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From Strategic Partner to Systemic Rival? EU-China Relations in Recent Times

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Different terms have been used to describe a foreign policy strategy aimed at modifying the behavior of an unsavory and ideologically opposed country by increasing interaction and exchange, at least in some realms, particularly in the economic realm. American president Jimmy Carter, for example, pursued an “engagement” policy with the People’s Republic of China (PRC) when normalizing diplomatic relations between the two countries in 1979, and president Bill Clinton later built on this in his approach to countries such as China, Russia, North Korea and Vietnam. In Germany, Willy Brandt’s *Ostpolitik* was following Egon Bahr’s idea of *Wandel durch Annäherung* (change through rapprochement) and pursued a similar line of reasoning. Whatever the rationales and historical merits of these policies, the entry of the PRC into the World Trade Organization (WTO) on 11 December 2001 proved to be a milestone, the conclusion of a development that had been under way for many years, seeing, for instance, a doubling of imports from the PRC to the United States between 1996 and 2001. As the PRC had to undergo significant reforms to accede the WTO and its leaders, party-secretary and president Jiang Zemin and premier minister Zhu Rongji, genuinely seemed to foreground economic matters, it was broadly assumed that political reforms would quite naturally follow. It was not a question of *whether*, but *when*. Some might have consciously or unconsciously embraced a kind of end of history thinking, which would have rationalized the reforms in the PRC as part of a larger inevitable historical movement towards liberal democracy and free trade. Others, particularly commercial actors and in their wake many liberal-democratic governments, might have simply followed their own narrow interests in profit-

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making and reelection, respectively. An opening-up China literally fitted the bill. The fact that the PRC was continuously doing very badly in terms of human rights, democracy and rule of law was by no means out of sight or even unacknowledged, but that political difference simply stepped into the background as there appeared to be small signs of improvement on the ground in China and as trade relations and the growth rates of the Chinese economy were catapulted from year to year in a seemingly endless upwards spiral. For many, engagement seemed to pay off. And the doctrine of *Wandel durch Handel* (change through trade), particularly heralded (*mutatis mutandis*) under the Gerhard Schröder and Angela Merkel chancellorships, provided a comfortable rationale for the development.

Today, the situation appears much different. The doctrine *change through trade* is broadly considered a failure.¹ Instead of political reforms following economic reforms, the PRC has, if anything, seen a strengthening of autocratic rule and engagement has given way to more confrontational policies, adopted on all sides. Indeed, a trade war between the economically massively entangled US and the PRC and an increasing great power rivalry between these two nations are among the defining features of today's global order. Economic reforms in the PRC have also not played out in the desired way. A good example relates to the WTO's commitment to open, market-oriented policies and the fate of Article 15 of the protocol (WT/L/432) through which the PRC joined the WTO in 2001.² In it, China was assigned a non-market economy (NME) status, which allowed the use of anti-dumping measures and was to last for 15 years, at which point the status was supposed to have changed into one of a market economy. In 2016, however, the US, India and the EU (see European Parliament P8_TA[2016]0223) showed no inclination to grant the PRC such a status, with the consequence that the PRC filed a complaint with the WTO against the EU merely one day after the 15 years' transition period had elapsed.³ In June 2019, before the result of its WTO suit was to become public and as much of the ruling was expected to have gone against Beijing,

¹ "The long-held belief/hope/mantra that China would become 'more like us' with the policy of 'change through trade (*Wandel durch Handel*)' has been dispelled by China's own moves." François Godement and Gudrun Wacker, "Promoting a European China policy - France and Germany together," *SWP Working Paper* Nr. 1, November 2020, p. 2.

² World Trade Organization, Accession of the People's Republic of China, decision of 10 November 2001, <<https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/L/432.pdf&Open=True>>.

