



Delhi Policy Group

Advancing India's Rise as a Leading Power



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EU-China and EU-India Virtual Summits: An Appraisal

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Cover Photographs:

Prime Minister Narendra Modi, President of the European Council Charles Michel and President of the European Commission Ursula von der Leyen at the EU-India Summit, July 15, 2020. Source: PMIndia

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EU-China and EU-India Virtual Summits: An Appraisal

by
Mohit Musaddi*

The European Union (EU) held virtual Summits with China on June 22, 2020, and with India on July 15, 2020. This brief examines the key highlights and outcomes of the two summits.

EU-China Summit

The 22nd EU-China Summit held on June 22, 2020, did not conclude with a joint statement. Nor did it deliver a breakthrough on a proposed trade and investment treaty between Brussels and Beijing. Instead, the new European Union leadership team led by President Ursula von der Leyen of the European Commission and President Charles Michel of the European Council conducted a joint press conference and issued a Press Release on “Defending EU interests and values in a complex and vital partnership”.¹ They highlighted the EU’s primary concerns and urged China to honour commitments. President Michel remarked that Brussels and Beijing have to realise that they “do not share the same values, political systems, or approach to multilateralism.”² He also affirmed that Brussels would “engage in a clear-eyed and confident way, robustly defending EU interests and standing firm” on its values.³

On the economic partnership, President von der Leyen explained that for the EU-China relationship to develop further, it must be “more rules-based and reciprocal”.⁴ Even though China and Europe trade on average, over EUR1.5 billion a day, the trade balance is heavily in China’s favour. For instance, in 2019, the EU had a trade deficit of EUR163.7 billion (approx. USD190 billion).⁵ Therefore, the EU also stressed the need for a “level-playing field”.⁶ Linking economy and trade to climate change, Brussels further urged Beijing to “commit to decisive and ambitious domestic action” under the Paris Agreement.⁷

The Ministry of Foreign Affairs of China similarly issued independent statements on President Xi Jinping and Premier Le Keqiang’s meetings with the European Union leaders. Premier Le Keqiang stressed the need for the EU and China to “enhance mutual understanding through more dialogue, pursue

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mutual benefits through closer cooperation, and make joint contributions to peace, stability, development and prosperity of the world.”⁸



President of the European Council Charles Michel, President of the European Commission Ursula von der Leyen and Chinese President Xi Jinping at the EU-China Leaders' Video Conference, June 22, 2020. Source: European Council

The Chinese President's statement, on the other hand, sought to clarify that “what China pursues, is peace rather than hegemony” and that between China and the EU, “there is no fundamental conflict of interests”.⁹ To describe Beijing's approach, he also used other similar phrases such as “China offers an opportunity rather than a threat” and “China is a partner rather than a rival”.¹⁰ President Xi pointed out that for China and the EU to work together, they must converge in three directions.¹¹ First, Beijing and Brussels have to be “two major forces for world peace and stability”.¹² Second, they must be “two major markets for world development and prosperity”, serving as “twin engines for world economic recovery”.¹³ Finally, he hoped for China and Europe to be “two major civilisations for upholding multilateralism and improving global governance”.¹⁴

However, the Chinese Communist Party's coercive actions and expansionist policies clearly belie these claims. China continues to upend “peace and stability” through unilateral assertions across its neighbourhood. Further, its

idea of multilateralism is visibly different from the rest of the world, as seen in China's attempts to include the CCP phrase "to realise our shared vision for a common future" in the draft declaration commemorating the 75th anniversary of the United Nations.¹⁵ China's claim of serving as a market for "world development" rings hollow as it pursues 'Debt-trap Diplomacy' across the Indo-Pacific region.

Even as President von der Leyen warned that "economic barriers will go up" if China fails to reciprocate for its extensive access to Europe's single market, Premier Li Keqiang hoped that the EU would further "ease export restrictions, and facilitate high-tech trade between the two sides."¹⁶ On July 28, 2020, trade discussions continued between the EU and China at their 8th High-Level Trade and Economic Dialogue (HED). The EU demanded a "level-playing field based on clear and predictable rules" while China sought to increase "mutual understanding...and cement market confidence".¹⁷

One concrete outcome of the bilateral summit, however, was the conclusion of negotiations on 'geographical indications', agreement on which was signed in July 2020. According to the EU, this is the "first significant bilateral trade agreement" between Brussels and Beijing which will ensure that 100 agri-food GIs (geographical indications) from the EU and China will enjoy mutual market access.¹⁸

