



## **EU-CHINA MAPPINGS**

Interactions between the EU and China on key issues

**Lucrezia Poggetti**



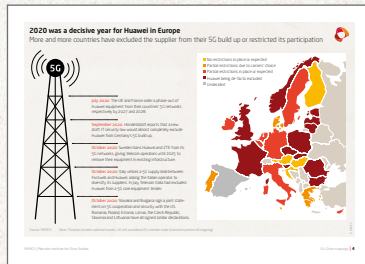
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# Overview



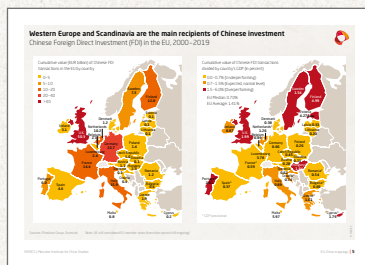
## 2020 was a decisive year for Huawei in Europe



In 2020, most European governments restricted Huawei's participation in the rollout of their countries' 5G networks. Approaches vary from blanket bans in the UK and Sweden, to tighter regulatory frameworks which de facto discourage operators from using Huawei technology, like in Italy. A number of European countries have also signed onto the US' Clean Network Initiative, affirming their commitment to only allow trusted vendors in their

fifth-generation infrastructure. This is the case for Poland, Romania, and other countries in eastern Europe. Meanwhile, debates about security risks involved in working with organizations linked to the Chinese party-state have extended to other areas of EU-China relations, such as cooperation in research and innovation.

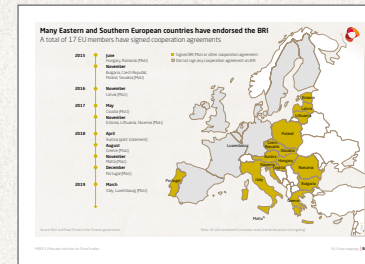
## Western Europe and Scandinavia are the main recipients of Chinese investment



Between 2000 and 2019, most of Chinese Foreign Direct Investment (FDI) in Europe has flowed to Western European and Scandinavian countries. China's pursuit of technology for its industrial upgrading has led to a souring of attitudes towards Chinese investment over the years. In 2016, a surge of state-led Chinese investment in Europe (EUR 36 billion) led France, Germany and Italy to ask the European Commission to draw up a pan-European

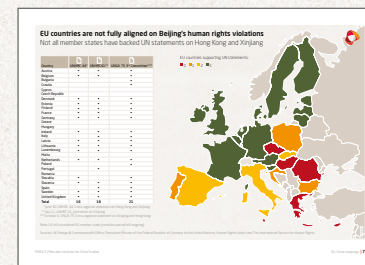
FDI screening framework to protect strategic industries. This finally became operational in October 2020. Eastern European countries, who have repeatedly received investment pledges by Chinese leaders at 17+1 summits, have yet to receive the promised financing.

## Many Eastern and Southern European countries have endorsed the BRI



Between 2015 and 2019, many European governments signed onto the Belt and Road Initiative (BRI) in hopes of expanding trade and investment ties with China. All members of the 17+1 framework in eastern Europe are part of the BRI. In 2019, Italy became the first G7 state as well as EU and NATO founder to join the Initiative. However, while European countries remain interested in economic cooperation with China, the overall attitude towards the BRI has grown more skeptical throughout the years. Critics say it lacks transparency and does not meet free trade, environmental and other standards. Economic opportunities have largely failed to materialize, and in some countries the trade imbalance in bilateral relations has further widened in China's favor after the signing of BRI MoUs.

