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# Energy cooperation between the Republic of China and the European Union

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## Abstract

The study aims to investigate the energy cooperation between the Republic of China and the European Union via comparative quantitative research methods. As a result, the implementation of the initiative "One belt, one road" will further stimulate China's energy investments in Europe, ensure EU energy security and promote EU energy transformation, as well as development cooperation between the two sides in the field of climate change and promote the integration of the development strategy. In conclusion, China and the EU should make full use of the existing energy platform and play a role in promoting dialogue and exchange.

**Keywords:** China-EU relations; Energy cooperation, Climate.

## Cooperación energética entre la República de China y la Unión Europea

### Resumen

El estudio tiene como objetivo investigar la cooperación energética entre la República de China y la Unión Europea a través de métodos de investigación cuantitativa comparativa. Como resultado, la implementación de la iniciativa "One belt, One road" estimulará aún más las inversiones energéticas de China en Europa, garantizará la seguridad energética de la UE y promoverá la transformación energética de la UE, así como la cooperación al desarrollo entre las dos partes en el campo del cambio climático. y promover la integración de la estrategia de desarrollo. En conclusión, China y la UE deberían

aprovechar al máximo la plataforma energética existente y desempeñar un papel en la promoción del diálogo y el intercambio.

**Palabras clave:** Relaciones China-UE; Cooperación energética, Clima.

## 1. INTRODUCTION

The idea of forming the Silk Road Economic Belt was put forward by PRC Chairman Xi Jinping and was first heard during his speech in Astana during the state visit to Kazakhstan in September 2013. A month later, on October 2013, during his visit to the countries of Southeast Asia, the head of the People's Republic of China proposed to ASEAN member countries the idea of jointly building the Sea Silk Road of the 21st Century, which, together with the Silk Road Economic Belt project, formed China's new long-term strategy One belt, one road (GONG, 2016).

After the initiative One Belt, One Road, it attracted widespread attention both at home and abroad. This initiative is one of the most ambitious economic and diplomatic plans of the new generation of Chinese leaders, and is also seen as a new round of openness for China to the outside world. The One Belt, One Road Initiative is an open initiative that currently covers 68 countries, including Asia, Africa, Europe and Oceania. Europe holds a special position in this initiative. In March 2015, on behalf of the State Council of the People's Republic of China, the State Committee for Development and Reforms, the Ministry of Foreign Affairs and the Ministry of Commerce of China

published a document *Excellent prospects and practical actions for the joint creation of the Silk Road Economic Belt and the Sea Silk Road of the 21st Century*, which became the governing document for China to promote the implementation of the One Belt, One Road initiative. In this document, Europe was defined as the endpoint One Belt, One Road, emphasizing the important role of Europe in this initiative (DRAGAN, 2015; NURGALIYEVA ET AL, 2018).

The Implementation of the initiative One Belt, One Road focuses on the Five Points, namely, political coordination, infrastructure interconnection, uninterrupted trade, free movement of capital and strengthening of proximity between nations. Among them, energy occupies an important place in the relationship between infrastructure and uninterrupted trade. In order to facilitate the interconnection of infrastructure located along One Belt, One Road, China has decided to adopt strengthening cooperation interrelationships between energy infrastructures, jointly protecting the security of transport channels such as oil and gas pipelines, facilitating the construction of transboundary energy and transmission channels, and active cooperation in the field of improvement and transformation of the regional electric grid as one point of important work (RYSZARDA & ALEKSANDRA, 2017).

In order to carry out uninterrupted trade, China decided to expand cooperation in the exploration and development of traditional energy resources such as coal, oil, gas, minerals, etc., and actively

promote cooperation in the field of clean and renewable energy sources such as hydropower, nuclear power, wind power and solar energy, as well as to support cooperation in the processing of energy resources at the local level, to form all the links of the production chain in the integration energy resource cooperation, to strengthen cooperation in technology, equipment and engineering services for the deep processing of energy resources (STEVE, 2017).

In May 2017, China published Excellent prospects and practical actions to promote energy cooperation in the Silk Road Economic Belt and the Sea Silk Road of the 21st Century, reiterating the important position of energy in the initiative One Belt, One Road. Energy is an important subject of discussion in the initiative One belt, one road, and the EU is a key player in its construction as well as a major energy consumer in the world and an active player in promoting energy transformation. Currently, energy cooperation is already an important part of the relationship between China and the EU, and the implementation of the initiative One belt, one road will not only bring rare opportunities for cooperation between the two sides in the energy sector, but also set certain challenges (THILO & MIKKO, 2015).

