The EU in Search of Autonomy in the Era of Chinese Expansionism and COVID-19 Pandemic

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Abstract

Given the global changes created by China's expanding international influence, increasingly intense Sino–American competition and the growing multi-polarisation of the international political economy, is there any specific place that the European Union can hope to occupy? For tentative answers to this question, this analysis of Chinese economic expansionism aims to highlight the rationale behind the EU's foreign policy action and to explore how this expansionism has impacted on the preservation of the European unity and whether Chinese economic power has undermined integration and triggered disunity within the EU. We look at the period starting in 2013, the year when China launched its 'New Silk Road' initiative, right up to the global lockdown due to the COVID-19 pandemic.

Power is currently being diffused among the global political economy at the expense of the traditional powers, and particularly the European Union (EU) and its national economies. This global power shift can be seen in the rise of new countries and notably those in Asia, such as China. They are eager to expand their presence worldwide in order to maximise their respective economic and commercial interests, diversify their external trade relations, forge new international alliances and to foster changes in international economic and political structures so as to achieve a more balanced distribution of global power.

The EU's place and role in globalisation are today being shaken by this spreading of power, the actions of international powers, and the competition between them as well as by a questioning of the liberal international order with which Europe identifies itself. As a result, given the global changes stemming from China's expanding international influence, increasingly intense Sino–American competition and the growing multi-polarisation of the international political economy, is there any specific place that the EU can hope to occupy? Is the world therefore being shaped outside of Europe? Or is Europe capable of building a strategic autonomy, so it can assert itself as one of the main poles of the international order?

The issue of whether internal/domestic or external factors linked to the international system shape an actor's foreign policy is among the most stimulating topics in the international relations literature. Today, a growing scientific literature seeks to understand the EU external economic and commercial policy, focusing either on internal factors or external ones. On the one hand, a recent scholarship based on a liberal-institutionalist approach (Da Conceiçao-Heldt, 2010; Dür et al., 2019; Meunier and Vachudova, 2018) argues that a set of EU internal factors shape the EU trade policy. These factors can be lobbying activities by European interest groups or the heterogeneity of EU member states' (MSs) preferences. On the other hand, several scholars (Meissner, 2018; Teló and Feng, 2020) point out that these factors are not the only possible explanation of EU external trade action, paying special attention to factors located at the international level and rooted in the practices of rival actors such as the United States or China. Even though these studies provide useful insights regarding the design of EU external relations, in this article we argue that a multidimensional analysis, which finely balancing internal and external factors is necessary for assessing the way the EU goes in asserting its trade powers in foreign affairs. In this respect, we seek to explore the EU trade action and explain trade decisions through a complementary multi-causal approach, combining external and internal factors. The research goal is to analyse how the practices of rival actors, such as Chinese expansionism or US–China power struggle and the heterogeneity of EU MSs' preferences operate together in shaping EU external action and Europe's attempt to secure and promote its economic and regulatory power (Santander and Vlassis, 2020).

To shed some light on the issue, we look at the period starting in 2013, the year when China launched its 'New Silk Road' initiative, right up to the global lockdown due to the COVID-19 pandemic. The article is based on qualitative research focusing on systematic and extensinve analysis of primary written sources, including special information services and publications, as well as grey literature, such as resolutions, summaries, working documents, recommendations and reports. The article is structured into three parts. Part one will explore the mechanisms of China's global expansion and the implications of this economic diplomacy for the distribution of global power, as well as for maintaining the unique nature of the European integration project. Part two will focus on the responses of the EU and its MSs to the Sino–American power struggle and it will investigate the options available to Europe

to adopt a European path that is both distinct and autonomous. The third and final part will examine the potential upheavals in international power relations caused by the COVID-19 health crisis and how this could affect the EU's economic and political relations with China.

Could Chinese expansionism contribute to European disunity?

