

# Transcript: EU & China Think Tank Exchanges in Beijing

October 24th, 2023



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## Editor's Foreword

This document transcribes the “[EU & China Think Tank Exchanges](#)” funded by the European Union and co-organized by the [European Policy Centre](#) (EPC) and the [Center for China and Globalization](#) (CCG) in Beijing on October 24, 2023. It includes

Keynote speeches from:

- [Jorge Toledo Albiñana](#), the European Union Ambassador to China
- [WU Hailong](#), President of the China Public Diplomacy Association and former Assistant Minister of Foreign Affairs and former Chinese ambassador to the EU

A discussion entitled “EU-China Relations: Review and Outlook,” moderated by [Ricardo Borges de Castro](#), Associate Director and Head of the Europe in the World Programme, European Policy Centre. The panel featured:

- [Fabian Zuleeg](#), Chief Executive and Chief Economist of the European Policy Centre
- [CUI Hongjian](#), CCG Non-resident Senior Fellow; Professor at the Institute of Regional and Global Governance at Beijing Foreign Studies University
- [Janka Oertel](#), Director of the Asia Program, European Council on Foreign Relations (ECFR)
- [SUN Yongfu](#), CCG Non-resident Senior Fellow; former Director-General of the MOFCOM Department of European Affairs
- [Francoise Nicolas](#), Director of the Center for Asian and Indo-Pacific Studies, French Institute of International Relations (IFRI)
- [DAI Changzheng](#), CCG Non-resident Senior Fellow; Dean of the School of International Relations, University of International Business and Economics (UIBE)
- [Mehri Madarshahi](#), CCG Non-resident Senior Fellow; former Senior Economist of the United Nations, Member of the Advisory Committee at ICCSD (UNESCO), and Honorary Professor at IPP/SCUT
- [Shada Islam](#), Senior Adviser, European Policy Centre
- [WANG Yiwei](#), CCG Non-resident Senior Fellow; Jean Monnet Chair Professor and Director of International Affairs, Renmin University of China
- [JIN Ling](#), Director, Department for European Studies, China Institutes of International Studies (CIIS)

- [Bruno Liebhaberg](#), Director General, Centre on Regulation in Europe (CERRE)
- [Rol Reiland](#), Ambassador of Luxembourg to China
- [Michael Pillsbury](#), Senior Fellow, The Heritage Foundation
- [Hans d'Orville](#), CCG International Council Member; former Deputy Director-General of UNESCO and Honorary Professor at IPP/SCUT
- [WANG Caixiao](#), CCG Non-resident Fellow; Associate Professor at Beijing International Studies University;

A video recording has been uploaded on [YouTube](#) and was broadcast by CCG domestically in China, where it remains [accessible](#).



CCG has published the entire transcript online via its [CCG Update](#) newsletter

[EU Ambassador to China, former Chinese Ambassador to EU debate bilateral ties](#)

[Transcript Part One: Top China, EU experts on "EU-China Relations: Review and Outlook" in Beijing](#)

[Transcript Part Two of "EU-China Relations: Review and Outlook": Questions and Comments](#)

[Part Three of EU & China Think Tank Exchanges on Oct. 24, Beijing](#)

The content is transcribed by **Yuxuan JIA**, Research Associate of CCG, from the audio and video recordings and may contain errors. It hasn't been reviewed by the speakers. **Nicki Peiyu Lee**, an intern at CCG and undergraduate student at China Foreign Affairs University, compiled them into this document. **Yuzhe HE**, an intern at CCG and masters's student at the University of Chinese Academy of Sciences, proofread the document.

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## I. Opening Session

**Jorge Toledo Albiñana**

*Ambassador of the European Union to China*



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Dear Henry, Dear Mable, Dear Friends of the CCG, a think tank, an organization, which is always so helpful to facilitate exchanges between the EU and China. Dear Ambassador Wu, Dear Colleagues from the EU, I can see some of them there. Dear participants in the EU-China Think Tank exchanges.

It is really a pleasure to speak at the opening of this conference, first of its kind since the lifting of COVID restrictions in January last year and first of its kind in the last four years.

Three years of pandemic measures left a significant extremely negative impact on people to people exchanges between Europe and China between China and the rest of the world, including these kind of person interactions between researchers of both sides. Today's conference is fortunately a step in the right direction.

It coincides with a steady resumption of in-person high-level dialogues and political meetings between the EU and China, between China and the rest of the world. Just 10 days ago, High

Representative vice president Borrell visited China and co-chaired with Foreign Minister Wang Yi the 12th EU-China Strategic Dialogue.

Let me make a few remarks on the importance of the EU-China Think Tank Exchanges which we are determined to promote to take them back to the level they had before the pandemic, and even to a higher level. Because think tanks are one of the most powerful engines of knowledge, innovation, and policy formulation. And I must say both in the European Union, and in China, I have personally witnessed how important think tanks are in China for policy formulation. They provide you provide valuable insights, research and recommendations that shape the decisions of government, businesses, and civil society. And you are civil society. So, you feed your civil society. You are the representative of civil society, which feed policy formulation for governments. You also serve as bridges between academia, policymakers, and the public. And you facilitate a deeper understanding of complex issues and the development of well-informed policies.

The EU and China face a multitude of global challenges such as climate change, security issues, conflicts, and wars, like the war, the Russia's war of aggression against Ukraine, but also, unfortunately, the very recent war in the Middle East again. We are also facing an imbalanced economic relation with China, the EU and China. Especially when it comes to trade. These challenges as difficult as they are demand cooperative solutions, fostering exchanges between think tanks from the EU and China in the sense can be extremely useful as a platform for effective collaboration.

Think tanks promote mutual understanding, while the EU and China have different political systems, different economic models, and different cultural backgrounds, it is important to recognize the areas where our interests even sometimes our values converge. These intersections exist. And by facilitating dialogue, we can identify common ground shared experiences and build trust.

Secondly, think tanks exchanges provide an opportunity for robust, robust, evidence-based discussions. They pool resources, expertise, and data. So, think tanks from both sides can conduct joint research and analysis that is objective and impartial. This collaborative research can help address global issues like climate change, again, sustainable development, public health, ensuring that the best available knowledge is at the heart of policymaking.

Furthermore, think tank exchanges can lead to innovative solutions. Our world is changing rapidly and traditional models and approaches often fall short. By bringing together experts from the EU and China, we can generate fresh ideas and unconventional solutions out of the

box solutions to tackle today's challenges. These new ideas can redefine the boundaries of cooperation and innovation, enabling us to create a better future together.

But there is always a but, it is essential to approach these exchanges with openness and transparency. I have to note with regret, that some of the development, the recent development in China run counter to the benefits of I just described of free and open exchanges between civil society and between think tanks. And I'm talking, for instance, of the difficulties we are encountering for foreign experts, for European experts to research in China, something that has become more difficult recently that is encountering with more bureaucratic obstacles for these exchanges, and I'm also talking about the national security inspired legislation, like the recent counter-espionage law, or the extremely rigid requirements for data transfer, which we are trying to make more flexible in our exchanges with the Chinese government.

But let me turn briefly to the EU-China relations as we see now and for 2024. As I already said the High Representative Vice President had held last 10 days ago with Director of Foreign Minister Wang Yi, his strategic dialogue firsthand in person in his tenure as a high representative. This followed some other important exchanges between the EU and China. And it was one of the high-level dialogues that we held this year. We also held in July the high-level dialogue on climate and environment with executive vice president Timmermans, the high-level digital dialogue with Vice President Jourova at the beginning of September, and the high-level economic and trade dialogue with executive vice president Dombrovskis. Four Vice Presidents of the Commission have visited China in the last three months, plus two commissioners. And these in-person exchanges were inaugurated by President of the European Council Charles Michel on the first of December, even before the pandemic restrictions were lifted, and were followed by the President of the Commission von der Leyen in April. So, we are re-engaging with China, and this is good. We have our differences, but we have not narrowed the differences we have yet. And at least we are engaging much more frequently.

As High Representative vice president repeatedly told his Chinese interlocutors that China and the EU are partners, competitors, and also systemic rivals. Chinese interlocutors always tell us and told Vice President Borrell and all our visitors from the Commission here that they don't like the word systemic rivals. But unfortunately, we are indeed also rivals, we are partners, we are competitors. But we are also systemic rivals because we have different systems. But as I am saying, recently, this is a description. This is not a strategy. This is a



description of the facts, that we are partners that we are competitors, and that we are rivals. We Are Rivals because our values and benefits are different on many subjects, including democracy, the universal character of human rights.

This way in which we as Europeans view our relationship with China will probably not change in 2024. But we are systemic rivals, we are competitors. And we are partners, we are partners in very important issues that we have to solve together. And our partnership in climate, in fight against climate change, in protection of biodiversity in, the protection of the environment is going rather well. We have a very good coordination; we have a very good cooperation. And there are other global issues in which we can partner in which we are partners. One of them, for instance, is global health, but other even international issues that are conflictual issues where we can partner.

