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## The Political and Economic Dynamics of EU-China Relations: An Analysis

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### Abstract

*Political and trade dialogues (1994) between China (Sino) and the European Union (EU) to establish a comprehensive Beijing-Brussels partnership (1995) began at the end of the Cold War with their summit-level meetings in 1998. This politico-economic partnership was founded within divergent historical, sociopolitical and ideological contexts. For example, the EU, a member of the Western Block and a strategic ally of the United States, was very different from China which stood alone as a populous country of the Eastern world with industrial and financial muscle. Despite these differences, the EU upholds Sino-EU partnership which is needed to survive with engagement, especially when politically adverse circumstances arise for the two entities at global stage. China, on the other hand, believes ties with the EU can last because it has invested in neoliberal economic principles that emerged after Mao's (1970-80) communism. These factors have played a pivotal role in holding and shaping the Sino-EU partnership for global collaboration, which the two entities believe will take them into the future.*

**Keywords:** EU-China relations, Economic partnership, Political engagement, Neoliberal economic principles, Trade

### Introduction

The Sino-EU politico-economic partnership, regenerated in the late 1990s, continues to play a strong role in the international trade and economic affairs of the two entities. At times overshadowed by China – UK relations and tension with the US or China – Russian ties, it sustains economic, political, and strategic objectives based on the historical legacies and national identities of its members. Over two and half decades of partnership, both entities have enjoyed extensive periods of mutual harmony, strong

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bilateral relations, and global cooperation; occasionally having disquiet between them resulting in benign blame for each other.

### **Classical and Neoliberalism**

Classical liberal economic philosophy, prevalent in the US and the UK, changed to *neoliberalism* after the Great Depression of the 1930s. Classical liberalism advocates that a free market can exist under the rule of law, where individuals are autonomous, have economic and political freedom, and can speak freely. The government exercises limited control on their activities. The neoliberalism that began after the 1930s introduced substantial but necessary state regulations in the political and economic affairs of individual-owned capital. This was necessary to keep capitalism viable.<sup>1</sup> The change to neoliberalism was based on the fact that in unregulated capitalist systems when individuals were free to establish entrepreneurship, they were more likely to create complications instead of solving them, therefore, state intervention was needed to guard free markets from financial failures.

Classical liberalism as an economic philosophy emerged in the seventeenth and eighteenth centuries, cultivating capitalism and industrial middle class in Europe.<sup>2</sup> Mature capitalism today believes that it can regulate a harmonious international order by advancing national interests. It exhibits a predilection for international cooperation as opposed to alternative methods like military action. According to Liberals, capitalism provokes fiscal damage and international conflicts among nation-states. They suggest that shared objectives can be achieved by utilising economic, social, and soft power. Indeed, in the contemporary era of globalisation, dialogue-based approaches have been more efficacious than coercive diplomacy in advancing national interests.<sup>3</sup>

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<sup>1</sup> David M. Kotz. "Globalization and Neoliberalism." *Rethinking Marxism* 12, No. 2 (Summer 2002): 64. [https://people.umass.edu/dmkotz/Glob\\_and\\_NL\\_02.pdf](https://people.umass.edu/dmkotz/Glob_and_NL_02.pdf). (Accessed on December 02, 2023).

<sup>2</sup> Kevin Harrison and Tony Boyd. "Liberalism: Understanding Political Ideas and Movement," (July 30 2018):3-4. <https://www.manchesteropenhive.com/view/9781526137951/9781526137951.00014.xml?chapterBody=PDF> (Accessed on September 22, 2022).

<sup>3</sup> See "Key Theories of International Relations," *Norwich University Online*, October 16, 2017, <https://online.norwich.edu/academic-programs/resources/key-theories-of-international-relations>. (Accessed on April 03, 2021).

