



China Policies of the EU and Its Members

- 2017 -

Two Patterns of Differentiated Cooperation

Center for China-EU Relations, Fudan University

Shanghai Institute for European Studies

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Preface

In 2017, there were two distinct characteristics in the policy of the EU and its member states toward China¹: first, the economic and people-to-people exchange cooperation of the EU and its major members (especially Germany, Britain and France) with China were continually strengthened, but the sense of their distrust of and doubt about China in politics and even in strategy was meanwhile increasing; second, although the above-mentioned two sides of the policy of the EU and its major members toward China was strengthened (i.e. both economic and people-to-people cooperation with China and political skepticism about and hostility to China were enhanced at the same time), the other member states (especially southern European and central and Eastern European countries) emphasized cooperation more than competition and confliction with China. In their policies, there was basically no criticism on Chinese human rights policy and political affairs, and almost no interference in those issues related to Chinese territory and sovereignty.

This led to two prominent aspects of the policy of the EU and its members toward China in 2017: 1) although all of the EU members strengthened cooperation with China generally, there were different pictures between the economic cooperation of the EU (and its major members) and their communication with China in politics. 2) Central and Eastern Europe, Southern Europe and most Nordic countries stressed the economic cooperation with China and weakened bilateral political contradictions, which was very different from the interaction between China and the EU and its major members. Therefore, there were different attitudes and standpoints between the field of politics and the field of economy in China policy of the EU and its major members, and there were also different attitudes and standpoints in China policy among the EU and its members. Therefore, the cooperation of the EU and its members with China in this context could be called as “two patterns of differentiated cooperation”. This situation was very prominent in the policies towards China of the EU and its members in 2017.

¹ In this report, some non-EU members like Norway and Serbia are included, since they are important partners of China and also important actors in international relations within Europe as well.

The EU's Policy towards China in 2017

Concerns on Economic and Trade Disputes, Eyes on Global Governance

In 2017, the EU's policy towards China presented a certain growing trend on "separating between economy and politics". In seek of China-EU cooperation in the context of multilateral global governance and international hot-spot issues, the EU also highlights competition with China on bilateral economic and trade issues. On the one hand, EU strives to maintain overall stability of China-EU strategic relationship in the increasingly uncertain international environment. Through continuously frank and friendly dialogues with China on politics and diplomacy, the EU aims to proactively strengthen China-EU cooperation on multilateral arena. On the other hand, the EU tends to bring more criticisms targeted at China on economic and trade issues while seek to grasp the economic opportunities introduced by China's further reform and opening-up and the Belt and Road Initiative. The co-existence of the cooperation and competition, as well as the ambivalence for strengthening the mutual trust and keeping the vigilance have shaped a swing EU policy towards China in the dramatically changing internal and external environments.

I. Changing environments of the EU in 2017

According to *The EU Global Strategy* published in June 2016, the EU is facing a "more connected, contested and complex world"². The uncertainty and complexity that the EU faced got aggravated in 2017, under the impacts of two "Black Swan Events", Brexit and Trump's presidency.

Within Europe, populism has surged after the Brexit. The rapid rise of extreme parties in Germany, France and many other states in the EU caused considerable political and social impacts and Europe has become one of the most severely afflicted areas by this trend. Thus, to prevent extreme rightist parties to come to power became of top urgent agenda for European leaders. The 2017 elections of Netherlands, France, Germany, Austria, Czech Republic and some other EU member states have attracted

² Shared Vision, Common Action: A stronger Europe. P.10
https://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf

unprecedented concerns. Meanwhile, outside the EU, the US President Trump insists “America First” coupled with altered policies on main issues including trade and investment, regional security, and climate change. His exit strategy in diplomacy makes the trends of international relations even more elusive and complicated. Not only are Trump’s criticisms on the EU opposite to the EU’s standing for multilateralism in the global order, but they contributed to flare up anti-globalization, anti-immigration and anti-integration in Europe, all of which led to internal instability and external uncertainty to the EU. Despite the overwhelming populism, protectionism and Euroscepticism both inside and outside, the EU has officially begun the negotiation process with the UK on the one side, and on the other side, started to promote reform agenda that has been long in coming. The effort triggers internal debates and divisions on the direction of reform, especially between old and new member states.

The above situation has deviated the EU’s policy towards China from the planned strategic track which was made through the *Elements for a new EU strategy on China* and *The EU Global Strategy*. According to these two important documents released in 2016, the EU clearly attached importance to the influence of China’s upgrowth and the Belt and Road Initiative and was willing to develop partnership with China in flexible and diversified ways in a broad array of fields, including but not limited to the reform of the global governance structure, the EU’s neighboring affairs, immigration management, resolution of regional conflicts, global public goods supply and other common challenges. Meanwhile, as China rises in terms of national power and international status, the EU put increasing emphasis on adjusting China-EU relations at global and strategic levels to counterbalance China by aligning with other big powers, especially with the United States. The US and NATO were viewed as core partners of the EU in setting a rule-based global order, while China was degraded as no more mentioned in the EU’s list of strategic partners.

However, the international situation went athwart. The gaps between EU-US relations were broadened after Trump came to power. The EU’s expectations for a consolidated Transatlantic Partnership to cope with internal and external challenges and to shape the international order were broken, which further weakened the EU even more disadvantaged in great-power relations. On the contrary, China’s focus on further

promoting the Belt and Road Initiative in 2017 resulted in wider international support and active participation. China's positive role also helped stabilize the international order by supporting globalization, *Paris Agreement*, European integration, and political and diplomatic conflict-solving instead of military tools. In this context, the EU came to realize the growing importance of strengthening cooperation with China on a series of issues including climate change, global economy, non-proliferation, regional conflicts and etc. Besides, a cemented EU-China relationship can help mollify the impact of populism, motivate European integration, as well as mitigate the strategic uncertainty brought by the US.

II. the EU's changing policy towards China in 2017

The EU's policy towards China in 2017 poised a high opening but went off throughout the year. In the first half year, the interaction between the EU and China in climate change, security and politics became quite remarkable. But since the EU-China Summit in June, disagreement and conflicts on economic and trade issues became increasingly public, which led to the abortion of the 7th EU-China High Level Economic and Trade Dialogue.

Seeking China's support on climate change was one of the EU's foci in 2017. European Commissioner for Climate Action and Energy, Miguel Arias Cañete, indicated before his visit to China in March that, the EU and China both firmly stand for the implementation of *Paris Agreement* and revolution of global clean energy utilizing and have yielded substantial achievements; while facing the uncertain global climate, both need to build consensus and joint leadership unprecedentedly. After the United States officially announced to withdrawal from *Paris Agreement*, both sides reaffirmed their intention to further implement *Paris Agreement* on the 19th EU-China Summit. The consensus on climate change was ranked first by the EU side in the outcome list of EU-China Summit. Federica Mogherini and Miguel Arias Cañete also published an article titled as "*Forging ahead with Global Climate Action*" on Chinese Caixin Website on June 22nd, repeating the EU's resolution of implementing Paris Agreements.

The EU also highlighted security issues in its policy towards China. Mogherini indicated in her visit to China in April 2017 that, the EU attaches great importance to

China's role as a permanent member of UN Security Council. Mogherini stated that during the critical international crises, China is an important partner for the EU's security and foreign policies, and the EU are ready to step up the cooperation in the hot international crises including Syria, North Korea, Afghanistan, Iran, Libya, and other international and regional issues. "Regional and global challenges" was listed the third outcome of EU-China Summit. Meanwhile, compared with the EU's aggressive stance on the South China Sea "arbitration" case in 2016, there were no new conflicts between the EU and China on Taiwan, Tibet and other sovereignty concerns in 2017.

We should see that, the EU's moving towards China is closely related to its passive position in great-power relations. Climate change has been the key issue for the EU to promote multilateral global governance and demonstrate international leadership. While the effectiveness of multilateral global governance that the EU has been appealing for was weakened by Trump's withdraw from *Paris Agreement*, converging with China on climate change does not only expand and deepen the bilateral cooperation between the EU and China, but also generate strong confidence and motivation for global cooperation without United States. Besides, the EU also needed China's coordination on global and regional hot issues. Trump's contrasting attitudes, hailing to Russian President Putin but criticizing the NATO relentlessly at the beginning of his presidency caused the EU's great concerns on the transatlantic partnership and the European security order. Moreover, a series of strong measures that Trump took upon Middle East, including putting immigration ban on Middle East states, claiming to quit the nuclear deal with Iran and acknowledging Jerusalem as the capital of Israel, have deepened the chaos in the Middle East and fueled the EU's suffering from the turbulent situation. It was not possible for the EU to gain help from the United States on Middle East refugee problems. Even the nuclear deal with Iran would possibly be destroyed, which is one of the few fruits of the EU's common foreign policy. Therefore, the EU has to rely on China in the UN Security Council when the voting is related to Europe and its neighborhood conflicts, especially in the context that the EU is sanctioning Russia and deviating from the United States. Meanwhile, the EU is adjusting its position and showing more willingness to strengthen communication with China on China's neighborhood situation.

Although the EU and China's strategic consensus on multilateral issues has been promoted by the external impact of Trump's presidency, the conflicts and tensions caused by comparative power shift have never been diminished at the bilateral level. With the intensified protectionism within the EU, the EU tends to see China as a competitor to guard against in trade and investment issues, which serve as strategic bases of the bilateral relationship.

In 2017, the fundamentals of EU-China trading ties did not change markedly. Business ties still take the strategic pillar of bilateral relations. Thanks to the significant economic recovery in 2017, all the EU member states have achieved positive economic growth and a recovery growth of trade and investment between the EU and China.

According to the *Elements for a new EU strategy on China*, "reciprocity" and "fair competition" is stressed as basic principles of the EU's policy towards China. In order to implement "reciprocity", the EU actively responds to China's Belt and Road Initiative and the EU-China Connectivity Platform, which were written into the strategic documents and turned into implementation in 2017. Katainen Jyrki, Vice President of the European Commission led the delegation on Belt and Road Forum for International Cooperation in May, 2017. He also expressed in various occasions the willingness of European Investment Bank (EIB) to cooperate with Asian Infrastructure Investment Bank (AIIB), which was initiated by China. Meanwhile, the EU seeks to synergize with China's development strategies. Silk Road Fund and EU Invest Fund signed the Memorandum of Understanding Aiming at Facilitating a Co-investment Framework in June at the EU-China summit. Meanwhile, the Second Chairs' Meeting of EU- China Connectivity Platform achieved substantial progress on facilitating customs clearance, conforming regulations and standards, financing and investment and confirming the list of projects for cooperation. Besides, certain mitigation and progress appeared on bilateral economic challenges. For instance, both sides agreed to tackle bilateral steel trade frictions through friendly consultations and mutually beneficially cooperation, reinforce their joint efforts in fighting infringement of intellectual property rights. Even on WTO issues, the EU declared that relevant laws were under revision and committed to adopting nondiscriminatory manner and consistent with WTO rules.

However, due to the huge divergence between two sides on China's Market Economy status, the expected communiqué on the June summit failed to be issued duly. Following which, the EU obviously tended to stress on fair competition with China and exerted pressure on China in trade and investment with multiple means.

