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**China-EU Relations in the Context of the Ukraine Crisis**

Feng Zhongping

China Institutes of Contemporary International Relations (CICIR), Beijing

## China-EU Relations under the Context of the Ukraine Crisis

*Feng Zhongping*

The Ukraine Crisis has triggered the gravest big-power contention since the end of the Cold War and posed great challenges to the post-Cold War European order and major-power relations around the globe. Enduring tension between the West and Russia will undoubtedly exert lasting effect. Despite the rather detached position it has maintained during the Crisis, China is facing ever bigger challenges as the Crisis continues. China-EU relations being among the priority concerns for China's foreign relations, China should take every effort to ensure the positive trend of its cooperation with the EU and its member states and work together with Europe to minimize the negative effect caused by the Crisis.

### China-EU Relations Enjoy Vast Inherent Impetus

Bogged down in the sovereign debt crisis for more than 5 years, many European countries are at the early stage of economic recovery and face yet greater challenges in the long run. Some Southern European countries are still plagued by the high unemployment rate. Many political problems such as the rising populism and the declining traditional political forces are actually rooted in the lagging economic growth. After the EU announced the third round of sanctions against Russia on July 29 which were mainly targeted at Russia's financial, energy and military industries, Russia declared to forbid or limit EU food export as counter-sanction measures. It is clear that the EU's sanction is a double-edged sword that will not only hurt EU-Russia economic relations, but will cause serious harm to its own economy as well. It is predicted by the European Commission that the EU's sanctions will cause itself to lose 40 and 50 billion euros in 2014 and 2015 respectively, or 0.3% and 0.4% percent of its total GDP.

For the governments and the business world in Europe, the Chinese market and investment imply large sums of export to China, European economic growth and more job opportunities. It has come to be a consensus of leaders of all European countries that the new round of reforms in China will create new opportunities for Europe and better prospects for China-EU cooperation.

Although the notion of "European Decline" has been growingly popular worldwide since the European debt crisis broke out in 2010, China's academia and policy circle hold the belief that the EU remains a very important global power. Such belief held true even during the high time of the European debt crisis. Facing the question "Does China still care about Europe?" very often asked by European government officials and scholars, President Xi Jinping gave a very clear and

reassuring answer during his visit to Europe in March (exemplified by his visit to the EU headquarters in Brussels).

While meeting with the EU leaders who came to China to attend the 16<sup>th</sup> China-EU Summit last November, President Xi also professed that China and the EU are two major forces to maintain peace of the world, two major markets for common development and two civilizations for promoting human advancement. He further highlighted China's regard for China-Europe relations during his visit to Europe in March: while meeting with President Van Rompuy of the European Council, President Xi proposed China and the EU work together toward a relationship for the causes of peace, growth, reform and development of civilizations; in his speech at the College of Europe in Belgium, President Xi compared the EU to a bridge--a bridge of peace and stability that links China with Europe as two major powers, a bridge of growth and prosperity that links both countries as two major markets, a bridge of reform and progress that links the reform processes of both sides, and a bridge of common development of both Chinese and European civilizations. Similarly, Premier Li Keqiang chose Germany and Switzerland as the destinations of his first visit since he became Premier, and he visited the UK and Greece in June as well. Such visits not only symbolize the importance the new Chinese leadership have attached to the EU, but also prove their sincerity and earnestness to widen and enhance cooperation with the EU.

### New Emphases of China-EU Cooperation

At present, economic cooperation is undoubtedly the core of China-EU cooperation and the key adhesive for their relations. Their future economic cooperation is very likely to have the following five emphases: first, to keep enhancing bilateral trade and seek to settle disputes by dialogue and negotiation. With China-EU bilateral trade volume as high as \$559.1 billion in 2013, the EU has remained China's largest trading partner for ten consecutive years. China hopes that the bilateral trade volume can reach \$1 trillion in 2020. Second, to accelerate the ongoing negotiation on China-EU investment agreement and launch feasibility studies on concluding a bilateral free trade agreement. Third, to develop new areas of cooperation in scientific innovation, ecological technologies, agriculture and food, medicines, sustainable development and urbanization, etc., while extending their cooperation in such traditional areas as nuclear energy, aviation and automobile manufacturing. China should keep urging the EU to expand technological export to China. Fourth, to embrace innovative models of cooperation such as joint production, R&D and investment as well as collaborative exploration of third-country markets. Finally, to join their efforts in building the "Silk Road Economic Belt" and promoting the interconnection of infrastructure and merging of production factors, so as to construct a grand Eurasian market.

The strengthening of cooperation between China and the EU, the two biggest economies in the world, will certainly benefit the economic growth and prosperity of both sides while contributing to peace and stability of the world. Therefore, as their economic ties grow, both China and the EU should also strive to enrich and fulfill their comprehensive strategic partnership. In 1998 both sides established a comprehensive cooperative partnership and the annual summit meeting mechanism, which has endured till today; in 2003 both sides upgraded their relationship into a comprehensive strategic partnership. As commented by Mr. Prodi, then President of the European Council and former Italian Prime Minister, with great hope, China and the EU had been truly “engaged” even if not married yet. However, many scholars in Europe and in China as well have refrained from such hopeful sentiments and believed that China-EU strategic partnership was little more than an empty term.