We are competitors, especially when it comes to trade. And when it comes to investment, we are trying to get to a more level playing field because we feel that there is no level playing field, we reached the highest trade deficit in the history last year. And we believe that this is not only because China will recognize it makes very good products at very good prices, but because we find market access barriers that we have to solve, to get to a level playing field.

But what we hope is that China understands that being rivals, and values and systems does not mean that we are enemies. We want China to understand that the European Union is not afraid of China's rise, nor does it want to stand in its way. On the contrary, we would like China to become more involved in collective effort to tackle global issues with us and we are doing that like climate change I said, but also on important issues, like restructuring the debt of developing countries.

The future of EU-China relations in 2024 is marked by a complex interplay of economic interdependence, where we will press ahead seeking, as I said, a more balanced relation, seeking to cooperate on global challenges, and certainly, on security issues, like the war of aggression on Ukraine, waged by Russia. In this sense, let me stress as I always do, with my Chinese interlocutors that China's position, China's reputation, China's image in Europe, is being extremely negatively affected by its position on this war of aggression, which is, you can read the newspaper, never called in China war of aggression, not even the words we use are the same. In any case, the relationship between the EU and China is essential, not only for our own prosperity, but also for the stability and progress of our interconnected world.

So, to sum up, I wish you a fruitful discussion for the first time in four years in person. This is essential for us, policy makers, policy implementers that we need you to meet in person to

develop a relationship and to feed us with the results of your research and the results of your collaboration. Let me end by expressing sincere thanks to Fabian and his team in EPC, to Henry and his team at CCG for making today's event possible. Thank you very much.

## WU Hailong

*President of the China Public Diplomacy Association (CPDA) and former Assistant Minister of Foreign Affairs, and former Chinese Ambassador to the European Union*



[Originally delivered in Chinese and translated for the audience's convenience.]

This is my first time at a CCG forum because I am keenly interested in today's topic of discussion. Although my professional focus hasn't been exclusively centered on China-EU relations in recent years, I have kept a watchful eye on its development— it's become somewhat of a personal attachment, you might say.

I believe there is a discernible disparity between how China and the EU perceive their relationship. China often emphasizes the positive aspects, whereas the EU appears to place greater emphasis on the negative facets.

Today, I'd like to share my personal insights regarding matters of China-EU relations, as highlighted in the speech by Mr. Josep Borrell, the High Representative of the European Union for Foreign Affairs and Security Policy, at Peking University a few days ago.

I strongly resonate with Mr. Borrell's statement in his speech that "We need to work with China, just as China needs to work with us. That is all the more necessary since the world in which we live has become both more interdependent and more conflictual."

I believe China has always adopted a proactive stance in advancing cooperation with Europe. For the past 20 years, China has regarded the EU as a comprehensive strategic partner, recognized Europe as a significant force in a multipolar world, and steadfastly supported the process of European integration. China has emphasized repeatedly that there are no fundamental conflicts of interest between China and the EU, where consensus far outweighs disagreements and collaboration far outweighs competition. This viewpoint was reiterated by Chinese Foreign Minister Wang Yi during the 12th round China-EU High-Level Strategic Dialogue a dozen days ago.

China's actions have aligned with its words. For instance, China wasted no time in offering assistance during the European debt crisis more than ten years ago. When Europe struggled with a severe shortage of supplies due to COVID, the China-Europe Railway Express managed to maintain a continuous flow of goods, making over ten thousand trips annually. China has also assisted European countries in building ports, roads, railways, and bridges, resolving issues that have persisted for generations.

Some argue that China's actions are geopolitically motivated to divide Europe. But is that truly the case? There is categorically no trace of geostrategic competition between China and Europe, nor are there fundamental conflicts of interest between them. China has not at all attempted to influence the European system with its own, nor has it exported its ideologies and values to Europe. Where then, does geopolitical motivation stem from? The cooperation and collaborative mechanisms between China and some European countries are based on voluntarism and are conducted under the principles of equality, mutual benefit, and win-win cooperation. They are also open, transparent, and inclusive. Decades of practice have demonstrated: to this day, has China made any attempt to divide Europe? Has China instigated discord between European countries and the European Union? No, not at all! Moreover, China has never issued any policy documents expressing negative attitudes towards relations with Europe.

European countries' policies towards China, on the other hand, stand in sharp contrast with China's policy towards Europe. Over recent years, Europe has made substantial adjustments to its approach to China. Be it the policy documents from the EU or its member states like Germany and France, there is a prevailing negative tone that underscores the "adversary" aspect in their relations with China, emphasizing "de-risking" and positioning the China-EU relationship as partners, competitors, and systemic rivals. Europe has articulated, time after time, their so-called triptych for China, but it is unconvincing and is not accepted by China.

Mr. Borrell, in his speech at Peking University, elaborated once again on why the EU designates China as a "systemic rival." He believed that fundamentally different views on human rights have made China and the EU adversaries in this context. He even identified the "incompatibility of values" as the root cause of this issue, a rationale that raises questions much like the previous one. The differences between China and Europe on human rights issues have existed for a long time, not just in recent years. And yet, China and the EU have always had dialogues and communications on human rights issues. Why wasn't China regarded as an adversary in the past due to human rights issues, but is seen as one now?

Explanations such as the "incompatibility of values" or "different social systems" are self-contradictory. China's core socialist values are encapsulated in 24 characters, namely "prosperity, democracy, civility, harmony, freedom, equality, justice, rule of law, patriotism, dedication, integrity, and friendship." I believe the EU can subscribe to these 24 characters, right? There isn't any incompatibility in this regard, is there? As for China's social system, it was established in 1949 when the People's Republic of China was founded, and European countries have recognized our system. A few years ago, when I was serving as China's ambassador to the EU, I often heard from my European counterparts that "China and Europe are an excellent example of cooperation under different systems." How did this perception evolve into one of systemic rivalry? In his speech at Peking University, Mr. Borrell also referred to China-EU relations as "conflictual interdependence." I do not think this description is accurate. While there are indeed differences between China and Europe, and at times, these differences can be quite pronounced, I do not believe they amount to "conflict." After all, could these two entities still be considered interdependent if there were genuine conflicts? Clearly, this statement is contradictory and illogical.

In his speech, Mr. Borrell lamented the trade imbalance between China and the EU, stating that this imbalance continues to worsen. He attributed this issue to the "long-term difficulties faced by European companies entering the Chinese market." According to him, European

investments in China have seen a sharp downturn, reaching their lowest level since 2018. He noted that there are hardly any new entrants in the Chinese market.

I believe there are many factors contributing to the trade deficit between China and Europe, and it cannot be solely attributed to the market entry obstacles that the European side cites. China has a strong desire to purchase many European products, especially high-tech items, but is Europe willing to sell? Chinese enterprises have a strong willingness to invest and merge with European entities, but the EU has set up numerous hurdles, particularly the FDI screening mechanism targeted at China. This mechanism has discouraged Chinese enterprises from investing and partnering with European counterparts, resulting in a sharp decline in Chinese investments in Europe.

Mr. Borrell mentioned the sharp decline in European investments in China and the absence of new investors. I believe this is due to European enterprises harboring pessimism regarding the prospects of China-EU relations. Consequently, they are adopting a cautious "wait-and-see" approach. This outlook is directly linked to the negative policies that Europe has embraced in its relationship with China. Europe has persistently emphasized "de-risking" with China, prioritizing security concerns over economic benefits. In such a scenario, who would dare to invest and do business in China? Therefore, when it comes to problems in China's economic and trade relations, Europe must not seek issues only outside of its borders but also engage in introspection. Imagine if Europe could adopt a positive and friendly policy towards China, and if the EU could approve the "EU-China Comprehensive Agreement on Investment", I believe a large number of European enterprises would flock to China, and many economic and trade issues between China and Europe would be resolved.

Regarding "de-risking," Mr. Borrell provided many explanations in his speech, believing it to be a measure taken to protect the EU's economy. He stressed that it was not taken for political reasons and not a hostile measure against China. Mr. Borrell also indicated that China had expressed similar views. In fact, it is well understood that in any country, enterprises need to have a risk management awareness when engaging in business, trade, and investments; this is a common-sense, understandable practice. However, if de-risking is adopted as a national policy in dealing with a country, and is explicitly directed at a particular country, it transcends being merely a commercial or economic common-sense issue, and becomes a political issue; moreover, it becomes a national policy characterized by unfriendliness and distrust towards that country. Such an approach would severely constrain and hinder

cooperation between the two sides. The Chinese government has never spoken about "de-risking" with Europe, and China will not do so in the future.

In his address, Mr. Borrell mentioned "China's ambivalent position with regard to both Ukraine and Russia have been difficult to understand" and "This refusal to choose between the aggressor and the victim has not gone down well in Europe." China has a clear attitude and stance on the Russia-Ukrainian conflict, with its own clear understanding and judgments on the roots of this conflict. Europe cannot impose its stance on others, nor can it practice "double standards." The United States has numerous instances of violating the United Nations Charter and invading other countries. Has Europe publicly denounced these actions? It's not uncommon for Europe to exhibit selective silence, selective disregard, and selective deafness on major international events. Therefore, when it comes to the Russia-Ukrainian conflict, China needs no instructions from Europe; China knows its own course of action.