## EU countries are not fully aligned on Beijing's human rights violations



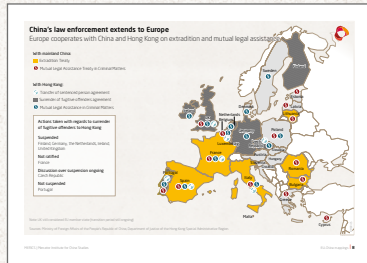
The EU has created its global human rights sanctions regime, also in response to China's human rights violations in Hong Kong and Xinjiang. More European countries have started to pay attention to Beijing's human rights abuses, as visible in the growing number of governments that have signed UN statements condemning China's behaviour. However, not all EU members have backed these declarations. Commission President Ursula von der

Leyen has proposed moving to qualified majority voting for the adoption of sanctions, but for the time being unanimity is still required. These intra-EU differences might hinder the use of sanctions against China.

# Overview



## China's law enforcement extends to Europe

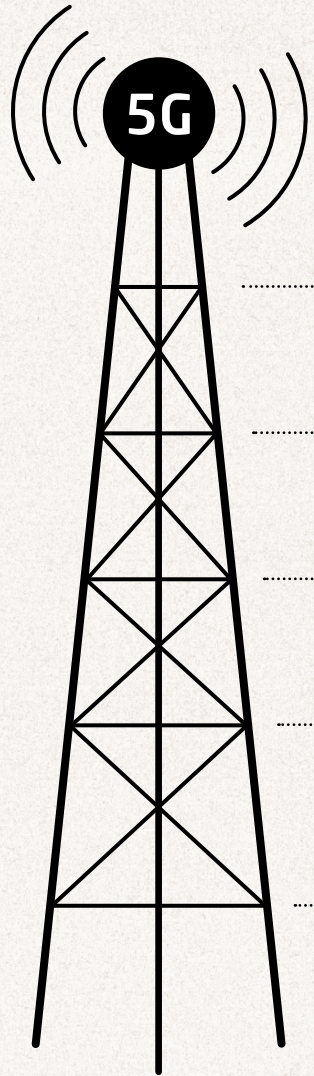


In July 2020, EU governments agreed to a package of measures in support of Hong Kong's autonomy as a response to the National Security Law. These include stricter export controls for technology and equipment that could be used for repression, a revision of law enforcement agreements with the city and a review of visa schemes for Hong Kong citizens. In December, the EU finalized a new law on export controls, which will introduce greater

due-diligence requirements for EU companies and governments. Most countries that have surrender of fugitive offenders agreements with the Hong Kong government suspended those treaties. However, extradition agreements between Beijing and several EU member states remain in place.

## 2020 was a decisive year for Huawei in Europe

More and more countries have excluded the supplier from their 5G build up or restricted its participation



