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Tipping Scales: Europe's Balancing Game with China



Contents

01	Simulacra Machine in Overdrive: Europe in Flux Warwick Powell	01
02	Are the European Union's Expectations of China Realistic? Sebastian Contin Trillo-Figueroa	07
03	Weights and Measures: The Great EU Balancing Act Einar Tangen	14
04	Sino-European Relations Tend Toward Stability Ding Yifan	21
05	Toward a Pragmatic, Comprehensive Europe Strategy for China in 2024 Brian Wong Yueshun	25

Simulacra Machine in Overdrive: Europe in Flux

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The European Union (EU) and Europe more broadly are doubtless in a moment of transitional flux. The longstanding and bloody conflict in Ukraine exemplifies a political set-up that has, in fact, failed to achieve a meaningful and stable post-Soviet settlement. The 30 years of Western dominion since the dissolution of the Soviet Union – the unipolar moment dominated by the US and its collective Western allies – did not deliver "perpetual peace." Rather, as we can see today, the accumulated result of the last three decades of practice has seen the EU reach, if not a precipice, a fork in the road.

The Simulacra Machine and Autoimmunity

Against this backdrop, the EU political leadership seems to be lost, or somewhat oddly hellbent, on heading down the primrose path. Rather than confront the realities of policy failure and acknowledge the need for a radical rethink of priorities and approaches, the political elites that have dominated European affairs in recent decades – the bureaucrats of the European Commission headquartered in Brussels and the political leaders of France and Germany in particular – have doubled down. Cocooned in an echo chamber, the world they describe is more akin to the work of a Simulacra Machine. The results of this Machine are, as Jean Baudrillard suggested in his prescient work *Simulacra and Simulation*, "models of a real without origin or reality: a hyperreal... It is no longer a question of imitation, nor duplication, nor even parody. It is a question of substituting the signs of the real for the real." Baudrillard described the progressive distance between the simulation and the "sacramental order" – a reality that defies the fiction of imagination.

The simulations are what are termed "narratives" in today's parlance. Visually, these narratives are buttressed by spectacles, events, and actions designed to capture a moment, harnessing the affective predilections of those intoxicated by the universalist project of Western liberalism and trying to recover a dissipating belief in the civilizational virtuosity of the collective West. As Francis Fukuyama's "End of History" moment burns, the Western elites, like Nero, continue to fiddle in their hyperreal world. Their obsessions seem to focus not only on narrative *control* but also on narrative *victory*, as if the war was being fought in the echo chamber of their Simulacra Machine. Yet, the daily and repeated rhetorical flourishes and slogans that feed the Simulacra Machine not only detach from the "sacramental order," but also contribute to decisions and actions that lead to outcomes in the real world that are destructive, even self-destructive. The Simulacra Machine is at once a maker of dreams and nightmares and a factory of autoimmune responses that destroy the world it seeks to protect, in the name of protection.

Ursula von der Leyen, the President of the European Commission, promised that the Russian economy would be turned into tatters. Yet, it wasn't.

The Russian ruble was not turned into rubble, as promised by US President Joe Biden.

Russia was more than a "gas station masquerading as a nation," which was how the late US Senator John McCain described it in the lead-up to the crisis in eastern Ukraine that began in April 2014. The Russian economy is stronger today than it has been any time in the last decade, growing at rates higher than any G7 nation.

"For God's sake, this man cannot remain in power," railed US President Joe Biden in March 2022, in a not-very-oblique call for regime change in Moscow. Nevertheless, Russia's President Vladimir Putin was re-elected with a popular vote of over 80% in May 2024.

Russia was accused of mounting a "full-scale" and "unprovoked" invasion of Ukraine in early 2022. Yet, serious analysts and observers, including the US' own intelligence and diplomatic personnel dating back to George Kennan and Henry Kissinger, all knew that NATO's expansion eastward *was* provocative and *would* lead to war. Putin warned of this back in 2007 in Munich, but Russia's concerns were dismissed. The sugar high of unipolarity necessitated this. As for the idea that Russia mounted a "full-scale invasion," this is palpably laughable. Any military analyst worth their salt knew that 200,000 men were well short of what a "full-scale invasion" would require.

Russia is running out of ammunition and men, claimed assorted Western sources throughout 2022 and 2023. By 2024, the realization that the reverse was the case began to seep out via the mainstream Western media. Glitches in the Simulacra simply could not be plastered over forever.

The vaunted Ukraine offensive of mid-2023 – prepared and resourced by NATO – was meant to deliver the final blow to Russia. An assortment of Western weapons was meant to overwhelm a Russian army that was, by comparison, fighting with World War II peashooters. Western equipment superiority was to prove decisive, as the Simulacra envisaged. Wrong. If the war in Ukraine is a system-on-system contest, it is clear that the Simulacra is being bested by the "sacramental order." Western doctrine has failed to catapult the Ukrainian proxy military to victory, despite having been trained and resourced since 2014 to become one of Europe's largest land armies. Western supply chains have failed to deliver repair and replacement capabilities to match those of Russia.

Meanwhile, the Eurozone economies began to confront the realities of deindustrialization in the face of rising energy costs. Energy costs spiked because of Western decisions to impose sanctions on Russian oil and gas. The Simulacra is that Russia chose to stop the oil and gas. The reality is that the Eurozone as a whole is close to recession. Some of its major economies have entered recessions. The powerhouse of the Eurozone – Germany – is a shadow of its former self, wracked by industrial hollowing out as energy uncompetitiveness bites and industries shutter for good, or pick up and move across the Atlantic.

These observations aren't expressed as moral opprobrium, nor are they endorsements of the actions of either the European elites or Russia. They are just observations of an unfolding reality in which the collective West has sought to manufacture and live in a Simulacra with a diminishing relationship and resemblance to the "sacramental order."

The Revenge of the Sacramental Order

But the "sacramental order" can't be ignored forever.

The EU parliamentary elections were held in early June 2024. The results are suggestive of a populace that is tired not only of the Simulacra but also of the consequences of an elite privileging Simulacra production over what is being witnessed and experienced in the daily lives, and deaths, of people across Europe.

Candidates opposed to the elite obsessions with persisting with the war in Ukraine – from both the so-called "radical right" and the left – succeeded in ways that were inconceivable a few years ago. In France, the National Rally garnered over 30% of the vote, consolidating its position as a leading nationalist party in the European Parliament. In response, President Emmanuel Macron has called for a snap election of the National Assembly. Similarly, the Brothers of Italy party of Italian Prime Minister Giorgia Meloni raked in over 25% of the vote in Italy. In Germany, the Alternative for Germany (AfD) party did particularly well in the country's east, while the conservative Christian Democrats scored resounding victories over Chancellor Olaf Scholz's Social Democrats and his coalition partners, The Greens, elsewhere across the country.

These gains may not be sufficient to block the path to a second-term presidency for Ursula von der Leyen, but they show a growing disquiet in the body politic about the direction and priorities of European elites.