³ World Trade Organization, China files WTO complaint against US, EU over price comparison methodologies, news from 12 December 2016, <https://www.wto.org/english/news_e/news16_e/ds515_516rfc_12dec16_e.htm>.

the PRC halted the dispute (WT/DS516/13).⁴ As recently as in early 2022, the United States Trade Representative annual report of 2021 to the Congress on China's WTO Compliance reiterated the US view that the PRC continues to have a "state-led, non-market approach to the economy and trade," that its record of compliance with WTO rules "remains poor" and that its "concept of 'economic reform' [...] appears to mean perfecting the management of the economy by the government and the Party and strengthening the state sector, particularly state-owned enterprises."⁵ But also the EU's stance has hardened. Under Ursula von der Leyen's presidency of the European Commission, relations with the PRC have indeed become so strained as to make it a major policy point to emphasize that the European Union is not seeking to decouple from the PRC, but merely to pursue a strategy of de-risking. Only a few years back, in the *Elements for a New EU Strategy on China in 2016*, the PRC was still presented as a "strategic partner," whereas the word making the rounds in Brussels today is the one of a "systemic rival."

There are many angles from which to study this development in EU-China relations (the decline of normative power Europe, offensive vs. defensive normativity, EU rhetoric vs. actual policy, or the problem of mixed messages due to pragmatic national vs. normative EU-level interests), and many important actors to focus on. A recent article examining media frames in Germany on China identifies the shift from "partner" to "rival" to have occurred around 2016/17.⁶ In this article, I am interested in highlighting and examining the different formulas that have guided the EU's stated view of the PRC across the two most recent decades and particularly during the last few years. Taking up a bird's eye view, thus trying to put the development into perspective, I intend to study the conceptual continuities and discontinuities expressed by these various formulas and particularly whether and to what extent they rely on a logic of "compartmentalization," a term adopted from psychology referring to the effort of keeping cognitions that seem to conflict with each other apart in one's mind. As we will see, not every new formula that has guided EU-China relations has meant a substantive change, while keeping to one and the same formula may still translate into rather different emphases.

⁴ Tom Miles, China pulls WTO suit over claim to be a market economy, Reuters, 17 June 2019, <<https://www.reuters.com/article/idUSKCNIT1107/>>.

⁵ United States Trade Representative, 2021 Report to Congress on China's WTO Compliance, February 2022, <https://ustr.gov/sites/default/files/files/Press/Reports/2021/USTR_ReportCongressChinaWTO.pdf>, pp. 2, 8, and 11.

⁶ Lena Marie Hufnagel, Gerrit von Nordheim, and Henrik Müller, "From Partner to Rival: Changes in Media Frames of China in German Print Coverage between 2000 and 2019." *International Communication Gazette* 85(5), 2023, pp. 412-435.

A. Reexamining *change through trade*

The doctrine of *change through trade* presupposes two actors standing in a symmetric relation as concerns trade and in an asymmetric relation as concerns the object of change (as only one actor is envisaged to change). The nature of the intended change is not explicitly named in the doctrine, but it is commonly understood that the aim of the policy is straightforwardly political. Liberal democracies engage in trade with non-democratic or autocratic regimes to make them apparently by themselves, but more precisely by the effects of the trade, undergo political change and eventually become a democracy or something sufficiently similar and acceptable. The doctrine itself has two defining characteristics. It relies on a sequential logic and a seemingly strict compartmentalization of economic and political aspects.

The sequential logic is implied by the fact that the doctrine has trade happening *first* and only through it, that is over time, will there *then* be change. The practical translation of the doctrine, however, is fraught with problems, on both sides of the relation. What if change in the targeted country does not come about, not because trade is not occurring, but because the forces of political change that trade is supposed to and perhaps even does trigger are actively countered or altogether suppressed by the political leadership? The autocratic political leadership might be satisfied with having trade relations boost its economy, but have no interest whatsoever in allowing for significant political change to happen (particularly if that change would mean to undermine its own power). This would lead to a situation where political pressure would have to be exerted, but that would go against the doctrine, which relies exclusively on the economic mechanism. It is a peculiar feature of the doctrine that it combines the straightforward presupposition expressed in the asymmetric relation as to who is supposed to change politically with a complete disregard of the political instruments that might or might not be needed to pressure the autocratic power into allowing the trade effects to do their political work. Yet, the sequential logic of the doctrine might even make support for any such political pressure unlikely in the liberal democracy (the EU in some periods itself largely abstained from using the word “democracy” and significantly reduced mention to “human rights” in EU-China relations⁷). Trade creates interests on the side of economic actors that the continuing solidification and refinement of relations or barely the promise of future relations only strengthen. With every step along the way, this dynamic increases the costs of restricting trade that would have to be enacted to

