

COMPETITION AND COOPERATION BETWEEN THE EUROPEAN UNION AND CHINA INSTITUTE OF SOCIAL AND POLITICAL SCIENCES

Ismoilova Munisa Musiddinovna

Faculty of International Relations

3rd-year student

Introduction

Competition and Cooperation between the European Union and China The international relations of the 21st century are becoming increasingly complex and multipolar. Today, global politics is shaped not only by states but also by major political and economic centers. In contemporary international relations, the European Union and China are considered two the largest developed political-economic actors in the world. Their mutual relations have a significant impact on global trade, investment flows, technological development, and the balance of sensitive geopolitical issues. The European Union have long been one of the largest integration structures in the world, distinguished by its strong diplomatic influence. China, on the other hand, has achieved significant economic growth over the past decades and has emerged as a global manufacturing hub and a major geopolitical power. Although economic cooperation between the two sides has developed extensive, disagreements and competition have also intensified due to strategic interests.

Historical Development of Relations:

Diplomatic relations between the European Union and China were officially established in the mid-1970s. However, at that time, the relationship developed mainly on the basis of economic interest. Both sides have their own motivations: European countries viewed the Chinese market as a new business opportunity, while China showed interest in European technology and investment. As a result, European companies began entering China during the 1980s and 1990s.

Main Directions of Economic Cooperation at the beginning of the 21 century, China's accession to the World Trade Organization (WTO) significantly accelerated bilateral economic relation. China become one of the European Union's key trading partners. Trade volume between the two sides increased steadily and had a notable impact on the global economy.

The two partners began exchanging a wide range of goods. The European Union exports automobiles, pharmaceutical products, and chemical goods to China. At the same time, China supplies Europe with electronics, clothing, solar panels, and industrial products. Investment cooperation has also played an important role. Chinese companies have made significant investments in European ports, railway networks, and energy facilities. At the same time, European companies operate in China in sectors such as manufacturing, financial services, and technology. However,

cooperation is not always smooth. Alongside economic partnership, several challenges exist, including trade imbalances, market access restrictions, state subsidies, and unfair competition disputes. In recent years, one of the most intense areas of competition has been the technology sector.

In 2023, trade volume between China and the European Union reached approximately 740 billion euros. However, the trade deficit also increased significantly, reaching 400 billion euros in 2022. According to Eurostat, the official statistical office of the European Union, this gap decreased to 291 billion euros in 2023, although some analysts attribute this mainly to cyclical declines in European demand.

The EU trade deficit with China is expected to expand by 30% in the first quarter of 2026. One of the most prominent current trends is electric vehicles, which has created concerns within the European Union. China has been able to produce electric vehicles at lower costs and high quality, leading to a rapid increase in imports. This has raised concerns about protecting domestic industries and jobs within the European Union. Geopolitical competition China's controversial stance on Russia's aggressive war against Ukraine, as well as the growing trade between Russia and China, is contributing to increasing geopolitical tensions. According to official data, bilateral trade between the two countries reached a record level of 240 billion USD in 2023, representing an increase of more than 64% compared to 2021.

Beijing advances technological self-reliance by all means

You are reading chapter 4 of the report "The party knows best: Aligning economic actors with China's strategic goals". Click here to go back to the table of contents. , Key findings Tech self-reliance in a geopolitically focused economy is the central goal that Xi has in his economic agenda. A whole-of-nation approach aims to close tech gaps and make China less dependent on foreign actors Xi believes aim to hold China back. Taking hold of the innovation chain, the party-state guides and supports each actor to gain tech effectiveness and market efficiency, while centralizing and streamlining everything from basic research to commercialization. Beijing will promote indigenous solutions where it can, even at the expense of efficiency, but will also welcome foreign investors in areas where China's tech gap is largest – better to have secure, onshored foreign technology providers than rely on easily targeted imports. China is using its dominance in raw materials and is also seeking disruptive technologies where it...

Another key factor driving geopolitical tensions is the intensifying rivalry between the United States and China. This competition is largely characterized by strategic and technological confrontation. China has expanded its economic relations with many countries through infrastructure, credit, and investment initiatives. In particular, tensions are high in strategic technologies such as semiconductors and dual-use goods, which also increase interdependence among states.

In response, the United States has introduced policies such as the “Inflation Reduction Act” and the CHIPS Act, aimed at strengthening US-led supply chains and reducing dependence on China.

China have strengthened its presence in Europe mainly through the Belt and Road Initiative (BRI) and the “China–CEEC 17+1” platform, which includes Central and Eastern European countries well as Greece. By financing infrastructure project and making investments, China remains an important partner for these countries. This situation, however, affect the Eropean Union’s objective of pmoting good governance and sustainable development in the region, particularly in the Western Balkans.

Amid the growing prioritization of national security over market-based economic policies, China under Xi Jinping is implementing a national strategy aimed at enhancing its competitiveness in strategic technologies and reducing dependence on foreign suppliers. Within the framework of the “Made in China 2025” industrial strategy announced in 2015, the country has sought to use government subsidies as well as other instruments such as low-cost raw materials, production inputs, land, and financial tools to shift its global dominance from low-skilled, labor-intensive manufacturing toward high-tech manufacturing sectors. These sectors include electric vehicles, semiconductors, railway equipment, and next-generation information and telecommunications technologies such as 5G.

