

Analysis of Changes in Germany's Perception of China

试析德国对华认知的变化

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The new German “traffic light” government has been in power for half a year so far. Due to differences in the philosophies of the three major political parties in the coalition and the changing international situation, especially the intensifying conflict between Russia and Ukraine, Germany's attitude toward China has become more confusing and ambiguous under the dual influence of domestic and foreign affairs. This deeply reflects the major changes that are appearing in perceptions of China within German mainstream society. Among German political, business, and academic circles, the mainstream media, and most of the general public, perceptions of China are different compared with the period when Angela Merkel was in power, in both breadth and depth. This will undoubtedly have an important impact on the German government's repositioning of relations with China. Considering Germany's central position in the EU, the readjustment of Sino-German relations will also directly affect the direction of China-EU relations. A rational and comprehensive analysis should be made of this, to both face the challenges it brings and see the inherent stability, and thereby avoid falling into the cognitive traps of pessimism and fatalism. Starting from the changes in German mainstream society's perceptions of China in recent years, this paper seeks to analyze the multi-level reasons behind them and explore the possible positive factors, in order to help understand the German government's policy adjustment toward China and the overall situation of China-EU relations.

I.

Since Angela Merkel took office in 2005, Germany has mainly regarded China as a partner and a competitor, especially after the short-lived “values diplomacy” from 2005 to 2009, and in its relations with China it has leaned toward its national interests. With China’s further rise, however, and especially since 2017, Germany’s policy toward China has begun to shift from national interests to the values end of the spectrum. With the release of the European Commission’s *EU-China: A strategic outlook* on March 12, 2019, Germany’s mainstream perception of China shifted from the original two-dimensional role to a “three-fold” role, that is, China is both a partner and a competitor of Germany, but also an institutional adversary. Specifically, Germany must cooperate with China in areas where cooperation is possible, compete with China for global resources in appropriate contexts, and be able to deal with conflict with China when necessary.

First, China is seen as a partner that cannot be decoupled from. According to German political scientist Hanns Maull, China’s role as a partner for Germany can be understood in two ways. First, Germany understands very well that China is an indispensable economic and trade partner. This can be seen from the ever-increasing interdependence in the economic and trade relationship between China and Germany in recent years. On one hand, the German economy is dependent on China. For example, the development of Germany’s electronics and chemical industries cannot do without rare earth metals from China. At the same time, China is Germany’s largest market for car sales: About 40 percent of German cars are sold to China. On the other hand, China’s exports to Germany are booming, with emerging electronics, communication technology, and consumer goods enterprises getting huge orders from Germany, while Chinese enterprises have long depended on Germany for technology transfers. Since the outbreak of the COVID-19 epidemic, Sino-German economic cooperation has exhibited more pronounced interdependence. For example, Germany has purchased a large number of medical products from China, indicating that Germany’s dependence on the Chinese market has increased rather than decreased. The long-term win-win nature of Sino-German economic cooperation has solidified Germany’s perception of China as an indispensable economic partner. Second, Germany sees China as an important partner in global governance. Due to the importance of China today in the international community and a broad consensus on the “community of human destiny” in the international community, China has become an important partner with Germany in addressing important global issues such as climate change, transnational migration, nuclear weapons proliferation, artificial intelligence, poverty reduction, and public health. Germans are well aware that these important global issues cannot be solved without China. However, in terms of the perception of China as a mutually beneficial and important economic and trade partner for Germany, Germans are increasingly expressing a cautious and restrained attitude. This is because they are concerned that win-win outcomes for the two countries’ enterprises and economic policies could lead to confrontations over values outside the economic sphere. For example, Germans believe that every act of Sino-German economic cooperation advances the implementation of China’s economic strategy of military-civil fusion. On this point, Rolf Langhammer, a researcher at the Kiel Institute for the World Economy, has warned in a survey study that German enterprises investing in China should not withdraw rashly from the Chinese market because such enterprises are already

highly integrated into Chinese economic activity.

Second, China is increasingly seen as a strong economic competitor. Thomas Heck, a China expert at PricewaterhouseCoopers, says that in addition to the well-known artificial intelligence and Internet of Things industries, China as an economic rival poses an economic threat to Germany in two other areas: electric vehicles and, especially, machinery manufacturing. Although the Chinese machinery manufacturing industry does not have superiority in core technology, it already constitutes a strong competitor to German machinery manufacturing when quality and price factors are taken together. In addition, Chinese investors began to acquire a large number of German enterprises in 2016, and Germans increasingly feel that China is an economic rival that should not be underestimated. The most famous such case is the acquisition of German robotics giant Kuka Group by China's Midea Group. Although the acquisition of German companies by Chinese enterprises is good for German jobs and the domestic market, Germans believe that in the long run there is a risk of losing core technology, which would have a negative impact on the competitiveness and innovation of German industry. Direct investments by Chinese enterprises in Germany have met with strenuous criticism from the German public. In 2018, Germany amended the *Foreign Trade Ordinance* to further strengthen security reviews of M&A by enterprises from non-EU countries. In December 2020, the German government ordered a halt to the acquisition of German radio technology company IMST GmbH by China Aerospace Science & Industry Corporation Limited (CASIC), arguing that it would threaten Germany's future security and technological autonomy in mobile communications. At the same time, Germans have been reluctant to acknowledge the fact that things are not what they once were: Germany used to sell high-speed rail to China, but now China sells its own high-speed rail all over the world. They have even called on the federal government to restrict Chinese direct investment in Germany in order to prevent the loss of core German high-tech knowhow, citing the high degree of similarity between Chinese high-speed rail technology and related designs and Germany's Intercity Express (ICE) trains. However, a report in the *Der Volkswirt* magazine on March 22, 2022 shows that despite the impact of the pandemic, Chinese enterprises have invested in or acquired up to 35 enterprises in Germany in 2022. Despite the fact that Chinese direct investment in Germany is something of a hot potato, they do not want Germany to lose its competitive advantage because of the loss of core technology, and view China as a "thorn in their side." Nonetheless, they must acknowledge China's strength as a powerful competitor.

Third, China has been elevated from a competitor to an institutional adversary. In the eyes of Germans, institutional adversaries are those who endorse other models of government, and they believe that China's party system goes against the "universal values" of freedom, democracy, rule of law, and human rights preached by the West. When it comes to defending Western-centered "universal values," Germans regard China to be an institutional adversary. Compared to the first two roles, the new government is putting greater emphasis on China's role as Germany's institutional adversary, more so than it did under Merkel. The Western world, including Germany, has always believed that China's political system could be changed through improved economic relations, that is, Germany's "change through trade" approach to China has been there all along. However, as China's economic power strengthens, the growing tendency of Germans to believe that China plays the role of

Germany's "institutional adversary" is becoming clearer. In the eyes of Germans, China's economic system is a socialist market economy with goals that are the complete opposite of those pursued by Germany's social welfare market economy, and its political system emphasizes the centrality of the leadership of the Chinese Communist Party. In fact, it is institutional advantages that are driving the realization of the Chinese dream of the great rejuvenation of the Chinese nation, and China's success in the fight against the COVID-19 epidemic has further highlighted these institutional advantages and attracted global attention. This has reinforced the German perception of China as a threat to Western democracy and a powerful "institutional adversary." However, within this perception, different voices have emerged in German politics. For example, Rainer Stinner, a former federal councilor and parliamentary caucus foreign policy spokesman for Germany's Free Democratic Party (FDP), stated frankly in a report that huge historical and cultural differences have led to differences in institutions and values between the West and China. Although he favors the West in the institutional competition between the West and China, he said that it would be inappropriate if Germany were to adhere to the Western view of human rights in defending its own interests.

II.

The "three-fold" positioning reflects the current basic perceptions of the German political and business communities, intellectual elites, and the public towards China, and within it one can see Germany's wavering attitude towards China. It also reflects the truly complex psychology of German society vis-a-vis China. There are many complex factors behind this contradictory, confusing, complicated, and tense relationship, which can be said to be due to changes and developments in Germany and China themselves, as well as the result of the influence of international power games, while traditional German thinking also plays an important role.