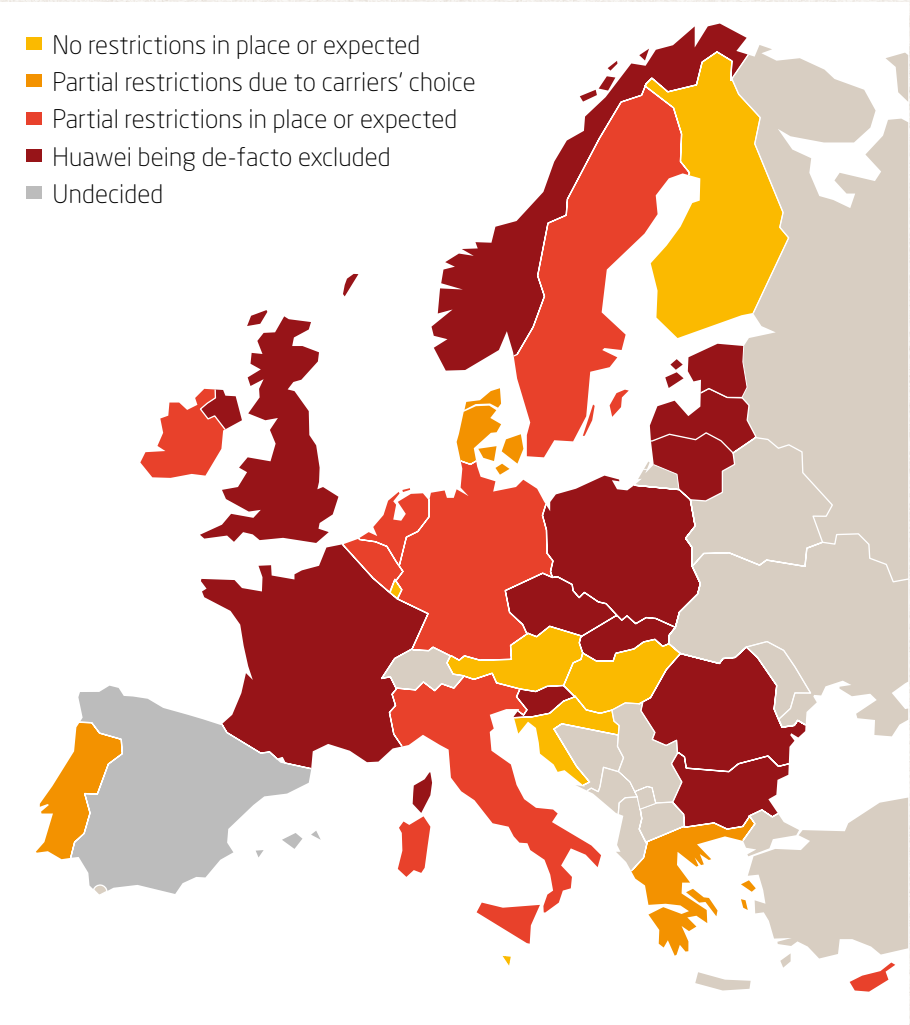
**July 2020:** The UK and France order a phase-out of Huawei equipment from their countries' 5G networks respectively by 2027 and 2028.

**September 2020:** *Handelsblatt* reports that a new draft IT security law would almost completely exclude Huawei from Germany's 5G build up.

**October 2020:** Sweden bans Huawei and ZTE from its 5G networks, giving telecom operators until 2025 to remove their equipment in existing infrastructure.

**October 2020:** Italy vetoes a 5G supply deal between Fastweb and Huawei, asking the Italian operator to diversify its suppliers. In July, Telecom Italia had excluded Huawei from a 5G core equipment tender.

**October 2020:** Slovakia and Bulgaria sign a joint statement on 5G cooperation and security with the US. Romania, Poland, Estonia, Latvia, the Czech Republic, Slovenia and Lithuania have all signed similar declarations.

