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# **EU-CHINA: PRE-SUMMIT BRIEFING**

## EUROPE, CHINA AND A CHANGED GLOBAL ORDER

REPORT





**“After 40 years of reform, are China’s markets an open or shut case for European exporters? Can there be real synergies between the Belt and Road Initiative (BRI) and the EU’s connectivity blueprint? How effectively have China and the EU worked together to tackle the Iranian and North Korean nuclear crises?”**

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## ALL EYES ON THE SUMMIT

The “up-ended” global order which has pitched the world into a maelstrom of uncertainty has put a stronger-than-ever focus on the upcoming 20th EU-China Summit to be held in Beijing this month.

With this and another key July meeting in Bulgaria – involving China and the ‘16+1’ Central and Eastern European countries – shaping the next phase in this multi-faceted relationship, Friends of Europe hosted the roundtable discussion “Europe, China and a changed global order” on 2 July with China’s Ambassador to the EU [Zhang Ming](#) and [Gunnar Wiegand](#), Managing Director for Asia and Pacific at the European External Action Service (EEAS). Tough questions on the agenda included: after 40 years of reform, are China’s markets an open or shut case for European exporters? Can there be real synergies between the Belt and Road Initiative (BRI) and the EU’s connectivity blueprint? How effectively have China and the EU worked together to tackle the Iranian and North Korean nuclear crises?

## WORKING TOGETHER WITHIN A NEW WORLD ORDER

Cooperation between the EU and China is nothing new, but the relationship is now operating within a changing environment. Bilateral EU-China relations are being tested by questions linked to trade and investment as well as different views on global connectivity blueprints. Still, recent high-level meetings between the EU and China have shown a degree of convergence on issues like world trade, Iran and the multi-lateral order. “Many believe Europe, working with its Asian partners like China, can help to boost, salvage, preserve and reinforce the endangered multi-lateral rules-based order,” said [Shada Islam](#), Director of Europe and Geopolitics who moderated the roundtable.

The Ambassador noted the summit would certainly provide political guidance for China-EU relations for the near future, saying: “A stable relationship will be a positive factor in this world of great changes and challenges.” He added: “China and the EU will reaffirm our commitment that a zero-sum mentality should not define the game. We need to work together to forge a new type of international relations, featuring win-win cooperation.”

He highlighted that for the international community to function well, it was important to obey the rules because “a reckless driver won’t reach his or her destination safe and sound. What’s worse, they could even put others in danger.”

## BEYOND OUR BORDERS

“On foreign policy the EU and China have quite an important degree of convergence of views and are increasingly moving from dialogue to cooperation,” said Gunnar Wiegand, adding that on Iran, China shared the same position as the EU, and many others, and said upholding the Iran nuclear deal was a priority.

A key issue at the forefront of people’s minds is what will happen next on the Korean peninsula, including the denuclearisation process in North Korea (DPRK), and how China and Europe could take recent developments further.

Wiegand noted that this would be a key topic in the upcoming Beijing summit, saying that China has made very important contributions in this arena, including on decisions taken at UN Security Council level, implementation of sanctions and meetings with the DPRK’s leader Kim Jong-un. Such contributions are “certainly very important in terms of forging the minds of the leadership in the DPRK on how to conduct the talks in a constructive and results-oriented way, which Europe will make every effort to support,” he said.

## ECONOMIC TEST

It is on the economic front where the “strain on the multi-lateral system is most obvious, and where we have the real test,” Wiegand said. He welcomed China’s willingness to work on WTO reforms, while Zhang acknowledged their “joint responsibility” to prevent unilateralism and protectionism holding back the global economy.

Questions from participants reflected ongoing European concern over access to Chinese markets and the need for “concrete measures” in sectors which were still restricted. China and EU leaders would be seeking to identify new areas of cooperation, said Zhang. While there remained specific concerns towards each other that “could not be resolved through a single summit... it is always crucial to act in the spirit of mutual benefit,” he said.

Responding to demands for reciprocity in trade relations, China argues that it only began to open up its economy 40 years ago. Using a football analogy, Chinese officials compare European “professional” teams with the Chinese “under-18s” and suggest it isn’t wholly fair to expect them to immediately play on the same field.

The summit agenda reflects the need to leverage the strong bilateral EU-China economic relationship and “move from the confirmation of our principled approaches to real action,” said Wiegand. Given the surge in Chinese investments in Europe, the EU has made the negotiation of an ambitious, comprehensive agreement on investment a top priority.

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## CONNECTING THE WORLD

The desire for a level playing field also applies to China's far-reaching BRI, which involves massive investment in infrastructure and other sectors to enhance connections between China and the world. A key question is whether synergies can be found between the BRI and the EU's own ambitions and approach to improved connectivity.

China has said it wants the BRI to be a platform for prosperity that will pull the global economy out of crisis. But many are not convinced that the BRI, given the different challenges it faces in countries where the projects are being implemented, is such a "gift for mankind". Meanwhile, the EU-China Connectivity Platform, established in 2015, offers a channel for cooperation, and China says it is keen to play a "co-ordinating role" and wants to "create synergy" between the interested parties.

The EU will soon publish its own approach to improving connectivity between Europe and Asia, with issues such as transparency, environmental and social sustainability, financial viability and a level playing field for the private sector to be given priority. "When these principles are observed... and when international governance standards are applied, we believe there are plenty of opportunities to work very closely with China and with other partners in Asia," according to the EU.

## 16+1: DIVISIVE OR COMPLEMENTARY?

China's separate summits with Central and Eastern European leaders in the '16+1' format have created unease among many EU states, amid concerns that such cooperation leads to divisions within the EU and can result in the financing of BRI projects which circumvent EU norms. China argues, however, that although the '16+1' format includes five non-EU Balkan states, such cooperation is not designed to drive a wedge through the EU and that the initiative is an integral component of EU-China relations. EU, German and French leaders are invited to participate in the summits in order to address concerns over transparency.

## TURNING WORDS INTO ACTION

Could the current global state of play provide an extra impetus to turn words into concrete action?

There is a degree of confidence within Europe that relations are headed in the right direction, especially after the 7th EU-China High-level Economic and Trade Dialogue (HED) in June. Zhang Ming and Gunnar Wiegand said there were expectations of tangible outcomes at the Beijing summit.

The impending exchange of offers on further access to China's markets was music to the ears of many participants, which Wiegand said would "not only be about investment protection but also investment liberalisation". "China is also ready to work towards the finalisation of negotiations on the geographical indications agreement [which protects the status of location-specific products like Parma ham] and we'll hopefully also see more concrete steps in terms of curbing over-capacity, notably in the steel sector."

He said other deliverables would include a concrete memorandum on emissions trading and hopefully agreeing a joint political message on implementing the Paris Agreement on climate change. There were also positive signs on ocean governance, the circular economy, illegal migration and development assistance, Wiegand said, noting as well that a human rights dialogue would precede the talks.

Addressing the "toll" of unilateralism and protectionism, Zhang said the WTO-centred multilateral trading system needed to be upheld and ultimately reformed.

"We need to make economic globalisation more open, inclusive, balanced and beneficial to all, and improve the global economic governance system. The summit is expected to send a positive and strong signal in this regard," he said.

## Friends of Europe

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