During his visit to Europe, President Xi published an article in the German newspaper *Frankfurter Allgemeine Zeitung* entitled “Both China-EU Relations and the World Will Benefit from China-Germany Cooperation,” in which he calls for a closer China-EU relationship which “transcends mere business mentality” and better serves the times and the common needs of the international society. He proposes that both sides join efforts in improving the international institutions and norms with ever more open and innovative spirits as well as in settling disputes by dialogue on equal footing and friendly negotiation. On President Xi’s visit to France, he was joined by the French President in making the commitment to promoting the multi-polar world, establishing the international rules through democratic consultation with an insistence on multi-lateralism, and to deepening cooperation on such global issues as climate change, terrorism and proliferation. They also agreed to strive to find solutions for such global and regional hot spots as Iran, North Korea, the Middle East, Africa, especially Sahil, Afghanistan and Ukraine. It was their common pledge to strengthen collaboration and cooperation on the UN peace-keeping initiatives and on enhancing Africa’s challenge-tackling capacities.

The current problem is that, although some European countries are not as allergic as the US, they are quite worrisome about China’s rise, especially about the possibility that China might change its attitude toward the international system today. Such anxiety has created great barriers for deepening China-EU cooperation, which in large part demands China’s greater efforts to dissolve. At the meantime, the public opinion in Europe remains rather negative toward China. Their discrepancies on such ideological issues as human rights and democracy are to much extent a myth built on lack of deep European understanding of China. Obviously, both sides should encourage people-to-people and cultural exchange so as to enhance their mutual understanding and mutual trust. As often quoted by Chinese leaders, “State-to-state relations are based on people-to-people relations,

which can only be enhanced by closer contact and friendly exchange.” European countries should develop such a mentality as well. Now that many cultural and p2p exchange mechanisms have been set up, including the high-level exchange between China and the UK, France and Germany, it is expected that those mechanisms will engender very positive atmosphere between both sides.

## New Changes in EU-Russia and EU-US Relations

The sudden downturn of EU-Russia relations took many people aback. In private, some high-level diplomats in Germany and other European countries would blame the European Commission for “meddling things up” by thinking only from technical perspectives and recklessly pushing forward an EU-Ukraine agreement. However, the worsening EU-Russia relations are by no means accidental.

At the end of the Cold War, Europe was eager to join the US in celebrating “the end of history,” although it differed from the US in that the latter believed it was time for the US to dominate the world while European (or West European, to be more exact) elites thought it was time West Europe took a bigger role and integrated the whole Europe into the EU.

Their first step was to establish the euro zone and ensure Germany’s participation in the EU integration. Although many people consider the euro as a “premature baby” and an important factor that triggered the European debt crisis in 2010, yet European integration has always been led by political concerns and driven by economic momentum. In retrospect, the biggest political concern at the collapse of the Berlin Wall and the demise of the USSR was to guarantee that a reunified Germany will never pose any security challenges to the region.

The second step was to integrate former socialist states into the EU. During the impressive new round of expansion, 10 countries was integrated in 2004 alone, 8 of which are located in Central and Middle Europe. Only 3 years later Romania and Bulgaria were integrated, to be followed by Croatia in 2013. Until now 11 former socialist countries have been integrated into the EU, while other countries in former Yugoslavia are accumulating hopes for joining the EU in the years to come.

The EU is also endeavoring to reconstruct its relationship with neighboring countries by various mechanisms such as the Mediterranean Union and the Eastern Partnerships Program to engage its southern and eastern neighbors including Ukraine and the Caucasus states.

The EU’s expansion policy has been overall a success, yet at the same time it has caused a lot of difficulties and challenges to the policies of its neighboring countries. It has been proven that the EU played but a limited role in the Arabian uprisings and the Middle East bedlam, and its Eastern Partnerships Program is

encountering backfires from Russia which led to the still escalating Ukraine Crisis. EU-Russia relations have thus reached the worst since the end of the Cold War.

To be fair, the EU and its members have all taken great efforts to stabilize and develop relations with Russia, the bigger neighbor of the EU. However, the EU's Russia policy is in essence similar to its policy toward Central and Middle European states, that is, lasting efforts to integrate Russia into an EU-led Greater Europe. While the EU proposed building "common space" with Russia, it gave little, if any, consideration to Russia's vision or proposals. European countries once put high hopes in Medvedev, yet with Putin's return to Kremlin in 2012, it was only a matter of time for EU-Russia confrontation to emerge.

When Chancellor of Germany called President Obama on March 2 this year, she complained that Putin "seems to be living in another world." Apparently, the EU-Russia contention not only reflects their conflicting world views and security outlooks, but also their strenuous game for bigger influence. The future EU-Russia relationship will hinge on two questions: how attractive the Russia-led Eurasian Union is (or how much soft power it has), and whether the EU can adjust its mindset in a timely fashion.