1. Changes in Germany's domestic political ecology. The three-party "traffic light" coalition, which opened a new era in the politics of the Federal Republic of Germany since its founding, is the result of a game involving the diversified interests of the people and compromises in the political demands of political parties. It reflects the increasing instability and uncertainty of Germany's internal politics and the fragmentation of the German political party landscape. Internal politics is a continuation of foreign affairs, and the division of domestic political forces has also helped bring about the changes in Germany's perceptions of China and even its policy toward China. Judging from the political positions of the three major ruling parties in Germany, wherein the Social Democratic Party (SPD) is a center-left party, the Green Party ("the Greens") is a left-wing party, and the FDP is a center-right party, the tension formed by the differences and similarities in the political positions of the three parties determines the multiple tensions among various influencing factors in the process of change in Germany's perceptions of China. Firstly, the new government mentioned China 14 times in the coalition agreement and put forward its own ideas on Taiwan-related issues based on its values. For the first time, it explicitly called for further strengthening Germany's "China competence." Secondly, it further emphasizes Germany's "three-fold" role positioning of China. For example, the Greens and the FDP have a strong ideological orientation, preferring to make a lot of noise about China's human rights issues, opposing the signing of the *EU-China Comprehensive Agreement on Investment*. They

even challenge the existing policy bottom line on the Taiwan issue occasionally, advocating greater participation of Taiwan in international affairs, and thus prefer to see China as a competitor and institutional adversary. In contrast, the SPD wants to maintain the continuity of its policy tone towards China. It wants to strengthen defenses against the growth of Chinese power, but also refuses to choose confrontation with China or economic decoupling. It is willing to treat China as a partner, and put that aspect at the forefront of the “three-fold” role. Thus, the SPD’s more moderate and pragmatic approach to China is forms a counterbalance to the relatively hard-line, values-oriented approach of the Greens and the FDP. The political positions within Germany’s ruling party coalition, which show clear-cut barriers in their attitudes toward China, have served to shape Germany’s domestic political environment and the environment for social discourse on China, and have brought greater diversification and complexity to perceptions of China within mainstream German society. Moreover, in today’s increasingly polarized and populist environment in the Western world, it is easier for German political elites to exploit and appeal to public sentiment to further their policy aims. In particular, the several waves in Germany of the COVID-19 epidemic that has ravaged the world since 2020 have accelerated political strife and polarization within Germany. Under such circumstances, Germany’s political elite have skillfully exploited these political conflicts and directed the accumulated grievances arising from them toward Germany’s international strategic adversaries, China first and foremost. This has also accelerated the shift in perceptions of China within Germany, from political elites to the public at large.

2. Difficulty adapting to China’s rapid rise. China used to be a partner that could be “helped,” but now with China’s development, Germans increasingly feel the relationship with China to be “unequal” and “unfamiliar,” and mainstream society has even started having more discussion about the “China threat theory.” Firstly, China’s creation of the China-Central and Eastern Europe (CEE) cooperation mechanism is seen by Germans as having generated intra-European tensions. German critics of this cooperation are concerned that growing dependence of CEE countries on China will create potential conflicts within the EU, affecting the EU’s core position. Germany is excluded from this cooperation mechanism, so in the eyes of Germans it is Chinese interference in the geopolitical space of European countries, and a deliberate attempt to undermine, divide, and dismantle the EU. Secondly, the Belt and Road Initiative construction proposed by China in 2013 is seen by Germany as a manifestation of China’s economic expansion. Huawei in particular is suspected by Germany of being a “Chinese spy” due to its technological superiority, and it was believed that Huawei would try to open a back door for so-called espionage and sabotage activities through its telecommunication products. This caused the German federal government to be torn constantly between the economic interests of infrastructure expansion on one hand and the security interests of core infrastructure and data protection on the other, and ultimately unable to make a rational decision. The direct result was that Huawei was ultimately unable to participate in the construction of Germany’s 5G network in 2020. As a result, German attitudes toward China shifted from “helpful” to “guarded,” and perceptions tended toward viewing China as an economic competitor. When emotional fear and defensiveness brought on by the rise of another country escalate to ideological hostility and confrontation, the country in question will be criticized as an ideological opponent, especially when the rising country, in order to build its own good international image, participates more actively in global governance, expresses its ideas on

maintaining world peace, and shares the international public goods brought by its rise. For example, in 2021, China took the lead in global public health governance by cooperating with developing countries on vaccine production, providing nearly 2 billion doses of vaccines to more than 120 countries and international organizations, making it the largest foreign provider of vaccines. However, China's proactive approach to global vaccine cooperation has been twisted by the German media into "vaccine diplomacy," in which China uses vaccines to play the role of "savior of the world" in the international community. In this way, China's rise has accelerated the evolution of German perceptions of China, from an "economic competitor" to a "values adversary."

3. The complex background of China-United States-Europe relations. Whether it is the "European Germany" emphasized during the Kohl era or the "German Europe" of the Merkel era, the changes in Germany's perceptions of China are largely influenced by changes in Europe's position in the international landscape, especially by the complex China-United States-Europe triangle. After Biden came to power, the United States readjusted its transatlantic partnership, and in order to hold on to its position as the world's top power, it needs Europe to be its loyal ally and draw closer to it, and to maintain consistency with it in terms of China policy. According to a poll by the Körber Foundation in Germany, 56 percent of respondents believed Germany should have closer ties with the United States, while only 27 percent said they should become closer to China. The pro-U.S. political elite in Germany has also continued to emphasize that Germany ought to have greater prominence in the alliance with the United States, and be closer to the United States. European countries, represented by Germany, want to join forces with the United States to address the challenges posed by China's rise, to stop China from strengthening further, and ultimately to win the economic and institutional competition. In fact, compared to the post-World War II recovery period, Europe's dependence on the United States today is gradually falling, especially in the current tense pattern of China-U.S. competition, and Europe is constantly and actively seeking strategic autonomy in international affairs. That is to say, although the relationship between Europe and the United States has returned to the status of allies after Biden's rise to power, Europe is not willing to choose only one side in the China-U.S. game, but rather chooses sides according to different issues, oscillating between China and the United States with an opportunistic, trader's mentality, in order to profit from them. In other words, Europe is no longer willing to maintain an equidistant attitude between the United States, a flawed democracy, and China, a country with different values. As European Council President Charles Michel warned in 2020, Europe must become one of the global players, while avoiding becoming a playing field and a victim in the struggle between China and the United States. Which is to say, Europe will no longer adopt equidistant diplomacy between China and the United States: First, it believes that the transatlantic relationship has not always been reliable in years past, and that Europe has been subject to the United States and NATO in security matters; second, Europe will express and defend its independent positions and interests internationally, and is unwilling to blindly follow the United States and to be caught in a misguided struggle for world dominance in order to maintain the United States' position of global hegemony. At the same time, despite growing calls in Europe to regard China as an institutional adversary, China sees the EU as a necessary global partner and an important force against the United States. Europe is now adopting a "third way" strategy between China and the United States in order to shape its role as a balancer in international affairs. Germany's situation

is even more complicated: With Europe as its diplomatic umbrella on one side, the United States as its most important ally on the other, and China as its most important partner in terms of interests on the other, it is hard for Germany to go it alone in the difficult triangular relationship between China, the United States, and Europe. Germany has gained huge benefits from China in the Sino-U.S. trade dispute, and is more interested in continuing to realize its interests in China than in being a mere lapdog of the United States.

4. Some characteristics of the Germans themselves also play an important role at a deeper level. In general, the German mindset tends to be hidebound by convention and rigidly fixed, and this is one of the important factors behind why changes in Germany's perceptions of China are out of sync with those other European countries. Germans have long been poked fun at by Latin communities in continental Europe, especially Italians, for being a people with no sense of beauty, mechanical, and "linear." Firstly, this national character of conformity and inflexible thinking has made it difficult for Germans to change their ingrained prejudice against China, and made them unwilling to positively affirm and accept China's rise. However, facing a rising power with increasing strength, the gap between objective reality and ingrained prejudices can cause Germany to lose its "sense of superiority" in front of China, triggering subjective "status anxiety." In terms of policy and public opinion, this heightens the contradictions between China and the current world leaders, and in terms of perceptions of China, this is manifested in a view of China as an economic competitor and institutional adversary, and in an emotionally alienated relationship with China. Second, the Germans' rigid and fixed mode of logic has left them momentarily at a loss and even disoriented when faced with the failure of their "change through trade" strategy toward China. Germany has long considered "change through trade" to be a panacea ensuring that German policy toward China maintains a balance between national interests and values. Chancellor Gerhard Schröder and Angela Merkel took this strategy to extremes. However, Germans argue that this strategy has only gained the special status they have enjoyed so far in the Chinese market, where there is huge market demand for high-quality products such as cars, machinery, and building components, but has failed to achieve the political change they want to see in China. On this point, Nils Schmid, foreign affairs spokesman for the SPD Bundestag caucus, said, "The convergence theory of 'change through trade' does not seem to be working at this point. I don't want to declare it a failure, but China is narrowing the space for such an approach, at least at present. Although we will not stop our economic cooperation with China, at least Germany's approach to China will have to be more clearly European-oriented in the future, and at the same time must move away from purely trade and economic topics in order to broaden Germany's perception of China." The failure of "change through trade" upset Germans. They were unable to accept, and even less willing to admit, the failure of what they assumed was a well-thought-out and prudent plan, and in order to find a reasonable explanation for the uncertainty in Sino-German relations and the damage to German interests that resulted from the failure of the plan, Germans prefer to reorient their perception of China from that of an economic partner to that of a competitor and institutional adversary, guided by the outdated, ingrained perception that "non-Western systems cannot achieve economic breakthroughs." German hidebound thinking is even more reluctant to see the success of the Chinese model shatter the myth that "Western democracy is the only path to success," and therefore prefers to move away from "inequality," "injustice," and "human

rights.” Therefore, they prefer to look to issues such as “inequality,” “injustice,” and “human rights” to find suitable excuses for putting themselves justifiably on the opposite side of China, making their perception of China further divorced from reality.

