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Discussion Paper

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EU Member States' Accession to AIIB**

YE Jiang

Center for European Studies

Shanghai Institutes for International Studies

# EU and China-Europe Relations Perceived from EU Member States' Accession to AIIB

*Ye Jiang*

The establishment of the Asian Infrastructure Investment Bank (hereafter referred to as "AIIB") is an important event attracting attention in the field of international politics and economy this year. For China-Europe relations, the accession of a number of EU member states including Britain, France, Germany and Italy to the AIIB as founding member states seems more noticeable. This paper is intended to proceed from EU member states' accession to the AIIB to analyze the EU's position and role in today's international system and survey the related trend of development of China-EU relations.

## I. Establishment of AIIB and Accession of EU Member States

On June 29, 2015, the Signing Ceremony of the Articles of Agreement of the Asian Infrastructure Investment Bank was held in Beijing, the ministers of finance or authorized representatives of the AIIB's 57 prospective founding member states attended the ceremony, and the 50 states that had gone through domestic examination and approval procedures officially executed the Agreement. All parties agree that the Agreement shall come into force and AIIB be officially established after the number of states having approved the Agreement reaches the statutory number before the end of 2015. However, it is noteworthy that among the 50 states having officially executed the Agreement, 17 are European states other than Russia (see the table below), and the vast majority of them are EU member states and NATO member states as well.

*List of the European states (other than the Russian Federation) having acceded to AIIB*

Name of state	Time of application for accession	Time of official accession	Whether a founding member state or not	Whether a EU member state or not	Whether a NATO member state or not
Austria	March 27, 2015	April 11, 2015	Yes	Yes	No
Denmark	March 28, 2015	April 12, 2015	Yes	Yes	Yes
France	March 17, 2015	April 2, 2015	Yes	Yes	Yes
Germany	March 17, 2015	April 1, 2015	Yes	Yes	Yes

Italy	March 17, 2015	April 2, 2015	Yes	Yes	Yes
Luxemburg	March 18, 2015	March 27, 2015	Yes	Yes	Yes
The Netherlands	March 28, 2015	April 12, 2015	Yes	Yes	Yes
Spain	March 27, 2015	April 11, 2015	Yes	Yes	Yes
Switzerland	March 20, 2015	March 28, 2015	Yes	No	No
Britain	March 12, 2015	March 28, 2015	Yes	Yes	Yes
Sweden	March 31, 2015	April 15, 2015	Yes	Yes	No
Finland	March 30, 2015	April 12, 2015	Yes	Yes	No
Norway	March 31, 2015	April 14, 2015	Yes	No	Yes
Iceland	March 31, 2015	April 15, 2015	Yes	No	Yes
Portugal	March 31, 2015	April 15, 2015	Yes	Yes	Yes
Poland	March 31, 2015	April 15, 2015	Yes	Yes	Yes

Undoubtedly, the accession of 17 European states (14 of which are EU member states) accounting for more than one third of all member states (34%) to the AIIB will exert direct influence on the functioning of the bank in the future. It should be noted that this fact seemingly can help us analyze the EU's position and role in today's international system from a new perspective and thus carry out a certain new survey and analysis of China-EU relations.

## II. Today's EU Perceived from EU Member States' Accession to AIIB

14 of the 17 European states having acceded to AIIB are EU member states, and major powers among the EU member states having global influence and playing a decisive role in the EU's future direction including Britain, France and Germany are all among them. This provides us with a new perspective for understanding today's EU to a large extent.

### 1. EU's Political Re-Nationalization

Though discussion about EU's political re-nationalization and relevant theories was carried out in European and American academic circles after the Netherlands

and France vetoed the EU Constitution by referendum in 2005 successively, many European scholars still thought before the outbreak of the euro zone's debt crisis in 2009, "The role of national governments (relative to the European Commission) in key decisions on the implementation of cohesion policy has been exaggerated in the literature and that important arguments underpinning the 'renationalization thesis' are flawed."

However, with the outbreak of the Euro zone debt crisis and the uncoordinated performance of various EU member states in the course of responding to the Euro zone debt crisis, some European and American scholars formed new opinions on EU's political re-nationalization. The famous American scholar on European issues Kupchan points out in a "working paper" titled "The Potential Twilight of the European Union" released on the website of the US Council on Foreign Relations in 2010, "Europe is experiencing a renationalization of political life." Undoubtedly, to a large extent, the uncoordinated declaration of accession to the AIIB as founding member states by 14 EU member states including Britain, France and Germany without any communication with EU institutions further highlighted the development of EU's political re-nationalization.

## *2. The Nature of the EU as a Regional International Governmental Organization is More Prominent*

In fact, EU member states' accession to the AIIB on the one hand shows EU's political re-nationalization, and on the other hand further highlights the nature of the EU as a regional international governmental organization (IGO).

Many European and American scholars and even mainland China's scholars studying European integration always argue that with the development of European integration, the EU has become or will soon become a super state like a major state – the European Federation (or at least the European Confederation). However, back in 2007, this paper's author pointed out very clearly that the EU is not a major state, but its main member states like Britain, France, Germany and even Italy are veritable major states. Besides, since the Treaty of Rome entered force 50 years ago, the EU has always been a regional IGO instead of the European Federation or the European Confederation. Therefore, in a strict sense, EU is the same as NAFTA, ASEAN, LAS, AU and even SCO in nature: it is a regional IGO, but it is more highly integrated and has the will to develop towards a super state or federation. So the EU is a special non-state actor in the current international system.