Other fractures are appearing too, as the disparate interests of the various member states become increasingly evident. Under a cloud of economic recession, national governments are confronting daunting questions of policy directions that can alleviate short term pains and lay the groundwork for revitalization over the medium to long term. The relationship between the Eurozone economies and China looms large as a result. While some European states are echoing the increasingly shrill and hostile voices directed at China from Washington, others have a lot more at stake economically. Disentangling from China could be economically disastrous, particularly for economies that have long benefited from tight interconnections with China, such as Germany.

The recent decision by the European Commission to impose tariffs on imported Chinese electric vehicles (EVs) exemplifies the fracturing interests at play across the EU. German industry can ill afford a trade war with China, given that it experiences a manufacturing trade surplus with China. The French care less, and so they have expressed stronger support for more aggressive protectionist measures. Meanwhile, Hungary and Spain are showing that alternative pathways are possible. Hungary has welcomed Chinese EV investments, with BYD set to begin production from its new factory in Szeged in three years. The plant aims to ramp up annual production to 200,000 cars over time. Chery has recently joined with a Spanish company in a joint venture to refurbish an abandoned Nissan plant in Barcelona. The Italian government has reached out to BYD to sound out their interest in setting up a plant in Italy. Outside the EU, Serbia is welcoming Chinese industrial

investment. As the EU seems to be plunging itself down the fast track to warfare, Serbia takes delivery of high-speed trains from China.

The EU and some member states are also agitated about the competition from Chinese-manufactured solar photovoltaics (PVs). While European PV production capacity is only capable of meeting about 3% of its total demand, voices are calling for greater protectionism to prohibit Chinese imports from gaining further market share. As these debates play out, the EU's decarbonization ambitions are fraying and run the risk of being left in tatters. Decarbonization can best take place with the rapid deployment of the least costly technical solutions. Once deployed, low-cost renewable systems deliver greater energy sovereignty and access to lower marginal costs. Reindustrialization can then take place. Europe's lack of energy sovereignty and exposure to relatively high costs are difficult to resolve without at least some significant contribution from Chinese renewable technologies. Serbia, incidentally, is simply getting on with its renewable energy strategies with the help of Chinese technology partners.

The Future Lasts a Long Time

Centrifugal forces across Europe are intensifying as divergent national interests become more pronounced. The results of the recent EU parliamentary elections could create conditions less conducive to "whole-EU" policies developed by the technocrats in Brussels, as local populations demand nationally focused policies.

The EU as a project has confronted the limits imposed by ideological hubris and tepid political leadership in the face of pressure from across the Atlantic. The seeds of the EU's slide can be traced back to the Munich Security Conference in 2007 when Putin made clear of Russia's concerns about NATO's eastward expansion. Despite meek protests from former German Chancellor Angela Merkel at the time, the Americans steamrolled their agenda. The deals reached at Minsk were, as we now know, never to be implemented as the collective West was only interested in buying time. Merkel and former French President Francois Hollande have both confirmed this.

Deindustrialization is real and palpable. Tariffs on EVs are unlikely to be meaningful, other than adding costs to households and enterprises already suffering under the weight of inflation. I say it is not meaningful because the problems for European industry are a whole-of-ecosystem problem involving suboptimal supply chains and the baked-in effects of hollowing out. High energy costs are hard to overcome in the

short term without resolving the political issues with Russia and engaging with low-cost, high-volume Chinese-made renewable technologies.

Europe is in flux. Persisting with the Simulacra will likely lead to the same outcomes seen so far. The "sacramental order" is unforgiving. While voters have expressed displeasure, will there be any meaningful change in elite policy direction? The signs suggest that the principal voices of EU elites in Brussels, Paris, and Berlin – buttressed by those emanating from London – will remain steadfast and continue with their current strategies. What hasn't worked to date has simply failed because it hasn't been implemented at "full throttle." Meanwhile, the "sacramental order" of economic contraction and declining living standards will work across the body politic, one community at a time, one nation at a time. Some are seeking alternative pathways by turning toward the East.

Europe as a whole, and its individual member states, are now at a fork in the road. Will Europe recede to be an appendage of the transatlantic American order, or will it – in whole or in part – find ways to emerge from the maelstrom as a bulwark of a growing Eurasian continent?

Are the European Union's Expectations of China Realistic?

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China and the EU, a Tale of Two Diverse Political Entities

In the heart of the economic global stage, two giants and ancient civilizations stand prominently: China, home to 1.4 billion residents, and the European Union (EU), comprising 27 states and 450 million citizens. Beyond their size lies a profound divergence in political systems and cultures, fueling disparities in geopolitics, trade, or technological prowess.

China's centralized state pursues strategic goals with a clear vision, enabling swift, decisive action and influence, making it a formidable global power. Economically, China's verticality leverages state subsidies and expansive infrastructure projects like the Belt and Road Initiative (BRI) for market influence. Technologically, China invests heavily in AI and 5G to expedite growth.

In contrast, the EU's consensus-driven process frequently results in diluted and protracted decision-making, rendering it susceptible to vulnerabilities. Economically, the EU is a single market prioritizing free trade and fair competition, today distressing its industrial competitiveness. Technologically, Europe emphasizes regulation and ethical standards over development.

Militarily, China boasts one of the most formidable armies, whereas Europe lacks a common defense, relying security on the US-led North Atlantic Treaty Organization (NATO). Geopolitically, China's regional influence contrasts with the fact that Europe has limited geopolitical influence. Environmentally, China aims for carbon neutrality by 2060, while the EU ambitiously targets 2050. Governance-wise, China places great emphasis on stability, while Europe champions democracy, rule of law, and human rights.

These nuances reflect deeper political disparities, influencing their global roles and ambitions. Effective expectation management is crucial in such complex relationships, as mishandled prospects can lead to misunderstandings and conflict. Regrettably, over the past decade, Sino-European relations have cooled, unveiling convoluted dynamics and various contributing factors.

The Core Difference: Realist State vs. Liberal Organization

The fundamental difference between China and the EU lies in their distinct natures: China operates as a realist state in a realist world, while the EU functions as a liberal international organization in the same realist world.

China possesses a clear understanding of its identity and objectives. Put plainly, China knows precisely what it is, and what it wants. Under the leadership of the Communist Party of China, Beijing has a definitive sense of purpose, aiming to solidify its status as a key actor in contemporary global politics.

In contrast, Brussels grapples with an existential quest for the EU's identity and geopolitical standing. Former President of the European Commission Jacques Delors aptly described the EU as a "sort of unidentified political object." Unlike a Westphalian state or a traditional international organization, the EU enacts legislation on its 27 states yet lacks a unified military force and cohesive foreign policy. This structural ambiguity hinders ambitions to emerge as a geopolitical power.

Was 2019 the Year of Transformative Shifts?