China's growing power and trade expansionism are reshaping the global economy's structures, as well as the operating logic and dynamics of global economic governance (Christiansen and Maher, 2017). To do so, Chinese authorities are supporting two major projects. The first one is the Regional Comprehensive Economic Partnership (RCEP) – launched by China in 2012 – which has as main aim to establish a regional free trade zone in Asia-Pacific, including the ten member states of the Association of Southeast Asian Association (ASEAN), as well as Australia, China, Japan, New Zealand, and South Korea. But a certain number of obstacles (COVID-19 pandemic in Asia, trade disputes and competition for leadership between actors . . .) has prevented its realisation until the conclusion of the agreement in mid-November 2020 after eight years of harsh negotiations. The second one is the 'New Silk Road', which covers a much wider geographical field and addresses different issues from those of RCEP. In fact, the New Silk Road is currently considered as the key strategic pillar of China's trade policy (Braga and Sangar, 2020; Callahan, 2016). This plan, today called the *Belt and Road Initiative* (BRI), includes two projects: 'an economic silk road' stretching from China to Europe through Central Asia and 'a maritime silk road' from South East Asia to the Mediterranean and now towards the East by extending its influence as far as Latin America. Launched by Chinese President Xi Jinping in 2013, this initiative is a flagship mega-project for interstate trade exchange. It will stimulate the flow of capital, goods and services between China and 126 trading partners. The BRI project is being driven by a sort of 'infrastructure diplomacy', which notably focuses on the development and reinforcement of interconnected infrastructures plus road, energy, rail and port projects. As the US pulled out of the Trans-Pacific Partnership (Vlassis, 2016) in 2017 and as negotiations on a transatlantic trade and investment partnership between the US and the EU are on hold (de Ville, 2016), the BRI is the only mega-project for regional cooperation trade being turned into a reality.

Given China's trade ambitions, the EU and its MSs are looking to come up with answers and to roll out a strategy. However, this strategy is marred by internal tensions within the EU. As we will show it further some MSs (France, Germany) are pushing the bloc to adopt a stronger approach towards China, while others are advocating a more flexible position (Greece, Italy). As a result, the EU has adopted an approach that blows hot and cold.

Recently, the European authorities appear to have taken a harder line with Beijing. For many years, the EU always considered China a cooperation partner, but now it is choosing an approach that is supposedly less "naive" (Conley, 2020) and no longer hesitates to call the country a "systemic rival" (European Commission, 2019a). The EU insitutions take the view that European companies are often subject to "discriminatory, unpredictable and burdensome" trade procedures, as well as restrictions on their investments and forced transfers of technology to the benefit of the Chinese market (European Commission, 2019a, p. 6); the US government has addressed similar criticisms to China (see below). It is noteworthy that the Commission's 2020 report on barriers to trade and investment explicitly underlined that 'China has taken over as the country with the highest stock of recorded barriers with 38 obstacles hindering EU export and investment opportunities' (European Commission, 2020, p. 3).

On this topic, since 2013, the EU and China have negotiated the *EU-China Comprehensive Agreement on Investment*, intended to replace the existing bilateral investment treaties that all EU MSs, other than Ireland, have already concluded with China. Europe has several objectives for such an agreement. They include developing common standards to protect investment, providing predictable and reciprocal long-term access to European and Chinese markets, and ensuring a fair and transparent level playing field, so as to protect Chinese and European investors from discrimination and unfair treatment. Such an agreement would also have a significant impact on China's policy mix for inward foreign direct investment) FDI, since according to the Organisation for Economic Co-operation and Development (OECD), China is one of the most restrictive countries in terms of inward FDI. Among the 68 countries analysed by the OECD, only three countries (Indonesia, the Philippines and Saudi Arabia) had more restrictive FDI policies than China in 2017 (Bickenbach and Wan-Hsin, 2018). The EU is thus seeking mechanisms to limit China's progress, but without abandoning cooperation with China. Nevertheless, the Chinese authorities, which are more focused on finding a solution to their trade dispute with the US, have paid little attention to European expectations and proposals for investment regulation.

