

1 DECEMBER 2022

# Europe-China Forum

Tackling increasing global  
challenges: prioritising  
constructive cooperation

EVENT REPORT



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# Introduction

This report reflects statements and questions made during a one-day forum hosted by Friends of Europe in Brussels on 1 December 2022. **The debate explored key elements for better cooperation in the global quest for a greener, safer and more connected world.**

Europe-China relations over the past three years were unexpectedly altered by the COVID-19 pandemic and the shifted priorities that it represented. Geopolitical tensions throughout Eurasia have changed the development of the relationship between China and the European Union. With the launch of the latest Chinese Five-Year Plan and the European recovery strategy, both partners have continuously attempted to reinforce their commitment to collaboration. Ultimately, however, **bringing this commitment to fruition depends on Europe and China's ability to find areas for cooperation in accordance with their similar priorities.**

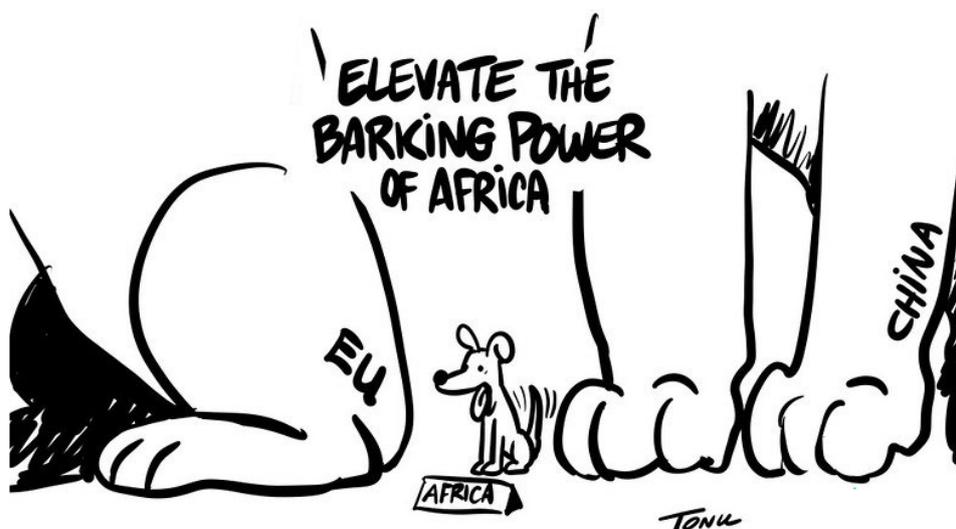
Speakers and participants considered questions, including:

- How can the EU and China manage their differences in a responsible manner and jointly provide global common goods in an increasingly turbulent world?
- Are the EU's ambitious climate goals compatible with the ability of European businesses to remain competitive in global trade when faced with the challenges of growing tension between major powers?
- How do the Global Development Initiative (GDI) and the EU Global Gateway compare in scope and size? Are these initiatives' fundamental goals aligned or are they fundamentally incompatible?
- What is the position of low- and middle-income countries today? How is their bargaining power affected by the competition between Europe and China?
- Is there a prospect for greater development cooperation between Europe and China in the future or will competition only intensify?

The debate was part of Friends of Europe's Europe-China Dialogue, within the broader framework of Europe-Asia dialogues.

## Recommendations

- The EU and its member states should encourage China to contribute to the new Loss and Damage Fund for climate change.
- EU-China partnerships that invest in green technologies can be fostered through public and private investment.
- Experiences and best practices from the COVID-19 pandemic should be shared at bilateral meetings between European and Chinese officials and civil society.
- Any future global pandemic treaty must be developed with support from China.
- Clear guidelines should be developed by the European Commission and Chinese officials to help low- and middle-income countries better understand EU and Chinese aid programmes, as well as how to benefit from them.
- Europe and China need to move beyond bilateral approaches to cooperation with African countries and engage more through regional-level initiatives and institutions.
- Policymakers and industry should cooperate in the development of interoperable systems and common standards to tackle global issues, including climate change and digitalisation.
- Europe should learn from other regions of the world in diversifying sources of rare materials and identifying supply chain bottlenecks.



## An auspicious day for diplomacy?

The Europe-China Forum took place on the same day that EU Council President Charles Michel travelled to Beijing for meetings with Chinese President Xi Jinping: the first face-to-face meeting between senior EU and Chinese officials since the COVID-19 pandemic halted most international travel. This coincidence led to event moderator **Dharmendra Kanani**, Chief Operating Officer and Chief Spokesperson of Friends of Europe, hoping that the forum could perhaps mark “an auspicious day”.

