

# EU-CHINA OBSERVER

DEPARTMENT OF EU INTERNATIONAL RELATIONS AND DIPLOMACY STUDIES



"EXCHANGING IDEAS  
ON EU-CHINA RELATIONS:  
AN INTERDISCIPLINARY  
APPROACH"

College of Europe  
DEPARTMENT OF EU INTERNATIONAL  
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Baillet Latour Chair of  
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# CHINA'S EMERGING ROLE AS A SECURITY PROVIDER IN THE MIDDLE EAST— THE EU'S RESPONSE

Christina LIN

## Introduction

China's interests in the Middle East (Mideast) continue to grow while the region remains mired in a dramatic political transition and escalating tension. The Paris attacks and ISIS execution of a kidnapped Chinese national in November 2015 highlight China's emerging challenge of protecting citizens and confronting terrorism as it expands its global footprint. According to China National Tourism Administration (CNTA), more than two million Chinese were expected to visit France in 2015, and around 1,300 Chinese tourists were in Paris on the day of the attack.<sup>1</sup>

The continued internationalization of China's interests, expanding operations of Chinese companies, especially National Oil Companies (NOCs), in conflict zones in the Middle East and Africa, increasing attacks and kidnappings of Chinese overseas workers and citizens over the past decade, underlined the limits of Beijing's traditional foreign policy approach.<sup>2</sup> Together, these incidents are transforming China's traditional non-intervention principle, and prompting Beijing

to take a more proactive stance in combating the threat of ISIS and Islamic extremism both at home and abroad.

In the face of China's new pro-activism in the Middle East, Beijing will become an increasingly important partner for Brussels in international efforts to combat terrorism and address other non-traditional security challenges. Rather than viewing the Middle Kingdom's rise from a Cold War mentality as a zero-sum game challenging or supplanting western role in the region, Beijing's "One Belt, One Road" (OBOR) initiative could provide a timely platform for China and EU to engage in cooperative security to counter terrorism, reduce ungoverned spaces via economic development, and help promote stability and security in Europe's eastern and southern neighbourhood.

## China's rise in the Mideast and security challenges on the OBOR

While there has been much focus on the U.S. Asia pivot and tensions in the South China Sea, China's Mideast interests have been rising.

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<sup>1</sup> "From Shanghai to Sydney, tourists think twice about Paris trip", Reuters, 18 November 2015, <http://www.reuters.com/article/us-france-shooting-tourism-paris-idUSKCN-0T71R420151118>; Tom Parfitt, "China to launch war on ISIS? President Xi vows to battle jihadis after Paris attacks", Express, 16 November 2015, <http://www.express.co.uk/news/world/619513/ISIS-Islamic-State-China-President-Xi-Jinping-Li-Keqiang-Paris-attacks>. <sup>2</sup> M. Duchatel, O. Brauner and Z. Hang, Protecting China's Overseas Interests, SIPRI Policy Paper 41, June 2014; J. Parello-Plesner and M. Duchatel, China's Strong Arm: Protecting Citizens and Assets Abroad, IISS Adelphi Series, May 13, 2015; The Department of External Security Affairs—a protection umbrella for Chinese interests overseas?], Zhongguo Xinwen Zhoukan, no. 5 (July 2004), pp. 16–17; Special issue on safety and rights of Chinese national overseas], June 2004, [http://news.xinhuanet.com/world/2004-06/23/content\\_1541296.htm](http://news.xinhuanet.com/world/2004-06/23/content_1541296.htm); A. Sawitta Lefevre and A. R.C. Marshall, "Bangkok shrine bombers first targeted pier for Chinese tourists", Reuters, 25 February 2016; "Thirteen Chinese sailors killed on Mekong River", The Guardian, 10 October 2011; "Algeria, China: Al Qaeda Threatens Beijing's Interests", Stratfor,

In May 2015 China became the world's largest crude oil importer, with half of its imports coming from the Middle East. The Mideast is also a key hub unto trade and market access in the Euro-Mediterranean region, where the EU is China's largest export market, while Africa is an important destination for Chinese investments in energy, strategic resources and infrastructure projects.

### Security Challenge to Maritime Silk "Road"

However, the maritime "Road" is threatened by ISIS and Al Qaeda groups in the Levant and in North Africa that could disrupt China's energy supply as well as its trade and market access via the Suez Canal. In 2013 China surpassed the U.S. to become the world's largest trading state, and with over 95 percent of trade still being seaborne, Beijing is heavily dependent on the Canal to reach its largest export market in Europe.

Also in 2013, Al Qaeda affiliate Al Furqun Brigade attacked China's COSCO Asia in the Suez Canal by firing rocket-propelled grenades (RPGs) at the large container ship en route to northern Europe. Faced with increased military activity and ship inspections in the Canal, maritime insurance company Lloyd's List actually recommended ships take the 6,000-mile (almost 9,700 kilometres) longer route around the Cape of Good Hope instead. These shipping delays and increased risk premiums are thus costly for China's maritime trade and economic growth.<sup>3</sup>

Although China is building overland networks of railroad and highways across Eurasia as part of its Silk Road Economic Belt, including the Med-Red Railway through Israel to connect the Red Sea to the Mediterranean Sea and bypass the Suez, this is a form of diversification, not replacement, of maritime transport corridors given most trade is still seaborne.<sup>4</sup>

### Security Challenge to Silk Road Economic "Belt"

Moreover, ISIS and Al Qaeda groups also pose a security challenge to the overland economic "Belt." In July 2014,



Map 1: China's OBOR



Map 2: ISIS Aspirant Caliphate

ISIS leader al-Baghdadi called for jihad against countries that "seized Muslim rights," named China first in a list of 20 countries around the world, and threatened to occupy parts of western China Xinjiang that appeared on ISIS' caliphate map.

This is also a threat for China-led Shanghai Cooperation Organization (SCO) since the aspirant caliphate includes large portions of SCO member states' territories.

14 July 2009. <sup>3</sup> N. Anzinger, "Is Egypt's Instability a threat to the Suez Canal", Center for International Maritime Security, January 17, 2014; C. Lin, "The Mideast: a Laboratory for US-EU maritime cooperation with China?", Mercator Institute for China Studies (MERICS) blog, 14 April 2016, <http://blog.merics.org/en/blog-post/2016/04/14/the-mideast-a-laboratory-for-us-eu-maritime-cooperation-with-china.html>. <sup>4</sup> E. Scott, "China's Silk Road Strategy: A Foothold in the Suez, But Looking to Israel", China Brief, Vol. 14, Issue 10, 14 October 2014.



Map 3: SCO states

The SCO is China's key counter-terrorism tool, encompassing China, Russia, four Central Asian republics excluding Turkmenistan, and recently admitted India and Pakistan. In December 2014 when Premier Li Keqiang visited Kazakhstan, he said SCO should become the guardian of Eurasia and serve as a security cover for the OBOR.<sup>5</sup> In fact, at the July 2015 SCO summit, the two core issues discussed were admitting India and Pakistan, and how to combat ISIS and Islamic extremism. Thus, this threat looms large in SCO members' consciousness.<sup>6</sup>

With the admission of New Delhi and Islamabad underway, the aspirant caliphate now includes SCO territories of Central Asia, AfPak, Kashmir, Russia's Chechnya and China's Xinjiang with ongoing extremist activities. There are an

estimated 1,000 Chinese fighters affiliated with Al Qaeda in Syria and more than 300 Chinese fighters in ISIS, as well as fighters from Central Asia and Russia in Syria.<sup>7</sup> Thus SCO member states face the risk of their fighters taking Syrian jihad back home and radicalising their large Sunni Muslim population—China for one has over 20 million Sunni Muslims. This poses a threat to OBOR within China because Xinjiang serves as the centrepiece and bridgehead for the economic "Belt" across SCO territories in Eurasia. It also threatens China's territorial integrity, and since the Xinjiang uprising in 2009, China's internal state security budget has surpassed its defence budget every year, suggesting Beijing may view terrorism and instability as a greater security threat than military conflict in the South China Sea.<sup>8</sup>

<sup>5</sup> G. Grieger, "China's leading role in the Shanghai Cooperation Organisation", European Parliamentary Research Service (EPRS), PE564.367, June 2015, [http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/564367/EPRS\\_BRI\(2015\)564367\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/564367/EPRS_BRI(2015)564367_EN.pdf); T. Roney, "The Shanghai Cooperation Organization: China's NATO?", *The Diplomat*, 11 September 2013, <http://thediplomat.com/2013/09/the-shanghai-cooperation-organization-chinas-nato-2/> <sup>6</sup> Russian International Affairs Council (RIAC), "Shanghai Cooperation Organisation Model 2014-2015", Working Paper 21, 2015; Nikolay Surkov, "SCO ready to expand and fight ISIS", *Russia & India Report*, 15 June 2015. <sup>7</sup> B. Bekdil, "Turkey Caught Nearly 1,000 ISIS fighters in 2015", *Defense News*, 19 January 2016; M. Ali, "China's proxy war in Syria: Revealing the role of Uighur fighters", *Al Arabiya*, 2 March 2016; T. Batchelor, "ISIS army set for new wave of recruits as 'thousands' of Chinese militants flee to Syria", *Sunday Express*, 15 January 2016. <sup>8</sup> In 2010, China's security budget was \$87 billion while defense was \$84.6 billion; in 2011 security was \$99 billion while defense was \$95.6 billion; in 2012 security was \$111.4 billion while defense was \$106.4 billion; in 2013 security budget was \$123.6 billion while

## Security Challenge of Protecting Citizens Abroad

Indeed in 2011, China was shocked by the conflict in Libya – a security threat to its citizens overseas. Chinese companies lost about \$20 billion over night and had to evacuate 36,000 Chinese nationals. China has an estimated five million workers overseas with two million in Africa and the Middle East, and in 2014 Chinese tourists abroad reached 109 million.<sup>9</sup>

Moreover, according to IHS Jane's counter terrorism expert Anthony Davis, China has over 1,000 fighters from Western China in ISIS and the al-Qaeda affiliate Turkistan Islamic Party (TIP). If the fighters try to return and face difficulty entering China, security analyst Jacob Zenn from Jamestown Foundation assessed "the TIP will move to attacking Chinese abroad."