The EU's single market is a major magnet for Chinese decision-makers, but the European system of governance and regional integration is much less appealing to them. Chinese authorities are also aware that a united Europe is stronger in the negotiations and that they are therefore likely to obtain fewer European concessions. For that reason, China seeks to make fewer concessions to the regional bloc than to individual states and it has no hesitation in pursuing strategies that increase the divisions within the European bloc, thus contributing to weaken the EU's presence in its own backyard. To do this, China is consolidating BRI expansion in parts of Europe, using FDI as a major lever of its trade policy. Chinese FDI is creating economic opportunities in some countries, but it is testing European unity, as European countries develop divergent strategies in the face of Chinese trade efforts. Moreover, Chinese FDI raises serious domestic policy challenges, as several European countries are unaccustomed -to negotiating with foreign investors from non-Western economies, non-democratic regimes or countries beyond their strategic security and defence

alliances' (Meunier, 2019, p. 99). It should be stressed here that in 2016, the value of Chinese FDI flows to the EU totalled €35.9 billion, almost 50 times higher than in 2008 (€0.7 billion) (European Commission, 2019b).

In 2012, China signed memorandums of understanding with 16 Central and East European countries, including 11 EU MSs[1.] and five countries in the Western Balkans.[2.] For the BRI mega-project, this alliance, called the Cooperation between China and Central and Eastern European Countries (CEEC) or the '17 + 1' (formerly the '16 + 1'), has made promoting trade and investments one of its major priorities. To tie these European countries more closely to its project, China is using "debt trap diplomacy", although some scholars seek to question this Chinese diplomatic practice, focusing on the dynamic role of recipient countries (see Jones and Hameiri, 2020). More specifically, China links some EU MSs and non-EU countries with its BRI project, before offering them large investments to finance major infrastructure programmes. As most of these European countries are subject to the EU's austerity policies, they eagerly welcome Chinese investment without worrying about the consequences in terms of indebtedness and dependence on a non-European power. This has been demonstrated by a series of high-speed rail projects, such as the one to link Budapest-Belgrade-Skopje-Athens or to connect Belgrade to the port of Bar in Montenegro. Independent studies have highlighted the economic unsustainability of some of these projects, but the Chinese authorities have continued to finance them (Doehler, 2019). As a result, countries such as Montenegro are getting into debt with the Export-Import Bank of China and increasing public debt to 80 per cent of the country's GDP (Doehler, 2019). China now holds 39 per cent of the external debt of this small Balkan country and one-fifth of that of North Macedonia, leaving them vulnerable to Chinese political influence. China is thus gaining a foothold in the economies of countries that are eventually expected to join the EU. In doing so, China is building a network of relationships with European countries that could act as a sounding board for Chinese interests in Europe.

Other countries in the region, such as Croatia, Hungary and the Czech Republic, are negotiating bilateral agreements, taking on debt owed to Beijing, transferring critical infrastructure to it and/or agreeing to serve as a platform for Chinese technology giant Huawei to build their 5G telecommunications network. However, the cornerstone of China's economic expansion in Southern Europe was the acquisition of the Greek port of Piraeus by its shipping company COSCO, which made it the second most important port in the Mediterranean after Valencia. Greece has also taken up China's invitation to join the BRI by joining the CEEC alliance. Portugal and Italy have also decided to join China's great geopolitical and economic project in the hope of benefiting from Chinese investments. This kind of relationship is powered by a concept of centripetal bilateral multilateralism, with hub and spoke initiatives. It is rather like a wheel, with China as the hub (rule maker) and the other 'partner' countries serving as the spokes (rule taker).