Mr. Borrell also specifically mentioned the Taiwan question and the EU's position on the Taiwan question, the key point being "no recognition of Taiwan as an independent state." The Taiwan question is the core of China's core interests and holds significant relevance in China-EU relations. However, in recent years, some European countries have repeatedly crossed the "red line" of the "One China principle", persisting in developing official relations with Taiwan and escalating the official level of interactions with Taiwan. This is an offense against China's sovereignty and interference in China's internal affairs. China cannot tolerate these actions and deems it imperative to issue stern warnings and respond assertively.

However, the EU and some European countries have characterized China's warnings and reactions as "coercion" and "intimidation," which is obviously a distortion of facts and a failure to distinguish right from wrong. If someone were to undermine the core interests of the EU or its member states, would you not issue warnings and respond robustly? If labeled as "coercive" and "intimidating" for such actions, would you readily accept it? I hope that the EU will learn to put itself in China's shoes when managing its relations with China.

I agree wholeheartedly with Mr. Borrell's proposition in his speech that trust needs to be restored between China and the EU. Trust begins with cultural exchanges between the two parties. The convoluted changes in the international landscape, the three-year blockade caused by the pandemic, and the respective changes in China and Europe have resulted in a significant deficit of mutual understanding and trust erosion between the two sides. Both sides should overcome various difficulties and actively promote dialogues and exchanges across diverse fields and at multiple levels, especially people-to-people exchanges.

Exchanges will surely draw the two sides closer, narrow the differences, and contribute to mutual understanding and trust.

I have strong confidence in the development of China-European relations. In my view, there isn't much disagreement and conflict between China and Europe, let alone fundamental conflicts of interest. It's entirely possible to seek common ground while reserving differences, mutually depend on each other, and achieve mutual benefit and win-win outcomes. I personally, and the China Public Diplomacy Association where I work will commit to promoting the development of friendly relations between the peoples of China and Europe. Finally, I hope that this discussion can achieve positive results and reach more consensus. Thank you everyone!



## II. EU-China Relations: Review and Outlook

**Fabian Zuleeg**

*Chief Executive and Chief Economist of the European Policy Center*



Thank you very much. I'm very happy to be here. Thank you also from my perspective to CCG and to Henry in particular. We've had many activities online, but it is very nice to be able to do this in person again. So very happy to have this discussion.

These are challenging times. I think we've already heard some of that in the opening remarks. And in that context, it's even more important to have open and frank exchanges and to enhance mutual understanding. My thanks again to CCG but also to Egmont and CIIS and all the think tanks who are participating in these exchanges. And I also want to thank the EU Delegation for the funding provided and the support they have given us. I also want to thank the ambassadors for their very frank opening statements. I think it's a very useful start for this debate. And in the context of open exchanges, I also want to note that it is disappointing that Mikko Huotari, who is Senior Adviser with EPC and head of MERCIS didn't receive a visa to participate. We think it's important that all think tanks can be able to have these exchanges, and we hope that is possible in the future.

Turning to EU-China relations, this is a difficult moment, especially since Russia's war of aggression against Ukraine. And for many, China's perceived political support for Russia is a major issue. But we also see that the frictions between China and the US are spilling over into the EU-China relationship. I want to emphasize that there are many areas where the EU and the US diverge. But when it comes to Ukraine, I want to make it very clear that from my perspective, this is not coercion by the US, but this is a direct security threat to the European Union. And I think there's a very broad consensus that we have to support Ukraine to resist and to preserve its territorial integrity in line with international law.

I want to look a bit into the areas of competition and cooperation following the discussion we had yesterday. I'll try to keep it brief, but I think there are a number of areas of discussion, and I want to start with what has been named Europe's strategic autonomy or in some iterations, now, economic security. I want to start with saying this is an old concept. This is not something which has only been on the agenda very recently. Energy security, for example, has been around for a long time. I would also want to emphasize that this is not something which only relates to China. Certainly, the move towards strategic autonomy was driven also by Trump. And certainly, the concerns around Russia and dependence on Russian gas have been around for a long time.

There are a number of new measures which are being considered in that context from anti coercion to better managing supply chains, to investment screening, and a number of other issues we could talk about. But from my perspective, I think it has to be clear that these are not protectionist mechanisms. These are not part of a protectionist agenda, but these are about addressing Europe's vulnerabilities in a world of weaponized interdependence. And I think that is the context in which I would see those measures. Clearly, these will distort competition. I think it is inevitable. But in many ways, I would say the European Union is doing in those areas what many countries have been doing for a very long time. So, these are not necessarily, very radically different.

We also have a number of measures being put into place to manage the transformations, the transitions, which are necessary - the transition towards sustainability and climate action. Again, these are controversial because they are going to distort the free exchange. Certainly, the Carbon Border Adjustment Mechanism (CBAM), for example, has been mentioned as an issue, not only in the relationship with China, but with many countries. Industrial policy measures which have been taken to drive these transformations. But again, these, in my view, are not aimed at protectionism. They are aimed at achieving the global transformations we

need. And in those areas, I think there is also scope for global cooperation and global governance.

Further area, which was also mentioned, is fair competition. And this is a different issue than the security issue. I think it is a discussion about how fair the competition is between China and the EU -- the investigations which are there around electric vehicles, the discussions around steel in that context. I would very much emphasize that these are investigations will see what evidence there is for distortions to competition. But in this context, I would emphasize that it is actually, in my view, a benefit, not only to the European Union, but also to our trading partners, to have these measures at the European level, because if we have measures at the European level, we have to have a common legal framework which is commonly enforceable, which is transparent, and which has to be based on evidence, given that it is challengeable also in the courts of law. So, I think this is actually a benefit rather than a difficulty.

All of that raises the question of how do we cooperate in this context on global challenges? It was emphasized also yesterday, but I want to emphasize it again that clearly, we all collectively have to deal with the major global challenge of climate change. It is not an option, but it is a necessity for the continuation of humanity. And in that context, we have to find ways of overcoming the difficulties and dealing with the trade-offs, the transition costs and the distributional consequences of the actions which need to be taken. I think it's very important to think about how we can align incentives, in particular, for companies, to make sure that we are driving that transition.

So, what does all that mean for EU-China relations? I think in the economic field, we will see a continuing discussion around fair competition. We will also have opportunities for cooperation, especially with regard to the global challenges. I think the one area where we can think whether it is possible to make significant progress is on common global governance, on the multilateral system, which is under pressure. So, this is very much a challenge. But I think what is very important is that we continue to have an open dialogue, that we continue to foster mutual understanding. So, I'm very happy to be here and to have this discussion with think tank colleagues from China and from the rest of the world. Thank you very much.

## CUI Hongjian

*CCG Non-resident Senior Fellow; Professor at Institute of Regional and Global Governance at Beijing Foreign Studies University*



Let me take a few seconds to express some more emotional feelings, especially after some difficult time for face-to-face communication. It's my great pleasure here to meet with some old friends again. Fabian was under shutdown along with some others. So, I think it gives strong confidence for me, no matter what happened for the global situation, for regional situation, and for China-EU relations, I still believe strongly that this communication between think tanks, this people-to-people contact is always the most valuable thing we need to do.

If we look back or ahead, what people are mentioning today is the crossroads for China-EU relations. And to some degree, it reflects the reality. If we look at what happened for this keynote speech, both ambassadors, they do have very, very clear and candid understanding and attitude towards the bilateral relations. So, I think that's also give a more space, more reasons for think tanks, for peoples to find out, more reason for us to have more communication and to deal with the situation.

I want to just have some points. If we take in more consideration on the yesterday and tomorrow of China-EU relations, I think firstly, we need to understand, maybe to approach.

One of them is we need to go inside of these relations to understand what change took place in the past years. And also, we need to understand logic behind some policies or some regulations from both sides. And then we need to go beyond this situation realities. We need to look for some more reliable solutions for these relations, especially when it is at a crossroads.

But firstly, we can find disagreement between two sides now on this multi-faceted description or concept from the European Union side on China. I think, from the Chinese side, the question is, once it is established in concept, as a partner, competitor, and rival, it would be practiced in policy and even in actions. I think very obvious case is about the CAI as we know, once it is in the logic of partner, or even the competition. I think now we will have this CAI now. But unfortunately, as we know, now it has been frozen in European Parliament. It looks like the European side has been coping with this issue in the logic of rivalries. So, I think it gives a very, very big question for both sides, for policymakers, for scholars: how could we keep the balance of the policy? I think one of the big risks for this multi-faceted concept from the European side in China is: it's easy to reach an imbalanced situation between all of three policy approaches.