III.

In fact, Germany’s psychology toward China is extremely contradictory. On one hand, it fears that China will surpass it, guards against Chinese competition, and fears losing its sense of superiority in front of China; on the other hand, it recognizes China’s influence and importance, needs to rely on China, and hopes to cooperate with China in economic and global governance fields. But from this contradictory attitude one can find that the changes in Germany’s perception of China are not all negative, and within the repeated pulling between rationality and irrationality, cooperation and competition, there are some positive elements that should receive more attention, as they also provide possibilities for China and Germany to continue their practical, cooperative relationship.

1. From the past of looking down on, to a same-level view or even “looking up” to China. In Germany’s past, China was perceived as a developing country, but now Germany has to be on an “equal footing” with China, or even to “look up” to China. The *EU-China: A strategic outlook* report fully reflects an important change perceptions of China in the politics of Europe, including Germany, in which China is no longer defined as a developing country, but as a key global player and an advanced technological power. This change is also reflected in the German media and public’s perception of China. The German media has used the phrase “the sleeping lion has awakened” to describe this change. According to a study published by the Pew Research Center in mid-September 2020, 55 percent of German respondents considered China to be the world’s leading economic power, while only 17 percent consider the United States to be the world’s leading economic power. In addition, many German polls also show that the German public believes China is already a world economic power. The change in the German public’s perception of China from a developing country to a world economic power is reflected most directly in the changing perceptions of the “Made in China” image. As is well known, in the international community, “Made in China” had always been synonymous with low-cost products. However, public opinion surveys show that German consumers’ perceptions of Chinese products and brands have changed over the past five years. In a poll conducted by Huawei in 2016, more than half of respondents thought that Chinese products were of poor quality. Over the following years, however, various polls have reflected a significant increase in the use and appeal of Chinese goods in Germany, with many German consumers able to accurately identify Chinese brands like Huawei and Xiaomi by their brand names. According to the results of a 2017 survey by the German Association for Quality (DGQ), 70 percent of respondents had positive views of Chinese electronics. A poll conducted by Germany’s EBC Hochschule business school in 2019 showed that, even among German consumers who favor Apple products, only 8.6 percent of respondents had a negative attitude toward Chinese electronics. According to relevant data, German consumers’ perceptions of Chinese products and brands showed great improvement in 2020, and acceptance of Chinese products is increasing particularly among young Germans who have grown up with two Chinese brands, Huawei and TikTok. On one hand, “Made in China” still stands for low prices, and on

the other, many Chinese brands have become leading international brands. The changing image of “Made in China” is a true portrayal of how the German public sees China as a world economic superpower. In addition, the German public feels strongly that China is playing an increasingly important role on the world stage as a global political power. China’s diplomatic progress has made the German public more aware that today’s China is not only a world economic superpower, but also a highly confident world political power. Although the image of China in the German media today is still predominantly negative, more and more of the German public believes that China is no longer a backward developing country, but a world economic and political superpower and that can compete with the United States.

2. Facing up to a Chinese development path that is different from that of the West. Germany is still increasingly finding China to be showing more institutional self-confidence on a global scale. Capacity for collective action. China’s crisis management achievements during the COVID-19 epidemic have left the German public in awe of the Chinese system’s advantages as shown in its capacity for collective action. Germans acknowledge that the fight against the epidemic reflected the advantages of the Chinese system, namely the enormous capacity for national mobilization and collective action demonstrated in the crisis, something the Germans were fundamentally incapable of achieving. Flexibility together with a planned approach. According to Jürgen Kracht, a German entrepreneur and China studies expert, there is a big difference between the Chinese and the Germans in terms of decision-making speed. Although Germany is still the leader in the international technology market, compared to the Chinese, the Germans take things too seriously and are too slow to develop products, so much so that the products the Germans bring to market are too mature. In contrast, the Chinese consider speed to be a very important source of international competitiveness, so they emphasize speed to market, for example by bringing less mature products to market first and then adjusting them according to customer requirements. Side-by-side with its flexibility in making specific decisions, the Chinese system is forward-looking and strategically visionary in a way that is simply unimaginable to Germans. The digital lifestyle. The German population living and working in China strongly feels the high degree of convenience, comfort, and well-being that high technology brings to the daily lives of Chinese nationals: The seamlessly connected rail transportation in China’s major cities and the ease of getting around provided by shared bicycles, as well as the full coverage of China’s domestic network brought by China’s advanced communication technology, have created digital modes of work and modern, digital currency-influenced lifestyles for the Chinese people to enjoy. Kracht says that Chinese nationals rely on smartphones and virtual digital currency payment methods to a degree that is unimaginable to Germans, and that such high-tech daily life is also unattainable in Germany. In this respect, Germany has clearly fallen behind. With regard to digital platforms and software use, German enterprises are too slow to react, too apprehensive, and too constrained by institutional aspects such as data protection. It is worth noting that the group of German citizens who feel the strengths of the Chinese system most strongly and directly are those who have experienced Chinese culture and institutions first-hand, mainly German businesspeople who have worked in China for years, foreign students studying in China, and expatriates in China. In contrast, the image of China in Germany’s domestic media is still predominantly negative, and those who have experienced the Chinese system first-hand always complain that the German media does

not report the real China, that the China they see is very different from the China they see in the German media, and that the German media should report the positive aspects of China. Even though the German media has been consistently critical of China, more and more Germans have begun to look at the Chinese system more squarely.

3. More proactive approach to understanding and responding to China. Confronted with China's development, Germany continues to realize that its own institutional dividend is gradually being lost, and it is adapting and reshaping its original strategy of engagement with China. Although, in terms of political institutions, China's path is very different from the liberal democratic path that Germany and other Western countries brag about, the German public is beginning to shift its perspective and start thinking about the strengths of the Chinese system. However, Germany's emphasis on building its "China competence" (Chinakompetenz) by learning from China is fundamentally aimed at better understanding China in order to be fully ready for the challenges coming from China. At the national level, the German federal government has implemented a Germany-wide project, with foreign and educational policy features, to build "China competence." In October 2015, the German Federal Ministry of Education and Research (BMBF) launched the *China Strategy 2015-2020* to develop German "China competence" in education and science, and to strengthen strategic cooperation between Germany and China in science and education. In May 2017, the BMBF, the Ministry of Foreign Affairs, and the Standing Conference of the Ministers of Education and Cultural Affairs (KMK) conducted a comprehensive review of the current state of "China competence" in Germany, and jointly launched an initiative to support research on "knowing and understanding China." At the end of 2019, Mercator joined other institutions to establish an educational network for the development of "China competence" in German primary and secondary school students. In June 2021, the BMBF released the *Funding Guidelines for the Regional Development of 'China Competence' in Academia*, with plans for a total of 24 million euros to be invested from 2017 to 2024 in support of developing independent "China competence" in German academia. The emphasis on "China competence" perfectly reflects the latent concerns in German politics and academia about China. Building "China competence" is an important part of Germany's current China policy, and the German government has placed added emphasis on building "China competence" in the political sphere, treating "China competence" as a part of political education in Germany. It also emphasizes the importance of maintaining a sober attitude toward Sino-German relations while recognizing the differences in systems. Moreover, "China competence" building is to start in elementary school and go through all levels of university and vocational education, and related support programs (e.g., study tours to China). BMBF Minister Anja Karliczek believes it is essential to develop independent "China competence," that is, the Chinese government should not interfere with the development of "China competence" in Germany. In the economic cooperation area, she emphasizes that German enterprises with business in China should try to recruit employees with "China competence" from Germany. By building "China competence," Germany wants to build its own public discourse on China and limit China's decision-making power and voice in German universities, research activities, and Sino-German economic cooperation.