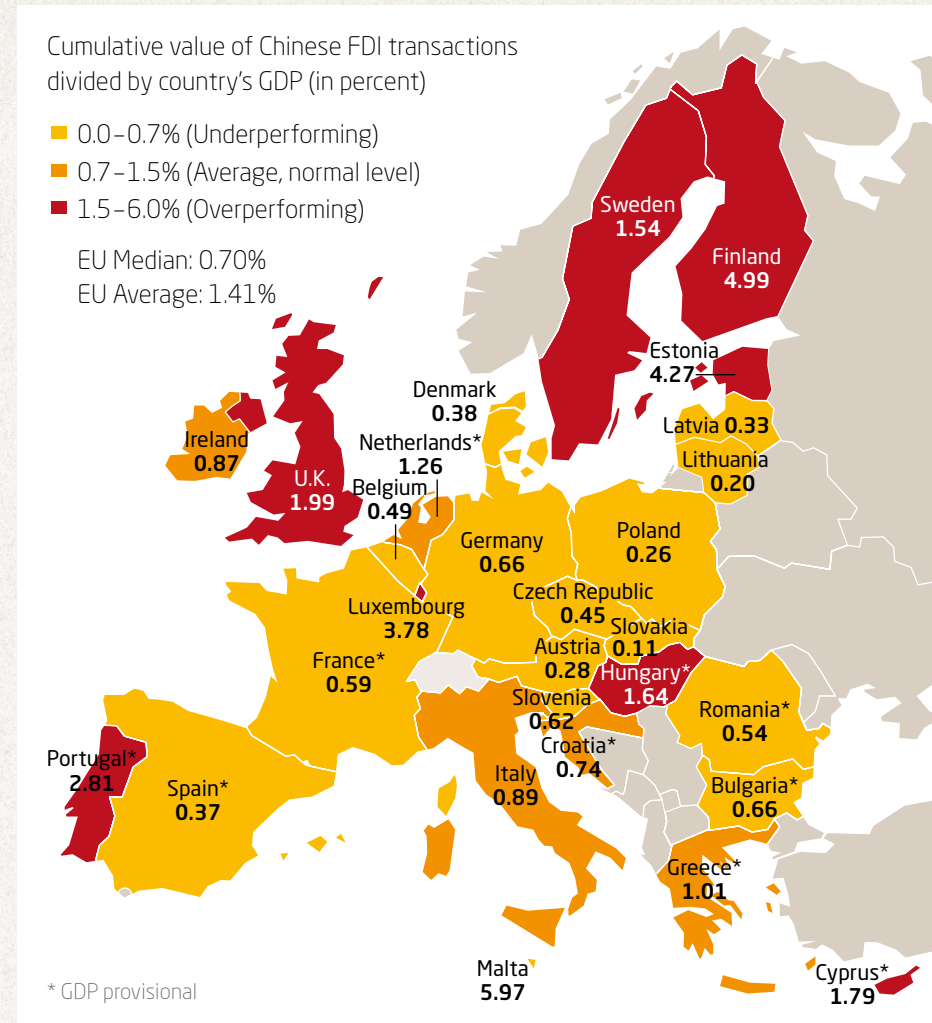
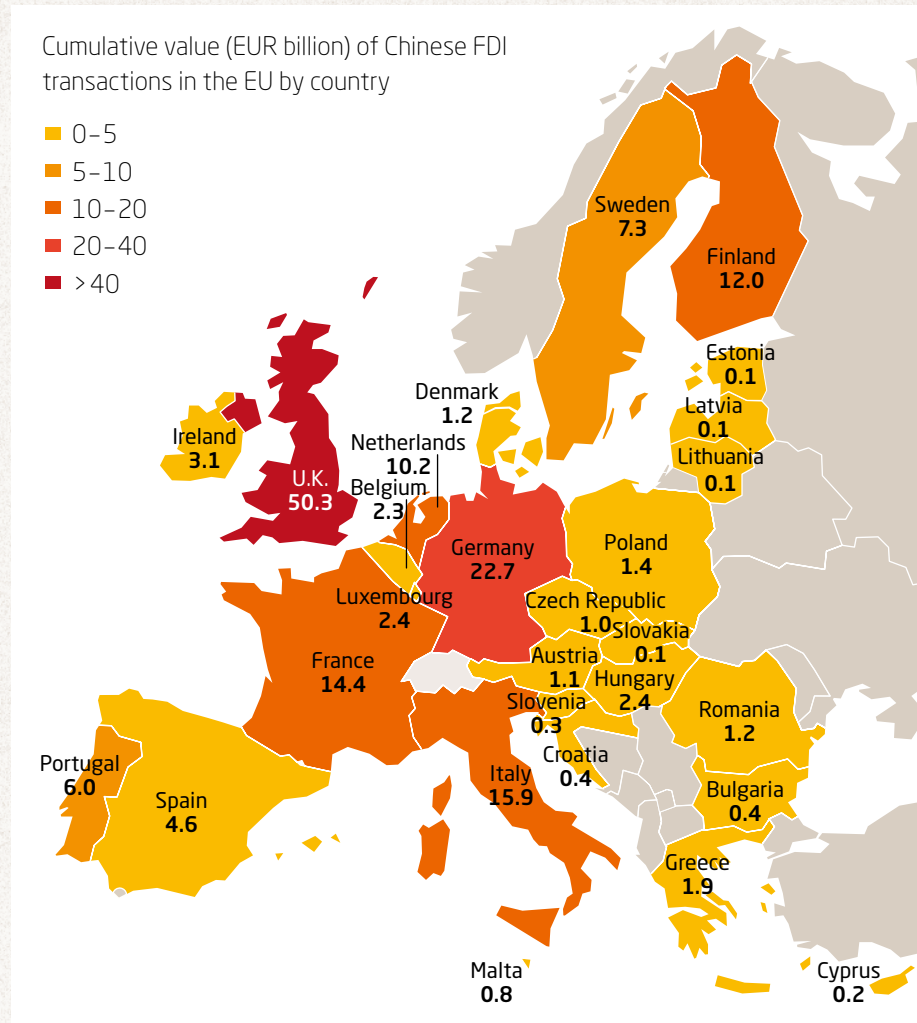


