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**The notion connectivity in the EU's economic diplomacy strategy towards
the People's Republic of China**

Sandra Zwick

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Supervisors:

Urszula Jaremba (Utrecht University)

Oldřich Krpec (Masaryk University)

Abstract

The people's republic of China's (PRC) rise in economic terms has had a major impact on the multi-polarization of world politics, especially through the resulting increase in its multilateral power. In this context the PRC is an all the more important trading partner as well as a political partner for the European Union (EU). For this reason, it is certainly appropriate to examine the PRC's economic expansion plans and to put them in relation to how the EU's foreign policy has been influenced. The aim of this master thesis is hence to answer the following question: **To what extent has the EU-deployed economic diplomacy strategy towards China changed through connectivity in the last fifteen years?**

To answer this question, I will analyze how the EU has reacted to the PRC's connectivity strategy called the '*Belt-and-Road Initiative*' and if the EU's connectivity ambitions manifested in form of the '*EU-Asia Connectivity Strategy*' oppose the Chinese initiative intentionally and thus forfeit the chance of synergy-based cooperation. Based on the concept of economic diplomacy I will interpret the EU's behavior and evaluate whether economic diplomacy has gained more traction in the EU through connectivity. The current EU foreign policy towards the PRC leans towards system rivalry and is less optimistic in terms of the change through trade theory as well as political and economic convergence. In line with the theory of economic diplomacy, the connectivity strategies on both sides in relation to the politico-economic relations between the EU and the PRC will be examined – leading to the final step of formulating a policy recommendation.

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List of abbreviations

AFET	European Parliament's Foreign Affairs Committee
AIIB	Asian Infrastructure Investment Bank
APGC	Path Finder Group on Connectivity
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
BDI	Federation of German Industries
BRI	Belt-and-Road Initiative
BRICS	Brazil, Russia, India, China, South-Africa
CAI	Comprehensive Agreement on Investment
CEEC	Central and Eastern European Counties
CFSP	Common Foreign and Security Policy
DG	Directorate-General
EAP	Eastern Partnership
EEAS	European External Action Service
EP	European Parliament
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GHRSR	EU Global Human Rights Sanction Regime
GNI	Gross National Income
HR	High Representative of the Union for Foreign Affairs and Security Policy
ILO	International Labor Organization
IPE	International political economy
IR	International Relations
LPA	People's Liberation Army
MEP	Member of European Parliament



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MoU	Memorandum of Understanding
MFF	Multiannual Financial Framework
MS	Member States
MSR	Maritime Silk Road
NDRC	National Development and Reform Commission
OLP	Ordinary Legislative Procedure
PESCO	Permanent Structured Military Cooperation
PRC	People's Republic of China
RELEX	DG for External Relations
SOE	State-owned Enterprise
SREB	Silk Road Economic Belt
TEN-T	Trans-European Transport Network
TEU	Treaty on the European Union
TFEU	Treaty on functioning of the European Union
TRIPS	Agreement on Trade-related Aspects of Intellectual Property Rights
UK	United Kingdom
UN	United Nations
UNIFE	Union des Industries Ferroviaires Européennes
USA	United States of America
WTO	World Trade Organization



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Introduction

The People's Republic of China (PRC, China) is a country that has attracted attention through its deviating political and economic system coupled with rapid economic growth, especially in the last 20 years. While China's political system is an equivalent to a socialist people's republic, its economic system corresponds to a socialist market economy.¹ Despite the systemic deviation from the European market economy, the PRC's socialist market economy accounts for an average gross domestic product (GDP) growth rate (hereinafter referred to as economic growth) of 8,96% over the period 1999-2019.² The EU, on the other hand, achieved average economic growth of 1.63% over the same period.³ China's rise in economic terms has had a major impact on the multipolarization of world politics, especially through the resulting increase in its multilateral power.⁴

In this context the PRC is an all the more important trading partner for the European Union. As the EU discloses on its website on EU-China trade relations, the PRC and the EU 'are two of the biggest traders in the world'.⁵ Both entities maintain not only trade relations with various countries worldwide but also share a mutual trading relationship, considering that the PRC is, next to the United States of America (USA), one of the EU's most important trading partners and vice versa. To solidify the relationship in trade, the EU and China have entered into a comprehensive strategic partnership in 2003 and decided together on a strategic agenda for cooperation in 2013. The agenda's foreword reads as follows:

*'Relations between the EU and China have developed fast since diplomatic ties were established in 1975. In particular, the creation of the EU-China Comprehensive Strategic Partnership in 2003 has deepened and broadened cooperation in a wide range of areas, and the EU and China have become highly interdependent as a result. (...) As important actors in a multipolar world, the EU and China share responsibility for promoting peace, prosperity and sustainable development for the benefit of all.'*⁶

¹ Heilmann (2016): p. 38–43

² World bank (2020), based on own calculations (see figure 15 - appendix)

³ Ibid

⁴ Boening, Kremer & van Loon (2013): p. V

⁵ European Commission (2021a)

⁶ European Commission (2013)

Especially in the realm of trade, cooperation continues to be one of the most important corner stones in EU-China relations as the following figures will illustrate. In figure 1 EU-China trade in goods for the year 2019 is displayed.



Figure 1: European Commission (2021a)

In 2019, the EU imported goods worth 363 billion Euros and exported goods worth 198,2 billion Euros to China. EU-China trade in services in 2019 accounted for 32,8 billion Euros in imports and 52,5 billion Euros in exports. The trade deficit in trade in goods amounted to -164,7 billion Euros, while the EU realized a trade surplus of 19,7 billion Euros in trade in services. EU 27 cumulative foreign direct investment (FDI) transactions in China 2019 approximately reached 140 billion Euros while China’s cumulative FDI transaction in the EU leveled out at about 110 billion Euros.⁷

Bruttoinlandsprodukt
Veränderung in %, real

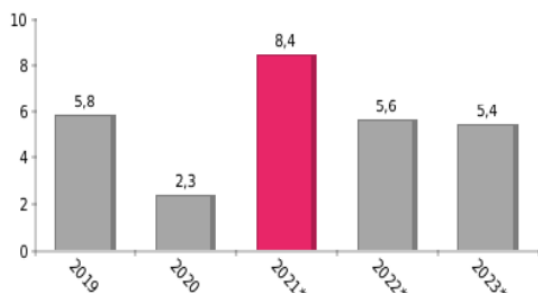


Figure 2: GTAI (2021): GDP, Change in percent

After a phase of very dynamic growth in China, 2020 was marked by the effects of the COVID-19, with the result that the Chinese GDP amounted to 2,3%. An economic recovery is expected for 2021 with a predicted economic growth of 8,4%.⁸ The Chinese market is expected to show continued growth in the coming years (Figure 2). Furthermore, key industries such as

⁷ European Commission (2021b): p. 1

⁸ GTAI (2021)

transportation, energy production, environmental technology and the healthcare industry are expected to experience growth as well in the coming years.⁹

In addition, China's Gross National Income (GNI) is on the rise since the last decade, implicating that the middle class has risen (see figure 3).^{10 11} Consequently, rising numbers of affluent consumers are to be expected, making China an interesting target market for European companies. The EU and China each offer profitable sales markets to the other, thus building mutual dependence.

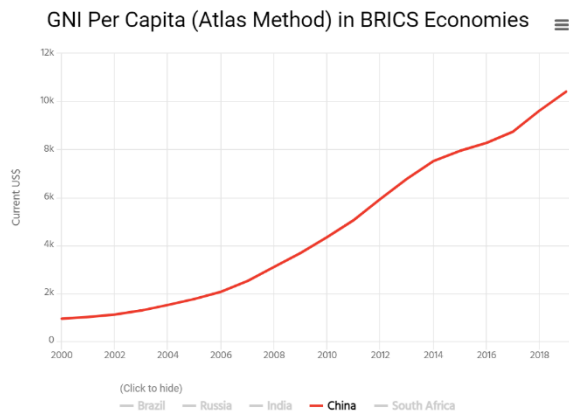


Figure 3: China Power Project (2020): GNI Per Capita (Atlas Method) in BRICS Economies. Source World Bank.

For the EU China's economic strength is a source to profit from inter alia its economic growth.

It follows from the foregoing, that economic cooperation is on top of the agenda of both entities, who entered into a comprehensive strategic partnership in 2003 and have reached various agreements such as the EU-China Trade and Cooperation Agreement of 1985, the Agreement for Scientific and Technological Cooperation, EU-China 2018-2020 Strategic Framework on Customs Cooperation as well as the Comprehensive Agreement on Investment (CAI) in 2020 and many more.^{12 13 14} Next to these agreements, bilateral relations are maintained on a high-level through the annual EU-China Summit and three main bilateral dialogues (*Strategic Dialogue, High-Level Economic and Trade Dialogue, High-Level People-to-People Dialogue*).¹⁵ The bilateral agenda for cooperation is based on the EU-China Summit Joint Statements and the EU-China 2020 Strategic Agenda for Cooperation of 2013.¹⁶

Nevertheless, 'systemic rival[ry]' and entailed value-based discrepancies have started to overshadow EU-China relations since 2016 with the EU reassessing its strategy towards the PRC in the European Commission's communication '*Elements for a new EU Strategy on*

⁹ BMWi (2020)

¹⁰ China Power Team (2020)

¹¹ In accordance with the China Power Team, the definition of middle class used in this thesis, is based on income bands to differentiate between economic classes.

¹² European Communities (1985)

¹³ European Commission (2013): p. 2

¹⁴ EEAS (2020)

¹⁵ Ibid

¹⁶ Ibid



China'.¹⁷ ¹⁸Another communication titled '*EU-China Strategic Outlook*' followed in 2019.¹⁹ These publications deal with the fact that the Chinese market has become more difficult and politicized in recent years, making it no longer easy for European companies to do business in China. The opening reforms are not as significant and are proceeding slowly, which limits reciprocity and equal treatment of foreign companies in China. It has come to a point where the former separation of trade and politics is no longer viable, instead one can no longer exist without the other.²⁰ In order to create reciprocity or a so-called level-playing field, the EU decided to incorporate appropriate EU foreign economic policy measures in its strategy on China.²¹ Hence, the EU stated the following in its joint communication from 2019 on China:

*'The EU needs a proactive approach to strengthening its economic competitiveness and ensuring a level playing field. It will continue to take concrete measures to strengthen the Single Market, including its capacity to channel investments where strategic EU interests are at stake.'*²²

A stronger system rivalry prevails between the USA and China, which leads as far as to containment policies or even tendencies of decoupling from the US side. It appears that the USA feels threatened by a very large, economically strong country such as China, that represents a completely different political system. Report- and news article headings such as '*Resilience and decoupling in the era of great power competition - How the fight between China and the US for geopolitical dominance has ruptured the world economy*'²³, '*US turning to aggressive 'industrial policy' to counter Beijing, experts say*'²⁴ and '*The Great Decoupling - Washington is pressing for a post-pandemic decoupling from China. But the last big economic split brought on two world wars and a depression. What's in store this time?*'²⁵ describe the current situation figuratively. In addition, US Secretary of Defense Lloyd Austin stated the following at the Japan-U.S. 2+2 in March 2021: '*So with respect to China and the threat that*

¹⁷ European Commission (2016)

¹⁸ The European Commission's Communication on 'Elements for a new EU Strategy on China' was accompanied by the 'Council's Conclusions EU Strategy on China' and belong as well to the framework strategy on China.

¹⁹ European Commission (2019a)

²⁰ Boening, Kremer & van Loon (2013): p. 4; Okano-Heijmans & Montesano (2016a): p. 2

²¹ Le Corre (2020)

²² European Commission (2019a): p. 7

²³ MERCIS (2020)

²⁴ South China Morning Post (2021)

²⁵ ForeignPolicy.com (2020)

*China poses, you've heard me say on a number of occasions that China is the pacing threat that our Department of Defense will continue to focus on.*²⁶

This conflict of systems and values makes it particularly difficult for the EU to position itself, because on the one hand the USA and the EU have common values founded in democracy. On the other hand, cooperating with China in global trade is of major importance to the EU, hence complete decoupling would not be in the EU's interest. Striking an alliance in between geopolitical affiliations will become one of the greatest obstacles for the EU to reaffirm its China strategy and to emerge as a global player in geopolitics.²⁷ Therefore, *'the EU intends to step up its efforts in economic diplomacy in Asia'* with the aim of creating a level-playing field with nations located in that area, including China.²⁸ This quote stems from the Communication on the EU-Asia Connectivity Strategy, in which *'connectivity'* as an *'economic diplomacy'* strategy plays an important role to establish or even maintain the level playing field in Asia.

Economic cooperation between nations, international and intergovernmental organizations or similar entities, is usually founded in international agreements and agreed upon frameworks, which are a result of economic diplomacy enacted by nations and associations of countries. In case of the EU and China, both are bound by the multilateral agreements under the World Trade Organization (WTO) framework, including the General Agreement on Tariffs and Trade (GATT), the General Agreement on Trade in Services (GATS) and the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS). The main bilateral agreement governing the relations is the EU-China Trade and Cooperation Agreement. In addition, the CAI will, after its ratification, be possibly added to the list.²⁹ Hence, economic cooperation and the resulting trade flows are generated through the interaction of states and emphasize therefore the essential role of states and similar entities in the global economy according to the theory of economic diplomacy.³⁰ In the case of China, multi- or bilateral economic cooperation facilitated by economic diplomacy is not only meant to enrich the national economy but is used as a tool for political purposes and to sustain leverage whereas the EU until now has focused less on

²⁶ U.S. Department of State (2021)

²⁷ Boening, Kremer & van Loon (2013): p. V-VI

²⁸ European Commission (2018): p. 12

²⁹ CAI was signed at the end of 2020. It is intended to facilitate access to investment for the PRC and the European Union. Both parties have been negotiating CAI since 2013. However, complications arose in the ratification process on both sides. China would have to join the International Labor Organization before ratification and has not done so, so far. The EU Parliament has currently put ratification on hold as long as Chinese sanctions against Members of the European Parliament continue.

³⁰ Bergeijk & Moons (2018): p. 1

accumulating leverage and only started to gear up in terms of economic diplomacy.³¹ Hence, an interesting dynamic between both entities is unfolding in terms of economic diplomacy theory. This implies that the level-playing field with regard to market access is not only uneven, but as well the distribution of power in the realm of economic diplomacy between China and the EU holds for discrepancies.

An economic diplomacy strategy, deployed by organizations and nations to provide a channel for multilateral economic cooperation based on agreements and frameworks, is the strategy of connectivity, realized through for example infrastructure. Economic diplomacy and thus connectivity plays an important role as it facilitates and improves trade flows.³²

The notion connectivity has become a buzzword over the years, being usually mentioned in the context of bringing the global economy together through building infrastructure and interlinking regions consequently to each other. Global connectivity plays a vital role also in relation to economic diplomacy practices of nations and associations of nations, such as China, and the EU. We find several connectivity initiatives being introduced in the last decade, amongst these have been the Belt-and-Road Initiative (BRI) in 2013, the EU-China Connectivity Platform in 2015 and the EU-Asia Connectivity Strategy in 2018.³³ But first the notion connectivity needs to be defined further in order to elaborate on its significance for the EU's foreign policy and economic diplomacy.

According to the Oxford dictionary, the term '*connectivity*' describes a '*state of being connected or the degree to which two things are connected.*'³⁴ To date, it has been used primarily in the IT industry to describe digital networks. However, in the wake of China's BRI, the concept has been expanded in the policy debate to include connectivity in multiple dimensions. In the broadest sense, the topic of global connectivity is about improved international networking in several dimensions: Transportation, energy, digital, and usually a human component. Creating a closer connectivity to Asia has become for the EU of utmost importance not only as a form of geopolitics but also to solidify its partnership with countries situated in Asia. The notion of connectivity, therefore, is used by the EU to

³¹ Men (2013); Okano Heijmans (2016a), (2016b)

³² Van Bergeijk, de Groot & Yakop (2011): p. 117; Hawke & Prakash (2016)

³³ Okano-Heijmans & Montesano (2016a): p. 2

³⁴ Oxford Dictionary (2021)



- (...) *contribut[e] to efficient connections and networks between Europe and Asia (...) at the service of people and respective economies;*
- (...) *establish[] partnerships for connectivity based on commonly agreed rules and standards enabling a better governance of flows of goods, people, capital and services; [as well as to]*
- (...) *contribut[e] to address the sizeable investment gaps through improved mobilisation of resources, reinforced leveraging of EU's financial resources and strengthened international partnerships.*³⁵

The EU-Asia Connectivity Strategy falls into the scope of these ambitions or rather builds a framework for connectivity related actions. It was published in 2018 in form of a communication and was considered to be the EU's contribution to the 12th Asia-Europe Meeting (ASEM) Summit.

'ASEM is an informal process of dialogue and cooperation bringing together the 28 European Union member states, 2 other European countries, and the European Union with 21 Asian countries and the ASEAN Secretariat. The ASEM dialogue addresses political, economic and cultural issues, with the objective of strengthening the relationship between our two regions, in a spirit of mutual respect and equal partnership'.³⁶ The institution of ASEM is accompanied by *'a biennial meeting between the Heads of State and Government, the President of the European Council, the President of the European Commission, and the Secretary-General of the Association of Southeast Asian Nations (ASEAN)'*.³⁷

Connectivity was already on the agenda of the 11th ASEM Summit in 2016 during which a working group was created especially for the occasion of connectivity. This working group is called ASEM Path Finder Group on Connectivity (APGC), and it drew up a connectivity definition in 2017.³⁸ The definition distinguishes between *'hard'* connectivity referring to infrastructure such as roads, rail links, pipelines and submarine cables and *'soft'* connectivity, which is attributed to regulatory coordination as found in standards, border management, as well as Free Trade Agreements (FTA).³⁹ ASEM's connectivity definition is of great importance

³⁵ European Commission (2018): p. 3

³⁶ Official Website for Mongolia's Chairmanship of Asia-Europe Meeting in 2016 (2016)

³⁷ Ibid

³⁸ ASEM (2017)

³⁹ ASEM (2017)

to EU endeavors for connectivity in Asia in view of the EU-Asia Connectivity Strategy as it follows the definition introduced by APGC and refers to it directly in its communication.⁴⁰

Connectivity can be achieved through infrastructure. Infrastructure in the form of connectivity projects plays a vital role in a nation's economy. The progressing globalization keeps infrastructural endeavors not only inside a nation's borders but links and connects various countries to each other, making it a matter of interdependence and international relations.⁴¹ In accordance with economic diplomacy, connectivity projects are useful strategy to push for a nation's economic and political interests.⁴² The scientific factor here is to discern if economic or political objectives predominate, which puts economic diplomacy and its analytical framework in the forefront. Whereas the PRC's connectivity endeavors are reflected in the BRI, the EU has prepared its own connectivity strategy targeted at Asia in order to enhance economic cooperation and possibly even formulate a geopolitical response in form of the '*EU-Asia Connectivity Strategy*'.⁴³

The European initiative is going now through the initial stages of planning, including establishing an encompassing infrastructural network, creating strategic partnerships based on common European values as well providing corresponding funds.⁴⁴ This strategy is also mentioned in the European Commission's EU-China Strategic Outlook from 2019, which does not exclude cooperation with China per se but binds it strongly to the adherence to European values. European values are proclaimed in Article 2 of the Treaty on European Union (TEU) and consist of human dignity, freedom, democracy, equality, rule of law as well as human rights.⁴⁵ This new emphasis on European values in the EU's strategy on China implicates a change in the EU economic diplomacy strategy towards China and makes one question how connectivity relates to that modification.

⁴⁰ European Commission (2018): p. 1

⁴¹ Davtyan (2014): p. 23

⁴² Ibid, p. 29

⁴³ EEAS (2019a)

⁴⁴ European Commission (2018)

⁴⁵ European Union (2012)

Research question

Essentially, this thesis tries to answer the following research question: **To what extent has the EU-deployed economic diplomacy strategy towards China changed through connectivity in the last fifteen years?** The sub-questions guiding me in my research read as followed:

- What is the impact of the BRI on the EU's economic diplomacy strategy?
- Is the EU-Asia Connectivity Strategy an alternative or does it complement the BRI?
- IS the EU-Asia Connectivity Strategy considered to be a response to the BRI?
- Are there synergies between the BRI and the EU-Asia Connectivity Strategy that should be addressed?
- How does the relevance of formats such as the EU-China Connectivity Platform manifest itself for EU-China relations?

To answer these questions, I will analyze how the EU has reacted to the Chinese connectivity strategy called the BRI launched in 2013. In line with the theory of economic diplomacy, which builds on the idea that economic and political interests supplement each other and thus need to be combined in order to achieve encompassing and effective foreign policy practices, the effects of the connectivity strategies on both sides in relation to the development of economic relations between the EU and the PRC will be examined.⁴⁶ Consequently, based on this concept I will analyze and interpret the EU's actions while assessing if a change in EU economic diplomacy practices in relation to connectivity are perceivable. A minor research focus lays on the questions whether efficient cooperation on connectivity projects is still a possible option, considering that the current EU foreign policy towards the PRC leans towards system rivalry and is less optimistic in terms of the change through trade theory as well as political and economic convergence. The recent events such as the two-sided deployed sanctions or the freezing of the ratification process of the CAI have shown that EU-China relations are currently facing a rough patch. Both actors are adapting and influencing the geopolitical sphere through their interaction and thus are transforming their economic diplomacy conduct. This makes it all the more interesting to analyze what events are currently transpiring and draw conclusions from that. These conclusions are preceded by a policy proposal for an improved EU economic diplomacy approach to relations with China in light of connectivity.

As connectivity strategies in economic diplomacy are a relatively new notion, only a scarce amount of literature can be found, especially when taking a look at literature on the

⁴⁶ Okano-Heijmans (2011): p. 34



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thematic including the BRI and the EU-Asia connectivity strategy specifically. As economic diplomacy practices related to connectivity can influence the balance of power in world politics, it is vital to not only being able to assess strategies of partners, but as well to create an economic diplomacy strategy related to connectivity for oneself. Hence, for the EU the EU-Asia connectivity strategy, which is based on economic diplomacy, is vital to the EU's foreign policy practices in the geopolitical sphere. Furthermore, with regard to the global economy, connectivity strategies can serve the purpose of opening up markets through creating partnerships in trade, as well as create business opportunities for EU enterprises. The BRI has demonstrated the effects of a in principle working model, however based on differing motives, that lay far from European values.⁴⁷ This research is thus dedicated to investigating the change of EU economic diplomacy conduct with regard to connectivity and interlinking both theory and concept proficiently.

⁴⁷ Bundesverband der Deutschen Industrie (2019): p. 7

Methodological approach

In order to address the above-mentioned research question, the research method needed to be established first, which in this case was a qualitative content analysis. This analysis was complemented by the method of triangulation, which makes it possible to look at a research object from different perspectives. With regard to methodological triangulation, the focus was placed on coding documents and conducting and analyzing interviews. This resulted in a qualitative, text-based method of analysis and a quantitative, frequency-based method of analysis. Data triangulation was also used, meaning that different data sources were included in the research. Thus, EU government documents were consulted as well as transcripts of the interviews conducted.

The content analyzed, consisted of official publications by EU institutions. In total four (joint) communications as well as one set of council conclusions were looked at:

- *COM (2006) 632 final: Closer Partners, Growing Responsibilities – A policy paper on EU-China trade and investment*
- *JOIN (2016) 30 final: Elements for a new EU strategy on China*
- *11252/16: EU strategy on China – Council Conclusions*
- *JOIN (2018) 5 final: Connecting Europe and Asia . Building blocks for an EU strategy*
- *JOIN (2019) 5 final: EU-China – A strategic outlook*

These (joint) communications were chosen based on three categories. The first category was the currently active policy on China and its corresponding documents. JOIN (2016) final 30, 11252/16 and JOIN (2019) 5 final fell into that category.⁴⁸ The second category was the EU's connectivity strategy, which builds on JOIN (2018) 5 final. The last category rested upon allowing for comparison between the EU's strategy before 2016 and after, which is why COM (2006) 632 final was considered as well.

All five documents were coded, depending on a self-created code book, with the software Atlas.ti 9. Inspiration for the code book was taken from the thematic touched upon by the interviewed experts, the analytical framework of Okano-Heijmans with an emphasis on 'tool dimension' as well as the thesis' research- and sub questions.⁴⁹ A form of deductive and

⁴⁸ EEAS (2020)

⁴⁹ Okano Heijmans (2011): p. 16-20

topic coding was applied, which assisted with depicting and recognizing thematic content through categories. This included codes and corresponding subcodes for topics such as EU-China trading obstacles, Chinese geopolitics, reference points of the EU's strategy on China and recreation of a level-playing field instruments already used or planned for. In vivo coding was used to highlight content or notions which the code book did not cover. As final step an analytic comparison of the documents and their embedded codes was made, so that an overview of the current political economic constellation originating from the EU's and the PRC's maneuvers in economic diplomacy was recognizable.

Additionally, in order to verify the above-mentioned, eight semi-structured interviews, based on a snowball sampling pattern were organized to enrich the findings of the predecessor document analysis. These interviews were intended to deliver information, motives, trends and policy suggestions for the EU's economic diplomacy strategy. The interviewees were experts of EU- and Germany-China relations, which I came across during my research internship at the Germany Trade and Invest GmbH. Most of the interviewees are of German nationality and are either affiliated with the German government, the European Parliament, a political foundation, or a university. This prerequisite needs to be remembered when reading or interpreting the results of the interview analysis, as no representativity neither from institutions nor organizations nor nationality could be achieved with the amount of interviews conducted.

A set of seven standardized questions guided the conversation and served as groundwork to avoid going far beyond the topic. The interviewees received a set of preliminary question as preparation. The interviews were recorded and transcribed in edited form. The experts had to sign a consent form, to inform them of their rights and the applied standards of ethical research in this thesis. The code book was adapted and utilized by means of bringing about transparent and systematic evaluation. Patterns, themes and notions were recognized in the transcript thanks to deductive content analysis – and in vivo coding. The interviewee's suggestions assisted me in asserting the EU's economic diplomacy strategies and henceforth aided me in creating recommendations concerning the EU's economic diplomacy practices and the current EU-China policy.