Conclusion

Generally speaking, social perceptions drive the formation of the policy-making frameworks within which policy makers address specific issues and the public understands them. This helps to reduce complex realities to an understandable and workable level. The fact that Germany's mainstream perceptions of China today are more disjointed than before is bound to have a significant impact on the shaping of its new framework for China policy. At the same time, although Germany's leadership position has declined in relative terms since Merkel left the political scene, considering Germany's own strength, German policy on China still influences the relationship between China and Europe to a large extent. Therefore, in the face of increasingly complex and diverse domestic perceptions of China, as well as the United States' constant pressure on Germany and Europe, Germany needs to shed its spectator role in the great power competition and strengthen collective action within the EU by standing together with Europe and place its China policy within the overall EU China policy framework.

Although Germany's perceptions of China are undergoing new changes, there are still some positive elements in them. Under the self-contained EU China policy framework, future German governments will not completely decouple from China and go against the basic principles of European pluralism, let alone erect walls on its own, and the doors of the German market will remain open to China. This year is the 50th anniversary of the establishment of diplomatic relations between China and Germany, and it should be taken as an opportunity to correctly understand the changes in Germany's perceptions of China, in order to promote the healthy development of Sino-German and Sino-European relations. First, we should think deeply about the reality reflected by the changes in Germany's perceptions of China. This is the inevitable result of cultural asymmetries and the clash of real interests. We should correctly grasp the new changes facing the two countries and avoid falling into misunderstandings, especially the trap of "clash of civilizations" theory. Second, we should calmly respond to future trends and developments in Germany's perceptions of China, analyze the deep-seated reasons for such changes, and calmly deal with the possible impacts and challenges to the future development of Sino-German relations brought by the new perceptions. Third, we must attach importance to the changing pattern of Germany's perceptions of China. The changes in Germany's perceptions of China have a deep foundation in public opinion, which is often utilized by the political elite. We should fully understand this principle, get closer to the German reality, pay attention to the reasons for the formation of people's perceptions of China, actively carry out activities for communication, understanding, and dialogue, and seek common ground while reserving our differences. Fourth, the development of Germany's relations with other Western countries should be skillfully utilized to create a new space for great power diplomacy with Chinese characteristics. As mankind faces changes not seen in a century, Germany's perceptions of China are changing at the same time that the Western allies, including the United States, are adjusting their perceptions of China. Although there is a general consensus on responding to the rise of China, the internal rifts among the Western allies will be difficult to heal, and it is important to create an international environment conducive to China as much as possible. Fifth, we should effectively utilize the strategic opportunity afforded by Germany's "China competence" building. The starting point of Germany's

project to build “China competence” is to counter the so-called threat posed by the rise of China. Building Sino-German intercultural competence by supporting student and academic exchanges between China and Germany, and supporting Germans in learning Chinese, will help Germany to better understand China. However, since for most Germans, perceptions of China are indirect perceptions built on a foundation of insufficient information and misinformation, it is important to make effective use of this opportunity, and let more German people experience China’s development achievements, thereby achieving positive results from “proximity fostering change.”

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搞好中欧关系，与防止“中美竞争失控”一样重要

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Fudan Europe Watch Academic Community 复旦欧洲观察

A group of scholars at Fudan University that convenes semi-regularly to discuss European political, security, and economic developments and implications for China. The full list of participants for every roundtable discussion is listed in each readout.

Since the release of the EU's latest policy report on China in 2019, Sino-European relations have undergone dramatic changes against a backdrop of major international situations such as the U.S.-China game, the global COVID-19 pandemic, and the Russia-Ukraine conflict. In the face of these unprecedented changes, how will the so-called economic and trade “decoupling” from China, which is being intensely discussed and even promoted within the EU, develop? What are the similarities and differences between European and U.S. policies towards China? In what areas and aspects can China and Europe still carry out or promote practical cooperation? From China's perspective, where should Europe be placed in China's foreign strategy, and what role should it play?

Some members of the Fudan Europe Watch academic community (an academic community formed by young scholars of European studies at Fudan University) and some special guests discussed the above questions and expressed their views as follows.

Some of the experts of the Fudan Europe Watch academic community (in alphabetical order by surname)

Jian Junbo – Deputy Director and Associate Professor, Center for China-EU Relations, Fudan University

Ma Bin – Associate Professor, Center for Russian and Central Asian Studies, Fudan University; Deputy Director, Center of Shanghai Cooperation Organization Studies

Peng Chongzhou – Postdoctoral Fellow, School of International Relations and Public Affairs, Fudan University

Yan Shaohua – Assistant Professor, Center for China-EU Relations, Fudan University

Yao Xu – Assistant Professor, Institute of Development Studies, Fudan University

Zhang Ji – Assistant Dean and Research Fellow, School of International Relations and Public Affairs, Fudan University

Invited guests (in alphabetical order by surname)

Fang Jiongsheng – PhD Candidate, School of International Relations and Public Affairs, Fudan University

Li Anfeng (Andrea Ghiselli) – Assistant Professor, School of International Relations and Public Affairs, Fudan University

Yao Le – PhD Candidate, School of International Relations and Public Affairs, Fudan University

Zhang Ya’ning – Visiting Researcher, Jacques Delors Center Berlin; PhD candidate, Freie Universität Berlin

1. Will the EU really “decouple” from China’s trade and economy?

Fang Jiongsheng: At this stage, the EU has no intention to push for complete decoupling from China, but will adopt the following two means to gradually reduce its “strategic dependence” on China. First, a “China+1” production chain diversification strategy will be adopted, with production and marketing bases in China retained, while setting up second bases in India or Southeast Asia and other regions that have recently carried out key cooperation. Second, with the help of the recently passed *Directive on Sustainable Corporate Governance*, European enterprises will be required to fulfill their responsibility to disclose environmental and labor rights issues in the production chain.

Jian Junbo: First, in terms of production chains, the EU is seeking to transfer out of China trade and investment that is dependent on China. Although the *European Supply Chain Act* being promoted is not nominally designed for China, it contains important objectives to reduce economic and trade dependence on China. Other examples include the establishment of the U.S.-EU Trade and Technology Council, the attempt to establish an EU-U.S. rare earth alliance, and the establishment of “investment review mechanisms” for foreign investors, all of which have the purpose of reducing “dependence” on China. The promotion of anti-economic coercion legislation and other technical

barriers to foreign trade also partly serves to hinder economic and trade relations with China. It is also relatively obvious that the intention of strengthening economic and trade relations with emerging Asian countries through the “Indo-Pacific Strategy” is to weaken economic and trade relations with China.

Second, European enterprises are still hesitant to disengage or decrease their ties with China’s market, but the willingness of some enterprises to “decouple” is growing. In the context of the U.S.-China game and increasingly complex Sino-European relations, the confidence of European enterprises in the stability and predictability of the Chinese market has declined to a certain extent.

Third, within three to five years, there will be no significant changes in the economic and trade interdependence between China and Europe because one, “decoupling” is not an easy task, two, the Chinese market is still an “immediate need” of Europe at present, and three, China will still adhere to the open policy. In any case, reducing economic and trade dependence on China will be a long-term strategy for Europe.

Andrea Ghiselli: The current situation in Sino-European relations is very complicated. There is no doubt that the situation has deteriorated compared to a few years ago, but it is not clear whether it has bottomed out. If relations between China and the EU are to be improved, it is necessary to pay attention to Europe’s view. It wants China to exert more influence on Russia in the Russian-Ukrainian conflict. This means that for the first time European leaders regard China as a real player in European security issues. In other words, **the insulating effect of geographical distance has been weakened.**

Ma Bin: The EU is accelerating the restructuring of its economic relationship with China. While using the term “decoupling” to describe EU policy may be conducive to the political marketing of politicians and the traffic-generating games of the media, the EU’s main goal now is to mitigate risks by reducing dependence on China in key segments of the production chain, rather than to cut economic ties with China. However, **if China-EU relations increasingly slide into geopolitical and ideological battles, continuing to reduce economic ties with China will also be a realistic policy option for the EU.** While economic cooperation with China is important for the EU, it is also the expectation of EU China policy that China will play a more constructive role in practical cooperation in a broader range of areas, especially in mitigating and addressing the geopolitical risks facing the EU.