“As the world and China are changing, our policies must change. Moving forward, a ‘meaningful dialogue’ with China will also mean focusing on differences

**Patricia Flor**, German Ambassador to the People’s Republic of China

Hard economic realities and political upheaval, however, now make up the new world in which China and the EU must find opportunities for convergence and cooperation. European and Chinese markets have both flourished through 30 years of somewhat unfettered globalisation, but attention must also be paid to values and human rights.

As **Patricia Flor**, German Ambassador to the People’s Republic of China, put it: “The EU and Germany stand for international order based on the United Nations Charter and international law, including human rights.” EU-China cooperation has so far been a success story, in which everyone benefited from free trade and globalisation. As the world and China are changing, our policies must change. “Moving forward, a ‘meaningful dialogue’ with China will also mean focusing on differences. Areas where work is needed include the UN Sustainable Development Goals,” Flor said. Problems with disruptions to global supply chains, as highlighted by COVID-19, mean “no one can afford to neglect security of supply”, particularly during the current food crisis that was caused by Russia’s illegal war of aggression against Ukraine. She also called on China now to join Europe in taking on responsibility for fighting climate change.

“China always sees the EU as a strategic, long-term partner

**Wu Hongbo**, Special Representative of the Chinese Government on European Affairs

**Wu Hongbo**, Special Representative of the Chinese Government on European Affairs, agreed that “the world has entered a new period of change and turbulence”, but that “China always sees the EU as a strategic, long-term partner.” He warned, however, that “malicious smears” try to portray China as a rival to the EU by “deliberately magnifying differences and disagreements”. Wu saw this as truly concerning and

warned that we should be vigilant. “It is simply normal that we have disagreements and differences,” he said. “Using chopsticks or knives and forks does not stop us having dinner together.”

Overall, participants heard from several speakers about not only the undesirability but the impossibility of breaking links between China and the EU or the global economy. China is now the main exporter to 180 countries, and China this year accounts for over 18% of the world’s GDP based on purchasing power parity, up from around 8% at the start of the century.

The Chinese economy is seven times larger than the Russian economy, warned **Karim Dahou**, Deputy Director and Head of the China Unit at the OECD Global Relations and Cooperation Directorate, reflecting on the difficulties currently experienced in decoupling the EU from the Russian economy following Russia’s invasion of Ukraine. “This gives us a clue to the magnitude of the shock decoupling from China would be.”

## Climate change and climate chance

“The battle against climate change will be won or lost in Asia

**Robert Schoellhammer**, Representative at the European Representative Offices of the Asian Development Bank

Participants agreed that a renewed EU-China partnership will be vital to reduce global greenhouse gas emissions. Several EU companies have already decided to cooperate with China in the fight against climate change, for instance, by developing electric vehicles together, but continued and enhanced cooperation is a must for keeping global temperatures within safe limits.

“The battle against climate change will be won or lost in Asia,” said **Robert Schoellhammer**, Representative at the European Representative Offices of the Asian Development Bank.

“China and Europe have great potential working together, making green technologies and innovation for the world

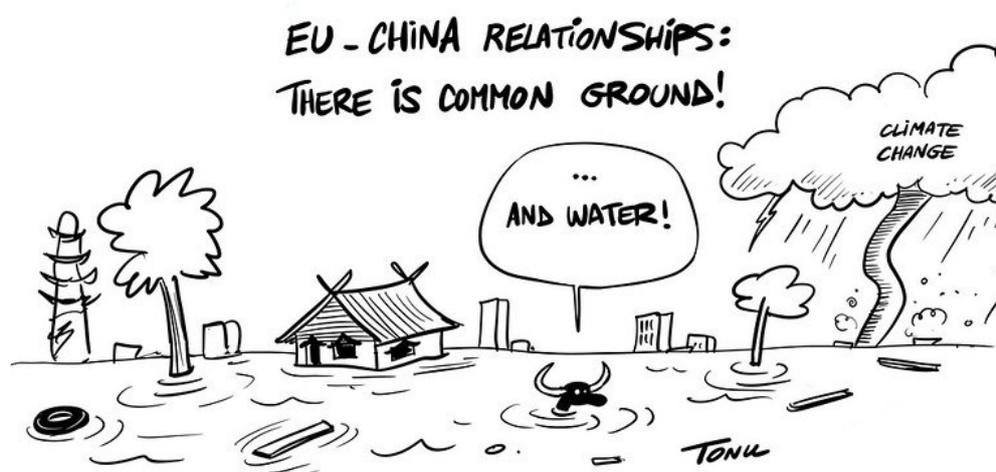
**Gao Shiji**, Director-General and Research Fellow at the Institute for Resources and Environmental Policies of the Development Research Center (DRC) of the State Council

**Jacob Werksman**, Principal Advisor at the European Commission Directorate-General for Climate Action, said he was disappointed that China did not reassess its nationally determined contribution (NDC) in the context of this year's UN climate talks, COP27. "I hoped it would go back and review the NDC and do more, for instance, expanding the Chinese NDC to non-CO2 emissions," he said.