Finally, next to the above-mentioned interviews, I took part in background talks with employees of Directorate-General (DG) International Partnerships (INTPA) and DG Mobility and Transport (MOVE) during my internship, of which I was able to retrieve information on

the EU-Asia Connectivity Strategy and EU-China Connectivity Platform. These talks were not recorded, notes taken during the talks serve hence as form of information.

It should be emphasized at this point that the methodological and theoretical framework evolved and changed substantially. In the preliminary stage of the trajectory, it was planned to analyze the EU's and China's economic diplomacy practices thoroughly. Over the course, the focus shifted mostly to the EU's practices, as the insight into the PRC's motivations and decision-making processes are limited. In addition, the research question was changed from identifying connectivity synergies between the EU and China to describing and analyzing the change in the EU's economic diplomacy strategy and the consecutive reasons for it triggered by Chinese geopolitical endeavors such as the BRI. Furthermore, during the carrying out of interviews, it became evident, that it would be nearly impossible to assess viable connectivity synergies within the scope of a master thesis, as all interviewees agreed on the fact that connectivity synergies yet need to be identified and in the current climate are nearly out of question. To find connectivity synergies, case studies on certain projects in each of the connectivity strategies herein discussed, should have been evaluated and compared, thus contributing to highlighting each of the countries empirical economic diplomacy practices and pinpoint connectivity synergies. However, this approach was eliminated due to the lack of BRI projects in the EU and the non-existent projects under the umbrella of the EU-Asia Connectivity Strategy. In the first draft of the thesis, the EU-China Connectivity Platform was singled out as an essential tool to bring about connectivity synergies. However, this idea was partially rejected by cause of ineffectiveness proclaimed by all interviewees or sheer unawareness of its existence in the first place. Nonetheless, the research conducted on the EU-China Connectivity Platform remains in this thesis and the platform will be included in the policy recommendation, however in a less prominent position.

Building on the methodological background the thesis is structured as followed, first, as an introduction to the topic, a literature review will be conducted. Then the theoretical framework is going to be introduced. The framework consists of a general introduction on the theory of economic diplomacy and is then followed by explain the EU's as well as China's classification in economic diplomacy. Besides the theoretical framework of economic diplomacy also the notion of connectivity within economic diplomacy will defined and set into context with the BRI and the EU-Asia connectivity strategy. Special attention will be paid to the EU-China Connectivity platform, as it displays a connectivity based economic diplomacy strategy dedicated to EU-China synergies. The next chapter will focus on the chronology EU-



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China relations and current developments. A special focus will be set on the document analysis of the EU's China Strategy, the EU-Asia Connectivity Strategy as well as the results of the interviews. Furthermore, an excursus on the evaluation of the EU-China Connectivity Platform will be made. This analysis will eventually result in proposing recommendations for the EU's economic diplomacy strategy towards China with regard to connectivity.

Literature Review

The times of bipolarized world politics are long over. We are facing world politics influenced by a multitude of states, associations of states and governmental entities leading to a multi-polarization of world politics and consequently to a multipolarity of the global economy.⁵⁰ For the purpose of explaining the multi-polarization and the entailed shift in power, the concept of economic diplomacy not only contributes to clarify the stance and actions of actors involved but also aids with analyzing and improving foreign policy practices. With the worldwide surge in connectivity promoting projects, a basis needs to be found on how connectivity is used in economic diplomacy to further national ambitions and how it surfaces in EU-China relations.

On the topic of economic diplomacy, its definition and its purposes, has been published a great amount of literature. Well-known authors in the field are Bayne and Woolcock, Okano-Heijmans as well as van Bergeijk and Moons. Their definitions of Economic Diplomacy vary only slightly from each other. Bayne and Woolcock define Economic Diplomacy as the way *'how states conduct their international economic relations (...); how they negotiate with each other internationally; and how these two processes interact.'*⁵¹ Their way of describing economic diplomacy is rather broad and leaves room for interpretation. While Okano-Heijmans' definition is less process oriented and focuses on the motivation and instruments to further economic diplomacy – it reads as followed: *'Economic diplomacy is understood as the use of political means as leverage in international negotiations, with the aim of enhancing national economic prosperity, and the use of economic leverage to increase the political stability of the nation'*.⁵² Economic Diplomacy according to Bergeijk and Moons narrows the framework down to bilateral economic relationships and puts emphasis on *'the opening of markets to stimulate bilateral cross-border economic activities (...), the building and use of bilateral cultural, political and economic relationships between countries in order to assist domestic companies, as well as the use of bilateral economic relationships, including (the threat) to discontinue these activities, as a tool of diplomacy'*.⁵³ Their definition is similar to Okano-Heijmans' rationale and concentrates on motives as well as on consecutive tools. Men identifies

⁵⁰ Boening, Kremer & van Loon (2013): p. V.

⁵¹ Bayne & Woolcock (2013): p. 1

⁵² Okano Heijmans (2011): p. 17

⁵³ Bergeijk & Moons (2018): p. 2

economic diplomacy to form the link between economics, politics and diplomacy. For her these three disciplines have a strong influence onto decision-making and are highly reciprocal. If any of those is imbalanced, relations between states could end up being obstructed.⁵⁴ These definitions complement each other and create a certain understanding on the perception of economic diplomacy in general.

In terms of describing the EU's economic diplomacy practices in general, the author Woolcock S. put out the book '*European Union Economic Diplomacy – The Role of the EU in External Economic Relations*' in 2012.⁵⁵ As mentioned before, his publications on economic diplomacy are the most cited sources on the theme. In his literary work he focuses on the emergence of the European Union as a global actor in international economic negotiations since the ratification of the Lisbon Treaty. The decision-making process of the EU is of utmost importance to Woolcock when assessing its economic diplomacy capabilities. He highlights based on four case studies (*external trade and investment policy, financial regulation, EU external environmental policy and EU development policy*) that depending on the respective policy field the EU's competences vary and consequently either weaken or strengthen the EU's economic diplomacy capabilities, the same depends on the interests of not only the member states but as well on the internal communication of EU institutions. The method the author uses in order to evaluate whether the EU serves the role of an economic diplomacy actor, is the distinction on how effective the EU is in achieving its goals in negotiations and how efficient it is in finding a common position.

Woolcock, based on his former publication in cooperation with his fellow author Bayne, defines EU economic diplomacy as followed: '*EU economic diplomacy includes decision-making or how the member states and the EU institutions reach or do not reach common positions or objectives and then how the EU seeks to promote this agreed EU position in negotiations with third parties.*'⁵⁶ Also Okano-Heijmans in cooperation with Montesano has limited her research not only to the general definition of economic diplomacy, but has dedicated a policy brief to the thematic of European Economic Diplomacy as well.⁵⁷ In principle she agrees to Woolcock observations and highlights similar constraints such as the difficulties of decision-making processes in the EU. Nevertheless, she also clarifies that the EU is only starting

⁵⁴ Men (2013): p. 294

⁵⁵ Woolcock (2012)

⁵⁶ Ibid, p. 9

⁵⁷ Okano-Heijmans & Montesano (2016a)

on its way towards a coordinated economic diplomacy approach and has hence a long way to go. She concludes with the recommendation of introducing an encompassing economic diplomacy framework in the EU and defining clear objectives in correspondence with the member states' objectives.

Research on Chinese economic diplomacy practices is existing as well. Especially, Jing Men, the Chair of EU-China relations at the College of Europe, has done a great amount of research on the topic of EU-China relations and economic diplomacy tactics of both sides. Her paper from 2013 on '*China's Economic Diplomacy and Sino-EU Relations*'⁵⁸ shows great insights into China's economic diplomacy practices and their utilization specifically in EU-China relations before 2013. The returning theme of the carrot and stick method, applied by the Chinese, is explained based on four case studies. The EU's characteristics in economic diplomacy are touched upon lightly, mentioning the difficulties in forming a united stance and its value-based approach.

Different economic diplomacy patterns of China are conveyed through literature. The rhetoric of leaders influencing China's foreign policy and thus its economic diplomacy has won traction over the years with Xi Jinping taking power. Poh and Li support this claim as well in their paper '*A China in Transition: The Rhetoric and Substance of Chinese Foreign Policy and Xi Jinping*' stating that China is on the way of abandoning its former 'lying low' policy.⁵⁹ In addition, the authors also touch upon the importance of political slogans for China's policies in- and outside of China. Panda even elaborates on the translation of these proclamations to English in order to adapt to cultural differences in perception and external criticism.⁶⁰ Grimmel and Eszterhai agree to this notion while adding the economic diplomacy practice of rule-setting to China's economic diplomacy characteristics, which became reality through the BRI.⁶¹ The possibility of rule-setting capabilities exerted by China in the future was highlighted already by Yakop and van Bergeijk in their working paper from 2009 on 'The weight of economic and commercial Diplomacy'.⁶² While even suggesting that an emerging economy such as China could influence the definition and settlement of international conflicts. Also, the thematic of

⁵⁸ Men (2013)

⁵⁹ Poh & Li (2017)

⁶⁰ Panda (2021)

⁶¹ Grimmel & Eszterhai (2020)

⁶² Bergeijk & Yakop (2009)

guānxi – relationships between individuals – rooted in cultural history influences economic diplomacy practices, see Servaes, Yeung and Ado.⁶³

Now moving on from definitions of economic diplomacy, economic diplomacy and its relation to the buzzword connectivity is going to be introduced based on the literary discourse. Literature on exactly this topic is scarce, given that the EU-Asia Connectivity Strategy was published only in 2018 and gained traction only recently. Therefore, the following papers/policy briefs are of utmost importance to this research. Arriving again at a policy brief written by Okano-Heijmans and Montesano on EU economic diplomacy but this time the focus lays on connectivity related economic diplomacy strategies such as the BRI.⁶⁴ At the time of its publication in 2016, the EU-Asia Connectivity Strategy needed yet to be formulated, nevertheless the duo called even then explicitly for such a strategy, as it could possibly serve as a perfect opportunity to develop an encompassing economic diplomacy strategy towards China. The authors mention the EU-China Connectivity Platform as a perfect entry into such an endeavor, but it needs to be incorporated into the overall framework and go through some policy improvements still to reach its full potential.

C. Holzer's paper on '*Identity Narratives in China and the EU's Economic Diplomacy: Comparing the BRI and the EU Connectivity Strategy for Asia*' from 2020 is of interest for this thesis. Holzer sees connectivity to be a strategy of economic diplomacy and as such China's BRI and the EU's EU-Asia Connectivity Strategy correspond to this idea. According to the author however the BRI does by far exceed the framework of economic diplomacy and could possibly stand for its whole foreign policy agenda. He sees the EU strategy as a direct answer to the BRI and thus shares similarities with it. The author does not fail to point out that based on their systemic differences, or as he puts it differing identity narratives, these connectivity initiatives were set out to take diverging shapes. The BRI is based on varying rules based on bilateral negotiations whilst the EU-Asia Connectivity Strategy depends on pre-set rules and European values such as transparency and sustainability. Holzer is in favor of healthy competition between those strategies and sees no harm in the existence of both strategies. He concludes however, that even though both strategies might provide for a multipolar world, the BRI might as well fuel a Sino-centric world order achieving just the opposite. Holzer does not forget to highlight the implications of the tensions between the USA and China and sees the EU

⁶³ Servaes (2016), Yeung (2004), Ado (2020)

⁶⁴ Okano-Heijmans & Montesano (2016b)

as viable partner for China in this context. However, EU-USA affiliations and their impact on the EU willing to be a partner are not mentioned. The author concludes that both entities should work together on improving their relations and consequently strengthen their respective connectivity strategies.⁶⁵

After having depicted the most important authors in the field of economic diplomacy, the state of research on the EU's and China's individual economic diplomacy and the linkage of connectivity to economic diplomacy in face of the EU's and China's connectivity strategies, a view will be taken on economic diplomacy enacted in EU-China relations. The introduced pieces were published between 2008 and 2014, having hence not taken recent developments in the EU's strategy on China into consideration.

Revisiting researcher Monnet's work on EU-China relations, we find a paper on '*EU-China Relations: Problems and Promises*' from 2008,⁶⁶ implicating that discrepancies in EU-China relations existed also in the previous decade. The discomfort of the existing trade deficit on the side of the EU and the challenge of adapting policies to China becoming stronger economically caused volatility in relations. As relations between both partners are based mostly on economic cooperation, whilst politization is declining gradually, new methods of engagement need to be embraced, such as economic diplomacy. Men mentions the US as interfering power in stable EU-China relations on a side note.

The author Hoogmartens analyzed EU-China relations based on economic diplomacy and had an emphasis laid on the Sino-European trade deficit as an issue as well.⁶⁷ According to Hoogmartens, economic diplomacy is the solution to clashes of systems as it aims at dialogue. Both actors were not willing to work on their own policy obstacles such as the Chinese economic overcapacity and the EU's lacking willingness to utilize its trade defense instruments consistently. He points to co-dependency of both actors and the consequences of a remaining trade deficit.

Returning to Men again for taking a closer look at her paper from 2013 on '*China's Economic Diplomacy and Sino-EU Relations*', which shows not only insights into China's economic diplomacy practices but also draws attention to the difference in systems of both entities causing issues that could be avoided if the EU would leave room to China to develop

⁶⁵ Holzer (2020)

⁶⁶ Men (2008)

⁶⁷ Hoogmartens (2010)

freely in its own pace. Therefore, the EU's criticism towards China is misguided according to the author and causes relations to waver. She concludes that a stable relationship between the EU and China is continuously possible but will harbor obstacles as well.

M. Smith's paper on '*EU-China relations and the limits of economic Diplomacy*' from 2014 provides valuable input as well on the thematic.⁶⁸ In his paper the author focuses on the EU's weaknesses in economic diplomacy and thus the missing traction in exerting leverage over China. He elaborated on the specificness of EU-China relations bearing several challenges to EU-enacted economic diplomacy. According to him the institutionalized context of relations is making it difficult for a balanced approach between the EU-China relations, EU member state-China relations and private network and sectoral relations. Also, material factors such as trade and investment seem to weaken the EU's resolutions in relation to its member states. He points as well to issues in communication and coordination in between EU institutions economic diplomacy actions on the matter of China. The paper supports the notions of the EU being a conflicted trade power and highlights the reluctance of the EU to politicize its trade relations with China.⁶⁹ Smith's paper summarizes the '*limits of EU economic diplomacy*' well, however no concrete policy recommendations are offered on how to attenuate these conflicts in the future and strengthen EU economic diplomacy.

Also, in the year 2014, X. Zhang wrote a publication, named '*EU-China Economic Diplomacy: When Economics Meets Politics*', on the same topic.⁷⁰ While Smith set his priority on the EU's economic diplomacy practices and its constraints in relation to China, Zhang decided to include the motivations of the PRC as well in his piece. He comes to the conclusion, that economic diplomacy was enacted by both entities to achieve their interests during their whole relationship. He agrees with Smith that the EU faces obstacles in its economic diplomacy strategy in context of the heterogeneity of interests between the member states and the EU as institution. Furthermore, Zhang concluded as well that the politization of trade is a notion the EU tries to avoid. An important issue introduced by the author, is that the EU is lacking military-security power, meaning that it has to make up for it through implementing structural power resources, which it does successfully according to him.

⁶⁸ Smith (2014)

⁶⁹ Smith (2014) after Meunier (2006)

⁷⁰ Zhang (2014)



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The state of research presented here gives a non-exhaustive overview of literature relevant to the definition of economic diplomacy in general, the EU's and China's economic diplomacy practices, the relation between economic diplomacy and connectivity as well as the usage of economic diplomacy in EU-China relations. Whilst research on economic diplomacy and publications on either the EU's or China's economic diplomacy patterns remain of stable presence, it becomes clear that the thematic of economic diplomacy in EU-China relations especially in between 2008-2014 was en vogue, however started to lose momentum apparently. Literature on EU-China relations detached from economic diplomacy in general are to be found en masse and will be consulted as well, if necessary. With regard to the linkage between connectivity and economic diplomacy only few pieces of literature have emerged. However, the pieces found fit neatly into the theoretical framework of this thesis and show that in light of recent events research in this field is definitely needed and thus worth researching.

Theoretical Framework: Economic diplomacy

By means of a qualitative content analysis I conducted my research in the scientifically related fields of international relations (IR), international political economy (IPE) and public diplomacy. IR is a subdiscipline of political science dealing with foreign policy, international systems and international organizations. It is to be described as a web of political, economic, cultural, and military relations as formed in ‘*cross-border transactions*’ among states, state actors, and non-state actors.⁷¹ IPE brings different perspectives on economics to the table adding another set of tools to my research. It aims to explain how relationships between different societal actor evolve in relation to their geographical origins.⁷² As Balaam and Dilman would describe IPE, it ‘*break[s] down the analytical and conceptual boundaries between politics, economics and sociology*’.⁷³ Public diplomacy according to Paul Sharp is ‘*the process by which direct relations are pursued with a country’s people to advance the interests and extend the values of those being represented.*’⁷⁴ These three concepts are highly relevant for research performed in the area of foreign affairs and foreign policy analysis as they provide a multidisciplinary approach and thus help with formulating an encompassing analysis. The theoretical framework of economic diplomacy serves the purpose of unifying IR, IPE and public diplomacy altogether while building a consistent base for this analysis.

As already mentioned in the introduction, the times of bipolarized world politics are long over. For the purpose of explaining the multi-polarization and the entailed shift in power, the concept of economic diplomacy not only contributes to clarify the stance and actions of actors involved but also aids with analyzing and improving foreign policy practices. The most known definition of the broad concept of economic diplomacy derives from Bayne & Woolcock’s book about ‘The new economic diplomacy’ in which economic diplomacy is conceptualized as ‘*how states conduct their international economic relations (...); how they negotiate with each other internationally; and how these two processes interact.*’⁷⁵ Supplementary they determine economic issues being the impetus for economic diplomacy.⁷⁶ These issues are approached by governments through the usage of tools or instruments which

⁷¹ Brown (2019): p. 1

⁷² Balaam & Dilman (2016): p. 8

⁷³ Ibid, p. 7

⁷⁴ Melissen (2005): p.106

⁷⁵ Bayne & Woolcock (2013): p. 1

⁷⁶ Ibid, p. 3-4

range from informal negotiations to soft regulations or even sanctions.⁷⁷ The authors point out that their focus mainly lays within describing and interpreting the corresponding process and consequently leaves the content of policies out of purview.⁷⁸ However, for this research, content analysis will play an important role, which is why I decided to draw on another researcher's elaborations.

The researcher Okano-Heijmans has concerned herself with the same topic of conceptualizing economic diplomacy, in a research paper published in 2011. According to the author, diplomacy was always interlinked with trade issues and can be traced back to ancient times. Still, it took researchers working in the field of IR, public diplomacy, and IPE centuries to derive at the concept of economic diplomacy. Especially after the Cold War, in the 1990s, the concept of economic diplomacy became more essential than ever before, given the fact that new global players as for example the Chinese emerged on the map.⁷⁹ Provided that such global players appear, governments tend to use economic diplomacy by means of *'pursu[ing] (...) foreign policy interests when the legitimacy and power of existing structures of international cooperation decrease'* or are not yet established.⁸⁰ In the course of her paper she comes to the following definition of economic diplomacy: *'Economic diplomacy is understood as the use of political means as leverage in international negotiations, with the aim of enhancing national economic prosperity, and the use of economic leverage to increase the political stability of the nation'*.⁸¹ This definition and her shortly to be introduced framework, offers a notion of policy content inclusiveness and consequently complements Bayne & Woolcock's definition. Therefore, I have decided to use Bayne & Woolcock's as well as Okano-Heijmans' elaborations as the foundation to build my thesis on. Going more into detail Okano-Heijmans differentiates in her paper between the conceptual framework and the analytical framework of economic diplomacy.

The conceptual framework puts the state in the center and classifies it as the primary actor.⁸² Bayne & Woolcock broaden this definition further as they not only include governments but also non-state actors as for example international organizations.⁸³ Each state

⁷⁷ Ibid, p. 4

⁷⁸ Ibid, p. 1

⁷⁹ Okano Heijmans (2011): p. 9

⁸⁰ Okano Heijmans (2011): p. 13

⁸¹ Ibid, p. 17

⁸² Ibid, p. 16-20

⁸³ Bayne & Woolcock (2013): p. 3-4

or association of states pursues economic security within an anarchic system. Put simply, these political entities try to navigate through global politics while guarding economic security and following their strategic interests. According to the author, economic diplomacy therefore unifies economic respectively business-end instruments with political respectively power-play-end instruments. On one hand, economic instruments are used by states and private businesses to achieve commercial objectives which are connected to national ambitions. The basic aim is to maximize business opportunities. Political instruments on the other hand are enacted through negotiations and sanctions, and their main purpose is to achieve strategic goals of states in the interest of creating a stable international environment. Both instruments are commonly combined with a cost-benefit analysis, which follows according to the origin of the tool, economic or political calculations. The third category of instruments can be ranked as in between both origins and consist of development aid, bi- or multilateral trade agreements as well as financial and monetary negotiations.⁸⁴

The analytical framework is subdivided in four dimensions, namely the context, the tools (instruments), the theatres and the processes. These dimensions are applied to a state's foreign policy practices with a view to ascertaining economic diplomacy practices. Each of the dimensions lay within the field of a different discipline. For example, to exemplify the context, IR approaches tend to be effective, whereas explaining motivations and the usage of tools are best deciphered through the application of IPE and economics. In addition, IPE is also applied with the purpose of identifying where economic diplomacy is practiced and by whom. Regarding processes, researchers draw from the research field of diplomatic studies, which is of help in case of analyzing negotiations, strategic goals, and interests.⁸⁵

⁸⁴ Okano Heijmans (2011): p. 16-20

⁸⁵ Okano Heijmans (2011): p. 20-23

Economic Diplomacy as a base for mapping EU-China relations

The EU and the concept of economic diplomacy

In order to approach the EU's economic diplomacy practices, it first needs to be established for what reasons the EU, an economic and political intergovernmental organization, falls into the scope of the conceptual framework of economic diplomacy. Given the fact that the conceptual framework put the state as key actor, whereas the EU consists of several nation states and builds '*a unique economic and political union*'.⁸⁶ Bayne and Woolcock elaborate on these matters in their book '*The new economic diplomacy - decision making and negotiation in international economic relations*' in Chapter 10, which is dedicated to European Union economic diplomacy. As the authors point out, the EU has been since 1958 a key player in respect of international economic negotiations. In order to achieve this role in the globalized world the EU had to cultivate, in the same way as nation states do, '*common positions*' while promoting these on the international floor of economic policy making.⁸⁷ Special attention however needs to be paid towards the role of EU member states (MS), as they play an important role when it comes to developing common positions and therefore '*shape Europe's economic diplomacy*'.⁸⁸

Consequently, according to Bayne and Woolcock, the EU should possess all the prerequisites needed for it to be able to play on the same field as for example states like China or the USA. In terms of purchasing power, population or military expenditure the EU is in no way inferior to the afore mentioned states.⁸⁹ Foreign policy discourses display the same tendency when looking at key words such as strategic autonomy or European sovereignty.

Still, the EU has not been active for too long in the field of economic diplomacy. As most literature on the EU in economic diplomacy emerged after the ratification of the Lisbon Treaty, as described in the literature review, one sees a linkage to the EU practicing economic diplomacy to the Lisbon treaty and therein possible assigned competences. Furthermore, as Okano-Heijmans elaborates in her piece on European economic diplomacy, that the 2015 EU

⁸⁶ European Union (2020)

⁸⁷ Bayne & Woolcock (2013): p. 169; Boening, Kremer & van Loon (2013): p. 5

⁸⁸ Bayne & Woolcock (2013): p. 169

⁸⁹ MERICS (2021a)

trade strategy already hints the usage of economic diplomacy, as it introduces the idea of using FTAs for not only reaching economic prosperity but as well for the purpose of upholding European values.⁹⁰ Okano-Heijmans mentions as well several steps the EU has made towards reaching an economic diplomacy dimension, which are

- the installation of European Trade Promotion Offices (Eurochambers),
- the installation of the European Business Organization Worldwide Network (EBOWWN),
- the EU missions for Growth,
- planning projects in collaboration with MS' Trade Promotion Organizations and
- the creation of an inter-service group on economic diplomacy.⁹¹

In addition, EU reflection papers and communications have started to incorporate the thematic of economic diplomacy, this includes the reflection paper on harnessing globalization from 2017, where economic diplomacy and its instruments is referred to in order '*to shape globalization*' and form '*Europe's external response*'.⁹² Also, the joint communication from 2018 on the EU-Asia Connectivity Strategy mentions economic diplomacy as a framework for building connectivity-based relationships with like-minded partners in Asia.⁹³

This trend of embracing economic diplomacy continued with the current European Commission in office, which set itself to be more geopolitical. A '*Geopolitical Commission*' as the President of European Commission, Urszula von der Leyen, put it in a mission letter, and thus aims for a place for the EU in a multipolarized world.⁹⁴ That includes being able to formulate and protect its interests while holding European values high, which include respect for human rights and pluralism.⁹⁵ The EU has shown its competency in having designed and regulating one of the biggest single markets worldwide. It has proven its ability in aligning similar but different socio-economic and political regimes. As Boening, Kremer and van Loon put it, '*for the EU, [pursuing an effective multilateral agenda] will come rather naturally, since the pursuit of effective multilateralism is central to EU foreign policy, with the EU integration process itself based on inclusiveness and cooperation.*'⁹⁶ But in order to find out what role the

⁹⁰ Okano Heijmans & Montesano (2016a): p. 3

⁹¹ Ibid, p. 3-8

⁹² European Commission (2017): p. 13

⁹³ European Commission (2018): p. 12

⁹⁴ European Commission (2021c); European Commission (2019b)

⁹⁵ Men (2013): p. 310

⁹⁶ Boening, Kremer & van Loon (2013): p. V-VI

EU could play in geopolitics, a look needs to be taken on to the competences the EU legally inherited from its member states.

