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EVENT REPORT

Europe-China Forum: 50 years of diplomacy – Advancing EU-China relations in an era of globalisation

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Context

This report reflects statements and questions made during an event hosted by Friends of Europe in Brussels on 21 November 2024.

The Forum took stock of the past 50 years of diplomatic relations between the European Union and China, reflecting on how globalisation has affected the Europe-China partnership, how dialogues have led to collaboration and how friction and tension have influenced diplomatic ties in recent times.

Acknowledging the current state of relations between the EU and China, particularly considering the agenda setting of the new European Commission, the Europe-China Forum shed light on how to move forward with diplomatic ties. The event also aimed to enhance sustainable trade relations and advance multilateralism amid political divergences between Brussels and Beijing.

Participants considered several questions, including:

- What experiences can be learnt and what lessons drawn to improve EU-China economic relations, considering the historical management of this 50-year partnership?
- How can the EU and China enhance their cooperation on climate action despite geopolitical tensions?
- In what ways can the EU and China reconcile their differing approaches to AI regulation?
- Can the EU play a role in US-China relations, given the recent developments in both EU and US politics?
- What practical recommendations can be made to avoid escalating trade tensions?
- What future can be expected for the Comprehensive Agreement on Investment (CAI)?
- How could the recent US elections impact EU-China economic relations?

Recommendations

Europe and China should:

- Seek further opportunities for science and technology partnerships;
- Make CAI ratification a priority for the new European Parliament and Commission;
- Continue to apply WTO rules in a fair, legal and transparent way;
- Build EU-China dialogue around common challenges, as demonstrated by the recent US election results;
- Promote person-to-person dialogue to counter the weaponisation of trade;
- Invite media, think tanks and entrepreneurs to help shape diplomacy;
- Identify opportunities to realign climate policy with China's status as a mid-to-high income country, particularly regarding climate financing;
- Learn from G20 talks on famine to promote international climate change dialogue;
- Use lessons of European and Chinese climate action to develop AI policy framework;
- Seek opportunities for China and Europe to partner in the development of an electric vehicle ecosystem.

Event summary

Much remains to be done

Over almost 50 years, EU-China relations have developed a framework of both mutual cooperation and collaboration – but there remains much work to do on both sides. The Forum offered a timely opportunity to reflect on the principles and values underpinning Chinese and European diplomacy.

Since its inception in 2011, Friends of Europe's Europe-China Forum has played a valuable role in advancing cooperation, said **Ambassador Cai Run**, Ambassador Extraordinary and Plenipotentiary and Head of Mission of the People's Republic of China to the European Union. China and Europe are "two great civilisations advocating for diversity". However, after 50 years of extremely intense relations, China and Europe have reached new challenges. "We are partners, we are competitors, we

are systemic rivals. Our partnership is now more challenging," said **Ambassador Jorge Toledo**, Ambassador of the European Union to China.

Despite intense dialogue over the decades, the two partners now face newly unbalanced trade relations. No visible progress has been made in removing trade barriers between Europe and China, with China maintaining 1,000 trade market barriers in place today according to some estimates. Complaints from European countries are mounting up. "China has to open up or we will have to take measures," said Ambassador Toledo.

While China claims it is not seeking a trade deficit, the EU is concerned that China has in fact run a deficit with Europe and other trading partners for several years. It will be important to use the 50th anniversary to rebuild trust.

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The war in Ukraine has had a huge impact on EU-China relations, with misunderstandings and questions on both sides. European concerns range from suspicions that the Russian military may be using Chinese drones, to a belief that China doesn't have a real grasp of what the war means for the EU, as an existential threat against the most basic principles of the Charter of the United Nations and EU values.

China, meanwhile, is calling on Europe to have a more objective understanding of China's position in the conflict. "China is not an enemy of Europe. The Chinese people are not enemies of Europeans," stressed **Gao Zhikai**, Vice President of the Centre for China and Globalization (CCG). There is now a need to find new ways to cooperate.