Source: MERICS | Note: Timeline includes selected events, UK still included

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# Western Europe and Scandinavia are the main recipients of Chinese investment

Chinese Foreign Direct Investment (FDI) in the EU, 2000–2019



Sources: Rhodium Group, Eurostat Note: UK still included

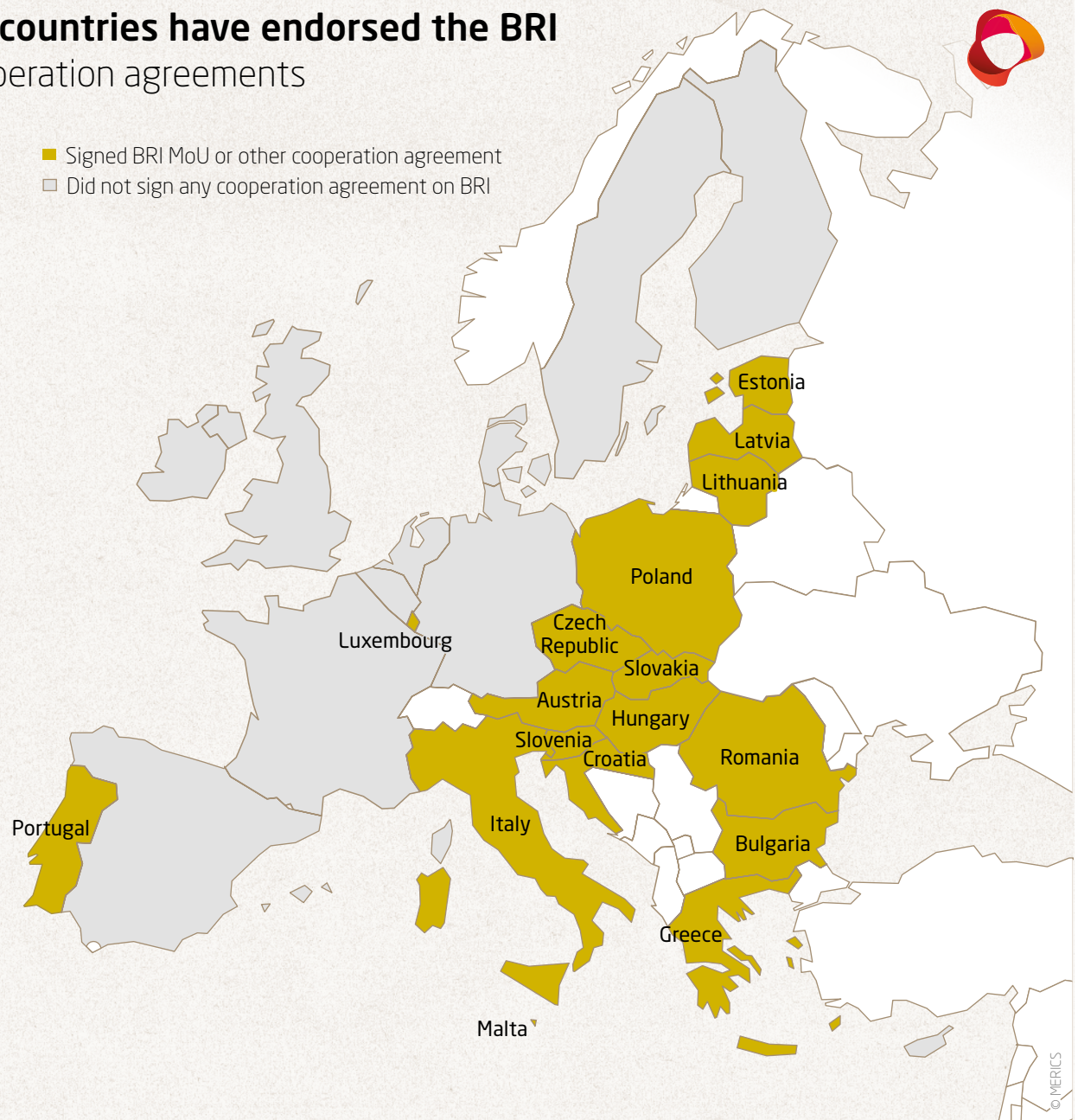
# Many Eastern and Southern European countries have endorsed the BRI

