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Blueprint for an EU-China strategy

Abstract:

While for a long time we have defined our relationship with China solely on trade, it is time to recognise that China is much more than an interesting trade partner. We are confronted with an assertive Chinese leadership that shows tendencies to impose its illiberal views on the world. China is, as the Commission highlighted in 2019, our negotiating partner, economic competitor but also systemic rival promoting governance models that contradict our Western values. While balancing the relationship with the country, the EU must recognise that the new US administration offers an excellent opportunity to create an extensive and comprehensive joint EU-US partnership vis à vis China, based on a broad spectrum of policy area's such as on security, trade, intelligence, climate, multilateral institutions and treaties, human rights and diplomacy.

renew europe.

About Renew Europe Group

The Renew Europe Group is a coalition of progressives, liberals, democrats and reformists, that make up the largest centrist group in the history of the European Parliament. Brought to you from the European Liberal Forum, this new reference series aims to disseminate Renew Europe Group positions to the wider liberal family, policymakers and industry stakeholders, civil society and the general public. While, at the same time, the position papers will raise awareness on a number of issues and policy sectors, from sustainability and climate change, to democracy and the rule of law, human rights and fair competition.

This document is a position paper adopted by the Renew Europe group in the European Parliament on 5 February 2020, which ELF is publishing with Renew Europe permission. The opinions expressed in the document do not preclude any further developments in the group's positions on that topic. It remains the sole propriety of the Renew Europe group.

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The European Liberal Forum (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 47 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen. ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks and other experts. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different EU stakeholders.

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A new EU-China strategy based on four pillars

For too long we have defined our relationship with China solely on trade. It is time to recognise that China is much more than an interesting trade partner. It is a country led by the Chinese Communist Party with great ambitions, which will be a significant challenge to the liberal world order.

Since Deng Xiaoping opened up China at the end of the seventies its economic rise has been astonishing. Not only did the Chinese leaders lift more than 800 million people out of poverty, anno 2020 China is the second largest economy, it has the world's fastest growing army and emits more than a quarter of humanity's emissions of global warming gases.

With its current growth levels, China is projected to become the world's largest economy, it will soon have the most innovative companies in the world's top twenty and its Belt and Road Initiative will make it one of the biggest foreign investors in the world. President Xi Jinping's grand vision is to make China a superpower and the world's dominant power in 2049, exactly hundred years after the People's Republic of China was born.

We need to engage in a comprehensive dialogue on China and firmly assume to defend EU's interests and values, keeping in mind that China's goals are often divergent from ours. This came particularly to the surface during the Corona crisis, when China did not shy away from trying to divide the European Union via disinformation campaigns and flex its muscles in Hong Kong, the South China Sea and on Taiwan. Furthermore, the EU shall take a clear stance against the violations of the human rights in China, notably on the continuous repression against the Uyghur and Tibetan communities and on the violation of China's international commitments in Hong Kong.

We are confronted with an assertive Chinese leadership that shows tendencies to impose its illiberal views on the world. China is, as the Commission highlighted in 2019, our negotiating partner, economic competitor but also systemic rival promoting governance models that contradict our Western values. As a result of these developments, the global multilateral rules-based system is increasingly under pressure, resulting in a multipolar global power balance, which could develop into a systemic rivalry between a democratic bloc and an authoritarian and totalitarian bloc.

While balancing the relationship with China, the EU must recognise that the new US administration offers an excellent opportunity to create an extensive and comprehensive joint EU-US partnership vis à vis China, based on a broad spectrum of policy areas such as on security, trade, intelligence, climate, multilateral institutions and treaties, human rights and diplomacy.

Although there were recent efforts towards a more united and firmer attitude towards China, the current situation in which some Member States would have a preferential partnership with China, while the EU is struggling to define a common position is not sustainable. A new, more assertive EU-China strategy must unite all Member States and shape relations with Beijing in the interest of the EU as a whole.

This new strategy shall protect the EU's interests, promote our standards and norms and defend our values while promoting a rules-based multilateral world order. Renew Europe proposes to construct this new strategy around four pillars:

1. A renewed **strategic partnership to fight climate change and preserve global security**;
2. A **rules based trade relationship based on reciprocity** and an **industrial policy focused on innovation and open strategic autonomy**;
3. A united Europe to **address China's human rights violations and violations of international law**;
4. A **reformed EU to be able to play a geopolitical role** on the world stage.