Another, I think, very important issue is geopolitical coexistence between China and the European Union. There may be the new dimensions for these relations, not only economy and trade, not only people-to-people. And because of the Ukrainian crisis or even Israel-Palestine conflict, both sides need to have some more geopolitical exchange. So, China is a natural competitor or rival with European Union, or China would be a flexible choice for the European Union to have some strategic trust.

As we know, just like Fabian and also the European Union Ambassador here mentioned, the European side is not so satisfied with the attitude from China on the Ukrainian crisis, and especially its relations with Russia. But I think maybe for China, the most important thing is, once it is not the current situation, especially in the relations between China and Russia, maybe the situation will be worse. Maybe the Russian side, will go far away from the current situation. So how could we try to keep the strategic stability? I think it's not only the consideration for China. It should be also a major consideration for the European side. And beyond all of these difficult issues, I think now we need to try to find some solution going beyond the difficult situation or reality. For example, how could China and European Union side, if we are wise enough, to find out maybe long-term solutions to crisis management or uncertainty management?

For China and the European Union side, it looks like recently, we are in more or more uncertainties like anti-subsidies investigations, and less and less mutual trust on some issues, and mostly from a third party. For example, once there are close relations between China and Russia, there will be some worries or suspicions from the European side. At the same time, once there is some more coordination of policy between Washington and Brussels, there will be also more concern from Beijing. So how could we try to go beyond this twist of the relations? How could we find a more indigenous dynamics from China-EU relations? If we look at the economical twist, yes, it looks like there are some more barriers from both sides, frankly, a kind of over regulations. But how could we try to stop these tendencies? How could we try to convince policymakers from both sides that once we have some more favorable environment for both China and European companies and enterprises, there will be more confidence from the market from both sides with each other.

And finally, I think, not only we need to deal with this influence from a third party, but also, we need to try to find out the real pragmatic solutions to manage these relations. Of course, I think we need to make clear the destination for this management of uncertainties between two sides. We need to try to find out more cooperative, not competitive relations. And if we look at the logo of this conference, the interesting thing is, the logo to look like boxing club. So, it gives us a message. It looks like both China and European sides; they are going to a boxing field. But of course, we can find it's also a charter box, which means that we need to have some more communication to avoid going to the boxing field. I should stop here. Thank you.



## Janka Oertel

*Director of Asia Program, European Council on Foreign Relations (ECFR)*



Thank you, Ricardo. And thank you for the kind invitation. It's a great pleasure to be here in Beijing again. And please allow me to also stay within the spirit of the two ambassadors' remarks with regard to the candidness that I would like to engage in.

Let me start by reiterating what Fabian has mentioned, that it is very unfortunate that the member of our delegation was not receiving a visa. I think that is not in the spirit of dialogue. And I do think that Mikko Huotari from MERICS belongs at this table to have a really good conversation. And it is a very unfortunate situation, particularly for us in Berlin, if some of us can and some of us cannot go to have direct face-to-face conversation. I just wanted to point that out at the beginning.

On the state of EU-China relations, before we look out, I do think it is really important to be honest about the fact that it is grim. We're not in a state where we can sugar-coat what is happening. And I would even say 2024 is likely to get worse. So, for us, I think the stopping the deterioration of the relationship must be the key goal at the moment. But that is, I think, the aim, the kind of humble aim that we can have for the next year: not to talk much about where things can improve, but about stopping the current trajectory.



The list of grievances on the European side is long. I do think that it kind of corresponds with the list of grievances on the Chinese side. But obviously, as Fabian has mentioned, market distortions are a huge issue for us at the European side. A level playing field is something that the European side keeps bringing up, but quite frankly, is not in the interest of China right now, because it is not in China's favor if a level playing field would actually exist. Therefore, I think maybe we have to give up on the idea that it will ever exist again, or that it ever has existed.

There are developments within China that are obviously very troubling for the European business community. And I do think it is important to underscore that the main movement in the change of the European relationship with China and the development of the holy trinity of the partner, competitor, and rival, started within the German business community. This is not some lofty idea of diplomats or weird think tankers. It was the concern of German industry that has started bringing this concept to the table, and that has kind of put the rivalry at the center and the competition at the center of the relationship.

And I do think that this is absolutely key for the relationship with regard to China and Russia, which is, I think, the absolutely central development of the last two years in EU-China relations. For Europeans, it increasingly feels that geopolitical turmoil comes at high costs for Europe -- not just high energy prices and inflation, but also migration pressures and huge investments in the defense sector, but that these developments are actually beneficial for China. And this puts the trajectory of the relationship at a very complicated outset. For us, it is not about the long term right now. And I do think that this is also important to underscore. This is about a short-term crisis that Europe is facing. Europe has a war at its borders that is challenging it at its very core and at its very heart. And the fact that China-Russia relations over the course of the last two years have deepened is obviously a smack in the face for EU-China relations. It is problematic for Europeans to watch a Belt and Road Forum unfold, in which President Putin is received with great honors. These pictures are being viewed in Europe on TV and are seen with great disdain, because this is currently the largest challenge to our peace and prosperity in Europe.

The pressure on Europe at the moment is enormously high. This is the largest security crisis that we have faced. And now we have the Israel-Gaza crisis on top of things, with the aggression of Hamas challenging further our security environment and further enhancing migration pressures. Right now, I think the world would really need different signals than a

quasi-neutrality that is not neutrality, but that deciding with the aggressors in two conflicts that are of key importance to Europe.

So realistically, there's not much of an expectation that we can find common ground right now. I think even on climate change, which is mentioned often, COP28 will have to show how much common ground there can actually be found. For Europe right now. This is a time for derisking. It is a time for derisking because the world around us has changed very much not in our favor. In practice, that puts us in three areas in key challenges: the import area, the export area, and market dependencies.

On the import front, I think we're making good progress when it comes to critical raw materials and new partnerships when it comes to diversifying from where goods are from. I do think that the EU is on the right track. On exports it's going to be more difficult, and the most challenging for the German economy is going to be the market dependence here on the Chinese market. But quite frankly, the current developments within the Chinese economy are helping to reduce that dependency for the German side.

Dialogue, maybe to kind of be clear about that, is important, but not just to achieve dialogue for dialogue's sake and to have a kind of cooperation idea. It is important to manage our competition. But between think tanks, I think I expect more of this form of dialogue. So maybe I will end with a few research questions that I'm actually interested in, in comparison to all the things that we can throw at each other in terms of the list of grievances. I want to know where the Chinese economy is headed, and I would really like to know what's the what Cui Hongjian is thinking about that, and where things are going, and where things are moving. I want to know what the concrete room for cooperation creating physical space in developing countries for the green transition, and what Chinese ideas for that are, where Chinese solutions for that would be, so that we can discuss them and that we can talk about them very concretely. I would also like to discuss whether competition is not actually better for climate change than cooperation. If we actually really compete and race to the top about who is faster in implementing decarbonization and green technologies, maybe that's even better. Let's discuss that. What is the state and the time frame of RMB internationalization? Where are we on that? And what does this mean for Europe? I would love to discuss more about that. How can we maintain peace and stability in Indo-Pacific? And what role for Europe does China see in that? And what are our respective expectations of 2025 and the post-US election time frame that, I think, sends shivers down European diplomats and policymakers' spines when

they even think about it. And I do think that a really frank exchange about that with our Chinese counterparts would be helpful.

I think having a real conversation about this is very valuable, and this is why I'm here, and I think this is hopefully what we can engage in. Thank you.

## SUN Yongfu

*CCG Non-resident Senior Fellow; former Director-General of MOFCOM Department of European Affairs*



[Originally delivered in Chinese and translated for the audience's convenience.]

I'm delighted to participate in today's dialogue, and I believe that open and frank discussions are beneficial for both sides. I'd like to focus on practical cooperation between China and Europe, particularly in the economic and trade sectors, and address three key points.

Firstly, until 2019, the EU had been China's most significant trading partner for 16 consecutive years. In 2020, the ASEAN surpassed the EU, influenced by factors such as Brexit and the United States' imposition of tariffs, leading to a shift in trade patterns.

Consequently, the EU currently stands as China's second-largest trading partner, with ASEAN assuming the position of the largest.

Over the past few years, China-EU economic and trade relations have served as a stabilizing force and a cornerstone in various bilateral connections. However, the current situation is a cause for concern. As mentioned earlier, Germany plays a pivotal role in China-EU trade, contributing to approximately one-third of the trade volume. Germany's robust automotive industry is well-recognized, and China has consistently been the largest global consumer market for Germany's top three automotive companies. This holds immense significance for Europe and Germany. Therefore, replacing such a colossal market as China would not be advantageous for European exporters.

Secondly, China-EU economic and trade cooperation is becoming more and more influenced by bilateral political relations, ideological factors, and human rights considerations. Of course, there is also a significant American factor contributing negatively to China-EU economic and trade cooperation. In the earlier discussions, both ambassadors mentioned the EU's characterization of China as a "partner, competitor, and systemic rival." I've noticed that there is an increasing focus from the European side on the systemic rivalry aspect, while the emphasis on partnership and cooperation is dwindling. This emphasis on contradictions over cooperation has had a profoundly adverse impact on practical bilateral cooperation.

