



THE EU AND CHINA: PARTNERS OR RIVALS IN AN EMERGING WORLD ORDER?

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A series of events have shaken the 70-year old liberal world order. Developments of the past decade manifest signs of the return of power politics reminiscent of the Cold War era, which was dominated by distrust and rivalry at the expense of trust and cooperation. With renewed hostility on multiple fronts and a trade war between the US and China, the European Union (EU) risks fading away in irrelevance. Amid a global shift from the West to the East, some would argue that the power of national interests makes the power of ideas irrelevant to reinforcing connections. In this context, EU-China relations have changed.

Europe’s role and relevance as a global actor in this changing world order has attracted increasing attention beyond Brussels, the headquarters of European institutions. Hopeful and wishful thinking mixed with distrust and pessimism inspire the debates on what role Europe could, should, and will play in shaping the future of the world order in place. China has been central in this debate. In fact, China’s rise is considered today the most important manifestation of an emerging world, triggering a mix of fear, alarm, and embrace. Reflecting on the past five years spent as the EU’s former trade chief, Cecilia Malmstrom [recently said](#) that Europe “needs ‘serious thinking’

about how to project its foreign and security goals,” noting that “the bloc must do more to stand up for its businesses in the face of an aggressive China and a protectionist US.”

It is promising that Brussels has acknowledged the urgency of addressing the question of its own power and global clout. The “serious thinking” could guide European efforts to stay relevant as a normative power able to exert influence in its vicinity and beyond in the current shift in the global distribution of power. For the past decade EU-China relations have seen a dramatic shift. While questioned by many, EU-China relations remain strategic. Even though both sides seem keen to further develop cooperation, we see growing assertiveness, which has translated into more competition and even rivalry, especially in trade and digital security. More cooperation – there are over 60 sectoral dialogues in place – has brought along anxiety on both sides. In its most [recent communication](#), the EU named China “a systemic rival promoting alternative models of governance.”

China as a partner, a contender, a challenger, or a rival raises questions about the future of EU-China relations. As the biggest beneficiary of the existing world order, it is in China’s interest to take an incremental approach to projecting its influence. However, in Beijing’s perception, the US will not allow China to become more active in global affairs, which is attributed, to a large extent, to the nature of the regime and China’s domestic governance. To better understand China’s global reception and international perceptions of its rise, it is important to examine the path China has followed to arrive at its current position, i.e., its foreign policy.

It appears that China’s foreign policy is as much an extension of its domestic governance system as it is a result of its interaction with other countries.

First, in international – especially western – perception, China is seen as increasingly assertive. This was the case in the early years of the Cold War, when China saw itself isolated by the US and abandoned by the Soviet Union. After Beijing reestablished diplomatic relations with the US in the 1970s, China’s domestic strategy shifted from class struggle to economic development. To tackle its

reform and opening as announced in 1978, China needed to ensure a peaceful external environment, western technology, and access to western markets. During four decades of remarkable growth, the world increasingly feared China's behavior as too aggressive. In 2001, China joined the World Trade Organization (WTO), followed by a period of two-digit GDP growth under President Hu Jintao and Premier Wen Jiabao. To expand its outreach and increase access to external markets, China's foreign policy shifted from "maintaining low-profile" (韬光养晦) to "making contributions" ("有所作为"). (originally laid out by Deng Xiaoping's 24-character strategy addressing China's foreign policy, "冷静观察、稳住阵脚、沉着应付、韬光养晦、善于守拙、绝不当头" and later adding "有所作为", or, "observe calmly, secure position, cope with affairs calmly, hide from light and nourish obscurity, maintain low-profile, and never claim a leadership position" later adding "make contributions"). Through its foreign policy, Beijing made it clear that its interests can't be ignored. China's participation in UN peacekeeping operations, the climate change agenda, the Belt and Road Initiative (BRI), and the Asian Infrastructure Investment Bank (AIIB) all signal China's expanding global influence.

Second, China's foreign policy is the result of its interaction with other countries, including the EU and the US. China is currently in a trade war with the US, a power struggle that many see as a new form of Cold War rivalry. Upon joining the WTO in 2001, China committed to a progressive opening of its markets, in line with the core ideas of the liberal world order. However, in Western perception, China has failed to live up to its commitments. Indeed, the need for reciprocity is a demand that the EU and the US share in their trade talks with China, which include the role of state subsidies, intellectual property rights (IPR), and access for foreign companies to different sectors including telecommunications, banking, financial services in China. The EU has made it clear that progress in these areas is needed to rebalance the trade and economic relationship with China. Brussels also insists that labeling China as "[systemic rival](#)" is "a

statement of a fact, not an aggressive statement." The demand for political openness is therefore high on the EU's agenda, indicative of an assertive Europe, fueled by the impact of China's rise on the liberal order. In response, China has sought to protect internal stability, moving China away, not closer to the existing liberal order.

Nevertheless, we believe the concern that China is challenging the existing world order is an overstatement. China lacks the capacity to replace the current world order due to its own shortcomings: the lack of innovation as the driving force for growth, an unsustainable development model, the stagnation and backwardness in reforms, and the general suppression of fundamental freedoms. China has to first face its own internal challenges in a sustainable way, before it can claim and take the lead. Europe, on its end, needs to follow through on Malmstrom's call for some "serious thinking" on projecting influence if it wants to maintain cooperation with China and lessen competition in the interest of strengthening the international order.

In conclusion, perceptions and self-perceptions play a crucial role in determining the direction of EU-China relations. Those that subscribe to the legitimacy of the liberal order must uphold its core principles and institutions. With a United States in retreat from international organizations, a fragmented but assertive Europe, and a self-confident but still emerging China, the future of the world order seems insecure. One thing remains certain: addressing the challenges – perceived and real – of 'the other' will be just as important as addressing internal challenges.

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