

**April 2019**

Since establishing a strategic partnership in 2003, the EU and China have broadened and deepened their relations under a complex architecture of now more than 60 political, economic, sectoral and people-to-people dialogue formats. While the EU and China cooperate on some global and regional challenges based on shared interests, political and ideological differences in views render cooperation in other areas, such as human rights, extremely difficult. For years, economic relations have been heavily imbalanced, since EU firms have faced considerable market access barriers in China. China's growing political influence on the global stage and within the EU, and its efforts to promote authoritarian models of governance through making assertive use of its economic statecraft have increasingly been perceived in the EU as systemic competition between the norms and values of two fundamentally different political and economic models. China-led initiatives, such as the Belt and Road Initiative (BRI) and the 16+1 format, which brings together 11 central and eastern European countries, five Western Balkan countries and China, lack a 'One-EU-policy' and thus present a major challenge to EU unity. A joint communication 'EU-China – A strategic outlook' is a first EU response, ahead of the 21st EU-China Summit, on 9 April 2019. It builds on the principles of the 2016 'Elements for a new EU strategy on China' and the 2018 'Elements for an EU strategy on connecting Europe and Asia', but shifts to a more assertive approach to China to take the new realities into account.

Towards a new EU policy approach to China: 21st EU-China Summit – April 2019

'At a glance' note, by Gisela Grieger, April 2019

Shortly ahead of the 21st EU-China Summit on 9 April 2019 the EU published a joint communication entitled 'EU-China – A strategic outlook'. The paper builds on the principles of the 2016 EU strategy for China, but reflects a significant policy shift to a more realistic, assertive and multi-faceted approach to China, stressing that the balance of the challenges and opportunities the EU faces in its relations with China has shifted. It portrays China as a cooperation partner, a negotiating partner, and an economic competitor but also as a systemic rival, and stresses the lack of a level playing field in EU-China economic relations. It proposes ten EU actions aimed at achieving three objectives: to deepen EU engagement with China to promote common interests at global level based on clearly defined interests and principles; to seek more balanced and reciprocal economic relations; and to adapt to changing economic realities and strengthen the EU's domestic policies and industrial base.

5G in the EU and Chinese telecoms suppliers

'At a glance' note, by Gisela Grieger, April 2019

The spectrum auctions of fifth-generation (5G) mobile telecoms networks planned in 17 EU Member States for 2019 or 2020 have sparked a highly politicised debate in the EU about whether the use of Chinese 5G equipment in critical EU infrastructure poses a threat to national security. While Australia, Japan, and New Zealand have followed the United States (US) in imposing a (partial) ban on Chinese telecoms vendors, EU Member States appear to privilege EU-coordinated national risk-mitigating measures over a ban.

Taiwan's political survival in a challenging geopolitical context

Briefing, by Gisela Grieger, March 2019

Since the landmark victory of Tsai Ing-wen from Taiwan's pro-independence Democratic Progressive Party (DPP) in the 2016 presidential elections, mainland China has pursued a 'carrot and stick policy' to Taiwan, to make progress towards unification based on a 'one country, two systems' formula, which is widely rejected in Taiwan. While mainland China has intensified the island's international isolation through political pressure, economic

FOLLOW EPRS



<http://epthinktank.eu>



@EP_thinktank



european parliamentary research service



EPINFOGRAPHICS/EPRS



european parliamentary research service

coercion and military drills, it has attracted Taiwanese students, academics and investors with a package of incentives. The Trump administration has recently enhanced its long-standing commitments in support of Taiwan's liberal multi-party democracy that embraces individual political freedoms, the rule of law and universal human rights, and the EU, while maintaining its 'One China' policy, has developed close cooperation with Taiwan on non-political issues based on like-mindedness and respect for Taiwan's democratic governance system.

State of play of EU-China relations

Briefing by Gisela Grieger, January 2019

EU-China relations are increasingly affected by growing Sino-United States strategic competition. The Trump administration considers China a strategic competitor to confront, rather than a country with which to engage. The EU, on the contrary, refers to China as a strategic partner and, despite persistent and considerable differences in position in some areas, continues to engage. The United States' current preference for bi- and unilateralism, and withdrawal from multilateral arrangements, which the EU considers vital elements of a rules-based international order, create openings for China to fill the gap. For the EU, this implies the need to seek issue-based alliances and to strengthen strategic cooperation with China on issues of common interest to reach and uphold multilateral solutions to global and regional challenges.