In terms of trade, the EU uses strong regulators to enhance the anti-dumping measures against China and hence EU-China trade friction got intensified. Over the recent years, the EU has been getting increasingly dissatisfied at the ever-growing trade deficit between the EU and China. At present, the EU has become the region which imposes the world's greatest amount of anti-dumping measures against China. On the one hand, relatively traditional anti-dumping investigation and imposition of anti-dumping duties were taken towards Chinese commodities to protect their own market. For instance, the anti-dumping measures against Chinese ceramic and steel products, and the anti-dumping investigation towards Chinese electric bicycles in 2017. On the other hand, EU has established its own new trade protection measures outside of WTO framework in order to more specifically offset the competitive advantages of Chinese commodities. In December 2017, the EU's new anti-dumping regulations came into force, which adopted new measurement called "significant market distortion" as the legal basis to judge the act of dumping. This measure expanded the concept of dumping and expectedly would cause more bilateral frictions.

In the field of investment, the EU seeks to establish a Mode of Foreign Investment Review to obstacle Chinese capitals. Chinese investment in Europe has surged in recent years while the acquisition of Kuka in 2016 marked the culmination of the concern and precaution of European countries towards Chinese capitals. France, Germany and Italy signed the letter to the EU commission calling for judgment on acquisition by "politically motivated" foreign enterprises. The EU Commission Jean-Claude Juncker also expressed his opinion on merger and acquisition of strategic industries on his policy speech in September 2017. His statement was viewed as obliquely targeting at China.

There is no doubt that the EU has expressed ever-increasing concerns, anxiety and vigilance on China's internal economic reform and external economic diplomacy. The

reasons lie in a series of internal and external crises that severely weakened the EU's economic strength and attractiveness of governance model since European debt crisis. The crises changed the balance of economic strengths between the EU and China, giving rise to China's gains, but also ribbed off the EU's superiority in political constitutions. The status and psychological letdown both has intensified its grievance towards China, and shifted the burdens of its internal reform onto others. The EU criticizes on China's business environment not further opened, strongly appealing for reciprocal open market and turning China's commitments of economic globalization on Davos into concrete actions, while neglecting the objective existence of development gap between China and the EU. Furthermore, the EU is worried about China's economic diplomacy in Europe will interfere with the EU's regulations, destroy its economic and social specifications and even break their internal solidarity and common foreign positions.

Reflected in concrete diplomacy, the EU rejected to fulfill its obligation of Article 15 in the protocol on the accession of China, sending off negative signals on China-Central and Eastern European Countries Cooperation without signing the communiqué of Belt and Road Forum for International Cooperation (BRF). The EU has been repeatedly asking China to comply with relative regulations in *Elements for a new EU strategy on China* (EU Commission, 2016), the press release of the 19th EU-China Summit (2017), *European Business in China – Position Paper 2017/2018* (EU Chamber of Commerce in China, 2017) and etc. In December 2017, EU published its first country report on the so-called "state-induced distortions" existing in China. All these signs publicly displayed EU's grievance against China.

However, the EU recognised the reality that it was imperative to maintain contact with China in a principled and practical way to constructively manage differences, promote social and cultural exchange, and open up multi-channel communication and cooperation. People-to-people and cultural exchanges between the EU and China flourished in 2017. In November, the 4th China-EU High Level People-to-People Dialogue (HPPD) was successfully held in Shanghai. Besides, the 35th China-EU Human Rights Dialogue and the 2nd China-EU legal affairs dialogue was held in June and October in 2017. These dialogues effectively prevented bilateral differences from

escalation in the fields of human rights, legal affairs and etc., and assure the stable development of bilateral relations as a whole. Apart from that, 2017 marked as the China-EU Blue Year. Both parties have launched fruitful cooperation and exchanges on ocean policies, ecological protection, technology innovation, and business development.

III. The impact of the EU's policy on China-EU future relations

According to the brief analysis above, there are five possible trends in EU-China relations in the future. First, the next two to three years are expected to be critical for the EU's internal adjustment. The EU has to process the negotiation with the UK and launch the consultation of reform in the meantime. Under these circumstances, the EU will need to give priority to its inner issues rather than external affairs. Therefore, it is the EU's best choice to maintain stable relations with major partners instead of interfering into international issues that would be beyond its power. As for EU-China relations, it is unlikely for the EU to infringe on China's core interests concerning Taiwan and Tibet, while it might still advocate against China on human rights and South China Sea issues to air its presence.

Second, the whole framework of the EU's China policy will be shaped by economic competition and global governance cooperation. The EU might respond to China's rising negatively due to China's compelling competitive economic strength, while think positively towards China on global governance. These two contradictory attitudes should form check and balance to shape the EU's policy towards China. The key to maintain the healthy and stable development of China-EU relations lies in effective dialogue to manage bilateral economic frictions and difference, as well as strengthening consultations and cooperation on global governance.

Third, under the circumstance of global protectionism, the EU is forging regulations to promote trade protectionism at the level of the whole EU. Fueled by the EU reform, more member states might further transfer sovereign fiscal power. It is likely that the EU will establish stricter fiscal regulations, trade barriers and investment criteria, causing more obstacles and frictions for Chinese investment and trade towards Europe.

Fourth, the EU might strengthen cooperation with China on climate change, counter-

terrorism and even neighborhood security. Their cooperation on international and regional hot issues has been critical for the comprehensive strategic partnership between the EU and China. However, it is also clear that the EU still has certain differences with China about statement and plans on these issues due to its security dependent on the US. The EU Collective Security and Defense cooperation in 2017 had substantial progress boosted by Brexit, nevertheless, it still seems fragile when confronted with neighborhood geopolitical conflicts alone. Besides, coordination with China on diplomacy and security issues premised on the U.S. security promises towards Europe. Similarly, China will neither change its consistent stand on regional conflicts, nor harm the strategic partnership of coordination with Russia.

Finally, as the trend of “multi-speed Europe” embarks, the EU will keep strengthening on integration and unity, pacifying the member states in Central and Eastern Europe with fusion policies under integration. Therefore, it is possible that the reforming EU will be more sensitive and will show more anxiety and vigilance towards “16+1 Cooperation” and other new cooperation mechanism between China and sub-region of Europe, triggering escalated criticism at China’s policies towards Europe.

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Germany's Policy towards China in 2017

Deepened Cooperation, Increased Concerns

2017 is the election year of Germany. On the one hand, the partisan landscape in Germany was impacted by rightist populism. On the other hand, government forming after election came to a deadlock unexpectedly. Nevertheless, Germany's policy towards China still kept a pragmatic and down-to-earth manner. China-Germany relations kept a steady growth momentum in general and the two countries continued a win-win cooperation. China-Germany relations is the "deepest, strongest and broadest bilateral relations between China and European countries"³. However, under the friendly tone, there were voices of dissent impacting the two countries' mutual understandings. These voices reflected Germany's complex and ambivalent attitude towards China, and it is bound to influence the future government's policy towards China and the bilateral relations.

I. The changed and unchanged policies towards China in 2017

2017 marks the 45th anniversary of China-Germany diplomatic relations. The bilateral relationship kept steady growth for past years and in 2017, and the practical cooperation was further strengthened as shown in the following aspects.

First, the two countries have maintained close political exchange. German Chancellor Angela Merkel visited China 10 times during her 12 years of governance, which is the most frequent among all the sitting western leaders. Though did not visit China herself in 2017, she received the visiting Chinese Premier and President. In her speech delivered during President Xi Jinping's visit, she indicated that in order to heal "a world of turbulence", China is an important partner for Germany. She also believed that President Xi's visit is "a good opportunity to expand the all-round strategic partnership" between Germany and China.

Second, the bilateral economic cooperation and trade has deepened. Business ties serve as the ballast for both parties, and it was further strengthened in 2017. Germany remains

³ http://www.gov.cn/xinwen/2017-05/30/content_5198169.htm

China's largest trading partner in EU, meanwhile, the bilateral investment and cooperation have expanded from one-way to two-way fast track. Mutual investment surged in 2017 and Germany proved to be the largest direct investor in China among European countries.

Third, both enlarged fields of cooperation in cultural exchange, innovation and technology. In May 2017, China and Germany officially established a high-level consulting mechanism of cultural cooperation and held the first forum of the mechanism.

Fourth, Germany sought to launch joint cooperative projects in third parties with China. For instance, Gerd Müller, the Federal Minister for Economic Cooperation and Development, and Chinese Commerce Minister Zhong Shan jointly opened the Sino-German Center for Sustainable Development in May 2017. Minister Müller said, "With the help of German expertise on vocational education and on environmental and energy technology, we will jointly be able to foster economic development in African countries." He also stated that, "only together with China will we be able to meet the global challenges we are facing, from climate action to a world without hunger all the way to reaching a new dimension of economic cooperation with Africa."⁴ He also believed that not only free market and profit maximization, but also the sustainable framework at the global level is a concern to both Germany and China.

However, there are opposite opinions inside Germany discouraging mutual understandings and strategic partnership between Germany and China, which tends to view economic issues in a political and ideological way shown in the following examples.

First, an amendment of German Foreign Economic Law was passed in the middle of July in 2017, which sets new inquiries towards direct investment in Germany from foreign investors including China. According to the amendment, Federal Ministry for Economic Affairs and Energy has the authority to investigate into acquisition from foreign enterprises if threaten public security and public order. In August, France, Germany and Italy jointly proposed a system whereby the EU Commission would

⁴ <http://www.bmz.de/20170511-2en>

screen whether a takeover was purely motivated by economics and not politics. They also appealed that investment from particular countries should be blocked outright or make it subject to conditions if the EU investors face barriers when they try to invest in those countries.

Second, Germany Deputy Chancellor and Foreign Minister, Sigmar Gabriel, called China to follow the principle of “One Europe” rather than try to break it apart, during his visit to France. His statement was viewed as criticism towards the “16+1” cooperation mechanism between China and Central and Eastern European countries, indicating that it will harm Europe integration and is even an intention to break up Europe.

Third, a report by the Federal Office for the Protection of the Constitution before the Hamburg G20 Summit in July accused China, Russia and Turkey of their strengthened spying activities towards Germany. According to the report, Russia and China have been revealed to conduct several cyber attacks towards Germany. “The consistency and target of these cyber attacks” reveals they are trying to steal intelligence of Germany politics and government departments. Major targets, it claims, are German Ministry of Foreign Affairs and its overseas embassies and consulates. German Chancellery and Bundeswehr are claimed targets as well. In December, Federal Office for the Protection of the Constitution claimed that China achieved its goal “via so-called social networks like LinkedIn and later transferred into human operations”. It is “a broad attempt to infiltrate Parliaments, ministries and administrations”, said BfV Director Hans-Georg Maassen.

Fourth, the German Ambassador Michael Clauss delivered negative speech towards China time and again in 2017. For instance, he pointed out that China’s One Belt One Road Initiative is a project of “sino-centrism” in October. In December, he declared that China’s new efforts on cyber security will damage China’s political and economic ties with the world and harm cybersecurity dialogues between Germany and China. He even criticized China’s human rights issues together with U.S. Embassy.

II. Reasons behind the changed and unchanged policies

There are abundant reasons for Germany to maintain good terms with China in 2017. Both Germany and China largely benefit from free trade and globalization, which ensures Germany to join China in protecting free trade under the surging trend of anti-globalization and protectionism. Meanwhile, Germany and China have strong economic complementarity. Germany is willing to participate in global governance along with China, the second largest economy in the world, to establish a stable political and economic order. Besides, after Trump took office, Germany-US relations and US-EU relations changed dramatically. With the US's strategic withdrawal from the world, Germany changed its China policy. Germany and China continue to come closer on certain issues, for instance, global climate governance and energy transition.