Like several speakers, Werksman called on China now to pledge money to the Loss and Damage Fund agreed at COP27 with the aim of helping poorer countries deal with the impacts of climate change.

China is investing heavily in green energy, said **Gao Shiji**, Director-General and Research Fellow at the Institute for Resources and Environmental Policies of the Development Research Center (DRC) of the State Council. This means that as well as being the world's largest producer and exporter of solar panels, China can be "a production base for the world" when it comes to wind turbines, he suggested.

"China and Europe have great potential working together, making green technologies and innovation for the world," he said. "We can strengthen our cooperation."



## Interdependence versus self-reliance

China's skill and success in exporting renewable energy technologies has raised fear of over-dependence on a single supplier, particularly following the shock of trying to replace the EU's heavy reliance on Russian gas this year. Of the top ten solar PV (photovoltaic) manufacturers in the world today, eight are Chinese, with the other two based in Canada and the United States.

"We can't possibly import 100% of our solar panels from a single source," said **Alicia Garcia-Herrero**, Chief Economist for Asia Pacific at Natixis. The political and practical



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1. **Ambassador Wu Hongbo**, Special Representative of the Chinese Government on European Affairs
2. **Robert Schoellhammer**, Representative at the European Representative Offices of the Asian Development Bank (ADB)
3. **Jacob Werksman**, Principal Advisor at the European Commission Directorate-General for Climate Action (DG CLIMA); **Alicia Garcia-Herrero**, Chief Economist for Asia Pacific at Natixis; **Tianing Li**, Cluster Coordinator Industry and Trade at GIZ East Asia; **Gao Shiji**, Director-General and Research Fellow at the Institute for Resources and Environmental Policies of the Development Research Center (DRC) of the State Council; **Dharmendra Kanani**, Chief Operating Officer and Chief Spokesperson of Friends of Europe
4. **Robert Schoellhammer**, Representative at the European Representative Offices of the Asian Development Bank (ADB); **Liang Linlin**, Director of Communication and Research of the China Chamber of Commerce to the EU (CCCEU); **Karim Dahou**, Deputy Director and Head of the China Unit at the OECD Global Relations and Cooperation Directorate; **Cui Hongjian**, Director and Senior Research Fellow at the Department for European Studies of the China Institute of International Studies (CIIS); **Bettina Schoen-Behanzin**, Chair of the Shanghai Chapter Board of the European Union Chamber of Commerce in China



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risks would be too great, she explained, with Chinese manufacturing itself hostage to extreme weather, for instance.

Diversification of sources of critical materials will be necessary for a successful green transition in Europe, not only for solar panels but also for rare materials. “I am calling for interdependence, strategic autonomy. Not self-reliance or market dominance. This means looking at supply bottlenecks,” she explained. Here, Europe could consider the example of North Korea, which has signed supply agreements with several countries, including Canada and Indonesia, to ensure a diverse supply of the rare materials needed for green technologies.

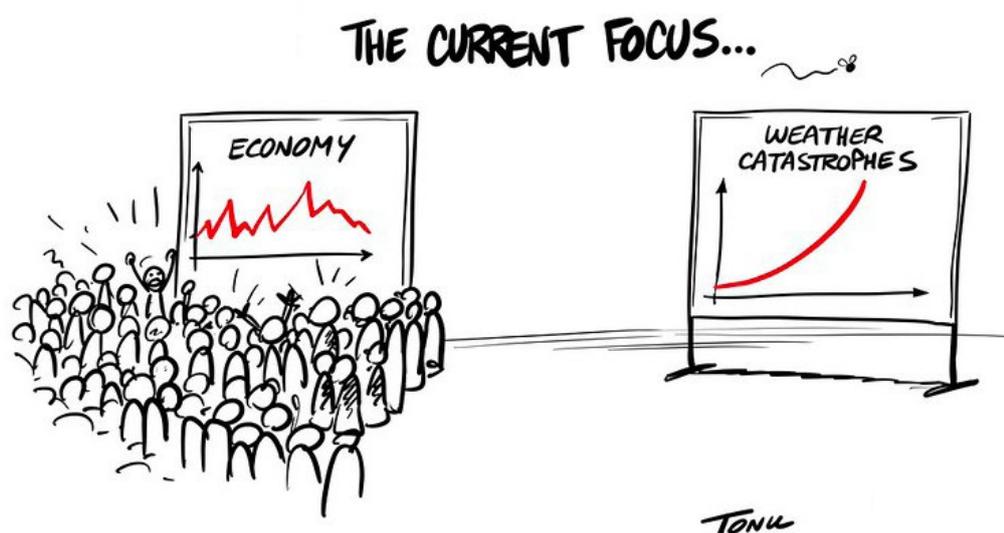
## “ From a business perspective, cooperation always outweighs confrontation

**Liang Linlin**, Director of Communication and Research of the China Chamber of Commerce to the EU

The balance is not, however, completely one-sided, as **Liang Linlin**, Director of Communication and Research of the China Chamber of Commerce to the EU, explained. “There are 30,000 EU companies in China [and] 3,000 Chinese companies in EU.”