The cornerstone of the Sino-EU relationship was laid with the Agreement on Trade and Economic Cooperation in 1985, further fortified by the Comprehensive Strategic Partnership in 2003.

After that, and largely driven by economic interdependence, the association worked relatively well for almost two decades. However, since 2013, Europe has claimed concerns about China's persistent *divide et impera* diplomatic strategy, which favors a "bilateral bypass approach" with individual states or sub-regional groups over engagement with EU institutions.

Despite China's attempts to alter this course with its third EU Policy Paper (2018), which emphasized positive rhetoric, within a year the EU approved the EU-China – A Strategic Outlook.¹ This Communication depicted China not just as a negotiating partner and economic competitor but also as a "systemic rival," leading to increased suspicion and differing perspectives, reshaping their interactions significantly.

Although initially framed to emphasize contrasting political systems, this reflected Europe's concerns about China prioritizing development and the impacts of its state-led economy. However, this redefinition also highlighted the complexities arising from China's rapid ascent. Indeed, many hurdles Europe encounters today stem from China's remarkable growth and vast influence, rather than purely political factors, affecting the EU's aspirations to assert itself as a major global power.

Less than a month after the Communication's publication, the China-EU Summit on April 9, 2019, resulted in a comprehensive Joint Statement,² indicating EU hesitancy regarding the next steps and revealing inconsistencies in the approach toward its key trading partner.

The parties committed to various objectives such as fostering fair competition, reaffirming the universality of human rights, and enhancing cooperation under the China-EU Cyber Taskforce. It also stressed collaboration on 5G networks, recognizing them as the "basic backbone for future economic and social development." Both sides were optimistic about the forthcoming Comprehensive Agreement on Investment (CAI) for 2020, aimed at resolving longstanding trade disputes. Additionally,

1 European Commission, *Joint Communication to the European Parliament, the European Council and the Council, EU-China – A Strategic Outlook*, March 12, 2019, <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52019JC0005>.

2 People's Republic of China and the European Union, *China-EU Summit Joint Statement*, April 9, 2019, http://www.xinhuanet.com/english/2019-04/09/c_137963348.htm.

they addressed challenges such as steel overcapacity, advocated for peaceful resolutions in the South China Sea, and supported the full implementation of the Minsk agreements concerning Ukraine.

What Happened Since Then?

Despite these commitments, progress stalled, solidifying mutual distrust. The EU's denunciation of human rights violations, weaponization of technology with the exclusion of Chinese companies from 5G networks, and the CAI's failure due to external pressures and reciprocal sanctions disrupted all agreed objectives. The bloc initiated probes into Chinese industries for subsidies and overcapacity, while disputes over the war in Ukraine exacerbated tensions. Only cross-strait relations remained outside major discussions. All of these underlined their increasingly divergent bilateral perspectives.

This transition raises questions about Europe's motivations for this evolving stance, possibly driven by concerns about states being overly reliant on Chinese trade, ambitions to pursue federal strategies beyond actual EU competencies, adjustments to global power dynamics, efforts to reconcile trade relations amid ethical disparities, selective emphasis on cultural differences, and the desire to strengthen a "European identity."

While these elements collectively contribute to a complex setting, the situation may be less intricate than initially perceived. Unlike the US and some Asian nations, Europe does not perceive China as a military threat. However, since 2019, the EU has passed measures to integrate geopolitics into its China policy, accentuating political disparities seemingly without a discernible purpose – actions often supported, coordinated, or driven by Washington.

To begin with, the EU's classification of China as a "systemic rival" mirrors the US' portrayal of China as a "long-term strategic competitor,"³ indicating a departure from containment strategies. America reinforces this definition with the "China threat" concept, a path Europe has not followed. This debate has been particularly intense within NATO, with the US advocating for aligning the conceptualization of China with that of Russia. Conversely, European allies resist this notion, maintaining a more nuanced stance and seeking to balance cooperation with competition.

³ US Department of Defense, *Summary of the 2018 National Defense Strategy of the United States of America*, January 19, 2018, <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.

China vehemently rejects the "systemic rival" label, citing historical, cultural, and normative reasons. As its global influence grows, Beijing has moved away from traditional concepts like "Tianxia" to emphasize ideas like "a community with a shared future for mankind" and win-win cooperation. Chinese Foreign Minister Wang Yi criticized the label in 2021, arguing for customized systemic choices based on individual country frameworks.⁴

However, the prevailing context has not permitted nuances or a return to normal relations. Since December 2019, following the inauguration of the self-proclaimed "geopolitical Commission,"⁵ the EU declared a wish to embrace the "language of power."⁶ Despite this assertion, significant changes had not materialized by 2024, and the measures implemented against China often resulted in self-inflicted setbacks. Essentially, the EU has not fully encompassed a geopolitical role and still needs to acknowledge its limitations in initiating such actions as effectively as the US. And when China retaliates, EU internal disagreements escalate, leading to ongoing skepticism and discord.

This transition was predisposed by longstanding US influence within EU institutions and the decline of Pax Americana. The COVID-19 pandemic exposed vulnerabilities, with Chinese supply chain disruptions causing shortages in Europe. China's growing global role, marked by increased military assertiveness and position on the Ukraine war, has heightened EU's concerns about its neutrality and ties to Moscow, prompting renewed cooperation with the US.

Subsequently, in 2023 the EU introduced a "de-risking" strategy to diminish reliance on China for critical assets, diversify trade partnerships, and bolster competitiveness in pivotal sectors, such as the "new three" (electric vehicles, lithium-ion batteries, and photovoltaic products). This initiative also targeted rare earths, semiconductors, and wind turbines. Economic security measures were sanctioned on Beijing's exports, alongside heightened scrutiny through anti-subsidy investigations.

The EU's response included pursuing complete energy decoupling from Russia and initial efforts to reduce dependence on NATO for defense. This renewed push involved advancing a common defense policy and aligning with the concept of "strategic autonomy" – the capacity to act independently. The goal was to position Europe as the

4 "System Difference 'not Ground for Antagonism, Confrontation': Chinese FM," *Xinhua*, March 7, 2021, http://www.xinhuanet.com/english/2021-03/07/c_139792463.htm.

5 Ursula von der Leyen, transcript of speech delivered in the European Parliament plenary session, Strasbourg, November 27, 2019, https://commission.europa.eu/document/download/92e3af02-8882-4e37-b073-120d47f3a011_en?filename=president-elect-speech-original.pdf.

6 Josep Borrell, "Europe Must Learn Quickly to Speak the Language of Power," interview by Joseph Weiler, October 29, 2020, https://www.eeas.europa.eu/eeas/several-outlets-europe-must-learn-quickly-speak-language-power_und_en.

"third superpower" alongside China and the US, striving to become a significant player in global power politics.