It is quite obvious that the accession of 14 EU member states to AIIB shows the nature of EU as a regional international governmental organization again, i.e. various EU member states still maintain their sovereign right to participate in international politics and the international economy to a very large extent. Though the highly integrated EU can play the role of an independent actor in today's

international system, it cannot exercise sovereign rights on behalf of its member states. This means at the level of international law, EU is still an international governmental organization.

### *3. EU's Political Re-Nationalization does not Completely Change EU's Influence*

Though EU member states' accession to the AIIB shows the EU's political re-nationalization and thus highlights the nature of the EU as a regional international governmental organization, this cannot change EU's influence in today's international system.

Kupchan says, "Renationalization of the EU threatens to consign its twenty-seven individual member states to geopolitical irrelevance." To a certain extent, this judgment is correct. However, it should be noted that the EU's influence in today's international system is mainly manifested by the EU's "civilian powers" or "normative powers" instead of in the field of traditional geopolitics. German scholar Hans Maull defines "civilian powers" as a "role concept" of an "ideal type", and uses this concept to study not only the European Community (EU), but also the roles played by Germany and Japan in the international system after World War II and the two countries' foreign policies. Maull thinks while handling internal international relations and common external relations, the European Community (EU) consciously abandons the traditional paradigm of power politics and promotes or pushes forward "civilization" of international relations with economic powers it is good at, thus it is conducive to realizing the external spread or influence of the Western concepts of democracy and human rights. Therefore, the EU having not military powers but civilian ones can certainly become an influential actor in the modern international system, but the way it exerts influence is different from major states having military powers.

Undoubtedly, the EU's "civilian powers" are not reduced because EU member states continue to have sovereign rights and can use their sovereign rights to promote EU's political re-nationalization (e.g. deciding to accede to AIIB without coordination). This is because on the one hand, the EU's "civilian powers" are different from traditional major states' "military powers" and it mainly enhances its influence in the modern international system through "civilization", and on the other hand, according to the Treaty of Lisbon, the EU already has its exclusive authority – the EU is granted the exclusive power to make directions and conclude international treaties within the prescribed scope of the EU's legislative acts, including customs union, the establishing of the competition rules necessary for the functioning of the internal market, the conservation of marine biological resources under the common fisheries policy, common commercial policy, and monetary policy for the Member States whose currency is the euro.

### III. New Development of China-Europe Relations Analyzed from the Perspective of EU Member States' Accession to AIIB

The Chinese government published the second Policy Paper on the EU (the first Policy Paper on the EU was released in 2003) after President of China Xi Jinping visited the European continent in April 2014, fully elaborating China's EU policy in the new period in ten parts and enhancing the general key tone of China's EU policy released during President Xi Jinping's visit to Europe – China and Europe as two major forces, two major markets and two major civilizations in today's world should deepen mutual benefit and win-win cooperation in the course of each other's reform and development, jointly build the “partnerships for peace, growth, reform and civilization”, deepen and develop the China-Europe comprehensive strategic partnership, and enhance the global influence of China-Europe relations. Undoubtedly, the decision of 14 EU member states including Britain, France and Germany to accede to the AIIB fully shows China and Europe's determination to jointly build the four partnerships for “peace, growth, reform and civilization”. Though EU member states' accession to the AIIB was not guided by the EU, this action was organically associated with the four partnerships between China and Europe and strongly propelled enhancement of the four partnerships between China and Europe to a large extent.

First, EU member states' accession to the AIIB is conducive to building the China-Europe partnership for peace, mainly because the AIIB is a new regional development bank established under China's lead and is an extension of China's independent selection of its road of development. EU member states' accession can help China and EU respect and support the roads of development selected by themselves independently and guide other countries in the world to take the road of peaceful development together.

Second, EU member states' accession to the AIIB can help China and EU provide opportunities of development for each other and make common efforts to develop the open world economy. The EU as the world's largest economy slowly resumed growth after the Euro zone debt crisis broke out in 2009, and the Chinese economy also began to slow down in 2013. This situation of the Chinese economy and the European economy was closely related to the continuous recession of the world economy after the 2008 global financial and economic crisis. To cope with this situation, China and Europe must jointly adopt measures to promote economic growth, and the establishment of AIIB and EU member states' accession to the AIIB can obviously help promote both sides' economic growth and thus further promote the establishment of a partnership for growth between China and Europe.

Third, though China and Europe have different political systems, their confidence in their systems enables China and Europe to stick to their roads and draw lessons from each other. EU member states' accession to the AIIB shows

both China and Europe are willing to incorporate things of diverse nature, reform and innovate. It should be admitted that the establishment of the AIIB itself is reform of the existing international financial system to some extent, and EU member states' accession plays an obvious promoting role for the partnership for reform between China and Europe.

However, though EU member states' accession to the AIIB has quite positive influence on promotion of the China-Europe comprehensive strategic partnership, it also contains certain negative factors. As mentioned above, EU member states' accession to the AIIB not only shows EU's political re-nationalization, but also plays a promoting role for it to some extent. This is very likely to cause a certain negative influence on China-Europe relations, mainly because it might imperceptibly cause China to pay more attention to coordinating bilateral relations with EU member states and give less emphasis to the EU. As a result, the EU might excessively use its exclusive authority for maintenance of its leading role in handling Europe-China relations. In 2012, the European Commission decided to carry out an anti-dumping investigation on photovoltaic boards, photovoltaic cells and other photovoltaic components imported from China. It seems that this incident can be deemed as a precedent of direct negative influence.

To sum up, the AIIB's establishment and EU member states' accession play an important promoting role for future trends of the China-Europe comprehensive strategic partnership but have certain negative influence. Therefore, how to go after advantages, avoid disadvantages and promote in-depth development of the China-Europe comprehensive strategic partnership at higher levels is important to both China and Europe.