

Evolving European Perspectives on China in the Covid Era

Key Takeaways

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Key Takeaways

**Prof. Frank
N. Pieke,**
Professor of
Modern China
Studies,
Leiden
University

Panelist

**Dr. Andrew
Small,**
Senior
Transatlantic
Fellow,
German
Marshall Fund,
Asia Program

Panelist

**Dr. Mareike
Ohlberg,**
Senior Fellow,
German
Marshall Fund,
Asia Program

Panelist

**Dr. Garima
Mohan,**
Fellow,
German
Marshall Fund,
Asia Program

Moderator

ICS-KAS Conversation
Evolving European Perspectives on China in the Covid Era
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Key Takeaways

- The outbreak of the Covid pandemic may be considered a watershed moment in the EU-China relations to a considerable extent as the crisis situation has helped crystallize the European outlook towards China.
- Concerns about China in Europe were already on the rise before the spread of the novel coronavirus. China was looked upon simultaneously as “a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance” (The European Commission’s document of 12 March 2019 on “EU-China – A Strategic Outlook”). These perceptions have hardened significantly in the course of the pandemic.
- Unlike some of the Asian countries, Europe does not face direct security threats from China in the form of border disputes. In Europe, the major security concerns with regard to China are in the form of hybrid threats, disinformation, and interference. Economic competition and systemic rivalry are also becoming sharper.
- China’s initial missteps in handling of the outbreak of the novel coronavirus, the pressure it exerted on WHO and its aggressive mask diplomacy and wolf warrior diplomacy have generated a backlash in Europe, with the exception of some countries.
- China responded quickly by distributing masks, PPE kits and medical equipment, and sending its medical personnel to hard-hit areas across Europe, but weaponization of the scarcity of crucial medical supplies did not go down well with many EU member-states. That the Chinese government did not engage with national governments alone but also with political administrations at local and city levels to further its interests also came into focus during the pandemic.
- The pandemic has triggered an important realization within the European business community, including in Germany’s Bundesverband der Deutschen Industrie (BDI) (Federation of German Industries), about the systemic nature of the challenge that the EU faces from China. If Europe cannot mobilize an alternative infrastructure and development finance effectively, take on Chinese subsidies in third country markets or bind China in the EU’s model of trade, data and standards, then the balance of power is going to shift in an adverse direction.
- Apart from differences between Europe and China, the Covid crisis has also intensified the differences within the EU member-states. The divisions that have plagued the EU became more evident during the pandemic.
- Following the 2008 Sovereign Debt Crisis, one of the biggest challenges in the EU has been the North-South divide and China has capitalized on this situation to a considerable extent. If the EU’s recovery plan can address this challenge, it can alter the internal dynamics amongst its member-states.

- The recent statements released by the European Commission show that the EU-China relations are going in the direction of more questioning and less politeness.
- The EU believes that China can be an important economic and strategic partner if it follows its rules and regulations. However, lately, it has observed that China is trying to change the rules and bend the regulations to fulfill its own interests and agenda. This realization calls for a change in the way the EU conducts its business with China.
- Although China will remain a leading market to the EU, the growing authoritarianism of Xi Jinping and the subordination of economy to national, ideological and security objectives is pushing the EU towards a fundamental rebalancing of how it responds to China internally as a union, bilaterally as well as globally. While dealing with China, Europe cannot ignore that it is dealing with an authoritarian government with a different outlook on the future of the world order.
- An important question for the EU is not only whether it can frame a suitable China policy but whether it can use the power of its markets and economic resources at its disposal to respond to the strategic challenge that China represents.
- Despite hardships and failures in the recent past, there have been positive shifts in the EU in terms of developing defensive instruments in the areas of investment screenings, trade enforcements, procurements and 5G.
- A lot of effort has been made towards self-strengthening in the EU in the last few months. Since fair competition is a cornerstone of the EU, the European Commission has come up with a strong competition policy agenda in the recent past.
- In the future, a major dimension of competition is going to be regulatory powers in economy and technology. Europe needs to mobilize new instruments and resources to advance its interests vis-à-vis China.
- Indian perceptions about the EU-China relations are conditioned by official EU statements and briefs on China. These documents do not necessarily paint an accurate picture of EU's evolving perceptions on China as they do not take stock of developments taking place in other policy areas in the EU. Currently, the EU is making some important changes in its policies related to trade, technology, and subsidies. Though these are internal policy changes and are not directly related to China, but they will have a huge impact on China as well as every other trade partner of the EU.
- A year ago, China could be described as more assertive, but today it is more aggressive. Therefore, it is essential for the EU to broaden the field of prospective partners.
- Both India and the EU believe in the values of democracy, rule of law and a multilateral world order. These shared values and common strategic and economic interests provide a compelling logic for closer EU-India and Germany-India ties.