Peng Chongzhou: The U.S.-EU Trade and Technology Council held its second meeting on May 16. Judging from the draft final statement, the EU intends to reduce its dependence on China in the major areas of photovoltaic products, rare earths, and chips. But this goal is still far from decoupling. Unlike the United States with its aggressive separation from China, the EU sees China as a competitor rather than an enemy in the trade arena. **The EU is most likely to further strengthen supply chain diversification in key areas and remain guarded against Chinese investment in Europe, but decoupling from China is not an EU policy goal.**

Yan Shaohua: “Decoupling” has not yet become a consensus in EU policy circles and industry circles, and it is not in line with the principle of free trade and “open strategic autonomy” advocated by the EU. In terms of economic and trade cooperation with China, the EU places more emphasis on “reciprocity.” **After the outbreak of the COVID-19 epidemic, the EU began to pay attention to the issue of dependence on China, emphasizing the reduction of dependence on China in strategic areas, and the Russia-Ukraine crisis has intensified this trend, but the EU will not make decoupling a policy option.**

Yao Xu: The EU’s “decoupling” from China is not the direct aim of Europe’s strategic autonomy and “resilient” production chain construction, but there is the possibility of it becoming the end result under the existing security dilemma. The technology war and technology blockades and sanctions unveiled by the United States against China have forced China to seek its own R&D and production capacity in key and core technologies, but this process is often seen from the European perspective as eventually replacing existing European production chains, creating a dilemma in the production chain field. The Russia-Ukraine conflict has opened a Pandora’s box, and the previous calculations of Western multinationals for profits have given way to simple and crude political side-taking. **The EU and China both need to do their best to manage conflicts and tensions, seek cooperation and win-win outcomes, and prevent “decoupling” from becoming a self-fulfilling prophecy.**

Zhang Ji: We should note that there are different perceptions and differentiation of interests within the EU on the issue of “decoupling.” **The arguments for so-called “decoupling” from China mainly come from political figures, while the industrial and business sectors are less likely to talk about “decoupling,” as they still attach importance to the Chinese market.** The so-called transfer of production chains to Southeast Asia cannot be achieved overnight, either. But on the other hand, whether in terms of its own development or its foreign strategy, **China needs to prevent this political “decoupling” rhetoric in Europe from becoming the common perception and action of industries and enterprises.**

To this end, first, China needs to continue to expand its markets and **respond to “decoupling” with “binding.”** The past history of development is that we cannot do without the European and U.S. markets, and in the future we need to make Europe and the United States truly unable to do without the Chinese market. Second, China should rely on innovation to possess the irreplaceable elements of the production chain, and build a more positive relationship with the outside world. Third, China should consider how to enlarge the common market and achieve “binding of interests.”

Zhang Yaning: First, in the trade and investment area, **the EU will continue to promote the development of stable and mutually beneficial bilateral trade, but will be more cautious in investing in China.** For the latter, avoiding political and supply chain security risks induced by the turbulent world situation will become an important consideration. Second, in the political sphere, China-EU political relations historically have been dominated and driven by economic and trade relations. In the future, the “ballast” role of bilateral trade and commerce in China-EU political relations will weaken, and ideology will rise to be an important factor limiting the stability of China-EU political relations. Third, in terms of regulating competition, internally the EU is promoting the

Regulation on Foreign Direct Investment Screening and the Anti-Coercion Instrument Act (Draft), and externally, together with its allies, it is exerting pressure on China on issues such as WTO reform.

2. There is convergence of EU and U.S. China policies, but they are also very different

Fang Jiongsheng: The core difference between Europe and the United States is that, since the United States is a hegemonic state, its China policy toolbox is far richer than the EU's. The United States holds strong rule-making power in global finance and other fields, and controls core technologies and markets in cutting-edge technology fields such as chips. This has led the United States to objectively have isolation, cutting off supplies, and other "stranglehold" capabilities when formulating policies toward China. Compared with the United States, **the EU's interdependence with China's is more reciprocal**, and it lacks "killer apps" that can have a significant impact on China. Therefore, the EU is unable to have a "showdown" with China. This provides us more ample policy space for handling relations with Europe.

Jian Junbo: European and U.S. policies toward China are rapidly converging in some areas, but the objectives of European and U.S. policies toward China are not all the same. At present, **U.S. policy toward China mainly seeks to contain the rise of China in order to maintain its international hegemony, while Europe aims to safeguard its economic and trade interests and normative advantages.** While there is a risk of security confrontation in U.S. China policy, the security confrontation cast of European policy toward China is weaker.

Andrea Ghiselli: The differences between European and U.S. views of China have narrowed significantly in recent years, but some important differences remain. First, **European interest in the "Indo-Pacific" region is still rather limited.** Second, European leaders are certainly more reluctant to harm trade relations with China, although the impact of the COVID-19 epidemic on European companies trading and investing in China should not be underestimated.

Ma Bin: There is more consistency than disparity, and more coordination than conflict, between the EU and U.S. China policies. The two sides have extensive and close strategic, security, economic, cultural, ethnic, and historical ties, and when facing China, it is more a difference in roles than a difference in directions. After the outbreak of the Russia-Ukraine conflict, the EU quickly reconciled its internal differences and endured huge economic costs to work with the United States against Russia, indicating that its pursuit of strategic and security goals is more urgent.

Peng Chongzhou: Under the leadership of President Biden's values-based diplomacy, the EU and the United States have trended towards unity in the ideological aspects of their China policies. In practice, however, **there are differences in the strategic priorities of the EU and the United States towards China.** For the EU, responding to Russia's military action in Ukraine is the sole focus of its strategy, while with China it strives to avoid expanding the political conflicts. In contrast, although the United States has increased sanctions against Russia in the wake of the Russia-Ukraine conflict, China has always been its primary target for containment. Therefore, except in terms of

ideology, the EU does not focus on containing China's influence in political, economic, technological, and other areas as the United States does, and competition—without excluding cooperation—will be the main direction of EU China policy.

Yan Shaohua: The United States has actually followed the EU's "three-fold division" positioning of China, that is, it regards China as a partner, an economic competitor, and an institutional adversary, but the order of emphasis is different. In the speech on China policy given by Secretary of State Blinken last Thursday, the United States proposed a new policy framework for China, namely, "investment, alliance, and competition," setting the main tone and means of China policy. This actually opened up some distance from the EU's policy positioning on China.

Yao Xu: There are still different internal viewpoints underlying European and U.S. China policies. In the United States, the forces and voices for friendly and enhanced cooperation with China have gradually diminished in recent years, with tough confrontation becoming the new "political correctness." There remain different voices behind Europe's policies towards China, with organizations including European manufacturing giants such as Volkswagen and other automobile companies, and EU chambers of commerce, still calling on various occasions for further deepening cooperation between China and the EU. Therefore, with their different internal supports, the European and U.S. policies towards China may produce different directions in the future.

Zhang Yaning: The similarities between the two are that their foreign policies are strongly guided by ideology, and their strategic perceptions of China are fundamentally close. **The differences lie mainly in the different perceptions of the relative weight of "economic interests" and "competitive threats."** Specifically, economic interests are the most important interest of EU diplomacy with China, as well as the most important means. Diplomatic objectives that are less related to economic interests or cannot be achieved by economic and trade means are not core diplomatic interests of the EU. The aforementioned differences depend fundamentally on two factors: On one hand, in contrast to U.S.-China relations, there is no obvious geo-security conflict between China and the EU; on the other hand, the EU is essentially still an economic actor based on a unified market and regulation. Therefore, its foreign policy objectives and diplomatic abilities are both relatively single-faceted.

3. Is there currently still room for pragmatic cooperation between China and the EU?

Fang Jiongsheng: Coping with the shortages of key products and runaway inflation caused by international conflicts and the epidemic is a common concern for both China and the EU at this stage. Through mechanisms such as the financial dialogue established with core EU member states and specific consultations at the implementation level, the Chinese government can reach a consensus in principle on containing the relevant risks, adopt similarly oriented policy tools to hedge the risks of global market turbulence, provide necessary support to small and medium-sized countries to maintain the stability of their economic systems, and defend the livelihood and well-being of people around the world.