Our proposed strategy will give the EU more tools to stand up for our values and interests, it will steer China to respecting human rights, it opens new opportunities for cooperation and will give a united Europe more tools to play its geopolitical role.

1. A renewed strategic partnership to fight climate change and preserve global security

The EU should remain committed to engaging with China to uphold the rules-based international order. The challenge is to ensure China refrains from using its position in international organisations in a way that is only beneficial for the Chinese. As a permanent member of the United Nations Security Council, it has the responsibility to support all three pillars of the United Nations: Human Rights, Peace and Security and Development. **China is actively engaged in trying to reshape global governance to its benefit.**

We should engage in a rebalancing in order to strengthen a multilateral order focused on results. Furthermore, we must, not be naive in our engagement with China and keep European values at the core of the EU's external policies.

Close cooperation with China to fight climate change

China is the world's largest carbon emitter, but at the same time the largest investor in renewable energy. Without China, the Paris Agreement would not have been possible and it is in Europe's interest to continue to engage with China to curb global greenhouse emissions.

We welcome China's plans to introduce the world's largest national carbon trading scheme, which will cover a quarter of global CO₂ emissions and we welcome President Xi Jinping's announcement that China strives to reach carbon neutrality before 2060. At the same, China is building and exporting the most coal-fired power stations in the world.

The EU should acknowledge this paradox and ensure **China commits to peak its emission before 2030**, in line with the Paris agreement by implementing a border carbon adjustment mechanism and by enshrining the Paris Agreement as an essential clause of the future EU-China agreement.

Increased dialogue on global security

It is a positive development that China has taken a more active part in defending global security, investing more in international peacekeeping and mediation missions. China **has more U.N. blue helmets, more than 2,500, than any of the other four permanent members of U.N. Security Council.** Furthermore, Beijing is investing tens of millions of dollars in international peacekeeping and mediation missions,

increasing its diplomatic support for global health and sustainable development initiatives.

China's support enabled the Joint Comprehensive Plan of Action for Iran to be maintained. At the same time, the EU should remain critical and vigilant of any future military cooperation between China and Iran. In addition, the EU's and Chinese coordinated actions to counter-piracy operations in the Gulf of Aden and the Horn of Africa have increased security.

The increased presence of China in the UN could offer opportunities. The EU should find common ground with China to join diplomatic efforts in supporting peace capacity building and the prevention of conflict, notably the peace process in Afghanistan and in promoting that Rohingya are safe in Myanmar. Furthermore, China should play a defining role in the denuclearisation of North Korea by discouraging North Korea of continuing its nuclear programme.

The EU should not be naive about China's altering role and growing influence in multilateral organizations, such as the UN and the WHO. The changing dynamics in these multilateral organizations are a serious challenge to the EU. Better coordination among the Member States and combining the strength of global liberal democracies should be the main policy objectives in order to adequately respond to this development.

Recognizing that China, although commendable for the abovementioned positive contributions to global security, still represents a significant challenge to the liberal world order, it is crucial that the EU welcomes the new US Administration and seeks to promote a balanced and prosperous transatlantic relationship, to maintain and demonstrate the united strength of global liberal democracies in multilateral organisations.

2. A trade relationship based on reciprocity and an industrial policy focused on innovation and open strategic autonomy

In 2020, China overtook the US to become the EU's biggest partner for trade in goods. Its growing domestic market and economic weight represent significant business opportunities for European companies.

The recent EU-China GI agreement is a positive development, if properly implemented. The Chinese market has 1.4bn consumers. EU foreign direct investment flows into China the past twenty years make up for 140bn euro and the FDI flows in the opposite direction accounts for almost 120bn euro.

However, China's continued **delay in complying with all the WTO rules** continues to lead to difficulties between the EU and China in the trade field. The main issues that should be solved are the many barriers European companies face to access the Chinese market, protection of intellectual property rights, counterfeiting, product safety concerns, social and environmental standards, forced technology transfers, obliged Joint Ventures, unfair subsidies and unfair competition by state-owned enterprises.