“Anxiety and fear about over-dependence on China are unnecessary,” she explained, particularly when it comes to rare materials. The EU and China are both part of globalisation. “That means every product has a long supply chain,” she said. “From a business perspective, cooperation always outweighs confrontation.”

“China is now an innovation hub,” said **Tianning Li**, Cluster Coordinator Industry and Trade at GIZ East Asia. “Innovation doesn’t stop at national borders [...] Europe and China are both establishing ecosystems in a data driven world. We need to create interoperable systems in that world.”



## None left behind

Any discussion of the major economies of Europe and China should never forget less wealthy parts of the world, without which a truly green, safe and connected world will never be possible. This is particularly true when looking at China's GDI and the EU Global Gateway.

“Everybody can do a lot more to ensure the bargaining power of low- and middle-income countries

**Hannah Ryder**, CEO of Development Reimagined

Although China has become a major global partner for Europe in less than ten years, there are many opportunities for Europe to “join hands” with low- and middle-income countries in, for instance, Africa and Latin America, said **Bernard Dewit**, Chairman of the Belgian-Chinese Chamber of Commerce.

The way the world is structured to date means low- and middle-income countries are often seen only as aid beneficiaries, warned **Hannah Ryder**, CEO of Development Reimagined. “This needs to be about more than Europe and Africa watching each other,” she said. “It needs to be about centring African countries. Everybody can do a lot more to ensure the bargaining power of low- and middle-income countries.”

Young people must also be included in building trust and shared relationships between economies, added **Lucie Qian Xia**, China Policy Fellow at the Grantham Research Institute of the London School of Economics and Political Science. “We have to build mutual understanding together and not be intimidated by different cultures.”

Above all, said **Lyu Gang**, Deputy Director-General and Research Fellow at the Research Department of Foreign Economic Relations of the Development Research Centre of the State Council, there should be clear communication around the GDI and the Global Gateway, particularly within low- and middle-income countries themselves. “Why focus on potential clashes? [...] What matters is the action.”

## Homework for everybody

Europe and China working together in the world also means learning from each other. This should include, for example, sharing experiences of COVID-19 and the successful rollout of vaccines, with the EU calling on China to support a possible future global pandemic treaty. With the areas of China still in at least partial lockdown, accounting for at least 25% of Chinese GDP, both sides have an interest in finding a safe and sustainable way out of the COVID-19 pandemic to build new relations.

Speaking by video link from Beijing, following EU-China meetings hailed as auspicious

early in the forum, **Jorge Toledo Albiñana**, Ambassador of the European Union to China, said the EU and China would continue “frank but constructive dialogue” in a shifting geopolitical landscape. “We have some differences, but we solve nothing and do no good by not talking,” he concluded.

These talks should be based on “mutual respect as a first step to trust”, said **Bettina Schoen-Behanzin**, Chair of the Shanghai Chapter Board of the European Union Chamber of Commerce in China.

**Cui Hongjian**, Director and Senior Research Fellow at the Department for European Studies of the China Institute of International Studies, said EU-China relations should be based on “mutual interest”. He warned about fears that many existing EU regulations could be turned against China. “Europe needs to change the focus. This is not only homework for China,” he said.

As **Bernard Dewit**, Chairman of the Belgian-Chinese Chamber of Commerce, explained, “the common challenges are there. Climate change is there. We can each fight in our own corner but we better join hands. Let’s find common solutions with China.”

“ We have some differences, but we solve nothing and do no good by not talking

**Jorge Toledo Albiñana**, Ambassador of the European Union to China

Or, as **Peng Gang**, Minister and Head of the Economic & Commercial Office of the Mission of the People’s Republic of China to the European Union, put it: “We are living through momentous changes.” Positive signals of economic cooperation between the “two major global forces” of Europe and China will provide “the positive energy for global economic recovery.”





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1. **Hannah Ryder**, CEO of Development Reimagined (DR)
2. **Peng Gang**, Minister and Head of the Economic & Commercial Office of the Mission of the People's Republic of China to the European Union
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4. **Ambassador Patricia Flor**, German Ambassador to the People's Republic of China
5. **Bernard Dewit**; **Ambassador Jorge Toledo Albiñana**, Ambassador of the European Union to China; **Dharmendra Kanani**



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