This includes urgently ratifying the CAI, around which the new Trump administration will do everything it can to prevent the EU and China from reopening talks participants heard. After years in which talks have been blocked at the European Parliament level, kickstarting ratification of the CAI should be a priority for the new von der Leyen Commission. This would imply a clear sign of building trust, becoming more urgent for both the EU and China with Donald Trump return to power: he has said he is considering imposing tariffs on non-US goods – perhaps up to 60% for Chinese imports. At the same time, Trump creates space for EU-China dialogue, with both sides facing common challenges.

Cui Hongjian, Director at the Center for the European Union and Regional Development Studies, and Professor of the Academy of Regional and Global Governance at Beijing Foreign Studies University (BFSU), reminded European observers that Trump took the US to the verge of a trade war with Europe during his first term in office, and that his Democrat successor, president Joe Biden, did not manage to resolve these tensions.

China and Europe learned a lot from each other at the start of their diplomatic relations 50 years ago. The challenge now is that some institutions, not only in the US, are trying to change the essence of trade, depicting it as a threat or risk. Faced with these efforts to weaponise trade, Europe and China need more strategic exchanges and more person-to-person contact.

Make cooperation great again

It is in this context that China and Europe must find new, sustainable ways to cooperate. The past half-century has seen a flourishing relationship, with China and Europe now each other's major trading partners. The two have cooperated on Geographical Indicators (GI), with about 170 GIs now agreed. China offers visa-free access to 20 EU countries. In areas ranging from finance and environmental protection to science and education, Europe and China have shown that they can work together.

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> **Chen Yuming**, Vice President of China Public Diplomacy Association (CPDA)

To ensure that the two partners develop democratic, peaceful policies while avoiding paths of economic dominance, a long-term perspective will be important. This means accepting and appreciating different ideologies and social systems, as the opposite of politicising trade bringing stability to the world.

"The world is calling for peace," said **Chen Yuming**, Vice President of China Public Diplomacy Association (CPDA). "We must seek common ground while preserving differences." This means political inclusiveness, multilateralism and respect for the independence of all countries. Media and think tanks can help to drive a peaceful coexistence.

The new EU cycle of commissioners and MEPs can be part of this unique partnership, said **Tomáš Petříček**, former Czech minister of Foreign Affairs and 2020-2021 European Young Leader (EYL40). "The EU and key partners, including China, can learn from each other, respecting diversity and security. Peace and economic security will be central in this unique partnership."

"We need to seek more common ground and opportunities for collaboration," said **Tang Heng**, Ambassador at the Chinese Ministry of Foreign Affairs. "But the facts don't lie. [China-Europe] co-dependence is not at risk." The EU and China will continue to be very important trading partners in the coming decades, especially if Trump does slow down US trade with China.

The COVID-19 pandemic led to a recognition that we should reduce excessive dependencies on imports and move away from embracing open trade. Any future EU-China trade relationship will necessitate a careful balancing act from both sides.

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“The incoming European Commission would be well advised to change its blunt strategy, in favour of something more sophisticated to reflect the current world,” said **John Alistair Clarke**, former EU trade negotiator and Head of the EU Delegation to the WTO and UN.

The climate change climate

One area in which Chinese cooperation with Europe could be more ambitious and make a significant difference is climate change. The Paris Agreement foresees differentiated responsibilities for developed and developing countries when it comes to tackling climate change. These responsibilities may have to be realigned with new economic realities, particularly for China, which is now a high middle-income country and likely soon to be high-income. China is also the world’s largest emitter of greenhouse gas emissions and, for the year 2024, bears more responsibility for global warming than does Europe.

Participants suggested China should contribute, not at the level of the EU or US, but certainly more than developing countries, to climate change adaptation and mitigation measures. This could mean more action to tackle Chinese methane gas emissions, as well as Chinese contributions to the climate financing of developing countries.

G20 talks this year, led by Brazilian President Luiz Inácio Lula da Silva, showed there is hope for a global dialogue including China on tackling poverty and hunger. A similar international approach should be possible on climate mitigation, where much more is now expected from China.

