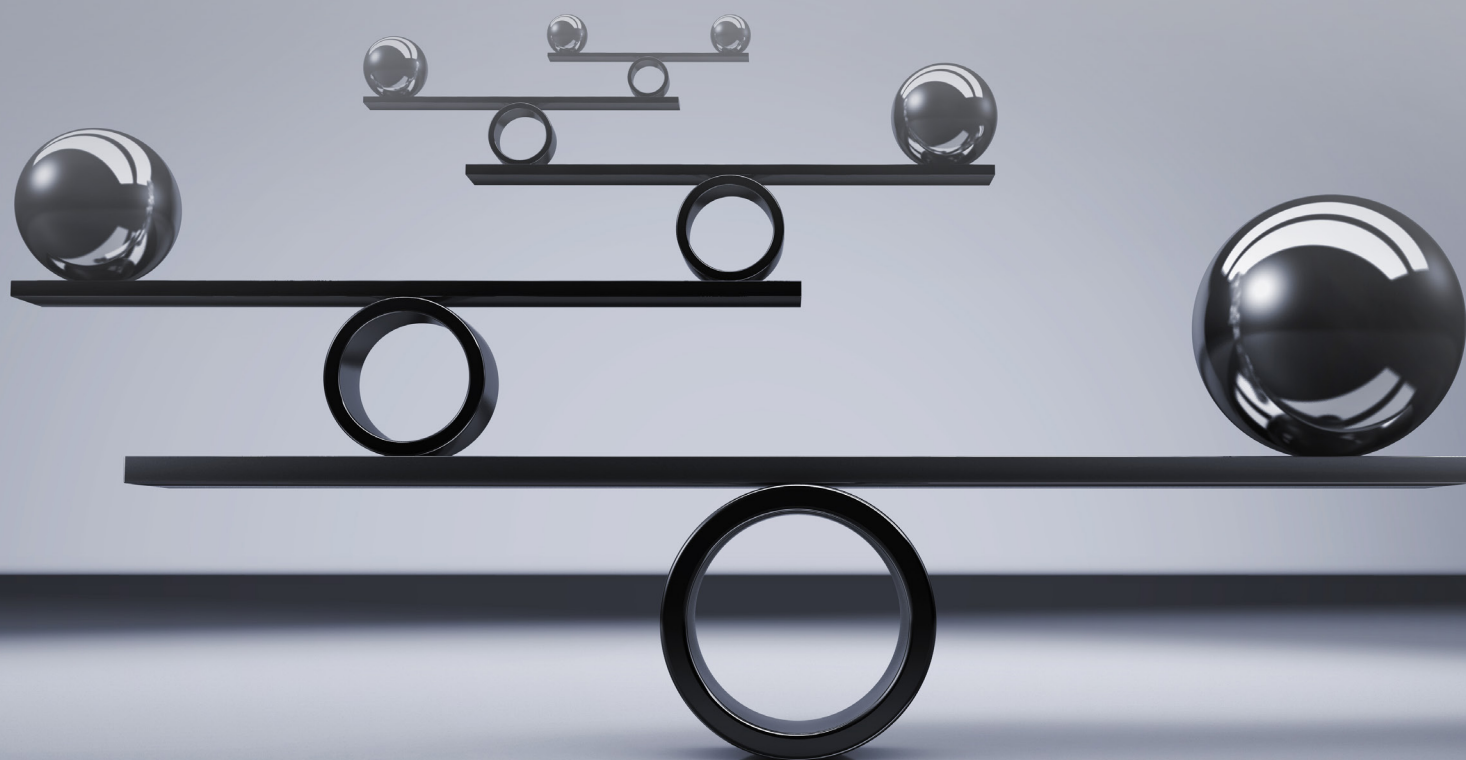




# THE STATE OF EU-CHINA RELATIONS

A QUARTERLY COMMENTARY FROM IFAT'S  
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## SCHOLTZ'S VISIT TO CHINA - DIFFICULTIES IN DEALING WITH CHINA

On 4 November, German Chancellor Olaf Scholz travelled to Beijing at the head of a large business delegation. In the run-up, the visit was [criticized](#) by the German governing coalition, especially by the Greens and the Liberals. Particularly notable was the [warning](#) from German Foreign Minister Annalena Baerbock, who admonished the Chancellor the day before his trip, saying, “Now it is crucial to make clear in China the messages that we laid down together in the coalition agreement”.

The Chancellor's trip shows that he and parts of the government want to continue the tradition of the Merkel era, when economic interests determined the China policy of the country. However, the German Foreign Minister's criticism shows that there is also considerable resistance within the coalition to the legacy of the past. Two issues certainly underlie the domestic dispute. In addition to the economic risks posed by the Russia-Ukraine war, the Chancellor wants to avoid the relationship with China becoming a burden on the German economy. On the other hand, the growing anti-China sentiment is more in line with the majority of public opinion in Germany, which is unsettled by the constant media attention on the growing great power competition between the US and China. Moreover, it is also more in line with the value-based foreign policy of the US, with which Washington exerts pressure on its allies. The domestic political disputes are likely to drag on for a long time and make it difficult for the German government to launch its promised [new China Strategy](#).

Xi Jinping's [guidance](#) at the meeting clearly set the framework for German foreign policy: economy is an area where the two states should cooperate and where China is willing to make gestures. However, Beijing will not tolerate Berlin's interference in China's internal affairs and political system. If Berlin's value-based policies come to the fore, the relationship between the two states could seriously deteriorate, which will certainly affect the economic sphere. And that could have serious repercussions for the heavily China-dependent German economy. It seems that the German Chancellor is still not in the mood for a new cold war, but we will see if he will be strong enough to resist internal and external pressure.

