

A Liberal Strategy for Europe's Relationship with China

The Congress of the Alliance of Liberals and Democrats for Europe (ALDE) Party convening in Stockholm, Sweden on 26-28 May 2023:

Notes that:

- China has emerged as a global actor with an increasing presence and influence in the world, trying to further expand its economic, diplomatic, technological and military power;
- China is expected one day to become the world's largest economy in nominal GDP terms;
- China remains an authoritarian one-party state, in which the Chinese Communist Party (CCP) seeks to control all aspects of politics, justice, society and the economy as well as to assert the party's unconditional power and leadership at home, while attempting to export its governance model to many countries abroad, as well as trying to gain influence over vital infrastructure of other nations;
- Under the authority of President Xi Jinping, who was renewed for an unprecedented third term of five years in office in October 2022, the CCP is increasingly neglecting human rights and destabilising the world by transforming China into a systemic rival to the liberal order;
- China's power is a danger to the rules-based international order especially due to the subversion of the current international economic order, the breaches of human rights, democracy, rule of law, and its military expansion;
- China's current foreign trade policy is based on protectionism and state interventionism, seen by the wide subsidisation of domestic industry, and lack of reciprocity and transparency, despite the several commitments of reform made by the CCP, which in part also endangers European coherence particularly in the context of the 14+1 format;
- China's Belt and Road Initiative has significantly increased its political influence and economic presence strategically throughout the world;
- The CCP is increasingly using disinformation/misinformation campaigns and propaganda to feed its divide-and-rule strategy and promote the Chinese state-driven model;
- The situation of human rights and democracy in China has been continuously deteriorating and remains of concern. Examples are the restrictive measures against human rights defenders, social activists, religious groups, journalists, and petitioners and protesters against injustices, LGBTIQ+ people and women's rights; the political indoctrination, arbitrary mass detention, forced sterilisation, torture and forced cultural assimilation of ethnic and religious minorities such as

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Tibetans, Mongols, the Uyghurs in the Xinjiang province, Christians and other ethnic minorities; the doubling down on repression, inside and outside the country, including the detention and use of violence against human rights and democracy activists, in particular in Hong Kong;

- China aims to monopolise the supply of key materials for emerging technologies, particularly those necessary for decarbonisation;
- The CCP has intensified its interference in Taiwan's internal affairs and attempts to subvert its democracy to force its incorporation into the People Republic's territory, which it has never been part of. It continues to intensify the political pressure through threats and coercive measures in order to prevent European countries from deepening their ties with Taiwan, which constitutes an unjustified interference in our internal affairs and sovereign right to peaceful external relations.

Believes that:

- China and Russia under their current leadership could lead to an existential threat to the liberal world order. We wish to live in a peaceful world but not at the expense of basic principles of international law, such as territorial integrity, human rights, our sovereignty and liberal democracy being challenged;
- Europe must oppose all breaches of the rule of law, international law or of the inalienable rights of the individual to life and self-determination regardless of birth, belief, gender, race and sexual orientation;
- Europe must publicly criticise and reject the Chinese economic model, controlled by the State and the CCP, in which Chinese enterprises get a privileged position to access external markets as well as financing which does not allow a level playing field, nor equal and fair competition, for European companies operating in China;
- The investments and production of Chinese state-controlled companies, certain foreign investments and the theft of intellectual property distort competition and challenge Europe's security and technological leadership;
- The European procurement market should only be made accessible to Chinese companies on a reciprocal basis;
- The CCP cannot continue using China's developing country status to excuse itself from complying with the World Trade Organization (WTO) rules and principles, from joining the WTO Agreement on Government Procurement (GPA) and from making more climate commitments;
- As the largest carbon emitter in the world, China needs to play a central role in the fight against climate change. The dependence on renewable energy technology and material from China needs to be monitored and diversified where possible;

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- Europe must work harder to win back the hearts and minds of the Global South, both politically and through its own EU Global Gateway quality infrastructure- building initiative.