China, the 16+1 format and the EU

Briefing by Gisela Grieger, September 2018

Since 2012, China has engaged 16 central and eastern European countries (CEECs), including 11 EU Member States and five Western Balkan countries under the 16+1 cooperation format, which it has portrayed as an innovative approach to regional cooperation. Although framed as multilateralism, in practice this format has remained largely bilateral and highly competitive in nature. While in 2012 the CEECs had enthusiastically embraced this form of cooperation as a chance to diversify their EU-focused economic relations in the wake of the 2008 financial crisis, by 2018 some of them had voiced dissatisfaction with the economic results it had yielded for them.

China's foreign influence operations in Western liberal democracies: An emerging debate

Briefing by Gisela Grieger, May 2018

A debate is gaining traction in Western democracies about the nature, extent and the implications of, as well as possible responses to, China's growing efforts to influence Western political elites, academia, think-tanks, and media through what has recently been labelled 'sharp power'. This debate reflects different levels of concern in Australia, New Zealand, the USA, and the European Union.

China's Arctic policy: How China aligns rights and interests

Briefing by Gisela Grieger, April 2018

Faced with very limited rights as a non-Arctic state, China has been eager to design strategies to bridge the widening gap between the legal and institutional constraints in the Arctic and its growing Arctic interests. It has developed a self-defined Arctic identity as a 'near-Arctic state', and sought – and in 2013 gained – observer status in the Arctic Council, to prepare the ground for a future expanded foothold in the region. China's first-ever white paper on Arctic policy, of 26 January 2018, seeks to justify the country's Arctic ambitions through its history of Arctic research, and the challenges and opportunities that rapid climate change in the Arctic present the country. China acknowledges for the first time that its Arctic interests are no longer limited to scientific research but extend to a variety of commercial activities. These are embedded in a new China-led 'Polar Silk Road' that connects China with Europe via the Arctic, and corresponds to one of two new 'blue ocean passages' extending from China's 21st Century Maritime Silk Road, launched in 2013.

FOLLOW EPRS



<http://epthinktank.eu>



@EP_thinktank



european parliamentary research service



EPINFOGRAPHICS/EPRS



european parliamentary research service

China's Maritime Silk Road initiative increasingly touches the EU

Briefing by Gisela Grieger, March 2018

Five years since China launched its 21st Century Maritime Silk Road initiative, with the aim of improving its maritime links – on its own terms – with south-east and south Asia, east Africa and ultimately Europe, the country has made significant progress in gaining long-term control over strategic overseas ports. China's massive push for the construction of large-scale, high-risk and debt-financed infrastructure along the Maritime Silk Road has raised concerns about white elephants being built, and host countries becoming overburdened from servicing their debts to China. The large numbers of such projects has seen some host countries forced to repay their loans by handing over the operation of strategic assets to China for decades ahead. Their experience suggests that, while host countries may never see the much touted 'win-win' results of these projects, China may be poised for double wins from them.

Foreign direct investment screening: A debate in light of China-EU FDI flows

Briefing by Gisela Grieger, May 2017

In 2016, the flow of Chinese foreign direct investment (FDI) into the EU hit record levels, in sharp contrast to the continued decline in EU FDI flows to China. Chinese FDI targeted cutting-edge technologies in particular. Several Chinese proposals for acquisitions of EU firms in strategic sectors came under scrutiny during security reviews at Member-State level. They have sparked a debate about whether the patchwork of different mechanisms for screening FDI on national security grounds in place in EU Member States, coupled with the scrutiny of mergers and acquisitions under EU competition rules, are adequate regulatory tools. They have also raised the question of whether the Member States' diverging approaches should be upgraded, better coordinated or even replaced by a new FDI screening mechanism at EU level.

China's WTO accession: 15 years on – Taking, shaking or shaping WTO rules?

Briefing by Gisela Grieger, December 2016

11 December 2016 marked the 15th anniversary of China's accession to the World Trade Organization (WTO). In 2001, after arduous negotiations with key WTO members, China agreed not only to extensive market access commitments but also to substantial non-reciprocal rules obligations. This was unprecedented in WTO history. Most WTO disputes involving China, notably in the field of trade remedies, have been linked to these tailor-made rules for China. China has exhibited timely and qualitatively sound compliance with WTO rulings. But its narrow, letter-of-the-law compliance has at times been found not to reflect the spirit of the legal provisions at issue, with WTO-inconsistent regulations having remained in place or re-emerged.