Legal foundation of the EU's competences in economic diplomacy

The policy field of common commercial policy

For the EU, two policy fields are of utmost importance in relation to economic diplomacy capabilities. The first one is trade policy (common commercial policy) which also includes, -investment policy. In this field the EU has an exclusive competence based on the Lisbon Treaty, Article 3 (1e), (2) TFEU (Treaty on functioning of the European Union). Consequently, the EU legislates on trade issues and concludes international trade agreements, whilst member states are left out of the equation. However, if the agreement or the legislation touches upon topics of shared competence, all member states have to ratify the concerned document first before the Council can conclude it.

In the realm of exclusive competence, the EU negotiates with global entities such as states and associations to reach bi- and multilateral agreements in the respective policy area to ensure market access, intellectual property rights as well as enabling and limiting investments.⁹⁷ These agreements are finalized based on certain steps such as *'preparation, a mandate to open talks, negotiations, textual agreement, initialling, signature, provisional application and, finally, entry into force'*.⁹⁸ In the case of passing legislative acts in the field of trade, the ordinary legislative procedure (OLP) applies. Hence, the European Parliament (EP) is a vital actor in policy making in common commercial policy and has full legislative power. Without the EP's agreement to legislation neither can a legislative act be adopted, nor a trade agreement be concluded. Furthermore, the EP contributes, in form of providing monitoring, resolutions and hearings on matters related to this policy field.⁹⁹ While the European Commission proposes legislation and has the mandate to negotiate, the Council has to approve of starting and concluding negotiations.

⁹⁷ Woolcock (2011): p. 85

⁹⁸ European Parliamentary Research Service (2019a): p. I

⁹⁹ European Parliamentary Research Service (2019a): p. II, 16

Important EU common commercial policy legislation consists among others, in the field of investment, of Bilateral investment treaties (e.g., CAI), dispute settlement framework (912/2014) as well as the FDI screening framework (2019/452). In addition, trade defense instruments and EU enforcement regulation play an important role as well.¹⁰⁰

The European Parliamentary Research Service highlights the fact that ‘*trade policy has undergone intense politicization in recent years*’ and consequently includes now ‘*normative disagreements and regulatory politics*’.¹⁰¹ Which shows a notion of the EU practicing economic diplomacy and using leverage in negotiations to reach the inclusion of European values in trade agreements with third countries.

The policy field of common foreign and security policy

The second relevant policy field is foreign and security policy. Thanks to Lisbon treaty, which came into force in 2009, the special competence of common foreign and security policy (CFSP) was attributed to the EU.¹⁰² The policy field of the CFSP is ‘*characterized by specific institutional features, such as the limited participation of the European Commission and the European Parliament in the decision-making procedure and the exclusion of any legislation activity*. That policy is defined and implemented by the European Council (consisting of the Heads of States or Governments of the EU countries) and by the Council (consisting of a representative of each EU country at ministerial level).’¹⁰³ With Lisbon, new positions were attributed to the CFSP. First a presidency of the European Council with a two-and-a-half-year term was established (Art. 15 TEU). He or she works together with the president of the European Commission to ensure flawless processes within institutions. The president is entitled to represent the Union on issues concerning CFSP.¹⁰⁴ Charles Michel was appointed president of the European Council in 2019.¹⁰⁵ Next to the presidency a high representative of the Union for foreign affairs and security policy (HR) was created, incorporating the position of vice president of the European Commission (Art. 18 TEU). As representation of the Union in foreign affairs the HR holds a vital position. Tasks he or she has to perform include leading Council

¹⁰⁰ Ibid, p. 18

¹⁰¹ Ibid, p. 11

¹⁰² Boening, Kremer & van Loon (2013): p. 3

¹⁰³ EUR-Lex (2016)

¹⁰⁴ European Council (2020)

¹⁰⁵ Ibid

meetings, issuing policy proposals and taking part in dialogues or similar high-level formats.¹⁰⁶ Since 2019 Josep Borrell Fontelles acts as the HR, he was preceded by Federica Mogherini, who presented the EU-Asia Connectivity Strategy in 2018.¹⁰⁷

The HR then is supported by the European External Action Service (EEAS) formerly known as Directorate-General for External Relations (RELEX).¹⁰⁸ The EEAS is equipped with Commission employees, the general secretariat of the Council and diplomatic services of the member states. To certain extent the EEAS is detached from the European Commission, given that it has its own budget, and has its own emissaries working on six geographical departments.¹⁰⁹ In terms of connectivity facilitation a role has been attributed to it, namely the ‘*Special Envoy for Connectivity/ Ambassador at Large for Connectivity*’, Romana Vlahutin is holding the position at the moment.

In addition, the formation of a task force on military matters as well as permanent structured (military) cooperation (PESCO) between dedicated member states came into effect with Lisbon.¹¹⁰ Another asset of the treaty is granting the EU a legal personality, meaning it is able to engage in diplomatic relations legally as stated in Art. 47 TEU.¹¹¹ Still, the CFSP completely rests within the Council of the European Union’s sphere, which decides based on unanimity, whilst the European Council identifies strategic interests for Union and the CFSP. The member state’s remain sovereign in the CFSP, which is secured through Declaration No. 14., 18. and 24.¹¹² Nonetheless, CFSP attributes defense to the EU according to the treaty.

Woolcock claims that through the Lisbon treaty the EU achieved based on the policy field de jure and or de facto recognition. Both apply to the policy field of trade giving the EU hence full recognition. Other areas such as development aid (shared competence) often fail to receive de jure recognition and even struggle with claiming de facto recognition due to the member state’s strong national presence and their decision-making powers.¹¹³

In general, all foreign policy practices conducted by and through the European Union should be based on the principles set out in Art. 3 (5) and 21 (2) TEU (see figure 4).

¹⁰⁶ European External Action Service (2019b)

¹⁰⁷ Ibid

¹⁰⁸ Woolcock (2011): p. 86

¹⁰⁹ Boening, Kremer & van Loon (2013): p. 10

¹¹⁰ Boening, Kremer & van Loon (2013): p. 4; European External Action Service (2021)

¹¹¹ Boening, Kremer & van Loon (2013): p. 9, 21

¹¹² Boening, Kremer & van Loon (2013) after Bindi (2011): p. 10, 13

¹¹³ Woolcock (2011): p. 91

Art. 3 (5) TEU

'In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter.'

Art. 21 (2) TEU

The Union shall define and pursue common policies and actions, and shall work for a high degree of cooperation in all fields of international relations, in order to:

- (a) safeguard its values, fundamental interests, security, independence and integrity;*
- (b) consolidate and support democracy, the rule of law, human rights and the principles of international law;*
- (c) preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter, with the principles of the Helsinki Final Act and with the aims of the Charter of Paris, including those relating to external borders;*
- (d) foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty;*
- (e) encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade;*
- (f) help develop international measures to preserve and improve the quality of the environment and the sustainable management of global natural resources, in order to ensure sustainable development;*
- (g) assist populations, countries and regions confronting natural or man-made disasters; and*
- (h) promote an international system based on stronger multilateral cooperation and good global governance.*

Figure 4: Article 3 (5) and Article 21 (2) Consolidated Version of the Treaty on the European Union

Against the common perception of the EU gaining a stronger premise in external relations through Lisbon Treaty entering into force in 2009, Boening, Kremer & van Loon are of the opinion that through the diversification of actors inter-institutional communications and general negotiations became more complex instead of making the EU more powerful.¹¹⁴ For example the two-fold role of the HR harbors difficulties in the form of weakening his or her commitment to the European Commission in favor of enacting his role as head of the CFSP.¹¹⁵ Furthermore, the HR as well as the president of the European Council both represent the EU giving way for inconsistency, if not coordinated well.¹¹⁶ Similar coordination issues arise between the HR and the member state holding the rotating presidency of the Council of the EU. This pattern also resurfaces when looking at the general duality in between CFSP and non-

¹¹⁴ Boening, Kremer & van Loon (2013): p. VI,3

¹¹⁵ Ibid, p. 11

¹¹⁶ Ibid, p. 12

CFSP responsibilities in terms of the ‘*multiplicity of actors competent to represent the Union abroad*’.¹¹⁷ Hope lays within the European Court of Justice to define clear perimeters with regard to these responsibilities through case law, providing for a coherent policy formulation in general.¹¹⁸

Also, the shift to stronger intergovernmentalism in the field of foreign policy took the Commission’s authority away to a certain extent.¹¹⁹ An intergovernmental momentum is perceivable when considering the limitation to the competences of the EU in CFSP. In addition, the economic aftershocks of the economic crisis as well as budget cuts of defense in the majority of member states left consideration for strengthening the military standing of the EU on the sidelines. Even though, if EU member states would merge their military, they could easily integrate between the USA and China in fortitude.¹²⁰ An annotation needs to be made in relation to the time of publication of cited books and research papers. Given that the revision of the EU security strategy as well as the formation of PESCO took place after their respective release dates some viable improvements were made in this field.

Evaluation of legal competences based on the literary discourse

In summary, the EU as a global power, as an actor in economic diplomacy has certain obstacles in its way. According to Boening, Kremer & van Loon these obstacles are three. One is the dependence on the US strategically, the second is the military limitation resulting in insufficient recognition and the third is the member states’ inclination to undermine the EU’s authority through favoring their own national agendas and focus on bilateral communication with foreign countries instead of communicating via the European institutions.¹²¹ Woolcock supports the assumption that the EU depends strongly on the US and thus only emerges strongly as a viable actor in economic diplomacy when the US leadership is lacking as it is the case in climate change.¹²² Reasons for these struggles in terms of foreign policy competences is the special form of the European Union, a federation *sui generis* – a debated term. A stronger

¹¹⁷ *Ibid*, p. 21

¹¹⁸ *Ibid*, p. 22

¹¹⁹ *Ibid*, p. VI, 3

¹²⁰ *Ibid* p. VII

¹²¹ Boening, Kremer & van Loon (2013): p. VI

¹²² Woolcock (2011): p. 88

foreign policy will only be able to develop if the EU takes either the step towards a federal super state or a multi-speed Europe, if, having said this, disintegration takes place, a global power-like foreign policy will be unlikely.¹²³ This struggle continues in the EU Strategy on China, when trying to unify the member states wishes as well as streamlining the EU institutional wishes for its foreign policy approach towards China.

Next to obstacles the EU also offers positive features such as a soft power dimension. This dimension is validated by the charter of fundamental rights and intends to create common values (*human rights, democracy and the rule of law*) as well as a common European identity.¹²⁴ The overall framework of European values and norms lays within the realm of the community acquis. As a normative power the EU is thus recognized, even though these values equal other nation's norms such as the United States and are thus not exclusively attributed to the EU.¹²⁵ This soft power coupled with the notion of hard power introduced by the treaty, such as the installation of PESCO, enables the Union to go further in foreign policy than it could ever before. The intergovernmental momentum in CFSP needs to be put into perspective as well, considering that with regard to foreign policy the member states are automatically responsible for EU decisions and thus need to represent their foreign policy agenda accordingly in order to remain legitimate and in the national sphere.

Leverage the EU usually uses especially when it comes to upholding its values in its neighborhood is the prospect of EU membership. This leverage gradually diminishes the further the partner of negotiations is situated from the EU's clout.¹²⁶ Also, technological know-how remains a European asset and thus weighs as leverage.¹²⁷ Nonetheless the EU also possesses leverage in the form of 'reciprocal market concessions' meaning '*the larger the common market, the greater the economic power*'.¹²⁸ This idea is supported by the theory of market power Europe, which Damro elaborates on in his paper from 2012. The author states that due to the EU being the greatest '*economic bloc*' in size worldwide, it enjoys market power, and hence is able to influence the international system. The EU is a '*powerful actor (...)* [and]

¹²³ Boening, Kremer & van Loon (2013): p. VIII

¹²⁴ Ibid, p. VIII

¹²⁵ Woolcock (2011): p. 91

¹²⁶ Boening, Kremer & van Loon (2013): p. 4

¹²⁷ Men (2013): p. 299

¹²⁸ Woolcock (2011): p. 89

engages in international affairs through the externalization of its economic and social market-related policies and regulatory measures'.¹²⁹

Now that it is discussed what capabilities the EU is equipped with in relation to economic diplomacy, the next subchapter focuses on the discourse of EU economic diplomacy strategy towards China, which is important for understanding how the reception of the EU's strategy in research has been so far.

Is there an EU economic diplomacy strategy for China?

From various sides the question has been raised if there is an EU strategy for China. And if yes, what does it consist of and has it changed throughout the years? Generally, the EU has published the afore-mentioned communications on how to interact with China, as a foundation and defines its objectives within. Woolcock elaborates in his article on 'EU Economic Diplomacy: The factors Shaping Common Action', the EU's main purpose of applying economic diplomacy is to achieve access to international markets and open them to trade and investment.¹³⁰ This has to do with the fact that according to him there is no 'grand strategy' in the EU when it comes to external relations, solely uncoordinated economic diplomacy is practiced.¹³¹ In principle Okano-Heijmans and Montesano agree to this statement and add that a grand strategy based on economic diplomacy could be possible if critics would move away from the preface of the weak EU competence in trade promotion and foreign policy. In their opinion '*added value*' in economic diplomacy practiced by the EU is achievable.¹³²

Even though, based on competence, the EU would not have the right to engage in economic diplomacy as practiced in trade promotion activities, member states have asked exactly for it to initiate such practices. Consequently, a worldwide network, including in China, has been developing since 2015 with the support of DG Growth, consisting of '*bilateral trade-promotion programmes, cooperation with national chambers of commerce; and regulatory reform dialogues*'.¹³³ In recent times the EU seems to get closer to take matters in their own hands in order to gain economic leverage vis-à-vis China. Creating a level playing field once

¹²⁹ Damro (2012): p. 696-697

¹³⁰ Woolcock (2011): p. 84

¹³¹ Ibid, p. 84

¹³² Okano-Heijmans & Montesano (2016a): p. 2

¹³³ Okano-Heijmans & Montesano (2016a): p. 3-4, 6-7

again is an objective the EU is willing to substantiate its ambitions for. In fact, the EU's leverage on China per se is fewer than on other nations.¹³⁴ This has to do with the case of China not being in the EU's sphere of influence and promises of EU membership are out of question. Furthermore, China's market is greater and faster growing as well as more protected than the EU's common market, implicating that the EU's economic diplomacy power or leverage is shrinking.¹³⁵ Especially in the sense of foreign trade relations, the EU is creating a toolbox consisting of slightly protectionist measures (FDI and subsidy screening regulations) to enable fair competition on the EU and the Chinese market at the same time, while upholding European values (more on that is to follow in the part on EU-China relations).

Binding market access to European values is attributed to the EU using its normative power in economic diplomacy to nudge China into complying with European standards and norms.¹³⁶ European standards and norms refer to the utilization of a common definition for norms and standards regarding products, such as labeling. This increases efficiency in trade and eases cooperation in trade while creating compatibility. Hence, the WTO recommends following the 'Agreement on Technical Barriers to Trade', which includes internationally recognized standards and norms (e.g., '*no preferential treatment of domestic products, no trade barriers through national standards, adoption of relevant international standards, participation of national delegations*' etc.).¹³⁷ If the EU would be able to convince China to abide by international norms and standards, the theory of change through trade could possibly be proven right. Therefore, EU economic diplomacy needs to be successfully applied through for example the usage of legal and connectivity related instruments enshrined in the EU's strategy towards China. However, the Federation of German Industries (BDI), claimed in 2019 that the status quo is reversed. They mention that even though China recognizes the WTO-proclaimed norms and standards, it introduces at the same time its own standards through for example initiatives such as the BRI. Especially fields as for example '*industrial standards, customs clearance, dispute settlement and transport standards*' fall into this scope.¹³⁸ As of now the EU was not able to interfere through economic diplomacy in China's process of changing the standards and norms landscape.

¹³⁴ Woolcock (2011): p. 90

¹³⁵ Ibid, p. 90

¹³⁶ Okano-Heijmans & Montesano (2016a): p. 3, 4

¹³⁷ DIN (2021)

¹³⁸ BDI (2019): p. 5

Due to the lack of examples in research, a fictional situation will be used here to describe how the EU could use economic diplomacy and corresponding leverage to get China to abide by the international rule of law: *‘In this light, should China decide to snub an unfavourable ruling by the Permanent Court of Arbitration in the context of the South China Sea disputes, resolute economic diplomacy based action from Brussels would greatly bolster the credibility of the many démarches in support of international law’*.¹³⁹

Research on concrete EU economic diplomacy practices focuses mostly on its weaknesses and propositions for improvement instead of giving examples and evaluating based on these. It seems as if concrete analysis of EU economic diplomacy is still lacking, similar to the EU-Asia Connectivity Strategy and thus offers only a limited amount of published research.¹⁴⁰ This shows the importance of the research conducted in the context of this thesis.

In order to get a better impression on China’s economic diplomacy practices as well as to showcase why the EU needs an economic diplomacy strategy when interacting with China will be the focus of the next subchapter.

Economic diplomacy practices of PRC

Economic diplomacy practices for China are a phenomenon that emerged in the 21st century. The term of economic diplomacy was first used in 2004 and then became part of the government report of 2005. Still, China has yet to define, what economic diplomacy means.¹⁴¹ Throughout the years differing notions became apparent in terms of how economic diplomacy should be utilized and which key trait is the tool, and which portrays the aim. As Men states in her paper, on China’s economic diplomacy and Sino-EU relations, China’s application of economic diplomacy developed from the economy being the tool to support diplomacy, to diplomacy being the tool to support the economy. She also points out that other Chinese researchers are of the opinion that China has entered the phase where diplomacy and the economy *‘mutually’* complement each other.¹⁴² Most grounds of economic disputes and issues are hardly to be labeled as either economic or political, making Chinese economic diplomacy

¹³⁹ Okano-Heijmans & Montesano (2016a): p. 10

¹⁴⁰ Okano-Heijmans & Montesano (2016b): p. 1

¹⁴¹ Men (2013): p. 297

¹⁴² Men (2013): p. 298

practices always a combination of economic and political interests.¹⁴³ As Men summarizes it, China uses economic diplomacy with the aim of pursuing its own economic and political interests through either giving economic impetus or applying economic and diplomatic pressure (carrot and stick).¹⁴⁴

In Chinese economic diplomacy the motto of stability of the system always plays a key role. The stance of the Chinese Communist Party always needs to be secured.¹⁴⁵ Thus, unwanted tension induced from the outside is never a welcome thing. Especially criticism on controversial topics related to human rights infringements in the autonomous provinces of Tibet or Xinjiang are not received well by the Chinese government as provided examples will show in the following subchapters. Beijing has been pushing for non-interference in domestic affairs vice versa, as the sovereignty of a state should be intangible. This way it aims to guarantee continuous economic growth, sustain development while maintaining a steady employment rate and giving hence no reason for a discontent nation. Still the PRC tends to opportunistic when it comes to non-interference, in the sense that it offers FDI with no ‘strings attached’, which could nonetheless be used as leverage at some point, whilst it defies any interference by its partners in internal matters.¹⁴⁶ This observation is supported by reports on China influencing investment laws in Serbia, even though any other country would not receive the opportunity to do so in the PRC.¹⁴⁷ China’s motivation to nourish and improve bilateral relations correlates with the chances of accelerating economic prospects. As Poh and Li pointed out, under Xi the emphasis was put on conducting diplomacy the Chinese way, which meant that China’s social system as well as its development need to be secured.¹⁴⁸

Another important factor in guaranteeing China’s emancipation and therefore part of their economic diplomacy practices is being portrayed as a rule maker instead of being a rule taker.¹⁴⁹ This becomes evident when looking at the PRC behavior towards accepting laws implemented by bodies in the international arena. For China, the EU for example is a regional body, which means per se it has no authority to create laws that apply to states outside of its region (third countries). Furthermore, if judicial decisions are made by such international bodies

¹⁴³ Ibid, p. 298

¹⁴⁴ Ibid, p. 294, 298

¹⁴⁵ Poh & Li (2017): p. 90; Jiabao (2004): p. 368; Men (2013): p. 298; Chang-Liao (2016): p. 83

¹⁴⁶ Richard & Hess: p. 108

¹⁴⁷ The Diplomat (2021)

¹⁴⁸ Poh & Li (2017): p. 85

¹⁴⁹ BDI (2019): p. 5; Poh & Li (2017): p. 88; Men (2013): p. 307; Chang-Liao (2016): p. 86

as for example by the permanent court of arbitration, China tends to question the respective court's jurisdiction.¹⁵⁰ ¹⁵¹ Consequently, rule taking it to be avoided. This is also shown by a recent publication of China's Ministry of Commerce, which proposed a regulation on '*Combating Unjustified Extraterritorial Application of Foreign Legislation and Other Measures*'. This regulation implies that international and domestic companies in China that implement international sanctions against China, will be prosecuted for it.¹⁵²

The rule of '*common but differentiated responsibilities*' fits into this narrative as well.¹⁵³ The rhetoric of this rule is usually applied by China in the context of international rulemaking in relation to climate change. If any international institution implements laws to protect the climate, China claims to belong to developing countries in that case. This implies that especially countries situated in Europe and northern America should put more efforts into the mitigation of climate change than states that have not been comparably active in the world economy yet.¹⁵⁴ With the aim of advocating for its views and demands China's gradual involvement in global associations such as the G20, WTO, UN (United Nations) and the Brazil, Russia, India, China, and South-Africa (BRICS) grouping gave it a more important role in world politics contributing to the view of China being a rule maker and standard setter.¹⁵⁵ The rising involvement however, remained not unnoticed and leads to conflicts as for example with the USA. Still the topic of US-China issues will only briefly be touched upon in the course of this thesis, when the positioning obstacles of the EU are to be discussed.

For China, the word '*guānxi*' (关系) stands for personal ties or relationship between two people and plays an important role in their economic diplomacy practices as well.¹⁵⁶ The term is rooted deeply in Chinese history and culture of Confucianism, Taoism and Buddhism, in which it aids in achieving one of the many Chinese values '*harmony*'. When practicing guanxi, people are entering into a lifelong bond with another person, in which favors of the same magnitude are given and returned.¹⁵⁷ It is a common practice amongst local Chinese business

¹⁵⁰ In the dispute between China and the Philippines over areas in the South China Sea, the UN Court of Arbitration has clearly rejected the claims from Beijing. There is no historical or legal basis for Chinese sovereignty over resources in large parts of the waters, ruled the international court in The Hague.

¹⁵¹ Forbes (2016)

¹⁵² MERICS (2021b)

¹⁵³ Men (2013): p. 308

¹⁵⁴ Ibid, p. 307-308

¹⁵⁵ Ibid, p. 307-308

¹⁵⁶ Servaes (2016): p. 461

¹⁵⁷ Ibid, p. 461



circles and political actors as well, trying to circumvent the repressive and strictly regulated Chinese governance system while making actions possible that without these personal ties would not have been possible. It was bestowed the name ‘*guanxi polity*’ and is the overlaying framework of Chinese internal and external trade relations, and as such shapes the official governmental trade policy.¹⁵⁸ In its original structure it was clearly a bottom-up structure adapting to the strict top-down system deployed by the governing elite.¹⁵⁹

The insight that *guānxi* displays ‘[blurred] *lines between personal and business relations*’¹⁶⁰ allows for transferring it to economic diplomacy practices in the sense, that Chinese relations to other nations cannot be categorized in either economic or diplomatic relations, but usually include both. It assists in successfully maintaining foreign relations through forming an intuitive bridge to the PRC’s presentation to the outside. This presentation is for example conducted by means of public diplomacy-driven activities such as people-to-people exchanges and cultural events.¹⁶¹ This concept of Chinese diplomatic relationships in the name of *guānxi* therefore always contains the notion of give and take, which the entity on the opposite of China should be aware of. Favors given are to be returned, if not voluntary then on demand. The afore-mentioned dynamic of carrot and stick resurfaces here.

A fitting example how *guānxi* is used, are Chinese FDI in Africa under the BRI. Ado ascertains that the PRC tends to invest in African countries that amongst others have weak institutions, poor infrastructure and depict high political instability. Where other countries decide to rather not invest in these countries as they are unsure on how to navigate in this kind of business environment, the Chinese have managed to find a successful way through deploying *guānxi polity* practices. These include enabling Africans to form ties to the Chinese culture through for example study exchanges and hence are able to create informal institutions and networks.¹⁶²

All these above-mentioned traits of Chinese economic diplomacy practices can be recognized in the five principles of peaceful coexistence. These principles came about in 1954 during Chinese premier Zhou Enlai’s visit to India in the course of which a declaration was signed promoting peace. These are as followed: ‘*Mutual respect for sovereignty and territorial*

¹⁵⁸ Yeung (2004): p. 8

¹⁵⁹ Ibid, p. 8-9

¹⁶⁰ Servaes (2016) after Gupta & Bartlett (2007: p.1): p. 461

¹⁶¹ Servaes (2016): p. 462

¹⁶² Ado (2020): p. 89-90

*integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence.'*¹⁶³

All in all, China depicts a more outgoing and assertive economic diplomacy strategy nowadays, however it also faces internal conflicts hindering it from completely moving away from pursuing a full-fledged foreign policy offensive. We, first find 'domestic preoccupations' such as minimizing the gap between rich and poor, combating corruption, mitigating the effects of demographic change and shaping economic policy in sustainable way to be one of the reasons for less straightforwardness.

Second '*global governance*' issues limit China's economic diplomacy success with regard to the question if domestic preoccupations should be prioritized. Discord between Chinese elites exist, whether China should become a responsible leader in world politics or should only be involved in global matters, if their interests are at stake. In this context the issue of former Chinese hegemony and the related perseverance of Chinese economic diplomacy traits under president Xi, causes China to be constantly in conflict with nations active in this multipolarized world. Third, as China has just started to be active on a global scale (launch of BRI in 2013), it remains unexperienced and also faces the constraints of its non-interference policy.

