



EU-China Relations: The Effectiveness of the European Union's China Policy and the Comprehensive Agreement on Investment (CAI)

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Abstract

Supported by a growing body of literature on the external effectiveness of the European Union's action which tries to understand 'if the EU is a power', rather than assuming it is one beforehand, and against the backdrop of worsening EU-China relations, this thesis aims to understand the extent to which the EU's China policy – from 2013 to 2021 – has been effective and why. Using the Comprehensive Agreement on Investment (CAI) as a case study, it employs an analytical framework in a twofold process: the assessment and explanation of the EU's effectiveness. For that purpose, the soundness and applicability of the EU's current compartmentalization policy vis-à-vis China and the notion of *Wandel durch Handel* ('change through commerce') are analyzed from the angle of an old debate in the EU's external action: the pursuit of economic interests vs. promotion of values.

The EU's degree of effectiveness is found to be overall high. It managed to achieve most of the economic goals it had set out to achieve with the CAI, while maintaining the transatlantic relationship, despite a poor performance in linking human rights and political values to the CAI and to trade policy more generally. Sustainable development is present in the agreement but with weak language. The enforcement of the agreement will constitute its true litmus test. Moreover, the EU's action is deemed as highly purposive for the achievement of the objectives. However, if a broader perspective is taken to encompass more than one single policy area or goals beyond the CAI, the evaluation of the external effectiveness becomes more nuanced. The EU's compartmentalization policy of the 2019 'Strategic Outlook' policy paper is found to be ineffective due to its limiting effects on the potential usage of the EU's trade policy as leverage and due to China's unwillingness to reciprocate a siloed approach. The thesis concludes that the EU's overall external action vis-à-vis China was very inconsistent with its communication on the promotion of values. Lastly, normative and research implications are drawn.