2024: Charting the Path Forward

In 2024, China's economy faces numerous challenges, while Europe grapples with the war in Ukraine and China-related economic issues, such as trade imbalances, market access disparities, and overcapacity concerns. Concurrently, the US promotes protectionism through initiatives like "America First," "Made in America," the CHIPS and Science Act, and the Inflation Reduction Act. If these interconnected factors remain unresolved, competition pressures are likely to escalate.

Over the past two years, leaders of China and EU have engaged in discussions to address these issues. However, recurring concerns voiced by the EU appear non-negotiable for China. While there is potential for agreement on secondary matters, the structural defies in their partnership remain unchanged, overshadowing any superficial consensus.

In response to this impasse, EU leaders are poised to deploy the latest economic security toolbox. However, China has swiftly retaliated with export curbs on critical raw materials essential for green initiatives like gallium, germanium, graphite, and key rare-earth technologies. This tit-for-tat underscores a growing cycle of retaliatory actions, complicating efforts to find common ground.

Despite these challenges, China-EU trade continues surprisingly unabated, with geopolitical disparities currently compartmentalized. Yet, the longevity of this arrangement remains precarious amid escalating global tensions.

The EU Urgently Needs a Logical China Policy.

The EU has demonstrated considerable progress in recent years, acting collectively to navigate defies such as the pandemic, launching ambitious NextGenerationEU projects, and addressing the complexities surrounding the war in Ukraine while decoupling from Russia.

However, its China policy reveals a darker side, exposing vulnerabilities and inconsistencies. For instance, initiatives like the Global Gateway, originally designed to counter China's BRI, have faltered, appearing more as a superficial branding exercise to encompass development efforts. This strategy is characterized by unclear political direction, inconsistent commitment to developing countries, absence of specific metrics, and ineffective implementation procedures.

Against this backdrop, a critical question emerges: Can Europe realistically confront China given their interdependence, and the necessity for both to prioritize cooperation over competition in addressing global issues that demand consensus?

The answer hinges on whether Europe's current approach to China will bring about meaningful policy changes or remain symbolic, ineffective, and self-damaging in the long run. Balancing economic interests with longstanding alliances and ideological principles is essential.

The new European Commission taking office in December 2024 will significantly shape Sino-EU relations. Pragmatic leaders could revive CAI negotiations, bypassing blockades, while hawkish ones might align with US sanctions or advocate economic decoupling. The incoming Commission must adopt a geopolitics-focused approach to China, moving beyond rhetoric and short-sighted measures to address critical issues effectively.

Overall, Europe needs a comprehensive China policy that transcends trade considerations, distinguishing between risk mitigation and diversification. While Europe bears responsibility, China must also acknowledge the need to reduce the EU's vast dependencies on critical assets. Europe should definitely assess if China's governance poses threats, and China should consider if European democracy is adversarial. Because the EU's complex political structure is often exploited by other global powers, strengthening ties with China could potentially sway the US toward a more equitable stance on protectionism.

Both sides must embrace a supportive ethos, deepening collaboration while respecting each other's engagements with other global powers. Now, more than ever, reasoned cooperation must eclipse systemic rivalry.

Weights and Measures: The Great EU Balancing Act

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Despite increased diplomatic and economic exchanges, relations between the European Union (EU) and China will continue to deteriorate until Brussels reconciles its needs with reality.

President Xi Jinping's charm overtures in May to France, Serbia, and Hungary, extended unilateral visa-free entrance to China, and references to the successes of the Belt and Road Initiative (BRI) had little lasting effect on the EU, which remains divided on Ukraine, social issues, and trade with China, as it casts a wary eye on the US presidential election that appears to favor a return of Donald Trump.

Washington and most Western national media outlets saw Xi's trip as an attempt to divide Europe from the US – an ironic projection of Washington's own scheme to divide the EU from Russia, using NATO expansion into the previous Soviet bloc. The combination of cheap and plentiful Russian resources and EU manufacturing was viewed as a potential threat, much like Japan's rise in the 1970s and 1980s.

The root of the issue is Washington's desire to maintain its American exceptionalist hegemony, as it tries to deal with the higher costs associated with aging empires, the eroding competitiveness of its economy, political polarization, and debt.

Between Washington and Beijing, it is a prisoner's dilemma: if they choose to cooperate, they can limit harm; if they don't, both will suffer.

Between Brussels and Beijing, the situation is more complex. The EU's anemic growth, the situation in Ukraine, and relations with the US have landed Europe in the middle of Washington's push to maintain its hegemony at all costs.

The world is divided asymmetrically on security, trade, and culture. This asymmetry exists between developed nations, which represent a disproportionate share of the world's wealth and consumption, and developing emergent nations, which represent the majority of resources, production, population, and arable land.

Given the environmental, political, economic, and security issues the world faces, what is needed is dialogue and consensus. This consensus should be built on respect for other sovereign nations, acknowledging their cultures, security needs, and the right to find their own paths economically.

Security

In terms of security, the US, the Five Eyes, NATO, AUKUS, and the Quad are targeting Russia and China to distract and contain them. Has Washington done this before when it perceived a threat to America's hegemony? The answer is yes. In the late 1970s and early 1980s, Washington politicians publicly bashed Toshiba boomboxes and Toyota cars with sledgehammers and baseball bats, claiming that unfairly subsidized excess capacity was threatening US industries and jobs. In 1985, Japan was coerced into signing the Plaza Accord.

The combination of Russian resources and Chinese manufacturing is seen as an existential threat to US hegemony. Ironically, it was a combination created by Washington in its desire to isolate Russia and keep it from combining with Europe, particularly Germany.

When NATO, rather than being disbanded, expanded into the previous Soviet bloc countries, breaking a promise that had been a quintessential part of the peaceful dissolution of the Soviet Union, it resulted in Putin's about-face from when he addressed the German Bundestag in 2001, talking about Russia's desire to integrate into Europe, to 2007 when he made it clear he was determined to overthrow the US-led world order that aimed at containing Russia's rise at the Munich Security Conference.

After 2007, Moscow gave a series of warnings and engaged in several skirmishes with US proxies, culminating in the 2014 Ukrainian conflict. Moscow perceived the

anti-government protests in Ukraine as a Western-supported and funded putsch against an elected president that wasn't favorable to the EU.

Ukraine and Gaza are thereby seen by Moscow and Beijing as by-products of Washington's desire to maintain its geopolitical hegemony – a desire that pits it against the developing and emerging multipolar world of BRICS, BRI, and the Regional Comprehensive Economic Partnership (RCEP).

The EU, Japan, and South Korea, while currently following the US lead, are caught between their desire for security and development. The rest of Europe, Central Asia, Africa, South America, the Middle East, and Southeast Asia are, for the most part, trying to avoid being forced into choosing one side or another, as they are not interested in being the grass under fighting elephants.

Politics

Politically, while the US has continued to press China on issues such as Taiwan, Hong Kong, Xinjiang, Tibet, and the South China Sea, the EU has mainly focused on Ukraine, despite paying lip service to these other concerns.