Lastly, '*conflicting imperatives in the Asia-Pacific region*' such as the power-play over the disputed islands of the South China Sea on the one hand and supporting nations in the regions financially through for example infrastructure projects on the other hand also add to a wavering consistency of its economic diplomacy practices.¹⁶⁴ As Poh & Li claim, '*the divergence between security and economic partnership in the regions continues to widen*' and China's indecisiveness is the reason for it.¹⁶⁵

In the following subchapter Chinese economic diplomacy practices under Xi Jinping will be elaborated further, who plays an important role in China's rising assertiveness in the international context.¹⁶⁶

¹⁶³ Wen (2004): p. 363

¹⁶⁴ Poh & Li (2017): p. 91-93

¹⁶⁵ Poh & Li (2017): p. 93

¹⁶⁶ Ibid, p. 90

How Xi Jinping shapes economic diplomacy practices of the PRC today

For Chinese leaders, in the era of emperors, it was common to have an era name (*jiànyuán* (建元)) reflecting the political, economic and social circumstances of that time. The numbering of years was also reinitiated with each proclamation of a new era. Historically speaking neighboring nations like Japan, Korea and Vietnam followed a similar mechanism. Officially, after the formation of the Republic of China in 1912, the system was suspended. However, the notion of era names survived in political slogans not only used by former Chinese leaders as for example Deng Xiaoping but also Xi Jinping follows this pattern. While during Deng's regency the slogan was still coined as *'lying low'* (*'hide capabilities and lie low'*), Xi changed it to a more ambitious sounding proclamation. He dreams *'to realize the great renewal of the Chinese nation [which] is the greatest dream for the Chinese nation in modern history.'*¹⁶⁷ In short, the slogan is more commonly phrased as the *'China Dream – community of common destiny'* and is said to be start of a new era in China's foreign policy and economic diplomacy.

This new era is characterized by Xi aiming for taking the lead in IR, engaging more in bilateral relationships, and thus emancipating China further. This also implies that China's leading elites agreed on overlooking value-based and systemic differences amongst its equal partners in order to promote mutual economic benefits. The government under Xi has thus, started to build partnerships through the BRI all over the world, first in Asia and then expanding it to Europe, Africa and even Latin America.

Consequently, Xi is also invested in strengthening China's militaristic stance through closely engaging with the Chinese military, the People's Liberation Army (LPA), and he will not deviate from his nation's interest in any respect.¹⁶⁸ It is discernable that the narrative of the China Dream incorporates the vision of a new emancipatory start and therefore symbolizes a conclusion deriving from the way China has been treated during colonial times.¹⁶⁹ The renewal of the Chinese nation, as mentioned in Xi's slogan, relates to its importance in former times, where China was the gravitational center of Asian politics in form of the tribute system. Xi strives to recover Beijing's geopolitical influence. In addition, the creation of the Asian Infrastructure Investment Bank (AIIB) in 2015 aids with promoting Chinese values and ambitions in the Asia-Pacific Area. Even though the institution has various stakeholders, in

¹⁶⁷ Poh & Li (2017) after Xinhua News, November 29, 2012: p. 84

¹⁶⁸ Poh & Li (2017) after Xinhua News, April 20, 2016, and Beijing Review, August 26, 2013: p. 86

¹⁶⁹ Poh & Li (2017): p. 86

total 57 states, China holds the greatest amount of shares, putting China on the map of the global development banking system.¹⁷⁰

The BRI could be either regarded as one of the tools to achieve the above-mentioned political slogans or could be seen as new motto even introduced by Xi to substantiate the image of the China Dream and the community of common destiny or even both. This makes it relatively hard to decipher or classify initiatives such as the BRI.

It is a prevalent practice of the Chinese president to amend and change the wording of his into English translated mottos in contemplation of adapting to criticism coming from outside of China. In this regard the slogan community of common destiny was officially changed to ‘*Community with a Shared Future for Humankind*’ and the formerly known initiative ‘*One Belt One Road*’ was rephrased as Belt-and-Road Initiative.¹⁷¹ The Chinese wording remains the same as the Chinese language and political propaganda is based heavily on proverbs (‘*chéngyǔ*’ (成语)) consisting of four characters and thus would lose its resonance with the public. A certain consciousness towards outward perception is accordingly noteworthy.

Even before Xi Jinping took office China was already practicing economic diplomacy towards the EU, which will be addressed in the next subchapter.

Chines Economic Diplomacy patterns illustrated on the basis of cases

There are various cases that confirm the pattern of China ‘*us[ing] its economic power either as carrot or stick to facilitate its national interests*’.¹⁷² One of these cases is German Chancellor Merkel’s visit to the Dalai Lama in 2007. At that time, the Chinese were heavily opposed to the visit and stressed their stance by suspending several high-level dialogues with Germany. For China it is unfathomable that nations, they are having good relations with, share ties with an autonomous region of theirs or hint differing opinions on the region’s status. It is said that until today we do not know how far China would go in a diplomatic manner to protect its One-China Policy.¹⁷³

¹⁷⁰ Ibid, p. 90

¹⁷¹ Panda (2021): p. 23

¹⁷² Men (2013): p. 299

¹⁷³ Ibid, p. 301

The French however behaved more cautious and refrained from encounters with the Dalai Lama and even displayed signs of reception of the one-China policy. The PRC rewarded President Sarkozy, when visiting China two months after Merkel's meeting, with economic deals worth billions of euros, as he refrained from criticizing the status of human rights.

France's 'docile' behavior and China's appreciative gesture led to Germany retaliating and trying to mend fences with Beijing. Considering that this constellation was exactly what the Chinese government had aimed for, they welcomed the German Foreign Minister once again to their country. When the Dalai Lama traveled to Germany in 2008 neither Chancellor Merkel nor the Foreign Minister arranged a meeting.

This dynamic is interesting to observe and shows how China directs diplomatic relations with the help of economic leverage¹⁷⁴ Nevertheless it was not only China's economic diplomacy practices that has put France and Germany into this situation. Also, the role of internal conflicts on how to address differing values led to both nations reacting differently. After close observation of Beijing's practices, it becomes apparent that there is a limit to these game moves. If China continues to suspend relations on a short-term basis or partially sever economic ties each time a difference in values arises, diplomatic relations will remain volatile. In addition, as Beijing's tactics only focus on short-term effects, continuity in any manner can never be achieved.

Another case relates to the EU-China Summit in 2008: The highest form of contact between the EU and China until today is the EU-China summit, which has been held almost annually since 1998. This format serves the purpose of discussing policies, trade and investment related topics at the presidential level. There are other forms of dialogues as well as for example the EU-China High Level Economic and Trade Dialogue, the Joint Committee, the Trade and Investment Policy Dialogue and the Economic and the Trade Working Group.¹⁷⁵

So far, these summits have been less eventful and usually do not influence the economic diplomacy constellation to a great extent. However, in 2008 China cancelled the summit following France's president actions, which were considered by Beijing as misdemeanor. Sarkozy, the French president, had decided, prior to the eleventh EU-China Summit, to meet the Dalai Lama, who had visited Poland at that time. This was reason enough for the Chinese

¹⁷⁴ Ibid, p. 302

¹⁷⁵ European Commission (2021a)



government, who were content with France's previously declared support for the one-China policy, to suspend the summit.¹⁷⁶ As France was also presiding over the Council in the second half of 2008, it seemed like the Chinese read it as if the EU was being supportive of Sarkozy's behavior. But there were more notions to it. The Chinese government tried to push France into admitting to its 'fault' by cancelling the EU-China summit and thereby affecting not only the bilateral relationship between the two countries negatively, but as well exerting pressure on it through involving other EU MS and the EU government. As the China did not want the issue to strain EU-China relations too much, they quickly decided to hold a meeting with EU leaders in the end of January 2009 and intended to hold the summit during the Czech presidency over the Union.¹⁷⁷

In the following year, 2010, the summit was cancelled again, this time by the European side. It was said that the EU decided to do so due to the economic crisis and not out of retribution. Still such a tendency resonated within the rows of the Chinese government.¹⁷⁸

¹⁷⁶ Men (2013): p. 303

¹⁷⁷ *Ibid*, p. 304-305

¹⁷⁸ *Ibid*, p. 311

The role of connectivity in economic diplomacy

In the realm of economic diplomacy connectivity is a relatively new notion. Consequently, this thesis tries to add to scientific research through classing connectivity strategies based on the research done in the field, which is, as stated before, rather scarce. Connectivity is a strategy within the theory of economic diplomacy.¹⁷⁹ In these connectivity strategies, connectivity instruments are applied to reach multi-level connectivity (see figure 5). Hawke and Prakash define connectivity in economic diplomacy as followed:

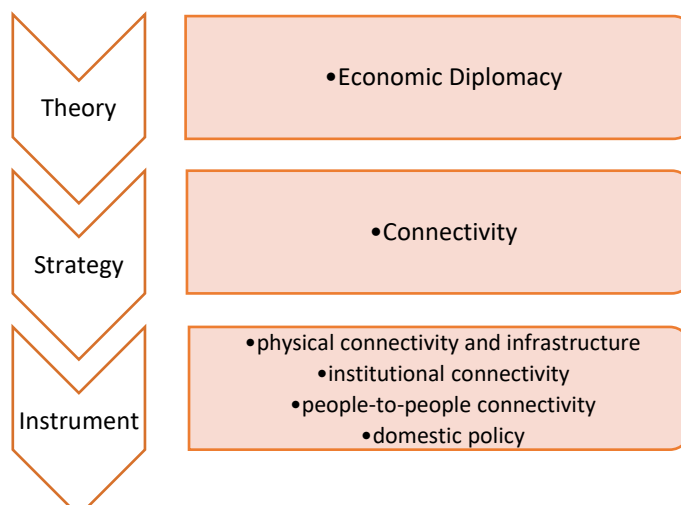


Figure 5: Conceptualization of Connectivity in economic diplomacy based on Hawke and Prakash (2016)

*‘Connectivity’ has always existed. People have communicated and interacted across boundaries, for business, government purposes, and social activities (...). But the conceptualisation of ‘connectivity’ is recent. Its use in economic diplomacy is metaphorical but intuitive—the ‘state of being connected’ applied to agreements or understandings among economies.*¹⁸⁰

Pepe defines connectivity in a similar way but adds a more precise geo-economic component to connectivity besides enhancing cooperation. For him it symbolizes a *‘struggle over norms, standards and rules, as well as for the control over and use of new supply and value chains, and for access to and trade with new markets’*.¹⁸¹ The ECFR has disseminated a publication in 2016 titled *‘Connectivity wars’* and highlights, analogical to Pepe, the geopolitical sphere of connectivity. This publication categorizes connectivity as a movement to instrumentalize connectivity to conduct *‘economic warfare’*. The ECFR and its authors even predict that if one country is using *‘the infrastructure of the global economy to pursue political goals’* a retaliation is to follow by another country or organization. Hence, if China uses the BRI to achieve political goals for example, the EU might be triggered to launch a similar

¹⁷⁹ Assche & Warin (2019): p. 18

¹⁸⁰ Hawke & Prakash (2016): p. 1

¹⁸¹ Pepe (2019): p. 9



initiative to create a balance. What this publication however points out is that this surge of connectivity can lead to a connectivity war, if not international rules – ‘*principles of conduct*’ – are agreed upon to manage this process.¹⁸² Recalling Bergeijk and Moons definition of economic diplomacy, the idea of ‘*the opening of markets to stimulate bilateral cross-border economic activities (...), the building and use of bilateral cultural, political and economic relationships between countries in order to assist domestic companies, as well as the use of bilateral economic relationships, including (the threat) to discontinue these activities, as a tool of diplomacy*’¹⁸³, is central to economic diplomacy and thus explains why connectivity is used in that regard – connectivity strategies unite all these aspects of economic diplomacy. An example of such an economic diplomacy connectivity strategy is the BRI, which will be described in the following subchapter.¹⁸⁴

The BRI

The BRI represents the Silk Road adapted to the 21st century economy, based on its historical trade routes (see figure 6 below).

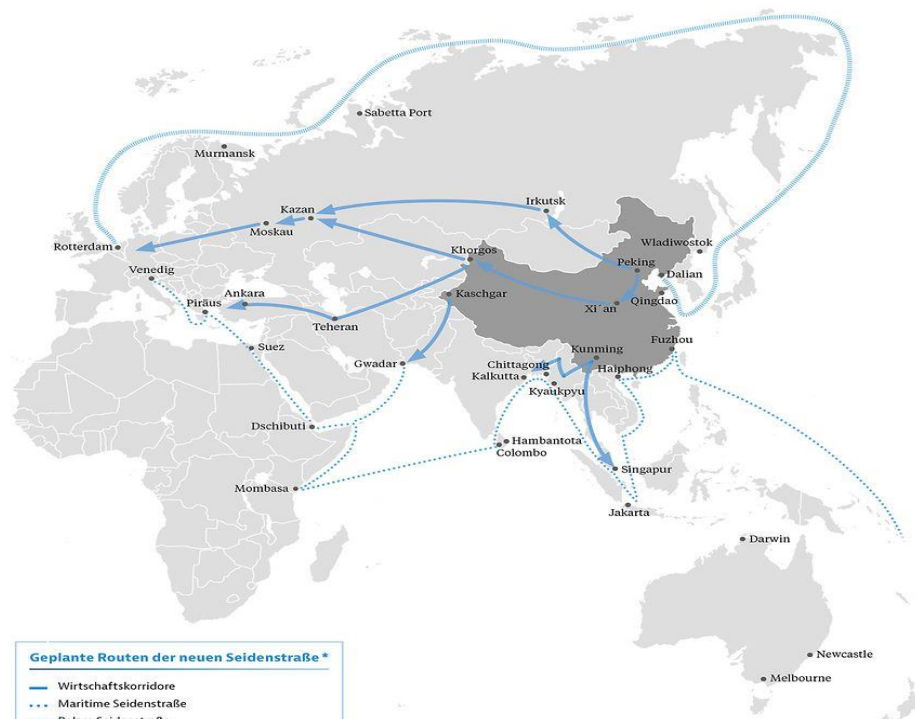


Figure 6: GTAI (2021): Silkroad-corridors - Planned routes for the new silk road. <https://www.gtai.de/gtai-de/trade/specials/neue-seidenstrasse> . Last accessed: 14.04.2021, 18:26.

¹⁸² European Council on Foreign Relations (2016): 26-27

¹⁸³ Bergeijk & Moons (2018): p. 2

¹⁸⁴ Okano Heijmans & Montesano (2016b) p. 3; Holzer (2020): p. 193

The Silk Road Economic Belt (SREB) was first introduced in September 2013 by China's President, Xi Jinping, during a speech at Kazakhstan's Nazarbayev University. The SREB refers to the northern, land-based trade routes of the former Silk Road. The Maritime Silk Road (MSR), on the other hand, refers to the mainly sea-bound trade routes of the Silk Road. Xi first mentioned the MSR revitalization concept during a visit to the Indonesian parliament in October 2013.¹⁸⁵ When the two concepts are combined, they are generally referred to as BRI. Figure 6 below shows a world map depicting the infrastructural network of the BRI initiative. It excludes the expansion towards Central and South America, which started in 2018. The infrastructural components in the sense of 'hard connectivity' will be realized on land as follows: The development of a new Euro-Asian land bridge and the creation of new economic corridors will be put into practice through international transport routes as well as economic industrial parks established near BRI cities. At sea, urban industrial parks will be built and interlinked to ports as new transport nodes.

The soft-connectivity framework that the Chinese government has chosen for this initiative stems firstly from the four ideals: Peace and cooperation, mutual learning, mutual benefit, as well as openness and inclusiveness.¹⁸⁶ These four ideals partly resemble the Chinese four principles of coexistence but add the component of mutual learning and openness to it. Secondly, there are three community aspects, which are described as follows: Community of responsibility, destiny and shared interests, which united create common political trust, while striving for economic integration and cultural inclusion, creating an equal BRI community.¹⁸⁷ Here we as well Xi's political slogans reintegrating into the concept of the BRI. Thirdly, five cooperation priorities are named, focusing on policy coordination, facilitating connectivity, enabling trade, cooperating on a financial level and connecting people to people.¹⁸⁸

The cooperation priorities are as well part of the BRI Memorandums of Understanding (MoU), which are concluded between a country wanting to take part in the initiative and China. BRI agreements are usually not made public by the respective governments, only three are publicly accessible. This applies to the agreements with New Zealand, Poland and Hungary. Although there are differences in the form of the MoUs, their basic structure is similar. After

¹⁸⁵ Belt and Road Portal (2021a)

¹⁸⁶ Belt and Road Portal (2021a)

¹⁸⁷ Ibid

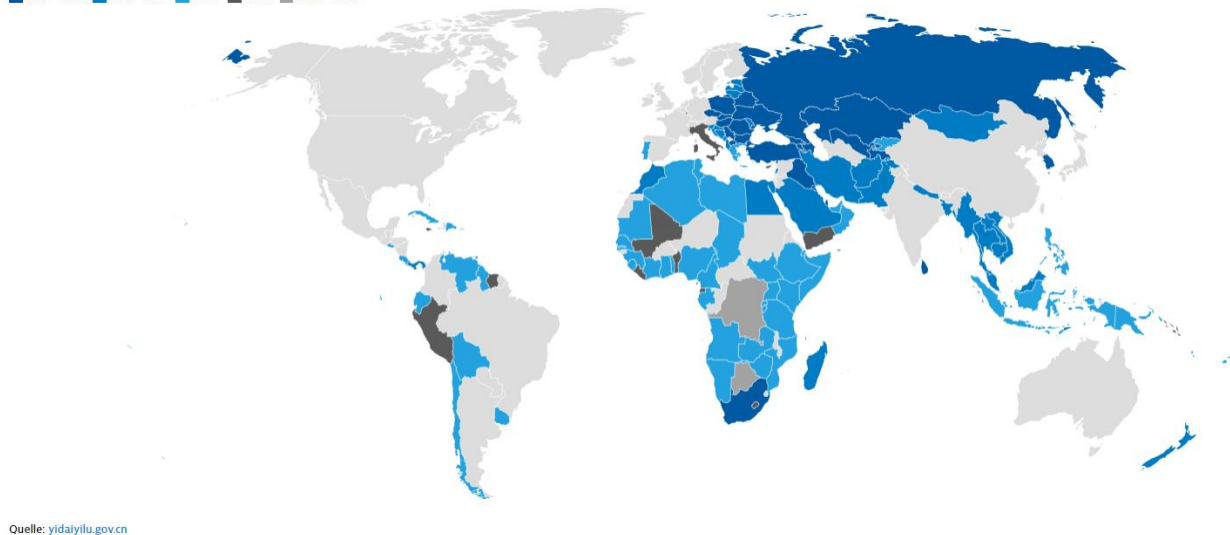
¹⁸⁸ Ibid

agreeing to deepen cooperation, the parties agree to the above mentioned five cooperation priorities under the BRI.

The basic MoUs often lead to follow-up agreements dealing with specific projects and areas of cooperation. Bulgaria, Croatia and Latvia, for example, signed an additional agreement on ports and industrial parks, while in Hungary a follow-up MoU focused on the Budapest-Belgrade rail project. Poland focused on cooperation in freight train transport in additional agreements.¹⁸⁹

BRI-Abkommen weltweit

Beitrittsjahr
 ■ 2014–2015 ■ 2016–2017 ■ 2018 ■ 2019 ■ 2020–2021



Quelle: yidaiyilu.gov.cn

Figure 7: GTAI (2021): BRI-MoUs worldwide. <https://www.gtai.de/gtai-de/trade/specials/special/china/welche-laender-sind-teil-der-neuen-seidenstrasse--624812>. Last accessed: 09.07.2021, 10:52.

Up to this year about 70 percent of all countries in the world signed up on China's Silk Road Initiative (see figure 7 above). According to the official Chinese website on the Silk Road Initiative, 138 so-called BRI-MoUs have been concluded within the framework of the new Silk Road.¹⁹⁰ In addition, one alliance of countries, the African Union, also signed such an agreement with China.¹⁹¹

When taking a look at the time frame of the accessions, it becomes clear that European countries (including EU member states) increasingly joined the initiative between 2014 and 2017. Asian and post-Soviet countries also signed on, primarily in the first four years after the

¹⁸⁹ Zwick & Flatten (2021)

¹⁹⁰ Belt and Road Portal (2021b), *The Chinese source used here may differ from independent information provided by individual BRI countries.*

¹⁹¹ China Daily (2018)

initiative was unveiled. African and Pacific countries then joined in 2018. This is equally true for the Latin American as well as the Caribbean region.¹⁹²

Looking upon the regional distribution of accessions to the BRI, one finds that in the European region (including EU MS) 27 agreements were made, equaling approximately 65 percent, while in Africa the figure was already at 81 percent. Also, the majority of Asian states are part of the initiative. This includes all member states of the Association of Southeast Asian Nations as well. In the Middle East and South Asia, 18 countries have already joined the BRI. Seven of the eight post-Soviet states in Central Asia and the Caucasus (except Turkmenistan) also joined the new Silk Road. In the Pacific region, eleven agreements have been signed so far under the BRI. In Latin America and the Caribbean, 22 states entered into an agreement.¹⁹³

The BRI in scientific discourse from a critical angle

Researchers worldwide, ministries and thinktanks have started to research the initiative and identify potential threats but chances as well. The portrayal ranges from exuberant to outward skepticism. As Poh & Li point out, the initiative is a clear proof of China's confidence to be able to challenge the current order of the world if needed. The BRI and consecutive investments are also the PRC's way to gain authority over the Asia-Pacific area and expand its influence.¹⁹⁴ Leonard supports the notion of China aiming with its connectivity strategy at *'create[ing] dependencies that can then be exploited, while it also bypasses certain countries'*. Within this structure we find a revival of the afore mentioned tribute system of ancient times, in the form of BRI countries and non-BRI countries building *'a core-to-periphery structure of connectivity'*.¹⁹⁵ He also describes a pattern that resembles the carrot and stick method China uses in economic diplomacy to reach its objectives. Rudolf adds that the BRI *'is not embedded into an overarching international framework and remains primarily an evolving concept, a meta-strategy without concrete details (...) however, given the lack of detail on the initiative and the absence of specific institutional cooperation formats to include potential partners in shaping the OBOR concept, the initiative can also be regarded primarily as a tool to expand Chinese influence in Eurasia.'* Gaens goes as far as describing it as *'China's geo-economic and*

¹⁹² Zwick & Flatten (2021)

¹⁹³ Ibid

¹⁹⁴ Poh & Li (2017): p. 89

¹⁹⁵ European Council on Foreign Relations (2016): p. 21

geostrategic attempt to establish a Sinocentric regional order through connectivity and infrastructure development'.¹⁹⁶ Hence it could be even claimed that the BRI, without competition in the form of other connectivity strategies, '*challenges the status quo in Eurasia*' and maybe even the whole world.¹⁹⁷

The EU's reception of the BRI

In the European Union, 18 of the 27 member states have already reached an agreement under the BRI with China. Romania was the first signatory in 2015. Many followed until 2019, when Cyprus became the last EU country to join the initiative for the time being. Nine EU countries are without an agreement and are thus not part of the BRI.¹⁹⁸

Whilst most of the Western European countries have distanced themselves from the BRI, Central and Eastern European countries (CEEC), in particular, initially seemed more receptive to China's new Silk Road - especially in the context of the regular 17+1 format. At this year's 17+1 summit, however, it became apparent that some countries now view cooperation with China more critically.¹⁹⁹ In March 2021 Lithuania took the step to detach from BRI related projects through leaving China's 17+1 format while endorsing future trading opportunities with Taiwan.²⁰⁰ The weakening enthusiasm in Europe with regard to the BRI might be linked to the fact that, according to European think tanks, the concrete implementation of infrastructure projects following the conclusion of BRI MoUs seems to be lacking, especially in Europe so far.²⁰¹

The EU however has so far abstained from joining the initiative.²⁰² This has to do with the fear of China gaining more influence through for example BRI-related FDI in its member states and its clout of influence.²⁰³ In order to limit this influence, the EU has started to develop tools such as the FDI screening mechanism, which is part of the EU's Strategy towards China.²⁰⁴ Next to embracing protectionist legislation, the EU has also developed its own

¹⁹⁶ Gaens (2018): p. 1

¹⁹⁷ European Council on Foreign Relations (2016): p. 87

¹⁹⁸ Zwick & Flatten (2021)

¹⁹⁹ Latz (2021)

²⁰⁰ LRT (2021)

²⁰¹ Zwick & Flatten (2021)

²⁰² Grimmel & Eszterhai (2020): p. 224

²⁰³ Ibid p. 224

²⁰⁴ Ibid p. 224

connectivity strategy, which is according to former HR Mogherini not an answer to China's connectivity strategy. However, even the EP has acknowledged in its briefing that various analysts have declared it to be exactly that. Especially, after an EU report had been leaked, which identified the BRI as a Chinese '*tool for shaping globalization to its interests*'.²⁰⁵ Furthermore, the EP was concerned in 2018 by China's growing involvement in CEEC through the BRI-related 17+1 Platform and China's debt trap diplomacy.²⁰⁶

This '*answer*' to the BRI in form of the EU-Asia Connectivity Strategy was demanded for by researchers like Okano-Heijmans and Monetsano already in 2016, two years before the presentation of the EU's Strategy. In their opinion, an EU answer should follow, in order to put the EU on the map of geostrategic connectivity as well.²⁰⁷ In that regard they proposed to work on a strategy that incorporated the EU-China Connectivity Platform but also engages other partners. Which then manifested in 2018 through the EU-Asia Connectivity Strategy.