Jian Junbo: First, in the bilateral arena, there is still room for further progress at the economic and trade level, even if a partial “decoupling” phenomenon exists, but in the near term there is still a need to open markets to each other in order to resolve the economic development dilemmas caused by the epidemic and the Russia-Ukraine conflict. In the energy shortage situation, China can utilize its advantages in solar panels, wind power equipment, and lithium batteries to strengthen energy cooperation with Europe. Second, in the multilateral arena, it can jointly promote poverty reduction in underdeveloped countries and regions, and anti-drug, anti-crime, and peacekeeping cooperation, as well as cooperation on climate change and addressing the current epidemic and the looming global food security issue. Third, it can promote economic and trade cooperation with third parties in energy development and transportation, green development, and other projects and programs. In addition, a substantial push by China to end the Russia-Ukraine conflict would help greatly to improve China-EU relations.

Andrea Ghiselli: From climate change to the Iranian nuclear deal, the positions of Chinese and European leaders are similar on many important international issues. However, global economic and political tensions have long undermined successful cooperation between the two sides. In the current situation, European and Chinese leaders should focus on pragmatic and viable cooperation. For example, enhanced cooperation on how to deal with the epidemic would be very important, and a mutual easing of travel restrictions after the long interruption of contacts due to the epidemic would do much to facilitate trade and cultural exchanges between China and Europe. This could greatly improve the future prospects of China-EU relations.

Peng Chongzhou: In addition to maintaining stable growth in bilateral trade in the economic sphere, China and the EU should also be able to further **develop cooperation in addressing climate change through the High Level Environment and Climate Dialogue** on the 2021 basis, including further implementation of the *Paris Agreement’s* emission reduction commitments and strengthening green finance. In addition, China and the EU also have extensive opportunities for cooperation in helping Africa deal with the COVID-19 epidemic and maintain sustainable development. Chinese enterprises can also carry out digital infrastructure cooperation with European countries through competitive bidding in key regions of the Global Gateway initiative, such as Southeast Europe and the Western Balkans.

Yan Shaohua: First, on the Russia-Ukraine crisis, which is most urgent, China and the EU still need to maintain dialogue, narrow differences, expand consensus, and promote a cessation of hostilities and peace through diplomatic efforts. Second, China and the EU should cooperate to deal with the energy and food crises caused by the Russia-Ukraine crisis. On the path of transitioning to new energy in particular, China and Europe are a community of destiny. They should get rid of zero-sum game thinking, and strive together for a green transition from the vantage point of a community of human destiny. Third, in view of the fact that the current COVID-19 epidemic situation is still severe, China and the EU should strengthen cooperation and coordination in dealing with the epidemic, and in particular, strengthen cooperation on mRNA vaccines, so as to provide strong assurance for dealing with the epidemic and for economic recovery.

Yao Le: China and the EU can cooperate in the following areas: First, **they can carry out third-party market cooperation in a wide range of developing countries and regions.** In practice, micro-level interaction and cooperation are not necessarily influenced directly by bilateral political relations at the macro level. Commercial interests, mutual trust accumulated through long-term cooperation, networks of relationships between personnel, and common goals are important factors that promote pragmatic cooperation at the micro level. Second, China and the EU can actively participate in international multilateral cooperation in the global governance and sustainable development fields. China and the EU can make good use of international multilateral mechanisms and platforms to share knowledge on sustainable development, exchange and promote best practices, and create opportunities and space for pragmatic cooperation on global governance issues.

Yao Xu: China and the EU need to grasp the key thread of practical cooperation, create a more favorable atmosphere for cooperation, and **fashion more practically significant footholds for cooperation, among which the field of digital governance could become an important entry point.** With the continuous improvement of China's regulatory system for network security and data protection, China and the EU have more basis for dialogue and room for cooperation in the fields of online content regulation of large enterprises, cross-border data flows, data protection, and personal privacy protection. In the digital governance field, China and the EU should strengthen exchanges, cooperation, and mutual learning on standards, and jointly promote the regularization and implementation of the China-EU High-Level Digital Dialogue and its supporting mechanisms.

4. How important is Europe to China?

Fang Jiongsheng: The bottom line and the upper limit of the China-EU relationship should be clearly defined. The bottom line is to avoid making the EU think that there is no longer room for reconciliation in the China-U.S. relationship. French President Emmanuel Macron and some European think tanks have begun to advocate a “bipolar theory of China and the United States” in recent years. If this view gains wide acceptance, it will no doubt force the EU to choose sides more clearly, leading to the loss of the necessary strategic ambiguity in China-EU relations, which will have an extremely negative impact on China's coordination of relations with the United States and Europe. The upper limit is that the China-EU relationship cannot surpass the China-U.S. relationship. The EU's strategic autonomy has inherent limitations, and it is unable to be completely independent and equal when facing the United States. The EU's strategic role should be positioned within the scope framed by the aforementioned bottom line and upper limit.

Jian Junbo: There is a discrepancy between China and the EU in their positioning of China-EU relations. The EU has since 2005 emphasized the competitive relationship between China and Europe, despite the establishment of a “comprehensive strategic partnership” in 2003, and the EU's positioning of China in 2019 as simultaneously playing three roles—partner, competitor and adversary. In this situation, does China position Europe as an all-round “strategic partner,” or as a partner, competitor, and adversary at the same time, or as a highly anticipated independent force to balance U.S. hegemony? This is worth studying in depth. The positioning of Europe's role in our foreign strategy, as one of our perceptions, should conform as much as possible with its real position

in the international community and the EU's self-perception. In any case, in the current international situation, Europe should become a long-term partner in our foreign strategy.

Peng Chongzhou: In the context of the confrontation between China and the United States, Europe is for China a counterparty with which it needs to maintain a cooperative relationship. However, the natural ideological convergence between Europe and the United States means that it would be difficult for Europe as a whole to become China's partner in geopolitical competition. At the same time, the direction and outcome of the Russia-Ukraine conflict will have a significant impact on Europe's strategic position. If the EU can play a leading role in negotiations to end the Russia-Ukraine conflict, it will significantly strengthen its strategic autonomy in geopolitical competition and will also enhance its importance in China's foreign strategy. Conversely, if the EU is unable to keep the war from developing in a direction unfavorable to Ukraine, its importance in the post-war European and global geopolitical landscape will decline significantly, and it will be marginalized in China's foreign strategy. Therefore, **the extent to which the EU can lead the resolution of the Russian-Ukrainian conflict will be a weather vane of its strategic autonomy, and it will also determine where China will place the EU in its geopolitics.**

Yan Shaohua: China's strategic positioning of Europe should be in line with China's own strategic interests and acceptable to the EU. A positioning that is in line with this principle at present could be that of **"partner in multilateralism."** The current mainstream policy of the EU for addressing the challenges of multilateralism and multipolarity is strategic autonomy. Therefore, to become a real "partner in multilateralism," China needs to support the EU's strategic autonomy with more practical actions, not just words. In a world that is in between multipolarity and multilateralism, a strategically autonomous EU is in China's strategic interest.

Yao Xu: In the existing international landscape, Europe's importance for China's foreign strategy has been further heightened. It is a crucial influencing factor in the process of deepening our reforms and expanding our openness. In various aspects such as mutual learning on standards, technology exchanges, and market interoperability, Sino-European relations will directly determine the strength and depth of China's opening up. This deserves our further attention.

Zhang Yaning: The importance of the EU in China's diplomatic strategy is reflected in three points. First, the EU is the world's largest unified market and has a pivotal position in the world economy. Second, the EU remains one of the leading forces in global scientific research and innovation. Third, the EU's policy towards China has a certain degree of independence. In this context, the development of relations with Europe is of great significance for China's economic development and industrial upgrading, and for promoting the building of a new international order. In the context of intensified strategic competition between China and the United States and the Russia-Ukraine conflict, the importance of maintaining strategic stability between China and Europe has risen sharply, and China **should put the improvement of Sino-European relations on the same level of importance as preventing the "strategic competition between China and the United States from getting out of control."** From an operability point of view, the practical significance of maintaining strategic stability between China and Europe is even greater.

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On Coordinating Development and Security, China and Europe Speak the Same Language

统筹发展和安全，中欧同样有共同语言

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German Chancellor Olaf Scholz became the first EU and G7 country leader to visit China after the outbreak of COVID-19. As Europe's largest economy, the German leader's action toward China will undoubtedly send positive signals for building trust and dispelling doubts, and for smoothly promoting China-EU relations in the post-epidemic era.

At present, national security factors have spilled over to many fields such as foreign trade, energy, and science and innovation, and have become important considerations in the formulation of policies in Europe and the United States. Faced with an overall environment of dilemmas in its internal development and the deterioration of the external security environment, there is a tendency for Europe to want to demonstrate its independence by "showing strength" externally. Since the new European Commission took office, it has focused on developing strategic sovereignty, and the EU and its member states have been responding with adjustments in the trade, S&T, competition, industrial, digital, and climate protection fields, among others. They are committed to boosting their raw material and supply chain resilience, as well as diversifying trade partners, and have launched a series of new strategies, including the "Indo-Pacific Strategy." In terms of China policy, Europe is increasingly emphasizing an "institutional adversary" positioning in its perception of China. It is

currently adjusting its strategy towards China, and some of its policy positions may be hardening. China-EU relations are becoming increasingly complex, with the challenges increasing significantly and uncertainties rising.