⁷ Mikael Mattlin, “Dead on Arrival: Normative EU Policy towards China,” *Asia Europe Journal* 10, 2012, pp. 187 and 189.

enforce political change or even insist on the agreed upon rules and milestones. Organized interests know how to make their voices heard and, given the importance of the economic sector in liberal democratic societies, are frequently successful. As a consequence of all of this, the political aims of the doctrine are left in limbo and any political action is easily rebutted by arguments such as that the time for change has not yet come or that simply more trade is needed to unlock its political magic. What is more, the doctrine even allows those pursuing economic interests to insist that only the exclusive focus on the economic aspects of their actions can do justice to the aim of bringing about political change. Ironically, someone might hold the position that they cannot but must abstain from any concern for politics simply *because* they are so fully committed to the desired political goals.

The second defining characteristic that the doctrine relies on is this apparently strict compartmentalization of economic and political aspects. But how strict and how consequential is this compartmentalization? In liberal democracies, economic actors are supposed and encouraged to pursue their self-interest in making profits. Preferably, no political allegiances are demanded of them and the state should not intervene into their entrepreneurial decisions. Preferably, that is, since liberal democracies cannot always follow through in practice. And state intervention is often explicitly desired. As a matter of fact, the state often intervenes, much to the chagrin of the more libertarian hearted. The state variously intervenes in how the economic actor has to conduct business, from accounting rules to environmental laws and child labor prohibitions. So it is entirely conceivable in a liberal democracy that the state would change the legal framework so as to commit commercial actors to the very political order that guarantees them their economic liberties. Obviously, these kinds of restrictions should not be enacted lightly since a society with all too many restrictions will hardly count as a liberal society anymore. And to demand outright political allegiance of economic actors smacks of illiberalism. Yet, the problem of strict compartmentalization runs even deeper. For one thing, the doctrine *change through trade* perceives of economic actors as engaging in economic actions, and as mentioned decidedly not in political actions, yet their economic actions are purposely designed to have political effects (a political spillover). But if they have political effects, can they truly be considered economic actions? Ironically, it appears that those pushing politically for the doctrine, that is, those genuinely interested in its long-term political effects, seem to use economic actors as tools for bringing about these political effects. For another thing, the compartmentalization that the doctrine upholds meets in autocratic states a situation where politics is always intermingled with economy. It is exactly this feature that has been singled out by those rejecting the PRC's status as a market economy. In the PRC, economic

actors must curry and depend on the favor of the party-state. Demonstrations of political allegiance are inevitable, also for foreign economic actors, who are supposed to do the non-political but political work of the *change through trade*-doctrine. Commercial actors are of course aware of this condition and have met it variously in sometimes rather creative fashion.

Change through trade seems to make much sense at first sight and as a political doctrine boasts a lofty goal, but it runs into a host of problems when translated into practice. While economic actors are supposed to be the ultimate tools for bringing about political change, the doctrine is easily turned on its head and into a convenient instrument for commercial actors to pursue their economic interests unhindered by political concerns. Meanwhile, the cozying up to the autocratic state has meant that economic actors became more and more invested into the relations that the engagement policy wanted them to entertain. Under these conditions, calls for human rights, democracy and rule of law – the very essence of what *change through trade* promised to bring about – came to be more and more understood as merely disruptive elements. It seemed like the political goal of the doctrine gave incrementally way to a view that normalized the autocratic state itself and, aided by propaganda from the party-state, made it a valid alternative to liberal democracies. The vector of the asymmetric relation had changed. The same economic actors who were to act as ideological tools to bring liberal democracy to autocratic states were now advocating the benefits of strong men rule and autocratic efficiency and stability in their own societies. The PRC became a partner more than anything else.