The introduction to neoliberalism in China became visible when the new economic development strategy at the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party (CCPCC, 1978) was presented. This marked the beginning of China's reform and open-door policy,<sup>4</sup> which involved actively introducing foreign capital and technology to promote economic growth in China while upholding socialism, under the direction of Deng Xiaoping, who entered politics following three previous defeats.<sup>5</sup> Xiaoping was cognizant of the fact that China's development necessitated an external environment that was stable and favourable to international investment and trade. Consequently, he abandoned Maoist backing for a worldwide anti-capitalist uprising and decided to integrate China progressively into the Western-inspired neoliberal order.<sup>6</sup> Xiaoping started incorporating specific neoliberal characteristics such as de-collectivization, marketization, fiscal decentralisation, privatisation and corporatization of state enterprises, and so forth.<sup>7</sup> However, China's membership in the World Trade Organization (WTO, 2001) and market economy was opposed by some, who reckoned that WTO membership would lead to a full-scale neo-liberalization of the country,<sup>8</sup> as demonstrated by the Sino-EU partnership in 2003, which implemented the economic features of neoliberalism.

The European Economic Community (EEC) strongly backed Xiaoping's economic reforms forging diplomatic relations with the People's Republic of

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<sup>4</sup> Shigeo Kobayashi, Jia Baobo and Junya Sano. "The Three Reforms in China: Progress and Outlook," *Japan Research Institute* No.45 (September 1999), at <https://www.jri.co.jp/english/periodical/rim/1999/RIMe199904threereforms/> (Accessed on January 02, 2022).

<sup>5</sup> Ibid.

<sup>6</sup> Abraham Denmark. "40 years Ago, Deng Xiaoping Changed China-and the World," *The Washington Post*, December 19, 2018, <https://www.washingtonpost.com/news/monkey-cage/wp/2018/12/19/40-years-ago-deng-xiaoping-changed-china-and-the-world/> (Accessed on March 04, 2024).

<sup>7</sup> Alvin Y. So. "Globalization and the Transition from Neoliberal Capitalism to State Developmentalism in China," *International Review of Modern Sociology* 33, Special Issue (2007): 61-76. [https://www.jstor.org/stable/pdf/41421288.pdf?casa\\_token=thBC5nRwwEoAAAAA:\\_4eCseEw4dGBFK5sAiw8j4Ei7x9cx9hTsbzEpwWn\\_X\\_YVOYxlGg9RbbGUxoGNfj\\_NIBrdHr5mH0BzroPlpcgzSyCWj9x0IKtfdidz5fdEuBt\\_2qznBpVA](https://www.jstor.org/stable/pdf/41421288.pdf?casa_token=thBC5nRwwEoAAAAA:_4eCseEw4dGBFK5sAiw8j4Ei7x9cx9hTsbzEpwWn_X_YVOYxlGg9RbbGUxoGNfj_NIBrdHr5mH0BzroPlpcgzSyCWj9x0IKtfdidz5fdEuBt_2qznBpVA) (Accessed on January 01, 2024).

<sup>8</sup> Celal Bayari. "The Neoliberal Globalization Link to the Belt and Road Initiative: The State and State-Owned-Enterprises in China (alternative title: Bilateral and Multilateral Dualities of the Chinese State in the Construction of the Belt and Road Initiative)," MPRA Paper no. 104471 (December 03, 2020): 1-20. [https://mpra.ub.uni-muenchen.de/104471/1/MPRA\\_paper\\_104471.pdf](https://mpra.ub.uni-muenchen.de/104471/1/MPRA_paper_104471.pdf) (Accessed on October 22, 2022).

China (PRC) which quickly led to greater economic and political cooperation.<sup>9</sup> In its inaugural policy paper (2003), China expressed gratitude to the EU, its steadfast commitment to dialogue, the promotion of mutual understanding, and the strengthening of cooperation in safeguarding shared interests.<sup>10</sup> This established a relationship marked by an unparalleled level of amicability, which ultimately culminated in a comprehensive strategic partnership.<sup>11</sup> Both parties reached a consensus (2014) to protect global stability and peace by addressing regional and global issues and resolving international and regional conflicts through peaceful means with an equal emphasis on multilateralism and international institutions.<sup>12</sup>