This has alarmed Beijing especially after the August 2015 Erawan Shrine bombing in Bangkok that killed Chinese tourists. To make the incident worse, a February 2016 Reuters article reported that at the time of the Shrine attack, the terrorists also planted a bomb that failed to go off at a pier packed with hundreds of Chinese tourists. In the face of additional threats to Chinese citizens overseas—the November killing of Chinese citizens by al-Qaeda in Mali, the ISIS execution of a Chinese national, the Bangkok bombing, and the evacuation of Chinese citizens from Libya and Yemen—Beijing is adopting a more proactive diplomatic and military posture in the Mideast.

## China's response to counter terrorism Evolving Non-Intervention Policy

Admittedly some sceptics may view Beijing's non-intervention policy as an obstacle to a more proactive military stance, but this needs to be placed within context. From the Chinese perspective, this is more in reference to intervening in other countries' domestic politics such as western-sponsored democracy-promotion and colour revolutions. Non interference policy does not mean inaction when China's core security and interests are threatened.

At a July 2015 International Institute for Strategic Studies (IISS) conference in Washington D.C., Stimson Centre China

Fellow Yun Sun further clarified that when it comes to protecting Chinese citizens, non interference policy does not apply, and China will exhaust all means possible to protect them when they are threatened. Sun explained that due to a lack of domestic elections, the Communist regime derives its legitimacy by its credibility and capability to protect Chinese citizens. As such, protection of its citizens is vital for regime survival, and China will increasingly be compelled to intervene abroad to safeguard its expanding interest and workers.

This view is supported by increasing Chinese writings for the People's Liberation Army (PLA) to protect overseas interests on the OBOR, calls by the PLA to establish legal support for operations overseas, the recent passing of the anti-terrorism law to allow the Chinese military to operate abroad, plans to establish overseas logistics bases in addition to the Djibouti base, and increasing deployment of PLA troops abroad under a UN banner.<sup>10</sup>

## Military pro-activism to protect citizens overseas

Currently, Beijing lacks a large military footprint overseas, but it is increasing its resources and capabilities for peace-keeping as well as evacuation operations. It has signalled willingness for burden sharing in underwriting regional security via UN peacekeeping missions for example. In Lebanon there are over 300 Chinese troops in United Nations Interim Force in Lebanon (UNIFIL), down from the original 1,000 after the 2006 Lebanon War. At that time the Israelis approached China to contribute UN troops, as they did not want Arab or Muslim troops, but preferred Asian troops from China, South Korea, India, Malaysia, etc. that were deemed as more neutral in the Arab-Israeli conflict.

China is also reinforcing security for its citizens in conflict zones such as South Sudan by deploying Chinese combat troops under UN banner, and until 2014 a Chinese general commanded the Cyprus UN mission. In September 2015, China committed 8,000 UN troops on permanent standby for worldwide deployment including, for example, to Syria, as well as offered \$1 billion over 10 years for a UN 'Peace and Development Fund'.<sup>11</sup>

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defense was \$119 billion. In 2014, the Chinese government withheld full disclosure of the security budget due to its sensitive nature, while defense is \$131.57 billion. However, based on past trends it was likely higher than the defense budget. In 2015 the defense budget is \$141 billion a 10 percent increase from 2014, while security budget increased by 11 percent. <sup>9</sup> "Chinese Outbound Travelers Spent Close to \$500B Overseas in 2014", China Internet Watch, 4 May 2015; Su Zhou, "Outbound tourist hits record 100 million", China Daily, 4 December 2014. <sup>10</sup> Z. Bo, "PLA obliged to protect overseas interests", China Daily, 30 December 2015; A. Ghiselli, "The Belt, the Road and the PLA", China Brief, Vol. 20, Issue 15, 19 October 2015; A. Ghiselli, "China's First Overseas Base in Djibouti, An Enabler of its Middle East Policy", China Brief, Vol. 16, Issue 2, 25 January 2016; P. Mattis, "New Law Reshapes Chinese Counter-terrorism Policy and Operations", China Brief, Vol. 16, Issue 2, 25 January 2016; W. Chaojie, "China, Laos, Myanmar, Thailand joint patrol makes Mekong safer", The Independent, 1 April 2016. <sup>11</sup> Z. Rodionova, "China promises \$1bn fund and 8,000 troops for UN peacekeeping", The Independent, 29 September 2015.

Where it lacks such UN forces, China would conduct evacuation operations similar to the one in Libya in 2011, thus Djibouti and other future logistics and replenishment bases could augment China's peacekeeping operations in Africa and the Eastern Mediterranean, as well as address other non-traditional security challenges on humanitarian assistance, disaster relief, escort missions, anti-piracy and maritime security.<sup>12</sup> In fact, China expressed interest in establishing a base in Djibouti one month after China's navy had to evacuate its citizens in Yemen. According to Xinhua, 629 Chinese citizens along with 279 foreign nationals were evacuated to Djibouti.

In the face of its expanding global footprint and need to protect overseas citizens, China is slowly emerging as a partial regional security provider.<sup>13</sup>

### EU-China Non-traditional security cooperation on the OBOR

As China's interests are expanding west across Eurasia, this provides an opportunity for the EU to engage China in non-traditional security cooperation. Because ungoverned space and weak governments provide a base for foreign terrorists to grow, economic development and Eurasian connectivity via the OBOR is one solution to this issue. As such, the EU can leverage the Organization for Security and Cooperation in Europe (OSCE) as a tool to engage China in security issues on the OBOR.

## CHINA IS ALREADY ENGAGED IN COOPERATIVE SECURITY WITH THE EU.

### China-EU Engagement via OSCE Partnership Programme

OSCE could be a timely avenue in which to engage China in the Mideast. Unlike NATO and CSTO that are collective defence alliances, OSCE is a multilateral cooperative security platform for confidence building and crisis management. Unlike the EU, the OSCE includes the U.S. as a member, ensuring a continued transatlantic approach towards China. With China's forays in Syria and the Eastern Mediterranean, Berlin wants to use its 2016 OSCE chairmanship to engage China through its partnership programme, as it has done with Asian partners such as Japan and South Korea and Mediterranean partners in the Levant and North Africa.<sup>14</sup>

In the past China had participated in OSCE Mediterranean partners programme on an SCO ticket, and Asian partners programme on an ASEAN ticket. If it becomes an OSCE partner, it can attend on its own ticket and perhaps have more flexibility for cooperation.

### China-EU Engagement via ENP and EUMSS with OBOR

As regards EU-China cooperation, Brussels could also use the EU-China strategic partnership framework to align with OBOR. The Silk Road Economic Belt dovetails with European Neighbourhood Policy (ENP), and the Maritime Silk Road with the European Maritime Security Strategy (EUMSS) adopted by the Common Foreign and Security Policy (CFSP) in 2014. A recent Clingendael report also recommended that the new "EU Global Strategy on Foreign Policy and Security" address the OBOR project, which encompasses 4.4 billion people in 62 countries.<sup>15</sup> If EU does not address OBOR as a EU wide policy, OBOR may risk dividing the EU in the rich western countries and the Central and East European Countries (CEE) that are in urgent need of Chinese FDI.

Also, by coordinating the EU Maritime Security Strategy with China's Maritime Silk Road, EUMSS can contribute safeguarding the OBOR supply line especially in the Indian Ocean and Mediterranean, and promote the long-term role of the EU as a security provider and involvement in non-tra-

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<sup>12</sup> M. Martina, "Draft Chinese law paves way for counter-terror operations abroad, Reuters, 27 February 2015. <sup>13</sup> F. Indeo, "China as security provider in central Asia post 2014: a realistic perspective?" Central Asia Security Policy Brief #17, Norwegian Institute of International Affairs, OSCE Academy, January 2015. <sup>14</sup> C. Nunlist, "Back in Business. The OSCE and conflicts in Europe's neighbourhood", Global Governance Spotlight, Stiftung Entwicklung und Frieden (SEF), January 2016; M. Rudolph, "China's New Era of Diplomacy: Engaging in Syria", The Diplomat, 25 January 2016. <sup>15</sup> J. Verlare & F. van der Putten, "One Belt, One Road: An Opportunity for the EU's Security Strategy", Clingendael Policy Brief, December 2015. <sup>16</sup> EUNAVFOR, "EU Naval Force and Chinese Navy Warships Work Together in Counter Piracy Exercise At Sea in Gulf of Aden", 28 March 2014. <sup>17</sup> "First joint Mekong patrol in 2016 begins", Xinhua, 26 January 2016. <sup>18</sup> "China becomes first non-EU country to announce contribution to Juncker Plan: EU", Global Times, 28 September 2015; "China uses Juncker Plan to boost involvement in Europe", Euractive, 6 October 2015. <sup>19</sup> [http://cordis.europa.eu/result/rcn/45798\\_en.html](http://cordis.europa.eu/result/rcn/45798_en.html) <sup>20</sup> Aspen Institute Romania, "Anchoring the New Silk Road, Linking Three Seas: Caspian, Black Sea and the Adriatic", Bucharest Forum, 26-28 September 2013, <http://bucharestforum.ro/events/newsilkroad/bucharest-forum-2013>; <http://www.aspeninstitute.ro/articole/call-for-applications.-research-internship-with-the-3-seas-institute> <sup>21</sup> J. Lembke & S. Voinescu, "The Black Sea Region in the Twenty-First Century: Energy, Security and the Euro-Atlantic Community", Occasional Paper, Network of European Union Centers of Excellence, Texas A&M University, October 2006.



ditional security in Central Asia and the Middle East. Thus, the EU could use existing regional initiatives and Sino-European strategic partnership framework to engage OBOR not just on the European mainland, but also in its greater neighbourhood.