China was Ukraine's primary trade partner prior to the intensification of the conflict. Ukraine was a vital part of the BRI, offering alternative connectivity to Europe, the Middle East, and North Africa. Beijing's consistent position has been to call for peace talks that balance territorial integrity with the realities of Russia's need for security.

Beijing follows the Shanghai Cooperation Organization's (SCO) principles of combating terrorism, separatism, and extremism. It does not advocate for separatism or interference in the internal affairs of other countries, as evidenced by the continuing trade with Kiev even after the putsch in 2014.

China also recognizes that NATO's expansion, despite repeated warnings from Moscow and individuals like Henry Kissinger, John Mearsheimer, and current Director of the US Central Intelligence Agency (CIA) Bill Burns, and in violation of promises made as part of the dissolution of the Soviet Union, is aimed at containing Moscow politically, economically, and militarily. Consequently, while Beijing was shocked at the timing of Russia's expanded role in the Ukraine conflict, it was foreseeable.

The majority of the EU countries demand that China actively or passively side with NATO and cut off trade with Russia. Brussels, like Washington, views the combination of Russian natural resources and Chinese manufacturing as an existential threat to the existing developed nations' economic dominance. However, the main concern, as expressed by numerous ambassadors, is the proximity of the war within Europe. This concern is understandable, but given the historical indifference to suffering in the "rest of the world," this has not achieved the support Europeans believe it deserves.

The concerted campaign to poison the relationship between Moscow and Beijing therefore goes beyond the conflict in Ukraine. A public relations campaign plays out in the daily press briefings and media stories that try to depict Moscow and Putin as weak junior partners to Beijing and Xi.

Initially, NATO's strategy was based on crippling Russia economically and achieving victory on the battlefield using "superior" Western weapons of war.

Today, the narrative has changed. Economically, Russia outperformed the EU in GDP growth by nine times in 2023 and is on track to outperform it by over four times in 2024. Militarily, Russia's performance on the battlefield has cast doubt on NATO's tactical superiority. Unfortunately, the emphasis has been on blaming China for Brussels and Washington's economic and military miscalculations.

The EU and China share concerns about the direction of US politics. The Trump era strained relations with Brussels and Beijing. While both Brussels and Beijing sought stability and cooperation, four years later, China has continued to advance despite Trump's efforts, whereas events and numbers show that Europe has not.

A potential second Trump term (polls put Trump 10 points ahead of Biden going into the first debate) is making Europe nervous about existing security agreements like NATO as well as economic moves in terms of across-the-board tariffs.

China is hoping that Brussels will at some point see the reality. Whether by design or accident, the EU has been thrown under the bus by NATO's expansion into Ukraine, resulting in a conflict that has crippled European competitiveness and is threatening standards of living. If security and economic agreements with Washington are brushed aside by a Trump administration, there won't be much for Brussels to cling to.

Meanwhile, it must rankle Europeans that US businesses profited while they suffered by charging higher prices for food and energy sources lost in the Ukraine conflict.

In terms of peace in Ukraine, Trump has stated that he could solve the issue even before taking office if elected. The problem of trust will remain an issue, as attempts to keep Ukraine intact after the Western-supported putsch in 2014 and the resulting Donbas breakaway faded with the admitted bad-faith negotiations in Minsk I and Minsk II, involving Francois Hollande, Angela Merkel, and Washington. This has left regional and international powers struggling to bring parties to the peace table. If elected, Trump will be in power for four years, and there are concerns that a shift in Washington will make it difficult to reach a lasting peace without other regional and international guarantors.

Economics

The EU grew by 0.4% in 2023 and is expected to grow by 0.8% in 2024. Part of this story is due to the global economic crisis caused by high debt, high interest rates, low yields, and growing economic uncertainty, but, for Europe, the Ukrainian conflict increased inflation in essentials like food, logistics, and energy, as businesses suffered and jobs were lost.

Unfortunately, while Europeans struggle to maintain their standards of living, the response from Brussels has been to blame Beijing and push for tariffs, tech wars, and blacklisting of Chinese companies.

The EU's recently proposed 38.1% tariffs on Chinese electric vehicle imports have sparked increased tensions. China has threatened retaliation against European aviation, farmers, and spirit makers. German Economics Minister and Vice Chancellor Robert Habeck's recent visit didn't clear the air; instead, his desire to connect EU tariffs to China ending trade with Russia is a non-starter. Beijing has agreed to talk, but it is doubtful that much progress can be made if Brussels insists on mixing security and economic issues.

Brussels alleges that unfair state subsidies were given to China's auto manufacturing industry, posing an economic threat to European rival companies. The reality is that EU car manufacturers adopted a go-slow electric vehicle strategy to maximize their returns on existing capital, while China, beginning 12 years ago, pushed for creating efficient green EV, solar, wind, and energy storage industries. Incentives were given to develop and adopt these products, resulting in the most

advanced, efficient, and low-cost providers. Ironically, Beijing's actions were in part influenced by the EU and others who lobbied Beijing to respond to its urban pollution problems and the need for climate change action.

Beijing also saw the need to change its reliance on unskilled labor, as it wanted increased wages and disposable income to support China's switch from an investment-led to a consumption-led economy. The result was a push to encourage technology, digitalization, and robotics as means of increasing profitability while maintaining manufacturing and logistical cost advantages.

The results can be seen in the rise of Chinese champions like Huawei, TikTok, and DJI, and the increased efficiency and scope of Chinese manufacturing and logistics.

Today, half of all industrial robots are installed in China, while EU companies continue to decrease their digital industrialization investments due to slowing global activity, putting them further behind China, South Korea, and Japan.

China is the dominant player in renewable energy, including solar panels and wind turbines, both in terms of technology and manufacturing costs. Brutal competition between Chinese companies has created the opportunity for a lower-cost transition to renewable energy, as they push their products outward while continuing to compete on value and price.

The EU has been unable to respond competitively due to a lack of applied technology and higher production costs, attributable to labor, compliance, and energy costs.

Rather than responding with a plan to increase its competitiveness, Brussels is creating trade walls, citing "unfair competition and subsidies." The problem is that protecting EU manufacturers will not make them competitive globally. They will be just another set of industries, including the fuel sector, agriculture, and aerospace, subsidized by EU taxpayers.

Cultural Context

China's historical experience of colonization and humiliation by European powers shapes part of its approach to international relations.

China witnessed what the US did to a rising Japan during the 1970s and 1980s, resulting in the Plaza Accord, which successfully undermined the Japanese

economy. China will not sign on to a similar fate. The EU is at a crossroads on this issue: culturally, it tends to favor Western powers, but economically, it is having its own "Japan" moment.

Expectations Going Forward

China and the EU recognize the importance of their economic and political relations. The present issue is how a bloc of 27 countries can come together politically and economically around what is best for its collective citizens. With anti-Brussels sentiment growing among right-wing conservatives, Beijing believes the cold, hard reality will result in the EU taking a more independent political and economic worldview, which isn't in lockstep with Washington or Beijing. Thus, to avoid the false dichotomy of "either with us or against us," and "either at the table or on the menu," Europe has to choose what is best for its people, politically and economically.