### China – Western Europe relations

Lengthy periods of conflict and war spanning the 19th and 20th centuries had a profound impact on the China-West relationships. Europe's colonial powers, particularly Great Britain, Russia, Germany, and France subjected China to humiliation, exploitation, and occupation that left a huge impact on how China was perceived by Western Europe. The reluctance of the Chinese leadership to build an alliance with these powers was natural. However, the Chinese population aspired to Western culture and often desired the same for their own country. After World War I, when tens of thousands of Chinese citizens emigrated to the developed nations of the West, particularly Europe, mixed sentiments of fondness and aversion were observed. Notable among such citizens were Xiaoping, who spent five years in France, and many other Chinese leaders who had resided in Europe before coming back to China.<sup>13</sup> Leaders of the Chinese Communist Party (CCP) had drawn significant

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<sup>9</sup> See 'EU-China Relations in Challenging Times,' *European Parliament*, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/698751/EPRS\\_BRI\(2021\)698751\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/698751/EPRS_BRI(2021)698751_EN.pdf) (Accessed on May 11, 2023).

<sup>10</sup> China's 2003 Policy Paper on EU, available at <https://www.mfa.gov.cn/ce/cebe//eng/zywj/zywd/t1227623.htm> (Accessed on March 21, 2024).

<sup>11</sup> Joint Statement of the 8th EU-China Summit, *European Commission*, September 5, 2005, at [http://ec.europa.eu/external\\_relations/news/barroso/sp05\\_478.htm](http://ec.europa.eu/external_relations/news/barroso/sp05_478.htm); see also Joint Statement of the 10th China-EU Summit, *European Commission*, November 28, 2007, <http://www.eu2007.pt/UE/vEN/NoticiasDocumentos/20071202CHINA.htm> (Accessed on April 08, 2023).

<sup>12</sup> Joint Statement: Deepening the EU-China Comprehensive Strategic Partnership for Mutual Benefit, *European Commission*, March 31, 2014, [https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_14\\_89](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_14_89) (Accessed on June 22, 2023).

<sup>13</sup> Odd Arne Westad. "China and the End of the Cold War in Europe," *Cold War History* 17, No. 2 (2017): 111, at <https://www.tandfonline.com/doi/epdf/10.1080/14682745.2017.1315956?needAccess=true&role=button> (Accessed on February 11, 2024).

inspiration from the political ideologies of Europe. For example, the Chinese political system of communism was founded on the philosophical principles espoused by the European philosopher Karl Marx. Not favoured by Europe, China's communism dried up on paper, leading to economic reforms that "Europeanized" China in the late 1970s. Despite the US-USSR global order during the Cold War, the CCP leadership continued their focus on Europe to advance national interests,<sup>14</sup> influenced by capitalist Western Europe.<sup>15</sup>

The EU and the PRC made formal diplomatic links in 1975 followed by regular summits in late 1998. In the years after World War II, China and the European Commission (EC), the predecessor of the EU, had weak relations because of geographical and ideological disparities. However, many Western European countries like Denmark (May 1950), Finland (1950), Sweden (1950), Norway (1954), France (January 1964), and the UK (June 1954) normalised diplomatic relations with China long before the US.

China was politically, diplomatically, and economically isolated from Western Europe because of communism (1949), especially during the Maoist era. Mao believed the West was ideologically and politically distinct from the PRC,<sup>16</sup> and campaigned against cultural influences of the West outlawing nearly all Western cultural institutions in mainland China.<sup>17</sup> The divergence in fundamental ideological positions i.e. capitalism and communism contributed to non-cooperation between Western Europe and China. This rivalry was often compared to the rivalry between the United States and the Soviet Union.<sup>18</sup> Coming together of Western Europe and China was based on impressive economic growth by Western Europe, a factor that made it an ideal choice for China to pursue.

China was strongly against the two-superpower system and believed the rivalry between the two was a threat to peace and security in the world. Additionally, China believed their significant influence over global trade and commerce retarded the development of the least developed nations. As the

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<sup>14</sup> Ibid, 111-112.

<sup>15</sup> Ibid, 112.