B. Strategic partnership

The creation of the EU-China Comprehensive Strategic Partnership goes back to the year 2003. Since then, the two sides have both broadened and deepened their cooperation, and “have become highly interdependent as a result,” as the *EU-China 2020 Strategic Agenda for Cooperation* (2013) registers.⁸ That document, adopted by both *partners*, represents an effort to carve out the possible space for cooperation. It demonstrates the eye-level relationship, as a broad range of sectors is identified for cooperation and to bring about “win-win results,” from peace and security, prosperity, sustainable development, to people-to-people exchanges. It also clearly carries the marks of the financial crisis and the much-heightened awareness of climate change, while taking for granted both the coming about of a multipolar world and the continued im-

⁸ EU-China 2020 Strategic Agenda for Cooperation, 23 November 2013, <<https://www.eeas.europa.eu/sites/default/files/20131123.pdf>>.

perative of economic globalization as inevitable world trends. The explicit articulation of political differences finds no space in this document, as perhaps befits a text devoted to a strategic agenda for cooperation.⁹ But political differences are implicitly articulated. The document features phrases and policies dear to each side that are merely put one next to the other. For example, the Chinese party-state's "ecological civilization" is twinned with the EU's "resource efficiency agenda."¹⁰ These pairings might show more or less conceptual overlap. Some of them certainly show very little overlap. A most interesting pairing appears, for instance, in the Foreword: "The EU and China have both put forward strategic development plans – China's two centenary goals and the 12th Five Year Plan, the EU 2020 Strategy – which present potential for synergies to enhance cooperation for win-win results."¹¹ On the European side, the reference to the strategic development plan is to *Europe 2020: A strategy for smart, sustainable and inclusive growth* that dates to the year 2010 and is devoted to how to respond to the financial crisis, strengthen political governance and making Europe fit for the future (e.g. in terms of increasing competitiveness, combating climate change and the search for safe and efficient energy), while the political values that define the EU are not much stressed (but, it seems, taken for granted).¹² On the Chinese side, the 12th Five Year Plan is highlighted, but also the "two centenary goals." The second centenary goal is set for 2049 (one hundred years after the establishment of the PRC) and embodies the vision of China as *a strong, democratic, civilized, harmonious, and modern socialist country*. The adjectives all qualify how the socialist country is supposed to be. *Strong* refers to military might, *democratic* to (Lenin/Mao-style) democratic centralism. It is at least noteworthy that given the second centenary goal, "potential for synergies to enhance cooperation and win-win results" would be stressed.

In June 2016, two important documents were published. The EU *Global Strategy* and the *Elements for a New EU Strategy on China*. The EU *Global Strategy* is entitled *Shared Vision, Common Action: A Stronger Europe* and it focuses on foreign and security policy. The EU pledges to bolster its resilience and to seek more strategic autonomy while emphasizing the will to "reach out

⁹ For an alternative view, see Ralph Weber, "Zum diplomatischen Umgang mit grundlegender politischer Differenz," Das Deutsch-Chinesische Dialogforum, <<http://www.deutsch-chinesisches-dialogforum.de/Statements-2022/Prof-Dr-Ralph-Weber/>>.

¹⁰ EU-China 2020 Strategic Agenda for Cooperation, p. 9.

¹¹ *Ibid.*, p. 2.

¹² European Commission, *Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth*, COM(2010) 2020 final, 3 March 2010, <<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>>.

and engage with others.”¹³ While the strategy does not mention China explicitly in its section on partnership, it refers to “core partners” and “like-minded countries” before mentioning the intention to “partner selectively with players whose cooperation is necessary to deliver global public goods and address common challenges.”¹⁴ Elsewhere in the strategy, the EU commits to engaging China “based on the respect for the rule of law” and to “deepen trade and investment with China,” while seeking “dialogue on economic reform, human rights and climate action.”¹⁵ The European Commission’s *Elements for a New EU Strategy on China* offer additional insights into EU–China relations in 2016. The strategic partnership is underlined, as the EU proposes a strategy “based on a positive agenda of partnership coupled with the constructive management of differences.”¹⁶ There are manifest remnants of the *change through trade*-doctrine, for example, when the EU presents itself as “a partner in China’s reforms” and resolves to “engage China in its reform process in practical ways.”¹⁷ At the same time, the communication clearly depicts a changed China that claims a more central role on the world stage. It explicitly refers to the PRC’s “internal repression,” its “authoritarian response to domestic dissent” and “a new and worrying extraterritorial dimension,” together with its increased “external assertiveness.”¹⁸ This mixture of a continuing engagement emphasis on the one hand (the EU should seek “to build trust and co-operation with China”) and some more portentous observations on the other hand (the EU must “deal with the reality that China is a one-party system with a state-dominated model of capitalism”) shows how the doctrine of *change through trade* has been slowly losing its foothold.¹⁹ There is also another telling exam-