This progress on agri-trade apart, convergences between the EU and China remained elusive. While the EU expressed "grave concerns" over the deteriorating human rights situation in Xinjiang and Tibet as well as on "restrictions of fundamental freedoms", neither President's Xi nor Premier Le Keqiang's statements acknowledged any of these concerns.¹⁹ President Michel, in his remarks after the summit, also called on China to review its national security law for Hong Kong and urged Beijing to respect Hong Kong's promised "autonomy and guaranteed freedoms".²⁰ More importantly, he stressed on the need for Beijing to recognise the "political neutrality" of the EU companies operating out of Hong Kong and to not "pressurise" the companies to choose sides.²¹ On July 27, Brussels announced that it would limit the "export of sensitive technological products that could be used for surveillance in Hong Kong".²² The EU also raised "outstanding issues of cybersecurity [and] disinformation" propagated by the Chinese Communist Party.²³

EU-India Summit

The 15th India-EU Summit was held virtually on July 15, 2020, and was attended by Prime Minister Narendra Modi, European Commission President von der Leyen and European Council President Michel. Three documents,

namely, the India-EU Joint Statement, a Roadmap to 2025 and a Joint Declaration on Resource Efficiency and Circular Economy, were released at the conclusion of the summit.²⁴

As outlined by President Michel, the summit focused on three key areas, notably, the ongoing COVID-19 pandemic and rebuilding economic prosperity, the EU-India bilateral relationship and regional and security issues of mutual interest.²⁵ Referring to India as an 'indispensable partner', President Michel conveyed the intention of the EU to "play a stronger role in the region and as a global actor".²⁶

To tackle the ongoing coronavirus pandemic, India and the EU discussed prospects for "global collaboration and sustained funding" to develop a vaccine at an affordable price.²⁷ The leaders agreed to make economic and social recovery more sustainable and resilient. President von der Leyen further added that "climate action and green transition" must accompany joint efforts at economic recovery from the effects of COVID-19.²⁸ A related outcome of the summit was an agreement to convene a "specific Climate Change Dialogue".²⁹ Both President Michel and President Leyen also welcomed India's Presidency in the G20 in 2022 and its membership in the UN Security Council in 2021-22.³⁰



Prime Minister Narendra Modi, President of the European Council Charles Michel and President of the European Commission Ursula von der Leyen at the EU-India Summit, July 15, 2020. Source: PMIndia

Prime Minister Modi referred to India and the EU as "natural partners" and stressed the need for an "action-oriented agenda" to guide the bilateral economic relationship.³¹ The value of India's merchandise and services trade

with the EU is over USD 140 billion, and cumulative EU investments in India amount to over USD 91 billion.³² However, despite this substantial trade and investment relationship, President Michel remarked that there are many unexplored avenues for growth as only two per cent of EU's external trade is with India.³³ The Joint Statement called for a High-Level Trade and Investment Dialogue between Delhi and Brussels to “provide guidance to the bilateral trade and investment relations” and to “address multilateral issues of mutual interest”.³⁴ The Dialogue will advance discussions between Delhi and Brussels, particularly in terms of “market access, public procurement and sustainable development”.³⁵ While a decision to resume negotiations on a Broad-based Trade and Investment Agreement (BTIA) remaining elusive, the decision to commence ministerial Dialogue to discuss outstanding trade issues underlined positive intent on the part of the European Commission and India to enhance trade relations.

The Roadmap to 2025 document seeks to develop the EU-India partnership over 25 broad themes.³⁶ Key among these are Foreign Policy, Security Cooperation, Human Rights, Trade and Investment, Outer Space, Ocean Governance and Development Partnerships in Third Countries, among others. Another vital area of regional cooperation which has been earmarked is the Indian Ocean and the Pacific, where Delhi and Brussels will “work together on maritime initiatives for mutually beneficial cooperation”.³⁷

Other developments in the bilateral relationship included the signing of the Euratom-India Agreement “for research and development for peaceful nuclear energy” and the launch of negotiations to establish a working arrangement between the Central Bureau of Investigation (India) and the Europol to help prevent and combat organised crime and terrorism.³⁸ India and the EU also agreed to explore connectivity partnerships, including with third countries in the Indo-Pacific region. President Michel, during his press conference, remarked that the EU has significant stakes in the Indian Ocean as 40% of Europe's trade passes through it.³⁹ Hence, Delhi and Brussels also agreed to initiate a dialogue on maritime security and consultations to enhance naval cooperation.⁴⁰ Other security issues addressed at the summit included calls for a “safe and ethical” deployment of 5G and Artificial Intelligence, an “open, free, stable and secure cyberspace” and cooperation on international issues including Iran and Afghanistan.⁴¹