Moreover, the EU should continue to advocate rules-based free trade and investment when further deepening its trade ties with China. However, this **new trade relationship should be based on reciprocity and go hand in hand with a European industrial policy and Research, Development and Innovation policy to make Europe more innovative** and better able to ensure that the next industrial revolution is underpinned with respect for privacy and the rule of law. In this context, the EU should also build upon the Commission proposal in its White Paper on Foreign Subsidies, in order to ensure a level-playing field.

Intellectual property (IP) theft on an industrial scale have undermined China as a trustworthy business partner for the long term. Theft of IP has to be forbidden. We should make clear that copyright is not the right to copy.

The EU-China Comprehensive Agreement on Investment (CAI)

Renew Europe takes note of the EU-China Comprehensive Agreement on Investment (CAI), which was agreed in principle in the last days of 2020. The European Parliament should carefully scrutinize the agreement and make sure that it significantly contributes to tackling unfair trade practices and verify whether the agreement in fact lives up to its promises of levelling the playing field for European companies of all sizes, including SMEs, and not only facilitates investments and market access for the largest enterprises. It is also in the interest of European companies that an investment protection agreement with China is concluded, as was intended.

The cooperation with China must go hand in hand with firmness on the issue of human rights, minority rights and respect for climate objectives. Renew Europe will look at the Chinese commitments regarding core ILO conventions, especially missing ones on forced labor, on commitments on environment, including the Paris Climate Agreement, and on the means for enforceability. China must end and prevent forced labor, reduce carbon emissions in line with the Paris Agreement, and take other concrete measures to fight climate change.

It is imperative that the trade and sustainable development chapter of the CAI is supplemented by a comprehensive timetable for the Chinese ratification and implementation of key ILO conventions on labour rights. Chinese commitments to make “continued and sustained efforts to ratify core ILO conventions” on forced labour will not be enough to secure the European Parliament’s approval and should be accompanied by a clear roadmap such as the one Vietnam agreed to leading up to the approval of the EVFTA.

However, Renew Europe should recognise that the ratification of the fundamental ILO Conventions by China would not necessarily result in their implementation. Therefore, Renew Europe should demand a robust monitoring instrument to ensure that these conventions - if ratified - are implemented and enforced.

The European Union must step up cooperation with the United States, develop a joint approach to tackle Chinese unfair trading practices, such as subsidies’ control and forced technology transfer, at the multilateral level, especially at WTO, and this agreement should not constitute an obstacle thereto.

Furthermore, this agreement and its provisions on market access should not allow Huawei to develop 5G infrastructure in Europe.

The European Union should also make sure to, despite the pending approval of the CAI, enforce and promote human rights and stand up for the values of the Union. We urge the European Commission to present a blacklist and to propose a ban on the importation of goods produced using child labour or any other form of forced labour or modern slavery, following the examples of the United States and the United Kingdom, and to this end the Commission should introduce a horizontal, mandatory due diligence legislation as soon as possible.

Renew Europe underlines that CAI represents only one element of the EU's policy towards China and that the agreement should be situated within the broader context of our bilateral and multilateral engagement with China and the range of autonomous measures the EU has at its disposal vis-a-vis China, as well as announced legislative proposals by the Commission.

Renew Europe must seek clarification on what the agreement in principle on the EU-China Comprehensive Agreement on Investment means for the launch of formal negotiations on a Bilateral Investment Agreement with Taiwan and reiterate its longstanding commitment to this process.

China's decision to sanction five Members of the European Parliament and the Human Rights committee for criticizing China's human rights record are unacceptable and we stress that the European Parliament and Renew Europe will not be intimidated by these measures. It is unthinkable that our Group will discuss or ratify the CAI as long as MEPs and one of its committees are under sanctions.

Further protection of European labour rights

Nationals of non-European countries' working conditions are equivalent to those granted to European Union's citizens. However, there are considerable barriers for EU citizens to enjoy the same minimum set of rights in China. According to the Charter of Fundamental Rights of the European Union, labour rights include respect to health, safety and dignity conditions.

In this regard, a **comprehensive working conditions agreement** should be negotiated with China. Such a framework should also include the commitment to recognize labour standards referred to in the 1998 International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Stronger cooperation with Chinese judicial authorities

In respect of the **promotion of judicial cooperation in civil and commercial matters**, the European Commission has strengthened its efforts to consolidate its partnership with third countries and international organizations.

