly difficult to play mediator on the world stage. China has already decided that it would be “politically naive to alleviate its awkwardly arranged relations with Russia by aligning with the United States, Russia’s greatest rival” (Deng, 2022);
- (4) Currently, still very much engaged in the trade war imposed by the Trump administration, China blames the U.S. for promoting a Cold War mentality among the elites. Since the inauguration of Biden, the Chinese administration has initiated “baby steps” to de-escalate the hostility. This has however proved difficult, as it has been complicated by the rearmament of Formosa and China’s worries and apprehension in light of the day-to-day outcomes of the Ukraine war, as well as its ‘no-limits’ friendship with Russia. These military, economic, and political events, having all driven Russia into a corner, are making China lose face for having vowed unconditional partnership with Russia, brandished via the 4 February 2022 joint statement;
- (5) Russia and the EU are, respectively, China’s largest and second-largest trading partners, with different trade profiles. However, in 2021, total trade between EU and Russia was worth almost twice of that between China and Russia. China-Russia trade was driven by oil, gas, coal and weaponry. According to SIPRI, between 2017 and 2021, approximately 80% of China’s total arms imports originated from Russia, accounting for 21% of Russia’s total arms export. Further, according to the *Financial Times* (March, 2022), “Russia has requested military assistance from China to maintain its invasion of Ukraine. According to intelligence the U.S. shared with allies, Russia requested supplies including surface-to-air missiles, drones, intelligence-related equipment and armoured and logistics vehicles.” The performance of Russian military equipment during the first phase of the Ukraine war has been disastrous. This is alarming for China, as it has direct impact on building up its military might.



As regards the negative impact of Western sanctions on Russia, Efremov (2022) states that the Russian economy "is facing its biggest recession since at least the 1990s, that is, since the collapse of the USSR," despite exhausting ways to circumvent them. It is also important to understand the geopolitical context: "China's interest in weakening Russia, Serbia's interest in joining the EU, Turkey's more critical view, Kazakhstan's official disagreement to recognize the independence of parts of Ukraine, the development of energy exports by Azerbaijan and Kazakhstan bypassing Russia" (Efremov, 2022).

Adding to the above five dilemmas is that China's relationship with Russia is driven from the Russian side by the geopolitics of a sort of pragmatic neo-Eurasianism that recalls the idea of Russia as an empire, which was culturally closer to Asia than to Western Europe. In 1997, Dugin called for the demise of Atlantism in Eurasia, the refusal to allow liberal values to dominate Russia, and the rebuilding of its influence through annexations and alliances. As Ingram (2001) explains:

"Since the rise of Vladimir Putin to the Russian presidency, Dugin's prominence has increased, and Russia's official Eurasianist orientation has been consolidated. During the Yeltsin era, figures such as Dugin were officially regarded as beyond the pale, but under Putin, proclamations of Russia's *derzhavnost* (great power status) have become not just acceptable, but a genuine component of official discourse, and oppositionists have found much to praise in Putin's programme".

This neo-Eurasianism is both dividing and uniting China and Russia: China supports neither annexation nor alliance, and events in places such as Georgia-Ossetia, Chechenia, Moldavia-Transnistria, and even regarding Russia's association with Belarus make China uncomfortable for a number of historical reasons, but Beijing welcomes the idea of driving Western influences out of Eurasia, a fact that has led to China's support of a number of institutional arrangements such as the Collective Security Treaty Organization, the Eurasian Economic Union, and the creation of organizations/initiatives such as the SCO, the partnership for Greater Eurasia, and BRICS. Indeed, it is important to note that SCO is the largest in-regional organization in the world in terms of geographical coverage and population, covering three-fifths of the Eurasia and nearly half of the Earth's population. Likewise, in relation to BRICS, an organization that has global ambitions, Wang Yi (2022), China's state councilor and foreign minister, told an online meeting of BRICS foreign ministers that "China proposes to start the BRICS expansion process, explore the criteria and procedures for the expansion, and gradually form a consensus" (Reuters, 19 May, 2022). These two Chinese perceptions of Russia's pragmatic neo-Eurasianism explain why China turned a blind eye to Russia's regional domination, believing itself to be strong enough to withstand any Russian encroachment into China, at the same time aligning with Russia occasionally for circumstantial mutual benefits, to advance a bilateral relationship, and to create institutions capable of counteracting the U.S.'s enduring global influence. Nevertheless, in September 2022, on the margins of the SCO summit, Xi Jinping and Vladimir Putin met and the narrative of the annexation of the occupied territories in Ukraine and the possible use of nuclear weapons, were not welcomed by the Chinese delegation.



Russia's major structural problems persist and will become more visible and increase the effects of sanctions (Efremov, 2022): "the lack of an independent judiciary in Russia, corruption and unprofessionalism of the judiciary at all levels"; the "low level of federalization and autonomy of the regions actually contribute to the growth of poverty and instability in the regions that do not have the tools to ensure their economic development — even resource-rich regions have no motivation to develop international relations, since VAT in its entirety and most other taxes are taken by the center, while the income tax actually also remains in Moscow; The migration inflow to the capitals of the regions, the general decline in the population, the brain drain and the depopulation of small towns" — All of these structural problems impact China's wait-and-see attitude, as potential gains and reputation are affected. Nevertheless, is important to make it clear that, historically, China and Russia have a sinusoidal relationship with very large amplitudes. The new ascendance was initiated with the Treaty of Good-Neighborliness and Friendly Cooperation Between the People's Republic of China and the Russian Federation, signed by Jiang Zemin and Vladimir Putin, on 16 July, 2001. However, twenty years ago, China was diverse and had completely different internal and external goals.