<sup>16</sup> H. G. Gelber. *The Dragon and the Foreign Devils: China and the World, 1100 BC to the Present* (London: Bloomsbury Publishing, 2007), 331.

<sup>17</sup> W. Meissner. "Cultural Relations between China and the Member States of the European Union," *The China Quarterly*, No.169 (March 2002): 181-203.

<sup>18</sup> David Shambaugh. "China and Europe," *Current History* 103, No.674 (September 2004): 245.

Sino-Soviet divide arose, China and the European Economic Community (EEC) started sharing a common objective i.e. the implementation of a "unified action" if Soviet security threats became real.<sup>19</sup> To fight the heavyweights China tried to get the Third World, Japan, Australia, and, especially, the EEC to work together.<sup>20</sup> However, normalising ties between the EC and the PRC began when the US officially recognised China in 1972. The rate of bilateral relations between EC and PRC was slow and it took many years to develop.

### **Origins of Sino-EU engagement**

Beijing recognized Brussels (ECC, later EC and eventually EU) on May 8, 1975, signing their first agreement in 1978, followed by "an agreement on trade and economic cooperation (1985),"<sup>21</sup> disfavoured any individual trade agreements between the EEC members and Beijing. This agreement was followed by extensive economic reforms instituted by Xiaoping that introduced the concept of a market economy to let Foreign Direct Investment (FDI) flow into China.<sup>22</sup> Development of their bilateral relations would mean Western Europe was ready to help China if they were to find fresh sources of capital wealth, mineral deposits, oil, and natural gas. This relationship expanded to commercial and scientific coordination, and the introduction of the 'Four Modernisations' by China disclosed the largest global consumer market that strengthened the Sino-EU future.

The China-EC Trade and Cooperation Agreement (TCA, 1985)<sup>23</sup> became extensive for China because Western Europe had invested in a multicentred world, reducing their long-standing reliance on the United States. As

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<sup>19</sup> K. P. Broadbent. "China and the EEC: The Politics of a New Trade Relationship," *The World Today* 32, No. 5 (May 1976): 191.

<sup>20</sup> "Third World Struggle against Hegemony in Economic Sphere," *Peking Review* 18, No. 39 (1975): 7-21.

<sup>21</sup> Federiga Bindi. "European Union Foreign Policy: A Historical Overview". in *The Foreign Policy of the EU: Assessing Europe's Role in the World* 3<sup>rd</sup> ed. (Brookings Press 2022).

<sup>22</sup> Lucie Buttkus. "The European Union and China in the Economic Security Dilemma. How the Dynamic Development of Trust Alters Trade Cooperation," *Centre for European Research (CERGU)*: 4.

<sup>23</sup> Reuben Wang. "The Issue of Identity in the EU-China Relationship," *Politique Européenne*, No. 39 (2013): 163. [https://www.jstor.org/stable/pdf/48502697.pdf?refreqid=excelsior%3Ac6dce389edb97a5ca7ba5fab6d6bea72&ab\\_segments=&origin=&acceptTC=1](https://www.jstor.org/stable/pdf/48502697.pdf?refreqid=excelsior%3Ac6dce389edb97a5ca7ba5fab6d6bea72&ab_segments=&origin=&acceptTC=1) (Accessed on March 25, 2024).

Europe's autonomy increased, China endorsed a multipolar world, with Europe expressing self-determination in its foreign policies.<sup>24</sup>

### The EU post-Cold War

After the Cold War, the focus of the world shifted from military to economic globalization,<sup>25</sup> and the EU was not behind on this, especially, when it established its relations with the PRC. The European Security Strategy (ESS) elaborated “common challenges shared with partners necessitate international cooperation for achieving objectives; that includes multilateral cooperation in international organizations and partnerships with key actors.”<sup>26</sup> Equally significant were other international transformations, such as the establishment of the EU and the replacement of the formidable Japanese economy with Chinese trade. This bilateral cooperation, sustained prosperity, and economic growth was precisely how both Beijing and Brussels perceived the situation.<sup>27</sup> And any concerns over issues like the turbulent incident in Tiananmen Square (1989) were swiftly overcome between Beijing and Brussels. Western Europe had come to terms with the Tiananmen Square incident with no appreciable effect on the political or economic development of China.<sup>28</sup> Furthermore, China's economic and political baking of the EU in international affairs refreshed and facilitated bilateral relationships.<sup>29</sup>