However, the EU should ensure that judicial cooperation policies aims are shared and implemented by foreign law enforcement authorities, including China's authorities.

Renew Europe is of the view that further independence and efficiency of justice systems would **strengthen the rule of law, consolidate EU judicial authorities relations with China and build a judicial capacity**. With regard to development of such judicial coordination, we call on the EU to foster cooperation in legal affairs and, in particular, trade proceedings.

Closer personal data and privacy protection

Up until now, China has not approved any specific legislation governing collection, storage and processing of personal data. If this is not properly managed, the protection of human rights and freedoms might not be guaranteed to European Union's citizens, undertakings and governments. Moreover, during the on-going Covid-19 crisis, China's government has been accused of unlawful collection of personal data by Chinese undertakings.

Europe must ensure that the **protection of rights and freedoms, and especially the right to personal data protection** provided in the Charter of Fundamental Rights of the European Union, is to be effective.

Considering that China's recent proposal aimed at provide global data security, Europe should define the terms of its support to any eventual proposal and also its position on its own membership prospect.

Screening foreign investments

Within ten years, Chinese investments have increased tenfold and involve critical infrastructures, transport and high technology. Following the COVID-crisis, when the need for investment is bigger than ever, the EU needs to guarantee its open strategic autonomy and be particularly vigilant with regard to our strategic sectors by enabling Member States to stave off hostile Chinese takeovers of European companies.

We welcome the White paper of the European Commission on foreign subsidies and call on the EU Commission to build a robust instrument on it, including for public procurement. We also fully support the EU FDI Screening Regulation, putting in place for the first time an EU-level mechanism to coordinate the screening of foreign investments in strategic sectors.

We call upon the EU Member States to adopt a screening mechanism if they do not have one yet, in line with the Commission guidelines from March 2020. EU Member States should use all available tools to assess potential investments and acquisitions for threats to the security and public order, in particular with regard to Chinese state-owned and state-controlled enterprises in European strategic sectors.

Next to screening, it is necessary to prioritise European companies over Chinese state-owned enterprises regarding the allocation and use of EU funds, (EIB) loans and guarantees in order to prevent unfair competition advantages. Furthermore, the Commission must use all the tools at its disposal to prevent unfair trade policies such as steel dumping to ensure our industry's productivity and long-term prospects.

European companies should get equal access to the Chinese market

Chinese public procurement markets remain largely closed to foreign suppliers, with European businesses suffering from discrimination and a lack of access to the Chinese market. We call on the Member States for a swift adoption of an International Procurement Instrument, in its current or revised form, to ensure reciprocal access to third country public *procurement* **markets**. In this context, we believe that better insight in **foreign subsidies** will also be crucial, including for public procurement.

As long as China restricts access to its markets through forced technology transfer, forced data localization and discriminatory technical requirement, the EU has to continue making a full and effective use of trade defense instruments and also address these issues at multilateral level. In this perspective, we welcome the implementation of the new open methodology anti-dumping (NOMAD).

Europe needs to complete its digital market and invest in Research, Development and Innovation to be a player in the next industrial revolution

The next industrial revolution will unfold in the next decade, in which artificial intelligence, big data, nanotechnology and biotechnology, robotics and the Internet of Things will radically change our lives. China and the US are ahead of us and it is questionable whether Europe can act independently in the digital world. Moreover, China is increasingly using its digital capabilities to suppress minorities and democratic actors in China, while at the same time exporting these illiberal systems across the globe.

If Europe wants to play an important part in this new industrial revolution and make sure that new technologies respect our values such as freedom, privacy and the rule of law, it needs to **complete its digital market and rapidly improve its innovation system** and ensure that European values are embedded in global digital standards. Moreover, data from European citizens should not be stored in China.

China is determined to play a leading role in setting standards for emerging technologies by increasing its influence in formal international standard-setting bodies as well as informal industry-led initiatives. Those standards will not just increase China's competitiveness, but will also allow it to impose norms and shape the level playing field in its favour. To ensure the best technological standards being set by experts and to ensure liberal values enshrined in future technology, the Commission should take a proactive stance regarding standards and support the participation of European experts in international standard-setting initiatives, both governmental- and private industry-led.