Finally, the EU and India also released a Joint Declaration on Resource Efficiency and Circular Economy.⁴² Both sides agreed to “enhance resource efficiency” and sought to move “towards a more circular economic model that reduces primary resource consumption...and enhances the use of secondary

raw materials".⁴³ Under this framework, Delhi and Brussels will endeavour to "strengthen ongoing dialogues", "promote exchange of... best practices" and "build on the work carried out by EU Member States in these fields".⁴⁴

Conclusion

The EU's reference to the 'Indo-Pacific' in the India-EU Joint Statement is significant because even though there is no European mandate on the use of the phrase, its inclusion demonstrates recognition of the growing importance of the region to stakeholders. Delhi must now make bilateral efforts with individual European states to ensure that India's vision of a 'free, open and inclusive' Indo-Pacific can be realised. The EU has agreed to also work with India to reinforce maritime security in the Indian Ocean. Further, the EU's continued reference to China as a 'systemic rival' is significant as there is a growing consensus in Europe of the varied nature of challenges and threats posed by Beijing. The Commission had first used the phrase in a China strategy paper published in March, 2019 wherein it had proposed 10 'concrete actions' concerning China.⁴⁵

However, the EU also needs to address certain dichotomies in its approach to China. For instance, while China has been labelled a 'systemic rival', it is also referred to as a "cooperative partner" and "negotiating partner".⁴⁶ Similarly, while President Leyen cautioned that China "risks very negative consequences" for imposing a national security law in Hong Kong, the EU foreign policy chief Josep Borrell had remarked on May 29, 2020 that the decision did not put "investment deals at risk".⁴⁷

The COVID-19 pandemic has impacted the EU-China relationship negatively. According to a recent European Council of Foreign Relations poll, at least 48 percent Europeans' outlook on China has worsened due to the "aggressive way that China has treated other countries in its response to the crisis".⁴⁸ Even as China had actively sought to supply essential medical equipment to European countries which were worst-hit by the virus, its aggressive media disinformation and propaganda campaigns have generated a backlash. For instance, on March 22, the Global Times put out a tweet claiming that Italy could have had strains of the virus earlier than the Wuhan outbreak.⁴⁹ Similarly, the Chinese Embassy in France criticised French medical staff of "abandoning their jobs"⁵⁰ and further claimed that "80 French lawmakers had co-signed a disparaging statement" accusing the WHO Director-General of "pro-Chinese bias".⁵¹ In June, Brussels published a report accusing China of engaging in "targeted influence operations and disinformation campaigns around COVID-19 in the EU [to] improve their own image".⁵²



Post the EU-China summit, President Leyen called out China for “targeting EU hospitals and health care institutions with cyberattacks during the coronavirus crisis”.⁵³ On July 30, the European Union imposed “its first-ever cyber-sanctions” on Chinese firm Haitai Technology Development for having supported ‘Operation Cloud Hopper’, a cyberattack “aimed at stealing commercially sensitive data from multinationals across the world”.⁵⁴ The sanctions include a freeze of assets as well as a travel ban.⁵⁵

Unlike the United States, the European Union has so far been cautious on China, choosing the middle ground and characterising the relationship with Beijing as “complex”. This is predictable, given EU-China trade, investment and technological interdependence. Nevertheless, over the past year or more, the European Commission and several member states have become more forthright in addressing Beijing’s assertive moves and begun to stand up to China’s coercive tactics. Since its China strategy paper of March, 2019 the EU implicitly recognises that despite a lack of geographical proximity, there are critical areas where China is a ‘systemic rival’ and has been trying to divide the European Union. As Germany’s Minister of State for Europe remarked in an opinion piece on August 2, “the leadership of the authoritarian, one-party state passes up no opportunity to drive a wedge between the EU member states and weaken them.”⁵⁶ Therefore, whether it is in terms of trade and investment issues, technology transfers, cybersecurity or China’s attempts to take advantage of differences between European states, Brussels is now clearly on the alert.

Meanwhile, the long-delayed India-EU Summit held on July 15, 2020 (the last one was held in October, 2017) has given the relationship a much-needed impetus. Shared democratic values, respect for human rights and the rule of law provide a stable basis to progress discussions on trade, investment and security issues. Both sides must now sustain the momentum and build on the EU Council President’s assertion that “we have converging interests”.⁵⁷ The focus on India’s side must be on securing greater flows of technology and investment from Europe and in building, in PM Modi’s words, a “human-centric and humanity-centric globalisation”.⁵⁸ India must also work bilaterally with European states such as France, Germany, the Netherlands and others to involve them as stakeholders in the Indian Ocean and the Indo-Pacific as part of the EU’s desire to have “a stronger strategic relationship with India for the future”.⁵⁹

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