

European Union Takes on China: RSTV- Big Picture

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What's in the News?

On the occasion of the 22nd EU-China summit which took place via video conference on the 22nd of June 2020, the **President of the European Council**, Charles Michel, and the **President of the European Commission**, Ursula von der Leyen, accompanied by High Representative Josep Borrell, met with **Chinese Prime Minister (Premier)** Li Keqiang followed by exchanges with **Chinese President** Xi Jinping.

Details:

- The European Union and China had a conflicting dialogue over geopolitics and economic issues during the video conference.
- The focal points of EU's criticism of China were-
 - Chinese plan to curb Hong Kong's autonomy.
 - China's spreading of disinformation about the coronavirus pandemic.
 - Beijing's curbs on foreign investors.
- No joint declaration emerged after this meet. Also, the Chinese side opted against holding a joint press conference with the EU, following the conference.
- Ironically the previous EU-China summit of April 2019, was a success as both the sides had pledged unity in the fight to uphold a multilateral world order being challenged by the U.S. President Donald Trump's 'America First' agenda.
- Also after the 2019 conference, Europeans claimed progress in pushing the Chinese government to pursue more fair economic policies.

Background:

- The results of the EU and China joint summit in April 2019 were positive as both expressed their commitment to a rules-based and fair trading system with the World Trade Organisation (WTO) principles in mind.
- Both shared a strong economic interest in maintaining significant trade flows and agreed on supporting the G20 and wanted an amicable resolution of foreign and security issues in their respective neighbourhoods.
- 2020 was being considered as a critical year for a stronger EU & China economic and strategic partnership due to strong trade links between Germany and China.

What are the Main Issues of Disagreement between EU & China?

- China has called for postponing of the Leipzig Summit scheduled to be held on 14 September 20 at Leipzig (Germany), after Berlin takes over the EU's rotating presidency in July 2020. This is a major setback to German Chancellor Angela Merkel, who views China as the top foreign policy priority.
- The EU had termed China as a "systemic rival" and adopted a new trade framework aimed at fighting back China's use of state subsidies which gives its firms an unfair advantage against European competitors. The EU approach includes:
 - Deciding to investigate alleged foreign subsidies to companies operating inside the EU & impose corrective measures if they are proven to be distorting the single market.
 - Using its power to check, amend or ban larger takeovers involving possible foreign subsidies.
- Internal divisions within the EU - whether and to what extent to permit China's Huawei to participate in the development of advanced, fifth-generation mobile phone networks (5G).
- The EU has placed several anti-dumping measures to protect its market from cheap products from China, notably in the steel sector.
- EU claims that amidst rising economic challenges including unemployment caused due to COVID - 19 crisis, China is not fulfilling its Paris Agreement climate targets. As the largest carbon emitter on the planet, China's greenhouse gas emissions are plateauing at 2015 levels.
- The German government-backed Climate Action Tracker calls the current Chinese commitment towards its emission control as "highly insufficient".
- China's massive Belt and Road Initiative (BRI) is a global infrastructure development project that has caused major environmental concerns.
- **What is BRI?**
 - This massive project involves setting up of coal plants, power stations, mines and factories across 70 countries. Many of these are not even backed by proper environmental oversight.
- The EU has rising concern over the functioning of Cooperation between China and Central and Eastern European Countries (China-CEE, China-CEEC, also 17+1), which it considers as China's diplomacy of 'divide and rule' with aim to benefit China at Europe's expense.
- Despite lack of clarity and misinterpretations among EU members regarding the exact nature of arms embargoes against China, the EU continues to hold the embargoes, partially owing to constant pressure from the US.
- The EU, like the US, criticizes China's aggressive foreign policy and blatant human rights violations in recent years.
- The EU acknowledges that China is interfering with Hong Kong's right to self-determination and autonomy by violating a critical international treaty (violation of 'one country two systems' pledge made in 1997).
- Amidst the ongoing COVID-19 tensions, EU Commission President Ursula von der Leyen has accused the People's Republic of China of carrying out cyber-attacks against EU medical establishments and health care institutions.
- China also believes that the relationship is imbalanced, citing that the EU has been able to invest far more in China than the other way around. China is also against the EU getting involved in what China considers as its internal affairs, like its tussle with Hong Kong.

Difference Between the US & EU Regarding Policy Towards China:

- Charles Michel, President European Council said "Engaging and cooperating with China is both an

opportunity and necessity”.

- The US has been much more strict and explicit in expressing its resentment towards China by imposing visa restrictions and tough trade tariffs. Anti-China rhetoric has emerged from both Republicans and Democrats, and has gone mainstream.
- The EU’s stand on China remains far softer as compared to the US, owing to the challenge of creating a uniform and common foreign policy for its 27 different member states. Hence EU has not implemented any stringent sanctions on China as yet.
- The future of the US's attitude towards China remains very uncertain due to the impending Presidential election in the US in November, 2020. The Democratic candidate Joe Biden, whose victory is a fair possibility, holds a completely different stance on China as compared to Trump. So it could mean strategic engagement, not outright confrontation with China.
- However due to rising aggression by China on various global fronts, US Secretary of State Mike Pompeo has said recently during the Brussels Forum, that the EU and the US need to cultivate a shared understanding of China and confront the threat posed by China to western democratic values. He also pointed out China's military threat in countries like - India, Malaysia, Indonesia and the Philippines.
- Pompeo also said: "I am pleased to announce that the United States has accepted High Representative Borrell's proposal to create a US-EU dialogue on China."
- Due to the high trade dependencies between the two sides , any immediate economic sanctions on China by the EU seem a remote possibility. Also because of the slow processing of policy or decisions on the EU front.
- EU is planning to strategically squeeze China by working with Japan, US and India against China’s geopolitical aggression.
- Just like the recent US and EU dialogue on China, even India should consider holding talks with the EU for taking strategic decisions on China’s moves. In the Indo Pacific region Europe could be a strong partnership for India.

EU And China - Dependencies and Common Interests-

- China had assisted countries in the EU during the European Debt Crisis which has been ongoing since 2009. In 2010 China had made a direct offer to buy Greek government bonds and in the same year China also promised to buy Portuguese government debt of 5 billion euros (4 billion dollars). In 2011, China began signing corporate deals and buying Spanish public debt for approximately 6 billion euros.
- China and the EU have shared a science and technology cooperation program since 1983. Their Agreement on Scientific and Technological Cooperation of 1998 was renewed in 2004 with the aim of linking research organizations, universities and individual researchers in technological projects financed by the EU.
- The EU is China's biggest trading partner. China is the EU’s second biggest trading partner after the USA.
- Smart and Secure Trade Lanes (SSTL) pilot project in 2006 between the European Union and China which enables testing of end-to-end supply chain security instruments and mechanisms in line with WCO SAFE Framework of Standards (FoS).
- The EU and China agree over the issue of sanctions on Iran and share a commitment towards the implementation of the nuclear deal (JCPOA).
- China sent medical aid, protective gear, masks and other medical supplies to EU countries affected by the deadly COVID-19 pandemic.