Increased **R&D investments should focus on the industries and services that will define the fourth industrial revolution**, such as the development of batteries for renewable energy, artificial intelligence, 3D printing, nanotech, biotech, robotica, domotica, AI, high-performance computing, quantum computing etc. Furthermore,

the Commission should ensure more seamless collaboration in research and innovation within the EU.

A European industrial and competition policy to become more autonomous

The Covid-19 crisis has caused serious disruptions in the EU supply chains and underlined our alarming high dependence on third countries in areas such as medical products or food. We must **develop diversification to improve the resilience of our value chains** and ensure that we are not dependent on suppliers that could use their economic strength as a geopolitical tool.

Strategic autonomy in such vital sectors as the healthcare should be attained by ensuring that the EU countries have access to products of vital importance, such as medical equipment, medicine and personal protective equipment during crises.

We call on the EU to safeguard critical EU companies and assets from hostile takeovers conducted by large dominant players. This is a matter of utmost priority to step up the EU's efforts to forcefully counter unfair competition and hostile behavior from foreign state owned entities (SOEs) or government linked companies (GLCs) towards vulnerable EU companies as such behavior aims to take control of key EU technologies, infrastructure and expertise.

Europe also needs to conduct a competition policy that gives our industry the framework to be able to compete with state-subsidized Chinese firms. Therefore, we call on the Commission to **explore a new competition policy**, which increasingly bases its competition assessments on the entire global market and focuses on the current situation where:

- Our state aid rules do not apply to non-European operators who nevertheless have access to the single market;
- Neither the EU antitrust rules nor merger control specifically address the question of whether an economic operator may have benefited from foreign subsidies;
- While the EU can restrict subsidized imports through anti-dumping measures, it has no tools to deal with subsidized foreign entities or their subsidiaries that provide goods and services within the single market;

Moreover, the EU should actively work on an alternative to the Chinese alternative monetary framework which is currently being build, through their digital currency DCEP.

A joint approach to the roll-out of 5G networks

5G will be the backbone of the next industrial revolution and tie the various technologies together. 5G networks constitute the nerve centre of our future

societies. 5G is more than its predecessors a 'winner-take-all'-technology where one supplier delivers the infrastructure and operations support. Europe should apply its concept of strategic sovereignty to 5G networks.

Chinese firms offer a cost-effective and high quality 5G technology. However, the Chinese intelligence act of 2017 forces any Chinese company to comply with the requests of Chinese intelligence services, it obliges Chinese companies to "support, assist and cooperate with state intelligence work". Moreover, the Chinese state exerts significant influence on its vendors, or individual personnel operating in such vendors, on which 5G operators rely for roll-out of the network, maintenance and development.

These findings and doubts about (industrial) espionage, privacy infringements and the possibility of Chinese cyberattacks have also been addressed by the 5G Toolbox from the European Commission. The EU should therefore proceed to exclude risky vendors from the core of our 5G networks.

The industrial policy should ensure that Europe is able to defend its key interests. In this perspective, the Commission's toolbox was very welcome and has to be applied in the field of policies concerning 5G. In addition, we need a coordinated and harmonised European approach which gives sufficient support to European companies in this sector and avoid them being taken over by third countries.

3. A united Europe to address China's human rights violations

China's economic growth has not led China to become a more liberal country. It remains an authoritarian one-party state without elections, in which the communist party fully controls the media, puts democracy activists, opposition leaders and whistleblowers behind bars and has constructed the most advanced surveillance state in the world, for example through its technological developments in AI and big data. These developments have led many observers to conclude that China is a dictatorship.

The EU must remind China's leaders that with power come responsibilities. If China wants to be a reliable partner, it must play its role in defending human rights and the rule of law. The EU must continue to address these issues and keep the dialogue with China open. The EU should support calls for **an independent UN investigation into human rights violations in China**.

Renew Europe underlines that EU Member States cannot sign extradition treaties with China, since these can be used to bypass a fair trial and basic human rights. The EU should encourage other countries not to sign such treaties.

Human rights situation prominent role on EU-China summits

The Communist Party has increased its control of all aspects of Chinese society and stepped up its crackdowns on human rights activism. It uses artificial intelligence, biometrics, and big data to monitor and shape the minds and behaviors of 1.4 billion people.