China and the South China Sea issue

Briefing by Gisela Grieger, September 2016

On 12 July 2016, an Arbitral Tribunal, set up under the 1982 UN Convention on the Law of the Sea (UNCLOS), between the Philippines and the People's Republic of China (PRC) published its decision over conflicting maritime claims in the South China Sea, ruling overwhelmingly in favour of the Philippines. According to the legally binding ruling, China's 'nine-dash line' and 'historic claims' have no legal basis under UNCLOS. The tribunal found that China had violated the Philippines' rights with regard to fishing, oil exploration, land reclamation and artificial island building, and had caused severe damage to the marine environment, including by using harmful fishing methods and harvesting endangered species. The award's de facto impact on the long-standing conflicts over overlapping territorial and maritime claims between China and the Philippines, and its spill-over effect on those existing to varying degrees also between China and Brunei, Malaysia, Indonesia and Vietnam, is highly unpredictable. China opposed arbitration from the outset by not participating in it, and by stating that it will not accept the outcome. Since there is no enforcement mechanism for the decision, China's response may vary between (partial, tacit) compliance, unchanged behaviour and escalation of conflicts. While Western democracies have welcomed the decision, the EU has stopped short of calling for compliance with it.

FOLLOW EPRS



<http://epthinktank.eu>



@EP_thinktank



europa.eu/eprs



EPINFOGRAPHICS/EPRS



europa.eu/eprs

One Belt, One Road (OBOR): China's regional integration initiative

Briefing by Gisela Grieger, July 2016

In 2013, China launched its 'One Belt, One Road' (OBOR) initiative. OBOR is China's broadly sketched vision of how it plans to boost regional integration in its wider neighbourhood. The initiative is unprecedented in terms of China's financial engagement, and the innovative network-based project design which is intended to contribute to more inclusive global governance. It contrasts sharply with existing treaty-based integration concepts where the geographical scope, partner countries, strategy, principles and rules were clearly defined at the outset. China's new development vision has been seen as an alternative to regional trade agreements which do not include it; as a strategy for asserting its leadership role in Asia in response to the US pivot to Asia; as an economic outreach towards Asian countries for resolving territorial and maritime disputes by exporting China's domestic development policies; as a means of tapping into new sources of growth to check the marked downturn in its economy; as a tool for tackling the socio-economic divide between its inland and coastal provinces; and finally, as a venue for addressing security challenges on its western periphery as well as energy security issues.

Further reading

What Think Tanks are thinking: China

Briefing by Marcin Grajewski, February 2019

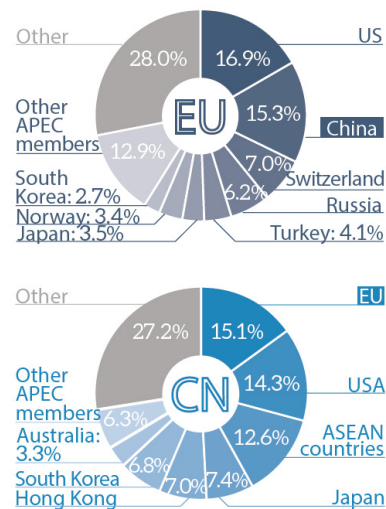
More in the [Globalstat Infographic: China: Economic Indicators and Trade with the EU](#)

EU trade with China



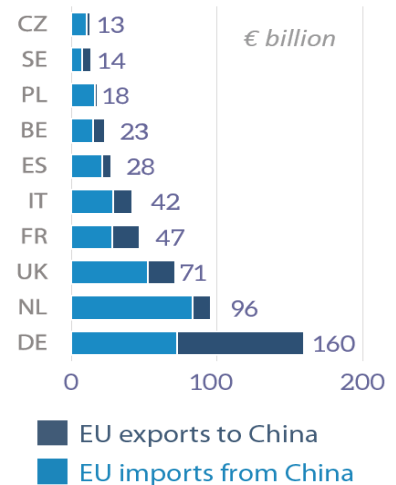
Main trade partners (2017)

Trade in goods, exports plus imports



Top EU partners (2017)

Trade in goods



eprs@europarl.europa.eu | www.europarl.europa.eu/thinktank (Internet) | www.eprs.ep.parl.union.eu (Intranet)

You can access this Topical Digest online at the websites below, or by scanning the QR code:

http://www.europarl.europa.eu/EPRS/TD_China-EU_relations.pdf
<https://epthinktank.eu/topical-digests/>



FOLLOW EPRS



<http://epthinktank.eu>



@EP_thinktank



european parliamentary research service



EPINFOGRAPHICS/EPRS



european parliamentary research service