In fact China is already engaged in cooperative security with the EU—in March 2014 China and EUNAVFOR conducted joint counter-piracy exercises in the Gulf of Aden.<sup>16</sup> As such, PLA Navy (PLAN) anti-piracy cooperation with the EU, and other navies in the Gulf of Aden is a good cooperative template that could be applied to maritime security in the Suez Canal and the Eastern Mediterranean, and perhaps establish joint naval patrol similar to China's model of joint patrol with Laos, Thailand and Myanmar in the Mekong Delta.<sup>17</sup>

Another recourse for China-EU cooperation is using EU's Juncker Plan of €315 billion infrastructure investment plan (contingent on market financing), to leverage China's capital export drive for European growth. In late September China announced it would contribute and estimated €5 to €10 billion to the Juncker Plan, the first non-EU member to do so.<sup>18</sup> China has also committed \$100 billion to its own infrastructure funds—consisting of \$40 billion Silk Road Fund focused on Central Asia, \$50 billion with matching contribution to AIIB and \$10 billion to BRICS-led New Development Bank—so there exists ample room for East-West coordination on infrastructure investment and development across Eurasia.

## Conclusion

Finally, cooperative security and economic partnership with China via the OBOR platform dovetails well with EU Commission's "EU 4seas" project—involving sub-regional multilateralism with a view towards EU enlargement.<sup>19</sup> This was a project from 2009-2011 on integrating the regions of Caspian, Black, Baltic and Mediterranean Seas, similar to the current three seas project integrating the Caspian, Black and Adriatic Seas at the Aspen Institute in Bucharest.<sup>20</sup> By coordinating with China's OBOR initiatives and infrastructure

funds, the three seas project can be extended to integration of the four seas including the Mediterranean, especially with China using Greece's Piraeus port as a main hub to link to Central Europe via railroads. As such this Russian 'Matryoshka doll' model of integration—whereby a set of dolls of decreasing sizes placed one inside another, akin to EU macro-region as a sum of different smaller regions—may be a good model of east-west integration.<sup>21</sup>

As we enter an increasingly multi-polar world, this could also mean a multi-partner world. Countering terrorism and ISIS may serve as an example. No one country can address this global challenge alone—not the EU., not China. This is where various world powers need to work together. In the aftermath of the Paris and Brussels bombings, it is all the more important that the EU cooperates with China, and rather than viewing how China is supplanting the West, consider how China can supplement Western efforts to address these emerging global challenges. ©



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## BIO

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# THE EU'S STAKE IN THE SOUTH CHINA SEA

Annika LINCK

## Introduction

The South China Sea has been the site and origin of regional disputes between China, Vietnam, The Philippines, Malaysia and Brunei for the last 30 to 40 years. With different national perspectives and narratives regarding the ownership of islands, rocks and waters, the views of regional claimants vary regarding the sovereignty over the waters and its resources. While there has not been a major violent clash over the issue in recent years, several incidents have occurred, out of which some have escalated and impacted negatively on China's relations with its neighbouring countries. In 2016, China has finalised its third airstrip in the waters, thus leaving the impression of growing military assertion and giving rise to concern among other claimants and stakeholders to the South China Sea. Even though the South China Sea is very distant from Europe in geographical terms, the European Union (EU) and its member states are closely linked with the region by trade. This paper is going to examine the EU's stake in the South China Sea issue. It is going to shed light on the importance of the South China Sea for EU trade with the region and the general EU engagement in the area. The paper will examine the EU's approach to alleviate tensions in the South China Sea by supporting

ASEAN-centred multilateral fora of discussion and propagating a rule-based solution.<sup>1</sup> Furthermore, the paper is going to discuss the different position of ASEAN members in the dispute. The paper is going to argue that, despite international efforts to convince China to respect international law and to engage multilaterally, China has continued to push its own agenda bilaterally towards individual ASEAN members. This can be seen by Chinese initiatives for bilateral statements with Brunei, Cambodia, Laos and Arabic states in recent months. Finally, the paper will look at recent EU and G-7 statements on the issue and try to draw conclusions for the EU's approach and strategy in the South China Sea.

## The origins of the dispute and the current situation

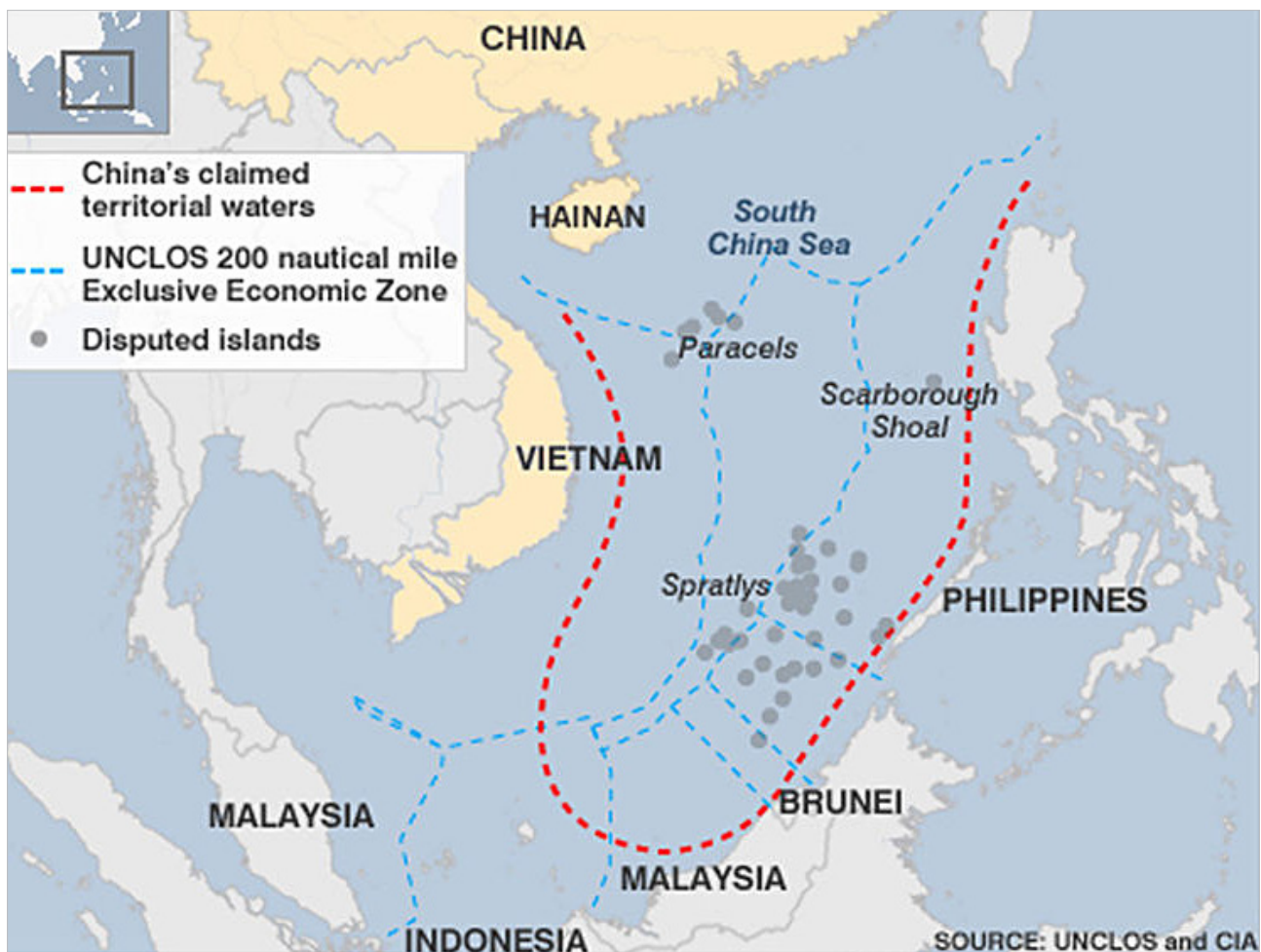
In 1947 China issued a map outlining the 'nine-dash line', which is the basis for Chinese claims of 80 percent of the South China Sea.<sup>2</sup> China considers its sovereignty and jurisdiction in the South China Sea to be supported by "abundant historical and legal evidence".<sup>3</sup> The dispute concerns the Paracel and Spratley island chains: Vietnam claims rights over both the Paracels and the Spratleys, while The Philippines, Malaysia and Brunei also claim parts of both.<sup>4</sup> In addition, the Philippines claim the Scarborough

<sup>1</sup> The paper will focus on the Association of Southeast Asian Nations (ASEAN) and ASEAN members as a potential partner for Europe, thus including ASEAN-centred initiatives such as the ASEAN Regional Forum (ARF) and the Council for Security Cooperation in the Asia Pacific (CSCAP) in which the EU is involved, without going into detail about the activities in the different formats. <sup>2</sup> B. Hellendorff, "South China Sea disputes: what is in it for Europe?", *European Geostrategy*, Vol. 6, No. 46 (2014), 15 June 2014, retrieved 16 June 2016: <http://www.europeangeostrategy.org/2014/06/south-china-sea-disputes-europe/>. <sup>3</sup> Permanent Mission of the People's Republic of China, Note Verbale CML/8/2011, 14 April 2011, retrieved 16 June 2016 from DOALOS, [http://www.un.org/Depts/los/clcs\\_new/submissions\\_files/mysvnm33\\_09/chn\\_2011\\_re\\_phLe.pdf](http://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/chn_2011_re_phLe.pdf). <sup>4</sup> Hellendorff, op. cit. <sup>5</sup> "Q&A: South China Sea dispute", BBC News, 27 October 2015, retrieved 16 June 2016, <http://www.bbc.com/news/world-asia-pacific-13748349>. <sup>6</sup> Ibid. <sup>7</sup> "South China Sea Tensions: Not for China to ignore", MERCIS expert podcast, Interview with Thomas Eder, 25 May 2016, retrieved 16 June 2016, <http://blog.mercis.org/en/blog-post/2016/05/25/south-china-sea-tensions-not-for-europe-to-ignore>.