“We need EU-China climate cooperation, that’s a fact,” said **Angeline Sanzay**, Policy Advisor EU-China climate diplomacy at E3G. Cooperation and competition are not always conflicting, as competition can be a strong driver for climate action. Ideally, China and Europe should be in a race to the top. There is space to advance through constructive climate competition.

It is important to remember that, as well as being the world’s largest greenhouse gas emitter, China is the largest investor in renewable energies. China’s huge bet on electric vehicles was driven by a desire to fight climate change.

Climate cooperation can include Europe, offering a significant market for Chinese clean technology. There is a need to find new ways of doing business so that Europe does not miss out on the electric vehicle revolution. The US did very well in leading the development of fossil fuel car infrastructure. Electric vehicles will need a completely different ecosystem and one in which the EU and China could play leading roles.

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Experience addressing climate change could also help the EU and China face the emerging challenge of artificial intelligence (AI). In both cases, the two markets face the same goals and challenges. “Building a carbon market system, China followed the EU model,” said **Jin Ling**, Director and Senior Research Fellow at the China Institute of International Studies’ Department for European Studies (CIIS). Similarly, a “framework for AI” should “set priorities in a cooperative spirit.”

Climate change cooperation often offers the opportunity to discuss and develop policies in a harmonious way, compared to discussions tackling energy only from a geopolitical standpoint, which can instead lead to more difficult talks. An open, fair and considerate approach to climate policy should also be used to recognise different national realities for AI development. When it comes to tackling climate change or regulating AI, entrepreneurs are at times the best placed to set the direction of travel on cooperation. They should be allowed a driving seat.

Diverging directions on an international stage

Unmanaged globalisation has undermined trust in the global economy, leaving people to feel they have missed out on all the benefits of international trade and cooperation. Climate change and AI should be the twin challenges bringing China and Europe together, but “malign actors” are driving misinformation campaigns that seed opposition to government action.

Europe and China will need to win back trust at a time when “there isn’t a government that isn’t broke,” said event moderator **Dharmendra Kanani**, Chief Operating Officer and Chief Spokesperson of Friends of Europe.

There is a surge of protectionism and opposition to the importance of open markets. Some €2.32bn of goods are traded every day between the EU and China and no household in Europe today is without the ‘Made in China’ brand. Unwinding the clock is difficult, if not impossible.

Trade relations between governments had never been more tense, even before Trump’s 2024 election victory. COVID-19 broke trust in governments and supply chains, exposing the risks of globalised world supply-chain dependency, said **Gerhard Stahl,** Visiting professor at the Peking University HSBC Business School and former secretary-general of the Committee of the Regions.

US Congress resolutions have for years promoted a very negative narrative around China, presenting it as a danger to world peace. Fake news spread online is feeding this discontent and making it even harder for China and Europe to promote diplomatic relations. Climate change and AI are borderless, but so are the campaigns of malign actors feeding discontent. Governments must be seen to be more collaborative in making sure that humanity is protected.

This calls for government engagement and an urgent rebuilding of trust. This should start with a better understanding of the situation, including of the difficulties faced by China itself. China's own model for a highly active and competitive society is itself widely misunderstood, as are the problems which China has faced in its own economic and industrial sectors, particularly following COVID-19.

Europe is reacting in part by building its own industrial policy. But Europe is also having its own difficulties around remaining competitive. Allowing Europe to benefit from Chinese technology and imports could be of interest to all parties. There is a difference between protectionism and protection. For instance, the EU has never imposed any sanctions on Chinese electric vehicles, it instead applies WTO regulations in a very legal and fair way, to counter unfair subsidies. As has been repeatedly said by the European Commission, the priority is derisking China, not decoupling.

Europe and China have never disengaged from each other. But rebuilding trust in future Europe-China relations will need more than words. As the Europe-China partnership marks its first half-century, dialogue and diplomacy are needed more than ever, as is deliverance.

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+32 2 893 98 23
info@friendsofeurope.org
friendsofeurope.org

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