Thirdly, I'd like to share some statistics to highlight the current precarious state of China-EU economic and trade cooperation. In the first nine months of 2023, according to the latest data, the combined bilateral trade volume, as per Chinese statistics, amounted to \$594.2 billion, reflecting a 7.7% decline. To the best of my knowledge, such a decline has never occurred in the history of China-EU economic and trade cooperation over the past three decades. Even though pandemic-related factors played a role, last year witnessed a modest growth in bilateral trade. In 2022, the bilateral trade volume reached \$847.3 billion, showing an increase. However, in the first nine months of 2023, we are witnessing a 7.7% contraction, something unprecedented during my 12 years as the Director-General for European Affairs at the Ministry of Commerce. Therefore, I believe this should be a matter of paramount concern for both governments and businesses.

Within this context, China's exports to the European Union amounted to \$382.2 billion, marking a 10.6% decrease, while China's imports from Europe totaled \$212 billion, experiencing a 2.1% decline. As you can see, the rate of decline in our exports is higher than that of our imports, with imports decreasing by only 2.1% compared to a 10.6% decline in

exports. China's trade surplus with the EU stood at \$170.2 billion, marking a 19.6% decrease. Thus, while the overall bilateral trade has declined, the rate of decline in the trade surplus is close to 20%. This indicates that the trade structure is increasingly favoring European exports. From an investment perspective, in the first nine months of this year, non-financial investments from Europe to China amounted to \$9.21 billion, showing an increase of 8.9%, as per data from the Ministry of Commerce. On the other hand, Chinese investments in Europe reached \$5.93 billion, marking a growth of 13.8%. Therefore, from an investment standpoint, there is a notable contrast when compared to the situation in trade.

I've observed that the High-Level Economic and Trade Dialogue (HED), which had been on hold for several years, has restarted recently. I believe that such dialogues are conducive to bilateral economic and trade cooperation. The recent HED has achieved many results, including discussions and planning for further market opening and addressing specific European concerns. I believe this bodes well for future economic and trade developments. China has also expressed its commitment to continue reforms and further open its market to import more European products. I believe that cooperation in the manufacturing sector, along with China's comprehensive manufacturing sector opening announced during the Belt and Road Summit, will provide more opportunities for European companies to enter the Chinese market.

To my knowledge, both China and the EU are planning to hold a bilateral summit at the end of this year. In my overall perception, this kind of high-level dialogue and exchange is highly beneficial for practical bilateral cooperation and strengthening mutual understanding. I believe that economic and trade cooperation, development, and growth are beneficial for both parties. Emphasizing "risk reduction" should not be interpreted as reducing cooperation. Therefore, both sides should not overly emphasize being "systemic rivals" but rather should strengthen cooperation, expand collaboration areas, and bring benefits to the people of both sides. There are still many potential areas for cooperation, especially in addressing global environmental and climate challenges. Opportunities for collaboration exist in numerous fields such as the digital economy, green energy, low-carbon initiatives, photovoltaics, wind power, batteries, and more. I believe that China's high-quality development and the EU's recovery-oriented economic and trade growth rely on the stable development of bilateral economic and trade relations. As long as both sides move towards each other, economic and trade cooperation may have the chance to return to a healthy development track. Of course, this requires joint efforts from both sides. Thank you, everyone!

## Francoise Nicolas

*Director of Center for Asian and Indo-Pacific Studies, French Institute of International Relations (IFRI)*



Thank you, Ricardo. First of all, let me thank the organizers for having me here. It's a great pleasure to be back in Beijing, it's been four years since COVID, so I'm quite happy to be here.

First thing, I'm afraid I will not disappoint Ambassador Wu, and I will tend to sound rather negative, as Europeans usually are, apparently. No, I do agree with the Janka that if we look at the EU-China relations for 2024, what can be expected is continuation of very tense relations. And I think there's no point in trying to sugar-coat or put on the rosy-colored glasses. The situation is not good. Let's face it. And if we exclusively try to look at the bright side of things, we may miss a number of things which are rather negative.

So let me highlight perhaps two areas where I see major difficulties between the two parties. The first is, of course, trade, and the persistence of unbalanced trade. On this specific point, let me get things straight right from the start: I am not against unbalanced trade. If the trade is unbalanced between the EU and China, it should not be exclusively blamed on China. If the

trade is unbalanced, it may be simply because China is more competitive than the EU. So, I'm all in favor of competition. I'm not in favor of managed trade. So, I strongly disagree with those who would like to impose balanced trade. This would be like managed trade, and this is not something that is desirable. I think that we should not set the score of the match even before the game starts, which is exactly what managed trade is doing. So that's not the point. But the point is to ensure that the competition can develop freely.

So, what we are looking for is fair competition, fair trade, and for that, we do not want any distortions. And this is exactly what the EU was trying to do with the anti-subsidy investigation that it has launched recently against Chinese exports of electric vehicles. The point is simply to make sure that there are no distortions. And so, the investigation is about checking whether the electric vehicles benefit from illegal subsidization, and whether, on top of that, this subsidization causes or threatens to cause economic injury to EU producers. That's the point: just to make sure that the competition is fair, period.

And on this specific point, I think that the Europeans have gone through a former experience, former episode of a similar nature in the past, and that was the all the story and the episode about the solar panels. So, we know exactly what the other party may gain and what we may lose with subsidies granted to some productions. So, it is very unlikely that the investigation will be withdrawn. First of all, because it is at the EU level that has been put; plus, because of this former experience with the solar panels, we will certainly stick to the investigation. So of course, this will create tensions with China. But I think that it should be very clear what the point of this investigation is. It's really about ensuring fair competition. It's not about protectionism of any kind. So it should be, it should be clear. But I'm not, I'm not sure that it is well understood on the other side. And this is why I stress this point forcefully. So that's one the first area where I see what potential frictions, tensions, not necessarily conflict - you know, let's not play on words. These are frictions, simply frictions, not, you know, fundamental conflicts.

And let me stress one major point here, which is that the EU-China relation is very different from the China-US relation. The EU perceives China very differently compared to the way the US perceives China. We do not perceive China as an existential threat. This is very different from the US position. And again, this is something I think is quite important that it has to be really well understood on the part of China. So, we are not into a confrontational approach to China. And on this specific point, I think we differ quite substantially from the US position.



The second area where I see a major problem is, of course, the war in Ukraine. Here there is a deep misunderstanding on the part of the EU about China's position. As far as I know, China is all in favor of national sovereignty, of territorial integrity. And in the case of the war in Ukraine, well, there has been a clear violation of international law. There has been a clear breach. And so, this is why, on the part of the EU, we do not understand why China is taking the position it is taking: not calling a spade a spade. This is a war. And why is China still endearing to the Russian rhetoric about a special operation, about a provocation on the part of NATO? There has not been any provocation. I mean, in this story, there is an aggressor, which is Russia, and there is a victim, which is Ukraine. It's extremely clear. And so, we do not understand why this vision is not shared by China, which, on the other hand, shares all the values that are encapsulated in the UN charter.

So, this is something that that sets us apart. But I think it should be discussed more openly, more candidly, so that we better understand what the other side's position is. But honestly, I personally don't quite understand why China is sticking to the position it is sticking to. So, this is another major reason why I think that the EU-China relation in 2024 will remain rather tense, or even grim as Janka said.

Well, perhaps, if I want to end on a more optimistic note, perhaps not to be criticized for being all the time so negative, there is one definite area where there is scope for cooperation, and that it is something that is repeated over and over again, and this is climate change. Okay, fine. But on this specific point, I think that a major contribution of this discussion would be perhaps to come up with concrete actions that could be taken to push this cooperation on climate change ahead or forward. Everybody's talking about that, but I think it is very important to go beyond the rhetoric of "let's cooperate in climate change" to come up with very concrete suggestions of what could be done together between the EU and China on this specific issue. It may have to do with financing. It may have to do with, I don't know what, but let's come up with concrete proposals about what can be done together. Because we were just saying, climate change is an ideal area for cooperation. This is very nice, but let's walk the talk and give concrete suggestions. And I'll appear on the more positive of notes.

## DAI Changzheng

*Dean of the School of International Relations, University of International Business and Economics (UIBE)*



Frankly speaking, we are now facing an increasingly fragmented world splitting international order. You see those two wars going on, and the frictions, the economic and political competition between China and the US is becoming more serious. We are really facing a world that is never seen in the past 20 years.

Both China and the EU are the most important civilizations and the most critical players, are in regarding international political relations. I think there are more difficulties and problems emerging from the Sino-European relations, no doubt. But the most important thing is that we should look into why those situations happened.

I'm a scholar of political science and international relations. First of all, if we see the ongoing situation of Sino-European relations, we may find that the policy contradictions, controversial concepts, and policies are issued by the EU. Actually, this is from my perspective, this is the main reason why we feel confused with the policy of the EU toward China. For me, the three aspects of strategies toward China, the concept itself actually is very controversial. How can we balance rival, competitor, and partner? And what are the relationships between these three?