Furthermore, China intends to use the economic influence it has developed in Europe to reap political benefits. Chinese authorities, anxious to enhance their country's image in the world, are trying to thwart or prevent international criticism of China as much as possible (Appuzo, 2020). Beijing uses the economic networks it has established in Europe, as well as some EU MSs' economic dependence on the Chinese economy, to weaken or prevent the adoption of European political positions that are detrimental to China. A good example is the issue of human rights violations. Greece has repeatedly opposed the adoption of a European Council joint declaration condemning the abuses of the Chinese regime, within the framework of the UN Human Rights Council in Geneva. This has prevented the EU from speaking with one voice, on an issue where the bloc has always sought to stand out internationally. Hungary has also taken similar positions aimed at blocking joint decisions within the EU that are not in the interests of China (Szabolcs, 2019). Some European legislation, such as the *Framework for screening foreign direct investment in the European Union* (Office des publications de l'UE, 2019), has also been watered down following the intervention of certain EU MSs that are members of the CEEC. They have succeeded in getting a more flexible screening of European high-tech companies for foreign sales, which is in line with Chinese expectations (Gauthier, 2020).

As a result, some EU countries that joined CEEC are becoming a kind of conveyor belt for Chinese influence in the European institutions. It is a cause of growing concern in Brussels, which fears that the New Silk Road will further accentuate the internal weaknesses of European regionalism (Santander and Vlassis, 2020) and is only weakening intra-European trade in favour of trade between European countries and China. The BRI is seen more as a Trojan horse that fuels European divisions and undermines the common trade policy. So, the Commission and some European countries – among them France, Germany and Spain – want to promote coordinated EU action in response to Chinese initiatives and they also do not envisage joining the Chinese project. Supporters of a unified approach to China, such as the European Commission and the European External Action Service (EEAS), have become more critical of the BRI project (European Commission, 2019a) and see it as a threat to European unity (European Parliament, 2018). They are now even calling for China to adopt a One Europe policy, just as the EU supports the One China policy.

Where does the EU stand in the China-US trade tussles?

At first, the Europeans had hoped to make common cause with their US ally in order to pressurise China, especially as European grievances about Beijing are fairly similar to those voiced by Washington. These two players are constantly calling on China to structurally reform its economy, while criticising the mercantilist (maximise exports and minimise imports) aspects of its policies, denouncing an incomplete transition to a market economy and highlighting a series of

Chinese practices, such as forced technology transfers, theft of intellectual property, distortions of competition and massive subsidies to Chinese companies, non-tariff barriers to trade, restrictions linked to investment, services and public procurement, or investment in strategic sectors in other countries (Hellendorff and Rühlig, 2020).

Yet these European efforts failed to take into account the Trump administration's determination to pursue a disruptive foreign policy.[3] This policy is based on redefining the relationship between the US and the world, and clearly distancing the US from European integration, which the administration considers outmoded and incapable of adapting to the global age of competition between powers. The commercial clash between the US and China is an integral part of US foreign policy.

Since March 2018, the commercial power struggle between these two players has resulted in a series of escalating tariffs, which are rooted both in China's mercantilist policy and in the nationalist shift in US foreign policy. Regarding the improvement of bilateral trade balances and the reduction of the US deficit as a major national security issue (Damen and Gilder, 2019), the US trade agenda uses commercial instruments, such as raising tariffs on a large number of Chinese imports, and has resorted to bilateral negotiations with the Chinese authorities to obtain economic and political concessions. These concessions range from increased purchases of US goods to structural changes in Chinese practices that are deemed harmful to US economic interests (Gonzalez and Véron, 2019).

The EU, which has the largest trade surplus in the world, is also the target of US trade sanctions or threats of sanctions. The Trump administration's unilateral and high-handed attitude precludes the prospect of coordinated action against China's trade practices. In addition, the mercantilist struggle between the US and China has increased the uncertainties and risks of separate and autonomous European external action, and highlighted the underlying divisions between MSs (Aggestam and Hyde-Price, 2019). In this context, the presence of the Chinese companies Huawei and ZTE in Europe to develop 5G wireless networks, and the EU's attitude to Chinese investment in the European market, are both telling examples of the EU's position on the commercial clash between the US and China.