## A FRAGILE BALANCE IN BILATERAL RELATIONS

While the Chinese leadership seemed to have been disappointed by some of the official EU statements made over the past months, High Representative Josep Borrell definitely struck a less critical note vis-à-vis Beijing at the European Parliament

debate on EU-China relations in November. He asserted that the *Strategic Outlook* adopted in 2019 still serves as the basis for EU-China relations and went on to declare that “the United States are our most important ally but, in some cases, we will not be in the same position or on the same approach towards China.” Controversial issues, however, continued to strain bilateral relations despite the conciliatory tone of Borell’s speech. In December the EU launched legal proceedings against China at the World Trade Organization (WTO) for alleged restrictions imposed by Beijing on Lithuania’s exports, and the European Parliament adopted a resolution that again criticized the human rights record of the Chinese government.

The developments in EU-China relations in 2022 indicated that the EU leadership wants to have its cake and eat it, too. While it is acknowledged that bilateral relations have deteriorated over the past year, Brussels has stated that the EU’s approach towards China set out in the *Strategic Outlook* remains valid; in other words, it is claimed that the EU policy has not changed. It will be a question for the coming year whether the 2019 policy framework can weather the emerging controversies between the two sides when many of the causes for those controversies lie outside the strictly bilateral framework. Like the war between Russia and Ukraine, in which neither the EU nor China had any interest but has nevertheless given rise to a disagreement between the two. Consequently, it will be most difficult for both sides to keep this fragile balance when such external developments may have a significant impact on their relationship.

## THE CHINA-BASHING SPREE OF EU LEADERS

European leaders, for some reason, consider it a moral imperative to engage in China-bashing from time to time, even though it seems to be ever more difficult to have good business relations with a country that they openly despise, demonise, and lecture. An age-old way to solve the contradiction between economic needs and moral considerations is outsourcing the disparaging of Beijing to European Union leaders while having more pragmatic heads of national governments keep the business afloat. This tradition has been maintained over the past few months.

The tone of the EU leaders was set by a speech of European Commission President Ursula von der Leyen in August at the Bled Strategic Forum, where she explicitly accused China of supporting Russia’s aggression in Ukraine, talked about the need to be independent of China in Europe’s green transition, and even brought up the urban legend of China’s debt-trap diplomacy. Then came High Representative Josep Borrell at the EU Ambassadors Annual Conference in October, comparing Europe to a garden and the rest of the world to a jungle. It is clear that the difference between a garden-like and a jungle-like society is the former being civilized and the latter

uncivilized, and the Chinese could not interpret the speech in any other way than former colonial powers calling them uncivilized. There could be hardly anything more insulting to the Chinese people. In November, European Council President Charles Michel tried to use the opportunity of sending a pre-recorded video speech to the opening ceremony of the China International Import Expo to call on China to exert pressure on Russia and warn Europe against becoming overly economically dependent on China – highly unusual and impolite messages for a business forum. (The speech was pulled by the organizers in typical Chinese fashion.) Most EU documents and speeches about China mention Beijing and Moscow on the same page, failing to notice the difference between China and Russia and the fact that China, unlike Russia, does not constitute a direct security threat to Europe, thus committing a fundamental strategic mistake.

A tougher European stance on China is supported by the leaders of a number of countries, especially those without close economic relations with China or more dependent on US security ties. Governments that know well the difficulties decoupling from China would cause try to be more pragmatic, but they are constantly under domestic and international fire. Beijing is used to the double speech by Europe and has learnt to live with it, but they seem to be less and less tolerant in taking criticism. We are facing two questions now: how long will Beijing accept that the leaders of Europe, who want to do business with it, criticize, lecture, and question its legitimacy at the same time, as if nothing had changed in the past thirty years in the balance of global power? And can Europe afford to risk losing its Chinese export markets, import sources, and investment opportunities after losing access to cheap Russian natural resources? At present, ideologically-driven debates seem to push these fundamental questions to the background, while all sides fail to present any viable alternative to China. The unanimous view in China is that Europe is in constant and partially self-inflicted decline, and the EU's bargaining position is getting worse by the day, especially if it keeps on following unrealistic ideological goals instead of rational self-interest.

## LOOKING BEYOND THE BILATERAL MEETINGS IN BALI

Chinese President Xi Jinping returned to personal diplomacy at the annual G20 summit in November and had several bilateral meetings with heads of governments and states, including EU members France, Italy, Spain, and the Netherlands. Germany was an obvious absent from the list, as Chancellor Scholz had visited Beijing shortly before the G20 summit. But Xi avoided EU prominents Ursula von der Leyen and Charles Michel in Bali, attracting the criticism that Beijing applied the good old divide and rule tactics once again. Where lies the truth? On the one hand, it is true that when dealing with blocs of nations, China usually prefers a

nation-to-nation approach in issues of real importance, while the multilateral level mostly serves as a framework for partnership. The history of China-ASEAN and China-CEE cooperation provides several examples for this. On the other hand, it should be admitted that the EU is deeply divided regardless of any kind of such attempt from China's side. The German Chancellor had reportedly rejected the suggestion for a joint Macron-Scholz visit and decided to travel to China alone with a massive business delegation in early November. He came under fire by other EU members and even by his own coalition partners at home, revealing once again that not only the European Union but also its leading members are still very far from speaking with one voice regarding China. Considering the rising geopolitical tensions between China and the West, Beijing is absolutely happy with this dividedness, and President Xi would be a fool not to take advantage of it. It is in China's strategic interest to avoid facing a unified front of Western countries, and as the Scholz visit and the Bali meetings have highlighted, this strategy has every chance to succeed.