¹³ European Union, Shared Vision, Common Action: A Stronger Europe – A Global Strategy for the European Union’s Foreign and Security Policy, June 2016, <https://www.eeas.europa.eu/sites/default/files/eugs_review_web_0.pdf>, p. 17.

¹⁴ *Ibid.*, p. 18.

¹⁵ *Ibid.*, pp. 37–38.

¹⁶ European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, Joint Communication to the European Parliament and the Council: Elements for a new EU strategy on China, JOIN(2016) 30 final, 22 June 2016, <https://www.eeas.europa.eu/sites/default/files/joint_communication_to_the_european_parliament_and_the_council_-_elements_for_a_new_eu_strategy_on_china.pdf>, p. 2.

¹⁷ *Ibid.*, p. 2 and p. 5.

¹⁸ *Ibid.*, p. 3, p. 4 and p. 13.

¹⁹ *Ibid.*, p. 17. See also Men Jing, who underlines the contrast of previous EU policy papers from the years 1995, 1998, 2003 and 2006, which all included a phrase stating the goal of “supporting China’s transition to an open society based upon the rule of law and the respect for human rights,” whereas the 2016 policy paper merely mentions to “promote respect for the rule of law and human rights within China and internationally.” Men Jing, “Principled Pragmatism: Understanding the EU Position on Economic Relations with China.” *China International Studies* 70, 2018, p. 90.

ple of the twinning problematic pointed out above, but this time notably in a document crafted entirely and solely by the EU. When pointing out the principles that guide the EU's external action, the communication lists "democracy, the rule of law, human rights and respect for the principles of the UN Charter and international law," but adds that these principles "are reflected in the Chinese constitution."²⁰ The assertion that democracy as advocated by the EU is in some way "reflected" by the commitment to Leninist democratic centralism in the PRC Constitution (Art. 3) is certainly questionable, as is the underlying assumption that principles mentioned in the PRC Constitution (which indeed lists fundamental rights quite extensively) would *stricto sensu* establish constitutional rights in an authoritarian context. Overall, what is yet conspicuously absent in the *Elements for a New EU Strategy on China* in 2016 is any mention of the PRC as a designated rival.

Both documents highlight the idea of principled pragmatism, which leads a step away from the doctrine of *change through trade*. The *Elements for a New EU Strategy on China* has only a short sentence specifying that the "EU's engagement with China should be principled, practical and pragmatic."²¹ The *EU Global Strategy* features a bit more detail, presenting principled pragmatism as "guide for external action." Echoing the widespread conceptual move from a liberal world order to a *rules-based global order*, the document repeats twice the passage: "We will be guided by clear principles. These stem as much from a realistic assessment of the current strategic environment as from an idealistic aspiration to advance a better world."²² Different from isolationism or interventionism, the EU pledges to "engage the world manifesting responsibility towards others and sensitivity to contingency."²³ How exactly the circle of a principled pragmatism is supposed to be squared or what criteria will guide the pragmatic use of principles, is left unaddressed,²⁴ as is any reflection of what it means for principles when they are subjected to a pragmatic use: what for instance, does it mean to say that adherence to human rights sometimes has the status of a principle, sometimes not?

²⁰ Ibid., p. 4.

²¹ Ibid., p. 5.

²² The *EU Global Strategy*, p. 8 and p. 16.

²³ Ibid., p. 16.

²⁴ See, for instance: Ana E. Juncos, "Resilience as the New EU Foreign Policy Paradigm: A Pragmatist Turn?," *European Security*, 26:1, 2017, pp. 1–18.