5. Conclusion

This research has illuminated the possible implications of a China-Russia partnership and India's role in the Ukraine war, for the security dimension of the EU. Political pundits agree that immediate and long-term impacts of the Ukrainian crisis need to be evaluated at the EU, Europe, and worldwide levels to confirm the substantial costs of this conflict. Mearsheimer believes that the prospect for harmony has gone. Russia will not lay down its arms the gains made in Eastern Ukraine, whereas the West cannot bear their sustained occupation. Mearsheimer's logic points in the course: if there is no peace the only reasonable consequence is continuing fighting and unending fighting will plausibly lead to escalation (Mearsheimer, 2014). To make things worse, the questioning about the legitimacy of the Russian veto power at UNSC (Table 2) is growing, putting at jeopardy all the international security. This perfect storm is also an exceptional chance for the EU to rethink its future and measure its historical vulnerabilities and fault lines. The Russia-Ukraine conflict embodies the fourth asymmetric shock that the EU and Europe have felt recently after the 2008 financial crisis, the BREXIT and the COVID-19 pandemic – The looming possibility of a global international security system disarray.

The Russia-Ukraine conflict in the context of EU-China and EU-India relations poses six major security challenges:

1. The change from a unipolar-hegemonic to a diffuse-multipolar international order (or a multipolarity driven by two poles), with China being part of it, will push Europe and the EU to systemic insecurity, with direct consequences in the economic, investment and development sectors and indirect effects in the crisis response mechanisms;
2. EU-China ideological clashes raised by the pragmatic neo-Eurasianism shared by China and Russia, will pose global governance insecurity, with particular emphasis on climate



change, decarbonization of the global economy, global commons governance, institutional financialism and the militarization of outer space. China will continue pushing for a constructive engagement and EU will endure for a stronger Chinese international activism;

3. In addition to five intertwined dilemmas, a possible de facto and de jure China-Russia alignment will add a new level of geopolitical insecurity, especially in Eurasia, forcing a swift development of the European defence sector at the expense of all other sectors associated with development and globalization. The defense budgets are expected to divert resources from other public sectors with large public impact. These facts will drive EU members towards a stronger commitment to NATO but also to a greater internal public dissatisfaction;
4. A China-Russia political alignment also represents a huge geopolitical risk for China. "If Russia's war against Ukraine leads to victory for Ukraine or a stalemated quagmire, the instability of the Putin regime will grow exponentially" (Pyziur & Motyl, 2022). Indeed, it is necessary to consider the scenario in which Russia collapses and transforms into a series of independent states — that will be a geopolitical nightmare not only for China but also for the EU. Moreover, in September 2022, the public narrative between China and Russia has suffered a sudden adjustment, as Xi and Putin hold first meeting since Ukraine invasion began (Samarkand, Uzbekistan) on sidelines of the SCO. The accession of Iran will reinforce the importance of SCO as an alternative to neo-liberal world order, but China-Russia relation appears to be to resemble a necessary ideological alignment, that advances the benefits of an economic pragmatism. Moreover, the use of nuclear weapons is simply not acceptable to China.
5. India will continue to play a double-faced game, capitalizing on its relations with Europe and Russia, while growing and reaching a level of self-confidence to compete directly with China. As the most populated state in the world and a leading economic powerhouse, India's pursuit of a permanent seat on the UNSC requires effective bilateral relations with all current UNSC members. But ambivalence also has a political cost, that EU institutions may not ignore. That can be another pressure factor to (in)securitization in relation to the trilateral geopolitical game in the Eurasia and Indo-Pacific regions;
6. Russia's intention to develop an independent space program will induce another insecurity, as outer space is no longer regarded as an area of international cooperation, but another competitive domain, perhaps with stronger militarization than before. Space tends to be part of another global divide.

Regarding specifically the EU and India vis-à-vis the Ukraine conflict, India will likely buy time by maintaining a pragmatic, non-hostile neutrality. Indeed, India will continue to take advantage of long-term relations with Russia (and China), being part of the BRICS and the SCO and, at the same time pushing an emerging and growing partnership with the U.S. The situation is ever dynamic and the targets are constantly moving, as each



state within the realist school wants to leverage relations to their own advantage in the globally interconnected world. The EU and Europe should not expect to rely on India as an extended partner, even if there is considerable ideological political common ground.

Russia's actions in Ukraine, which is not compatible with the international responsibilities vested in a permanent member of the UNSC, pose enormous risks for EU, China and India. All things considered, there is a real possibility that the Ukraine war will entail a new international order, based on a diffused bipolarity or a multipolarity driven by two poles, which is, by definition, an insecure solution for a challenging international order - This is an important reason for the EU, India, and China to come together and cooperate to facilitate a peaceful solution of the conflict.

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