Repression conducted under the guise of "anti-separatism" or "counter-terrorism" is particularly severe in Xinjiang and Tibet. About **1 million people are being indefinitely held in "political re-education" camps** - to intrusive surveillance, arbitrary detention, forced labour and forced indoctrination. Recent reports even show that mass sterilisation programmes and organ harvesting are applied to the Uyghur minority and other ethnic and religious minorities.

The situation of the Uighurs, Hong Kong citizens and Tibetans should be a prominent agenda item during EU-China summits. The EU should further push for an independent, objective and impartial international fact-finding mission and urge Chinese authorities to grant meaningful access to the regions concerned and ensure the freedom of movement for EU parliamentary missions.

To ensure that products from the Xinjiang region, made at the cost of violating the human rights of the Uighurs, not enter the European market, we support the

Commission's intention to put in place a **mandatory due diligence system**. We urge the Commission to speed up their efforts and propose effective due diligence legislation as soon as possible.

The EU should also continue to highlight individual cases of European citizens being held in "administrative detention" in China and use all diplomatic channels to push for their release.

In 2019, the Sakharov Prize was awarded to Ilham Tohti, an Uyghur economist fighting for the rights of China's Uyghur minority. The award highlights the issue of human rights violations in China. Mr Tohti was imprisoned for life in 2014 and nothing is known about his whereabouts, which is an example of China's non-compliance to its international obligations.

Support for civil society and the EU Magnitsky Act

To counter the crackdown on the pro-democracy movement in Hong Kong, the EU should intensify the coordination of its actions with other democracies in the world, call upon China to respect sovereign and administrative arrangement of Hong Kong under the Sino-British Joint Declaration, step up its efforts to support civil society and speed up the implementation of the European human rights framework with Magnitsky-style sanctions, including the freezing of foreign assets and the restriction of visas.

Renew Europe fully supports the European Magnitsky sanctions, in coordination with the US, Canada and the UK, that were imposed on four regional party representatives and a construction firm from Xinjiang to counter China's human rights abuses against the Uyghurs. Renew also calls on the Council to extend sanctions to the leaders who make the crackdown in Hong Kong and Tibet possible.

Our Group strongly condemns China's decision to impose sanctions on a number of European entities and individuals, including the EP sub-committee on Human Rights and five Members of the European Parliament, including our MEP Ilhan Kyuchyuk as a response to the EU's sanctions.

The decision of China to sanction the people who have criticised China's human rights record raises serious doubts about China's overall commitment to upholding human rights, ending forced labour and its commitment to ratify the ILO-conventions.

Renew also stresses the EU must continue to support the Swedish government in its efforts to ensure the release of Giu Minhai, the Swedish publisher who is imprisoned by Chinese authorities without any access to legal or consular services.

The EU must stand together against a China that is using its economy as a weapon to silence opposition against its human rights abuses

Because China's economy is the world's second largest, it gives the Chinese leaders the opportunity to coerce foreign governments not to mention human rights abuses in China. The EU must develop resilience against China's economic coercion policies and **cooperate as an economic block of almost 450 million consumers of Chinese products**. The EU represents the biggest and richest multinational single market in the world through a single negotiator. We should never allow China to threaten individual European countries with sanctions. And most importantly, Europe must never accept activities by a third state that undermine our common values.

The EU should present itself as the most consistent human rights proponent on the global scene and confidently balance trade and investments with China, with an adamant insistence on confronting China with its Human Rights inconsistencies.

A united European approach on cultural and academic cooperation with China

Cultural and academic cooperation is desirable but must also be respectful. China should stop pressuring researchers and cultural partners and the role of Confucius institutes in Europe must be cleared. Germany and Sweden have already closed Confucius institutes. Experiences with those institutes should be shared within the EU, so a general EU policy can counter unwanted foreign influence.

Renew Europe should call upon the European Commission to consider allocating specific resources to EU universities and think tanks to ensure that "China Studies" are adequately funded and to avoid undue influence from Chinese sources of finance for such activities.