In some aspect, you need China to be a partner. In economic and trade realm, you want China to be a competitor. In terms of security, in terms of political problems, you see China as the rival. How do we understand such contradictory concepts and policies? How can we divide such three concepts? Are they a level and a sub-level? This is for the scholars. And for common people, we do not understand how the EU stand its points.

So, we may find many contradictory actions and policy practices. For example, China-EU now are both facing serious challenges economically. We need cooperation. We need to understand each other's interest. However, anti-subsidy policies and anti-dumping investigations are initiated by the EU, which seriously harms these kinds of relationships. We need to increase trade. However, in terms of semiconductors, green products, and digital industry, the EU has practiced the policy of derisking China. On the one hand, the EU needs to express its stance to contact, to communicate with China. On other hand, practically, the EU actually continues launching policies of derisking China. And how can we understand the relationship between so-called dialogue, conversation, and derisking China?

As for Mr. Borrell's speech in Peking University. On the one hand, Borrell said that we never intended to establish the so-called official relationship, a diplomatic relationship with Taiwan. However, the EU look at the policy of China towards Taiwan as a so-called coercive action. Whereas on the Chinese side, we see that this is obviously an interference with the domestic affairs in China. So, these policies and the value points behind the policy themselves are controversial and obscure. It's hard to be understood. Okay, another, you know, political and economic issues.

This has created a very hard environment. Many international corporations' headquarters have moved out of China. And more industries and businesses are skeptical about the future; they took a stand-by-and-look attitude. So, both sides feel that we need to begin a dialogue. So, in the second half of 2003, we see that more European side leaders come to China, and also China has taken proactive actions to initiate more communications and conversations with the European side. However, if we do not change such contradictory policies and viewpoints of values, then we cannot not build up our trust. So, as Borrell also said, we need trust, but mutual trust between the EU and China is deteriorating.

Of course, we know that the EU has its own difficulties and problems, for example, the pressure from the United States and the political and economic situation in the EU itself. So how can we resolve the contradictions between rivals in governance models, economic

competition, and interest partnership? For a logical answer, as a professor and scholar, I cannot find the way of logical analysis.

So, if we look at the future of Sino-EU relations in 2024, perhaps it's grimmer than today's situation. Of course, more negotiations, more conversations are still better. We need to take actions; we need to understand each other because we are two big civilizations, the most important players in today's world. We have power, we have the capacity to change the world. I hope that we begin from both sides. China should recognize the stance, the interest, and the hope of the EU. And at the same time, the EU should understand more about China's stance, China's interests, and China's politics. So that's for my speech. Thank you very much.

## **Mehri Madarshahi**

*CCG Non-resident Senior Fellow; former Senior Economist of the United Nations, Member of the Advisory Committee at ICCSD (UNESCO), and Honorary Professor, IPP/SCUT*



Thank you very much. First of all, to CCG and President Henry want to have invited me and Mr. President of the meeting to give me the flow. I have followed the discussion this morning with great interest, but that reminded me of the background of China-EU relationship. If we

all recall that EU-China Strategic Agenda for Cooperation adopted in 2013, and that called for cooperation in aerial peace, prosperity, sustainable development, and people-to-people exchanges. From there on, we are witnessing the EU-China Summit, which is being held every year to discuss political and economic relations, as well as global and regional issues and so on.

However, the recent development, which I can summarize in three categories, have caused some friction. One is geopolitical turmoil, as we have heard this morning in extenso. The second one, of course, is spilling-over of the US strategic approach to Europe. And the third one is trading balances.

But let's talk more about the common ground between China and the world. I'm not only referring to the Belt and Road Initiative, but I'm referring to the regional and international organizations in which China actively participated in various areas, including the United Nations, WTO, WHO, and etc. China is also happening engaged very actively as a second largest economy in the world and has been a major player in global trade. We have seen China's active participation in 2014 and 2015, particularly in discussion with regard to climate change. And it was, I recall very vividly, China and the United States, there were the two frontiers and champions for discussing their issues on climate change. And everybody became very hopeful that something very productive will come out of it.

China has been also engaged in peacekeeping operation in various international security issues. But of course, China has got its own principle, and this principal, understood or misunderstood by the globe, has to be also respected. I do believe in the light of what China has done, the world also has the responsibility to come together with Chinese principle and try to find a common ground in light of what China can do. And because what we need in this world is rather more cooperation than less, the world is going to a very important crisis, not only this year, but next year, and further cooperation between these two powers can solve most of the problems. Thank you very much.



## Shada Islam

*Senior Adviser, European Policy Center*



Four points, Ricardo. I'm going to be very brief. So, first of all, a little bit of historical context. And it's true, I was a journalist when China joined the WTO in 2001. I followed it blow by blow, and it was a momentous moment. So, my relationship with China goes back quite a few years. I've never seen similar shrillness to the conversation as I'm seeing now. And I feel that it's potentially very dangerous. So, for me, taking forward what Henry has said, in 2024, I think we will need very cool heads, and possibly also warm hearts, because we are sharing a humanity, after all.

Elections in the US obviously a source of great unease in terms of who will be elected, but also elections in the European Parliament, so that's for us as well. First point.

Second point, I do believe that think tanks should be honest, and I appreciate very much what our colleagues have done today. But I think also, we were asked to be innovative. So, I'm going to try and be a little bit innovative in three seconds. So first of all, to my Chinese friends, who I respect and hold very dear, we can hold several thoughts at the same time. We're often told, don't be binary. We can hold two, three thoughts so we can cooperate, we

do compete, and we can be rivals. So that is not contradictory. We can do those things together.

Fourth point, Francoise, you often say, “climate change - yes, but what?” So, my suggestion is loss and reparation, climate justice. The Global South has been asking for it at the last COP meeting and the coming one as well. Let's do it. It's a real, real devastating crisis for many countries in the Global South. The SDGs, we talked about it yesterday, source of inequality - let's do something about it. China has the funding, and they know how to do that, as well as the European Union.

And finally, connectivity. I'm sorry, this something I've been saying for several years now. Why are we competing on this? Why are our egos getting in the way of reality, where a number of African countries, Asian countries, need connectivity, and yet we're working in very, very different silos.

So innovative, yes, please. And let's look ahead. It's going to be tough in 2024. But once again, with cool heads and warm hearts, I think we can get something really, really important done. And thank you.



## WANG Yiwei

*CCG Non-resident Senior Fellow; Jean Monnet Chair Professor and Director of International Affairs, Renmin University of China*



I think the Chinese side needs to understand more about the Europeans' very emotional and strong reactions to Ukraine. Because for the Chinese, in the past 40, 50 years, there was no war in China and in China's neighborhood. So, the Chinese, you know, there, live in a very peaceful environment. They don't understand the Europeans actually suffered so many wars from the Kosovo War, Georgian War, and then Ukrainian war, and even maybe conflicts-enabled refugees. And then the European Union also is built on the values of the World War II: it's illegal, it's the rule of law. So, the Chinese need to understand why the European Union is so sensitive. Basically, the Ukrainian were also challenged of the Westphalian system based on the sovereignty, territorial integrity. So, I think maybe that's the reason we need to understand each other, on the Chinese side, not just defend policy on the relations with Russia.

But frankly, the European side also needs to understand that China never supported Russians behavior in Ukraine. That's the reason we never recognized the four states in Ukraine as part of the Russian territory, even if we didn't recognize the Crimea as part of the Russian

territory. We have good relations with Russia, but for other purposes, not just to support any behaviors that Russia did to you. So that's to be distinguished.

One quick question for you, the panelist from Europe. Recently, the European Council on Foreign Affairs (ECFR), released a proposal, the so-called “strategic interdependence”. What are its relations with striking interdependence with the middle powers? What are its relations with derisking from China? And then, will this interdependence also become cause of a new risk from the middle powers? And also, what are its relations with the strategic autonomy for the European Union? I don't know if you paid attention to the ECFR report. Thank you.

## **JIN Ling**

*Director, Department for European Studies, China Institutes of International Studies (CIIS)*



Thank you, Chair. I will only have a very short comment. Starting with Janka's point that the so-called “partner, competitor and rivalry” comes from the business community. I'm here to share with you, my observations.

Actually, the business community don't share the same view as regards to China-EU cooperation, definitely. Last month, when I visited Germany and France and Brussels,



actually, especially, I hold talks with BDI, the DIHK, I think all of these institutions represent the business communities, but their views are actually so different. So why? My question is, why the BDI's narrative has had the upper hand? This is my question.

And also, a very similar perception. This time during my visit, I talked with a lot of think tanks working on economic issues. They shared with us the so-fierce internal debate as regards to derisking, and also as regard to EU industrial policy. So, it seems to me that it's far from a kind of consensus there.