C. A new formula: “partner, competitor, rival”

In the most recent years, EU-China relations have seen a new formula rise to the center of debate. The Voice of German Industry (*Bundesverband der Deutschen Industrie*) might have pre-conceived the formula, when it published a Policy Paper in January 2019, distinguishing between China as a partner and a systemic competitor.²⁵ The paper mainly focuses on the PRC’s state-controlled economy and bids farewell to the *change through trade*-doctrine: “For a long time it looked as if China would gradually move towards the liberal, open market economies of the West by integrating into the world economy and re-shaping its economic system. This theory of convergence is no longer tenable.”²⁶ The PRC is instead “consolidating its own political, economic and social model,” and the authors of the Policy Paper see this as a “new systemic competition.”²⁷ There is no mention of China as a rival, rather, “systemic differences and divergences do not necessarily mean conflict but require the reliable and resilient management of common interests.”²⁸ The systemic differences are largely tied to the different economic models. Decoupling tendencies in the US are demarcated as a concern and a path not available to Europe: Germany and the EU, it is stressed, “must strike the right balance in their reactions to China,” which includes continued dialogues with China and a strict adherence by the EU to its “principles of openness.”²⁹

It is in March 2019, in a document called *EU-China – A Strategic Outlook*, that the new formula (closely tied to principled pragmatism) gets its classic rendition and the third element of systemic rivalry finds its first expression:

China is, simultaneously, in different policy areas, a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance. This requires a flexible and pragmatic whole-of-EU approach enabling a principled defense of interests and values.³⁰

²⁵ BDI, Partner and Systemic Competitor – How Do We Deal with China’s State-Controlled Economy?, Policy Paper, January 2019, <https://www.wita.org/wp-content/uploads/2019/01/201901_Policy_Paper_BDI_China.pdf>.

²⁶ Ibid., p. 2.

²⁷ Ibid., p. 2.

²⁸ Ibid., p. 6.

²⁹ Ibid., p. 6–8.

³⁰ European Commission, European Commission and HR/VP contribution to the European Council: EU-China – A Strategic Outlook, 12 March 2019, <<https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf>>, p. 1.

This formula would dominate the discussion on China and be readily absorbed by EU member states and all kind of other actors. As of April 2022, the formula has found reconfirmation in a factsheet, although the increasing deterioration of EU-China relations is duly and prominently noted:

Over the past year, EU-China bilateral relations have deteriorated, notably related to a growing number of irritants (i.e., China's counter-measures to EU sanctions on human rights, economic coercion and trade measures against the single market, and China's positioning on the war in Ukraine). [...] In that regard, the EU's current approach towards China set out in the "Strategic Outlook" Joint Communication of 12 March 2019 remains valid. The EU continues to deal with China simultaneously as a partner for cooperation and negotiation, an economic competitor and a systemic rival.³¹

The formula marks an important shift in direction away from the *change through trade*-doctrine. The emphasis is no longer on political change, at least not along an asymmetric relation, but the guiding idea is a rivalry where both sides try to prevail with their system. The *EU-China – A Strategic Outlook* explicitly mentions different "models of governance" as defining aspect of the rivalry. At the same time, the formula of "partner, competitor, rival" continues a logic of compartmentalization. China is considered to be all of these things, tackled "simultaneously, in different policy areas." The compartments are more complex than the *change-through-trade* division of politics and economy. Cooperation is reserved for matters such as sustainable development, global health or the provision of public goods. Economy has to some extent left the realm of cooperation, but is now marked by competition, particularly in view of technology. And the "models of governance" variously refer to differences in ideology, state direction of economy, visions of the global order, etc. The compartmentalization, if anything, is stricter, since no cross-compartment effects (like trade effecting political change) are any longer envisaged. The strict compartmentalization seems, however, very hard if not impossible to translate into practice. How can climate change be fought with the PRC as a partner when one is a competitor in terms of technology leadership, supposedly including technology that would be needed to mitigate the effects of climate change? Or how can one be an economic competitor when that competition is troubled by different levels of state direction?