4. A reformed European union to play a geopolitical role

If we want to be in control of our own destiny, it is important that we become a geopolitical player. The European Union should strengthen its tools to defend itself, increase its capacity to protect its (commercial) interests overseas, get more influence in its direct neighborhood such as the Western Balkans and Africa and ensure that the Member States are united in their geopolitical approach. Finally yet importantly, the European Union should enhance its efforts to protect the global multilateral rules-based world order.

End the unanimity rule in foreign affairs

The EU is a soft target for divide-and-rule techniques by foreign states, because the question Kissinger once raised - "Who do I call to speak to Europe" - is still not answered. We strongly urge the Council to give the HR/VP a stronger mandate to act on behalf of the EU and we stress that it will be necessary to introduce qualified majority voting in certain foreign affairs areas, like human rights, to get consistency in our approach. The Conference on the Future of Europe will provide the right platform to work on a more resilient European foreign, security and defence policy.

Strengthen our strategic autonomy in close cooperation with other democracies

Europe can no longer ignore China's growing military might. It is the world's second-largest military spender and its expanding stockpile of nuclear weapons is capable of reaching Europe. The EU should sympathize and support the USA's efforts of including China in the negotiations on the NEW-START nuclear reduction treaty. Moreover, the EU should advocate for inclusion of China in arms control instruments like INF 2.0 and any future treaties or instruments.

China is increasingly boosting its claims over parts of the South China Sea, on its borders with India and has become a serious player in the Arctic and Africa.

This ask for a more assertive stance by the EU, in cooperation with the USA and other democratic partners, in order to counterbalance China's growing geopolitical influence.

Our transatlantic partnership remains a core element for our security and the protection of our values. Additionally, the EU must prepare itself for the fact that the interests of China's autocratic regime will predominately not go together

with our democratic model. We should therefore **further strengthen the defence cooperation among the Member States** to strengthen our strategic autonomy and invest in **stronger cooperation with other democratic players in South-East Asia** such as Japan, India, South-Korea, Australia and New-Zealand. The promotion of democracy in Central Asia should be a common goal.

Furthermore, the EU must continue to stress that China must accept the binding arbitration rulings issued under the United Nations Convention on the Law of the Sea and de-escalate tensions that have arisen as a result of China's maritime claims in the South China Sea. China cannot be allowed to keep international trade routes hostage. Also, it is necessary for the EU to develop its own Arctic Strategy.

The EU should support Taiwan

Under President Xi Jinping, Beijing has intensified its aggressive stance by demanding the reunification of Taiwan with China under the formula of "One country, two systems" as a precondition for any dialogue with the island.

The country finds itself diplomatically isolated and threatened militarily. **The EU should revisit its engagement policy with Taiwan and cooperate with international partners in helping sustain democracy in Taiwan.** The EU should furthermore closely monitor cross-strait relations and **support initiatives aimed at promoting dialogue, cooperation and confidence building** between the two sides.

Taiwan is still excluded from full participation in the WHO. The EU and the 27 health ministers of the EU should **actively support Taiwan in their efforts to regain the observer status granted to them in the WHO** between 2009 and 2016 and support more broadly membership or at least observer status in all other relevant multilateral organisations.

The EU should move forward, re-evaluate its economic and trade relations with Taiwan and launch negotiations for an **EU-Taiwan bilateral investment treaty**. Taiwan has the potential to become the EU's top partner in ICT, biotech, health, mobility and Taiwan could play an important role in **reducing European dependency** on Chinese exports, as well as in its future industrial policy.

Finally, the EU should make clear to China what the costs will be when they attack and attempt to take over Taiwan by force. Excluding China from the SWIFT banking system should be one of the imposed costs.

The EU must arm itself against disinformation, censorship and spying

The COVID-19 crisis has been used by the Chinese government to divide the EU via disinformation on social media, false statement by Chinese officials and propaganda. This active manipulation of the public opinion undermines trust and sows discord. The EU must introduce a more robust strategy to counter these aggressive disinformation campaigns and impose costs on countries that try to divide the EU and harm our interests. This includes the establishment of a 'Far-East StratCom Task Force' as part of the EEAS, that will identify, monitor and counter the disinformation campaigns and nation-specific actions coming from China.

Not only Chinese disinformation campaigns are worrying. The Chinese regime also tried to censor publications by the European External Action Service and the EU-ambassadors. We condemn the aggressive propaganda and offensive "wolf warrior diplomacy" that led to continuous insults against elected Members, Member States and the EU as well as the cyber-attacks and attempts at espionage which do not create a trustful environment for dialogue.