Sino-European Relations Tend Toward Stability

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Chinese President Xi Jinping's European tour in May this year included visits to France, Serbia, and Hungary and established closer personal contacts with European leaders, bringing Sino-European relations back on normalized stable tracks.

Since 2019, Sino-European relations have entered a downward trajectory. The European Union (EU) has positioned China as a cooperation partner, negotiating partner, economic competitor, and systematic rival, among which "systematic rival" has become a buzzword in European media. Since the beginning of the COVID-19 pandemic, European media have viewed any decision made by China from a biased perspective, as if those decisions were made against Europe. For instance, China's provision of masks to Europe was labeled as "mask diplomacy," aimed at dividing Europe. After the Ukraine crisis broke out, European public opinion shifted its focus to China, believing that Russia did not collapse under severe Western sanctions due to support from China. From the perspective of mainstream media in Europe, China's role in the Ukraine crisis is comparable to that of "evil Russia."

In this context, the Sino-French summit reached a consensus and upheld the bottom line of Sino-French relations. The meetings between the leaders of China, Serbia, and Hungary have strengthened China's presence in Central and Eastern Europe.

President Emmanuel Macron wanted to create closer personal relations with President Xi Jinping, so he invited Xi to a private location in the Pyrenees, where

he had spent his childhood vacations. This arrangement mirrored President Xi Jinping's trip with President Macron to Guangzhou last year for more private conversations. Similarly, former French President Jacques Chirac created a friendly personal relationship with former Chinese President Jiang Zemin, which further contributed to strong Sino-French relations.

In France, the President is the ultimate decision-maker in foreign policy. Despite the unfavorable public opinion toward China and the unfriendly attitude of some French government officials toward China, President Macron's attitude will ultimately uphold the bottom line and prevent Sino-French relations from derailing.

Serbia and Hungary are staunch supporters of the Belt and Road Initiative (BRI) proposed by China, and they have benefited from the infrastructure projects under the BRI. The railway connecting Hungary and Serbia, currently under construction with China's assistance, has become a flagship project of the BRI. Its success has greatly helped to reverse the stereotype of "Made in China" among Europeans, just as the high-speed railway connecting Jakarta and Bandung has raised the profile of "Made in China" in Southeast Asian countries.

Understanding electoral politics is crucial. When domestic problems pile up, diverting public attention often becomes a strategy for not addressing these issues. Currently, due to economic stagflation and numerous social conflicts, Western countries, such as the United States and some European countries, regard China as the scapegoat for all the problems they are facing. This approach is the easiest way for Western politicians to shirk responsibility. Consequently, many think tanks and mainstream media in Western societies focus their efforts on smearing China instead of seeking solutions to their own problems. The reason behind this is the Western electoral system. Therefore, China cannot expect Western mainstream media to come up with fair and balanced reporting, even when Chinese leaders visit Europe seeking to strengthen Sino-European relations.

Nevertheless, President Xi's visit to Europe has triggered ordinary Europeans' interest in China. There has been a surge of European tourists coming to China, and social media is now full of content about China's realities, which stand in sharp contrast to the narratives of their mainstream media. The gap between biased mainstream media reports about China and more accurate depictions will eventually expose the misconceptions and falsehoods perpetuated by Western traditional media.

China should give Western tourists more privileges when visiting China, such as extending the visa-free stay from 15 days to one month or longer. This would allow them to explore China's vast cultural diversity in depth and foster a more accurate understanding of the country.

European businesses are coming back to China in search of opportunities, despite warnings from their governments and the European Commission. In fact, since the financial crisis in 2008, China has become the main driving force of the global economy, accounting for about a third of new growth in the world. Since the pandemic, China has increased its investment in renewable energy development, achieving advantages in the production of renewable energy equipment and materials. China has also become the biggest exporter of vehicles, thanks to the performance of its electric vehicles. However, the US and the EU have begun to point fingers at China's new competitive advantages, expressing concerns about China's "overcapacity" in new energy and electric vehicles. This will likely be used to justify raising new tariffs against China's exports.

In international trade, a country that has comparative advantages in a certain sector will naturally sell more products in that sector compared to other countries. That's why the US sells more Boeing airplanes and the EU sells more Airbus airplanes to China. Does China complain about the overcapacity of the US or the EU in airplane manufacturing because they sell more airplanes to China? Of course not. It makes no sense. All of us, the US, the EU, and China, can benefit from international trade. The same logic should also apply to China selling renewable energy equipment and electric vehicles to the US and the EU. As a member of the UN, China has made firm commitments to reducing carbon emissions and achieving carbon neutrality. So far, with the exception of China, most countries are struggling to meet these targets.

Let's have a look at figures provided by some international institutions. The International Energy Agency (IEA) published reports indicating that if all countries fulfill their emission reduction commitments, by 2030, the annual demand for new energy vehicles (NEVs) and lithium batteries globally will exceed 70 million units and 6,600 gigawatt-hours (GWh), respectively, which are 5.5 and 4.9 times the global output in 2023. In other words, from 2024 to 2030, the world must reach an average annual growth rate of at least 25.5 percent for the production of NEVs and 27.5 percent for lithium batteries to achieve these targets.

Reports from the International Renewable Energy Agency (IRENA) suggest that to meet global temperature control goals, the cumulative installed capacity of

global photovoltaic power generation needs to reach at least 5,200 gigawatts (GW) by 2030. This means that from 2024 to 2030, the average annual growth rate of cumulative installed photovoltaic capacity needs to reach 18.4 percent, with an average annual addition of more than 515 GW. This figure is roughly equivalent to China's current level of photovoltaic cell production.

To put it plainly, China's development of electric vehicles, lithium batteries, and photovoltaic cell production has been driven by the growing global needs in these sectors. Despite China's laudable achievements in green technology, meeting overall goals for global sustainability requires cooperation with the greater world. Therefore, other countries must invest more in those sectors as well. China welcomes European enterprises to cooperate with Chinese companies to boost production capacity, meet carbon emission reduction targets, and keep global warming under control.

Toward a Pragmatic, Comprehensive Europe Strategy for China in 2024

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President Xi Jinping visited Europe in May. During his trip, he made three critical stops at three countries, each epitomizing a different facet of China's foreign policy efforts within the continent.

President Xi's Recent Visit to Europe and Why It Matters

France, Xi's first stop in Europe, has long been a relatively moderate and reasonable voice within the European Union (EU). As the sole European Union (post-Brexit) nation with veto power in the United Nations Security Council, and long-standing soft power and outsized cultural influence across the world, France is the most logical "gateway" to the rest of Europe for Chinese capital, investors, and businesses.