Shoal which is located at a distance of approximately 160 km and would thus also fall within the respective 200 nautical mile Exclusive Economic Zone (EEZ) along its shores.<sup>5</sup> Violent clashes over the Paracels between China and Vietnam occurred in 1974, leading to over 50 deaths, and again in the 1988.<sup>6</sup>

As some argue, Chinese claims to these waters are firmly rooted and supported in the Chinese population and form

part of China's national identity, which is why any attempt by the Chinese government to take a step back on their firm claim will be undermined by these nationalist tendencies.<sup>7</sup> Motivations for the countries involved to claim the islands are manifold. For China, the mentioned nationalist tendencies may be a reason, while strategic motivations such as access to resources (oil and gas underwater reserves<sup>8</sup>), the control over shipping routes and military capabilities play a major role.<sup>9</sup>



Map of 9-dash line and UNCLOS<sup>10</sup> 200 nautical mile Exclusive Economic Zone (EEZ)

html. <sup>8</sup> According to the Council of Foreign Relations, this concerns 11 billion barrels of untapped oil and 190 trillion cubic feet of natural gas. See: Council of Foreign Relations, Global Conflict Tracker, 8 June 2016, retrieved 16 June 2016, <http://www.cfr.org/global/global-conflict-tracker/p32137#1/conflict/territorial-disputes-in-the-south-china-sea> <sup>9</sup> D. Watkins, "What China has been building in the South China Sea", The New York Times, 29 February 2016, retrieved 16 June 2016, [http://www.nytimes.com/interactive/2015/07/30/world/asia/what-china-has-been-building-in-the-south-china-sea-2016.html?\\_r=0](http://www.nytimes.com/interactive/2015/07/30/world/asia/what-china-has-been-building-in-the-south-china-sea-2016.html?_r=0). <sup>10</sup> United Nations Convention on the Law of the Sea (UNCLOS) <sup>11</sup> "Q&A: South China Sea dispute", BBC News, 27 October 2015, retrieved 16 June 2016, <http://www.bbc.com/news/world-asia-pacific-13748349>.

In recent years, China has been artificially expanding some of the islands in order to build military outposts. China started construction of an airstrip on Fiery Cross Reef in late 2014, which has been finalised in 2016 and measures 3,000 meters. <sup>12</sup> Other neighbouring countries have started establishing airstrips on the islands much earlier on: Vietnam began constructing an airstrip in 1976, the Philippines

in 1978, Malaysia in 1983 and Taiwan finished construction of an airstrip in 2008. However, the newly built Chinese airstrip is the longest one and the only one that can host cargo planes, surveillance planes, fighter jets and bombers. <sup>13</sup> Mischief Reef and Subi Reef have been the site of construction of another two airstrips bringing China's total to three airstrips. <sup>14</sup>

### Overview of claims over Paracels, Spratleys and Scarborough Shoal

Country	Paracels	Spratleys	Scarborough Shoal
China	Holds all (factually) Claims all under 9-dash line	8 (factually)	Claims all under 9-dash line
Vietnam	Claims all due to history <sup>15</sup>	29 (factually) Claims all due to history	-
Philippines	-	8 (factually) Claim parts under EEZ (UNCLOS)	All under EEZ
Malaysia	-	8 (factually) Claims 11 under EEZ (UNCLOS)	-
Brunei	-	2 (factually) Claim parts under EEZ (UNCLOS)	-
Taiwan	Mirrors 9-dash line	1	-

Source: Own compilation on the basis of BBC <sup>16</sup>, Hellendorff <sup>17</sup> and Parameswaran <sup>18</sup>

While the situation in the South China Sea had been relatively calm until 2009, tensions have been building up since the international community became aware that China has been extending artificial islands in 2014. <sup>19</sup> Moreover, tension is particularly high at the moment (late June 2016) due to the awaited ruling of the Permanent Court of Arbitration in The Hague. <sup>20</sup> Whereas hard security issues and territorial claims mainly concern the regional stakeholders, the South China Sea has also been the site of US military presence and interests. In 2010, former Foreign Ministry Hillary Clinton stated that the US has a "national interest" in freedom of navigation in the South China Sea. <sup>21</sup>

Moreover, the US has five bilateral security alliances in the region (including the ASEAN members Thailand and The Philippines) and strong military ties with Singapore and Taiwan. <sup>22</sup> The US has carried out freedom of navigation activities in the waters by sending a patrol within the 12 nautical miles zone of a Chinese held artificial island. <sup>23</sup> The activities are seen by China as "serious provocation". <sup>24</sup> For the EU, which does not have a military presence in the region, non-traditional security concerns, such as the safety of trade routes and the respect for international law are among the main concerns. <sup>25</sup> In the following, the EU's stake in the South China Sea will be examined in more detail.

<sup>12</sup> Asia Maritime Transparency Initiative and The Center for Strategic and International Studies, 2016, *Airpower in the South China Sea*, retrieved 16 June 2016, <http://amti.csis.org/airstrips-scs/>. <sup>13</sup> *Ibid.* <sup>14</sup> D. Watkins, *op. cit.* <sup>15</sup> "Vietnam and the Philippines defend their own, overlapping claims based on the United Nations Convention on the Law of the Sea (UNCLOS), a convention to which all regional countries are parties. Malaysia and Brunei also lay claim to parts of the Spratleys, under their Exclusive Economic Zone (EEZ)." Quote taken from: Hellendorff, *op. cit.* <sup>16</sup> "Q&A: South China Sea dispute", BBC News, 27 October 2015, retrieved 16 June 2016, <http://www.bbc.com/news/world-asia-pacific-13748349> <sup>17</sup> Hellendorff, *op. cit.* <sup>18</sup> P. Parameswaran, "Playing It Safe: Malaysia's Approach to the South China Sea and Implications for the United States", Centre for a new American Security, February 2015 Maritime Strategy Series, February 2015. <sup>19</sup> "Sense and sensibility – Addressing the South China Sea disputes", EUISS Report No. 28, 1 June 2016, p. 5, retrieved 16 June 2016, <http://www.iss.europa.eu/publications/detail/article/sense-and-sensibility-addressing-the-south-china-sea-disputes/>. <sup>20</sup> Even though China is a signatory of UNCLOS, it does not recognise jurisdiction of the Permanent Court of Arbitration regarding the issue. The case itself is very technical, since it has to establish whether or not the islands/rocks in the Scarborough Shoal are to be considered rocks or islands. This technical or nominal differentiation has implications regarding the establishment of an EEZ (islands leading to claims

## The EU's stake in regional security in the South China Sea

The EU has strong trade links with Southeast Asia, but is also increasingly connected politically and strategically.<sup>26</sup> The ASEAN region is the EU's third largest trading partner (after the US and China) and home to a substantial number of EU investment, making up almost one quarter of overall foreign investment in ASEAN.<sup>27</sup> Moreover, the Malacca Straits count among the main routes for ships bringing goods from the region to the EU. According to an EU document, about "50% of world shipping (by tonnage) passes through the South China Sea".<sup>28</sup> The free navigation of ships is therefore of crucial importance to the EU. Furthermore, as set out in the Maritime Security Strategy and Action Plan from 2014, the EU "supports peaceful settlements of disputes according to international law, noting that freedom of navigation and overflight are core principles essential not only to preserve peace but also to foster economic and diplomatic relationships."<sup>29</sup> Any conflict in the region could disrupt the flow of goods, but also of raw materials and energy resources.<sup>30</sup> Also, the EU has been expanding its strategic and political involvement in the region and is linked to the countries by bilateral agreements.<sup>31</sup>

The maritime component of the Silk Road initiative may further raise the stakes for China, and subsequently for the EU.<sup>32</sup> China is investing in European ports and maritime infrastructure to enhance trade links between China and Europe. For instance, China has invested in the Greek port of Piraeus and other European ports and shipping companies.<sup>33</sup> Even though these investments are still limited in terms of value and significance, they may increase in the future. Enhanced connectivity might lead to further growth

of trade volumes and goods passing through the Straits of Malacca and the South China Sea. The more the EU depends on trade via those maritime routes, the more likely it would be that escalating conflicts about access to the sea in that area would touch EU interests.

It has been the EU's strategy to engage in the region as a promoter of peaceful, rule-based multilateral solutions. As is stated in the Joint Communication "The EU and ASEAN: a partnership with a strategic purpose", the EU has an interest "in maintaining stability and security in the South China Sea, as well as respect for international law, including the UN Convention on the Law of the Seas (UNCLOS)."<sup>34</sup> ASEAN-centred multilateral for a for regional cooperation, must seem like a natural fit for EU engagement. However, there are several obstacles to this engagement, and also for ASEAN's effectiveness in solving the conflicts.