The US is currently spearheading a global campaign, urging EU countries and other trading partners to block the use of equipment from China's telecoms giants Huawei and ZTE in the next generation of wireless networks. The US administration is exploiting this campaign, which is an intrinsic part of the US trade and political clash with China, to accuse Chinese telecommunications companies, and specifically Huawei of espionage and of being a threat to national security. It is noteworthy that Huawei and ZTE enjoy a special relationship with the Chinese authorities, aimed at giving them an advantage in global competition and ensuring their international projects are part of the digital component of the BRI (Digital Silk Road). Moreover, Beijing's plans to make China a key competitor in advanced technologies are now viewed by the US authorities as 'an existential threat' (Inkster, 2019, p. 107) to American domination in all aspects of technological innovation.

Such accusations against Chinese companies did not originate with the Republican Party, since they were already being made under the Obama administration (2009–2016). In 2012, a US Congress committee published a bipartisan report accusing Huawei and ZTE of intellectual property theft, loyalty to the Chinese authorities and potential espionage. Yet the Trump administration has adopted a more mercantilist attitude to China and its businesses. In 2018, it opted to forbid two Chinese investments in American technology companies (Xcerra and Qualcomm). To date, the US, Australia, Japan and New Zealand have banned Huawei and ZTE from their 5G networks, citing the companies' alleged proximity to the Chinese government.

The EU authorities have done their best to prioritise the path of peace with China, while still keeping up their guard. In late January 2020, the EU published a collective "toolbox", developed by the Commission and the 27 MSs, containing non-binding recommendations on the specific risks of deploying 5G infrastructure. The Europeans adopted an intermediate position, aimed at ensuring Europe moves forward in lock-step. This position does not exclude Huawei or ZTE from Europe's 5G networks, but it does define standards to secure future mobile telephony networks. However, this position leaves the final decision to the discretion of each State on whether or not to exclude these Shenzhen companies.

These two Chinese technology giants are already a core part of telecommunications networks in Europe, so any decision to ban them could lead to economic reprisals by the Chinese government. For example, Germany's three telecom operators already use equipment by Huawei. As the Chinese ambassador to Germany has suggested, economic retaliation would risk damaging the market positions of German carmakers in China, if the two Chinese companies were to be excluded from Germany's 5G networks (Bennhold and Ewing, 2020).

Without doubt, any European ban placed on Huawei and ZTE would not be in the interests of several EU MSs who see Chinese FDI as an economic opportunity (see above) and who trust the Chinese companies, among them Hungary, Greece, Italy, Austria and Poland (Duchâtel and Godement, 2019). This explains why the position adopted by the EU is not as strict as that taken by the United Kingdom (UK) – the country that was previously most involved with Huawei.

Aware of the mercantilist shift in Sino–American economic relations, the EU is eager not to openly upset the Chinese government, following pressure applied by several MSs. The bloc also refuses to adopt practices similar to those of the US. Nevertheless, the Sino–American trade clash is creating an atmosphere of distrust and suspicion about Chinese practices, and has resulted in a number of trading partners either reconsidering or hardening their attitude. Intent on preventing Chinese businesses from investing in strategic sectors, France, Germany and Italy (the latter under the Gentiloni government, 2016–2018) proposed in

2017 that the European Commission should play a wider role in investment policy. The idea was to establish trade defence mechanisms, and to monitor and potentially block foreign acquisitions in the EU, taking inspiration particularly from the federal mechanisms set up in the US (Committee on Foreign Investment in the US, US Foreign Investment Risk Review Modernization Act).