So, my point is, as we talk a lot about balancing relationship, whether, in next year, the debate as regards to China-EU relations should also be balanced. Since we have witnessed how it has been dangerously slipping into the so-called competition and even rivalry dimension.

## **Bruno Liebhaberg**

*Director General, Centre on Regulation in Europe (CERRE)*



When we talk about international relations, we talk about strategies, strategic positioning; we talk about values; we talk about economic interest. But what is also equally important is perceptions. And perceptions matter. Yesterday, we heard a colleague from Hong Kong

University saying that he was surprised that the American researchers who come to Hong Kong are being advised to come with empty computers and burner phones. So, I think it's very, very important to understand that if there is distrust in the fact that the integrity of the electronic communications will be respected, this is not something which is conducive to trust. This is not conducive to the fact that we can work together. So, I think this is something that we need to add. The story of the visa, which was, not available to one member of my colleagues from EPC, is another element which is absolutely not positive.

I think that to move ahead, we need, as Francoise already said, to focus on concrete actions, concrete actions on climate, but perhaps also on one area which has not been mentioned, which is the digital area. It's clear that norms and standards are being discussed on Artificial Intelligence, on trusted flows of data transfer. These issues, resilience of digital infrastructures, norms and standards are being discussed at the world level for the moment. I think there is a necessity, urgent necessity, that we can talk to each other and work together in the international areas, in the International Telecommunications Union, in the other UN fora, OECD, etc. G7, G20. This is something where we are really creating the infrastructure for understanding each other in the years to come. These norms and standards are not technical issues for experts. They are fundamental basis for a fruitful dialogue. Thank you. Thank you very much.

## Rol Reiland

*Ambassador of Luxemburg to China*



Thank you first of all for inviting us. It's my first time - I've arrived only a couple of weeks ago - my first time to participate in such an interesting exchange. I would like to pick up where my predecessor just left it. So, to focus really on concrete cooperation, you mentioned a digital transition, which I had on my list as well.

I see a few other areas, and I would like to put it a bit more concrete and just talking about climate change. But I see in this country, and also in Europe, I think we have still a long way to go when it comes to improving our energy efficiency standards. I think there is a lot to be done.

Circular economy. There are some interesting experiences in this country, but we also have some in Europe where maybe we could get the engineers to working together and develop common projects, and also reach common standards. Then, last but not least, green finance. I know that there is corporation on a common taxonomy on green finance. And I hear there are some positive developments. I think that's another very important area in order to a help us finance the green transition that we're aiming at as well in China and in the EU.



And then last but not least, maybe a question, nonetheless. Mrs. Shada Islam already referred to it. We will have, in 2024 elections, European Parliament elections, we may be getting a new Commission. So how do scholars and colleagues, how do you see potential impacts of that on the EU-China relations? Although obviously it's very difficult in knowing how this is going to come out. Thank you very much.

## **Michael Pillsbury**

*Senior Fellow, The Heritage Foundation*



Thank you. This question is for Janka and Francoise. I hope Ricardo and Henry will get them one minute to answer. You come from very famous think tanks, European Council and IFRI. I noticed when you talk, when we all talk about having a list of grievances or a list of issues where we can be innovative and constructive, it sounds like we are all deliberately leaving out a strategic nuclear issue. Colin Bradford yesterday mentioned a space code of conduct, usually the ideas to avoid arms race in space, which has already started: it's to have stability and exchange in the nuclear weapons area. Both the IFRI and the European Council have sometimes addressed the issue.

So, my question really is: is it a good idea when we have EU-China think tank exchanges, should we exclude all security issues? Should we exclude Ukrainian victimization by Russian aggression? Should we exclude space race? Should we be excluding China's new military and nuclear buildup? Our military now is talking about strategic nuclear breakout by China - going to double or triple the number of nuclear weapons. China now has more ICBM silos. Silo, by the way, if you're a Chinese language student, is called 发射井. So, in the Cold War, if the Soviets or the Americans had a huge strategic breakout, this would be a matter of negotiation, a matter of think tanks looking into it, looking for fresh ideas.

So, Henry, are we intentionally ruling out Ukraine or security issues? Or should great think tanks like IFRI and European Council of Foreign Relations also include this in their thinking? Because I think there's real need for innovation in these areas. But I don't want to violate any rules about the 势力范围 and the division of labor. Thank you.

## Hans d'Orville

*CCG International Council Member; former Deputy Director-General of UNESCO and Honorary Professor of IPP/SCUT*





Thank you very much. Let me also thank CCG and the organizers of this forum for a very appropriate discussion, which is stimulating. And as Shada Islam said, she was shocked by the shrillness of the debate this morning. I only can endorse it, because being a European, I was listening to the EU ambassador, and I couldn't imagine that this would be really a common line of all 27 member states of the EU. Even in one country, my own country, Germany, you have the differences between the Chancellor and the Foreign Secretary. So, they're speaking different, or they're singing different tunes with China. So, this is a little bit complex, but what Bruno Liebhberg said that we need a stronger element in talking to each other in a in a regular manner and in a more civilized manner. I think it's very important for the multilateralism. It's not only the UN and the UN principles which come out in the Ukraine, but it is also recently, when the United States rejoined UNESCO again. They said they go there in order to control or to suppress the influence of China. Now, if you're going to a multilateral organization, you'd better cooperate rather than control and suppress. So, these are the difficulties which we are facing these days, and I think one has to reflect a little bit stronger how that can be brought to a much better and much more direct relationship. Thank you.

**WANG Caixiao**

*CCG Non-resident Fellow; Associate Professor, Beijing International Studies University*



Thanks to the CCG organizers for providing us, to the scholars, ambassadors and all the policymakers this platform to communicate with each other the sincere views on EU-China relations. I just have a follow-up question to H.E Reiland. He just raised about next year's election in the European side. As far as from my personal observation, I find possibly when you look at EU-China relations in the next year, we could not overlook the political shifts and political forces changes within the EU itself. It seems like the right-wing political force are gaining momentum in the EU side. And I have a question to the panelists. Would this affect the next year's EU-China relations? How do you view the right-wing forces voices that are becoming more and more stronger within the EU.

## DAI Changzheng

*CCG Non-resident Senior Fellow; Dean of School of International Relations, University of International Business and Economics (UIBE)*



Yes, I agree some points of view of our speakers. First of all, I should say that, yes, we need dialogue, we need communication. We wish a positive, optimistic future of the China-Europe relations. However, we need, most importantly, to create chances, to have more practical ways to change such a situation. That is the most important.

From my point of view, there are some contradictory elements in the policies, and you see the European side has just raised another concept which is strategic autonomy. What does this mean? If it means that it should keep a strategic autonomy with both China and the UK, that is OK. If the strategic autonomy is just directed towards China, or has very different stances, different attitudes, and practices towards the United and China, what will Chinese side think? So, we should keep concepts, theories, policies, actually cohesive with our practice, with our policy. If our concept, our proclamation, our assertion, is not getting cohesive with our practices, then how do people think of your policy? That's the logic.



## Francoise Nicolas

*Director of Center for Asian and Indo-Pacific Studies, French Institute of International Relations (IFRI)*



Thank you. So, very quick points. First of all, about the elections. Well, I would tend to challenge the idea that the right is gaining ground in Europe. You know, it's not all that obvious. So, the recent election in Poland proved exactly the opposite. So, you know, elections are elections. The results are not known in advance. So, we'll see what happens. You can never tell. So, it's extremely complicated to anticipate what the results will be, and as a result, what the next Commission will look like. I think it's extremely complicated to do such a thing.

Second, about strategic autonomy. I'm pretty comfortable trying to explain what it is, since originally it was a French concept. And I think it was a very unclear concept, which was interpreted in very different ways throughout Europe, even throughout France. As you will have noticed, perhaps, President Macron is now using less and less this strategic autonomy concept and has shifted towards sovereignty. And I think it perhaps describes much better that he had in mind. Strategic autonomy was about the ability to define your own interests, your interests on your own, and not to simply align with the US. That was the point. So, it's

more about sovereignty than anything else, but it was, I guess, badly understood everywhere, and as well as in China , including China.

And this is really a problem with a number of concepts. Same thing is about derisking. Derisking is badly understood. Derisking is not about China. It is about reducing vulnerabilities associated with excessive dependence. So it happens that China is one of the economies on which the EU depends a lot for a number of products. But it's not about China specifically. It's really about limiting, reducing dependence. But I think it's badly understood.

And same thing is true for the holy trinity. I think Shada explained very well, that we can do many things at the same time, three things at the same time. And so, there is absolutely no contradiction behind this holy trinity of systemic, rival, partner, and competitor. But again, this is something that is badly understood. I guess we require a lot of pedagogy to explain exactly what we have in mind. And this is something sometimes very, very complicated.