## The EU and ASEAN – a natural fit?

Due to their inherent multilateral character some have described the EU and ASEAN as natural partners for cooperation.<sup>35</sup> In its policy towards South East Asia, the EU has put a focus on bilateral cooperation with ASEAN in order to advance the regional security architecture. The EU participates in the ASEAN Regional Forum (ARF), which has been established to "foster constructive dialogue and consultation on political and security issues of common interest and concern".<sup>36</sup> The EU has repeatedly reiterated the importance of the forum and of ASEAN for regional security, and stepped up support for programmes that should enhance regional cooperation.<sup>37</sup> Moreover, the EU participates in the Council for Security Cooperation in the Asia Pacific (CSCAP).<sup>38</sup>

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of 200 nautical miles of an EEZ, while rocks only allow 12 miles). The ruling is expected in the coming weeks and will most likely present a "mixed judgement", whereas some argue that it will be to the detriment of China. See case 2013-19, *The Republic of Philippines v. The People's Republic of China*, Permanent Court of Arbitration, retrieved 16 June 2016, <http://www.pcacases.com/web/view/7> and MERICIS expert podcast, Interview with Thomas Eder, 25 May 2016, Blog MERICIS, "South China Sea Tensions: Not for China to ignore", retrieved 16 June 2016, <http://blog.merics.org/en/blog-post/2016/05/25/south-china-sea-tensions-not-for-europe-to-ignore.html>. <sup>21</sup> M. Landler, "Offering to Aid Talks, U.S. Challenges China on Disputed Islands", *The New York Times*, 23 July 2010, retrieved 16 June 2016, [http://www.nytimes.com/2010/07/24/world/asia/24diplo.html?\\_r=0](http://www.nytimes.com/2010/07/24/world/asia/24diplo.html?_r=0). <sup>22</sup> G. Wacker, "Security Cooperation in East Asia – Structures, Trends and Limitations", SWP Research Paper, Berlin, May 2015, pp. 7, 12, 15-16. <sup>23</sup> S. Tiezzi, "US Freedom of Navigation Patrols in the South China Sea: China Reacts", *The Diplomat*, October 27, 2015, retrieved 16 June 2016, <http://thediplomat.com/2015/10/us-freedom-of-navigation-patrols-in-the-south-china-sea-china-reacts/>. <sup>24</sup> J. Sciotto and K. Hunt, "China says it warned and tracked U.S. warship in South China Sea", *CNN*, 28 October 2015, retrieved 16 June 2016, <http://edition.cnn.com/2015/10/27/asia/us-china-south-china-sea/>. <sup>25</sup> EU member states France and the UK have some military presence in Brunei and Singapore (UK) and approximately 2,500 military and civilian staff in the Southern Pacific (France). Please see: G. Wacker, "Security Cooperation in East Asia – Structures, Trends and Limitations", SWP Research Paper, Berlin, May 2015, p. 25 for further information. <sup>26</sup> Ibid. <sup>27</sup> European Commission, Joint Communication to the European Parliament and the Council, "The EU and ASEAN: a partnership with a strategic purpose", 18.5.2015, retrieved 16 June 2016, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=JOIN:2015:22:FIN&from=EN>. <sup>28</sup> Ibid. <sup>29</sup> "Sense and sensibility – Addressing the South China Sea disputes", EUISS Report No. 28, 1 June 2016, p. 58, retrieved 16 June 2016, <http://www.iss.europa.eu/publications/detail/article/sense-and-sensibility-addressing-the-south-china-sea-disputes/>. <sup>30</sup> Ibid. <sup>31</sup> Ibid. <sup>32</sup> F.-P. van der Putten and M. Meijnders, "China, Europe and the Maritime Silk Road", Clingendael Report, March 2015, p. 6. <sup>33</sup> C. Lin, "China drops anchor in Mediterranean ports", Blog MERICIS, 25 May 2016, retrieved 16 June 2016, <http://blog.merics.org/en/blog-post/2016/05/25/china-drops-anchor-in-mediterranean-ports.html>. <sup>34</sup> European Commission, Joint Communication to the European Parliament and the Council, "The EU and ASEAN: a partnership with a strategic purpose", 18.5.2015, p. 12, retrieved 16 June 2016, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=JOIN:2015:22:FIN&from=EN>. <sup>35</sup> EEAS, EU Delegation in Jakarta, "EU-ASEAN: Natural Partners", June 2013, 7th edition, retrieved 16 June 2016, [http://www.eeas.europa.eu/asean/docs/eu\\_asean\\_natural\\_partners\\_en.pdf](http://www.eeas.europa.eu/asean/docs/eu_asean_natural_partners_en.pdf). <sup>36</sup> EEAS website, Association of South East Asian Nations (ASEAN), retrieved 16 June 2016, [http://eeas.europa.eu/asean/index\\_en.htm](http://eeas.europa.eu/asean/index_en.htm). <sup>37</sup> European Commission, Joint Communication to the European Parliament and the Council, "The EU and ASEAN: a partnership with a strategic purpose", 18.5.2015, p. 12, retrieved 16 June 2016, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=JOIN:2015:22:FIN&from=EN>. <sup>38</sup> See website of the CSCAP: <http://www.cscap.org/index.php?page=about-us>

In addition, the EU is engaged bilaterally with the ASEAN member states. A Partnership and Cooperation Agreement with Indonesia entered into force in 2014, while others are being negotiated.<sup>39</sup> A free trade agreement has been signed with Singapore, even though it is currently being reviewed by the European Court of Justice.<sup>40</sup> A bilateral ASEAN-EU FTA has been under discussions since 2007, but negotiations have been recently put on hold.<sup>41</sup>

As a normative and rule-based actor, the EU prefers a regional forum to discuss security issues over power politics and bilateral negotiations, which might leave behind the interest of smaller member states. One might also argue that, due to the similar EU set-up, the EU is naturally inclined to favour regional integration and a comparable partner over involvement on a bilateral basis. Besides its natural inclination to favour ASEAN as a partner, the EU may also be interested in creating a balance in the region by supporting a group of countries with joined interests towards a much larger player such as China. ASEAN countries make up a population of 625 million people and have much more leverage together against larger countries such as China than they would have individually. The largest ASEAN member, Indonesia, has a population of 255 million people and a GDP of 872 billion US dollars.<sup>42</sup> In comparison with China, none of those countries would have the economic or military weight to counterbalance Chinese interests when bargaining on a bilateral level. Jointly, however, they have a much larger bargaining power.

As regards the South China Sea issue, the EU has been a supporter of the establishment of a Code of Conduct (COC), which has been negotiated since the 1990s. Up until now, negotiations have not led to fruitful results. In 2002, a Declaration on the Conduct of Parties in the South China Sea (DOC) was signed, which set out a roadmap for a COC. The EU keeps emphasising a COC in its statements, even though many observers on the issue seem to believe that this is a lost cause.<sup>43</sup> Maybe it would be time for the EU to readjust this stance to reality. China on the other hand, has shown some readiness and willingness to develop a COC,

but has been pursuing its own interests at the same time. In the following we will take a look at Chinese attempts to gain support for its stance for bilateral solutions.

### **ASEAN in the South China Sea issue – united or ruled?**

China is often reproached to divide EU member states along the interests of individual countries. Similarly, one could argue that this is the case for ASEAN: China is pursuing initiatives to get individual ASEAN members to issue joint statements with China supporting their vow for bilateral solutions and stating that it is “not an issue between China and ASEAN as a whole”.<sup>44</sup> However, the situation is not directly comparable, since cohesion among the member states and integration of ASEAN is much weaker. Only four ASEAN member states have a direct stake in the South China Sea, whereas many of the other ASEAN members are not particularly interested in the issue.<sup>45</sup>

Against this background, China as recently issued a number of joint statements with some of the regional stakeholders. For instance, Chinese Foreign Minister Wang Yi said during a visit to Laos in April 2016 that China has reached a consensus with Brunei, Cambodia and Laos on the South China Sea issue. As published by Xinhua, the countries reached a “four-point consensus”: “The four countries agreed that the territorial disputes over some islands, rocks and shoals in the South China Sea are not an issue between China and ASEAN as a whole which should not affect the development of China-ASEAN relations [...] They agreed that the right enjoyed by sovereign states to choose on their own ways to solve disputes under the international law should be respected.”

Whereas the consensus with Cambodia and Laos is not very surprising, since both countries do not have a direct stake in the South China Sea, Brunei is directly concerned and has nonetheless decided to support China’s stance. Myanmar, which also does not have a direct stake in the sea, has remained neutral, possibly due to its economic dependence on China.<sup>46</sup>

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<sup>39</sup> European Parliament, Fact Sheets on the European Union on the Asia-Pacific, retrieved 16 June 2016, [http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU\\_6.6.6.html](http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU_6.6.6.html). <sup>40</sup> Ibid. <sup>41</sup> Ibid. <sup>42</sup> CIA World Fact Book, Indonesia, retrieved 16 June 2016, <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>, (official exchange rate in 2015). <sup>43</sup> European Union, “Declaration by the High Representative on behalf of the EU on Recent Developments in the South China Sea (11/03/2016)”, 11 March 2016, retrieved 16 June 2016, <http://www.consilium.europa.eu/en/press/press-releases/2016/03/11-hr-declaration-on-behalf-of-eu-recent-developments-south-china-sea>. The following statement was made: “The EU encourages further engagement in confidence building measures which seek to build trust and security in the region. The EU fully supports regional ASEAN-led processes and is looking forward to a swift conclusion of the talks on a ‘Code of Conduct’ which will further support a rules-based regional and international order. In this connection, the EU reiterates its offer to share best practices on maritime security.” <sup>44</sup> “China reaches consensus with Brunei, Cambodia, Laos on South China Sea issue”, Xinhua news agency, 23 April 2016, retrieved 16 June 2016, [http://news.xinhuanet.com/english/2016-04/23/c\\_135306137.htm](http://news.xinhuanet.com/english/2016-04/23/c_135306137.htm). <sup>45</sup> Brunei, Malaysia, The Philippines and Vietnam. See for instance, P. Parameswaran, “Does ASEAN have a South China Sea Position?”, *The Diplomat*, 26 March 2015, retrieved 16 June 2016, <http://thediplomat.com/2015/03/does-asean-have-a-south->

## Overview of different ASEAN member positions towards China

Country	Stake in SCS	Supports China's stance for bilateral solution
Brunei	Yes	Yes
Malaysia	Yes	No
Indonesia	Yes (not a direct claimant, but overlapping EEZ)	No → Yes? (Newly elected President may be more accommodating to-wards China)
Philippines	Yes	No → Yes? (Newly elected President may be more accommodating to-wards China)
Singapore	Yes (Not directly involved but Malacca Straights)	Neutral
Thailand	No	Neutral
Cambodia	No	Yes
Laos	No	Yes
Myanmar	No	Neutral
Vietnam	Yes	No

Sources: Own compilation on the basis of Hellendorff<sup>47</sup> and news articles<sup>48</sup>

In comparison to Vietnam or The Philippines, Malaysia has been affected less by China's assertiveness and has been trying to pursue a more diplomatic approach to China, while at the same time pronouncing their support for a common ASEAN position.<sup>49</sup> Thailand's position can be described as neutral, since the country has low stakes in the South China Sea and has at the same time not issued any joint statements with China on the issue.<sup>50</sup> Singapore has also claimed neutrality.<sup>51</sup>

