THE EU NEEDS BUT LACKS A COMPREHENSIVE STRATEGY ON CHINA

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Abstract

This article argues that despite many attempts to address China, the European Union (EU) lacks a comprehensive and consistent long-term strategy on China, as many of the previous EU policies or approaches towards China do not conform to the definition of a 'strategy'. In the absence of a strategy, the EU risks failing to successfully deal with all the challenges connected to China's growing power, being forced to adopt haphazard policies or measures as issues arise.

Since 2019, relations between the European Union (EU) and China have been seen through the lens of the partner-rival trope, going through moments of cooperation and periods of tensions and distancing. Over the past years, the EU has tried to articulate new policies and approaches towards China, yet they did not reach the level of a comprehensive long-term strategy. This search evolved along with EU-China relations, going through different phases and approaches.

Retracing the history of EU-China relations

For almost four decades starting in the 1980s, relations between China and the EU and its Member States developed based on growing economic ties – the EU became one of the most important markets for Chinese exports, while China became the new holy land of cheap workforce and factories for many European companies.

Throughout this period, the EU and China mostly focused on the positive aspects of their relations and saw their economies largely as complementary. Tensions stemming from political, geopolitical and human rights issues still appeared from time to time, but their impact on the wider relationship was largely contained because of a desire to protect economic ties.

Things began to change in the 2010s, when economic tensions became more prominent. As China climbed along the value chain, it emerged as an economic competitor of Europe. In 2013, disagreements cause by cheap solar panels produced in China led to EU threats to impose anti-dumping tariffs on Chinese solar panels, though the issue was eventually dealt with. Later, in 2016, after the high-tech German company Kuka was acquired by the Chinese Midea, generating fears that China could take over its know-how, the EU was awakened from what would be termed its naïveté in relation to China. Combined with the Made in China 2025 programme and the long-standing requirement for EU companies in China to establish joint ventures, becoming targets of forced technology transfers, the EU understood that China is not just an economic partner, but more of an economic competitor.

EU-China relations were also affected by China's increased assertiveness aboard and authoritarianism at home over the last decade. Human rights violations in China, especially in Xinjiang, Tibet and Hong Kong, the centralisation of power under Xi Jinping and the increased role played by the Chinese Communist Party in society and the economy, tensions in the Taiwan Strait and the South China Sea, the trend of "wolf-warrior diplomacy", and China's more prominent role on the international stage, especially through the Belt and Road Initiative, all emerged as issues in EU-China relations.

In a geopolitical and international environment defined by growing tensions between China and the United States (US) and the emergence of US-China great power competition, Europe also began seeing China in a different light. Thus, from a former partner, the EU began defining China as a systemic rival, which would become a central characteristic of bilateral relations.

A timeline of the EU's policies towards China

The first mention of China in an EU strategy came in the EU's Towards a New Asia Strategy, in 1994. But China was only listed in enumerations of Asian countries or when acknowledging that the US was making an effort to integrate China into world trade. One year later though, the European Commission presented its first communication exclusively focused on China, entitled A long term policy for China-Europe relations, which focused on cooperation and political and economic engagement.

In 2003, the EU announced a new China policy paper, focused on "a maturing partnership". This was also the year when the two sides started referring to their relation as a strategic partnership. Based on previous Commission communications in 1998 and 2001 about China, the new EU policy paper focused on China as a partner and expressed a willingness to enhance relations with it in areas such as "economic and trade relations and China's internal reform process."

Fast forward a decade and 2013 brought the EU-China 2020 Strategic Agenda for Cooperation, which was not a European strategy on China, but an agenda that both countries undertook to implement over the coming years through their annual summits, which had started in 1998.

The first attempt to create an EU strategy on China came in 2016. Elements for a new EU strategy on China defined China as a partner and referenced the EU-China strategic partnership, while also tackling topics such as reciprocity and fair competition, respect for the rules-based order and for human rights, and the need for the EU to "project a strong, clear and unified voice".

But the face of EU-China relations changed in 2019 when the EU published the EU-China – A strategic outlook Joint Communication, which replaced the one from 2016. From this moment, the EU ceased to perceive China as an economic partner and gave the relations a competitive nature. The outlook articulated what would become the notorious three-pronged approach, the "partner, competitor and rival" triptych. While this short triptych became the Outlook's main legacy, its definition of EU-China relations is subtler and more complex, talking about how 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". Thus, if we are to succinctly summarise the triptych, it should be: a cooperation and negotiating partner, an economic competitor and a systemic rival.

After presenting this description of the state of EU-China relations, the Outlook proposed a series of actions that the Union should undertake in the coming years to deal with various issues related to China. The Outlook became and has remained until now the closest EU attempt towards articulating a China strategy, but with the passing years, it has fallen short of this. The triptych, which captured popular and government attention, is sometimes seen incorrectly through the lens of a strategy, but it represents only a description of the state of EU-China relations. What gave the Outlook a strategic aura was its series of 10 actions which sketched a road map for the EU to follow in the coming years in its relations with China.