We stress that the freedom of speech one of the most important pillars of a democracy. We call on our leaders to ensure that the European Union never gives in to this kind of pressure.

China implements an active surveillance of European elites, which include current and former officials, their family members, academics, promising young professionals and other public figures. Among its attempts is to affect the decision-making in the EU and its Member States and to recruit targeted persons for spying activities. Awareness about these actions needs to be raised and espionage activities must be investigated and prevented by the responsible security institutions.

Invest in Africa

China's Belt and Road Initiative (BRI) is an ambitious project focusing Chinese investments in Asia, Africa, Europe and Latin America. China has pledged an estimated US\$1 trillion in investments and loans in "hard" and "soft" infrastructure, including ports, high-speed rail, telecommunications and cyberspace. China does not ask for any guarantees for good governance, the application of the rule of law or the respect of human rights while handing out these loans.

Part of these efforts made China the largest creditor to Africa. By extending excessive credit to countries that will struggle to pay back these loans, these could generate a debt trap. Throughout exploitation of its debts, China convinced the Sri Lankan government to agree to a 99 years lease to operate its strategic Hambantota port.

To avoid such a debt trap and to ensure that these investments will not pose a threat to political liberalism, good governance in neighboring countries and human rights,

the EU needs to offer African countries tangible and feasible alternatives in terms of project-financing, infrastructures' development and assistance programmes.

Renew Europe welcomes the G20 Debt Service Suspension Initiative for Poorest Countries as a demonstration of support towards LDCs in the context of the coronavirus crisis. However, this can only be considered a first step, and more must be done to ensure debt sustainability in Africa. With this in mind, Renew Europe should encourage EU representatives to push for the participation of Chinese commercial banks in this initiative, given that many of these banks are actually state owned, in order to avoid debt displacement.

Protect the EU's unity

Since 2012, China has engaged 16 central and eastern European countries, including 11 EU Member States and five Western Balkan countries under the 16+1 cooperation format. For China, the BRI initiative is a bridgehead to the EU market, but also a way to influence the position regarding China of individual EU Member States.

Many European Countries and especially Western Balkan countries are facing growing indebtedness with China over infrastructure loans. This leads to growing political and economic leverage of China over those countries. The EU should enable and encourage Western Balkan countries to join and follow Green Deal goals and targets by using available to them EU funds and sources, since they bring them and their societies environmental, social, economic and public financial benefits at the same time enabling them to fulfill their EU accession ambitions.

In recent years, some European countries have given priority to Chinese political interests over EU interests. The EU could not speak with one voice on the South China Sea issue, the situation of human rights in China, the BRI and the market economy status of China. Unfortunately, some of the BRI initiatives also attempt to circumvent EU rules requiring open tenders for infrastructure construction.

Renew Europe warns that this initiative can undermine the EU's political unity, revert the reform agenda in the Western Balkans and increase BRI countries' dependence on China. To ensure that decisions taken by EU member states engaged in the BRI initiative are in line with EU policies and interests, we believe the Presidents of the Commission and the Council should always be present at the annual BRI forum. We also stress that all infrastructure contracts should be examined by the Commission to check if they are in accordance with EU legislation. EU Member states participating in 16+1 format should consider ending their participation to strengthen the EU's common approach towards China.

Defend the multilateral rules-based world order

To prevent a new Darwinian world order in which the strongest prevail and democracy, human rights and multilateralism are put aside, Europe must be at the forefront in defending multilateral organizations such as the WTO, the WHO and the United Nations. Renew Europe stresses that in order to be better prepared for future pandemics, an independent investigation of the origins of COVID-19 and China's role therein, should be conducted as soon as possible.

Furthermore, the on-going Covid-19 crisis has highlighted the lack of a reaction mechanisms and contingency plans at the EU. Although the EU is proving to be resilient, there is a **need for a global action plan for future crises**. Given the importance to develop cooperation in matters of mutual interest with China, and without prejudice of the undeniable need to establish and develop European strategic reserves for emergencies, the EU should take the lead to **promote common prevention, response and recovery measures at a multilateral level**.



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