However, with particular factors prevailing within and outside of Germany, the uncertainty of Germany's China policy increases. At the bilateral level, from Germany's view, the business competition between China and Germany has grown obviously. Germany is upset about the enormous scale effect generated from China's industry upgrading and economic development. Germany's hesitation towards direct investment and acquisition from Chinese enterprises directly reflected its concern. First, Germany considers that most Chinese investors are SOEs enjoying favorable financing policies, and even come with political intentions. Second, they are worried about the transparency of Chinese investors. Third, loss of key technologies might damage the world competitiveness of German enterprises.

Apart from trade and investment, the 19th CPC National Congress made Germany felt competition from China more at institutional and cultural levels. A rising China is viewed as the largest change of world political and economic power structure. "New great powers' rise, in order to achieve their own ambition, will challenge the current order of peace" (Speech by the President of Germany's Foreign Intelligence Agency, Bruno Kahl, at Hanns Seidel Political Foundation in Munich). Germany wishes to participate in global governance along with China, but on the other hand, does not want to see the mechanism that has Chinese characteristics.

The One Belt One Road initiative was interpreted as a long-term strategy of China to grab more economic and political influence, an alternative method of hegemony and a

divergent way to achieve economic benefit without reliance on western institutions. It was made clear in the above speech of Bruno Kahl and the speech of Gabriel on Berlin Foreign Policy Forum in 2017 December.

At the international level, Germany holds the belief that Chinese-American competition and Chinese-American antagonism, especially their confrontation in Asian-Pacific, have taken place. These beliefs are important contributors of Germany's changing China policy. Germany, the U.S. and China, including other international actors in Asian-Pacific region, all have deep and broad economic exchange. Therefore, it is against Germany's wish to see escalation military hostility or trade wars between China and the U.S. In addition, the U.S. and China have complicated and subtle relations on North Korea nuclear issue. Germany does not expect the action of North Korea would threaten South Korea, its trading partner and one trade gateway of East Asia. Therefore, in order to protect its own interest of free trade, safe trade gateway and shipping lanes, German government wishes to alleviate the tension between China and the U.S. by multilateral diplomacy. For instance, encouraging deepened economic participation in Asian-Pacific region, diffusing tensions through the UN, G20 and NATO, and working hard for conflict avoidance and arms control within the EU. In any case, the U.S. is the focus of German diplomacy. From the view of most Germany political elites and think tanks, in spite of their cleavages made by Trump's "America First" principle, the U.S. still serves as a non-substitutable and non-disposable partner and an ally, and "Europe has no other choice but trans-Atlantic relations", and "no matter if there is Trump, Germany should take positive strategies to maintain relations".

Besides, the importance of the EU and the increasing leadership of Germany inside of the EU are its considerations as well. With the growing competition between the EU and China, the EU's attitude towards China could be viewed as the reflection of Germany's attitude, and a factor of Germany's policy towards China as well.

Considering Germany's situation, 2017 is the election year of Germany. Though the influence of election has not yet turned out, the public opinion will influence its policy towards China sooner or later. At present, German media and public hold negative opinions towards China. The mainstream media *Der Spiegel* magazine published an

article titled “xing lai!” (in Chinese Pinyin of “Wake up!”), reminding that China has become the first great power in the world, which is another version of “China threat theory”.

III. An outlook into Germany’s policy towards China

There are several factors that will impact Germany’s future policy towards China. First of all, Germany will play a more significant role in the EU and in the shaping of global political landscape. There are some voices saying “Franco-German Axis reshaping Europe” in Euro Zone. It is possible that Germany will cooperate with France and adjust its China policy with more concern about the EU. The bilateral relations between Germany and China will be impacted by third parties and the two countries have to coordinate and cooperate at the global level.

Although Germany maintains the ruling coalition of Alliance Party and the Liberal Democratic Party, the latter have to differentiate itself with the Christian Democrat Union in order to get votes in the next election. Therefore, Liberal Democrat like Gabriel’s attitudes towards China might impact Merkel’s policy. Meanwhile, the Alliance Party might be affected by the Alternative for Germany party (AfD) and public opinion, and turn to be more right-deviated conservative. There might be more criticism and concern against China, targeting China on ideological and human rights issues.

The foreign policy of AfD after it claimed federal congress is not yet clear. If Germany continue a Grand Coalition, then AfD would become the largest opposition party in the congress. The rise of rightist populism party AfD is a reflection of the anti-globalization wave. It remains to be observed whether China will be their target of anti-globalization. One of their leaders, Alice Weidel who takes a self-effacing approach, once lived in China for six years with her dissertation on China’s pension system. She once said on the congress of AfD party representatives that, China is an extremely dynamic country, from which Germany could learn a lot. “Everyone in China is moving forward, working hard. There is great enterprising spirit in China”, she said.

In specific fields of policies, Germany and China are going to have more deepened cooperation on climate change, energy, electric vehicles, technology innovation and

culture exchange. Cooperation might be broadened under the framework of One Belt One Road initiative, and also in third party markets like Africa.

(Author: Zhu Miaomiao, Associate Professor of Germany Research Center, Tongji University)

France's Policy towards China in 2017

The Increased Duality

Presidential election featured France's politics in 2017. The most uncertain election in Europe in recent years ended up with the triumph of Emmanuel Macron, a suddenly risen, "centrist" politician. As a result, French diplomacy has shown the tendency of eagerness and accomplishment. France's policy towards China maintains continuity in the past years while tries to make proactive adjustments. There is an increased duality behind France's proactive action. On the one hand, France views China as an important market and strategic partner, willing to strengthen cooperation with China in trade and investment, B&R and global governance. On the other hand, France also regards China as a strong competitor, asking for the so-called "fair" trade and investment with increasing precaution. Under these circumstances, there seems to be new cooperation opportunities and potential uncertainties in China-France relations. At the beginning of 2018, Macron paid a state visit to China as the first European head of state to visit China after the 19th CPC National Congress, which reflects the significance of France in China-Europe relations. Both presidents of France and China agreed on pushing forward the close and ever-lasting China-France comprehensive strategic partnership based on principles of mutual understanding and win-win cooperation.

I. The new background of France's China policy in 2017

The new background of France's policy towards China in 2017 is formed by the changed domestic political ecosystem in France and the shift of European politics after Brexit and the election of France and Germany. Meanwhile, Trump administration's attitude towards Europe also serves as an external factor.

The France election in 2017 resulted in broad and in-depth global influence. First of all, after Trump was elected president of the U.S. and Brexit, the public are worried populism party come to seize the power in France. France's election is regarded as the dam blocking a new flush of populism in Europe and in the world. Secondly, waves of anti-globalization, anti-EU, anti-immigration and populism are rampant during the election, and extreme parties received unprecedented support. Thirdly, Frexit became a

policy option during the election, which caused broader concerns about the future of the EU. Eight of the eleven candidates proposed a breakaway from the EU or the Euro Zone in one form or another. Fourthly, the decline of traditional parties and the rising of new political powers generates uncertainty. The failure of both Socialist Party and the Republicans provided space to extreme parties.

Macron's success prevented far-right parties coming into power, stopping further stir of populism, and eliminated another serious impact on the European integration caused by potential Frexit. However, the French election displayed a changed French political ecosystem. Firstly, public are more sensitive to the costs and benefits of France's participation in globalization and European integration. More attention is paid to the competition and loss brought from globalization and focus on the status and interests of France in the EU. Secondly, the general focus on security, and the concern over terrorism and refugees formed a dilemma between national security and the traditional values of liberty and fraternity. Furthermore, prevailing pessimism manifests the declining status of France both in EU and the world.

As above changes of political ecosystem persuade the new administration to take the firm stand of opening up and European integration. Meanwhile, the new administration focuses more on building up "a Europe that protects" with more efficiency in order to respond to the public concern on damage from integration and globalization. While repeating the principle of multilateralism and emphasizing international obligations, a certain sign of strategic retrenchment, realism and protectionism appears. In terms of great power relations, an independent French diplomacy becomes more prominent. And all of these feature Macron's diplomatic policies: "the independent diplomacy with openness".

Meanwhile, European political framework changed dramatically after the adjustments in Britain, France and Germany. Brexit promoted the unity between France and Germany, stressing the importance the "Franco-German axis" once again. Nevertheless, the "setback" of Merkel in the election and the stillbirth of Germany new administration made Germany difficult to take the lead in European affairs as it used to be. And it offers great opportunity for the young, vigorous and ambitious Macron to be the leader

in Europe again. In terms of relations with China, although there is still a rivalry between these three major powers, it will be very hard for the United Kingdom to play a prominent role in China-EU relations in the future. France will further enhance its position in China-EU relations.

To some degree, Trump's "America First" policy reveals the ignorant and hands-off attitudes of the U.S. towards Europe. Trump's pulling out of the Paris Agreement, provides leeway of independent diplomacy to European countries, especially to France, and spurs them to explore new external markets and developing opportunities.

II. The increased duality in France's policy towards China in 2017

Under the new circumstance, France's policy towards China displays some new features while generally remaining continuity. First of all, France expresses a strong desire of cooperation on B&R Initiative surpassing the formers. Compared to Britain and Germany, France reacted slower in the beginning, not realizing its importance and opportunity. The new administration obviously changed the attitude. On 9 May, during the conversation with President Xi Jinping after his election, Macron expressed the desire of practical cooperation under the framework of B&R. Still in May, Raffarin attended the B&R Forum for International Cooperation as the representative of president. In July, leaders of both countries reached important consensus on B&R cooperation during the G20 Summit in Hamburg. With positively impetus under the Embassy of China in France and France side, the first session of Paris Forum on "Belt and Road" was successfully held with series of fruits, which is the first high-level dialogue on B&R in European countries.

Cooperation on the B&R became the important issue of Macron's first visit to China. And he specifically chose to start his visit from Xi'an, where the ancient Silk Road started. France urgently wants to strengthen dialogue with China on connecting cooperation and developing trilateral cooperation on B&R, while wishing to take the lead in connecting cooperation between China and Europe. Through strategic conversations, Macron showed positive opinion towards B&R initiative as a whole, and indicated that France attached great importance to deepen cooperation with China under the framework of B&R, which had strategic significance for France, and was ready to

play an important role in the construction of B&R.

While positives signs are shown, France has certain doubts and concerns as well. First of all, there are still doubts about the influence of B&R on geopolitics and geo-economics. France is especially skeptical about the "16+1" cooperation between China and Central and Eastern European countries and Southern European countries such as Greece. Secondly, increased Chinese investment in Europe under B&R framework raises French vigilance. France keeps emphasizing the construction of B&R should be aligned with so-called "rules and standards". Thirdly, there seems to lack specific projects to connect cooperation under the B&R framework. According to his speech in Xi'an, Macron viewed B&R as a new opportunity of cooperation between China and France, and between China and Europe, However, he stressed B&R cooperation should follow the principle of balanced and shared benefits, environmental protection, transparency, interconnection, openness, risk-sharing, the respect for competition rules and intellectual property protection.