Since then, most of these actions – like implementing an International Procurement Instrument or a common 5G approach – have already been implemented, while others, like ratifying the Comprehensive Agreement on Investment, have been abandoned. Thus, the quasi-strategic component of the Outlook no longer provides any guidance to the Union and the document's only valid feature remains the description of EU-China relations through the triptych.

During all this time, the European Parliament (EP) twice asked the Commission to create and implement a China strategy. In 2021, the Parliament proposed a six pillars vision based on which it called on the Commission to "develop a more assertive, comprehensive and consistent" China strategy. The EP again called on the Commission to update the EU's China strategy in late 2023.

The next most important moment for the EU's approach towards China was the introduction of the "de-risking" concept in 2023, by Ursula von der Leyen, the President of the European Commission. Proposed as an alternative to "decoupling" (a concept largely promoted by the US) de-risking was launched during von der Leyen's March 2023 speech about China, even though EU officials later presented it as a country-agnostic concept. De-risking has become the *leitmotif* of the EU in the year since its introduction, being well received and adopted even by the US government. Nonetheless, it is still in the process of being shaped and it remains an imprecise policy with an unclear future.

With all these proposals on the table, we should ask: do they represent a real strategy on China, or only attempts to improvise a China strategy?

To have or not to have a China strategy

As we argued in our recent study for the EP's Committee on Foreign Affairs, "EU-China relations: De-risking or de-coupling – the future of the EU strategy towards China", the EU lacks a strategy and none of the above initiatives are really a strategy. To start the argument with the basics, the definition of a strategy tells us that it should be a plan to achieve something – ideally, a long-term end goal. From this simple definition, all the above-mentioned approaches lack such a goal. Even more, they do not really address how the EU should achieve such goals.

The 2019 Strategic Outlook is mainly seen as the EU's China strategy through the prism of its triptych. But this "partner, competitor, rival" narrative is just a description of the current state of EU-China relations – there is nothing strategic about it. The 10 actions contained within the Joint Communication presented a road map for the EU for the next few years, but they did not stem from a strategic vision that articulated a goal, being presented as separate actions. Furthermore, as previously explained, most of these actions have either been implemented or adopted, so they are no longer relevant for defining the future of the EU's approach towards China.

When it comes to de-risking, while it can be seen as a country-agnostic economic strategy, it is not a China strategy. De-risking does not present any guidelines or goals about how to deal with China in areas such as geopolitics, the risk of military conflicts, the international stage and preserving the global order, or how to work with China to solve global issues. It addresses only economic and technological issues, without yet articulating

how to achieve the goal of reducing the risks posed by external dependencies of the Union, which go beyond China.

Thus, for the moment, the EU lacks a comprehensive China strategy that could help better articulate and implement its policies in relations to China. In its absence, the EU's measures until now have mainly been defensive, dealing with issues as they arise – like the case of the Commission's investigation of Chinese electric vehicles, once imports of Chinese electric vehicles (EVs) in Europe started increasing.

The absence of a strategy is also caused by the lack of unity among EU Member States, which has been a problem frequently highlighted in recent years. Nonetheless, in our study, we argue that the Union's main issue is the lack of a comprehensive and consistent long-term strategy and the focus on consensus among all 27 Member States undermines the emergence of such a strategy. In most topics or issues connected to China, a majority of Member States, as long as it includes the EU's largest economies, could effectively implement a strategy through coordinated actions taken at national level, with input from the Commission and the EP. The active role taken by the Commission regarding China in recent years, as shown by the numerous investigations underway (regarding subsidised Chinese EVs, solar panels and wind turbines, or regarding procurement of medical devices in China), shows that action is possible even while lacking full unity. If the EU can adopt a larger, comprehensive vision and then a strategy regarding China based on it, various European stakeholders working together can then implement that strategy successfully, even if not perfectly.

Today, unfortunately, the EU lacks such a comprehensive China strategy as the focus is largely on economics and of a defensive nature, namely de-risking and achieving reciprocity by raising various barriers meant to protect the EU from unfair competition from China.

On this, there is a high degree of agreement among European stakeholders, even if not full unity.

Conclusions and recommendations

Because the EU lacks a comprehensive and consistent long-term strategy, it must work to design and implement such a strategy that should be focused on "end-goals, an overarching vision and guiding principles" and which can help the EU to better understand and deal with China on the global stage.

In order to do so, the EP and the European Commission should work together to define the broad contours of such a comprehensive long-term strategy. This process and its implementation will not be easy or perfect in the absence of an EU-wide consensus. But such a consensus is largely impossible because of irreconcilable visions of how to relate to China in various EU capitals. Accepting this constraint allows the EU to focus on the more important task of defining its goals and its strategy regarding how to relate to China over the coming decades.

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