This policy explicitly aims to reduce dependence on foreign technologies and sets the goal of increasing the domestic market share of core components and key raw materials to 70% by 2025. In addition, in certain areas, it targets achieving up to 75% domestic production of the internal market. The European Union’s arms embargo on China was imposed in response to the suppression of the Tiananmen Square protests in 1989. China, however, has called for the lifting of this embargo, describing it as “highly puzzling” and a form of “political discrimination.” In January 2010, China again requested the removal of the embargo. Leaked diplomatic cables from the United States indicate that during the 2004 negotiations, EU member states held differing views on the embargo. France considered the embargo outdated and opposed linking its removal to reforms in China, stating that “China would not accept human rights conditionality.” Austria, Belgium, the Czech Republic, Greece, Italy, and the United Kingdom largely supported the French position.

On the other hand, Germany, Denmark, the Netherlands, and Sweden supported linking the lifting of the embargo to concrete human rights progress in China. Overall, there was a general agreement that the embargo could be lifted if certain conditions were met. There were also differing views among European leaders. German Chancellor Angela Merkel opposed lifting the embargo, while her predecessor Gerhard Schröder supported its removal.

The United States also supports the arms embargo on China and argues that lifting it would lead to technology transfer, thereby increasing the military capabilities

of the People's Liberation Army (PLA). The US has significantly influenced the European Union's decision to maintain the ban. Washington views China as a potential military threat and has pressured the EU to keep the embargo in place. In 2011, China's ambassador to the EU stated that, in the future, "the European Union should make its own decisions independently."

On 6 October 2020, 39 countries, including many European Union member states, issued a joint statement condemning the Chinese government for its treatment of ethnic minorities and for restricting freedoms in Hong Kong.

In December 2020, France announced its opposition to the proposed Comprehensive Agreement on Investment (CAI) between China and the European Union. The main reason cited was concerns over the use of forced labour involving Uyghurs. In January 2021, France's junior minister for foreign trade, Franck Riester, stated that France, together with the European Union, would sign the agreement; however, the text should include a requirement for "sustained and continuous efforts" toward the ratification of the International Labour Organization convention prohibiting forced labour. On 30 March 2022, Human Rights Watch called on European Union leaders to announce concrete policy responses to the Chinese government's serious human rights violations. A virtual summit between the European Union and China was scheduled for 1 April. The European Parliament has also strongly criticized the Chinese government's repressive policies and has repeatedly condemned its human rights abuses. The provided information shows that relations between the European Union and China have become increasingly complex in recent years, and are gradually intensifying along political and value-based lines, particularly regarding human rights, democracy, and fundamental freedoms.

At the same time, disagreements over issues such as the arms embargo on China, technology transfer, and security concerns demonstrate that there are also differing opinions within the European Union itself. External actors such as the United States and Japan further influence the EU's China policy, encouraging a more cautious approach.

In conclusion, the provided information shows that relations between the European Union and China have become increasingly complex in recent years, and are increasingly shaped by political and value-based issues such as human rights, democracy, and fundamental freedoms.

At the same time, disagreements over issues such as the arms embargo on China, technology transfer, and security concerns reveal differing views within the European Union itself. External actors such as the United States and Japan also influence the EU's China policy, encouraging it to adopt a more cautious stance.

Overall, EU–China relations are seeking a balance between three main dimensions:

economic interests and trade relations,

geopolitical and security concerns,
and human rights and democratic values.

These factors will continue to shape relations between the two sides as a complex and multi-layered process in the future.

REFERENCES LIST:

1. <https://www.europeanchamber.com.cn/en/publications-business-confidence-survey>
2. <https://merics.org/en/4-beijing-advances-technological-self-reliance-all-means>
3. <https://www.reconnect-china.ugent.be/2024/01/12/reconnect-policy-brief-7-xi-security-how-economic-security-ideas-shape-chinas-economic-strategies/>
4. https://www.europeanchamber.com.cn/en/press-releases/3560/european_chamber_calls_for_urgent_action_to_restore_business_confidence
5. https://www.europeanchamber.com.cn/en/press-releases/3560/european_chamber_calls_for_urgent_action_to_restore_business_confidence
6. <https://papers.ssrn.com/sol3/papers>
7. <https://papers.ssrn.com/sol3/papers>
8. <https://papers.ssrn.com/sol3/papers>
9. <https://papers.ssrn.com/sol3/papers>
10. Home advantage: How China's protected market threatens Europe's economic power | ECFR
11. <https://www.europeanchamber.com.cn/en/publications-business-confidence-survey>
12. <https://www.bruegel.org/working-paper/european-and-chinese-trade-competition-third-markets-case->
13. <https://www.prcleader.org/post/what-is-behind-china-s-dual-circulation-strategy>
14. <https://jamestown.org/program/chinas-important-data-regime-challenges-global-norms/>
15. <https://www.engage.hoganlovells.com/knowledgeservices/insights-and-analysis/china-amends-the-anti->