Under the incumbent leadership of President Emmanuel Macron, the French government has taken on a considerably more nuanced hedging position between Beijing and Washington regarding foreign policy. Indeed, during his 2023 visit to Guangzhou, Macron called upon Europe to resist the pressure to become "America's followers" and embrace strategic autonomy as a new *modus vivendi* in this multipolar era.¹

¹ "China, France to Push Bilateral Comprehensive Strategic Partnership to a Higher Level," *CGTN*, April 8, 2023, <https://news.cgtn.com/news/2023-04-07/Xi-holds-informal-talks-with-French-President-Macron-in-Guangzhou-1iOtsnmKaSQ/index.html>.

Yet, as with many of its neighboring partners and regional counterparts, the Élysée has maintained a conspicuous and trenchant position on the war in Ukraine, emphasizing the inalienable and non-negotiable nature of European security interests, as well as affirming the need for Russian actions in the country to be met with stiff sanctions and punishment. Such rhetoric may not be reflective of the views of an increasingly fragmented and disjointed global order and its disparate constituents. Indeed, it is by no means shared by Serbia or Hungary, the two other European states Xi visited.

While Serbia has long enjoyed complex collaborations with China as part of the former Yugoslavia and the Non-Aligned Movement during the Cold War,² the Sino-Hungarian partnership has been considerably enhanced under Hungary's current Prime Minister Viktor Orbán, who views China as not only a crucial economic partner, but also a foreign policy coordinative counterpart and partner in countering the excess influence and skewing of decision-making power toward the trans-Atlantic axis that is enhancing NATO's strength. Hungary is a EU member state, while Serbia is not.

In bolstering ties with Serbia, China is seeking to expand its presence and influence in the Balkans (e.g., Bulgaria, Croatia, Albania, etc.), Mediterranean Europe (e.g. Greece and Italy), and even the Eurasian Land Bridge in Turkey. These regions are conventionally overlooked in contemporary conversations on geopolitics yet play vastly important roles from the perspectives of geo-security and supply chain management. By rapidly strengthening and deepening relations with Hungary, China aims to signal explicitly to European states that it remains open for comprehensive economic reciprocity and developmental assistance, so long as European states accept and acknowledge what Beijing views as core national interests.

The above has demonstrated that Chinese diplomacy toward Europe can be flexible, dynamic, and attuned to the individual circumstances of different states. Considering that Europe is a loosely defined collective of over 40 countries (including but not limited to the states within the EU), dealing with Europe requires sensitivity to the needs, values, and attitudes of its disparate members. For example, Germany and Spain have vastly different energy needs and profiles, which in turn spur their significantly contrasting relationships with Russia. Germany was far

2 "China, Serbia Decide to Build Community with Shared Future," *Xinhua*, May 9, 2024, <https://english.news.cn/20240509/edb1c4eb8d5a406fafa145bbc779c5c8/c.html>.

more dependent upon cheap Russian oil and gas than Spain,³ which was far more integrated into the trans-Pacific energy trade circuit. Alternatively, Mediterranean European states such as Greece and Italy have long been more open to Chinese trade than Baltic or Nordic states, given their significant manufacturing sectors and the portentous weight of the Chinese consumer markets. There is no singular body that presides over the entirety of Europe. Even within the EU, there are significant variations, disagreements, and fissures over how to deal with China.

Three Key Challenges that China and the EU Must Jointly Tackle

European states generally do not share the US political and defense establishments' fixation upon containing an ascendant China. With the exception of the US-UK special relationship, a vast majority of European states do not possess an innate preference for or against the US and China. Engaging with both is the most plausibly pragmatic option for them that maximizes prospective upsides. Yet as they stand, China's relationship with key European nations faces three key challenges, which can and must be addressed.

The first challenge revolves around the geo-security concerns and fundamental disparities in perceptions and judgments. In the eyes of many European politicians, especially those aligned with the center-left and center-right, as well as vast swathes of the European population, the ongoing conflict in Ukraine poses a systemic risk to their survival and stability. Some have conjectured that Russia would be eyeing the remainder of Europe, should it prevail in Ukraine. Such speculation does not, however, appear to be well-warranted or coherently argued. Others are wary of the possible threats posed to European defense down the line, given the over-extended nature of NATO and European troops, as well as perennial issues concerning mobilizing and motivating member states to pay their dues – an issue that also drew the chagrin of erstwhile US President Donald Trump.

In the eyes of many in China, however, such talk of defensive securitization appears to be little more than a resurgence of the "Cold War mentality."⁴ Many think tank leaders and intellectuals are convinced that European leaders have come under the precipitously tightening grip of Washington and have no choice but to pivot toward more

- 3 "How Will the Russian Oil Price Cap Affect the European Economy?," *CGTN*, February 5, 2023, <https://news.cgtn.com/news/2023-02-05/How-will-the-Russian-oil-price-cap-affect-the-European-economy-1hbkDQMIMi4/index.html>.
- 4 Grzegorz W. Kolodko, "Cold-War Mentality Makes No Sense," *Xinhua*, April 16, 2024, <https://epaper.chinadaily.com.cn/a/202404/16/WS661db011a310df4030f50dc5.html>.

armament, military funding, and commitments to NATO. For these Chinese interlocutors, in inviting their counterparts to reconsider the Manichean worldview espoused by President Joe Biden's administration, it would perhaps be most helpful to shed light on alternative paths forward, through which peace can be enduringly restored to Eastern Europe. After all, this is precisely the top-line item of concern for many in European capitals pontificating over Trump's prospective return.

The second challenge concerns the shifting trade dynamics between China and the EU, particularly with manufacturing powerhouses such as Germany and Italy. The trade surplus between China and Europe has considerably widened over the past decade, both in absolute and percentage terms, as a reflection of China's highly successful investments in shoring up its manufacturing capacity and its supply chain wherewithal.⁵ As a dominant powerhouse and the largest trading partner to a majority of the world's economies, China is a market that is too large to miss, which, in the eyes of Brussels technocrats and skeptics in the EU, translates to a market too large to not hedge against.

It is precisely this yearning for restoring domestic production, alongside the politically driven desire to establish domestic champions in "strategic industries," that has given rise to the talk of de-risking. Whilst no one quite understands what this term means – indeed, I have previously argued that the greater risk consists of an isolationist and capricious American trade regime under a second-term Donald Trump – it is evident that European politicians and companies are making a palpable, albeit haphazard, push toward reducing their dependence upon Chinese imports.⁶ Given that China's "new three" – lithium batteries, electric vehicles, and solar panels – would benefit immensely from the opening up and access to international markets abroad, it behooves Chinese policymakers to provide affirmative incentives and reasons for other states to refrain from further decoupling.

5 Thomas Moller-Nielsen, "EU-China Trade Slips as Beijing 'De-Risks' from the West," *Euractiv*, March 5, 2024, <https://www.euractiv.com/section/economy-jobs/news/eu-china-trade-slips-as-beijing-de-risks-from-the-west/>.