However, their proposal was challenged by an ad hoc coalition of countries that benefit extensively from Chinese FDI (Portugal, Greece, Malta, Czech Republic) and who are against this type of competence being transferred to the Commission. FDI is a matter for the MSs to decide. In March 2019, the EU therefore adopted a non-binding mechanism to set up an information-sharing mechanism between the MSs and the Commission to flag any potentially sensitive foreign investment and to authorise the Commission to filter any FDI that might affect projects financed by EU funds. Given this context, Chinese investment in the EU and the US fell by 50 per cent and 95 per cent respectively between 2016 and 2018. This was due to the implementation of stricter regulatory frameworks and a change in Chinese policy that imposed an exit barrier on Chinese companies following the Sino–American trade dispute (de Vergès, 2019).

In summary, these two examples not only indicate that the unilateralist and mercantilist approach adopted by the US has a political impact on the EU's attitude to Chinese practices. The approach also reflects the fact that the European bloc is sharply divided on how to address China's increased expansionism in the world economy. Some view Chinese expansionism as an instrument for deepening Chinese integration into international economic interdependence. Others see it as a risk, threatening to undermine the liberal multilateral order (Smith and Youngs, 2018). Due to this political ambivalence that dominates the EU's attitude towards Chinese trade ambitions, the European authorities are unable to define a clear line on the Sino–American power struggle.

COVID-19 global outbreak: a new lever of tension or a fresh start?

The COVID-19 crisis would appear to be an accelerating factor in the political and economic tensions that affect the EU and its relations with China. The pandemic is becoming a major issue for Chinese foreign policy, which is seeking to turn the pandemic into a political opportunity to boost China's Silk Roads project, to invest more in multilateral organisations by increasing the country's contributions to their respective budgets, and to consolidate China's multi-faceted diplomacy. Chinese diplomacy is consequently redoubling its efforts to advance its agenda, bearing in mind that the fight against COVID-19 is not only health-related, but also political, economic and narrative-based. China's goal is to consolidate its presence in Europe as a 'benevolent' power that supposedly offers effective and united solutions to the COVID-19 crisis. The Chinese authorities' 'diplomacy of generosity' now being deployed is also an attempt to restore China's image as a world leader in the health sector. One aim is to make people forget China's lack of responsiveness and transparency in managing the pandemic. Another aim is to test the European consensus, in order to raise questions about the weaknesses of European governance.

Since the pandemic's outbreak in Europe, China has launched large-scale health diplomacy. It has done this by providing medical equipment (masks, respirators, and screening tests) on both an inter-regional (China–EU) and bilateral (China–Member States) basis. Nonetheless, the Chinese health diplomacy deployed in delivering medical assistance has focused more on fostering bilateral relations with individual MSs than with the EU. This approach aims to integrate medical assistance into a comprehensive yet vaguely defined project called 'Health Silk Road' (HSR), which is a health policy extension of the BRI (Lancaster et al., 2020). These Silk Roads are less about involving regional organisations in their own right and more about including states on an individual basis, thus giving China levers to destabilise the European political front (see above).

Furthermore, as distinct from inter-regional relations, the bilateral channel mobilises a significant number of public and private actors at several levels. They include the Chinese government, local Chinese embassies, twinned municipalities, associations such as the Chinese Red Cross, state and private companies such as the China Communications Construction Company (CCCC), Huawei or ZTE involved in BRI projects, and private foundations such as the Alibaba Foundation. China has also organised a series of videoconferences on an individual basis with governments and health experts, aimed at sharing experiences on the fight against COVID-19. Significantly, the first videoconference took place on 13 March with the CEEC group, also including Greece and Malta (European Think-tank Network on China (ETNC), 2020). As a result, Chinese medical aid and its targeted media coverage are instruments that China needs to succeed in maintaining its close trade relations with certain EU MSs and to develop major projects such as 5G communication networks. A further aim is to create a political contrast, by highlighting the EU's lack of coordinated governance of medical assistance at the start of the pandemic outbreak in Europe, as well as to encourage neighbouring countries such as Serbia to vent their frustrations about the EU (Vuksanovic, 2020).