A total of 17 EU members have signed cooperation agreements



- 2015**
  - June**  
Hungary, Romania (MoU)
  - November**  
Bulgaria, Czech Republic, Poland, Slovakia (MoU)
- 2016**
  - November**  
Latvia (MoU)
- 2017**
  - May**  
Croatia (MoU)
  - November**  
Estonia, Lithuania, Slovenia (MoU)
- 2018**
  - April**  
Austria (joint statement)
  - August**  
Greece (MoU)
  - November**  
Malta (MoU)
  - December**  
Portugal (MoU)
- 2019**
  - March**  
Italy, Luxembourg (MoU)

- Signed BRI MoU or other cooperation agreement
- Did not sign any cooperation agreement on BRI



Source: Belt and Road Portal of the Chinese government    Note: UK still included

# EU countries are not fully aligned on Beijing's human rights violations

Not all member states have backed UN statements on Hong Kong and Xinjiang

Country	UNHRC 44*	UNHRC41**	UNGA 75 3 <sup>rd</sup> Committee***
Austria	•	•	•
Belgium	•	•	•
Bulgaria			•
Croatia			•
Cyprus			
Czech Republic			
Denmark	•	•	•
Estonia	•	•	•
Finland	•	•	•
France	•	•	•
Germany	•	•	•
Greece			
Hungary			
Ireland	•	•	•
Italy		•	•
Latvia	•	•	•
Lithuania	•	•	•
Luxembourg	•	•	•
Malta			
Netherlands	•	•	•
Poland			•
Portugal		•	
Romania			
Slovakia	•		•
Slovenia	•	•	•
Spain		•	•
Sweden	•	•	•
United Kingdom	•	•	•
<b>Total</b>	<b>16</b>	<b>18</b>	<b>21</b>