Well, I leave the tricky question about nuclear to Janka, because I'm simply a modest economist, so, you know, nuclear stuff is not my stuff. And finally, well, thanks for the concrete proposals about what can be done between the EU and China on climate, climate finance, energy efficiency, secure economy, etc. With regards to data governance, I agree that this is a really big issue, and I agree that the discussion about norms and standards with regards to data governance is also of most importance. But as I said yesterday, but perhaps some of you did not attend the session yesterday, this is a tricky issue again, because the philosophers underlying data governance in various parts of the world are very different. And so there needs to be a discussion. But to get to the common ground will be, I guess, complicated. But let's discuss.

## SUN Yongfu

*CCG Non-resident Senior Fellow; former Director-General of MOFCOM Department of European Affairs*



Thank you very much. I think we have a very frank discussion. This is helpful to our bilateral relations, not only in the political arena, but also the economic and trade relations. I share the view of our German friends in saying that either China, or any country joining the UN agencies, they would like to cooperate, not to dispute.

To my understanding, and as our ambassador, Mr. Wu Hailong mentioned, the system difference is there for a long time, and we don't understand why now the EU put systemic rival at the first place. And from the Chinese point of view, we put the EU firstly as a partner, cooperative partner. So, we try very much, together with our friends from the EU, where we can cooperate in different sectors, not only in the green economy, for example, but also the international challenges, some other fields as well. So, we need to cooperate more and enlarge those sectors, as we discussed today, but not too heavily mentioned the so-called rivals.

We have never put the EU as our rival, so we don't understand why now, the EU put China in the systemic rival at the 1st place and emphasize on that from time to time. So, this is very



difficult for us to understand. We try to cooperate. We try to way to find a way to enlarge our cooperation. But to close the differences between us, it's difficult. We put everything on the table, as we do it today, to discuss the differences. But to enlarge the field of corporation, I think that's a way to, to look forward as we discuss today the year of 2024 or even beyond. Thank you.

## Janka Oertel

*Director of Asia Programme, European Council on Foreign Relations (ECFR)*



So maybe first on the question of Wang Yiwei on strategic interdependence and what the concept is supposed to mean, I think it will be in the category of Françoise, was of saying it is an attempt to describe the world that we see from a European perspective, a world in which countries do not want to be squeezed into a bipolar order and don't want to choose, and where the strength of certain middle powers could lie in banding together and creating flexible coalitions around issues specific areas. Whether this concept of strategic interdependence will take hold as a real concept? I'm very skeptical, let's put it like that.

On the question of Wang Caixiao, in terms of the question of the European Parliament, I do think it's really interesting to look into, just from a research perspective, what are far-right



and far-left positions on China across Europe? Because there's no uniform answer to that. There are far right parties in Europe that are very pro-Chinese. There are far-right parties in Europe that are very skeptical of China. And I think it is a really good research area at the moment to look into, also from a European perspective, to do a little mapping of where do far-right and far-left parties stand when it comes to China because if the fringes are stronger in the European Parliament, this obviously does have an impact on policy formulation.

On the question of Jing Ling, I would say the need to derisk is the consensus. The how is not the consensus. Welcome to Europe on these questions. We can discuss, we will discuss for years. And obviously there's no consensus among the German business community because the business community has various different interests. But the fact that the BDI paper is still being referred to, also by companies, also tells you that this is sort of the minimal consensus that they can still agree on because they could overturn it if they wanted to, but they don't. So, this is still the position where the companies feel comfortable having the business associations taking that role, and basically taking the hit also for a slightly harder position and being able to kind of hide behind it as an individual company.

And Michael, I couldn't agree more that the security issues belong on the table in these conversations. I think this is the only point where, maybe I slightly disagree with Françoise, that I think the fact that Europe does not see China as a kind of existential threat - I do think that that is moving, that this is changing because the situation Ukraine is bringing the security questions much closer home, and we are now having in the German China strategy, a real kind of passage on China as a security challenge. And I think that's something that is very new for the European conversation and emerging. And space conversations and nuclear conversations belong at the heart of that. That is absolutely true. This is a new version of EU-China relations I think, one we have to get used to.

## CUI Hongjian

*Professor at Academy of Regional and Global Governance at Beijing Foreign Studies University*



Thank you. Time is tight, so I'm sorry that we could have, couldn't have time to expand our discussion. But I need to try to share some three points, as I heard so much my colleagues here.

Firstly, they got into the so-called trade balance issue, especially from Mrs. Nicolas Francoise. Francoise is a very, very close friends of mine, and also a respected economist. So, I believe that you do have a very professional analysis about this difficulty issue now between China and European Union on trade imbalance. But I also would like to say that behind all of this explanation or analysis from the European Union side on this anti-subsidy investigation, some other trade investigations between China and European Union, I also would like to mention the big ambition from the European Union institution to try to show off its own authority as one of the dominating policy making institution, and try to practice any kind of, even over-regulation, against China.

Another question that has not been mentioned is, as we know, the European Union side tries to look for a more comfortable position between this gaming between China, US, and the

European Union. Also, because there are still trade settlers between the European Union and the United States, but at the same time, the European Union is suffering from this subsidy competition from Washington. So, I think between China and the United States, certainly to choose China as a target of this anti-subsidy investigation will be more comfortable or more favorable for the European Union.

But according to my long-term observation, no matter what happened between Washington and Brussels, no matter how close cooperation, coordination between the European Union and the United States, I think still, constructive competition, not only in green economy, in subsidies, but also in some other sectors will give more risks for the European Union to, for example, try to insist its green economy industry policy.

Secondly, how about this Ukrainian issue? I don't want to say something more because it looks like China always is defending itself. It looks like China did something wrong once it insists its current position or attitude. I just want to say, maybe from the Chinese perspective, once China agrees with any kind of requirement from European Union side, especially to share some moral stance with European Union on Russia, certainly there will be more requirements from the European Union side. For example, the European Union side will require China to join into the sanctions against Moscow. And also, the European Union side will require China, maybe, to do something similar with the European Union, to drop down, or to reduce its economic and trade relations with Russia. All of these requirements, I don't think is in the interest of China.

I think another very big concern from China is, when something did in that way, when something done in that way, what's the benefit for China to get some more corporation from the European Union, or even from the United States? Now, I think it's just a very, very big dilemma from this requirement from the European Union on China is please join me to have some more condemns of criticisms, even sanctions against Moscow; but of course, at the same time, you need to do something to have some more influence on Moscow. So, I think it's a conflicting requirement from the European Union, because once China takes the side of the European Union on this Ukrainian crisis, I don't think there will be more space for China to impose influence on Moscow.

And also, finally, yes, now we are talking about any kind of possibility for China-EU relations, especially in the next year. Why? Because next year, there will be some political change happening not only in Washington and in Brussels, or maybe in some other capitals of European countries. I think that no matter what happened, the European Union side just

take the approach to deal with all of its crises and to try to reach resilience. Just like President [von de Leyen](#) mentioned, the European Union needs to go back to the future. Of course, going back to the future means there will be, maybe, a big cycle, or a big race we need to cover, or we need to reach. Unfortunately, the China-EU relations will be part of this approach of going back to the future from the European Union. But I think we are still confident about this future when we will be more patient, when we will have some more resilience. But of course, I think now the very big risk for the European Union side is going back to the future. The future would be the destination. But perhaps, once European Union, or some other players make some big mistakes, perhaps we'll just go back to the past, not in the future. Thank you.

## Fabian Zuleeg

*Chief Executive and Chief Economist, European Policy Centre (EPC)*



Thank you very much. I'm the last person standing between you and lunch, so I'll try to be very quick. So, I'll make very short points, but very happy to also continue that discussion over lunch.

First point I want to make, that Henry mentioned the condemnation of nuclear war, and I think it's important to say that this is extremely welcome, and I think it is something which needs to continue to happen, that it has to be clear that this cannot be an option in the war or Russia against Ukraine.

Second point, it is difficult to cooperate on climate change because it's intricately linked to industrial policy, to trade, to all of the issues. I mean, this is exactly what we had with electrical vehicles. Is it a climate change issue? Is it a trade issue? And I think that points towards actually more global conversations. We need to have an agreement on what constitutes relevant and effective action to promote climate change, and what is protectionism in that context.

Third point, I think sometimes the strong reactions to what happens in Europe by China, can make the situation worse. The Comprehensive Agreement on Investment was mentioned. I cannot see a future for the Comprehensive Agreement on Investment as long as there are sanctions on members of the European Parliament. So, these kind of reactions and counter-reactions in the relationship.

Fourth point, on the new political cycle, I think, yes, there might be change, but the same pressures and challenges remain. And while there is a diversity of opinions in Europe, I would actually argue that there is a fairly broad consensus on some of the key questions, on some of the key priorities. And sometimes I worry that some of the voices you hear in China are not very representative of that consensus. And I think that's why it's important to have these exchanges.

And my final point, this is a bit of a personal point as well: please feel free to criticize the EU, criticize what we are saying. But when I say something that my Chinese colleagues don't like, then please don't portray us as somehow coerced by the US. The EU has its own opinion. I have my own opinions. We do not speak for the US. We have a lot of disagreements also with the US. So please engage with us on any EU perspective. Thank you.