Trade and investment are the top priorities of France's policy towards China. On the one hand, France hopes to further open up China's market, with the increasing precaution towards Chinese trade and investment on the other hand. China is France's largest trade partner in Asia, and the fifth largest in the world. Besides, China holds the largest trade deficit of France. According to French statistics, France's trade deficit with China is over 30 billion Euros, about half of the total French trade deficit. Developing economics and increasing jobs are the priorities of Macron's administration. To achieve this, France tries to exploit China's markets with no spare effort. As well as cooperating on traditional fields, promoting major projects, on nuclear energy, aviation and automobile manufacturing, France tries to further into new industries such as finance, agricultural production, smart city, digital economy and pension services. On the fifth China-France High Level Economic and Financial Dialogue (HED) in December, both agreed on deepening connecting the "Future Industry" Plan of France and "Made in China 2025". Especially after Brexit, France hopes Paris could replace London as the financial centre between China and Europe, urging China to further open up its financial market to strengthen financial cooperation. Along with Macron's visit to China, leaders of over 50 enterprises including Auchan, Sodexo, Airbus and Dassault came back with

lots of contracts with China. Both announced that an investment fund with one billion euro would be set up for the development of French SMEs in China.

Meanwhile, Macron took series of protectionism-tended measures towards China, in order to respond to voters' negative attitudes towards globalization and free trade indicated in the election. As an important appeal for resolving the Sino-French trade deficit, France has increasingly emphasized the so-called "reciprocity" of trade and investment liberalization. France calls for China to further open up markets to French enterprises and French investment and is particularly interested in further opening up of China's financial markets. Besides, France tries to implement restrictions and even obstacles for Chinese investment in France and in Europe. Although France once expressed its willingness to find a solution to Section 15 of the Protocol on China's Accession to the WTO, it is left without proper settlement. Not only that, in September, France, Germany and Italy jointly appealed to the EU Commission to set up foreign investment review framework, under which the "political motivation" of acquisition from foreign enterprises will be investigated. French government gradually increased supervision and investigation towards Chinese investment in France, especially investment and acquisition in the industry of energy, security and transportation. In December, the EU announced its new anti-dumping rules mainly targeting China and released reports that criticized China of "severely distorted market".

Thirdly, France wants to play a key and even leading role in global governance with an increased need of cooperation with China. Different from his predecessors, Macron is not only ambitious on domestic affairs but also in international affairs, changing the mediocre image of the French leaders in recent years. Under the rise of populism and intention of the U.S. isolationism, China, attached great importance by France, who also insists on multilateralism in global affairs, is perceived as important strategic partner of France in global governance.

Climate change is one of the proactive fields of French diplomacy in recent years. Trump's pulling out of the *Paris Agreement* was a huge blow to France. Macron's attempt to convince Trump to change his decision still does not work. As the most important stakeholder in global climate change governance, the cooperation with China

appears to be extremely important in maintaining and implementing the *Paris Agreement*. However, divergence still exists among developed countries and developing countries in emission reduction. Troubled by terrorist attacks and refugees problems, France also looks forward to cooperating with China on anti-terrorism and international security – the priority of French foreign policy. China’s support of French anti-terrorism action is requested in Syria, Middle East and North Africa issues. The measure that Trump took on Palestine-Israel conflict changed the status quo and disturbed its European allies. France shares understandings with China on stabilizing the Middle East. France pursues coordination with China on Iran and North Korea nuclear issues as well. Nevertheless, France holds ambivalence about China’s positive role in Africa in recent years. On the one hand, France views China’s increasing influence in Africa as a competition and even denigrates China’s actions. On the other hand, there is strengthening voice to enhance the third-party cooperation with China in Africa.

It's worth noting that the ambitious new administration tries to revive the French tradition of “independent diplomacy”, and play the role as an interlocutor among great powers who have great strategic contradictories and ideological conflicts. Hence, France will probably seek cooperation with China on coordination among great powers.

Fourthly, France perceives culture as the most important diplomatic resources and continues emphasizing on people-to-people exchange with China. Except from cooperation in traditional fields as education, technology and culture, enhanced cooperation takes place in public health, global health governance, and sports, especially in winter sports. As the biggest Chinese tourist destination in Europe, France made efforts to strengthen security to keep attracting Chinese tourists. Early this year, China and France signed the agreement of driving license reciprocity. In December, first ladies of France and China jointly named the baby panda in France, which created friendly atmosphere among both public. It is noteworthy that the population of Chinese people in France tops in Europe. The security and economic aspirations of Chinese people increased in recent years and cannot be ignored in France-China relations.

III. Prospect and expectation

There is increased duality of Macron's policy towards China. He has positive attitude and strong desire of strengthening cooperation with China, yet also has skepticism, protectionism and even precaution to China as well. Pioneering among western powers, France's China policy has deep historic roots and continues to hold a special position in China's foreign policy. Nowadays, with changed strategic conditions and foundations, the national power, international status and domestic circumstances of both countries changes dramatically. However, the basis for the win-win cooperation between China and France is still widespread, not only in bilateral relations but also in global and regional affairs. Through Macron's visit to China, both countries strengthened mutual strategic dialogue and reached broad consensus on practical cooperation and open up new areas. It is considered a good beginning of future China-France relations. France's policy towards China should promote positive proactiveness and cooperation instead of negativeness and competition.

The change of France's China policy is related to French interest and understanding. Paris needs an objective and rational view on China's development so as to adapt to the change of the allocation of international power. France should adapt to the challenge of economic globalization by deepening its structure reforms instead of externalizing its internal conflicts. It should keep its promises in adhering to multilateralism and upholding an open and free global trading system, rather than adopting discriminatory and protectionist measures. As for China-EU relations, France should be the "leader" who actively promoted the sound development of China-EU relations rather than the "leader" of the negative development. Meanwhile, China needs an objective view upon the change of political ecosystem in France and the changes of China-France relations and China-EU relations as well, developing a bigger pie of common interests. Besides, based on effective dialogues, China should resolve the French side's misunderstanding and doubts about China's strategic intentions and the B&R initiative and show the advantages and benefits of the B&R cooperation through more pragmatic cooperation and specific projects. Both sides should enhance strategic coordination on global and regional governance and international hot-spot issues, jointly promoting multilateralism. In addition, both China and France should give full play to their fine tradition of people-to-people exchanges on the basis of a new reality so as to promote

the public opinion of both society, especially the economic circles, young people and the general public, to objectively understand the development and changes in each other's country and society and to consolidate the social foundation of bilateral relations.

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The UK's Policy towards China in 2017

Deepened Cooperation, Moderate Adjustment

2017, marked by the 45th anniversary of establishing diplomatic relations between China and Britain, absolutely is a significant year in the “golden era” of China-UK relations. During this year, The UK's policy towards China maintained the friendship generally. Economically, China was still viewed as an important trading and investing partner; politically, the UK continually confirmed the trend of China-UK “golden relations”; based on which, the fields of bilateral cooperation had expanded. Accordingly, in general the UK's China policy in 2017 kept strong certainty and continuity.

Nevertheless, some contents of the UK's China policy this year adjusted a bit if compared with that in 2016, especially with that before Teresa May came into power. In business, the UK supported the Belt and Road initiative, trying to ride the high-speed express of Chinese economic development. Meanwhile, it started to take precautions against Chinese investment and want to build the investigation mechanism towards foreign capital. In the facet of politics, the UK opened up all the current bilateral exchange mechanism while released statements against China on certain issues related to China's sovereign concerns.

Therefore, there are two faces in Teresa May's policy to China in 2017. Amicability was shown on strategy, while a certain amount of skepticism and even hostility were indicated on tactics.

I. The background of the UK's policy toward China in 2017

There are mainly four factors influencing or even shaping the UK's China policy in 2017- the Brexit negotiation with the EU, the re-election of Parliamentary seats in June, changes of international political environment, and the cognition of the Prime Minister and members in the White Hall on China.

Brexit negotiation officially started in March, 2017. It has already become the most important and urgent foreign affair for the UK this year, as the progress, outcome and

content of negotiation will determine Britain's status in the whole Europe and the future of the country. Therefore, Britain lacked too much energy to pay much attention to China while facing the challenges from Brussels. Second, although Conservative Party remained in power after the Parliamentary election in June, the power allocation in Parliament and cabinet has changed. In order to establish her new authority, Teresa May tried to apply new methods to adjust Britain's foreign policy, including policy to China. Actually, this policy adjustment had started since she succeed David Cameron. Besides, Mrs. May herself believes that Britain's East Asian policy and global policy should not be bound to China too tight. She once said, though Britain has the need to keep close business ties with China, this connection is open to all the countries. Moreover, the UK's attitude towards China changed slightly also due to the cabinet adjustment and special cognition of some members on China.

On the global perspective, China-US relations are somehow changing, so does the US-European relations. With the uprising of anti-globalization, the crux of Brexit and all of these external uncertainties, Britain has to turn to familiar diplomatic relations to prevent its development strategy from catastrophic mistakes and also to ensure its consolidation. Therefore, Anglo-American "special relationship" was repeated in 2017 while partially being challenged by both sides in this year. The re-built close relations between Britain and the U.S. will definitely influence Britain's policy to China to some extent.

II. Seeking for deepening bilateral pragmatic cooperation

Earlier in 2017, Mrs. May delivered warm remarks for Chinese New Year of rooster to Chinese all over the world. She affectionately expressed the willingness to build all the business connections with China and share fruits of diplomacy, education, tourism and cultural exchange between two countries. Although the best wishes were for Chinese all over the world rather than merely Chinese citizens, her remarks conveyed the enthusiasm of Britain to build close relations with China in order to seize the opportunity of economic benefit from China. Thanks in part to her sincere expectation, China-UK relations continued to develop in 2017.

On the perspective of politics, bilateral communication mechanisms ran smoothly with

frequent interactions between both parties at all levels. China and the UK held the second high-level security dialogue in London, in February, 2017. Premier Li Keqiang and Foreign Minister Wang Yi respectively sent congratulations to Teresa May and Boris Johnson about the 45th anniversary of China-UK ambassador level diplomatic relations. In May, the special envoy of Prime Minister and Chancellor Phillip Hammond came to China to attend the Belt and Road Forum for International Cooperation. In July, President Xi had a meeting with Teresa May during his attendance at G20 Hamburg Summit, and the direction of bilateral “golden relations” was re-affirmed by both. Besides, after the 19th CPC National Congress, Mrs. May sent her letter of congratulations to her counterpart, President Xi.

On the perspective of business, the bilateral economic cooperation has been developing further after the constructions of Hinckley Point project kicked off in March. In the whole 2017, despite the uncertainty of Brexit, investment from Chinese enterprises in the UK was still impressive. Projects included the investment to Royal Albert Dock, the acquisition of six Britain solar power stations from China Merchants Group, acquisitions of amounts of Britain real estate projects and football clubs by Chinese corporations, and etc. Meanwhile, the “Silk Road Train” connecting Yiwu of China and London set off in 2017, to some extent serves as the support to Belt and Road initiative. At the end of the year, Chancellor Phillip Hammond led the delegation to Beijing for the ninth UK-China economic and financial dialogue. His visit was perceived as an action to further convey the “global” image of the UK. According to the UK’s Treasury, “the economic and financial dialogue will see the next phase in the UK's strengthening relationship with China as we continue to build an economy fit for the future”. This dialogue achieved a broad array of economic and trade cooperation intentions.

In 2017, the UK continued to support cultural exchange between China and UK, and the fifth conference on high-level people-to-people exchange mechanism was successfully held in London. Although people-to-people exchange is viewed as the third pillar of bilateral relations, the most substantial and influential pillars of China-UK relations are political and economic relations, especially economic ones. After the Brexit procedure was triggered, the UK needed better business tie with China more than ever in order to compensate for the loss of leaving the EU’s single market and seek for

new cooperation opportunities. President Xi's speech calling for global free trade at the Davos Forum earlier in 2017 seems to conform to the taste of London, which is also why the UK views China as an important partner.