EU-US relations have been under transformation since the end of the Cold War, so to speak: security cooperation has ceased to be the top issue, replaced by economic cooperation. Both cooperation and competition exist between the EU and the US. In fact, before China's rise, only the EU and the US were qualified to be true-sense economic competitors for their overwhelming economic sizes and rule-making capacities. Being the biggest trading partner and investor for each other, they share tremendous common economic interests as well. In the meantime, the EU is growingly reluctant to simply follow the US's steps in international affairs despite their many consensuses. A case in point is the opposition of Germany and France together with Russia and China against the US's Iraq War in 2003. For its lasting effect on EU-US trust, G. W. Bush in his second term had to work very hard with the new French and German leaders to mend the trans-Atlantic alliance, under which context President Sarkozy led France to return to the NATO institutions. After President Obama took office in 2009, Europeans began to "see eye to eye" with Americans who now would refrain from using force in international affairs, yet a closer EU-US relationship is hard to build mainly because the focal interest of the Obama Administration has shifted. The Atlantic has ceased to be the core concern of the US, which is the most important change in EU-US relations since the end of WWII. Now with the ongoing Ukraine Crisis, the US has "returned to Europe." However, because President Obama has explicitly labeled Putin as a regional rival, he is very reluctant to readjust the strategy of Rebalancing to Asia, which will keep influencing the pace of the development of EU-US relations.

The transformation of EU-US relations is still going on, with yet more complexity and ambiguity in the future. It is certain that both sides will work more closely with each other especially in security and international system-related issues. Security concerns had been decreasing in trans-Atlantic relations since the end of the Cold War, but after the Ukraine Crisis broke out, European countries, especially the Baltic Sea states and Middle and East European states began to reemphasize the pivotal role of the NATO; they kept urging the NATO to take stronger measures on the Wales Summit. It is too early to decide the new roles of the NATO or how much impact the Ukraine Crisis and the EU-Russia contention will have on future EU-US relations. On economic aspects, with regard to the rising economies, especially China, it seems understandable for the EU and the US to strengthen their efforts to consolidate rules and institutions of the international system. Surprised by China's swift adaptation to the WTO, both the US and the EU aim to make rules of higher standards, hence the TPP and TTIP initiatives. At the same time, however, the EU and the US will continue their competition in political and economic fields on the global arena.

### Impact of EU-US Relations and EU-Russia Relations on China-EU Relations

The famous Harvard IR Professor Stephen M. Walt published an article on the Foreign Policy website on July 8 posing a very sharp question: will the EU join the US in containing China? This article serves as a window for assessing the impact of EU-US relations on China-EU relations. According to Walt, the EU will NOT stand with the US in containing China mainly for 4 reasons: first, they hold different perceptions of China's "threat." While the US intends to prevent China from building hegemony in Asia so as to maintain its own hegemony, the rise of China will not harm European interests by any significant means. Next, as the second largest trading partner of the EU, China shares very close economic ties with the latter. Third, arms deals are taking bigger momentum between China and the EU. Fourth, the shrinking military budget is causing the EU to lose its self-defense capacities gradually.

There are already a plethora of studies on the impact of EU-Russia relations on China-EU relations. Many analysts believe that the worsening EU-Russia and US-Russia relations will push Russia further toward China. For example, an article by Andranik Migranyan, head of Institute for Democracy and Cooperation, was published in National Interest on July 10, argues that Russia-China relations have entered a new phase which is higher than partnership yet lower than alliance. Nevertheless, it is not completely impossible that Russia and China agree on an overall alliance if the US keeps strengthening its sanctions against Russia and intends to contain China. It is time the US took very cautious steps. Besides,

Migranyan points out that, with Russia's military, technological and resource potential as well as China's huge labor force and economic size, there is great room for further development of Russia-China relations, including building a military alliance that will ultimately change the global power structure.

Such interpretation is universal in Europe and the US, but frankly, I believe the above-mentioned views on China-US, EU-Russia and US-Russia relations are oversimplified. It is too early and too pessimistic to conclude that China and the US are doomed to be rivals or to enter a "new Cold War." Similarly, the future of EU-Russia relations is yet to observe, with the possibility of a changing Russian position on the conflicts in East Ukraine. I believe that Putin is very clear that Ukraine is determined to "look west" no matter what hard pressure it faces, although it may not be practical to expect Putin to give up Ukraine totally.

## Conclusion

Despite the many unsettled issues between China and the EU, good opportunities and positive conditions are taking shape for the development of their bilateral relations. First, disputes over ideological issues are not as important on their political agenda as before; second and more importantly, most European countries are putting great hopes in expanding economic ties with China for the severe economic challenges they face; thirdly, although Europe is very sensitive to closer China-Russia relations, China has become more important due to the blocks of the Russian market; and finally, EU-US relations will keep influencing China-EU relations. One can even say that the biggest external factor for the EU's China policy is the United States. Although the EU will keep considering the US's views seriously, the future China-EU relationship will be largely driven by its inherent impetus.