In addition, by reviving this medical aspect of the BRI, which has been overshadowed to date by major infrastructure projects, China hopes to offer a new direction for its inter-regional mega-project against a global backdrop of economic recession due to the COVID-19 pandemic. The nature and scope of BRI activities will obviously be greatly affected in the short to medium term. Chinese banks had already started to reduce their lending to BRI projects, and Chinese investment in Europe saw a sharp slowdown well before the current crisis. The pandemic is only expected to accelerate this trend, as it significantly affects manufacturing activity, supply chains and the movement of goods. It has also led to a drastic global decline in FDI volumes, due to a major shift in corporate priorities as companies focus their financial resources on rescuing their core activities (Fabry and Bertolini, 2020).

In this respect, the HSR could evolve into a new identity for the BRI and a key extension for this project by becoming an integral part of Chinese foreign policy. Similarly, the Chinese authorities will consult collectively on the non-physical aspects of BRI, such as the Digital Silk Road, as the increased use of the digital tools already in place in China has been a source of inspiration for other countries fighting COVID-19. Nevertheless, China's campaign public diplomacy and its "generosity policy" are also sources of irritation regarding China, for both the European institutions and some MSs. In January 2020 for example, China received around 60 tonnes of medical equipment from the EU,[4.] and European authorities kept a low profile and avoided broad media coverage, respecting a request from Beijing to remain discreet (Popescu, 2020). Furthermore, several EU MSs, including Spain, the Netherlands and the Czech Republic, rejected medical equipment (test kits, medical masks, and ventilators) made in China because it was defective or did not comply with European standards.

China's strategy is also guided by the desire to serve up counter-narratives to criticisms of its regime. The roll-out of China's vast communications campaign aims not only to stress how well the Chinese authorities are managing the pandemic, but also to cast doubt on the origins of COVID-19. In this context, the European External Action Service was accused of caving in to the pressure exerted by China and of minimising the Chinese government's role in spreading 'fake news'. After this incident, Germany confirmed that Chinese diplomats had contacted German government leaders to encourage them to speak positively about the way Beijing is tackling the pandemic.

There is no doubt that the origins of COVID-19 and the manner in which the pandemic has been handled by the Chinese government have become international issues as well as a cause of political and economic tension. The EU has refrained from taking a tough stance on China, in spite of the US government's fierce criticism of China's authorities and the World Health Organization. However, the EU has decided to set up an independent and transparent inquiry into the origins of COVID-19 and the effectiveness of the multilateral health response to this global pandemic. This proposal, which was first launched by Australia and has been rejected so far by China on the grounds that this an act of "politicising" the pandemic and could result in economic retaliation, was overtly supported by 27 MSs and European institutions, in addition to many other countries such as Russia, India, Indonesia, Turkey, Japan and Brazil. It underlines how the COVID-19 crisis heightened the climate of scepticism about Chinese practices.

In the face of China's growing influence, US mercantilist policies, as well as the COVID-19 health crisis and its negative effects on the European economy, the EU institutions and the MSs seem to have woken up. They can now see the serious dangers being posed to the European project's sustainability and to the project's influence in the EU's own backyard. This has led to the adoption of several diplomatic and economic measures. The EU has sought to reassure the countries of the Western Balkans about their European destiny and has handed them €3.3 billion of financial aid to combat COVID-19. The European institutions are eager to capitalise on a nascent sense of disappointment in the Balkans about China (Karásková, 2020). The region's countries had expected China's presence to have a greater impact on employment and they hoped that China's financial and industrial commitments would be more substantial.