III. Increasing skepticism on China

While political, business and people-to-people dialogues were generally smoothly carried out between the UK and China, there were some critics towards China in the UK. First, there was intention to strengthen foreign investment investigation, more targeted at Chinese investment. Second, there were certain statements that interfered in China's domestic affairs or harmed its sovereign interests.

Teresa May temporarily suspended the Hinckley Point project in 2016 when she just came to power, though re-authorized the effectiveness of it in September 2016. Looking at this objectively, since then, her China policy has caused certain negative impact on bilateral business relations, especially harming mutual trust. For instance, after selling 3 billion offshore Chinese currency bonds in London in 2016 summer, there was no plan of selling more sovereign bonds in 2017, which should have had. At the China-UK finance and economic dialogue at the end of 2017, while both discussed the Shanghai-London stock re-connection, both still lack a clear timeline.

Apart from that, British government remained the attitude that had been revealed in the case of Hinckley Point. The UK believed that it was necessary to fully investigate investment from outside of the EU so as to prevent British national security from being harmed. This perception might, to some extent, be influenced by the EU and certain member states, especially Germany. Germany's cabinet passed the amendments to Foreign Economic Law in July 2017, which demands new regulations towards acquisition in Germany from non-EU investors. While the UK, in the process of Brexit, was propelling similar mechanisms as well. British government spokesman once indicated, the investigation would ensure foreign investments in critical infrastructure not to undermine British national security or basic service, although stressing Chinese investment in UK were welcomed.

In the field of politics, the UK's policy to China in 2017 caused much noises and

negative factors to bilateral relations in the “golden era”, mainly manifested in the following aspects. First, the UK’s China policy is partly based on trans-Atlantic relations; second, London interfered in Hong Kong affairs; and third, several statements concerning South China Sea were against China.

Since September 2016, Mrs. May was seeking for a second visit to China, which was not conducted in the whole 2017. Certainly, there are reasons from both China and the UK. However, Mrs. May visit the United States and Japan, and was the first foreign leader that Donald Trump received after his US election victory. In her letter of congratulation on Trump’s presidency, she said Britain and the United States have an enduring and special relationship based on the shared values of freedom, democracy and enterprise. “We are, and will remain, strong and close partners on trade, security and defence, I look forward to working with President-elect Donald Trump, building on these ties to ensure the security and prosperity of our nations in the years ahead”, said May in the letter. Obviously, her visit to the United States reflected the deep-rooted trans-Atlantic relations between the UK and the United States. It means that in politics, the current British government chose to take a diplomatic stance close to the US. Especially when problems come up, the UK’s China policy will definitely be impacted from Anglo-American relations.

Second, British politicians clearly interfere Hong Kong affairs. Benedict Rogers, a conservative MP publicly announced his support of the “pro-democracy movement” happened in Hong Kong and even tried to illegally break through the entry-exit inspection line of Hong Kong and enter this special administrative region of China. Apart from this, some cabinet members made certain statements against China as well. Though the social disturbance in Hong Kong has calmed down in 2017, the Foreign Secretary, Boris Johnson expressed insinuation against Chinese government. During one of his visit to Australia, he indicated that it was extremely important to keep rule of law in Hong Kong, and he also appealed to all the stakeholders in Hong Kong making efforts towards a “more democratic and responsive government”. On other occasions, he also declared British government is responsible for the China-UK communiqué concerning Hong Kong and believed it is an effective official agreement between China and the UK until July 2047. Despite that Boris did not explicitly criticize Chinese

government, his statement challenges China's sovereignty over Hong Kong.

Besides, certain cabinet members challenged China's core security interest in South China Sea. Boris Johnson committed the UK's two brand new aircraft carriers to freedom of navigation exercises in the South China Sea as one of their first assignments. He said, it is "to vindicate our belief in the rules-based international system and in the freedom of navigation through those waterways which are absolutely vital for world trade". Meanwhile, the defence secretary, Michael Fallon said that the free navigation in South China Sea would not be restrained by China, though their deployment areas have not yet been settled. And during Teresa May's visit to Japan, both sides declared to have joint military maneuver and security cooperation in South China Sea.

IV. The features and influence of the UK's policy toward China in 2017

As a whole, there are a couple of prominent features of the UK's policy to China in 2017. First, their policies were strongly impacted by Brexit. Troubled by the complicated ties with Brussels, the UK attached more importance to the EU than ever before, although tried to strengthen the connection with outside world to shape a "global Britain". It seems that the UK has somehow taken the old Three Majestic Circles diplomacy to consolidate her identity after Brexit. On the other hand, London perceived China as the important replace of market after Brexit. While during the tough negotiation regarding Brexit, the UK still turned to the EU and United States as her most valuable partners in politics and security.

Second, for the reasons above, Teresa May has not yet fully developed her policy to China in 2017. The mutual need in economics conflicted with her biases and doubts towards China in politics. Even for economic and trade policies, their policy direction remains obscure. It remains to be seen whether the UK is going to strengthen investment and trade relations with China unreservedly or put it under new regulations that they feel securer. The vacillation showed that a sophisticated China policy is still being formed.

Third, from the above analysis, there are certain tensions among the UK's current attitude to China. Promising to continue developing the bilateral "golden relations"

promoted in Cameron's term on the one hand, while on the other hand, the UK still had concerns and reaction lag in pushing forward. Therefore, bilateral business ties are strengthened in some ways, while awkward situation remains in other aspects in business and politics.

Anyway, China and the UK are the most important global partners for each other. Both jointly committed to promoting "global comprehensive strategic partnership for the 21st century" that was approved by both sides in 2015. In 2017, although some adjustments and changes of the UK's policy toward China resulted from internal and external factors, fortunately, both still insist on the friendly strategic direction. As Mrs. May is going to visit China again in early 2018, a clearer, more friendly and established China policy of the UK is expected.

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The Policy of Central and Eastern European Countries towards China in 2017

Supporting “The Belt and Road” Initiative

In accordance with the definition of “16+1” cooperation framework established in 2012, the Central and Eastern European countries include Visegrad Four (Poland, Hungary, Czech and Slovakia), southeast European countries (Romania, Bulgaria, Slovenia, Croatia, Serbia, Macedonia, Bosnia, Montenegro and Albania) and the three countries of Baltic Sea (Estonia, Latvia and Lithuania). To a large extent, the “16+1” cooperation provided unprecedented opportunities to promote the interaction and improvement of the 16 groups of bilateral relations among China and the Central and Eastern European countries. First of all, China developed great scale and level of cooperation with Visegrad Four (Czech, Hungary, Poland and Slovakia). In the economic and trade and investment cooperation of China and 16 Central and Eastern European countries, the Visegrad Four accounted for about 70%. Poland was of the highest bilateral trade amount with China in the Central and Eastern European countries. Czech and Hungary ranked the second and the third. Secondly, the cooperation of China with the Balkan countries warmed up. Romania has become the country mostly invested by China in Central and Eastern Europe. Serbia has become the country with more cooperation achievements under the “16+1” cooperation framework. Thirdly, cooperation of China with the Baltic Sea was steadily promoted. Estonia in electronic commerce, Latvia in logistics and infrastructure construction and Lithuania in port logistic system and capacity had strong cooperation demands with China. The three countries expected to highlight their pivotal position of the intercommunication between Europe and Asia in the Belt and Road initiative.

I. Characteristics of the policy of Central and Eastern Europe to China in 2017

In May, part of the national leaders in Central and Eastern Europe came to Beijing to participate in the Belt and Road International Cooperation Forum. All of the 16 countries of Central and Eastern Europe have all been included in the Belt and Road

initiative framework; in July 14th, the second Chinese -- Central and Eastern European party dialogue meeting was held in Bucharest of Romania. The representatives, local government and entrepreneurs representatives and Chinese delegations from 35 parties of 16 Central and Eastern European countries totaling more than 600 people attended the dialogue meeting. This indicates that the political party communication platform under the “16+1 cooperation” framework has been institutionalized.

In November, leaders of Central and Eastern Europe attended the sixth “16+1” summit in Budapest, Hungary. China-Central and Eastern Europe cooperation has gone from the initial “window stage” to the “maturity stage”. On the whole, Central and Eastern European policy to China in 2017 basically upheld the development direction of friendly exchanges. Under the general direction, there were three following characteristics in the Central and Eastern European policy to China.

First, countries in Central and Eastern Europe increasingly regarded China as a strategic partner and their cooperation upgraded. After China establishing a strategic partnership with Czech and a comprehensive strategic partnership with Poland and Serbia in 2016, in May 13th of 2017, during the Hungarian Prime Minister coming to Beijing participated the Belt and Road International Cooperation Forum, the two governments officially upgraded China-Hungary relation to comprehensive strategic partnership. China has established strategic partnership in different degrees with the four countries of Central and Eastern Europe.

Second, Central and Eastern European countries generally accepted Chinese development model. The Central and Eastern European countries now increasingly dissatisfied that Germany and other European powers enforce the values diplomacy. Compared with this, China carried out cooperation under the condition of no political pressure and no request around the problem of resettling the refugees in Syria or Libya. The pragmatic cooperation carried out by China was increasingly welcomed by Central and Eastern European countries and influence was increasing. As one academic from the global research center of Czech Academy of Sciences said, “the ‘16+1 cooperation’ mechanism has attracted the attention of politicians, media, social scientists and ordinary citizens in the process of development”.

Third, Central and Eastern European countries have issued some policy outlines to China and other government documents, i.e., Slovakia parliament passed the “Slovakia and Chinese Economic Relation Development Outline in 2017-2020” in April, 2017. The development outline stated that Slovakia must make use of its good (and still strengthened) political relations with China for economic purpose. The development outline also mentioned a variety of measures to achieve this goal, including expanding the quantity of diplomatic personnel stationed in China, opening the “Slovakia family” in China to attract Chinese investors and tourists, and trying to make the plan of building infrastructure in the territory of Slovakia by using Chinese capital, and so on.

II. On the basis of friendly policy to China, bilateral economic and trade and people-to-people exchanges have developed rapidly

According to statistical data of the Chinese Ministry of Commerce, it showed that since the cooperation mechanism of China and Central and Eastern European countries started in 2012, the import and export trade volume in China and 16 Central and Eastern European countries has increased from 52.1 billion dollars in 2012 to 58.7 billion dollars in 2016, increasing 13% and the proportion accounting for the China-Europe import and export trade at the same period has increased from 7.1% to 9.8%. Meanwhile, the enthusiasm of Chinese enterprises to invest in the Central and Eastern European countries is also continually rising. According to incomplete statistics, Chinese enterprises invested more than 8 billion dollars in Central and Eastern Europe in 2016. However, the 16 countries of Central and Eastern Europe have invested more than 1.2 billion dollars in China, covering many fields, such as machinery manufacture, auto parts, chemical industry, finance, environmental protection and so on. Chinese-Central and Eastern European Interbank Consortium co-sponsored by Chinese National Development Bank and financial institutions of Eastern European countries formally established in November 27th, 2017. There were totally 14 members and they were all financial institutions and state-owned commercial banks holding by governments of China and Eastern European countries. Chinese government announced that China Development Bank would provide the development-oriented financial loan with 2 billion equivalents Euro. Meanwhile, the second phase of China-Central and Eastern European Investment Cooperation Fund has been completed by raising 1 billion dollars.