The EU-Asia Connectivity Strategy

The EU-Asia Connectivity strategy is viewed by many researchers in the field as a direct answer to the above discussed BRI. It was published on 19th September in 2018 in form of a communication named '*Connecting Europe and Asia – Building Blocks for an EU Strategy*', which was as well intended to be the EU's contribution to the 12th ASEM Summit. The focus of the meeting was amongst other topics the key word connectivity.^{208 209} This communication did not only serve to introduce a new strategy for global connectivity but as well served as a proposal for the Multiannual Financial Framework (MFF) for 2021-2027.²¹⁰

The strategy is built on themes of connectivity and engagement (see figure 8). Connectivity in the '*European way*' consists of three principles, namely sustainability, comprehensiveness and an international rule-based approach. On the basis of these principles

²⁰⁵ European Parliamentary Research Service(2018): p. 3-4

²⁰⁶ European Parliamentary Research Service (2018): p. 4

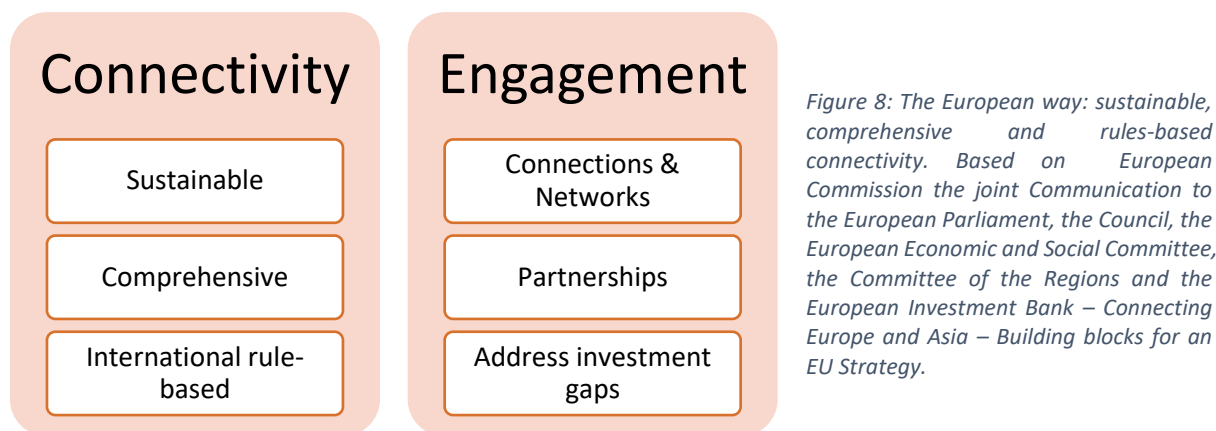
²⁰⁷ Okano Heijmans & Montesano (2016b): p. 1

²⁰⁸ European Commission (2018): p. 1

²⁰⁹ ASEM (2018)

²¹⁰ European Commission (2018): p. 1

engagement will be enacted in the form of connections and networks as well as partnerships, which will assist in addressing investment gaps.²¹¹



The European Parliament recognizes in the context of its 2018 briefing that economic diplomacy should and can help balance geopolitics. Besides the idea of launching an economic diplomacy-based connectivity strategy itself, Asia is an increasingly important partner for the EU, especially when it comes to opening up new markets. Strategic partnerships have already been concluded with countries in Asia (China, India, Japan and South Korea), cooperation with ASEAN has been promoted, and emphasis has been placed on concluding FTAs (South Korea, Singapore, Vietnam and Japan). Furthermore, there has been progress in ‘*FTA negotiations with India, Indonesia, Malaysia, the Philippines and Thailand*’²¹². The European Parliament draws on the following economic figures to highlight the importance of EU-Asia cooperation, ‘*Asia accounted for 35.5% of the EU's goods exports (€618.6 billion) and 45.2% of its imports (€774.4 billion). In 2017, China alone was the top exporter (20%, €374.6 billion) and the second largest importer to the EU*’.²¹³ Additionally, the EU hopes to contribute to the expansion and completion of the Trans-European Transport Network (TEN-T) through its connectivity strategy, as well as touting the EU-China Connectivity Platform as a possible format to make this happen. Overall, the following preconditions are attached to implement the strategy, ‘*1.3 trillion euros a year worth of infrastructure investment [would be needed] (...) [;] investments needed to be made in the TEN-T is estimated at 1.5 trillion euros over the 2021-2030 period [;] (...) furthermore, strengthened cooperation with member states' public and private financial*

²¹¹ Ibid, p. 2-3

²¹² European Parliamentary Research Service (2018): p. 1-4

²¹³ Ibid, p. 1-4



institutions [is needed], including sovereign wealth funds, and with international financial institutions and multilateral development banks'.²¹⁴

At this moment of the strategy no further details are known, and no projects have been initiated in the context of the EU-Asia Connectivity Strategy, which has to do with several problems, which will be elaborated on in the chapter of discussion. First, this thesis will be moving on to comparing both initiatives to each other and then shortly go over EU-China relations and then continue with the results, discussion as well recommendations and finish with conclusions.

Comparison of both connectivity strategies according to Holzer (2020)

	<i>BRI</i>	<i>Connectivity strategy</i>
Main partners	China and Eurasian neighbours, open to all countries including overseas	EU, Japan, countries of Europe and Asia
Core principles	Win-win and shared benefits, extensive consultation	Comprehensive, rules-based, competitive neutrality and equality
Geographic scope	No restrictions but focus is on China's neighbourhood policy	30 European and 21 Asian countries of the ASEM process
Geostrategic consideration	Multipolarity, centralisation of power (democratic centralism)	Multilateralism, rules-based, separation of powers, rule of law
Guided by	National interest, national rejuvenation, <i>fujian</i>	Universal values, norms and rules
Priorities	Infrastructure, energy, transport, people-to-people	Transport, energy, digital, human dimension

Holzer has compared in a paper from 2020 both initiatives to each other based on the economic diplomacy patterns exhibited by both actors (see figure 9). He says that based on intrinsic narratives of both entities, which are related to their historical evolution, their connectivity strategies developed. Especially when

looking at the motivations of both entities, we find that China focuses most on its national interests (internal stability, non-interference, economic growth) and the EU puts an emphasis on European values (sustainability, comprehensiveness, rule-based approach). Also, the core principles deviate from each other with the PRC are looking for a win-win cooperation and the EU putting again universal values at the center. So, for the EU interestingly core principles and motivations do not differ, based on Holzer's elaborations. Currently the BRI is open to all countries, and has started to include also South America, as mentioned before. The EU's connectivity strategy has yet to take off in Asia and thus is limited to this framework for now. However, there are indicators that global expansion is a possibility, especially towards

²¹⁴ Ibid, p. 1-4

Africa.²¹⁵ With both initiatives' cores differing so much, it is plausible that synergies will be hard to identify as well as to interlink.

Regardless of these initial assessment, economic diplomacy enacted through connectivity initiatives could result in bringing about fruitful cooperation with nations such as the PRC as well. The EU-China Connectivity Platform, established in 2015, could be such an instrument based on the preface of connectivity.²¹⁶ If through this platform common values could be agreed upon, while infrastructural cooperation is furthered, China vis-à-vis the EU could reach a geopolitical pareto-optimum at best. This kind of initiatives serve as a form of answering-mechanism to geopolitical endeavors such as the BRI without opposing it directly. Engaging with other partners in a similar way would lead to a rebalancing of the geopolitical field, idealistically spoken. For this endeavor to succeed concrete actions need to follow.²¹⁷

The EU-China Connectivity Platform

The EU-China Connectivity Platform was established in 2015 to better connect the EU and the PRC in the field of transport and traffic. In particular, the focus on connectivity was essential to both partners. The ministries or departments involved are the European Commission and its DG MOVE and, on China's side, the National Development and Reform Commission (NDRC). Furthermore, the platform seeks to improve *'synergies between the EU approach to connectivity, including the Trans-European Transport Network, and China's BRI'*.²¹⁸ European interests surface especially in the context of strengthening transparency, facilitating access to Chinese markets, and creating a level playing field for transport infrastructure development. On a side note, all these interests are now to be found in the EU strategies towards China and EU-Asia Connectivity Strategy.

Specifically, this collaboration includes efforts to *'share information, promote seamless traffic flows and transportation facilitation; identify co-operation opportunities between their respective policies (...) explore business and investment opportunities open to both China and the European side; and create a favorable environment for sustainable and inter-operable and*

²¹⁵ European Parliament (2021a)

²¹⁶ Okano-Heijmans & Montesano (2016a): p. 9

²¹⁷ Okano-Heijmans & Montesano (2016a): p. 10 ; Okano Heijmans & Monetsano (2016b): p. 4

²¹⁸ DG MOVE (2021)

*cross-border infrastructure networks in countries and regions between the EU and China.*²¹⁹ These actions are to be talked about during the annual meetings of the Chairs and the Expert Group, the so-called Chairs' meeting. The outcomes of these conventions are then to be implemented through the active planning of the Expert Group. Eventually pilot projects are to be chosen that are deemed fit for mutual cooperation, based on the input of relevant stakeholders.²²⁰

Based on the information DG MOVE provided on its website, it was possible to create a timeline for most of the meetings convened in relation to the EU-China Connectivity Platform. In June 2015 during the 17th EU-China Summit the decision was made to establish the format. In September of the same year a MoU was signed to finalize the decision. In 2016 the first meeting of the Working Group, the Expert Group and the reunion of the Chairs' was held. The same meeting schedule was adopted in the years 2017-2019.

The Expert Group meetings bring various relevant stakeholders together. This does not only include the European Commission with its different DGs, the EEAS and the EU Delegation in Beijing but also includes the NDRC and the Chinese Mission in Brussels. In addition, the EU MS and their transport attaches in Brussels and Beijing, partner countries covered by the extension of the TEN-T network, European and Chinese business stakeholders such as the Union des Industries Ferroviaires Européennes (UNIFE), and international financial institutions (European Investment Bank, European Bank for Reconstruction and Development, China Development Bank, AIIB, World Bank) are present during the meetings.²²¹

There is no information to be found on the first and second Chairs' meeting. The third Chairs' Meeting, held in July 2018, however, left a record in form of uploaded meeting minutes stating that an annual action plan will be created, as well as a short-term action plan for 2019.²²²
²²³ This short-term action plan does not contain an excessive amount of new information except for further substantiating the future cooperation in the development of corridor infrastructure in form of a jointly conducted study to define the most suitable rail corridors. Alongside these corridors multimodal hubs are to be identified. The short-term action plan also includes topics as cooperating on matters infrastructure standardization, developing green transport

²¹⁹ Ibid

²²⁰ Ibid

²²¹ Notes (1)

²²² DG MOVE (2019a)

²²³ DG MOVE (2018a)

infrastructure, strengthening functions of the working group and establishing a continuous implementation mechanism for project cooperation.²²⁴

The annual action plan does not deviate much from the short-term action plan, other than going more into detail on the study and concrete projects. According to the plan the study's focus lays on the EU-China transport corridor across the Balkan Peninsula and a pre-assessment report should be finalized by April 2019. In addition, based on the pilot project list, which is composed of projects presented during the expert group meetings dating from 2016 to 2019, priority projects should have been selected by the end of 2019.²²⁵ These priority projects should have been presented to investors and businesses, eventually resulting in contract conclusions. In order to facilitate this exchange, so-called 'investment management policy guides' as well as corresponding training programs for interested investors should have been set up by the end of June 2019. Last but not least soft connectivity is to be promoted through academic exchanges focusing on simplification of processes related to infrastructural connectivity. As a final objective the long-term action plan introduces the idea of creating a policy expert group by the end of 2019. The policy expert group will join the working group in bringing forward hard and soft connectivity in the framework of the EU-China Connectivity Platform.²²⁶

The fourth Chairs' meeting, which took place in April 2019 lead to the agreement to launch the joint study on sustainable rail-based transport corridors between Europe and China. Various stakeholder will be involved in the process as for example MS, industry representatives and relevant organizations. Of utmost importance to the study is sustainability, transparency and a level playing field.²²⁷ Information on the study's content was then recorded and attached to the annex of the meeting minutes. An outline of the study was included, touching upon the identification of most promising rail transportation corridors, their connection possibilities (multimodal connectivity) and the sustainability components. Furthermore, organizational requirements for the implementation of the study were mentioned, these include concrete project identification with investors, the creation of a timeline, the installation of a committee that monitors the individual projects and deals with the publication of the study as well as financing aspects.²²⁸

²²⁴ DG MOVE (2018b)

²²⁵ DG MOVE (2019c)

²²⁶ DG MOVE (2018c)

²²⁷ DG MOVE (2021)

²²⁸ DG MOVE (2019b)

The year 2019 was deemed a quite important year for the platform, as the study on sustainable rail-bound transport corridors between Europe and China should have been initiated, a new Expert Group on policy should have been introduced, the set-up of investment management policy guides and consecutive workshops should have been launched as well as pilot projects should have been chosen to undergo concrete implementation. On all of these matters no information is to be found on the DG's website. The reason for the slow progress of the EU-China Connectivity Platform could be the COVID-19 pandemic, which started in the beginning of 2020 and hence, possibly compromised the implementation of the objectives and general communication as well.

Now that not only the EU's and China's economic diplomacy strategies in light of connectivity have been discussed, but also the EU-China Connectivity Platform has been introduced as a connectivity instrument intended to link endeavors of the EU and China at the same time, recent developments in EU-China relations will be now elaborated on, to give the reader the chance to understand the later discussion better.

EU-China relations now and then

In the interest of presenting the pathway of EU-China relations, which were established in 1975 and last until today, this thesis follows Men's subdivision of phases: *mutual disregard (1975-1994)*; *mutual attraction (1995-2002)*; *honeymoon (2003-2004)*; *reflection and adjustment (2005-now)*.²²⁹

In the phase of mutual disregard (1975-1994) nothing ground-breaking happened, as the title might suggest, except for the first bilateral trade agreement in 1978, an agreement on trade and economic cooperation in 1985 and the convenance of a dialogue on '*sensitive regional and international affairs and human rights*'.²³⁰

In the phase of mutual attraction (1995-2002) the EU published its first policy paper on China, symbolizing the end of mutual disregard and recognizing China as a country worth considering. This paper was titled '*A long term policy for China-Europe relations*' and build up on a predecessor publication from 1994, making way for a closer cooperation.²³¹ The famous EU-China summit was established in this phase as well, to be precise in 1998, indicating the institutionalization of EU-China relations.²³²

By 2003, marking the honeymoon phase, various sectoral dialogues had been set up to foster economic partnership.²³³ The mutual understanding to form a strategic partnership could be categorized as the turning point of EU-China relations. The point where empirics proved the wished-for long-term and stable attributes of such a strategic partnership could not be met between the EU and the PRC. According to Men this was due to the lack of '*shared values and norms*' as well as the lack of common '*culture and political beliefs*' accompanied with issues in economic relations.²³⁴ She points out that, since the late nineties, the rising trade surplus on the Chinese side and consecutively the rising trade deficit on the European side, made the EU feel '*uncomfortable*'.²³⁵

²²⁹ Men (2013): p. 294

²³⁰ *Ibid*, p. 294-295

²³¹ *Ibid*, p. 294

²³² *Ibid*, p. 295

²³³ *Ibid*, p. 295

²³⁴ Men (2013): p. 295

²³⁵ *Ibid*, p. 296

From 2005 onwards the phase of reflection and adjustment began.²³⁶ This phase was underlined by the publication of a policy paper (COM (2006) 631) from the Commission in 2006, which at that time was seen as the EU taking a clear approach towards China and its growing influence. At that time, the European Commission also committed to help China in achieving an open society, as criticism towards copyright and market access issues in China had accumulated.²³⁷ As a follow up action China and the EU decided to install in 2008 another high-level dialogue named EU-China High Level Economic and Trade Dialogue.²³⁸ In 2014 the 1st Dialogue on International Development was established, and President Xi visited the European Union for the first time. In 2015 the EU and China celebrated their 40th anniversary of EU-China relations. In the same year, the EU-China Connectivity Platform was installed. 2016 was the year of the 1st Legal Affairs Dialogue and marked by the publication of the joint communication ‘*Elements for an EU Strategy on China*’. In 2017 a variety of dialogues and summits were held. In 2018 the EU-Asia Connectivity Strategy, as an answer towards the BRI was created. In 2019 the communication ‘*EU-China – A strategic Outlook*’ was published. 2020 due to the COVID-19 pandemic was a rather eventless year.²³⁹ Whilst 2021 became a turning point in EU-China relations, to which the next chapter is dedicated to.

Through the course of EU-China relations a total number of 23 dialogues and formats between the EU and China are to be found, symbolizing the tools and theaters through which economic diplomacy is practiced by both entities:²⁴⁰

²³⁶ Ibid, p. 296

²³⁷ European Commission (2006)

²³⁸ Men (2013): p. 297

²³⁹ EEAS (2018)

²⁴⁰ Ibid



Despite 23 dialogues EU-China relations still became more volatile, as the following subchapter will elaborate. Considering the above adapted phases of EU-China relation, it is possible to claim that relations have entered a new phase of mutual, value-based partition. Men concludes that bilateral relations between the EU and China became more and more imbalanced, in the sense that China's strength incorporated former EU leverage. This means that even though the interest in trade did not waver, EU-China relations seemed to have lost the motivation to achieve any values-based convergence.²⁴¹ Especially, the EU seems to have

²⁴¹ Men (2013): p. 297

stepped away from solely waiting for China to aim for convergence, instead it proceeded to modify its strategy and consecutively apply it.

How the last years defined the implementation of the EU's strategy towards China

Since 2019, a lot has happened in the EU regarding China. The EU has become more aware of what its interests are and has become more realistic about what to expect from China. To urge China towards the creation of a level-playing field, the EU is trying to use various tools, which were already mentioned in the 2019 communication. These include the FDI screening mechanism, precautionary measures for the installation of 5G technology, and the white paper on foreign subsidies. The strategic outlook on EU-China relations was instrumental in defining the relationship and shaping the way forward and ensuring a level-playing field. This means that the EU has gone over from its reluctance *'to use its economic power to force (...) individuals outside its territory to comply with its strategic interests'* to applying their instruments.²⁴²

One also sees the EU moving closer to addressing not only economic differences but also political issues when interacting with China. An example of that is the EU-China summit, which was supposed to have taken place in spring 2020 and was made up on June 22 via video conference due to the pandemic. The main topics discussed were Hong Kong's newly announced national security law and general compliance with human rights. Although China is seen as a partner on climate change, joint action is limited to empty phrases and lip service. The situation was similar with regard to EU-China vaccine cooperation. One striking difference at the summit was that instead of a joint statement, two separate documents were released. The EU document expressed that EU-China relations remained complex, but that the partnership between the two entities was of high importance. China's statement aligned itself with multilateralism and distanced itself from any paternalism by the EU.²⁴³ This clearly shows that fronts hardened in respect of relations. Similar developments are to be recognized when looking at CAI, even though the initial stages after December looked promising.

While the negotiations for CAI lasted for several years, at the end of December 2020 both parties, the EU and China, reached an agreement and the long-awaited investment

²⁴² European Council on Foreign Relations (2016): p. 165

²⁴³ Le Corre (2020)

agreement was concluded. The agreement includes sector access facilitations in China. This resulted in a list of sectors that are to be made more investment-friendly in China in the future. Furthermore, there was a focus on the prevention of technology transfers and the creation of a level playing field. The agreement was well received in China. This has to do with the fact that China perceives the agreement as an EU step in its direction and thus also as a kind of distancing of the EU from the USA. However, MERICS criticizes, for example, that the opening of sectors already existed before the conclusion of CAI and no tendencies of openings have been perceivable so far. This also means that CAI could not contribute to an opening per se and that caution towards China's promise should be applied. Also, few expect China to join the International Labor Organization, which was demanded in the CAI.²⁴⁴ However, before the agreement can be ratified, the European Parliament must approve it.

In the last three weeks of April this year the German Chancellor Angela Merkel was in close contact with Chinese political leaders, including the PRC's Premier Li Keqiang. Once again, she urged Li to ratify the EU-China investment agreement and to become a member of the international labor conventions. These meetings allegedly passed by without a mention of the launched sanctions on both sides and the prevailing human rights issues in Xinjiang.²⁴⁵ The lingering German engagement in these matters could be attributed on hand to their presidency of the European Council, during which CAI was agreed upon and on the other hand to smooth things over in respect of maintaining good trading relationships. Some rumors are circulating that Germany's commercial interests were one of the reasons for it to be finally concluded.²⁴⁶ A member states pivotal role in EU-China relations surfaces here.

Also, the postponement of ratification is also used on both sides to exert pressure on each other. Especially Members of the European Parliament (MEP) targeted by the Chinese sanctions were not in favor of ratification anymore. Their aspirations found a supporter in the form of EU Trade Commissioner Vladis Dombrovskis in the beginning of May this year when he hinted the suspension of ratification efforts on the EU side, much to the disapproval of the German political leadership.²⁴⁷ The issue at hand thus consists not only of political discord on the European and the Chinese side. But as Maul sees it, the suspension of ratification is as well as a tool of economic leverage '*allow[ing] for an evaluation of China's performance in*

²⁴⁴ MERICS (2021b)

²⁴⁵ Politico (2021a)

²⁴⁶ MERICS (2021a)

²⁴⁷ Politico (2021b)

implementing its pledges'.²⁴⁸ Whilst interpretations differ, legal processes have not been put on halt at that time, signaling hope for continuance when the EU-China relationship improves.²⁴⁹ But this hope was quickly crushed only a few weeks later when an EP resolution froze the ratification process until sanctions are lifted.²⁵⁰

These sanctions, mentioned above, were imposed by the European Union on Chinese individuals, responsible for human rights violations in China's autonomous region Xinjiang on the 22nd of March 2021. This imposition of sanctions based on the EU's Global Human Rights Sanction Regime (GHRSR), was one of the first times this newly adopted regulation was utilized. In total four Chinese and one entity were sanctioned, because they had been officially linked to *'mass detention and persecution of the Uyghur ethnic minority'*.²⁵¹ The gravity of these sanctions was contributed by the United Kingdom's (UK), the US' and Canada's application of similar human rights sanctions towards these individuals. On the same day as the EU's sanctions were initiated, China opted for casting counter-sanctions *'on ten individuals and four entities, (...) including Parliament's Subcommittee on Human Rights; MEPs Reinhard Bütikofer (Greens/EFA, Germany), Michael Gahler (EPP, Germany), Raphaël Glucksmann (S&D, France), Ilhan Kyuchyuk (Renew, Bulgaria) and Miriam Lexmann (EPP, Slovakia); the Council's Political and Security Committee, and a number of EU Member State Members of Parliament, think-tanks and academics'*.²⁵² The implications of the Chinese counter-sanctions consist of a travel ban as well as performing trade transactions with China for the sanctioned individuals.²⁵³ These counter-sanctions were not received well by the sanctioned MEPs. Therefore, they decided after a period of consultations to freeze the ratification of CAI, as described above.

The toolbox in the EU's China strategy

The official EU toolbox for maintaining a level-playing field with China is large, it does not only include the annual dialogs, the EU-China Summit or the EU-Asia Connectivity Strategy, but also includes legislative acts. These acts are enshrined in the EU communications

²⁴⁸ MERICS (2021a)

²⁴⁹ Politico (2021a)

²⁵⁰ European Parliament (2021b)

²⁵¹ European Parliamentary Research Service (2021)

²⁵² Ibid

²⁵³ Ibid

for interacting with China. To three sets of legislation the following paragraphs are dedicated. Hence, the GHRSR [Council Decision (CFSP) 2020/1999; Council Regulation (EU) 2020/1998], the EU FDI screening mechanism [(EU) 2019/452], as well as the soon to be passed subsidy regulation [2021/0114 (COD)] will be discussed.

Sanctions

Remaining in the thematic of sanctions, the EU only recently developed its legislation on casting EU human rights sanctions – often referred to as European Magnitsky Act. In the United States the so-called Global Magnitsky Act was passed in 2016 and inspired the Union to adopt a similar sanction regime dedicated to human rights violations. These sanctions include measures such as travel bans and asset freezes and are aimed at individuals responsible for human rights violations.²⁵⁴ Therefore, the EU's approach toward human rights violations has expanded from applying not only geographic sanctions, aimed at a whole country, to applying also thematic sanctions, limited to individual persons.²⁵⁵ The Council Decision and the regulation were officially adopted in December 2020 by the Council.²⁵⁶ The process towards the adoption included several obstacles, as for example obtaining definite proof of such violations in third countries, finding unanimity for the adoption of a regulation in the policy field of CFSP and deciding on whether qualitative majority voting or unanimity will be needed in order to cast sanctions on selected individuals.²⁵⁷ Unanimity was then decided upon as Art. 5 (1) (CFSP) 2020/1999 states. Review of decisions on casting sanctions need to be done when new evidence is submitted according to Art. 5 (3) (CFSP) 2020/1999. To strengthen the impact of sanctions applied by the European Union, cooperation with like-minded partners is advised [Art. 9 (CFSP) 2020/1999].²⁵⁸ On a side note, this Article 9 was adhered to when sanctions were imposed on the above-mentioned Chinese individuals.

²⁵⁴ European Parliament Think Tank (2020)

²⁵⁵ European Parliamentary Research Service (2019b): p. 1

²⁵⁶ European Parliament Think Tank (2020)

²⁵⁷ European Parliamentary Research Service (2019b): p. 2

²⁵⁸ Council of the European Union (2020)



FDI Screening Mechanism

The EU is becoming increasingly aware of the influence China has already secured in its MS by channeling FDI into key sectors. This has led the EU to adopt a regulation on FDI screening mechanisms (EU) 2019/452 on October 11, 2020. A short excerpt from an article published by the author of this thesis will give an explanation on the formation and the status quo of the regulation (see figure 10).

China is the fifth largest investor in the European Union and has a rapidly growing share of FDI compared to foreign investors such as the United States. A 2019 study by Ernst & Young found that China acquired 139.5 European companies annually from 2006 to 2018. One such acquisition was the Greek port of Piraeus, which since 2003 has been partially owned by COSCO Shipping Ports Limited, a subsidiary of a Chinese state-owned company. In 2003, when the Greek government still owned 74.5 percent of the shares, COSCO began investing in the development of a terminal. Over the years, the company won several Greek tenders that enabled it to acquire a 51 percent majority stake in the port in 2016. Chinese FDI has previously divided the EU. Beijing's investments in EU member states have led to weakening EU statements on several occasions. Such as Greece when it chose not to participate in EU decisions or even blocked them.