In fact, national security is a matter of common concern for China and Europe in these times. The Report of the 20th National Congress of the CCP mentions several times the need to coordinate development and security. On one hand, it puts forward the New Development Concept, and deploying high-quality development under the new development pattern; on the other, it systematically explains the national security system under the guidance of the Overall National Security Concept. Many of these policy orientations, including ensuring food security, improving the resilience and security level of production chains and supply chains, accelerating the achievement of high-level S&T self-reliance and self-improvement, and conducting original and leading S&T research based on national strategic requirements, share a common language with Europe's thinking on strengthening S&T sovereignty. However, a focus on security essentials should not be equated with the politicization of normal economic and trade activities, including foreign investment, nor should it lead to a rise in protectionist sentiment or an increase in related trade defense instruments.

From China's perspective, the Report of the 20th Party Congress reaffirmed the steadfast pursuit of an open strategy of mutual benefit and win-win outcomes, with emphasis placed on high-level opening up to the outside. Faced with the changes in the world, the times, and history, China has adjusted relevant aspects of its strategic layout, and has established a new development pattern in which the domestic great circulation plays the leading role and the dual (domestic and international) circulations promote each other. In the new situation, a key focus of international public opinion is on how to adhere to the development direction of economic globalization and the basic state policy of opening up to the outside. In the Report of the 20th Party Congress, China responded to the "decoupling theory," which some foreign media are clamoring for, with a principled position of high-level opening up to the outside. It hopes to create an international environment conducive to development and a diversified and stable international economic structure by steadily expanding the convergence of interests, building global partnerships based on equality, openness, and cooperation, expanding institutional openness, continuously improving the quality and level of the international circulation, and jointly cultivating new drivers of global development. There is no doubt that high-level opening up to the outside will also bring more policy dividends to future China-EU relations.

At present, the Russia-Ukraine conflict is posing serious challenges to Europe, leading it to face multiple difficulties such as regional war, rising prices, and energy supply tensions. In the face of this changing and chaotic situation, Europe should shift its mindset, get rid of the Cold War mentality, show strategic foresight, and achieve ideological independence. China is committed to building a pluralistic, balanced, and interdependent international structure, advocates upholding the basic norms of international relations, and welcomes the development of Europe into an important stabilizing force in a multipolar world. China and Europe are important trade partners. They have already established a multi-faceted, broad, and multi-level comprehensive strategic partnership, and there is still potential for deepening high-level cooperation. For example, German automotive companies are strengthening their integration with the Chinese innovation system, which can also

promote the transformation from “Made in China” to “Created in China.” In green and digital fields especially, although the development plans of China and Europe have their own focus, their strategic agendas are highly compatible. Europe has established green transformation and digital transformation as its priority strategic agenda, hoping that the modernization and transformation of the economy and society in the future will be permeated with and led by green change and digitalization. In the “green” field, it plans to use the green development concept to leverage policy innovation in various domains such as the energy, transportation, and manufacturing industries, and strives to become the first continent in the world to achieve carbon neutrality. In the digital field, it has issued digital strategies, artificial intelligence white papers, cybersecurity strategies, and other digital development strategies, and formulated a series of laws, regulations, standards, and norms. At the same time, China has also made the green and digital directions major components of its economic and social development planning, and the Report of the 20th Party Congress reaffirmed the promotion of “green development” and acceleration of “digital China” construction.

In the current complex and changing international environment, China and Europe can not only contribute their own wisdom and solutions to the modernization process, but should also adhere to the positioning of a comprehensive strategic partnership. On a foundation of basic consensus on many issues such as multilateralism, international cooperation, and multipolarity, they should maintain strategic communication, build trust and dispel doubts, jointly address global and international challenges, continuously explore new growth drivers, raise their level of cooperation, and use a robust China-EU relationship to inject more certainty, security, and development momentum into the world.

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The 10th Anniversary of Cooperation Between China and Central and Eastern Europe: How to Continue to Maintain Steady Progress in the Future

中国与中东欧合作十周年：未来如何持续行稳致远

SOURCE

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A group of scholars at Fudan University that convenes semi-regularly to discuss European political, security, and economic developments and implications for China. The full list of participants for every roundtable discussion is listed in each readout.

This year marks the 10th anniversary of the establishment of the China-Central and Eastern European Countries (China-CEEC) Cooperation Mechanism. Over the past 10 years, what irreplaceable role has this mechanism played in promoting relations between China and Central and Eastern European countries? How are things today? Looking into the future, how will the China-CEEC cooperation mechanism continue to be deepened and solidified and how can it continue to serve the overall development of China-CEEC relations and even China-EU relations? Focusing on the above issues, some members of the Fudan Europe Watch academic community (an academic community spontaneously formed by young scholars of European issues at Fudan University) and special guests conducted in-depth discussions on this issue and expressed their views as follows.

Brief introduction of the experts of the Fudan Europe Watch academic community (in no particular order):

Jian Junbo: Deputy Director and Associate Researcher of the Center for China-EU Relations, Fudan University

Ma Bin: Associate Researcher, Center for Russian and Central Asian Studies, Fudan University

Peng Chongzhou: Postdoctoral Fellow, School of International Relations and Public Affairs, Fudan University

Special guests: (in no particular order):

Gao Xiaochuan: Deputy Director and Associate Researcher, Center for Central and Eastern European Studies, East China Normal University

Song Lilei: Professor of School of Politics and International Relations, Tongji University, Deputy Director of Center for European Studies

Achievements and Challenges of China-CEEC in the Past 10 Years

Jian Junbo: The China-CEEC mechanism has developed and achieved fruitful results in the past 10 years, mainly as follows:

First, through deliberate strengthening of economic and trade ties, it has effectively promoted the development of economic and trade relations between China and the entire CEE region in multiple levels, fields, and forms. It is a model of a multilateral cooperation mechanism for equal development.

Second, through various high-level official communication channels, the political relationship between China and some small and medium-sized European countries has been effectively strengthened, and the development of comprehensive relations has been promoted through this, which has become a beneficial and irreplaceable supplement to the overall relationship between China and Europe.

Third, through the opening of various interconnection projects, countries in Central and Eastern Europe have been effectively absorbed into the Belt and Road Initiative (BRI), which has promoted the integration of this region with core developed regions in Europe and has become an important platform for promoting the BRI.

Fourth, through the strengthening of bilateral economic and trade relations, the economic prosperity of Central and Eastern European countries has been promoted, and China's economic opening to the outside world has also been promoted.

Fifth, it is beneficial to the mutual understanding between the people of China and the region as a whole and promotes the progress of education and S&T for both sides.

Sixth, and perhaps most importantly, it has enhanced the status and influence of the Central and Eastern European region in Europe and the international community, and it has also transformed the relationship between China and the region from a status of obscurity to being well-known and increasingly important.

However, on the occasion of the 10th anniversary of the development of the mechanism, in the context of the highly complex international situation, it has also encountered some challenges. First,

it requires a particularly clear strategic line to guide development over the next decade. Second, the stability and sustainability of the mechanism must be strengthened. Third, the EU's doubts about the existence of the mechanism need to be dispelled. Therefore, it is necessary to carry out appropriate reforms so that the mechanism can continue to play its due role.

Gao Xiaochuan: Against the backdrop of new changes in the relationship between major powers, China-CEEC cooperation has entered its tenth year. As a new paradigm of trans-regional multilateral cooperation, this mechanism has played a positive role in expanding multilateral diplomacy and practical cooperation between China and CEEC. At present, with the United States increasing its strategic reliance on Central and Eastern Europe and the European Union's prominent geopolitical role, the internal and external environments of Central and Eastern Europe are becoming more complex. In the process of deepening China-CEEC cooperation, external contradictory and restrictive factors are becoming more and more prominent. Against this background, the question of how to strengthen the role of the China-CEEC cooperation mechanism is worthy of in-depth consideration.