It did not take long before such tensions prompted some observers to advocate for a further adaptation of the formula that quintessentially amounted to a fatal adaptation in emphasis. Already back in June 2020, a SPD Parliamentary

³¹ European External Action Service, EU China Relations, December 2023, <https://www.eeas.europa.eu/sites/default/files/documents/2023/EU-China_Factsheet_Dec2023_02.pdf>.

Group Position Paper suggested such a shift of emphasis, arguing that the EU's three-pronged approach to China is still valid, but that systemic rivalry must condition the other two elements.³² Germany, as one of the authors of the Position Paper reportedly put it, cannot approach China as “a partner on Monday, competitor on Tuesday, rival on Wednesday. Systematic rivalry conditions and limits the scope for partnership and competition. It puts breaks and restrictions on how we deal with China in the future. We have to understand the overarching effects of systemic rivalry.”³³ Three years later, in the context of the presentation of the new *Strategy on China* (2023), German Foreign Minister Baerbock would take up this point and say: “For Germany, China remains a partner, competitor and systemic rival. In the last few years, however, the systemic rival aspect has come more and more to the fore.”³⁴ The emphasis on rivalry conditioning partnership and competition has huge consequences. If followed through, it would effectively mean the end of compartmentalization, bringing about a re-politicization of all realms.

D. Conclusions

It is for the same reasons that the element of systemic rivalry gained priority that Ursula von der Leyen felt compelled to make it clear that the EU is not seeking to decouple from China. In a speech in March 2023, she said: “I believe it is neither viable – nor in Europe's interest – to decouple from China. Our relations are not black or white – and our response cannot be either. This is why we need to focus on de-risk – not de-couple.”³⁵ Although the de-risking strategy mainly targets the reduction of existing dependencies, there is a possible underlying compartmentalization difficulty. The strategy implies that there are some sectors in which activities should be reduced in order to lower dependencies (e.g. certain raw materials, green manufacturing) and other sectors in which cooperation with China could continue in some way. What is unclear

³² SPD Fraktion im Bundestag, Statement by the Social Democratic Party of Germany (SPD) Parliamentary Group in the German Bundestag: A Social Democratic Policy on China – Assertive, Rule-Based and Transparent, 30 June 2020, <https://www.spdfraktion.de/system/files/documents/positionspapier_china_engl.pdf>.

³³ Andrew Small, *No Limits: The Inside Story of China's War with the West*, Brooklyn and London: Melville House, 2022, p. 76.

³⁴ Federal Foreign Office, Speech by Foreign Minister Baerbock at MERICS on the future of Germany's policy on China, 13 July 2023, <<https://www.auswaertiges-amt.de/en/newsroom/news/policy-on-china/2608766>>.

³⁵ European Commission, Speech by President von der Leyen on EU-China relations to the Mercator Institute for China Studies and the European Policy Centre, 30 March 2023, <https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063>.

is to what extent such latter cooperation would be conditioned by the element of systemic rivalry (the three-pronged formula with emphasis) or seen as a compartmentalized and sanitized sector (the three-pronged formula without emphasis). The fact that Germany has recently written a version of the formula with emphasis into its *Strategy on China* (“China’s conduct and decisions have caused the elements of rivalry and competition in our relations to increase in recent years”) suggests that the rivalry is considered to be a defining mid-to-long term characteristic of relations with the PRC.³⁶

The problems attached to compartmentalization approaches are set to continue to haunt the EU’s quest for managing its relation to the PRC along a principled pragmatism and a de-risking strategy. The only currently entertained alternative appears to be the three-pronged formula of partner, competitor, and rival with an emphasis on rivalry as determining the other two elements. The EU, as much as many countries that also pursue an engagement approach, will have a difficult course to chart in the coming years factoring in the rivalry without making de-risking to be merely a euphemism for decoupling, which it knows it cannot afford or realize in the near future, and pursuing a principled pragmatism that risks undermining its own credibility as a normative power.

³⁶ The Federal Government, *Strategy on China of the Government of the Federal Republic of Germany*, 2023, <<https://www.auswaertiges-amt.de/blob/2608580/49d50fecc479304c3da2e2079c55e106/china-strategie-en-data.pdf>>, p. 11.

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