However, 12 out of 27 member states have not yet implemented a national FDI screening mechanism based on Regulation (EU) 2019/452. As a result, the regulation mostly complements existing mechanisms rather than pushing for a mandatory, comprehensive regulatory approach. For the EU, this means that caution is needed and closer monitoring is warranted. Especially considering that European investors in markets outside the European Economic Area often do not enjoy the same freedoms as external investors in the EU market.

The Commission has been proactive in trying to shape a unified EU response toward foreign direct investment to prevent member states from becoming externally dependent for their security, economic growth, and the stability of their governments. This includes advocating for a stronger regulatory framework. In 2017, the Commission published a Communication on FDI screening, calling for a unified approach and more restrictions on FDI openness. Finally, at the Commission's suggestion, the EU adopted Regulation (EU) 2019/452. The regulation includes a cooperation mechanism for the exchange of information between member states and the Commission, allowing the Commission to issue opinions on investments that threaten EU security, public order or strategic projects. It urges international cooperation on investment screening and presents requirements for member states that want to install such a mechanism or expand an existing one. Factors such as verifying whether a foreign investor is owned or controlled by a foreign government or has already been involved in activities that affect security or public order in a member state should be reviewed according to EU requirements. An important feature of the regulation is that it is up to the individual member state to decide which of the opinions to adopt. This regulation affects different actors. It first involves the Commission as the issuer of non-binding opinions and gives it the authority to review FDI transactions that threaten public order, security or strategic projects. The Commission's non-binding opinion is to be "*taken into the utmost consideration*" by the respective member state, and the Commission expects an explanation if member states decide not to follow its guidance. Member states are expected to actively participate in peer reviews, offer best practices through expert groups, and provide non-binding opinions. They are also required to report annually to the Commission.

This regulation is a first step, yet as is so often the case with EU regulations, it leaves some leeway in deciding whether or not to install a national screening mechanism. This is because, in the case of the common commercial policy, the EU has the exclusive competence to "*adopt measures establishing the framework for the implementation of the common commercial policy in the field of direct investment,*" as mentioned in Article 207 (2) TFEU. Consequently, the EU institutions are limited to merely setting a framework, which is a weak delegation of powers to the EU as a whole. Conversely, this means that the formulation of the framework must be as detailed and precise as possible in order to induce member states to comply with the regulation. Moreover, according to Article 2(2) (EU) 2019/452, the Regulation can be indirectly circumvented by third countries if their corporate headquarters are located in an EU member state and registered under the law of that EU member state. In summary, FDIs within the EU are not covered by the regulation, which means that the regulatory framework has shortcomings, but a step towards a more comprehensive approach.

Figure 10: Excerpt from Zwick, S. (2021): Europe's optional control against foreign hostile takeovers. Shaping Europe. <https://shapingeurope.eu/en/eu-tightens-foreign-direct-investment-control/>. Last accessed: 10.07.2021, 15:21.

Planned for subsidy regulation

To uphold this momentum of level-playing field creating legislation, the EU is planning on restricting (third country) companies receiving state subsidies and thus creating market distortions, from operating in the Singly Market. On the 5th of May 2021, the EU presented its regulation proposal [2021/0114 (COD)] for a new instrument concerned with the negative effects of foreign subsidies in the EU market. This issue was first addressed in White Paper in 2020 and resulted then in this proposal. Foreign subsidized companies cause market distortion and have so far not been regulated whilst European subsidized companies are subjected to strict controls, and face consequently disadvantages in comparison to third country companies on the EU internal market. Furthermore, this legislative instrument is part of the newly introduced EU Industrial Strategy. The EU's economy was heavily hit by the crisis of 2008 and then again by the COVID-19 pandemic related economic shock. Thus, it is of utmost importance to help the EU economy recovering from the shock while providing for a system, which is fair, which includes this regulation.²⁵⁹

The regulation shall grant the EU the right to review third country companies' financial contributions received by for example their respective government. *'Three tools'* are to be utilized in that context, which allows for notifications and for the imposition of fines, if a call for notification is not followed as well as restitution for distortion by the respective company:

- *'A notification-based tool to investigate concentrations involving a financial contribution by a non-EU government' (...);*
- *'A notification-based tool to investigate bids in public procurements involving a financial contribution by a non-EU government (...); and'*
- *'A tool to investigate all other market situations and smaller concentrations and public procurement procedures, which the Commission can start on its own initiative (ex-officio) and may request ad-hoc notifications.'*²⁶⁰

Currently, the proposal is awaiting the committee decision and has been referred to it after the 1st reading in the parliament. This regulation will be adopted according to the OLP, if agreed upon by all parties involved.²⁶¹

²⁵⁹ European Commission (2021d)

²⁶⁰ Ibid

²⁶¹ European Parliament – Legislative Observatory (2021)

After having introduced all relevant theories, concepts, initiatives as well as the status quo of EU-China relations based on recent events and developments, the next chapter will focus on presenting the findings of the EU-China Policy Analysis and a comparison therein.

EU-China Policy Analysis based on EU Communications from 2006, 2016 and 2019

One of the most important part of this thesis is attempting to show how the EU's economic diplomacy strategy towards China has changed in the last fifteen years, based on the communications published by EU institutions. That included consulting EU publications, namely, COM (2006) 632 final: Closer Partners, Growing Responsibilities – A policy paper on EU-China trade and investment; JOIN (2016) 30 final: Elements for a new EU strategy on China; 11252/16: EU strategy on China – Council Conclusions and JOIN (2019) 5 final: EU-China – A strategic outlook. In the following subchapters this thesis' findings are presented.

EU-China Policy Analysis: COM (2006) 632 final

The communication from 2006 'Closer Partners, Growing Responsibilities – A policy paper on EU-China trade and investment' highlights in terms of obstacles in trade with China the issue of trade dependency in relation to export, economic competition and distortion and the limitations of the Chinese market openness. Economic competition and distortion issues are of utmost importance in the Communication based on the added normalized absolute frequency of codes applied (18,6%). Within this thematic code, subsidies, disregard of intellectual property rights as well as the retention of goods are displaying a frequency of three and more (4-5,3%). Obstacles in relation to Chinese geopolitics including reversed change through trade and the general disregard of obligations conferred to China based on international agreements and treaties amounts to 13,33% added normalized absolute frequency. This implies that it is, next to trade related issues, a very important notion in the communication.



The hope for convergence and reciprocity is mentioned in the strategy and thus exhibits a frequency of 6,66%. Interestingly the idea of China as competitor is already mentioned and materialized as a solid strategy in 2019. The defense of European values is mentioned as well but is limited to sustainability and rule-based conduct omitting the dimension of human rights and transparency, which are important values in the communications to follow. The thematic of the complexity of relations between China and the EU is only mentioned once. This highlights that it was not yet a big issue for the EU.

Formats and dialogues are an instrument used often by the EU when performing economic diplomacy and maintaining external relations (6,66%). Thus, it is no surprise for it to play a semi-essential role in the strategy. However, establishing EU representations in China and initiating programs (trade promotion activities) are on the rise with a frequency of 9,33%.

Theme	Thematic code	Normalized absolute frequency	Added normalized absolute frequency
Obstacles	Trade dependency in relation to export	2,67%	2,67%
-	Economic competition/ distortion (general)	4%	18,6%
-	Economic competition/ distortion - Subsidies	5,3%	
-	Economic competition/ distortion - Intellectual Property	5,3%	
-	Economic competition/ distortion - Retaining goods	4%	
-	Market openness	9,33%	9,33%
-	Chinese geopolitics – reversed change through trade	1,33%	13,33%
-	Chinese geopolitics – disregard of the international rule of law	12%	
Content of EU-China Strategy	Engagement (general)	4%	6,66%
-	Engagement – hope for convergence	1,33%	
-	Engagement – reciprocity	1,33%	
-	Trinity – competitor	4%	4%
-	Defending European Values – sustainability	4%	5,33%
-	Defending European Values – rule-based	1,33%	
-	Openness to investment	1,33%	1,33%
-	Complexity of relations	1,33%	1,33%
-	European strengths	2,67%	2,67%
Measures/Instruments	Legislation	1,33%	1,33%
-	Agreements	4%	4%
-	Formats/ Dialogues (general)	5,3%	6,66%
-	Formats/ Dialogues – WTO	1,33%	
-	Branches and Cultural programs	9,33%	9,33%
-	Monitoring (general)	1,33%	4%
-	Monitoring – review	2,67%	
-	Partnership with other countries	1,33%	1,33%
In vivo	Market economy status	1,33%	1,33%
Other	Omitted notions/ citations/ system-based errors	6,67%	6,67%

Table 1: 2006

There was a conception in 2006, that it would be possible to support China in integrating into the international rule-based level-playing field, which stands in relation to China achieving market economy status one day. Hence, the EU attempted to implement monitoring and review mechanisms to assist China on its way towards market economy status. In 2006, we see an EU-China strategy, which is optimistic with regard to China’s adaption to European values. We see a Europe that has realized obstacles in trading with China, though practices economic diplomacy²⁶² mostly based on economic terms instead of focusing on political spheres.

²⁶² The EU as an actor in economic diplomacy, before the ratification of Lisbon treaty, is, as elaborated in the chapter on the EU’s competences in economic diplomacy, debatable.

EU-China Policy Analysis: JOIN (2016) 30 final and Council Conclusions 11252/16

The 2016 communication ‘Elements for a new EU strategy on China’ highlights in terms of obstacles in trade with China the issue economic competition and distortion and the limitations of the Chinese market openness. Economic competition and distortion issues are of less importance in the Communication when comparing it to the one of 2006 based on the added normalized absolute frequency of codes applied, which amounts to only 4,32%. Within this thematic code, subsidies, disregard of intellectual property rights as well as the industrial overcapacity are of interest. It needs to be emphasized that market openness compared to the problem of trade distortion has gained relevance in this communication, exhibiting 7,56% of added normalized absolute frequency, whilst trade distortion is limited to only 4,32%. Interestingly the obstacle of trade dependency in relation to export is not mentioned in the strategy anymore.

Obstacles in relation to Chinese geopolitics have gained traction in 2016 in comparison to trade related issues (14,5% > 11,88%). Chinese geopolitics are mentioned often, including initiatives such as the BRI, the general disregard of obligations conferred to China based on international agreements and treaties, actions based on internal conflict containment, the Chinese way of managing bilateral relations as well as its rising assertiveness in the global sphere. Based on the evaluation, China’s disregard for international obligations is an important topic in the communication as it was in the prior one too.

For the first time especially the CEEC are mentioned in relation to China’s geopolitical behavior. Furthermore, the USA is mentioned for the first time in a communication on China as well. The importance of engagement with China and the hope for convergence and reciprocity is of similar importance in this communication when compared to the one from 2006.



Theme	Thematic code	Normalized absolute frequency	Added normalized absolute frequency	
Obstacles	Economic competition/ distortion - Subsidies	2,16%	4,32%	
	- Economic competition/ distortion - Intellectual Property	1,62%		
	- Economic competition/ distortion – industrial overcapacity	0,54%		
-	Market openness (general)	3,24%	7,56%	
-	Market openness – absence of reform	2,7%		
-	Market openness – create regulation	1,62%		
-	Chinese geopolitics (general)	2,16%	14,5%	
-	Chinese geopolitics (Initiatives) – BRI	1,62%		
-	Chinese geopolitics (Initiatives) – Going global/ Made in China 2025	1,62%		
-	Chinese geopolitics – disregard of the international rule of law	4,86%		
-	Chinese geopolitics – Internal conflict containment	2,16%		
-	Chinese geopolitics – managing foreign relations	1,08%		
-	Chinese geopolitics – Assertiveness	1,08%		
-	Member states – CEEC	1,08%		
-	USA	0,54%		
Content of EU-China Strategy	Engagement (general)	6,49%	10,81%	
	- Engagement – hope for convergence	1,08%		
	- Engagement – reciprocity	3,24%		
-	Defending European Values (general)	3,78%	17,29%	
-	Defending European Values – sustainability	3,24%		
-	Defending European Values – rule-based	6,49%		
-	Defending European Values – human rights	3,78%		
-	Openness to investment	0,54%	0,54%	
-	Unified Approach	2,7%	2,7%	
-	EU interests	4,86%	4,86%	
-	Taiwan and Hongkong	1,62%	1,62%	
-	Recognition of the EU as a single entity	0,54%	0,54%	
-	Synergies	1,08%	1,08%	
Measures/ Instruments	Legislation	1,08%	1,08%	
	-	Agreements	2,7%	4,32%
	-	Agreements – CAI	0,54%	
	-	Agreements – FTA	1,08%	
	-	Formats/ Dialogues (general)	7,03%	12,97%
	-	Formats/ Dialogues – EU-China Connectivity Platform	0,54%	
	-	Formats/ Dialogues – WTO	1,08%	
	-	Formats/ Dialogues – UN	2,7%	
	-	Formats/ Dialogues – G20	1,62%	
	-	Strategies	1,62%	
	-	Branches and Cultural programs	3,24 %	3,24%
	-	Partnership with other countries	2,7%	2,7%
	-	Review of formats	1,08%	1,08%
	In Vivo	Central Asia	1,08%	1,08%
		-	Connectivity	1,62%
-		Connectivity – infrastructure	1,08%	
-	Xinjiang	0,54%	0,54%	
-	Arms embargo	0,54%	0,54%	
Other	Omitted notions/ citations/ system-based errors	0,54%	0,54%	

Table 2: 2016

To the defense of European values, a great amount of emphasis is dedicated. It could be asserted that it is the most important thematic of the strategy. The prior communication focused mostly on trade related obstacles and mentioned European values less. Also, the specific mention of human rights in relation to China is an interesting development. The mention of Xinjiang, an autonomous region in the PRC, is also the first of its kind in an EU communication on its China strategy. The European value of transparency is not yet of importance in the communication. For the first time the necessity of a unified EU approach towards China is displayed coupled with the accentuation on EU interests when interacting with China. It is necessary for the EU to formulate its interests, otherwise the strategy would be useless.

The thematic of complexity of relations between China and the EU is not mentioned once. This highlights that it was not yet a big issue for the EU, similar to the communication from 2006.

The formation of instruments starts to pick up speed in this communication. Legislation to ensure a level-playing field with China is referenced to, but also agreements such as an investment

agreement or the chance for an FTA is referred to. These are developments that show that the need for viable instruments has grown.

Formats and dialogues are an instrument that gained traction in this communication, displaying the third highest frequency of 12,97%. Thus, it plays an essential role as the most important instrument in the strategy for supporting the EU in interacting with China. Establishing EU representations in China and initiating programs are showing a decreased importance with regard to the prior communication. The EU-China Connectivity Platform, introduced in 2015, also is alluded to implicating its relevance.

The mention of a general need for strategies when dealing with China emerges in this communication. No concrete strategies are yet mentioned. A mild rise of relevance for partnerships with other countries is to be detected when it comes to cooperating with China. A similar notion applies to the buzzword connectivity and the region of Central Asia.

The conception in 2006 of being able to support China in integrating into the international rule-based level-playing field, has started to fade. We see a Europe that has realized obstacles in trading with China especially in the sense of China's geopolitical output. More instruments are introduced, which could aid in dealing with China on a fair basis. Hence, we perceive lightly politicized economic diplomacy practices from the European side based on the significance of European values to the EU.

With regard to Council Conclusions on the elements for a new EU strategy on China, we see a great but to be expected overlap. Similar codes are mentioned, the highlighting of European values is of utmost importance as well. The role of instruments, such as formats and agreements are as essential in the communication as in the conclusions (see Table 5 in the appendix).

EU-China Policy Analysis: JOIN (2019) 5 final

The 2019 communication ‘EU-China – A strategic outlook’ highlights in terms of obstacles in trade with China the issue of economic competition and distortion and the limitations of Chinese market openness, similar to the communication from 2016. Economic competition and distortion issues share the level of importance of the communication prior. Within this thematic code, subsidies including the advantages of Chinese state-owned Enterprises (SOE) are treated as one of the essential obstacles to trade.

The disregard of intellectual property rights as well as the industrial overcapacity are not mentioned in this strategy. While the communication of 2016 emphasized the obstacle of limited market openness in China, the current communication diverts only a frequency of 3,11% to it. The obstacle of trade dependency in relation to export is not mentioned in this policy as well. Hence, it is to be claimed that the EU has settled with trade dependency being an inevitable side effect of trade and applies to China as well, and therefore is not an essential issue to be addressed anymore.

Obstacles in relation to Chinese geopolitics have gained traction in 2016 and remain important. Similar to the communication from 2016, we see that trade poses an issue but that Chinese geopolitical habits are a bigger threat to the EU, even though the gap has narrowed ($8,55\% > 7,77\%$). Worth mentioning is that the BRI is not mentioned once in the strategy, while Made in China 2025 is alluded to. This could either mean, that the BRI is not posing a threat to the EU and consequently is disregarded, or it is an intentional omission as it does not deserve ‘advertisement’. Regardless, Chinese geopolitics are mentioned often, including the issue of debt-trap diplomacy, the general disregard of obligations conferred to China based on international agreements and treaties, the Chinese way of managing bilateral relations as well as its rising assertiveness in the global sphere. Based on this observation, this communication touches upon all of these problems equally and does not put an emphasis on specific geopolitical behavior.

In this strategy both the CEEC and the European neighborhood are viable stakeholders, which need to be tended to. The USA is not mentioned at all this time. This is striking, considering that the US is one of the reasons why the EU has trouble positioning and ‘emancipating’ itself in respect of foreign policy towards China.



Theme	Thematic code	Normalized absolute frequency	Added normalized absolute frequency
Obstacles	Economic competition/ distortion (general)	2,33%	4,66%
	Economic competition/ distortion -subsidies	2,33%	
-	Market openness (general)	2,33%	3,11%
-	Market openness – absence of reform	0,78%	
-	Chinese geopolitics (general)	1,55%	8,55%
-	Chinese geopolitics (Initiatives) – Made in China 2025	0,78%	
-	Chinese geopolitics – debt trap	1,55%	
-	Chinese geopolitics – disregard of the international rule of law	0,78%	
-	Chinese geopolitics – managing foreign relations	2,34%	
-	Chinese geopolitics – Assertiveness	1,55%	
-	Member states – CEEC	1,55%	
-	Member states – Neighborhood	1,55%	
Content of EU-China Strategy	Engagement - reciprocity	10,08%	10,08%
	Trinity – partner	2,33%	4,66%
Trinity – competitor	1,55%		
Trinity – rival	0,78%		
-	Defending European Values (general)	8,53%	13,97%
-	Defending European Values – sustainability	1,55%	
-	Defending European Values – rule-based	0,78%	
-	Defending European Values – human rights	2,33%	
-	Defending European Values - transparency	0,78%	
-	Openness to investment	1,55%	1,55%
-	Unified Approach	3,1%	3,1%
-	EU interests	3,88%	3,88%
-	Taiwan and Hongkong	0,78%	0,78%
-	Recognition of the EU as a single entity	0,78%	0,78%
-	Synergies	2,33%	2,33%
-	EU Strength	0,78%	0,78%
-	Security	3,88%	3,88%
-	TEN-T	0,78%	0,78%
Measures/Instruments	Legislation	6,98%	7,76%
	Legislation – sanctions	0,78%	
-	Agreements	3,1%	3,88%
-	Agreements – CAI	0,78%	
-	Formats/ Dialogues (general)	0,78%	4,67%
-	Formats/ Dialogues – EU-China Connectivity Platform	0,78%	
-	Formats/ Dialogues – WTO	0,78%	
-	Formats/ Dialogues – UN	0,78%	
-	Formats/ Dialogues – G20	1,55%	2,33%
-	Strategies – EU-Asia Connectivity Strategy	2,33%	
-	Branches and Cultural programs – research	1,56%	1,56%
-	Partnership with other countries	3,1%	3,1%
-	Intra-European investment	2,33%	2,33%
In Vivo	Connectivity	1,55%	2,33%
	Connectivity – infrastructure	0,78%	
-	Xinjiang	0,78%	0,78%
Other	Omitted notions/ citations/ system-based errors	5,45%	5,45%

Table 3: 2019

The importance of engagement with China and the hope reciprocity is of similar importance in this communication when compared to the one from 2006 and 2016.

The publication of this communication in 2019 was of major importance to the current EU-China strategy, given that it proclaimed the trinity of China as a partner in combating climate change, a competitor on the global market as well as a rival on the basis of systems. The thematic of partnership was mentioned more than the dimension of competition. The rivalry aspect was only mentioned once in the whole strategy. Still, it is the term that resonated the most and sets a benchmark for future EU-China economic diplomacy strategies.

On the defense of European values, a great amount of emphasis was dedicated to again, similar to the communication of 2016. It could be asserted that it is repeatedly the most important thematic of the strategy. We see again an accentuation on human rights. Similar data with regard to the reference of Xinjiang is recognizable. The European value of transparency is mentioned for the first time in an EU strategy en vers China. The importance of a unified EU approach

towards China is once again displayed coupled with highlighting EU interests when interacting with China.

Synergies between the EU and China are mentioned various times. In addition, the necessity to protect and secure European assets and strengthen EU security endeavors plays a more essential role than ever.

The formation of instruments has clearly taken shape. Concrete legislation is presented (7,76%). In prior communications there was an emphasis on agreements. In this one however, only weak references are made. The idea of an FTA with China has assumably been dropped.

The importance of formats and dialogues are an instrument that shows decreased importance in the communication from 2019. Still, the EU-China Connectivity Platform is mentioned in relation to finding synergies. It seems as if the future of EU-China relations builds not on the diversity of formats anymore. Establishing EU representations in China and initiating programs are showing a decreased importance similar to the Communication from 2016.

The mention of the general need for strategies when dealing with China, which emerged in the prior communication, has increased. The EU-Asia Connectivity Strategy is said to include China and acts thus as a viable instrument for safeguarding European Values. A growing importance of relevance for partnerships with other countries is to be detected when it comes to cooperating with China, similar to communication from 2016. However, the region of Central Asia is not once mentioned in terms of partnering up with countries situated around China. The relevance of the buzzword connectivity has remained the same when comparing the communications from 2016 and 2019 to each other.

The conception in 2006 of being able to support China in integrating into the international rule-based level-playing field, has faded. Instead, we see a Europe that has realized obstacles in trading with China and has thus defined clear boundaries for cooperation. With the help of instruments (including sanctions), the EU actively tries to nudge China to uphold European values, when cooperating. Through limiting the relevance of formats in their strategy next to creating and using new instruments, we perceive more politicized economic diplomacy practices from the European side.



Figure 12: Word cloud - JOIN (2016) 30 final



Figure 13: Word cloud - JOIN (2019) 5 final

The analysis of the EU-China economic diplomacy strategy would not be complete if EU-Asia Connectivity Strategy would be omitted. Consequently, the next chapter will serve the purpose of presenting the respective analysis. While reading the analysis attention should be paid to the fact that the EU’s connectivity strategy is dedicated to the continent of Asia and thus includes China but does not limit its framework to it.

EU Connectivity Strategy Analysis: JOIN (2018) 31 final

The EU-Asia Connectivity Strategy lists various prerequisites (obstacles) for a viable cooperation based on connectivity with partnering countries. In that regard, protection of intellectual property rights as well as facilitating market openness is needed. A special emphasis is put on the necessity of regulation creation in partner countries located in Asia, including China (3,57%). In terms of stakeholders and partners we see similar importance of the European Neighborhood countries, and the nations located in Central Asia. The partnership with countries is valued highly in this communication, amounting to 6,25%. Partnerships have been an important theme throughout all the communications published on China, as partnerships are a tool to nudge other countries, such as China, into adhering to common values set out in this communication.

Engagement and reciprocity are minor tenors in this strategy (2,68%). However, the importance of European values is in general held high, especially the dimension of sustainability and transparency are of significance. Next to the notion of connectivity (22,32%), which is the most relevant term in the strategy, European values are coming in as second with 15,17%. European values have gained more and more significance throughout the EU's strategy on China, as China is part of the EU-Asia Connectivity Strategy, it is viable and essential for the EU to include these in its connectivity strategy. A notion of comprehensiveness is created through coherent application of values in the strategy as well as in practice.

The thematic of openness to investment, a unified EU approach as well as synergies all have similar frequencies. Investments are a reoccurring thematic in EU communications on and including China, as they contribute to economic welfare, if regulated correctly. The EU's inherent strengths, the need for EU security, the multi annual financial framework and TEN-T all share akin relevancy.

The MFF is highly important in relation to the future allocation of funds. The strategy can only be implemented if sufficient funds are dedicated to the respective institutions.



Theme	Thematic code	Normalized absolute frequency	Added normalized absolute frequency
Prerequisites	Trade dependence	1,78%	1,78%
-	Economic competition/ distortion - Intellectual Property	0,89%	0,98%
-	Market openness – create regulation	3,57%	3,57%
Stakeholders	Member states - Neighborhood	2,68%	2,68%
Content of EU-China Strategy	Engagement (general)	0,89%	2,68%
-	Engagement – reciprocity	1,79%	
-	Defending European Values (general)	4,46%	15,17%
-	Defending European Values – sustainability	7,14%	
-	Defending European Values – rule-based	0,89%	
-	Defending European Values – human rights	0,89%	
-	Defending European Values – transparency	1,79%	
-	Openness to investment	0,89%	0,89%
-	Unified Approach	0,89%	0,89%
	Synergies	0,89%	0,98%
	Strength	1,79%	1,79%
	Security	2,68%	2,68%
	Multi annual financial framework	2,68%	2,68%
	TEN-T	2,68%	2,68%
Measures/Instruments	Legislation	2,68%	2,68%
-	Agreements	3,57%	3,57%
-	Formats/ Dialogues (general)	4,46%	5,35%
-	Formats/ Dialogues – UN	0,89%	
	Strategies – EU-Asia Connectivity Strategy	0,89%	2,68%
-	Strategies – Rebranding	1,79%	
-	Branches and cultural programs	2,68%	2,68%
-	Partnership with other countries	6,25%	6,25%
	Intra-European Investment	7,14%	7,14%
In Vivo	Central Asia	2,68%	2,68%
-	Connectivity	22,32%	22,32%
Other	Omitted notions/ citations/ system-based errors	3,56%	3,56%

Table 4: 2018

With regard to instruments to achieve connectivity, legislation, agreements and formats play a semi-important role, especially dialogues (4,46%). In addition, programs focused on research and people-to-people exchange are regarded as a useful tool in terms of creating connectivity. Also, the notion of rebranding of European foreign aid efforts has been attributed to the strategy. In order to realize the communication, intra-European investments (e.g., EU neighborhood) are essential and need to be expanded towards Asia (7,14%).