At present, Chinese investment in Central and Eastern Europe was mainly concentrated on infrastructure construction, production capacity, machinery, energy saving and environmental protection industry, tourism and real estate, etc. Mergers and acquisitions investment and greenfield investment showed greater growth. By the end of 2017, China has granted a special loan of 10 billion US dollars, and the preferential loan has been used up by the end of 2017. It mainly invested in infrastructure construction, hydropower, highway and other infrastructural constructions. On the one hand, it has improved the local employment level and promoted the development of local economy. In addition, during the sixth China-Central and Eastern Europe Summit, Hungary, Serbia and China jointly signed the intergovernmental memorandum of understanding among the three countries about Hungary and Serbia railway project cooperation, which would help to accelerate the process of China and Europe Land-Sea Express Route construction.

Central and Eastern European countries as the EU's members had better trade situation with China than that of the "old" EU's member states in 2016. But there were also two problems deserved attention. First, the trade with China among Central and Eastern European countries is quite different. The five regional countries- Poland, Czech, Hungary, Slovakia and Romania- accounted for 80% of the total trade volume with China. Hungary, Poland, Bulgaria, Czech and Slovakia in the region attracted most of Chinese direct investment. Second, there was a big trade deficit with China in the Central and Eastern Europe, such as trade deficit of Poland with China reached 13.67 billion dollars in 2016, accounting for 78% of the trade volume of China and Poland. This situation was related to the nature of bilateral trade structure and China and Europe trade structure. From the layout of many industrial chains of European powers, China, Central and Eastern Europe and the European Union have consistently maintained a win-win situation. With the well development of the trade between China and Central and Eastern Europe, the role of the Central and Eastern European countries as the "transfer station" of the trade between China and the EU was becoming more and more important.

In the field of public's communication, people-to-people exchanges between China and 16 countries of Central and Eastern Europe were rich in 2017. For example, China-

Central and Eastern Europe Media Exchange Year Activity, China-Central and Eastern Europe National Cultural Cooperation Forum, China-Central and Eastern European National Educational Policy Dialogue and other important people-to-people exchange activities in 2017 improved the level of “16+1 cooperation” from multiple angles. However, in the process of promoting people-to-people exchanges in the whole, there was imbalance of the number of activities and the investment among the exchanges between 16 countries and China.

III. the EU as a factor affecting the future policy of Central and Eastern Europe to China

Central and Eastern European countries generally pursued friendly policies towards China in politics. In 2017, Central and Eastern European countries could always respect core interests and major concerns of China as before and adopt a pragmatic cooperation attitude towards China. At the same time, when China and Central Eastern Europe “16+1” Cooperation mechanism has become the highlight of China-EU cooperation, it also has caused a certain degree of tension in the relation of China and Europe.

The European Union and some European powers insisted that the centrifugal tendency of Central and Eastern European countries was rising due to the “16+1” cooperation between Central and Eastern European countries and China, and China was splitting Europe. One EU’s official pointed out in 2017 that China had clear strategic aims in cooperating Central compared with the blindness of Chinese in trade and investment with Central and Eastern Europe; if the Europeans kept out of this, it could not be well dealt with, or make Europe in danger; now the European Union could no longer take ostrich policy; if Central and Eastern Europe was more dependent on China economically, they would protect the interests of China using their voice in Europe. Meanwhile, there were also German officials expressed their worry in 2017. They thought that the growth of soft power of China in Central and Eastern Europe region would eventually replace the German influence in the region.

In Central and Eastern European countries, some nationalist governments, such as Fidesz of Hungary and PiS of Poland were averse to the pressure from the European Union and longed to see their countries play greater roles in the EU’s decision-making

system after Breixt. Based on the short-term economic goals of “manufacturing core”, Poland and Hungary actively seek to strengthen their economic ties with Germany; however, Central and Eastern European countries were also unwilling to see the dominance of Germany in the European Union. The Central and Eastern European countries were opposed to “multi-speed Europe” and adhered to the European integration framework, the expansion of the Schengen district and other welfares. The national leaders of the Central and Eastern Europe such as Poland and Hungary did have some expectations of balancing the EU and Germany by external forces, all of which will have influence on their policy toward China in next years.

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The Policy of Northern European Countries towards China in 2017

Pragmatic Cooperation Increased, Value Diplomacy Weakened

The Nordic countries believed that the foreign policy of China focused on the neighboring countries and global powers, so the importance of bilateral relationship between the Nordic countries and China was relatively low from Beijing's perspective.⁵ The priorities of China's foreign policy to the Nordic countries are derived from the Nordic countries' advantage of energy technology, the wisdom of sustainable economic growth, and China's desire for creating stable international environment for its own development. In terms of foreign policy, the five Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) preferred to strengthen their cooperation and coordinate their points of view in the framework of the Nordic Council, the Nordic Council of Ministers and other regional institutions. In February 3rd 2016, the Nordic Council of Ministers made a decision to "explore how Nordic sub-region can expand its relations with China". For the relations with China, Nordic countries wanted to enhance the ties with China in terms of politics, economy and culture on one hand. On the other hand, they were very concerned about promoting the liberal values such as human rights, democracy, rule of law in the interaction with China, so that they paid too much attention to the issue such as China's human rights. In a broad sense, the five Nordic countries shared common interests and concerns, however, their policies towards China is characterized by disparity due to their different social and economic needs and the intimacy of their existing diplomatic relations with China.⁶

On the whole, Nordic countries' China policy could be characterized as "pragmatic cooperation increased and the value diplomacy weakened" in 2017- the Nordic countries' "value diplomacy" featuring the emphasis on normative issues has weakened, and their China policies showed a pragmatic turn, which gave preference to the cooperation with China in economy, trade, technology and culture. For example,

⁵ Jerker Hellström, *China's Political Priorities in the Nordic Countries*, FOI-R-3879-SE, March 2014, p.13.

⁶ Sino-Nordic Relations: Opportunities and the Way Ahead, Institute for Security and Development Policy, 2016, p.7.

Denmark deepened the comprehensive strategic partnership with China, the Denmark-China relations displayed closer cooperation in trade and cultural communication. More political dialogues were held between both parties. The respective economy and trade ties between Iceland-China and Finland-China has been developing further, the two countries are favorable to Beijing's interest on the Arctic affairs. The policy of Norway to China no longer highlighted the priority of the human rights; the normalization of the China-Norway relation was realized by the Norway's commitment to respect China's development model and its political system. In the all five countries, only the Swedish policy to China still kept the orientation of "value diplomacy".

I. Political dialogue was strengthened, bilateral cooperation was improved

Compared with 2016, the high-level political dialogue between the Nordic countries and China was obviously intensified in 2017. Owing to stable political relation, bilateral cooperation on other key issues is increased. Many high-level political dialogues between China and Nordic countries were held in 2017: from February to May, Danish minister of Foreign Affairs, minister of Business and Growth, and Prime Minister Rasmussen visited China respectively. In February 27th, the foreign minister of Finland, Timo Soini, visited China and held talks with Chinese counterpart Wang Yi in Beijing. From April 4th to 6th, China's President Xi Jinping paid a state visit to Finland. The main media of Finland reported the visit. The *Helsinki Times* also published Xi Jinping's article. At the end of 2016, Norwegian minister of Foreign Affair, Børge Brende, visited China and held talks with Chinese Premier Li Keqiang. After meeting with Wang Yi, both sides declared to normalize the bilateral relation. Subsequently, Norwegian Prime Minister Solberg visited China in April 7th, which is the first visit of Prime Minister of Norway to China in ten years. This visit broke the six-year diplomatic freeze of Norway-China relations.

The stabilization of political relation created a new situation for the Nordic countries to further promote the cooperation of economy, trade, investment, technology and people-to-people with China. Denmark and China signed the *China and Denmark Joint Work Programme (2017-2020)* and decided to deepen cooperation of many fields including

maritime technology, shipbuilding, green technology, and sustainable development and so on. During president Xi Jinping visiting Finland, Finland reiterated its adherence to “One China” policy, hoped to enhance mutual understanding and political trust to advance cooperation with China in trade, investment, Arctic affairs, tourism. Finland expressed its appreciation to China’s Belt and Road initiative and treated the Finland-China’s “new partnership for the future” as the supplement of China-EU comprehensive strategic partnership, which could advance the connectivity of Finland-China and EU-China for jointly building the Eurasian market and promoting the communications of trade, capital, technology, information, personnel etc.⁷ Prior to this, China’s new energy company Kaidi has announced that it planned to invest 1 billion euros to build biomass refinery in Kemi, Finland. It is estimated that this plan would create a huge impact on local economy and provide thousands of jobs for the native people.

In addition, the cultural and educational exchanges between the Nordic countries and the Chinese side were further strengthened. In February 24th, 2017, the opening ceremony of the “China-Danish tourism year” was held in Beijing, which was the first tourism year officially launched by Nordic country with China. In May 25th, 2017, the Fifth China-Northern European Arctic cooperation Symposium was held in Dalian of China. The Arctic Circle Forum’s president and former president of Iceland, Olafur Ragnar Grimsson, made a speech at the opening ceremony. Norway, Finland, Denmark and Sweden also sent their representatives to participate in. The conference aimed to exchange ideas on the protecting and developing the Arctic and promoting the utilization of the Arctic waterway. After the normalization of the Sino-Norwegian relation, Norway hosted the seventh China-Nordic National Think Tank Roundtable. Norwegian government attached great importance to this meeting and authorized the director general of Norwegian Ministry of foreign affairs to organize the meeting. Nearly all the directors or leading scholars from think tanks of five Nordic countries participated in it. In December 13th, the first China-North European High-level Think Tank Forum was held in Fuzhou. Experts and scholars from Nordic countries such as Sweden, Finland, and Norway came to participate in it.

⁷ China and Finland issued a joint statement on the establishment and promotion of a new partnership for the future, China News Network, <http://www.chinanews.com/gn/2017/04-05/8191991.shtml>, April 5th, 2017.

II. Value diplomacy was generally weakened

Generally, human rights priorities in the issues of foreign affairs for Nordic countries and there was no exception to their diplomacy to China. In March 10th, 2016, on the UN Human Rights Council, four Nordic countries- Denmark, Iceland, Norway, Sweden, together with 12 countries such as the United States and Australia, issued a joint statement condemning the deteriorating situation of human rights in China. However, in 2017, this kind foreign policy to China changed significantly. In February 27th, 2017, ambassadors to China or diplomatic representatives from 11 countries including Canada, Australia, UK, France, and Germany published a joint letter in Canadian *Globe and Mail* requesting Chinese government to thoroughly investigate the case of torture against Chinese human rights lawyers and calling for Beijing to remove residential surveillance over human rights activists. In that joint letter event, only Sweden in the five Nordic countries was involved. Compared with other Nordic countries, only Sweden still stick to value diplomatic position to China and still performed quite vigorously in Chinese human rights issue. Moreover, the Swedish Ministry of foreign affairs published the first global human rights report in April 26th, which asserted that the human rights situation in China is worsening. It pointed out the freedom of speech and association, people's rights guaranteed by Chinese Constitution has been violated in reality to varying degrees and the situation of civil rights and political rights was grim.

The normalization of the China-Norway relations was another important sign of weakening "value diplomacy". The Sino-Norwegian relationship had deteriorated because of the Nobel Peace Prize award in 2010. In order to repair relations with China, Minister of foreign affairs of Norway, Børge Brende, visited China to find a way out. After the negotiation, both sides agree to realize normalization of bilateral relations. In the *Statement of China and Norway on Normalization of bilateral relations*, Norway said it "is fully conscious of the position and concerns of Chinese side and has worked actively to bring the bilateral relations back to the right track" and "fully respects China's development path and social system ... will not support actions that undermine them (core interests and major concerns of China) and will do its best to avoid any

future damage to the bilateral relations.”⁸ Although Norway didn’t make an apology about the Nobel Prize event literally, “respect the development path and social system”, “not damage the core interests of China” clearly displayed that Norway had changed previous position and would no longer take the human rights issue as the primary concern of foreign policy, it turned to pursuit more pragmatic policy to China.