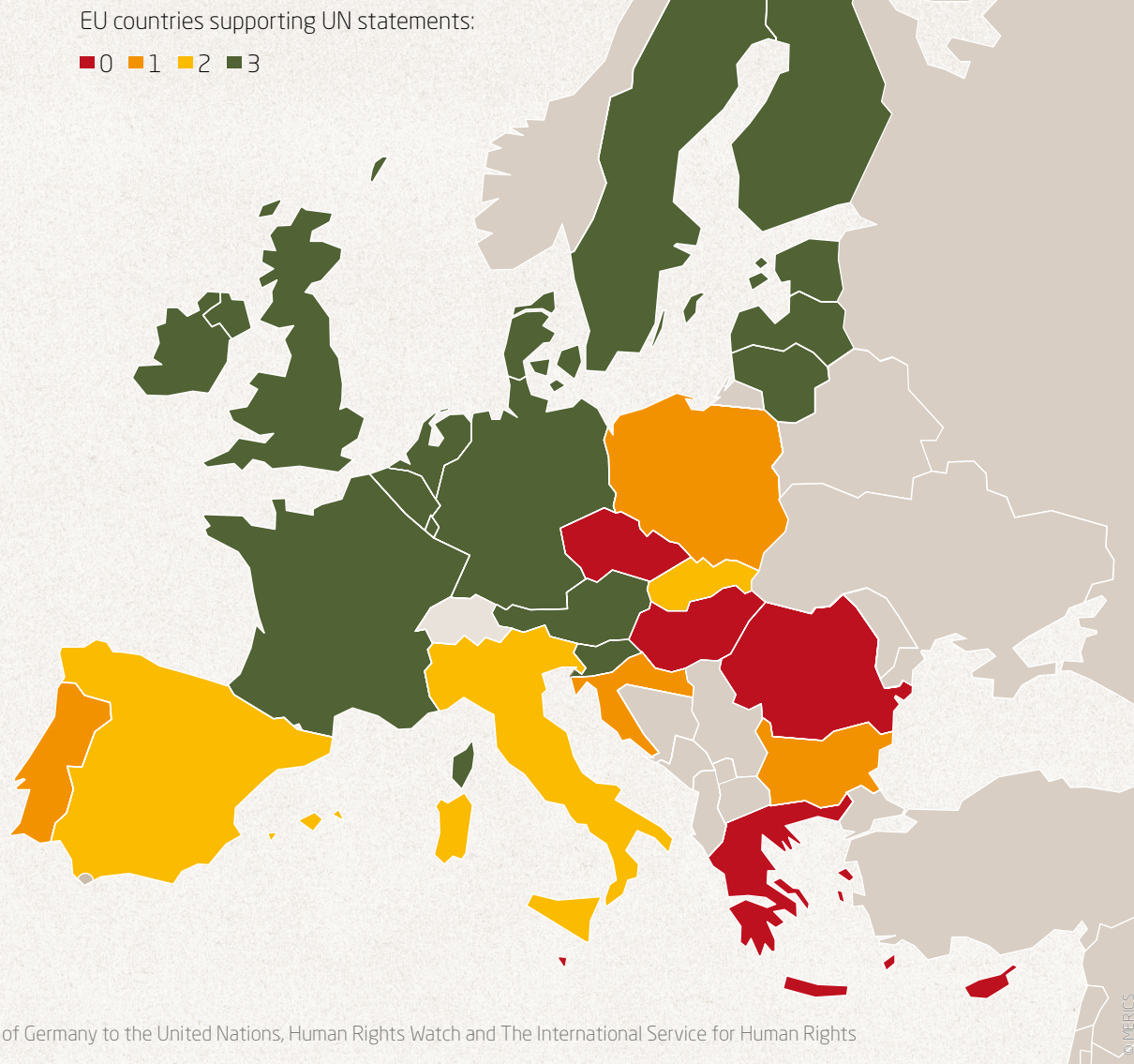
\* June 30, UNHRC 44, Cross-regional statement on Hong Kong and Xinjiang

\*\* July 11, UNHRC 41, Joint letter on Xinjiang

\*\*\* October 6, UNGA 75, Cross-regional statement on Xinjiang and Hong Kong

Note: UK still included

Sources: UK Foreign & Commonwealth Office, Permanent Mission of the Federal Republic of Germany to the United Nations, Human Rights Watch and The International Service for Human Rights



# China's law enforcement extends to Europe

Europe cooperates with China and Hong Kong on extradition and mutual legal assistance