The Philippines, while having pursued a cooperative strategy with China for a while, have taken China to the UN permanent court of arbitration on the basis of UNCLOS to clarify the claims over the Scarborough Shoal. It will be

interesting to see whether the position of Indonesia and The Philippines will change with their recent changes of government. The Philippines have had a history of closer cooperation with China, but then referred China to the arbitration court when a conflict escalated in 2014. The incoming Secretary of Foreign Affairs Perfecto Yasay has however expressed willingness for closer cooperation with China and a potential shift of position on the South China Sea issue. As quoted in the Manila Bulletin "The Philippines is willing to pursue bilateral talks with China to resolve a dispute over the Scarborough Shoal, but will stick to multilateral discussions for the Spratly islands, because there are other claimant states."<sup>52</sup> Equally, it remains to see how the new Indonesian President will position himself.<sup>53</sup>

china-sea-position/. <sup>46</sup> S. Bi, "Myanmar keeps ASEAN position neutral on South China Sea disputes", Global Times, 20 May 2014, retrieved 16 June 2016, <http://www.globaltimes.cn/content/861288.shtml>. <sup>47</sup> B. Hellendorff, "South China Sea disputes: what is in it for Europe?", European Geostrategy, Vol. 6, No. 46 (2014), 15 June 2014, retrieved 16 June 2016, <http://www.europeangeostrategy.org/2014/06/south-china-sea-disputes-europe/>. <sup>48</sup> News articles: "China reaches consensus with Brunei, Cambodia, Laos on South China Sea issue", Xinhua news agency, 23 April 2016, retrieved 16 June 2016, [http://news.xinhuanet.com/english/2016-04/23/c\\_135306137.htm](http://news.xinhuanet.com/english/2016-04/23/c_135306137.htm); "PH affirms independence in South China Sea dispute", Manila Bulletin, 3 June 2016, retrieved 16 June 2016, <http://www.mb.com.ph/ph-affirms-independence-in-south-china-sea-dispute/>. <sup>49</sup> P. Parameswaran, "Playing It Safe: Malaysia's Approach to the South China Sea and Implications for the United States", Centre for a new American Security, February 2015 Maritime Strategy Series, February 2015, p. 5. <sup>50</sup> B. Desker, "China's conflicting signals on the South China Sea", Brookings Brief, July 2015, retrieved 16 June 2016, <http://www.brookings.edu/research/opinions/2015/07/29-china-conflicting-signals-south-china-sea-desker>. <sup>51</sup> "Straits Times: S'pore, China clearer on each other's position", Ministry of Foreign Affairs, Media Centre, Singapore Headlines, 12 September 2012, retrieved 16 June 2016, [https://www.mfa.gov.sg/content/mfa/media\\_centre/singapore\\_headlines/2012/201209/news\\_20120912\\_01.html](https://www.mfa.gov.sg/content/mfa/media_centre/singapore_headlines/2012/201209/news_20120912_01.html). <sup>52</sup> "PH affirms independence in South China Sea dispute", Manila Bulletin, 3 June 2016, retrieved 16 June 2016, <http://www.mb.com.ph/ph-affirms-independence-in-south-china-sea-dispute/>. <sup>53</sup> For interesting insights and projections, see: F. Heiduk, "Indonesia in ASEAN - Regional Leadership between Ambition and Ambiguity", SWP Research Paper, April 2016.

Furthermore, China has been seeking outside support from countries not directly involved in the South China Sea issue. At the Ministerial Meeting of the China-Arab Cooperation Forum in May 2016, “the participating Arab countries said they support China’s efforts to peacefully resolve territorial and maritime differences with certain nations through friendly dialogues and negotiations.”<sup>54</sup> Furthermore, they supported China’s stance for bilateral solutions stating that “the rights of sovereign nations as well as the UN Convention on the Law of the Sea signatories to choose how they solve their disputes should be respected.” Even if China is not dividing and ruling, it is successful in driving the countries away from a solution where ASEAN is united and speaking with a single voice vis-à-vis China. The lack of a common joint statement after the ASEAN-China special meeting in Kunming on 14 June 2016 could be interpreted as another illustration of ASEAN disunity with respect to China.<sup>55</sup>

### International reaction to Chinese growing assertion

These recent Chinese initiatives to gain more support from other stakeholders should probably be considered in the light of the upcoming ruling in the arbitration court on the conflict between China and the Philippines.<sup>56</sup> Also, they could be seen as a reaction to international pressure on China to keep a lower profile in the maritime dispute.<sup>57</sup> The G-7 summit of 11 April 2016 featured a statement on the South China Sea, whereas Chinese lobbying efforts to avoid such a statement had been substantial.<sup>58</sup> The statement did not explicitly refer to China, but stated that the G-7 states “express [...] strong opposition to any intimidating, coercive or provocative unilateral actions that could alter the status quo and increase tensions, and urge all states to refrain from such actions as land reclamations

including large scale ones, building of outposts, as well as their use for military purposes and to act in accordance with international law including the principles of freedoms of navigation and overflight.”<sup>59</sup> By putting an emphasis on the land reclamations and building of outposts the statement seems to be targeting China’s recent actions of finalising the construction of three airstrips. Moreover, the statement emphasised the usefulness of arbitration mechanisms and encouraged the claimant states to “pursue the peaceful management and settlement of maritime disputes in good faith and in accordance with international law, including through applicable internationally recognized legal dispute settlement mechanisms, including arbitration [...]”<sup>60</sup>, thus making a rather explicit reference to China’s unwillingness to recognise the jurisdiction of the arbitration court over its conflict with The Philippines.

### Reaction of the EU to Chinese growing assertion

In March 2016, the EU High Representative issued a rather strong statement of principle – without naming and shaming a certain country directly or linking it to a certain incident: “While not taking a position on claims to land territory and maritime space in the South China Sea, the EU urges all claimants to resolve disputes through peaceful means, to clarify the basis of their claims, and to pursue them in accordance with international law including UNCLOS and its arbitration procedures.”<sup>61</sup> Furthermore, the EU pointed and expressed its concern about the deployment of missiles on islands in the South China Sea and called on “all claimants to refrain from militarisation in the region, from the use or threat of force, and to abstain from unilateral actions.”<sup>62</sup> Even though no country was mentioned in particular, the statement could have been aimed at the recent increase of China’s military capabilities in the region.<sup>63</sup> The

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<sup>54</sup> “Arab nations back China’s stance on resolving maritime disputes”, Xinhua news agency, 12 May 2016, retrieved 16 June 2016, [http://news.xinhuanet.com/english/2016-05/12/c\\_135355006.htm](http://news.xinhuanet.com/english/2016-05/12/c_135355006.htm). <sup>55</sup> P. Parameswaran, „China, Not ASEAN, the Real Failure on South China Sea at Kunming Meeting”, The Diplomat, 16 June 2016, retrieved 16 June 2016, <http://thediplomat.com/2016/06/china-not-asean-the-real-failure-at-south-china-sea-kunming-meeting/>. <sup>56</sup> “Arabische Staaten unterstützen China bei Konflikt im Südchinesischen Meer”, MERICS China Update 10/2016, retrieved 16 June 2016, <http://www.merics.org/merics-analysen/wochenrueckblickchina-update/china-update-102016.html#c13288>. <sup>57</sup> This view is also confirmed at an event on the South China Sea issue organised in June 2016 at Egmont Palace under Chatham House rules. <sup>58</sup> This insight was provided by an EU official during an informal discussion on the South China Sea issue. <sup>59</sup> “South China Sea: Beijing tells G7 foreign ministers to keep out of territorial dispute”, The Guardian, 12 April 2016, retrieved 16 June 2016, <http://www.theguardian.com/world/2016/apr/12/south-china-sea-beijing-tells-g7-foreign-ministers-to-keep-out-of-territorial-dispute>. <sup>60</sup> EEAS, “G7 Foreign Ministers’ Statement on Maritime Security April 11 2016”, Hiroshima, Japan, 11 April 2016, retrieved 16 June 2016, [http://eeas.europa.eu/statements-eeas/2016/160411\\_05\\_en.htm](http://eeas.europa.eu/statements-eeas/2016/160411_05_en.htm). <sup>61</sup> European Union, “Declaration by the High Representative on behalf of the EU on Recent Developments in the South China Sea (11/03/2016)”, 11 March 2016, retrieved 16 June 2016, [http://www.consilium.europa.eu/en/press/press-releases/2016/03/11-hr-declaration-on-bealf-of-eu-recent-developments-south-china-sea/](http://www.consilium.europa.eu/en/press/press-releases/2016/03/11-hr-declaration-on-behalf-of-eu-recent-developments-south-china-sea/). <sup>62</sup> Ibid. <sup>63</sup> J. Crawford, J. Sciutto and T. Schwarz, “U.S. protests after Chinese military jet lands on South China Sea island”, CNN politics, 19 April 2016, retrieved 16 June 2016, <http://edition.cnn.com/2016/04/18/politics/chinese-military-jet-lands-on-island/>; M. Chan, “China to build up atoll in contested South China Sea, source says”, CNBC, 25 April 2016, retrieved 16 June 2016, <http://www.cnn.com/2016/04/25/china-to-build-up-atoll-in-contested-south-china-sea-source-says.html>; D. Watkins, “What China has been building in the South China Sea”, The New York Times online, 29 February 2016, retrieved 16 June 2016, [http://www.nytimes.com/interactive/2015/07/30/world/asia/what-china-has-been-building-in-the-south-china-sea-2016.html?\\_r=0](http://www.nytimes.com/interactive/2015/07/30/world/asia/what-china-has-been-building-in-the-south-china-sea-2016.html?_r=0). <sup>64</sup> A. Panda, “French Defense Minister to Urge EU South China Sea Patrols”, The Diplomat, 6 June 2016, retrieved 16 June 2016, <http://thediplomat.com/2016/06/french-defense-minister-to-urge-eu-south-china-sea-patrols/>. <sup>65</sup> Ibid. <sup>66</sup> D. Roman, “France to Push for Coordinated EU Patrols in South China Sea”, Bloomberg, 5 June 2016, retrieved 16 June 2016, <http://www.bloomberg.com/news/articles/2016-06-05/france-to-push-for-coordinated-eu-patrols-in-south-china-sea>.