Calls for:

- The European Union to develop a more assertive, comprehensive and consistent EU- China strategy that unites all Member States and shapes relations with China in the interest of the EU;
- Europe continuing to speak out in support of universal values and stand firm against the CCP-led challenge to the world liberal democratic order and human rights. This should include Magnitsky style targeted sanctions on officials who abuse human rights in China, especially in Xinjiang, Tibet and Hong Kong under its National Security Law;
- Europe to remain strongly opposed to attempts by Beijing to a unilateral change of status quo in the Taiwan straits, especially with a use of force;
- Maintaining robust unity in European countries' response towards China and stand up jointly for the defence of human rights, the rule of law and a free and open market economy. European countries should stop participating in divisive formats with China such as the 14+1 (formerly 17+1) group and to act in a united and coordinated manner especially at the highest political level in interactions with China;
- Continuing engaging with China in equitable manner as part of a rules-based international system in all areas where its presence is essential in multilateral negotiations for good global governance, such as climate change, biodiversity, health and especially the issue of denuclearisation at a time when China is expanding its nuclear arsenal, while making sure that European interests and values are safeguarded;
- Europe to intensify cooperation with democratic partners such as Australia, Canada, India, Chile, Japan, New Zealand, Republic of Korea, Taiwan, Indonesia and the United States to counter China's and Russia's "friendship without limits" while redoubling efforts to counter their influence and activities, especially in Africa and Latin America;
- Continuing to encourage China to work within the current rules-based world order with revived multilateralism at its core. We stand for free trade as long as there is reciprocity, a level-playing field, and respect for European interests, values and human rights;
- The EU to urge China to comply with the Sino-British Joint Declaration on the Question of Hong Kong and the Sino-Portuguese Joint Declaration on the Question of Macau which determined that Hong Kong and Macau would be part of People's Republic of China, but would enjoy the status of Special Administrative Regions with autonomy in domestic affairs and economic policies as well as

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independent judiciary and legal systems, which would protect the free flow of capital, civil and property rights for at least 50 years;

- The EU and its member governments to undertake a detailed strategic audit for every European policy and economic interest to assess to what degree China is a partner with whom we can work, a competitor or a systemic rival, and set our red lines accordingly in a way that allows us to promote engagement according to our interests, values and principles, reduce our vulnerabilities and using sanctions appropriately if necessary to help encourage changes in China's policies;
- Continuing to support a more assertive and economically independent European policy towards China and encourage our governments to map out dependencies, in particular for strategic sectors such as digital infrastructure and raw materials, securing supplies where possible from more reliable friendly countries, especially in the Global South;
- Condemnation of the baseless and arbitrary sanctions imposed by the Chinese authorities against MEPs and EU institutions, which amount to an attack on freedom of speech, on the international commitment and understanding of universal human rights;
- Supporting moves for governments to screen security-sensitive investments from China into Europe as well as security-sensitive and high-tech European companies' trade and investment into China, to ensure they are not used against Western security interests;
- Ceasing the participation of Chinese universities, companies and researchers in Horizon Europe and other sensitive research projects, using new EU powers to exclude third countries that do not share EU values, as well as banning the Confucius Institute from our universities, when they are spreading Chinese propaganda or interfering with academic freedom;
- Inform and guide European companies about the risks of direct investment in the growing Chinese market, and how dramatically a sanctions regime towards China could affect those companies heavily invested in the Chinese market, should a conflict over Taiwan become a reality. Furthermore, promoting the diversification of European supply chains away from China to friendly countries in the Indo-Pacific to reduce risk;
- Revisiting the Comprehensive Agreement on Investment (CAI) with China only on the condition that the CCP withdraws democratically elected national and European parliamentarians from their sanctions list and make genuine enforceable commitments on fair reciprocal market access, IPR protection, environmental and human rights. In the absence of such commitments, the European Union should continue to halt its ratification and adopt necessary legislative changes within the single market to ensure all economic operators play by the same rules;

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- The EU to start negotiations for a Bilateral Investment Treaty with Taiwan to increase two-way trade and investment, in particular in key sectors such as energy and semiconductors. ALDE should intensify its support for Taiwan, including through high-level visits, and for the Taiwanese people's right to make decisions on their own future.

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