III. How to understand Nordic countries’ China policy

On the whole, under the background of de-globalization, Brexit, the gloomy situation for recovery of European economy and the rise of trade protectionism, finding new impetus for economic growth was also an important concern of the Nordic countries. 2017 was an important year for China to make the Belt and Road initiative and “16+1” cooperation mode become from plan to implement. The above-mentioned strategic planning of the Chinese side was undoubtedly of great significance to revitalize the regional economy and promote global governance. Constructing good relations with China was in favor of the Nordic countries making full use of this opportunity for its economic development. For example, Danish Foreign Minister acclaimed the Belt and Road initiative as an interactive channel for the interconnectivity of Eurasia; in “China-Norway business summit”, the Prime Minister of Norway, Erna Solberg, said that the normalization of political and diplomatic relations with China offered great opportunities for Norwegian business and employment. Observers said the normalization of Sino-Nordic relations may provide an opportunity for China and the Nordic countries to establish a “5+1” model similar to “16+1”.⁹

From a national perspective, the benefit from trade with China, as well as the huge gains in sub-regional governance of northern Europe, was the most fundamental driving force for the Nordic countries to continue or transform their policies towards China. As far as Norway was concerned, after the Nobel Prize event, China not only suspended political dialogue with it, but also a lot of cooperation in business, trade, scientific research and academic field were set aside, especially the negotiation on the Sino-

⁸ Website of Xinhua Agency, http://www.xinhuanet.com/english/2016-12/19/c_135917147.htm December 19th, 2016.

⁹ Bjørnar Sverdrup-Thygeson and Marc Lanteigne, “China and Norway: Unpacking the Deal”, *The Diplomat*, December 25, 2016, <https://thediplomat.com/2016/12/china-and-norway-unpacking-the-deal/>.

Norwegian FTA which had started since 2008. The dilemma of political relations undoubtedly hindered the other relationships such as economic interaction with China. After the resumption of the bilateral relations, China agreed to relaunch the FTA negotiation with Norway and restore the Joint Commission of Sino-Norwegian economic and trade. According to the information from Norwegian Seafood Council, it was estimated that, export of salmon from Norway to China may be increased by 20 times under the influence of normalization of bilateral relations.¹⁰ In addition, Chinese market and investment environment were of great interest to, such as energy, fishery, shipping enterprises of Norway. In order to woo the support from these enterprises and win the autumn election in 2017, the joint government led by Erna Solberg must give a satisfactory answer in Sino-Norway relations. It can be said that Solberg's efforts in recovering relations with China were one of the most important factors for her victory.

The technical advantages in geothermal energy, clean energy, biotechnology Iceland and Finland had and huge domestic market China had was mutual appeal to each one. Complementary strength was the natural dynamics for the economic cooperation between the two sides. China was the largest trading partner for Iceland in Asia, China and Iceland shared important interests in fisheries, tourism, geothermal and other aspects. Iceland was also the first European country to sign a free trade agreement with China. In particular, the technological advantages in geothermal exploration made Reykjavik believe that it could give Beijing great help in geothermal exploration and utilization, technological research and expert training. In return, Beijing allowed it to enter the huge market of China.¹¹ The policy of Finland towards China has always been a mercantilist tendency and China has been the largest trading partner for Finland in Asia for 12 years. Finland and China carried out deep cooperation in clean energy, biotechnology and other aspects. Finland was also committed to developing a new bilateral partnership with China.

In addition, as Iceland and Norway were not members of the European Union, they had a more positive attitude to looking for strategic partners outside Europe. In recent years,

¹⁰ Richard Milne, "the normalization of relations between China and Norway", *Financial Times*, December 20th, 2016 FT Chinese network <http://www.ftchinese.com/story/001070639>.

¹¹ Arthur Guschin, "China, Iceland and the Arctic", *The Diplomat*, May 20, 2015. <https://thediplomat.com/2015/05/china-iceland-and-the-arctic/>.

China has shown great interest in North European sub-regional cooperation such as exploration of Arctic resources, participation in the governance of the Arctic. Engagement in Arctic issues also will be beneficial with China, for example, using the Arctic sea route would reduce the time that China transported goods to European to 12-15 days.¹² Besides that, with a strong preference of trade protectionism shown by the Trump administration, Beijing also needed to develop relations with other Western trading partners to maintain its economic interests. The “16+1” mode established by China with the central and Eastern European countries had played an important role in sub-regional economic and trade cooperation. China hoped to expand this cooperation mode into multilateral relations among China and the Nordic countries. The convergence of interests provided potential impetus for bilateral cooperation.

Sweden has always been an active advocate of human rights both inside the European Union and in the United Nations. Its foreign policy displays strong normative stance. Swedish Government is committed to “promoting and increasing respect for human rights as a priority issue in its foreign policy”.¹³ Compared with other Nordic countries, Sweden was the most powerful one and had a more complete industrial system. Though China was the largest market for Sweden in Asia, China just now was the twelfth trade partner in global level for Sweden, and the investment of China in this country was relatively low. As a result, the economic connection between the two sides was loose. These factors made Sweden different from other Nordic countries and did not take the benefits of economic and trade cooperation as the primary concern to develop the relations with China.

IV. Future prospects of Nordic Countries’ policy to China

It can be foreseeable that, in the next few years, the basic features of the northern European countries’ foreign policy towards China would not be changed considerably. For promoting the “comprehensive strategic partnership” with China, Denmark needs to maintain a stable bilateral relationship. The policies of Iceland and Finland towards China also follow its conventional position of pragmatism. The two countries attach

¹² LiekeBos, “Norway-China Relations ‘Unfrozen’”, *The Diplomat*, December 21, 2016, <https://thediplomat.com/2016/12/norway-china-relations-unfrozen/>.

¹³ *Human rights in Swedish foreign policy*, Ministry for Foreign Affairs Sweden, March 2009.

much importance to the economy and trade relations with China, so they will not run any risk to make hazardous plan that could harm bilateral relations. On the contrary, as China's partners in the Arctic affairs, their policies to China will develop towards a more friendly direction, and the ties with China will be further strengthened. For Norway, although it has not completely abandoned its concern about human rights issues, it is less likely to follow the track of the "Nobel prize event". It could be more likely for Norway to express its concern about human right through political dialogue or other subtle ways in diplomacy with China. Respecting the norms such as political liberality, human rights, democracy is the characteristics of Swedish society, so the Swedish government aims to pursue these norms in its internal and external policies. Therefore, Sweden will remain highly concerned about the issue of human rights in China for a long period of time.

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The Policy of Southern European Countries towards China in 2017

Stronger Cooperation, Enhanced Friendship

When talking about the policy of six South European members of the European Union (EU)-Italy, Spain, Portugal, Greece, Cyprus and Malta-located in the Mediterranean region, particularly, special attention is paid to Italy, Spain and Greece. While these six countries have many similarities in terms of geographical location, economy and even social culture, they have different relations with the EU and China. Although they have held several South EU Summits with also the participation of France, the cooperation between them has not reached a high level of sub-regional institutionalization. It is therefore difficult to determine if some form exists of common policy towards China like it exists in the case of Eastern European countries through the “16+1” mechanism.

The policy of South European countries towards China has three dimensions: the bilateral one, a sub-regional one, and the EU-level one. The first and the third dimensions are clearly the most important ones.

In general, Southern European countries have shown a friendly attitude towards China over the year and they played a rather active role in the formulation of the EU policy towards China. However, there are also issues that divide the European and Chinese side, especially in the area of trade.

I. Italy's Policy towards China

The trade and investment were the key factors in the Sino-Italian relationship. China was the largest trading partner for Italy in Asia and Italy was fifth largest trading partner for China in the EU. In the first half of 2017, the bilateral trade volume reached 22.82 billion dollars and the Italian trade deficit was 8.67 billion dollars, decreasing by 11.6%. By the end of 2016, Italian investments in China were close to 7 billion dollars; Chinese investments in Italy surpassed 11 billion dollars. Italy was one of main European destinations for Chinese investments.

Italy's policy to China has two main apparently contracting goals. On the one hand,

Italy hopes to protect its economy from the competitive pressure from China through the EU. Many in the Italian society and policy elites support such position. On the other hand, other in the government and business community want to see stronger economic ties with China and look forward to more opportunities.

Italy remains to a large extent a protectionist country when it comes to trade and this is especially visible in its economic policy towards China. First of all, Italy has always strongly opposed the recognition of Chinese full market economy status by the EU. Italy wants to protect its economy from the impact of Chinese competition for Chinese companies are seen as strong competitors in many key industries and markets. On this issue, almost all political parties in Italy strongly oppose the reduction of those barriers that are considered indispensable for the protection of the Italian economy. Second, Italy actively supports the establishment of the EU investment review framework with the purpose of safeguarding industries deemed strategic and of relevance for national security against extra-EU capital. China is obviously the main implicit, and sometimes explicit, target of those measures. Indeed, China invested in the Italian electric grid, petrochemical industry, and even in Italy's public debt. This is why some members of the Italian Parliament began to worry about the potential risk coming from such investments.

However, Italy also needs good business ties with the world's second largest economic country. Consistently, economy is always at the center of the discussions between Italian and Chinese officials. For example, the Foreign Minister Angelino Alfano called for the strengthening of the Italian exports to China and highlighted the importance of Chinese investments in Italian companies during his visit to Beijing in December 2017. Against this background, China's Belt and Road initiative (BRI) is seen as an important opportunity for the Italian logistic system to attract new investments. Italian officials and business representatives also hope that there will be space to work in other countries, especially the neighboring ones, where large infrastructure and industrial projects are launched within the framework of the BRI.

In order to seize these opportunities and win over the competition, Italy expressed strong support for the BRI through the visits and the statements of its top leaders. For

example, when the Prime Minister of Italy Gentiloni attended the Belt and Road Initiative International Cooperation Forum in May, 2017, he said that Italy was willing to participate in the infrastructure and other cooperation under the framework of the Belt and Road construction. It is important to highlight that he was the only head of state from a founding member of the EU to be present at the Forum. Later in December, Minister Alfano further expressed the Italian support to the BRI and proposed to include cooperation in third countries and regions, like Africa, Pakistan, and the western Balkans, in the discussion between the two countries.

Besides the case of the BRI, the Italian government has invested a great deal of political resources to promote the development of relations with China. For example, the President of the Italian Republic Sergio Mattarella visited China in February 2017. The former Prime Minister of Matteo Renzi and the present Prime Minister Paolo Gentiloni have visited China twice. In May, Gentiloni signed the China-Italy Cooperation Action Plan for 2017-2020. The Joint Document of 8th joint meeting of the China-Italy Governmental Committee was then issued in December when Alfano visited China.

At the same time, Italy in recent years tried to avoid problems regarding a number of China-related issues that were not seen as directly relevant for the development of the bilateral relationship. Indeed, Italy keeps a low profile when it comes to the dispute of the South Sea and the East Sea, human rights and other sensitive issues. Although some MPs questioned the policy adopted by the Italian government on Tibet, there was no significant change in 2017.