The EU-Asia Connectivity Strategy display similarities to the communications focused on EU-China relation. The notion of European values, the necessity of legislation, formats and cooperation are all topics mentioned before. Naturally, the emphasis in this strategy focuses on connectivity and builds not only on China but includes Asia as whole, with an emphasis of the ASEAN as

well as Central Asia. This has to do with the fact, that this communication was created based on EU-ASEAN connectivity cooperation during ASEM-Summits. Furthermore, this connectivity strategy was published prior to the EU’s communication from 2019, and thus offers a milder wording and differing focus.

This shows when analyzing the word cloud of JOIN (2018) 31 final: Connecting Europe and Asia – Building blocks for an EU strategy (see figure 14). As this strategy is a connectivity strategy and hence aims at connecting countries with each other, the word connectivity is mentioned 93 times. The word investment comes in second, with a word count of 53. Connectivity cannot be reached without investments, which makes investments essential to the strategy. An akin relation between connectivity and cooperation is to be made, attributing 47 references to it. Apparently transport (41), enabled through infrastructure, is the most important connectivity instrument – recalling the graphic of instruments linked to connectivity strategies by Hawke and Prakash. The European value sustainability is referred to 40 times, highlight its relevance as well has showing its significance in terms of the EU’s connectivity ambitions. Hence, the term standards (25), a form of European value as well, is non-surprisingly also an often-mentioned term throughout the communication. In order to complete the document analysis findings and simplify transitions over to the interview results, a quick discussion on the strategy’s current state of affairs will be inserted at this point.



Figure 14: World Cloud - JOIN (2018) 31 final

Internal differences surfacing in the implementation of the EU's Connectivity Strategy

The EU-Asia Connectivity Strategy, which was presented in September 2018, still seems to be in its early stages.²⁶³ Among other things, the delays are believed to be related to the decision of the new MFF and the COVID-19 pandemic. However, these do not seem to be the only problems, given the fact that there seem to be two different orientations within the European Commission, the EP and the EEAS, which interpret the goal and purpose of the strategy differently, so that the institutions implementing the EU's foreign policy have reached a stalemate in terms of practical implementation.

One grouping in the European institutions believes that the EU should initiate and support more projects to provide a European response to the global demand for connectivity infrastructure. Emphasis is placed on the European Way, which, as previously mentioned, should be sustainable, transparent and compliant with rules, which would implicitly put the European strategy in competition with BRI. Thus, it is wanted that the EU takes a stronger geopolitical position. This includes Green foreign policy expert Reinhard Bütikofer.²⁶⁴ There are also several ideas on how the EU's funding infrastructure would need to be adapted to effectively implement such projects.²⁶⁵ A study on this topic is underway and was expected to be published in March 2021.²⁶⁶ The most radical proposal being discussed is the re-establishment of a more political European development bank, or the splitting of such a bank from the European Investment Bank.²⁶⁷ Other advocates include Special Envoy Vlahutin's Connectivity Team at the EEAS; the majority of national governments in the European Council and the European Parliament's Foreign Affairs Committee (AFET).²⁶⁸

The other grouping places their focus on sustainability. This carries great weight because, as one of the Commission's priorities for recovery from the COVID-19 crisis, the '*green agenda*' is to become the von der Leyen Commission's flagship.²⁶⁹ In doing so, the group emphasizes that the EU has always promoted connectivity between its member states, in its neighborhood and beyond. They see the problem primarily in the external perception of this

²⁶³ Holz (2021)

²⁶⁴ Table China (2021)

²⁶⁵ Holz (2021)

²⁶⁶ Ibid

²⁶⁷ Ibid

²⁶⁸ Ibid

²⁶⁹ Notes (2)

commitment. Existing projects should be better promoted as the EU is already very active, for example through the European Investment Bank's blending programs, which advanced infrastructure projects in the Asia-Pacific region between 2014 and 2019 with about 1.6 billion euros.²⁷⁰ In addition, in 2019 the TEN-T was extended to the countries of the Eastern Partnership (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine). This is intended to support infrastructure projects worth up to 13 billion euros in the region by 2030. The connectivity partnerships format is viewed critically by this grouping.²⁷¹ With reference to Japan, it says there is a lack of interest on the Japanese side in genuine cooperation, for example in the co-financing of projects. Japan is engaged in '*tied aid*' – linking financing with the awarding of contracts to Japanese companies – which is not compatible with the European approach. In general, they see no added value of a new projects, because enough are already existing.²⁷² This group includes: The Commission's DGs INTPA, formerly DEVCO, Energy (ENER), MOVE, and the Green Deal Group.

The internal discrepancies were touched upon as well, during an interview with an employee of DG MOVE.²⁷³ The employee mentioned that the project was drafted jointly between the EEAS and the DGs. Thereby the work of the Commission, which was already in progress, was emphasized. References to the EU-China Connectivity Platform as well as the extension of TEN-T were made in the text. The aim therefore was, according to DG MOVE, not to create new parallel structures but to accomplish a rebranding of already existing initiatives. The DGs are already having dialogues with partner countries and corresponding projects. Furthermore, the EEAS team on connectivity, which was founded in 2019 – one year after the publication of the EU-Asia Connectivity Strategy – seemed to have a slightly differing interpretation leading to a miscommunication amongst the actors. This comes to light when looking at the creation of partnerships in the framework of the strategy. The EEAS team has set their focus on this detail in the text and worked on creating strategic partnerships with countries such as Japan and India. The employee calls for carefully balancing out the diplomatic side and the practical implementation of sectoral actions. Thus, DG MOVE will continue using the

²⁷⁰ Notes (1); (2)

²⁷¹ Notes (1)

²⁷² Notes (2)

²⁷³ Notes (1)

already established formats and channels to fulfill the purpose of the EU-Asia Connectivity Strategy.²⁷⁴

Even more than two years after the presentation of the EU-Asia Connectivity Strategy, there is still no common line in the EU on its implementation. While the geopolitical grouping seems to be getting somewhat more political backing, responsibility for the use of EU funds in third countries has so far rested primarily with the sustainability advocacy grouping.

Recently, there have been signs that the geopolitical grouping could ‘regain some ground’. China's recent aggressive posturing has increased interest in deepening multidimensional cooperation with other countries in Asia. However, it remains to be seen whether this alone will lead to a more ambitious implementation of the strategy in the future.

Is the European Way viable?

The Chinese BRI facilitated a geopolitical transformation that enabled countries like Azerbaijan, Georgia and Turkey to play a greater role in trading. However, projects that were built within this framework, like the Baku-Tbilisi-Kars Railway, which is part of the link between the Chinese city Xian and the Czech Republic’s capital Prague, have been disregarded in the Commission’s communication.²⁷⁵ This means, even though one finds newly built infrastructure associated to the motto of connectivity, interlinking EU MS and Asia directly, the Commission has decided not to include already existing infrastructure into its future plans for Asia, because it involves China. As Thomas Kruessmann put it, it ‘*is obviously not the business logic of bringing down costs (...) but rather a political goal (...) [of] using the European way as a tool for branding.*’²⁷⁶ While China is already using the newly established corridors to move on to trading, the EU is still in the phase of planning to invest in new corridors in Asia or is rather in the process of contemplating about investments in general. The Asian countries, which are to be invested in, will probably be keener on profiting from the trading spill-over effects created by China than waiting for the EU to build new infrastructure.²⁷⁷ This perception aligns with the idea of the term connectivity becoming famous only in the last years

²⁷⁴ Notes (1)

²⁷⁵ Kruessmann (2018)

²⁷⁶ Ibid

²⁷⁷ Ibid

due to China creating a label in form of the BRI for its worldwide projects. Consequently, the EU seemed in need of a ‘*connectivity-branding*’ or a rediscovery of already possessed or planned for connectivity as well. It is questionable whether two ‘similar’ connectivity strategies can survive at the same time.

In the theoretical part of this thesis differences between the economic diplomacy practices of the EU and China were pointed out. With regard to their connectivity strategies, differences are to be recognized as well, which are not only to be linked to their way of practicing economic diplomacy but also originate from a disparity in time. Given that the Chinese had sought out their connectivity strategy way ahead of the EU and thus are on the leading edge in terms of connectivity branding, the Union had no choice but to answer. This answer however was way too slow-paced and the discord within the Union on how to proceed further resonated within the late formation of the EU-Asia Connectivity Strategy.

The next chapter will swiftly take a look at the EU-China Connectivity Platform and give an assessment of its current state based on a background talk conducted. The platform will play a role in the policy recommendation and is thus required to be evaluated.

Excursus: Inventory – The EU-China Connectivity Platform today

According to a background talk held with an employee from DG MOVE, meetings in the framework of the EU-China Connectivity Platform are still taking place on a weekly basis on the working level. On the higher level, meetings have been put off since July 2019, where the last meeting between representatives of the DG and NDRC has taken place. Occasionally phone calls or telephone conferences are used to remain in contact as a substitute to the high-level meetings.

Based on the decreasing number of new publications on the official EU-China Connectivity Platform landing page, it appears that nothing much is happening despite ‘staying in touch’. It is also surprising that no Chairs’ meeting took place during the last EU-China summit in 2020 as it was usually the case during years prior. A similar pattern is to be recognized when looking at the Expert Group, no meeting has been held since July 2019.²⁷⁸

²⁷⁸ Notes (1)

For the purpose of this thesis, it was also important to know, recalling that the connectivity platform was established three years before the EU-Asia Connectivity Strategy, whether the focus is still on finding synergies between the BRI and TEN-T or if the strategy incorporates the platform further. From the interview with the employee, it followed that the format is part of the Connectivity Strategy to some extent but is not essential to it. So, on both sides the initiatives are recognized but do not correlate as much as one might expect. The proposed study on identifying synergies for the EU-China transport corridor across the Balkan Peninsula could offer insights into the real potential of infrastructural cooperation between the EU and China. The study however, which should have been finished already, has so far not been started. The employee mentioned complicated negotiations, related to choosing the most appropriate institutions to conduct the study, are the reason for the slow proceedings. The respondent however hinted that the study, if launched, will be completed within a year.

DG MOVE however sees the first task of the platform to be the identification of synergies between TEN-T and the BRI, which has not happened so far. Next to this a second task is to secure information on Chinese projects worldwide, which the EU otherwise would not be informed about. Especially the region Central Asia and the Caucasus providing connectivity between Europa and China are of interest to the DG. Interestingly this geographic area is the targeted region of the EU-Asia Connectivity Strategy as well, meaning that information gathered from the platform might be used to analyze what kind of infrastructure is welcomed in this area and to what extent the EU could provide more European Way-like projects to offer alternatives to Chinese activities.

The interview also disclosed that the above-mentioned project list includes only carefully selected projects from the side of the EU – projects that assist with completing TEN-T, which channel Chinese FDI the way the Union would agree to and are relevant to EU MS. This careful behavior is to be attributed to China's prior demeanor when presenting pre-decided projects for cooperation. A tendency of change is nonetheless to be perceived during the last years according to the employee. But for concrete improvements in cooperation the DG relies solely on the feedback from MS and their experts working together on respective projects initiated through the platform. Another issue on determining the success of cooperation initiated through platform is the Chinese tendency to preferably engage bilaterally with EU MS. Therefore, it could be concluded that the DGs authority as well as capacity to follow up on projects is limited.

Finally, the respondent disclosed that in terms of setting up a new expert group on policy coordination, the decision was made not establish such a group. Instead, two technical seminars were held on the EU's TEN-T methodology in February 2019 and on the Chinese approach to transport infrastructure development in November 2019.

Potential and prospects of the EU-China Connectivity Platform

The employee of DG MOVE did not see the platform being of too much significance to EU-China relations, especially in the future. However, so far this platform as a channel of communication has remained opened despite all diplomatic struggles. The employee stated that the EU-China Connectivity Platform remains separated to a certain extent from the EU foreign policy agenda as it serves the purpose of enhancing trade, which is mutually beneficial.

In the next chapter the results of the interviews are going to be discussed. Throughout the next chapter all results and findings presented afore, will be brought together and connected to each other, so that a solid result for the policy recommendations in subsequent chapters is created.

Interview results in terms of the EU's economic diplomacy strategy envers China

Obstacles in EU-China relations

The first question posed during the interview revolved around the obstacles present in EU-China relations at the moment. General remarks shared by the interviewees revolved around assessments such as the Chinese market has become more complex and EU-China relations have become more politicized.²⁷⁹ Another main obstacle that was identified is the slow opening of Chinese market.²⁸⁰ In addition, the conflict of systems has become more pressing, with the United States pursuing stricter containment politics including decoupling policies.²⁸¹ The interviewees acknowledged that the US government might feel threatened based on China's

²⁷⁹ Interview (1), (2), (7)

²⁸⁰ Interview (1), (2), (5), (7)

²⁸¹ Interview (1), (2), (4), (6), (7), (8)



assertiveness in geopolitical matters.²⁸² Whilst the United States of America embarked on a ‘*crusade*’ against China, as one interviewees put it, the EU has issues with positioning itself between the US and China.^{283 284} Especially the trend of decoupling is to be prevented from progressing as it lays not in the interest of the EU’s foreign economic policy.²⁸⁵ Some experts thought that it would be an important task of the EU to not refrain from positioning itself in the conflict between the US and China.²⁸⁶ The EU should rather emerge as separate global player and hence hinder a ‘*cold war scenario*’ from happening again.²⁸⁷ Some experts however thought that the EU should join hands with the US based on shared values, instead of taking a separate stance, because a neutral position would aggravate EU-US relations strongly.²⁸⁸ This issue could be summarized as the European struggle for deciding whether it wants to be seen as an independent global actor or if it wants to remain of importance only in its own realm.²⁸⁹

In relation to China’s assertiveness, the experts were of the opinion that China has started to export standards and norms to countries of the BRI and hence the PRC’s rule-making capabilities have started to grow.²⁹⁰ This assertiveness also transpired in China’s relations with its neighbors sharing access to the South China Sea, which also causes obstacles in relations.²⁹¹ This poses difficulties the European governments, the EU and the companies acting on the global market.²⁹² Another issue identified is the slow ratification process of CAI and corresponding accession to the ILO in light of the human rights violations in Xinjiang and Hongkong.²⁹³ The imposed sanctions, based on the human rights violation in Xinjiang and the Chinese retaliation sanction severely distressed EU-China relations.²⁹⁴

One expert is of the opinion, that a general obstacle is the philosophical incompatibility, and the differing self-perception of the ‘West’ leads to frictions. Consequently, the West cannot comprehend China’s actions, even though its inherent success is founded on similar endeavors

²⁸² Interview (1), (2), (4), (6), (7), (8)

²⁸³ Interview (1)

²⁸⁴ Interview (1), (3), (4), (6), (8)

²⁸⁵ Interview (1), (3), (7), (8)

²⁸⁶ Interview (1), (4), (7), (8)

²⁸⁷ Interview (1), (4), (7), (8)

²⁸⁸ Interview (3), (8)

²⁸⁹ Interview (8)

²⁹⁰ Interview (1), (3)

²⁹¹ Interview (5), (8)

²⁹² Interview (2), (7)

²⁹³ Interview (2), (3), (5)

²⁹⁴ Interview (2), (3), (5), (8)

of former times.²⁹⁵ An obstacle identified as well is the wolf-warrior diplomacy practiced by some of the Chinese diplomats.²⁹⁶

Application of GHRSR and alternatives

The second question was focused on the GHRSR and whether it is to be considered effective. As elaborated before, imposing sanctions, was seen by many researchers and reporters as a major step in the EU's implementation of its China strategy, as sanctions enhance the EU's credibility in terms of its emancipation in world politics, according to them.²⁹⁷ Some interviewees however did not perceive them to be groundbreaking and instead viewed the changes of the EU single market to be more of more value.²⁹⁸ What almost all experts could agree on that the success of sanctions is not scientifically proven and contains more of a symbolic notion.²⁹⁹ Still, some experts harbored hopes for long-term success.³⁰⁰ Also, based on the interviewees answers, the support of the EU's imposition of sanctions against China is limited as only a few nations worldwide are in favor of antagonizing China in this regard.³⁰¹

With regard to alternative measures, some experts provided the answer of fostering closer cooperation with like-minded partners. This would not only be less provocative but also nudge China, if it wants to profit from continued cooperation as well, into abiding by global rules and give more countries leverage on China, at the same time.³⁰² Hence, the utilization of the EU-Asia Connectivity Strategy or the Indo-Pacific Strategy is of huge value to this idea.³⁰³ Another alternative tool are protectionist legislation, such as the FDI screening mechanism, as it also serves the purpose of creating reciprocity.³⁰⁴ If CAI is ratified in the future, it could serve as a valuable tool to ensure a level-playing field as well. Similar hopes apply to the adjustment of WTO rules.³⁰⁵ Two interviewee name the adoption of a European supply chain law as an

²⁹⁵ Interview (4)

²⁹⁶ Interview (5)

²⁹⁷ Interview (2), (3), (5), (7), (8)

²⁹⁸ Interview (1), (5), (6)

²⁹⁹ Interview (1), (3), (5), (6), (8)

³⁰⁰ Interview (2), (8)

³⁰¹ Interview (1), (6)

³⁰² Interview (1), (2), (5), (7), (8)

³⁰³ Interview (1), (5)

³⁰⁴ Interview (1)-(8), except (4)

³⁰⁵ Interview (2), (5), (6)

essential tool to stop human rights violations worldwide from happening, including in China.³⁰⁶ One expert highlighted the function of publicity acts enacted by the European parliament, such as hearings, which are important diplomatic tools to engage with China as well as to clarify the European position.³⁰⁷ The use of military publicity acts could also add to strengthen the European stance as well as its Connectivity Strategy. Viewing China as a partner is mentioned by two persons, who were interviewed. Especially in topics like climate change both actors should start working together in order to find common ground. Common objectives are needed to work on issues of great sensitivity.³⁰⁸ One expert proposes starting a multi-level dialogue in between organizations of both sides working in each other's territory, besides high-level talks and lead to societal change.³⁰⁹

The change in EU-China strategy

The next question was dedicated to the perceived changes in the EU-China strategy over the last years. The EU has started to be stricter in its approach towards China. The communication from 2019, which introduced the trinity is one of the most important manifestations of the change in EU policy on China.³¹⁰ The reason for that is China's geopolitical assertiveness, which has caused an imbalance in EU-China relations and needs to be adapted to.³¹¹ In order to adapt better to the new constellation of power relations, the EU created and strengthened instruments and aimed for reciprocity.³¹² To these instruments count as well the EU-Asia Connectivity Strategy as well as the Indo-Pacific strategy.³¹³ Before all of these happenings we saw that cooperation for both sides was the dominant strategy, which changed in the last five years from engagement to a form of '*containment*'.³¹⁴

Some experts agreed to the perceived notion of change but also evoked that the EU's strategy towards China is weakened due to the missing unity portrayed by the member states. The Council, hence, is in the way of a coherent strategy, especially with regard to investment

³⁰⁶ Interview (3), (5)

³⁰⁷ Interview (5)

³⁰⁸ Interview (6), (8)

³⁰⁹ Interview (8)

³¹⁰ Interview (3), (5), (7)

³¹¹ Interview (1), (5), (7), (8)

³¹² Interview (3), (4), (5), (6), (7), (8)

³¹³ Interview (5), (7)

³¹⁴ Interview (6)

regulation.³¹⁵ National China strategies are overshadowing the EU's endeavors and hamper it from being executed truthfully. More competences need to be given to the EU, so that foreign policy is less nationally organized and more coherent on EU level – this would apply to the EU-China strategy as well.³¹⁶ Also, The EU should come up with a more comprehensive strategy, the current state of affairs is progress but has not reached full potential.³¹⁷ In addition the EU should incorporate reactions to scenarios such as the invasion of Taiwan in its strategy.³¹⁸

The influence of the BRI on the EU

The following question was about the general influence of the BRI on the Union. The BRI is seen as a waking-call by some of the experts interviewed. It was the driving force behind the creation of the EU-Asia Connectivity Strategy.³¹⁹ Almost all interviewees agreed on the fact that the EU cannot be depicted solely as a map-based strategy, but should be regarded as a whole foreign policy concept, which is highly flexible.³²⁰ It was also stated that the BRI has minimal chances of succeeding in the EU, as China's concept does not fit European principles.³²¹ Regardless, the BRI has influenced the global economy and consequently continues to influence European companies operating on the field. The competition has become intense demanding for more innovation from the European side to remain competitive.³²² In addition, even though the BRI provides opportunities for Chinese businesses en masse, foreign as well as EU companies, have close to zero access to projects and consecutive tenders.³²³ Chances for cooperations are therefore minimal. Interestingly, BRI-formats as for example the 17+1 platform are not seen critical by some experts, as they provide chance for investments from China in CEEC. As long as the EU has observatory possibilities this platform is not to be perceived as a threat.³²⁴ Still, a majority of experts look favorably on the decreasing interest of

³¹⁵ Interview (5), (8)

³¹⁶ Interview (8)

³¹⁷ Interview (3), (6), (7)

³¹⁸ Interview (8)

³¹⁹ Interview (3), (7)-(8)

³²⁰ Interview (1), (3), (4), (6), (8)

³²¹ Interview (1), (4)-(6)

³²² Interview (1)-(3)

³²³ Interview (3)-(4)

³²⁴ Interview (2), (4)-(5), (7)

CEEC in the 17+1 format, as it still gives China a channel to influence some CEEC.^{325 326} This is supported by four interviewees with regard to China's debt-trap diplomacy, which targets especially non-EU CEEC, who are further away from accession to the EU through Chinese impetus.³²⁷ Only one interviewee sees a chance for EU-China cooperation within the framework of the BRI.³²⁸

During one interview it was highlighted that, regardless of the BRI receiving a great amount of positive and negative exposure lately, the initiative has been active for less than ten years and consequently should be evaluated with that attribute in mind. Furthermore, the BRI has been as well criticized in China by the population and by prominent Chinese think tanks.³²⁹ Which implies that the strategy is still developing and manifesting, similar to the EU-Asia Connectivity Strategy.

Evaluation of the EU-Asia Connectivity Strategy

A question with regard to the EU-Asia Connectivity Strategy, was answered as followed by the experts: Most interviewees saw it as a direct answer to the BRI, which could provide a viable option for target countries.³³⁰ One expert highlighted that the BRI will always be the first acknowledged connectivity strategy and thus all other initiatives will be inherently regarded as answers, this idea resonated within the other interviews as well.³³¹ Sustainability is viewed by many as the most important value of the strategy.³³² The majority of experts however agree on the fact, that the strategy is not '*alive*' yet and has a long way to go before it becomes viable.³³³ This has to do with missing funding allocation, especially with regard to the MFF and the absence of the connectivity strategy therein.³³⁴ One expert was of the opinion that slowly some progress is to be perceived in the materialization of the strategy.³³⁵ And the presentation of the

³²⁵ Interview (2)-(5), (7)

³²⁶ Interview (3)-(7)

³²⁷ Interview (4)-(7)

³²⁸ Interview (6)

³²⁹ Interview (8)

³³⁰ Interview (1)-(2), (4)-(5)

³³¹ Interview (4)-(8)

³³² Interview (1)-(2), (5), (7)-(8)

³³³ Interview (2)-(3), (5)-(8)

³³⁴ Interview (5), (7)-(8)

³³⁵ Interview (1)

Indo-Pacific Strategy added to that momentum.³³⁶ Still, every interviewee except for one, agreed that the EU is very active already in establishing connectivity and just needs to rebrand its efforts to attain more visibility.³³⁷ Two experts are suggesting to expand the strategy towards Africa in order to establish a global connectivity approach similar to Bütikofer's report from 2020.^{338 339} One expert draws attention to the fact that, though the implementation from the EU side is lacking, its partners also have to do their part, especially when looking at governance capabilities.³⁴⁰

In general, the EU-Asia Connectivity Strategy is seen by some experts as an initiative that stimulates competition and thus can be situated next to the BRI as an alternative, without a war-like connotation.³⁴¹ Whilst others rather look at the strategy from a complementary perspective, with the thought in mind, that the EU does not have the same possibilities to open up markets and also does not need it in the first place compared to the Chinese.³⁴² Furthermore, some interviewees agree that China is not excluded from the strategy and is welcome to join if it abides by EU values.³⁴³

The EU-China Connectivity Platform

A question on the EU-China Connectivity Platform was also asked during the interviews. Four interviewees projected no big hopes into the platform and did not see any future synergies, as both partners have been since 2015 trying to find projects for cooperation without success.³⁴⁴ One expert said that the EU will rather cooperate with like-minded partners than with China. In the expert's opinion the platform is only a tool to exchange information.³⁴⁵ In the eighth interview it was mentioned that the platform is not able to use its full potential if member states, economic stakeholders and the Commission fail to cooperate and implement selected projects. The expert stated that it is not the Commission's fault, but all stakeholder involved are

³³⁶ Interview (5), (7)

³³⁷ Interview (1)-(5), (7)-(8)

³³⁸ Interview (2), (5)

³³⁹ Bütikofer (2020)

³⁴⁰ Interview (8)

³⁴¹ Interview (3), (7)

³⁴² Interview (6)-(8)

³⁴³ Interview (2), (5)-(6), (8)

³⁴⁴ Interview (1), (5)-(7)

³⁴⁵ Interview (1)

responsible, China as well.³⁴⁶ Some interviewees were not even aware of the platform and had thus nothing to add to it. This also shows a certain irrelevance of the EU-China Connectivity Platform for EU-China relations and the EU's economic diplomacy strategy towards China.