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<sup>24</sup> Nicola Casarini. “Europe-China Relations and the New Significance of Central and Eastern European Countries.” *International Issues & Slovak Foreign Policy Affairs* 16, No. 3 (2007): 3–17. <https://ciaotest.cc.columbia.edu/journals/iisfpa/v3i3/0000769.pdf> (Accessed on November 12, 2023).

<sup>25</sup> Jing Men, “The EU – China Strategic Partnership: Achievements and Challenges,” *AEI*, European Policy Paper no.12 (November 2007): 2, [http://aei.pitt.edu/7527/1/2007-EU-China\\_Partnership.pdf](http://aei.pitt.edu/7527/1/2007-EU-China_Partnership.pdf) (Accessed on November 17, 2023).

<sup>26</sup> See “European Security Strategy: A Secure Europe in a Better World,” *Council of the European Union*, Brussels, 2003. <https://op.europa.eu/en/publication-detail/-/publication/d0928657-af99-4552-ae84-1cbaaa864f96/> (Accessed on December 19, 2023).

<sup>27</sup> George Friedman. “Beyond the Post-Cold War World,” *RANE*, April 2, 2013. <https://worldview.stratfor.com/article/beyond-post-cold-war-world> (Accessed on April 22, 2023).

<sup>28</sup> Jeremy Garlick. “A Critical Analysis of EU-China Relations: Towards Improved Mutual Understanding,” *Contemporary European Studies* 1 (2013): 53.

<sup>29</sup> Joern-Carsten Gottwald, Andrew Cottey and Natasha Underhill. “The European Union and China: Status, Issues, Prospects,” in Nora Sausmikat and Klaus Fritsche (eds.), *Civil Society in European-Chinese Relations Challenges of Cooperation* (Trans-national Institute, 2010), 9.

The EU believed the economic and political instability of the Asian region could pose a threat to its prosperity because Asian countries have been significant trading partners after the Cold War.<sup>30</sup> The EU wanted to improve and deepen its political dialogue with Asian countries to boost trade and direct investments.<sup>31</sup> In October 1993, Berlin pushed for maintaining economic ties with Asian and Pacific countries calling for stronger, more stable ties with Beijing.<sup>32</sup> It resulted in an EU communication, *Towards A New Asia Strategy* (NAS, 1994), that drew inspiration from the German initiative.<sup>33</sup>

The goal of this strategy was, "... the Union must implement proactive strategies that emphasise the more comprehensive and focused utilisation of economic cooperation to stimulate European investment and trade, as stated in the provided strategy. Significant changes spreading across Asia are inextricably linked to the reforms of formerly centrally managed economies, including those of China, India, and Vietnam."<sup>34</sup>

The EU also welcomed the delinking of trade and human rights by the US and termed it as a "step towards a more long-term strategy designed to influence developments in China through greater integration of China into global economic and trade relations."<sup>35</sup> The policy behind NAS suggested the EU's urgency to incorporate the PRC into the free, market-oriented global trade system. The economic prosperity of Brussels was contingent on the welfare

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<sup>30</sup> Nicola Casarini. "The Making of the EU's Strategy Towards Asia,". In Nicola Casarini and C. Musu (eds.), *European Foreign Policy in an Evolving International System* (London: Palgrave Macmillan, 2007), 209-225, [https://doi.org/10.1057/9780230593145\\_14](https://doi.org/10.1057/9780230593145_14) (Accessed on July 02, 2023).

<sup>31</sup> Communication from the Commission, "Europe and Asia: A Strategic Framework for Enhanced Partnership," Brussels, (September 04, 2001), 3. <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0469:FIN:EN:PDF> (Accessed on July 09, 2023).