6 Brian Yue Shun Wong and Sebastian Contin Trillo-Figueroa, "In Focusing on China, Europe Risks Missing True 'De-Risking' Dangers," *South China Morning Post*, October 15, 2023, <https://www.scmp.com/comment/opinion/article/3237732/focusing-china-europe-risks-missing-true-de-risking-dangers>.

The third, and perhaps most critical, challenge concerns domestic European politics. Macron has just called for a new election in the aftermath of an abysmal showing in the European parliamentary elections. The far-right made gains across Germany and France, while the centrist blocs largely held in many other states. Euro-skepticism, resentment toward the perceived aloofness of Brussels technocrats, and general antipathy toward "international capital" have captured

the imagination of a significant portion of the European public.⁷ What remains less clear, however, is what this means for Sino-European ties. While many of the leading far-right politicians, including Marine Le Pen in France, have expressed clear pro-Russian sympathies, few amongst them share the same level of exuberance and keenness toward China. Indeed, Le Pen had even advocated working closely with Russia to prevent Moscow from forming an "alliance" with Beijing.⁸

Three Suggestions for a More Constructive Way Forward

With such headwinds, uncertainty, and overarching disillusionment, it is not incomprehensible that we would feel pessimistic about the future of Sino-European relations. Yet not all hope is lost, and it behooves pragmatists in Beijing and Brussels, as well as the individual European capitals, to try harder for a more constructive way forward. The following are merely tentative suggestions.

Firstly, Chinese and European firms can forge common ground through setting up robust joint ventures, partnerships, and knowledge co-development arrangements. The BMW Brilliance Automotive Limited, a joint venture between BMW and Brilliance Auto Groups, attests to the fruits of combining China's manufacturing prowess and hardware edge with the long-standing software and aesthetic advantages of the German automobile industry.⁹ The same logic can be applied to electric vehicles and solar panels. If "Made in China" is indeed rendered politically unpalatable by inflammatory opportunists, Chinese and European firms could consider pursuing operations in third parties, such as Indonesia and Malaysia – burgeoning ASEAN economies, with an eye on becoming EV powerhouses in their own right.

Take Malaysia as a particular example: with concerns over stagnating sales,¹⁰ Kuala Lumpur would benefit from inviting both European and Chinese firms to work hand in hand in tapping into its cheap labor as a new site for collaborative EV production. Not only would this approach lower costs across the board for Malaysian consumers, but it could also prove pivotal in increasing governmental tax revenue while bringing Chinese and European firms closer. In an increasingly multipolar world, we must think multi-regionally.

7 Judith Arnal, "To Fight Euroscepticism, Europe's Economies Need a Boost," *Euobserver*, April 24, 2024, <https://euobserver.com/eu-elections/ar44262029>.

8 Sarah Anne Aarup, "Le Pen Vows to Keep Russia Close to Prevent an Alliance with China," *POLITICO*, April 18, 2022, <https://www.politico.eu/article/le-pen-vows-to-keep-russia-close-to-prevent-an-alliance-with-china/>.

9 "On 20th Anniversary of Chinese Joint Venture BMW Brilliance Automotive, BMW Group Announces Local Production of NEUE KLASSE in China from 2026," *BMW Group*, May 18, 2023, <https://www.press.bmwgroup.com/global/article/detail/T0417101EN/on-20th-anniversary-of-chinese-joint-venture-bmw-brilliance-automotive-bmw-group-announces-local-production-of-neue-klasse-in-china-from-2026?language=en>.

10 Joseph Sipalan, "Malaysia's EV Sales 'Stagnate' as High Prices, Inadequate Charging Points Hinder Adoption," *South China Morning Post*, May 22, 2024, <https://www.scmp.com/week-asia/economics/article/3263578/malaysias-ev-sales-stagnate-high-prices-inadequate-charging-points-hinder-adoption>.

Secondly, Beijing should emphasize, with sincerity, its commitment to European security. Building on the momentum and dividends of Special Envoy Li Hui's trip to the Middle East and Eastern Europe in May,¹¹ China should work closely with select European partners, including states with more explicit reservations about and opposition to Russia's actions, in devising a conciliatory framework paving the way toward meaningful peace talks. While the recently concluded Summit on Peace in Ukraine may have featured an excessive concentration of NATO-aligned elements, it falls upon China, as a responsible global power, to provide a tenable alternative for peace to the Ukrainian population.

This does not require China to forego its valuable ties with Russia, across the food, energy, water, and economic fronts. Instead, it is effectively akin to drawing a leaf or two out of India's playbook – stressing the room for collaboration between the two countries while actively maintaining relations with Western partners in trade, finance, and technology. As President Xi Jinping has repeatedly affirmed, China is not interested in "decoupling," and does not want "decoupling" to occur. The best antidote to decoupling is what I term "multiple recoupling" – building and shoring up relations with a multitude of partners, even ones with competing or conflicting interests.¹²

Thirdly, the Ministries of Foreign Affairs and Education, as well as the International Liaison Department of the Central Committee of the Communist Party of China, can play a pivotal role in strengthening China's outreach efforts to students, scholars, youth, and other interested stakeholders in Europe. To paraphrase the Chinese leadership, the hope in Sino-European relations rests with their people. The bedrock of the relationship's future lies with the youth. In times when international relations are as fraught and adversarial as they are today, it is extra important that ordinary citizens from all sides get to talk to and hear from one another.

The Chinese state has already taken active steps in offering visa-free access to select European citizens. This is an excellent and much-welcome move. Going forward, the priorities should be to rekindle and expand exchange programs between universities, other higher education institutions, think tanks, and even secondary schools. Leveraging existing sister city partnerships and arrangements between China and various European states can serve as conduits for dialogues

11 Zhen Liu, "China's Ukraine Point Man Closes Middle East Diplomacy Trip Marked by Call to 'Cool Down the Situation,'" *South China Morning Post*, May 11, 2024, <https://www.scmp.com/news/china/diplomacy/article/3262285/chinas-ukraine-point-man-closes-middle-east-diplomacy-trip-marked-call-cool-down-situation>.

12 Laurie Chen and Yew Lun Tian, "China's Xi Warns Against Decoupling, Lauds Belt and Road at Forum," *Reuters*, October 18, 2023, <https://www.reuters.com/world/chinas-xi-lauds-belt-road-smaller-greener-summit-2023-10-18/>.

and conversations on regional collaboration. Indeed, a low-hanging fruit may be for the coastal, tech-heavy Chinese provinces like Jiangsu and Zhejiang to work with European cities such as Dublin in Ireland and Paris in France to establish more joint incubators and partnerships for start-up entrepreneurship. No step forward is ever too small. Untying the Gordian Knot of Sino-European suspicion and skepticism requires pragmatic, comprehensive efforts.

We should remain hopeful and committed to a better future for Sino-European relations. It is never too late to act.

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