Rather, since Italy has important security interests in Middle East and North Africa and it is committed to regional stability, it hoped to strengthen the communication and dialogue with China on issues like terrorism and the refugee crisis. In July, 2017, Italian and Chinese Navy held joint military exercises in the Tyrrhenian Sea.

However, civil society and some certain parts of the political community figures in Italy affects negatively the development of the relationship with China. Indeed, from political parties like the Italy Five Star Movement (Movimento Cinque Stelle) and the Northern League (Lega Nord), to single politicians, like current EU Parliament President Antonio Tajani, have adopted a hard line on the relationship between Italy,

the EU, and China. At the more general society level, Italy is the European country with worst perception of China. The survey carried out by the Pew Research Center shows that up to 59% of the Italian population hold negative views on China in 2017. Only 31% had a positive attitude. There are two main reasons for this phenomenon. One is that Chinese companies have often been blamed for being among the causes of unemployment by forcing their Italian counterparts out of the market. The second one is that some of the almost 300 thousand Chinese living in Italy have been involved in accidents that received negative coverage by the media, thereby causing tensions between the Chinese and local communities.

II. The Policy of Spain to China

The top priority of Spain's Asian strategy is to strengthen the economic ties with the Pacific region in general, and China in particular. Given such focus, over the past decades non-economic issues have become less important in the Sino-Spanish relationship. In 2017 China was the largest trading partner for Spain outside the European Union and ranked the twelfth among all trading partners.

Some in Spain complains that the two countries may be good friends, but they are not good partners. Spain has a large trade deficit with China. Indeed, in 2016 the bilateral trade volume reached 27.44 billion dollars, of which China exported to Spain 21.31 billion dollars. In the first half of 2017, the trade volume of bilateral goods was 14.82 billion dollars, increasing 8.1%. The trade deficit of Spain to China was 8.03 billion dollars declining by 1.8%.

Hence, Spain has been pushing for a more balanced relationship and committed itself to attracting investment from China, especially since the global financial crisis. However, the amount of Chinese investments in Spain has not yet reached the level that the Spanish government and business elites hope for. From 2015 to 2016, Chinese investment in Spain increased by 120% and China ranked the eleventh among all the investment countries in Spain, but the growth rate slowed down due to new regulations in the real estate sectors in 2017. Not only because of the absence of the opportunities that were expected to come together the BRI, but also because of the fear that Chinese companies might out-compete the Spanish ones, Spain is today a supporter of the tools

that the EU deployed to in the trade and investment areas.

Yet, regardless of the political party in the government, the political side of the Sino-Spanish relations remains good. Spanish leaders are confident in the work of their Chinese counterparts and in the results that it will produce in the long-term. Within the EU, Spain plays an active role in promoting good relations between the Union and China. It has long supported the lift of the EU arm sales embargo on China and has also supported the conclusion of the EU-China investment agreement. In May 2017, the Spanish Prime Minister Rajoy visited China and to attend the Belt and Road International Cooperation Forum. In that occasion he spoke BRI as an important effort against global trade protectionism and stated that Spain was willing to join. In June of the same year, King Felipe VI told to the Chinese President Xi Jinping that Spain was willing to actively participate in the cooperation of infrastructure, energy and other fields within the framework of the BRI. Both leaders have expressed the Spanish intention to not interfere in China's core interests.

Yet, the Spanish elites and society people are still divided on China. According to the survey of Pew Research Center, the opinion of the Spanish people on China was more positive in 2017 compared to 2016. However, 43% still hold a negative opinion about China against 33% with a good one.

III. The Policy of Greece to China

The Tsipras government in Greece pursued a positive and friendly policy towards China and put the relationship with the Asian giant at the top of its foreign policy agenda. The Greek Prime Minister Tsipras visited China in July 2016 and May 2017 showing commitment to the bilateral relationship. The two sides jointly issued the Joint Statement on Strengthening Comprehensive Strategic Partnership and signed the 2017-2019 Plan on Key Areas of Cooperation Between China and Greece.

Tsipras pointed out that the two countries of Greece and China had the common position on issues concerning the core interests of each other and that promoting closer economic cooperation with China is a priority for Greece. Greece welcomes the Chinese investment in important logistic infrastructures and Tsipras praised the BRI as

a farsighted enterprise to promote trade, energy, transportation integration in the Eurasian continent when he attended the Belt and Road International Cooperation Forum in May, 2017. Greece was also one of the members of the “16+1” summit in November 2017 and it seems in favor of promoting such platform further.

During the last two years, Greece sold 67% stake of Piraeus port to COSCO Group and supported the investments of China National Power Grid Corp in the Greek electric grid. It also prevented the EU from making a negative statement on the arbitration case of the South China Sea and on Chinese human rights record at the United Nations. Greece is also one of the European countries that oppose the establishment of the EU foreign investment screening mechanism. While such initiatives were extremely important in the Sino-Greek relationship, the Greek Prime Minister Tsipras and Foreign Minister Nikos Kotzias were also criticized by some European leaders and media because of them.

Greece is close to the EU but also heavily dependent on its trade relations with extra-European partners like China. After the European debt crisis, and especially after the Tsipras government came to power, Greece became deeply dissatisfied with the austerity policy imposed by the European Union and the relationship between them worsened. Many people questioned the Greece’s policy towards China which seemed to find an alternative to the EU to some extent. The highly friendly attitude of Tsipras government towards China was considered to be more tactical than substantive. It showed the international creditors that it was supported by China and was not isolated. Greece’s strategy towards China with its investment was heavily dependent on domestic political considerations at present and not well thought-out, or at most half-baked.

Today and in the future Greece’s friendly policy towards China will continue to rest on deep and solid foundations. First, the current economic-priority project of Greece is still to attract foreign investments. In order to achieve more than 2.5% economic growth by the end of 2017, Greece should invest 18% of its GDP, while its investment in 2015 was 11% of its GDP. Hence, Greece will continue to rely heavily on Chinese investments. Second, the Chinese BRI fits with Greece's own strategy to be a key

logistic and trade hub.

Differently from other countries, the opinion of the Greek society mirrors that of its government. According to the survey of Pew Research Center, in 2017 the proportion of Greek people with negative views on China was 40% and the proportion of positive views reached 50%.

IV. Conclusion

Southern European countries generally pursued a friendly policy towards China in 2017 and they did not interfere with China's core interest and other sensitive issues. Economic issues have been at the center of relationship between Southern European countries and China for a long time. They are all members of the Asian Infrastructure Investment Bank and Italy, Spain, Portugal and Malta are among its founding members. Greece and Cyprus joined in 2017.

Southern European countries in general welcomed BRI. The Prime Ministers of Italy, Greece, and Spain all participated in the Belt and Road International Cooperation Forum in 2017. Expanding the trade with China, making it more balanced, and further attracting Chinese investment and protecting domestic industry remain the main goals of economic policies of these countries.

Of course, there were some differences among them and their approach to China. For example, while Greece, Portugal and Malta opposed the establishment of the EU foreign investment screening mechanism, Italy and Spain supported it. Italy, Spain, Portugal and Malta also supported the strengthening of EU-level trade defense tools. At the same time, both Italy and Greece hoped to improve cooperation with China in the Middle East and its surrounding regions. Spain and Portugal attached great importance to strengthening cooperation with China in Spanish and Portuguese-speaking countries.

Compared to the others, Greece was the most active one in promoting the ties with China. In addition, people in some countries had some differences in cognition of China with the official. For example, the proportion of people in Italy and Spain holding negative views towards China was more prominent. Although this negative factor has not caused great damage to the bilateral relations, the popular opinion puts pressure on

the governments to adjust their policies at the bilateral level.

In general, the Southern European countries were friendly to China and played an active role in the overall policy of the EU towards China. China needs to further guide and consolidate this favorable trend during the formulation of its strategy towards Southern European countries. The BRI and its related projects can help to strengthen friendly relations so that they can avoid the eventual negative influence of the rotation of ruling parties, public mood swings and other negative factors.

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Postscript

19 January 2018

In the past 10 years, the situation within the EU and its members has undergone dramatic changes. Since the Greek debt crisis happened in 2009, the EU fell into the continuous instability: the economic growth was weak, the rate of social unemployment rose which affected social stability, the refugee crisis swept the whole Europe, the terrorist attacks took place one after another, the sentiment of domestic populist increased, etc. Brexit impacted European integration severely, and some separatist forces were ready to do something. If looking at outside factors, the earlier Ukraine crisis, the successful U.S. presidential election of Donald Trump who had populist and anti-establishment color, as well as the political turmoil in Middle East and North Africa which are the EU's nearest neighbors (especially the Syria crisis as the representative), all posed severe challenges for Europe.

On the other hand, as one of the most developed regions in the world, the European Union always regards itself as a pole in the world power structure that play unique role in international society. For example, it views itself as a "normative power", shaping the rest of the world with its strong economic strength and unique soft power, normalizing other countries and regions with its culture, values and regulations. Actually, it is still an important actor in the international community. Its scientific and technological power, innovation ability and overall economic strength are able to affect the world greatly. Generally, for many countries and regions, the European Union is the most important trade and investment partner, the most important supplier of technological transformation and the most important source of foreign assistance.

Therefore, the EU is in hard time, but still very strong. Under this situation, the foreign policies of the EU and its member states (including the policy to China) are constantly adjusted to adapt to the changes of current situation as to achieve their ambitions.

In terms of the policy of the EU and its member states to China, its adjustment is involved in the change of China itself. However, the change of China is a case of rapid rise of a country, which seems be unique in human history. Its development speed is amazing. Even it is difficult for China itself to quickly finish adjusting the foreign policy to adapt to this change.

In any case, while facing the world with numerous changes, the European Union and China are almost without any experience to follow. However, for the European Union and its member states, it is increasingly difficult for them to make the policy to China be fully consistent with its own interests and aspirations and meanwhile,

meet the context at home and abroad as well. While encountering China, it needs to maintain the interests of many European enterprises, its would-be soft power and even its long-standing sense of moral superiority over China; however, Chinese economic strength and cultural self-confidence are unceasingly enhanced. Its historical tradition also determines Beijing will never passively accept foreigners' teachings.

Though there are no the fundamental geopolitical conflicts between them, when the two powers with strong strength and profound historical tradition communicate with each other, some unpredictable problems may be emerged. For the EU and its members, how to deal with China has become an urgent task should be taken seriously. Since it discovered and identified China as a competitor in 2005, it has been adjusting its policy towards China. For China, to understand the policies of the EU and its members toward its own is also an important job.

In consideration of upper reasons, we issue this report for all who are interested in this topic. Obviously, as the first annual report jointly issued by our Center for China-EU Relations of Fudan University and Shanghai Institute for European Studies, there are still many deficiencies in the framework, writing style and analysis depth, etc. We hope that readers can understand this and show their lenience. In any case, we hope that you could give us criticism and constructive comments to help our future reports be better. We also hope that this report will, to a certain extent, enable you to deepen your understanding regarding this subject or to give more food for thought, and at least to know more about the thoughts on China-EU relations and European affairs from the perspective of Chinese scholars. This is obviously the basic dynamics and intentions that push our work upon reports forward in the future.

The image shows two handwritten signatures in black ink. The signature on the left is '简军波' (Jian Junbo) and the signature on the right is '杨海峰' (Yang Haifeng).

Dr. Jian Junbo (Associate Professor, Deputy Director of Center for China-EU Relations, Fudan University)

Dr. Yang Haifeng (Secretary-General of Shanghai Institute for European Studies)