Peng Chongzhou: The formal establishment of the China-CEEC cooperation mechanism in 2012 has made China a pivotal country in the CEEC region and provided a basic framework for China to develop relations with CEECs. At the same time, the China-CEEC cooperation mechanism has played a role in promoting the friendly attitude of Hungary and other countries towards China. Therefore, although Chinese officials have always emphasized that the cooperation mechanism is a mutually beneficial mechanism dedicated to the development of economic exchanges, its positive role in promoting political relations between China and CEECs cannot be ignored.

In recent years, there are two main sources of difficulties encountered by the China-CEEC cooperation mechanism. First of all, the main original intention of the CEECs when the mechanism was established was to attract Chinese investment to develop their own economies and reduce their dependence on Western European countries. However, the economic benefits brought by the cooperation mechanism are not yet significant. However, since the outbreak of COVID-19 in 2020, the bilateral trade between China and CEECs has grown significantly against the trend. In 2021, it increased by 29.7%, reaching US\$124.02 billion, accounting for 15% of the total bilateral trade between China and Europe. At the same time, however, due to the trade deficit with China, some countries face a certain gap between their expectations and reality.

Second, the rampant value diplomacy in Europe has also had a certain impact on the cooperation mechanism.

Song Lilei: Historically, the China-CEEC cooperation mechanism has strengthened China's influence in the region and has strengthened China's strategic relevance and integration of interests with small and medium-sized CEECs. At the same time, relying on this platform, China has clarified its position and attitude on issues such as global governance, the maintenance of trade liberalization, and regional economic integration. In terms of economics, it has also deepened the depression of China-EU cooperation, including policy preference for EU candidate countries such as southeastern Europe.

How will the China-CEEC cooperation mechanism continue to deepen and become more solid in the future?

Peng Chongzhou: The impact of value diplomacy cannot cover up the rapid development of economic and trade relations between China and Central and Eastern Europe in the past two years. Therefore, first of all, we must carefully study the factors that promote the substantial growth of economic and trade exchanges between China and Central and Eastern Europe, so as to provide guidance for the further development of economic and trade relations. Second, for the five Western Balkan countries and EU member states, different development paths should be sought. For the Western Balkan countries, since they have not joined the European Union and have an urgent need for infrastructure investment, further implementation of investment in infrastructure projects under the framework of China-CEEC cooperation is the focus of cooperation with these countries.

For the EU member states in the China-CEEC cooperation mechanism, the consistency of their internal regulations and standards with the EU means that traditional Chinese investment fields such as infrastructure are difficult to enter on a large scale. Therefore, as President Xi Jinping pointed out at the 2021 China-CEEC Summit, promoting China's imports from these countries and developing balanced trade are the focus for next steps. In addition, people-to-people and cultural exchanges and cooperation in scientific research institutions, academic institutions, and enterprises should be further developed to offset the negative impact of value diplomacy.

Ma Bin: At present, the key to the development of the China-CEEC cooperation mechanism is to enhance its independence and openness, to be able to base itself on reality, to rely on the practical problems encountered in the development of relations between China and CEECs, and to allow it to play its own unique role. The key is to move from the virtual to the real and to establish a mechanism within the framework of the cooperation mechanism that can play the role of guidance, coordination, and consultation which can then be used as a platform to carry out daily work and serve the development of relations between China and CEECs.

Considering the changes in China-EU relations, the China-CEEC cooperation mechanism must be adjusted in at least the following three aspects to adapt to changes in the environment. The first is to strengthen problem orientation, solidify the mechanism, prevent waste of resources, and focus on solving practical obstacles or difficulties in the development of relations between China and CEECs. The second is to serve China-Europe relations, that is, the development of relations between China and CEECs must obey and serve the healthy growth of the relationship between China and Europe such that this cooperation mechanism can become a useful supplement to the development of China-EU relations. Both China and CEECs should handle issues as responsible members of the international community and beware of political manipulation affecting the development of bilateral relations. The third is to adjust responses to multiple issues, that is, to recognize that different issues such as in politics, economics, society, security, and strategy are mutually reinforcing but they cannot replace one another. As such, we must avoid the one-sided thinking of "place the economy first."

Song Lilei: As the United States and other external forces continue to intervene in Central and

Eastern Europe, China should subdivide the cooperation between China and Central and Eastern Europe, pay attention to communication and coordination with the European Union, and actively communicate and negotiate with regional organizations such as the cooperation process in Southeast Europe and the Three Seas Initiative (Editor's Note: The "Three Seas Initiative" refers to the Baltic Sea, Adriatic Sea, and Black Sea Initiative. Proposed by Croatia and Poland in 2015, the initiative aims at strengthening trade, infrastructure, energy, and political cooperation among countries in the region. Members include 12 Central and Eastern European countries including Poland, Croatia, Bulgaria, the Czech Republic, and Hungary).

In addition, we must pay more attention to deeper cooperation and rely on local cooperation. Zhejiang is an example of local cooperation and has become the vanguard of local cooperation between China and CEECs. In addition, people-to-people exchanges with CEECs should continue to be promoted, especially with continuous cooperation in cultural and educational exchanges. In particular, educational cooperation and exchanges have been fruitful, and it is the most direct way to promote mutual understanding between Chinese and Central and Eastern European peoples.

Gao Xiaochuan: China should continue to regard China-CEEC cooperation as a positive practice in promoting China's new type of major-country diplomacy. Seizing the development opportunities in the post-pandemic period, China should combine the economic development strategies of most Central and Eastern European countries with a deepening of multilateral and bilateral practical cooperation to enhance endogenous driving forces for the development of relations with CEECs. This can give full play to the innovative and constructive role of the cooperation mechanism and provide a good example for major countries to carry out equal and friendly exchanges with small and medium-sized countries.

The path of deepening cooperation should adopt different methods according to the actual situations in different countries and should make full use of the new opportunities brought about by the new industrial policies of China and Europe in the post-pandemic period and the economic development strategies of CEECs to deepen practical cooperation. At the same time, China should consider taking more active measures to address the priority concerns of CEECs under the cooperation mechanism, enhance the strategic integration between China and CEECs in high value-added production chains, and strengthen the material basis for the stable development of China's relations with them so as to clear bottlenecks between China and some CEECs. China should vigorously publicize the concepts behind the Belt and Road Initiative and China-CEEC cooperation for mutual benefit and coordinated development, continuously expand the international influence of China-CEEC cooperation under the framework of China-EU relations. China must establish more examples of cooperation with Hungary, Serbia, and Greece in CEECs and respond to the "Security Threat Theory" and "Exit Theory" in some countries with more fruitful cooperation results.

Jian Junbo: The trend of the times, the international situation, and the domestic situations of both sides are undergoing profound changes. The China-CEEC cooperation mechanism can be deepened and implemented on the basis of appropriate reforms.

First, the mechanism has played a huge role in the past decade, and it should continue to exist and play a greater role in the next ten years. Without the cooperation mechanism between China and Central and Eastern Europe, the economic and trade ties between China and CEECs, and even between China and many European countries, will lose momentum and opportunities for cooperation due to the loss of cooperation platforms, which will impact the current close China-CEEC cooperation. It is not in the interest of both parties, nor is it in the interest of the EU.

Second, the mechanism should be allowed to play a greater role in promoting mutual benefit and win-win results. Cooperation should continue to be based on a highly pragmatic basis in order to achieve the continuity of cooperation, which means that the two sides cooperate to meet the common interests of China and CEECs as the goal, care about one another, and strive to realize the interests of one another. Both sides should try to make cooperation meet the local or EU (China) laws and norms, make the cooperation conform to international standards, and even lead the cooperation trend of international standards. Both sides must cooperate to try to abandon any impractical or domestic or internationally controversial projects and must accept third-party economic participation when appropriate. In addition, to a certain extent, China should appropriately expand and equalize investment in CEECs, strengthen investment relations; and effectively increase the enthusiasm of more enterprises, groups, and local governments to participate in institutional cooperation projects.

Third, we should consider the China-CEEC cooperation mechanism within the framework of China-EU relations and the development of pluralist mechanisms in the CEEC region. In order to make this mechanism better promote and strengthen China-EU relations, the China-CEEC cooperation mechanism can be moderately opened to the EU so that it can fully participate in mechanism cooperation projects and achieve mutual benefit and win-win results among the three parties. In addition, for both parties, the China-CEEC cooperation mechanism is a platform for developing relations with one another, but it is not the only tool for developing bilateral relations. To this end, China should actively develop practical cooperative relations with CEECs bilaterally and through other multilateral mechanisms (such as the Three Seas Initiative) while actively utilizing the China-CEEC mechanism. In the next ten years, the China-CEEC cooperation mechanism will definitely develop better than today on the basis of openness, inclusiveness, and sustainability.

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