EU, or at least one of its member states has chosen the Shangri-la Dialogue to propose stronger EU military presence in the South China Sea. As quoted in "The Diplomat", France's Defence Minister Jean-Yves Le Drian said that France would encourage the EU to undertake "regular and visible" patrols in the area.<sup>64</sup> Moreover, the French Minister called upon the EU to defend the freedom of the seas, somehow mirroring an US statement on this topic.<sup>65</sup> The statement by the Minister seems to reflect the assessment that the South China Sea is of core interest to the EU and that it also has implications of our close neighbourhood: "The erosion of this norm there could lead to deleterious outcomes in the Arctic and the Mediterranean, areas more proximal to French shores."<sup>66</sup> The EU and its member states seem willing to defend their interests and international law principles by increased presence in the region.

## CHINA HAS BEEN SEEKING OUTSIDE SUPPORT FROM COUNTRIES NOT DIRECTLY INVOLVED IN THE SOUTH CHINA SEA ISSUE.

### Conclusion

While the EU is not directly involved in the dispute, it does have stakes in the issue due to its close trade links and bilateral ties with the region. The recent statement by the French Defence Minister to increase military presence in these waters could be a way to support EU verbal statements to respect international law and UNCLOS. However, it remains to be seen whether such action would actually

be conducive to alleviate tensions in the region and would be able to deter China. It seems like a genuine and honest dialogue between all concerned parties is needed, instead of stepping up activities and rhetoric on all sides. The EU should be careful to defend its own interests and principles such as the rule of law in international affairs and not to get caught in a position where it will be seen by China as a defender of US interests. Ideally, this could be pursued by supporting ASEAN unity and establishing ASEAN as a counterbalance to China. However, as has been shown in the article, China has been successful in dividing ASEAN members. Even though a military presence in the region could be helpful to counterbalance China and to defend international principles, such action is risky for two reasons: (1) The EU may not be able to maintain such a presence due to growing difficulties in its near neighbourhood and domestically. (2) Such action may have the effect of deteriorating the situation instead of alleviating tensions, since China may see this as direct threat to their core interests in the South China Sea. This would be the worst-case scenario for the EU, since it would lose credibility vis-à-vis China but also vis-à-vis other regional stakeholders as an honest broker and normative actor in the region. ☉



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### BIO

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# THE EU AS A PARTNER IN CHINESE ENERGY SECURITY IN THE ERA OF CLIMATE CHANGE: DRIVERS AND CHALLENGES

Kaho YU

## Introduction

In the era of climate change, the challenges facing Chinese energy security are not merely supply and demand but extend to a wide range of non-geopolitics aspects including low carbon and sustainable development. This evolution has broadened Chinese energy cooperation with countries with advanced clean energy technology, paving the way for EU-China energy cooperation<sup>1</sup>. Due to the necessity for low carbon transition, EU-China clean energy cooperation is playing a growing role in Chinese energy security. Both government- and company-level mechanisms have been established to facilitate this cooperation. However, this article points out that the progress of EU-China energy cooperation is hindered by trade friction, ineffective cooperation mechanisms and a lack of mutual trust.

## An overview of Chinese energy security

China needs a stable and sufficient supply of energy to support its rapid economic development, socio-political stability and sovereignty. In order to maintain its power, the Chinese authority needs to meet people's economic and nationalistic

expectations.<sup>2</sup> Energy security therefore has had different meaning for China in different periods, ranging from geopolitical concerns to low carbon development.

Chinese energy security has long been traditionally associated with strategic and geopolitical considerations. It has also essentially been equated to oil security because of its increasing reliance on "foreign oil" and the rationale of self-sufficiency.<sup>3</sup> However, since increasing domestic production failed to stop the growing dependence on foreign oil, China continued to import oil – becoming a net oil importer in 1993. The Chinese authorities put forward a goal to ensure a stable long-term oil supply;<sup>4</sup> they were particularly anxious about supply interruptions, such as oil trade embargoes, sudden supply cuts or price fluctuation.<sup>5</sup> In alignment with China's going-out strategy in the late 1990s, Chinese energy companies also invested massively overseas to ensure long term energy supply. In short, until the mid-2000s, increasing energy imports and diversifying supply sources and transportation routes had been the key means for China to enhance its energy security.

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<sup>1</sup> Note that in the term "China-EU energy cooperation" in this article, "EU" refers to a group of diversified stakeholders including the EU as a whole, the central government or local governments of each Member State, or companies and academic institutes whose headquarters are situated in Member States. <sup>2</sup> As Breslin argues, "it is an unwritten social contract between the party and the people whereby the people do not compete with the party for political power as long as the party looks after their economic fortunes." See Breslin, S. 2005. 'Power and production: rethinking China's global economic role', *Review of International Studies*, 31 (04), 735. <sup>3</sup> G. Leung, "Securitization of energy supply chains in China", 2014, *Applied Energy*. <sup>4</sup> F. K. Chang, "Chinese Energy and Asian Security", *Orbis*, 145(2), 2001, p.233. <sup>5</sup> G. Leung, "China's energy security: perception and reality", *Energy Policy*, 2011,39:1330-1337.

In the 2000s, Chinese energy security was expanded to include elements such as strategic oil reserves, energy efficiency, and environmentally friendly considerations, indicating that the Chinese authorities were adopting a more comprehensive understanding of energy security. Climate change has further driven the Chinese government to advance its understanding of energy security by including ideas for a low carbon economy, sustainable development and the use of renewable energy.<sup>6</sup> Although oil supply security still plays a very important role in Chinese energy security, the Chinese authorities have started to look for other means such as improving energy efficiency, increasing the use of renewable energy and promoting technology transfer.

A common characteristic throughout the above periods is that international energy cooperation was adopted as a key mechanism to enhance energy security. Meeting the above objectives inevitably relies on international cooperation. Therefore, it is addressed as a key means to enhance Chinese energy security.<sup>7</sup> In the energy cooperation with China, different countries and regions could have different roles, ranging from resource supplier to technology transferor. In other words, in order to enhance its energy security, China cannot isolate itself from the outside world.

### **EU-China energy cooperation in Chinese energy security**

In contrast to other major oil and gas suppliers, the EU has a unique role in Chinese energy security due to its leading experience in clean energy. EU-China energy cooperation has a strong focus on clean energy related aspects. While the EU is leading the way in clean energy technologies, China's demand for these technologies, particularly renewable energy and energy saving, is high. Their cooperation has become an important means to enhance Chinese energy security with a focus on low carbon development and climate issues.

The incentive for China's energy cooperation with the EU is multileveled. On the policy level, China had published a series of supporting policies to promote the development of clean energy in order to tackle issues like climate change and sustainable development. China, in its Energy Policy (2012) White Paper<sup>8</sup> and 13th Five Year Plan<sup>9</sup> asserts its attempt to increase its reliance on renewable energy to re-

## **ENERGY COOPERATION WITH THE EU COULD HELP CHINA DEVELOP ITS RENEWABLE ENERGY INDUSTRY.**

place fossil fuels. Under government promotion, China has achieved relatively rapid developments in the fields of wind power and solar power generation.<sup>10</sup> Yet, the expansion of the use of renewable energy is facing severe challenges in terms of power market reform and grid technology. As a result, the share of renewable energy in China's total energy mix is still low, having made a limited contribution to China's energy supply security.<sup>11</sup> The current contribution of renewable energy is focused on maintaining the capability of the renewable energy sector for future energy security.

Energy cooperation with the EU, particularly in the form of technology transfer, could help China develop its renewable energy industry. Economically, the EU is one of China's key partners, and the energy business could play an important role. While the EU is the pioneer in clean energy experience and technology, from which China can learn, China offers a huge market in which European companies can expand their businesses. Due to the lack of advanced technology in clean energy and energy efficiency, China needs a partner that has mastered the necessary technologies and, more importantly, is willing to cooperate with a rising power. For instance, the US and Japan have the technological capability but hesitate to enter into technology exchange with China because of strategic concerns. The EU, by contrast, is understood to be more open to technology cooperation with China. Therefore, although China and the EU do not have a direct supply-and-demand relationship for oil and gas, there is still a solid foundation for an EU-China energy relationship in clean energy.

### **Mechanism of EU-China energy cooperation**

Key policy instruments of the above policy goals include official energy channels and joint project initiatives. The former includes platforms like the China-EU Energy Conference, the China-Europe High-Level Energy Working Group, the China-Europe Energy Dialogue, and the EU-China Sum-

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<sup>6</sup> Chinese NDRC, 2007, China's Energy Policy (2007); Chinese NDRC, 2012, China's Energy Policy (2012). <sup>7</sup> Chinese NDRC, 2007, China's Energy Policy (2007); Chinese NDRC, 2012, China's Energy Policy (2012); Huaxia, "China unveils proposals for formulating 13th five-year plan", Xinhua News, 3th Nov. 2015, retrieve from, [http://news.xinhuanet.com/english/2015-11/03/c\\_134780050.htm](http://news.xinhuanet.com/english/2015-11/03/c_134780050.htm). <sup>8</sup> Chinese NDRC, 2012, China's Energy Policy (2012). <sup>9</sup> Huaxia, "China unveils proposals for formulating 13th five-year plan", Xinhua News, 3th Nov. 2015, retrieve from, [http://news.xinhuanet.com/english/2015-11/03/c\\_134780050.htm](http://news.xinhuanet.com/english/2015-11/03/c_134780050.htm). <sup>10</sup> Chinese MOST, 2010, China's Clean Energy in Progress. <sup>11</sup> EIA, "China", 2014, Retrieved 10 October 2015, <http://www.eia.gov/countries/cab.cfm?fips=ch>.

mit. Over the past two decades, official energy dialogues between China and the EU have covered a wide range of energy issues, particularly sustainable development. They have also increased in terms of government level, number of actors, and variety of issues involved. Among them, the annual China-EU Energy Dialogue is the only ongoing process. Although most of these communication platforms are organised on an ad hoc basis, China and the EU have promoted their energy cooperation by signing cooperation agreements on renewable energy and energy efficiency. To facilitate the plans agreed to in these meetings, China and the EU have preliminarily established a structured cooperation mechanism with official promotion, involving personnel exchange and training, technology transfer, and joint R&D and financial investment in the energy industry.