<sup>32</sup> Laurens Hemminga. "Will Germany Set the Ton Again for Europe's Asia Policy?," *THE DIPLOMAT*, September 05, 2020, <https://thediplomat.com/2020/09/will-germany-set-the-tone-again-for-europes-asia-policy/> (Accessed on January 08, 2024).

<sup>33</sup> See Press Release, National Archives of Singapore Library October 26, 1994, <https://www.nas.gov.sg/archivesonline/data/pdfdoc/sj19940924s.pdf> (Accessed on March 01, 2023).

<sup>34</sup> "Towards A New Asia Strategy," *Commission of the European Communities*, COM (94) 314 final, Brussels (July 13, 1994): 02, <http://aei.pitt.edu/2949/1/2949.pdf> (Accessed on May 01, 2023).

<sup>35</sup> *Ibid*, 8.



of its partner and its liberal structure.<sup>36</sup> And despite human rights and democracy issues, political engagement between the EU and China prevailed.

### **The EU-China Communications**

*A Long-Term Policy for China-Europe Relations* (EU, July 1995) urged all the EU members to fortify relations with the PRC; the policy said, “To align with China's global, regional, economic, and political sway, Europe must establish a lasting partnership with the Chinese people. It is inevitable that Europe's external relations, both with Asia and globally, will be built upon its relations with China.”<sup>37</sup> China's ascent to global economic dominance, particularly as a result of its internal political and economic reforms, prompted a second communication *Building a Comprehensive Partnership with China* (EC, March 1998).

It said:

China has undergone a remarkable transformation since Deng Xiaoping. A largely closed-off centrally-planned economy is being rapidly replaced by one that is more market-oriented and engaged in international trade as the nation undergoes a profound internal transformation. Despite the incomplete adherence to universal standards regarding human rights, this development has been accompanied by a substantial transformation in China's civil society. China's growing political and economic self-confidence should prompt the EU to engage more fully with the country.<sup>38</sup>

The communication aimed to establish a comprehensive partnership focusing on the successful integration of China as an equal partner in the world economy, fostering a strong civil society based on fundamental

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<sup>36</sup> Der-Chin Horng. “The EU's New China Policy: The Dimension of Trade Relations,” *Issues and Studies* 34, No.7 (July 1998): 97.

<sup>37</sup> “A Long-Term Policy for China-Europe Relations,” *Communication from the Commission*, Brussels, (July 05, 1995): 1. <http://aei.pitt.edu/2784/1/2784.pdf> (Accessed on June 07, 2022).

<sup>38</sup> “Building a Comprehensive Partnership with China,” *Communication from the Commission*, Brussels (March 25, 1998) :3, <http://aei.pitt.edu/4353/1/4353.pdf> (Accessed on March 04, 2022).

freedoms and human rights,<sup>39</sup> and the word "partnership" was used for the first time in the EU-China relationship. This was followed by a third policy paper, *EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy* (EU, May 2001)<sup>40</sup>, that elucidated:

The EU faces a significant opportunity and challenge in its relations with China, with long-term aims still valid. The EU has proposed short and medium-term objectives and action points to enhance EU-China interactions. A successful relationship requires commitment from both partners, and the challenge is to engage China comprehensively on key issues, including political and economic integration, human rights, and the rule of law. A comprehensive partnership between the EU and China will serve both interests, improve citizens' lives, and promote positive global solutions.<sup>41</sup>

These communications pointed out that the EU had vigorously adopted "constructive engagement" (unlike the US which had engagement-containment relationships) with the PRC, but China was still facing great difficulties in pursuing a unanimous strategy towards the EU.<sup>42</sup>

### **The Sino-EU strategic partnership**

The previous communications (EU, 1995, 1998, and 2001) paved the way for Beijing's entry into the WTO, a development regarded as the cornerstone upon which the Sino-EU Comprehensive Strategic Partnership was constructed in 2003.<sup>43</sup> China also issued its first-ever Policy Paper (2003) in the same year, which said:

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<sup>39</sup> Ibid, 24.