## With mainland China:

■ Extradition Treaty

Ⓢ Mutual Legal Assistance Treaty in Criminal Matters

## With Hong Kong:

Ⓢ Transfer of sentenced person agreement

//// Surrender of fugitive offenders agreement

Ⓢ Mutual Legal Assistance in Criminal Matters

### Actions taken with regards to surrender of fugitive offenders to Hong Kong

#### Suspended

Finland, Germany, the Netherlands, Ireland, United Kingdom

#### Not ratified

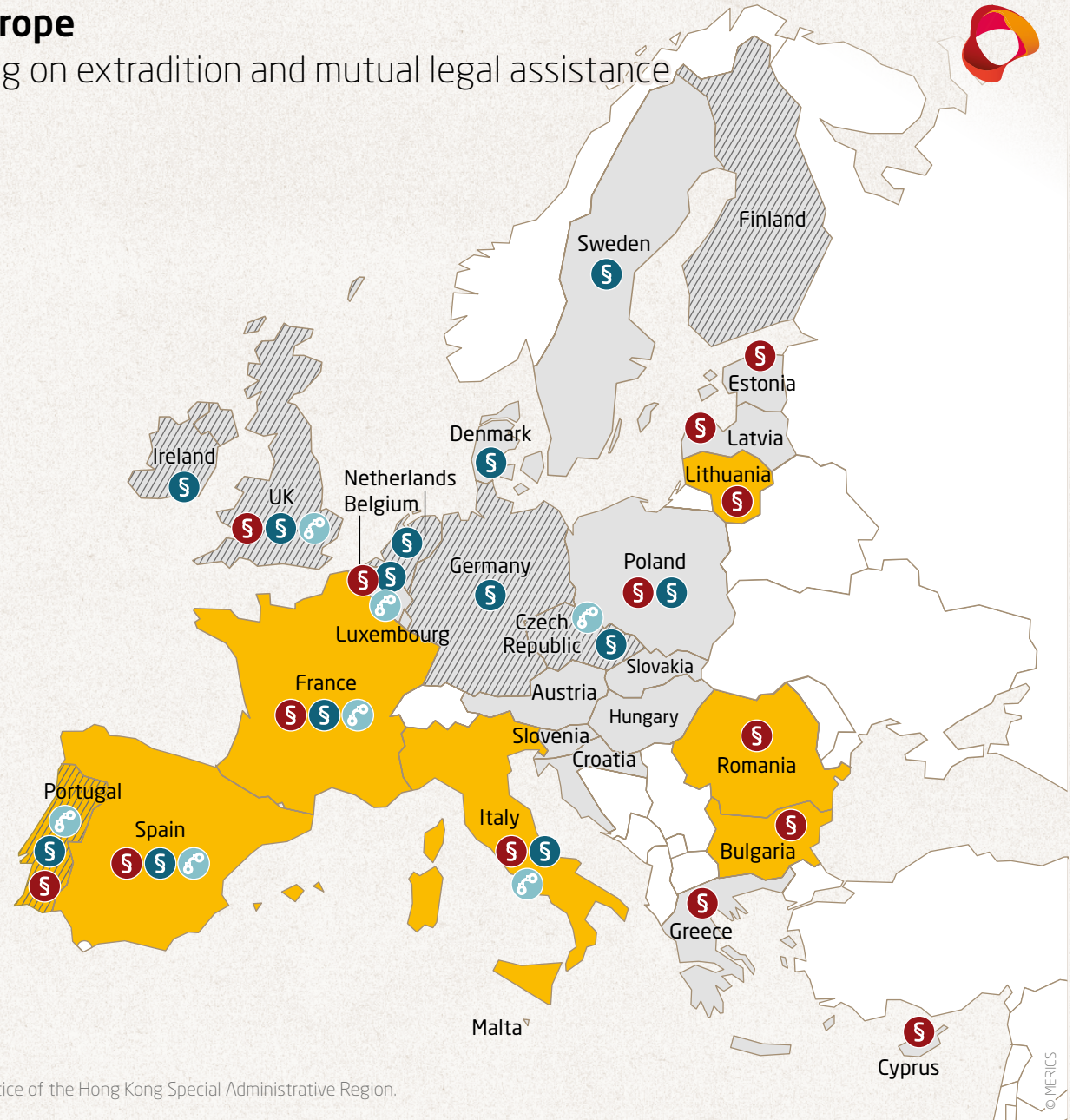
France

#### Discussion over suspension ongoing

Czech Republic

#### Not suspended

Portugal



Note: UK still included

Sources: Ministry of Foreign Affairs of the People's Republic of China, Department of Justice of the Hong Kong Special Administrative Region.



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