Energy cooperation between China and the EU, agreed in the above official energy channels, had activated another policy instrument: joint project initiatives. There were over 100 events and projects jointly carried out under the framework of the EU by China and EU member states from 1990 to 2010. While there have been energy programmes and exchanges between China and the EU since the 1980s, a number of joint initiatives, including the China-EU Energy Training Programme, the Joint Energy and Environment Program, the Europe-China Clean Energy Centre (EC2), the Near-Zero Emission Coal project, and the China-EU Institute for Clean and Renewable Energy, were launched to facilitate technology transfer and clean energy development in the mid-2000s. These cooperative projects have concentrated on areas related to clean energy, energy efficiency, and sustainable energy development and are mainly carried out in three categories: personnel exchange and training, technology transfer and joint R&D, and financial investment in the energy industry. These projects established a physical platform for China's governmental departments, companies,

## **ENERGY COOPERATION BETWEEN CHINA AND THE EU HAD ACTIVATED ANOTHER POLICY INSTRUMENT: JOINT PROJECT INITIATIVES.**

and institutes to cooperate with the EU as an integrated entity or government of each Member State, or companies and academic institutes.

The above factors have galvanised both European and Chinese interests in technology transfer, the improvement of energy efficiency, the reduction of CO<sub>2</sub> emissions and a shift to low-carbon economies. Actively promoted by the official channels, China's and the EU's clean energy industries have undergone long-term development. Thus, certain policy, industrial and technical conditions have been provided for China-EU cooperation in both the public and private sectors.

### **Challenges in EU-China energy cooperation**

The EU and China have demonstrated efforts to advance the cooperation in clean energy. However, implementation of these initiatives has been limited for three reasons.

#### **1) Lack of mutual trust in technology cooperation**

Numerous interviewees mentioned the misunderstandings and misperceptions in the context of business culture between European and Chinese companies.<sup>12</sup> These misunderstandings and misperceptions are generated because of a lack of trust between the two parties reflected in technology transfer and business ideology. Since both sides established energy technology cooperation, technology transfer from the EU to China is greater than vice versa. Although China asserts that it understands the importance of R&D, both Chinese energy companies and governmental departments are reluctant to take action. Instead, China seems to expect a 'magic button'<sup>13</sup> that can solve the problem promptly. Moreover, Chinese companies<sup>14</sup> tend to have a weak mentality regarding contracts and intellectual property rights (IPR) in general. Therefore, due to a lack of trust, Europeans are not always willing to transfer their high technology to China. The energy technology companies, especially small energy companies who rely on one or two unique technologies, feared the weak IPR regulation because the disclosure of their intellectual property means losing their trump card. It is notable that leading suppliers of energy technology do not express such fears, and this is because of the large contrast between their innovative capability in R&D and the incapability of China to fully master a transferred technolo-

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<sup>12</sup> Interview with an analyst at the Chinese Ministry of Commerce, Beijing, July 18, 2013; Interview with a project coordinator at a Shanghai-based energy fund, Shanghai, March 20, 2013. <sup>13</sup> Interview with Daojong ZHA, Beijing, August 20, 2015. <sup>14</sup> Interview with a project coordinator at a Shanghai-based energy fund, Shanghai, March 20, 2013.

gy.<sup>15</sup> By the time the Chinese companies have mastered the previous generation of transferred technology, Schlumberger's technology could have already innovated a newer generation.<sup>16</sup> While Chinese companies recognise the importance of the advanced technology provided by foreign companies like Schlumberger, they refuse to over-rely on them because of the high cost.<sup>17</sup> A researcher from a power grid company in China holds a similar viewpoint that, on the one hand, China's low capability in R&D is an obstacle to duplicating advanced technology of imported Japanese grid technology, and, on the other, it might be a national security concern to rely on Japanese technology in China's national electricity grid, a strategic sector.<sup>18</sup>

## 2) Trade friction in EU-China clean energy cooperation

The trade friction that exists in China and the EU's clean energy cooperation is essentially due to the conflict of interest between each side, which not only refers to the economic conflict of interest but also contains a deeper meaning, namely the strategic conflict. The EU sides tend to see Chinese enterprises as competitors. In recent years, China has sprung up as a new force in solar energy, wind energy and other clean energy sectors, and there has also been a rapid increase in the output of Chinese wind power equipment and photovoltaic products, which occupy an important position in the international market<sup>19</sup>. This will undoubtedly pose a threat to the interests of EU enterprises, who have a traditional advantage in the clean energy sector.

In a sense, China's clean energy products squeeze the survival space of EU clean energy enterprises and reduce their profit margins.<sup>20</sup> Chinese low-end and high-end products entering Europe could lead to sharper competition between China and Europe.<sup>21</sup> As David Kerr argues, "EU enlargement expresses different aspirations... but in the economic sphere it clearly reveals a concern with the rising pressures of globalism, and perhaps especially those emanating from Asian industrialization... in both Europe and East Asia, a process of reducing competitive tensions

intra-regionally may have the effect of increasing competitive pressures inter-regionally."<sup>22</sup>

## 3) Low effectiveness of the China-EU energy cooperation mechanism

The effectiveness of the China-EU energy cooperative platform is limited. There is no clear long-term plan for the above China-EU energy initiatives. Most of the energy initiatives have a short mandate or limited funding, and there are no extension plans.<sup>23</sup> Some Chinese officers afflicted with these projects consider the initiatives as voluntary proposals of the EU, and therefore the Chinese side has no responsibility to maintain them. This reflects the fact that Chinese authorities do not have an urgent need to work with EU Member States via the multilateral platforms set up under the EU.

# CHINA'S CLEAN ENERGY PRODUCTS SQUEEZE THE SURVIVAL SPACE OF EU CLEAN ENERGY ENTERPRISES AND REDUCE THEIR PROFIT MARGINS.

Moreover, clean energy is closely associated with environmental issues, which implies that the coordination and approval of China-EU clean energy initiatives involves different governmental departments. As a result, an administrative burden is created. China has a fragmented energy governance structure with overlapping roles among different energy-related departments. Embedding energy with climate change and science tends to cause confusion in China's governmental management. As a result, most of the cooperative initiatives in China-EU energy cooperation come and go and they are merely sustained by official meetings at different time intervals.

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<sup>15</sup> Interview with the research director at a leading oil service company, Beijing, June 18, 2013. <sup>16</sup> The R&D of an original grid system could take decades; hence, China, with low research capability, needs to import technology to upgrade its system. Meanwhile, advanced technology providers tend to sell older technologies before selling the newer technologies, and China's technology is always lagging behind given that they lack the determination to invest in their own R&D.

<sup>17</sup> Interview with a senior researcher at a Chinese National Oil Company, Beijing, June 15, 2013. <sup>18</sup> Interview with a former researcher at a leading Chinese power grid company, Beijing, April 1, 2014. <sup>19</sup> Forbes, "China Leads the World in Renewable Energy Investment", Forbes, 27 July 2012, retrieved 10 October 2015, <http://www.forbes.com/sites/jack-perkowski/2012/07/27/china-leads-the-world-in-renewable-energy-investment/>. <sup>20</sup> Interview with an analyst at the Chinese Ministry of Commerce, Beijing, July 18, 2013. <sup>21</sup> Barysch, K., Grant, C., & Leonard, M. "Embracing the Dragon: Can the EU and China be Friends?" CESifo Forum, 2005, 6(3): 8-15. <sup>22</sup> Kerr, D. 2007, "Between Regionalism and World Order: Five Structural Factors in China-Europe Relations to 2025", In: The International Politics of EU-China Relations edited by D. Kerr & F. Liu, 289-317, New York: Oxford University Press. <sup>23</sup> Interview with a senior officer at EC2, Beijing, August 22, 2013.

China has a clear view of the exact partners that are suitable for particular projects.<sup>24</sup> China prefers bilateral agreements with EU Member States due to their flexibility and effectiveness. In state-to-state deals, China finds it easier to proceed with concrete actions.<sup>25</sup> China can also maximise its advantages by switching between multilateral China-EU cooperation and bilateral China-EU Member State cooperation.<sup>26</sup> Such a pragmatic approach hinders the level of Chinese participation in multilateral channels.

## Conclusion

China's transformation into the world's biggest energy consumer and greenhouse gas emitter has boosted the market for clean energy technology transfer and negotiation addressing climate change. Since the EU has become a key partner of China in enhancing its new energy security with a focus on low carbon development, EU-China energy cooperation has grown in both scale and formality. China and the EU support their energy cooperation bilaterally and multilaterally via platforms like the China-EU Energy Conference, the China-Europe High-Level Energy Working Group, the China-Europe Energy Dialogue, and the EU-China Summit. On the other hand, to facilitate the plans agreed to in these meetings, the EU and China have preliminarily established a number of joint initiatives for personnel exchange and training, technology transfer, and joint R&D and financial investment in the energy industry. The two sides have demonstrated efforts to advance the mechanisms of

promoting energy cooperation. However, China has limited energy cooperation with the EU because of trade friction, ineffective cooperation mechanisms and the lack of mutual trust. If these obstacles remain unresolved, they will hinder future EU-China clean energy cooperation. ©

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<sup>24</sup> Müller, F., Piefer, M.N., & Knodt, M. (eds). 2015. *Challenges of European External Energy Governance with Emerging Powers*. Ashgate Publishing Ltd. <sup>25</sup> Interview with a senior officer at EC2, Beijing, August 22, 2013; Interview with an analyst from Chinese Ministry of Commerce, Beijing, July 18, 2013; Interview with a project coordinator at a Shanghai-based energy fund, Shanghai, March 20, 2013. <sup>26</sup> Ibid.



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