<sup>40</sup> See "Appendix 7: A History of EU Relations with China," at <https://publications.parliament.uk/pa/ld200910/ldselect/ldcom/76/7621.htm> (Accessed on August 08, 2023).

<sup>41</sup> "EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy," *Communication From The Commission To The Council And The European Parliament*, Brussels (May 5, 2001), COM(2001) 265 final: 20, <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0265:FIN:EN:PDF> (Accessed on April 09, 2024).

<sup>42</sup> Eberhard Sandschneider. "China's Diplomatic Relation with the States of Europe," *The China Quarterly* (2002): 33. <https://library.fes.de/libalt/journals/swetsfulltext/13230831.pdf> (Accessed on July 11, 2023).

<sup>43</sup> Lucie Buttkus. "The European Union and China in the Economic Security Dilemma. How the Dynamic Development of Trust Alters Trade Cooperation," 4.

It is natural, however, that the two parties hold divergent opinions or even hold a disagreement on certain matters, considering their dissimilarities in historical context, cultural legacy, political structure, and economic progress. If, however, the two parties approach their differences in a manner of mutual respect and equality, China and the European Union's relations of mutual benefit and trust will remain unaffected. The degree of convergence between China and the EU significantly surpasses their divergences. Both China and the EU advocate for democracy in international affairs and support a strengthened role for the UN.<sup>44</sup>

The policy highlighted its main goals as:

1) "Contribute to world peace and stability while fostering a sound and steady development of China-EU political relations by the tenets of mutual trust, equitable consideration of divergences, and mutual respect; 2) Foster equitable consultation and economic cooperation between China and the European Union, to advance shared development; 3) Through the promotion of cultural harmony and progress between the East and the West, and in furtherance of the principle of mutual emulation, common prosperity, and complementarity, enhance cultural and people-to-people exchanges between China and the EU."<sup>45</sup>

The second policy paper (2014) pointed out that China was ready to collaborate with the EU for peace and growth, aiming to promote peaceful development in a multi-polar world with respect for each other's interests and promote democracy in international relations.<sup>46</sup> In the third policy paper

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<sup>44</sup> See "China's EU Policy Paper", (October 13, 2003). Available at [http://cy.china-embassy.gov.cn/eng/zgyom/200310/t200310\\_13\\_3122851.htm](http://cy.china-embassy.gov.cn/eng/zgyom/200310/t200310_13_3122851.htm) (Accessed on July 22, 2022).

<sup>45</sup> "China's EU Policy Paper",

<sup>46</sup> "Full text of China's policy paper on EU," *China Daily*, (April 02, 2014), at [https://www.chinadaily.com.cn/world/cn\\_eu/2014-04/02/content\\_17401044.htm](https://www.chinadaily.com.cn/world/cn_eu/2014-04/02/content_17401044.htm) (Accessed on June 01, 2023).

(2018), China wished for a united, stable, and prosperous Europe, supporting its integration process and developing ties with EU institutions.<sup>47</sup>

The narrative of 'security under bipolarity' promoted by Maoist China relegated Western Europe to a "secondary" position in its ties with the PRC around twenty-five years after the advent of the Cold War.<sup>48</sup> Western Europe and China subsequently grew closer due to a confluence of events, including a geostrategic shift during the final stages of the Cold War and, in particular, the rapid economic globalisation in the West. Significant strides were made in their relations during the decade following the end of the Cold War. For instance, the EU convened the first Sino-EU summit in 1998, which illustrated the proactive measures the PRC took to cooperate with the EU.<sup>49</sup>

### **The Future of Sino-EU Partnership**

Diplomatic relations between the EU and China have been focused on trade and economic cooperation. However, the EU has shifted its perception and policies towards China, viewing it as a partner for global issues, a technological and economic competitor, and a systemic rival.<sup>50</sup> Both have ultimately evolved from a mutual idealism in the early 2000s to a pragmatic, tangible relationship based on mutual understanding and goals. Similarly, both are trying to address the persistent issues of high expectations and low returns in their relationship.<sup>51</sup>

Recently, the French President Emmanuel Macron advocated the EU's need to seek strategic independence and refrain from joining the US in a potential

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<sup>47</sup> See "China's Policy Paper on the European Union," *Ministry of Foreign Affairs of the People's Republic of China* (December 18, 2018), at [https://www.mfa.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/201812/t20181218\\_679556.html](https://www.mfa.gov.cn/mfa_eng/wjdt_665385/2649_665393/201812/t20181218_679556.html) (Accessed on October 22, 2023).