When taking a look at general synergies between the EU and China in any connectivity related projects most of the interviewees had a negative attitude.³⁴⁷ Some referred to the example of the Croatian Pelješac bridge, which was funded by the EU and built by China. However, this project neither had anything to do with any connectivity initiative nor with an EU-China format. Three interviewees called for both entities, the EU and China, to work together on trust-building synergies such as climate change, which in the future could lead to cooperations in the field of connectivity.³⁴⁸

Future EU-China relations

The final question posed to all interviewees revolved around what future EU-China relations could look like. Some wished for a more comprehensive and detailed strategy from the EU side, and a more unified approach.³⁴⁹ Others thought that the EU will create more instruments such as protectionist legislation (e.g. Carbon Border Adjustment Mechanism) to ensure a level-playing field with China – a selectively open Europe.³⁵⁰ This could be accompanied with efforts as for example enhancing innovation as well as competitiveness.³⁵¹ Two interviewees predicted that China is not going to open its sectors more to foreign companies, and the EU will forever fight for a level-playing field with regards to China.³⁵² Three interviewees criticized the EU's slow reaction in terms of foreign policy and applying consecutive instruments, they believe that the EU's lethargy will remain a huge obstacle in EU-China relations.³⁵³ What has also been made clear by the experts is that the EU should stick to its strengths and embrace them, these strengths are sufficient as leverage, according to them. Furthermore, the EU needs to address issues and discrepancies instead of depoliticizing.

³⁴⁶ Interview (8)

³⁴⁷ Interview (1)-(2), (4)-(5), (7)

³⁴⁸ Interview (6)-(8)

³⁴⁹ Interview (1)-(2), (5), (7)-(8)

³⁵⁰ Interview (1), (5), (7)

³⁵¹ Interview (1)-(2), (8)

³⁵² Interview (1), (5)

³⁵³ Interview (1), (4), (8)



Consequently, the EU should speak up in terms of highlighting its interests and standards as well as values, while also setting a focus on addressing sensitive topics.³⁵⁴ In addition, hope was projected into the theory of trade, that maybe someday China might adapt to EU values.³⁵⁵ This hope is could be claimed as optimistic, considering the following statement made by some of the interviewees: *‘The theory of change through trade does not apply to China and it never did so in the first place. Instead, China rather uses dependency as leverage to force interests upon others’*, is what interviewee number three has said.³⁵⁶ This opinion is not shared by experts number four and six. Both think that China, especially in the 2000s, has tried to adapt to ‘Western’ standards. However, these efforts were not acknowledged by the West, thus China decided to apply its own model, which includes the BRI as a connectivity strategy.³⁵⁷ All in all change through trade theory with regard to China is a highly debated topic, but also an important one, as all EU instruments try to balance out the missing change through trade effects or the so-called ‘reversed change through trade’ effects.

Recalling and interlinking results

In order to finally present the awaited policy recommendations, a short summary and interpretation of results will be given at this stage of the thesis, so that the reader is aware of the changes and obstacles in the EU’s economic diplomacy strategy towards China.

Throughout the presentation of the results in terms of the document analysis the differing importance of certain themes in the EU’s strategy towards China emerged over the years. In 2006 the focus was set on the issue of trade dependency, economic competition distortion caused by China as well as the slow process of the opening of the Chinese market. Furthermore in 2006 the problem of Chinese non-adherence to international rules and standards was introduced. Also, trade promotion activities were a relevant instrument at that time. The EU hoped for the theory of change through trade to apply to China. Hence, they opted for creating monitoring mechanisms and tried to assist China in achieving market economy status. In general, economic cooperation was thought to be the viable medium to solve all problems

³⁵⁴ Interview (2), (3), (5), (6), (7)

³⁵⁵ Interview (4), (6), (8)

³⁵⁶ Interview (3)

³⁵⁷ Interview (4), (6)

between both entities. The political sphere was mostly omitted at that time. Also, at the time of publication the treaty of Lisbon and its foreign policy dimension was not active, resulting in weak or no economic diplomacy exhibition.

In 2016, exactly ten years after the prior communication, the EU set its focus on differing issues. Especially Chinese geopolitics came to the fore, including the BRI. The issue of Chinese non-adherence to international standards prevails. The CEEC and the USA were introduced as partners and stakeholder in the EU's strategy on China in 2016. Also, European values were introduced as the most important notion (human rights dimension). Furthermore, the validity of European interests was presented. Whilst trade promotion was seen as essential tool in 2006, dialogues and format claimed the pivotal spot in 2016. The strategy already included the EU-China Connectivity Platform, which fits the narrative of dialogues aiding in interacting with China. In addition, the demand for strategies emerged in the communication from 2016. The EU acting in terms of economic diplomacy and connectivity emerged in 2015/2016, with ASEM essentially influencing the EU's relation and interpretation of connectivity.

The communication on the EU-Asia Connectivity Strategy from 2018 exhibits a strong coherence to the communication from 2016. This is not surprising, considering that the strategy is inherently European value-based from the motivational and the core principle dimension, as Holzer stated in 2020. Still some notions are introduced that have not received similar attention in prior communications, such as connectivity or the need for investment.

The communication from 2019 displays a great amount of similarities to the prior one, this could be linked to the short time frame in between the publication of both documents. An important change is the proclaimed trinity³⁵⁸ as a definition on how relations between the EU and China will be conducted in the future. Also, we see an emphasis in this communication on the preservation of EU security as well as the formation of legislative tools. This implies that a shift from format- and dialogue-based tools to including stronger protectionist legislation as well, in the EU's toolbox for maintaining a level-playing field, has occurred. Some things that need to be highlighted is that the BRI is not mentioned in the communication anymore, the same applies to partners such as the CEEC and the USA. However, both EU connectivity formats and strategies have been included in the communication, setting a benchmark for EU-

³⁵⁸ The trinity refers to the idea of China being a partner in tackling climate change, a competitor on the global market and a systemic rival.

centered economic diplomacy and connectivity endeavors. The communication from 2019 initiated a fundamental change of the EU's policy on China. Openly addressing systemic differences or even rivalry was a courageous step, as it was to be expected for China to retaliate, if it would receive this as a form of non-interference breach or degrading treatment.

All in all, we see a shift from solely economic cooperation in terms of interaction with China to a more politicized, value-based economic diplomacy approach throughout the last fifteen years. This corresponds with Okano-Heijmans & Montesano's findings, who predicted that if the EU would like to emancipate itself further in the realm of economic diplomacy as well as connectivity, it would need define aims and instruments in form of strategies. However, also in correspondence to Okano-Heijmans & Montesano's research, the EU is still in the initial stages of developing such a toolbox and discover for themselves the possibilities of connectivity in relation to economic diplomacy.

With regard to the background talks, the findings on the status quo of the EU-Asia Connectivity Strategy yielded the picture that not much progress has been achieved so far. This might be allocated to the COVID-19 pandemic and intra-institutional discrepancies. The EU seems to not have decided yet where it wants this strategy to go. Should the strategy be categorized as mostly geopolitical whilst focusing on connectivity partnerships or should the connectivity strategy serve the purpose of spreading sustainability as well as rebranding current connectivity activities. The constraints of EU decision-making in terms of economic diplomacy conduct have been pointed out already several times throughout this thesis and come thus to no surprise. Hence, slow formation and implementation of strategies, also in this case, remain an obstacle yet to be addressed by the EU. Furthermore, aside from the background talk, questions of the strategy's viability as well as the demand for connectivity have been raised by researchers such as Kruessmann.

The results of the background talk on the EU-China Connectivity Platform, were as followed: Generally speaking, the platform is a format, which is still active and always remains an open channel regardless of diplomatic turbulences, however no projects have been realized at that point. Even though no projects have been implemented, information exchange is great asset for both parties involved. Also, the study on synergies is to be launched soon, which could as well help the EU-Asia Connectivity Strategy in taking off. What has also been recognized is China's fairer conduct during negotiations in the format, more viable and transparent projects have been added to the list in 2019. Nevertheless, sustainable review on the implementation of

projects as well follow-ups have not been initiated, as the Commission's role is limited to establishing contact with the Chinese side and the rest is left with member states and economic stakeholders. The slow proceeding of this platform could be interlinked with the systemic incompatibility. China who is usually keen on operating based on its own rulemaking, as for example in form of the BRI, will not move away from its national interests in order to fulfill the expectations of the EU. Furthermore, the EU is at that point of relations not poised to move away from its standards, as it just introduced them in 2016 and manifested them in its EU-China strategy in 2019 again. Hence, it is possible to claim that cooperation in this format, if both entities are not willing to find the least common denominator, will continue to be meager in the future.

Eventually the interviews backed the findings present above. In terms of the complex market situation in China, the prevailing systemic conflict as well as politization of relations, all experts interviewed agreed. China's economic diplomacy practices, such as becoming assertive and acquiring rule-making capacity have all been validated.

With regard to the EU's toolbox and protectionist legislation gaining more traction, most interviewees agreed and stated that sanctions are an important symbolic instrument, which serves EU credibility in economic diplomacy. Other instruments were mentioned as well, as for example the formation of partnerships with like-minded partners, connectivity strategy incorporation, the supply chain law and the carbon border adjustment mechanism.

According to the experts, changes in the EU's strategy throughout the years are perceivable and especially the definition of relations through the proclamation of the trinity, and the enforcement of instruments (GHRSR) has contributed to the fact. But where strengths lay there is weakness to be found, which the experts did not conceal. They demanded more unity and comprehensiveness from the Union and wished for more EU competences in the field of foreign policy. Regardless, this manifestation of a more stringent strategy towards China is important considering the growing tensions between China and the US and the responsibility of the Union to become a stronger geopolitical actor. If, the EU does not take the chance of manifesting its role as an active and respectable global player, the possibility of the world shifting once again into a tense as well as bipolar structure is high. This would not only mean that the US would be pushing forward in its crusade against China, which then would retaliate. In the worst-case scenario, as Hans W. Maul puts it, one would see *'bipolarity hardening into*

a new Cold War, giving way to a new unipolar moment'.³⁵⁹ If the EU does not manage to assert itself it would not only hurt its credibility but also injure the geopolitical power structure long-term.

The BRI was seen by the experts as a wake-up call, which forced the EU to create a connectivity strategy for itself. This outcome has been predicted by Okano-Heijmans and Montesano in 2016. The BRI, including the 17+1 platform was not seen as a threat to the territory of the EU, as it resonates weakly therein. However, with regard to non-EU countries in Europe (EU clout of influence), perspectives change perceptible. The EU's clout of influence is of utmost importance to the EU's economic diplomacy practices, as their leverage on these regions is effective and helps it to exert market power.

The assessment of the EU-Asia Connectivity strategy was similar to the results of the background talks conducted. Most experts were of the opinion that the strategy is in its initial stage and needs to secure an investment framework in order to be viable. Interestingly the interviewees could not agree whether the strategy should be regarded as complementary or as an alternative to the BRI similar to the EU institutions. Still, the strategy could provide for *'a healthy level of competition'* with the BRI and lead to *'the solemnly stated aims of 'green, open and transparent' [to] be taken more seriously by both sides, which should be viewed as positive.*³⁶⁰

The EU-China Connectivity Platform was dismissed as non-essential as China is not a priority in connectivity cooperation anymore based on the interviews. This is to be debated based on the stability of the platform through the years, even during the COVID-19 pandemic as well as it serving as tool for information gathering. Furthermore, if competition between the BRI and the EU-Asia Connectivity Strategy is to emerge, the platform could take a mediator function despite diplomatic struggles. Weekly consultations have taken place this year, whilst bilateral sanctions were in place.

When it comes to future relation between the EU and China all experts hoped for the EU taking a stronger stance on the geopolitical stage and embracing its strengths (e.g., market power). Since the ratification of the Lisbon treaty, researchers of economic diplomacy have analyzed whether the EU is able to become a viable actor in economic diplomacy with regard

³⁵⁹ MERCIS (2021b)

³⁶⁰ Holzer (2020): p. 198

to China, and often concluded that more is holding the EU back than it is moving forward in developing a full-fledged economic diplomacy approach towards China. However, the results of thesis have shown, that the legal, treaty-based, prerequisites have neither hindered the EU from developing a strategy towards China, nor from creating its own connectivity strategy. Even though there is still a great amount of room for improvement within the general economic diplomacy strategy and the respective connectivity strategy, the EU's economic diplomacy capabilities with or through connectivity have grown.

Policy recommendation

With the aim of improving the EU's economic diplomacy conduct towards China in terms of connectivity this chapter will be dedicated to giving policy recommendations and hence contributing to a more coherent and comprehensive economic diplomacy strategy towards China. This includes addressing the problems of communication within the EU institutions through a strengthened dialogue. This should be combined with a formulated, detailed EU-China Strategy, coupled with the clear implementation of the EU-Asia Connectivity Strategy. Consequently, not only a comprehensive, hands-on strategy needs to be worked on, but also organizational resources, capabilities and competencies should be allocated to the respective actors, taking into account the interests of the EU member states. Multi-level approaches should also be promoted, and objectives should be elaborated for each working level to facilitate accessibility.

Finally, European collective capabilities need to be strengthened, for that the following steps should be initiated:

- 1) A unified approach to is needed, especially with regard to the member states and the EU institutions communicating and acting with a common voice.**

This means despite the EU having for example only a special competence in CFSP, or the member states following their own foreign policy objectives, more attention should be paid to respecting each other's policies. EU foreign policy especially in the field of CFSP is fundamentally guided by the member states impetus and interests, thus if an EU strategy such as the strategy on China is published in form of a publication, undermining actions (blocking resolutions, opting against sanctions etc.) or disregard of EU objectives should not happen. The

short-term foreign policy interests of the member states and the long-term normative goals of the EU must be combined, otherwise this leads to conditional inability of the EU to act on China issues. Consequently, we find an exceedingly slow progressing policy making in the EU.

It is one thing to give the EU limited competence in the field of foreign policy, but it is another thing for member states to undermine EU economic diplomacy advances that have been signed off on through the strategy primarily. A unified approach to EU foreign policy, does not only strengthen the EU's credibility in world politics but also strengthens member states leverage equally. Hence, I would like to appeal to the member states to further EU economic diplomacy capabilities, especially with regard to China, as it could fundamentally assist the EU when negotiating and using economic diplomacy tools, such as the EU-Asia Connectivity Strategy, Partnerships with like-minded partners or creating and enforcing legislation. However, when concrete programs and actions based on economic diplomacy are implemented, care must be taken that evaluation takes place so that improvements as well as precautionary measures can be initiated. In case an indirect extension of EU competence happens, dialogues and control mechanisms for European economic diplomacy have to be initiated within the European Council. Working groups dealing with economic diplomacy programs and initiatives could help to better allocate responsibilities and accountability, as the next step will elaborate.

2) There should be an intra-European tool for information exchange on foreign policy practices, based on the EU's ideal of learning from each other and adopting best practices.

The EU has been using formats such as dialogues to learn from and communicate with each other. This includes, above all, the function of gathering information and exchanging information. It has been doing that in order to reach all relevant stakeholders and provide multi-faceted solutions in the preface of multi-level governance. Hence, it equipped its legislation with such formats as well, the FDI screening mechanism incorporates such a tool for information exchange for example. Consequently, an intra-European dialogue on economic diplomacy practices, on knowledge of connectivity could be initiated to help the EU improve its strategy but also give EU economic stakeholders the chance to learn from and to provide country-based information. Hence, European economic diplomacy should include outgoing and incoming elements. This means the EU needs to not only form its own comprehensive strategy but should direct attention towards the behavior over the global players concerned. One

example of this is how to properly handle procurement processes in China and how the notion *guānxi* plays into that. The EU-China Connectivity Platform provides such an opportunity in terms of peer-to-peer exchanges between private and public actors in the EU and China.

3) Clear objectives and steps for implementation need to be defined in the EU's China strategy.

The EU's strategy on China evolved throughout the years, as already pointed out. Therefore, the EU tries to adapt its strategy and shape it according to its needs. However, a strategy on China needs to be more encompassing as the current page count provides for. This strategy needs to be more detailed and should touch upon every viable actor and consecutive tasks. This starts with the HR's tasks, touches upon each DGs respective mission and ends with member states governments as well as economic stakeholders. If everyone could stick to a concrete framework a more coherent and successful application of economic diplomacy towards China could be ensured. In addition, legislative tools that are relevant or could possibly become relevant in relation to maintaining a level-playing field need to be considered and included into the strategy. For example, the Carbon Adjustment Mechanism or the Supply Chain law should definitely become part of the next communication. Thus, I would also propose updating the strategy through adapted communications each year, to keep it up to date and more flexible.

4) Sharpen instruments and incorporate them the in EU's China strategy, such as the EU-Asia Connectivity Strategy and the EU-China Connectivity Platform.

The EU's connectivity strategy needs to be brought to life, given that it could solidify the European standing in economic diplomacy. The EU for ages has missed out on highlighting their actions in connectivity. This concerns infrastructural projects of TEN-T in correspondence with the neighborhood enlargement policy, projects in Central Asia and Africa. The EU and its MS have worked relentlessly on such activities but have forgotten to promote their efforts. Also, new activities or similar endeavors should be launched under the strategy. It needs to be made more viable through equipping it with the needed funding. Especially, considering that it has not been awarded the attention it should have received in the current MFF.³⁶¹ The researcher

³⁶¹ European Council & Council of the European Union (2021)



Okano-Heijmans had similar thoughts on the thematic and proposed *'improving access to finance for European companies by broadening the mandate and the scope of action of the European Investment Bank (EIB) could prove very useful for developing new projects – which could contribute to growth and greater stability, also in Europe's neighbourhood'*.³⁶² The EU-Asia Connectivity Strategy could become exactly the proposed, if the EU manages to decide on the 'personality' of the strategy. Consequently, the Commission should make the strategy a priority next to the green deal, to support the notion of a geopolitical Commission. Furthermore, internal conflicts should be settled based on the decision of the current Commission's president, who should commit to one approach or another (sustainable or geopolitical) and give clear instructions to the departments. This is of utmost importance recalling that the connectivity strategy could serve as a viable instrument to create a level-playing field with China and positioning oneself in the geopolitical sphere. China's recent aggressive posturing has increased interest in deepening multidimensional cooperation with other countries in Asia the more.

Nonetheless, cooperation with China is not needed to be excluded but could, if synergies resurface, result in added value. For example, Japan opted for a bilateral agreement with China on cooperation in third markets that is independent of the BRI. Such bilateral declarations on development projects in third countries are not uncommon; France, for example, also concluded such an agreement with China in 2015.³⁶³ The EU-China Connectivity Platform also operates detached from both connectivity strategies and thus could work as a mediator if the focus on synergies between China and the EU is revived. The Connectivity Platform needs to be more inclusive for it to come to full potential. The prevailing unawareness of the existence of the platform is a huge issue and diminishes its success. The multi-level approach needs to be strengthened and a closer long-term cooperation between the political and the economic level of public and private actors needs to be initiated. Furthermore, an evaluation tool should be created to aim for improvements in the cooperation.

³⁶² Okano-Heijmans & Montesano (2016a): p. 2

³⁶³ Zwick & Flatten (2021)

Conclusion

*'Outside the EU, an effective European economic diplomacy will help write the global rulebook and ensure European companies can prosper in fast-growing international markets. Their continuing success will deliver more and better jobs back home for our citizens. Equally we should not shy away from taking measures to restore a level-playing field where this is threatened.'*³⁶⁴

This statement made by the European Commission in 2017 in a reflection paper on harnessing globalization already summarizes why the EU needs to embrace economic diplomacy. Economic diplomacy is needed to navigate a multipolarized world, given that it equips the EU to be one of various actors actively shaping global politics while contributing to the accommodation of different perspectives and opening up a global debate. It symbolizes a call for the whole European Union to step up for economic diplomacy and to create instruments which enhance a level-playing field.

But that is more easily said than done. Little has changed in terms of economic diplomacy obstacles compared to the political discourse from 2009 to 2014. The EU still has to nibble at the same issues and struggle with the limitations of its foreign policy based on the Lisbon Treaty. Improvements are noticeable in terms of the formation of instruments, such as sanctions, that provide for a tougher and a more stringent action against the disregard of European values. A clear positioning of the EU vis-à-vis both actors, China and the U.S., needs yet to manifest .

Hence, the policy recommendation tried to address this problem through a more comprehensive economic diplomacy approach, especially in relation to the EU's economic diplomacy strategy towards China.

Nonetheless, the EU is on a good way towards strengthening its economic diplomacy conduct in that regard. This can be concluded based on the research conducted throughout this thesis. The research was guided by the following research question: **To what extent has the EU-deployed economic diplomacy strategy towards China changed through connectivity in the last fifteen years?** The answer provided by this research was twofold, implying that there is a definite change perceivable in form of a more stringent approach towards economic diplomacy by the EU displayed in its China Strategy. Chances for positioning and taking a

³⁶⁴ European Commission (2017)

stronger stance, on matters that are of value to the EU, are there. Furthermore, the role of connectivity induced through China's connectivity strategy, the BRI, was essential to the EU coming up with its own strategy, namely the EU-Asia Connectivity Strategy.

This research showed that even though the EU itself did not want the Connectivity Strategy to be seen as an answer, it was considered by researchers and interviewees to be exactly that. It is a definite reaction to China's connectivity endeavors.

It followed from this research that the EU-Asia Connectivity Strategy, is in its initial stage, meaning that there is still a lot of leeway with regard to which shape it might take in the coming years. Therefore, it is for the EU and its institutions to decide whether the strategy should be an alternative to the BRI or complement it. Consequently, it was proposed in the policy recommendations to make the EU-Asia Connectivity Strategy a priority better sooner than later, as it stands for the EU's foreign policy and therefore also for its economic diplomacy.

Both connectivity strategies present a form of economic diplomacy, each resembling in its principles the core objectives and motives of each entity. For the EU, European values were not only chosen by Holzer (2020) as core objective and motive but were confirmed by this research as well. The research showed that currently the availability of EU-China synergies is scarce, especially in the realm of the two connectivity strategies. The analysis of interviews showed that the EU's priority currently lays with its connectivity strategy and thus rather tries to cooperate with like-minded partners based on European values. A similar result arose based on the evaluation of the EU-China Connectivity Platform. No synergies have been found so far through the format during the last six years. Regardless, according to the recommendation the platform deserves a more important place in the EU's strategy towards China, as it remains one of the most stable communication channels, even throughout the pandemic. Despite the (possible) competition between the BRI and the EU-Asia Connectivity Strategy, this connectivity platform could offer potential.

This thesis results need to be seen as a snapshot of EU-China relations in the realm of economic diplomacy, as in two months the situation could look entirely different and needs to be reevaluated again. Also, the interviews were not representative with regard to for example quantity, nationality and occupation. China's view of relations has been mostly omitted in this thesis due to the research focus and limited access to resources. Future research should address this thesis' limitations and set a focus as well on each member state's influence on the EU's economic diplomacy practices towards China.

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Appendix

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
China	7,662	8,49	8,336	9,134	10,038	10,114	11,395	12,721	14,231	9,651	9,399	10,636	9,551	7,864	7,766	7,426	7,041	6,849	6,947	6,75	6,11	8,95766667
EU	2,959	3,903	2,184	1,124	0,931	2,595	1,934	3,494	3,152	0,645	-4,33	2,21	1,832	-0,752	-0,055	1,573	2,301	2,045	2,789	2,118	1,554	1,62904762

Figure 15: Calculation of GDP growth rate for China and the EU 1999-2019. Source: World bank



Theme	Thematic code	Normalized absolute frequency	Added normalized absolute frequency
Obstacles	Economic competition/ distortion	1,61%	6,44
	Economic competition/ distortion -subsidies	1,61%	
	Economic competition/ distortion - Intellectual Property	1,61%	
	Economic competition/ distortion – industrial overcapacity	1,61%	
-	Market openness (general)	3,23%	4,84%
-	Market openness – absence of reform	1,61%	
-	Chinese geopolitics (Initiatives) – BRI	1,61%	9,31%
-	Chinese geopolitics – disregard of the international rule of law	4,48%	
-	Chinese geopolitics – managing foreign relations	3,22%	
-	Member states – CEEC	1,61%	3,12%
-	Member states - Neighborhood	1,61%	
-	USA	1,61%	1,61%
Content of EU-China Strategy	Engagement (general)	8,06%	14,51%
	Engagement – reciprocity	6,45%	
-	Defending European Values (general)	11,29%	17,74
-	Defending European Values – sustainability	1,61%	
-	Defending European Values – rule-based	3,23%	
-	Defending European Values – human rights	1,61%	
-	Openness to investment	1,61%	1,61%
-	Unified Approach	1,61%	1,61%
-	EU interests	3,23%	3,23%
-	Taiwan and Hongkong	3,23%	3,23%
-	Synergies	1,61%	3,23%
Measures/Instruments	Legislation	1,61%	1,61%
	Agreements	1,61%	4,83%
	Agreements – CAI	1,61%	
	Agreements – FTA	1,61%	
-	Formats/ Dialogues (general)	1,61%	8,06%
-	Formats/ Dialogues – EU-China Connectivity Platform	1,61%	
-	Formats/ Dialogues – WTO	1,61%	
-	Formats/ Dialogues – UN	3,23%	
-	Strategies	3,23%	3,23%
-	Branches and cultural programs – research	1,61%	3,12%
-	Branches and cultural programs – people-to-people exchange	1,61%	
-	Partnership with other countries	1,61%	1,61%
In Vivo	Central Asia	1,61%	1,61%
	Connectivity – infrastructure	1,61%	1,61%
	Xinjiang	1,61%	1,61%
	Arms embargo	1,61%	1,61%
Other	Omitted notions/ citations/ system-based errors	1,61%	1,61%

Table 5: Coding evaluation table for the Council Conclusions (2016)