Furthermore, on 23 April the European Council agreed to help the European project by creating a new fund. Aimed at supporting Europe's economic recovery, this fund is worth more than one thousand billion euro. Another notable step forward is the Franco-German alliance. It is trying to re-establish itself as the central driving force of European integration, by proposing a recovery plan financed by common debt between the MSs. This debt would be issued by the EU and spent through the European budget. If the EU manages to stay the course and to maintain its determination to relaunch the European project through an alternative path to its policy of austerity, it will have succeeded in transforming negative external factors (COVID-19, Chinese pressure) into a catalyst for EU integration. This would confirm a number of theory-based claims, whereby regional organisations are shaped as much from within as by external actors and factors (Santander, 2008; Santander and Vlassis, 2020). But the question that remains is whether the EU will be able to turn its new internal vigour into a stronger and more coherent role in global affairs (Kauffmann, 2020).

Conclusions

The article has offered a multidimensional approach, combining external and internal factors in order to highlight how the practices of rival actors, such as Chinese expansionism or US-China power struggle and the heterogeneity of EU members states' preferences operate together in shaping EU external action. The picture that emerges through this complementary multi-causal analysis sheds light on five key points.

First, Chinese expansionism has shaken up the EU as well as European trade policy's scope and objectives, especially since the process of European integration has been the target of destabilising strategies deployed by China. Although interested in the EU's single market, Chinese leaders find the European system of governance and regional integration less appealing. Beijing's strategy towards the EU is less about splintering the European institutions than it is about controlling Europe's collective influence.

Second, this strategy is creating internal divisions and straining relations between MSs, as well as between them and the European institutions. Beijing is attempting to reshape regionalism on the European continent in line with China's strategic interests, by deploying its Silk Road project there and focusing on those states most receptive to Chinese proposals for infrastructure investment. Yet Beijing is not seeking European disintegration. It simply wants to influence European decision-making in its own interests. This is especially important for China, because the European single market remains a vital outlet at a time when China is

facing a strategy to destabilise its power as well as direct confrontation with the US.

Third, although apparently determined not to adopt a position that favours China or the US in the trade clash between the two powers, the EU is gradually seeking to build a more collective response to Chinese penetration in Europe. This response might simply involve being less naive. For the EU, the challenge is made tougher by the fact that MSs have always struggled to develop a shared analysis of issues and a similar view of the world, or a common definition of European interests. However, as limited as they may be, changes are now happening in the EU and its MSs. Both are adopting a more realistic approach towards China. They no longer consider China only as a partner with which they can develop cooperation, but also as a strategic competitor or rival.

Fourth, the EU is aware of the European market's importance for China, at a time when Chinese economic and commercial interests are being undermined by the Sino–American trade war. In this new dialogue with China, the EU wants to clearly affirm the bloc's preferences by offering agreements designed to foster a review of the terms of their relationship and thus to better rebalance it. One notable avenue for rebalancing is the signature of a comprehensive Euro–Chinese investment agreement.

Fifth, the COVID-19 global pandemic and China's diplomacy of 'generosity' have raised European awareness of the impact of international industrial relocation as well as the EU's over-dependence on globalised value chains, and especially on Chinese industry and production chains. Awareness is often the first step towards change. The agreement reached by the European Council on 23 April to set up a Recovery Fund could be seen as a response to the crisis caused by the economic recession that was triggered by the COVID-19. It may also be interpreted as an answer to those in Europe who are ready to fall for the songs of Chinese sirens. The EU is therefore beginning to sow the seeds for its recovery and for a more balanced relationship with China. However, the road for the EU to assert itself as an autonomous, effective and coherent global actor will be long and difficult.

Notes

1.. The data that support the findings of this study are available from the corresponding author upon reasonable request. Bulgaria, Czech Republic, Estonia, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia and Slovenia.
2.. Albania, North Macedonia, Bosnia-Herzegovina, Montenegro and Serbia (Kosovo is not part of this).
3.. The article has been written before the results of the 2020 US presidential election were known.
4.. The medical aid was provided by France, Germany, Italy, Austria, Latvia, Estonia, the Czech Republic, Hungary and Slovenia through the EU Civil Protection Mechanism.

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