<sup>48</sup> Yong Deng. "Remolding Great Power Politics: China's Strategic Partnerships with Russia, the European Union, and India," *The Journal of Strategic Studies* 30, Nos. 4 –5 (August – October 2007): 890.

<sup>49</sup> Ibid.

<sup>50</sup> Andreea Brinza, Una Aleksandra Bērziņa-Čerenkova and Philippe Le Corre. "EU-China Relations: De-risking or De-coupling-the Future of the EU Strategy towards China," *European Parliament*, (March 2024): 1, [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO\\_STU\(2024\)754446\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU(2024)754446_EN.pdf) (Accessed on March 21, 2024).

<sup>51</sup> Kerry Brown. "China-EU Relations: Where to Now?" (Asia Centre, September 2016): 3. Visit at [https://asiacentre.eu/wp-content/uploads/2024/01/TW\\_MaelleLefevre.pdf](https://asiacentre.eu/wp-content/uploads/2024/01/TW_MaelleLefevre.pdf) (Accessed on December 06, 2023).

war with the PRC on the Taiwan issue. His position as a global leader was immensely appreciated by the Chinese people.<sup>52</sup> Beijing took this opportunity to solicit the EU to act as a mediator between the Beijing and Washington conflict rather than allying itself with the US.<sup>53</sup>

Based on these events one can predict a strong future of Sino-EU ties, but the EU perceives Moscow as a huge security threat and watches Beijing inching towards Russia.<sup>54</sup> For now, this may not affect the Sino-EU relations negatively because of the optimism in the statements of President Xi Jinping when he emphasised that Beijing and Brussels should never indulge in an open conflict despite distinct political, economic, and social backgrounds. He has also proposed the EU should come forward to help resolve wars in Ukraine and Gaza jointly.<sup>55</sup>

### Conclusion

The politico-economic partnership between China and the EU has slowly developed after the Cold War. Now vibrant, this relationship has gone through ups and downs with simmering agitations that continue. This partnership shall hinge upon a complex interplay of geopolitical and geoeconomic factors that involve fewer international but greater internal underpinnings between the two entities. If internal factors remain under control significant collaboration is expected. However, analysts believe the two entities are less likely to agree on global issues such as the Middle East, Ukraine, and Asia-Pacific.<sup>56</sup>

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<sup>52</sup> Yan Shaohua, "Sino-French Ties Bolster China-EU Relations," *China Daily*, 29 April 2024), <https://www.chinadaily.com.cn/a/202404/29/WS662f696ba31082fc043c4b12.html> (Accessed on May 03, 2024).

<sup>53</sup> Ibid.

<sup>54</sup> Abigael Vasselier. "Relations between the European Union and China: What to Watch for in 2024," *Mercator Institute for China Studies*, (January 25, 2024), <https://merics.org/en/merics-briefs/relations-between-eu-and-china-what-watch-2024> (Accessed on March 12, 2024).

<sup>55</sup> Zhao Ziwen. "China urges Europe to help jointly resolve conflicts in Gaza and Ukraine," *South China Morning Post*, November 04, 2023. Visit at <https://www.scmp.com/news/china/diplomacy/article/3240341/china-urges-europe-help-jointly-resolve-conflicts-gaza-and-ukraine> (Accessed on December 22, 2023).

<sup>56</sup> "EU – China Summit: Leaders say 'Differences', Rivalries must be Addressed," *Al Jazeera*, December 07, 2023. Visit at <https://www.aljazeera.com/news/2023/12/7/eu-and-china-summit-kicks-off-with-high-hopes-and-tough-agenda> (Accessed on December 30, 2023).