## **2. METHODOLOGY**

By giving unprecedented opportunities to China-EU energy cooperation, cooperation between the two sides in the initiative One

Belt, One Road also faces challenges. These challenges require that China and the EU work together to address them (ZHA, 2016).

First, the EU's position in the One Belt, One Road energy sector needs to be improved. Since the initiative One Belt, One Road was proposed in 2013, China has made a large number of external investments in the energy sector, and this sector has become the largest and most important industrial sector in which China has made a direct investment in countries related to The One Belt, One Road. But the EU is not currently the main destination for these investment projects (STEPHAN, 2017). For example, by the end of 2016, 114 projects are already under operation, and 54 other projects are under construction among China's thermal energy projects in countries and regions along the One Belt, One Road. However, these projects are mainly located in areas such as South Asia and Southeast Asia, and investment in the EU is much smaller (JIA, 2015).

Secondly, the initiative One Belt, One Road may cause more disputes in the field of energy trade. Trade between China and the EU in the energy sector can bring significant economic benefits to both sides, but unreasonable use of it can also lead to serious disputes. A very typical case is the anti-subsidy and anti-dumping investigation initiated by the European Union against Chinese photovoltaic products from 2012 to 2013, which caused the biggest trade dispute in the history of bilateral relations. Although this dispute ended peacefully through negotiations, it undoubtedly became an alarming signal for

China's energy industry, especially in the area of renewable energy. In recent years, disputes between China and the EU that have arisen in the renewable energy trade sometimes occur, which leads to great uncertainty in the implementation of China and the EU energy trade (ZHANG, 2017). With the active promotion of the initiative Belt One, One Road, larger-scale bilateral trade in the energy sector could lead to increased friction.

Thirdly, the role of bilateral energy-related mechanisms has yet to be played. After more than 20 years of operation, China and the EU have formed a relatively holistic energy dialogue that has played a key role in promoting sustainable energy cooperation between the two sides. However, since the initiative One Belt, One Road, these mechanisms have not yet responded positively. For example, at the sixth China-European Energy Dialogue held in November 2013 and the seventh China-European Energy Dialogue held on June 2017, neither side mentioned the subject of the discussion related to One belt, one way. At the China-European Urbanization Forum held on June 2015, although the Chinese side proposed the integration of China-EU cooperation in urbanization with One Belt, One Road, but the relevant mechanisms were not created and have not achieved specific cooperation projects. China and the EU need to further develop the role of the mechanism and explore the possibility of including energy issues in the broader framework of China-EU cooperation.



Fourthly, China's energy investments may raise doubts from the EU and its member states. This doubt is mainly reflected on four levels, such as security, politics, business and technologies. With regard to security, some EU countries are concerned that China's participation in building sensitive energy projects, especially nuclear energy projects, may have a negative impact on their national security. At the same time, some countries are still concerned that the purchase of shares, mergers and acquisitions by Chinese companies of important energy companies in their country may lead to a weakening of their energy sovereignty. In the political aspect, the EU and some member states are concerned that China is adopting a divide-and-rule policy.

The EU and some Member States are concerned that the development of close relations of cooperation between China and the countries of Central and Eastern Europe will lead to an internal split in the EU on the issue of relations between China and the EU. At the same time, among the countries of Central and Eastern Europe, some countries have similar experiences that currently have relatively little benefit from cooperation with China. In commercial terms, EU energy companies are concerned that China's massive entry into the EU market will lead to increased competition and loss of business opportunities, and are concerned that China's mergers and acquisitions of EU energy companies will leak sensitive business information. In the technical field, some countries are skeptical of China's energy technology, especially nuclear energy technology and operating standards.

### **3. CONCLUSION**

Over the past thirty years, China and the EU have already had fruitful energy cooperation, and the initiative One Belt, One Road has provided unprecedented opportunities to stimulate bilateral energy cooperation. However, it is necessary to clearly see that One Belt, One Road also posed certain challenges in energy cooperation between China and the EU. In the future, China and the EU should focus their work mainly on these aspects.

First of all, China and the EU should expand the scope of cooperation. Under the initiative One Belt, One Road, investment and energy trade between China and the EU, especially China's energy investments in Central and Eastern Europe, still, have significant potential. The issue of increased coordination and cooperation between China and the EU in the joint implementation of the One Belt, One Road energy construction is an important topic of discussion on both sides.

Secondly, both sides should strive to avoid the risk of trade and investment, to resolve trade and investment disputes. At present, despite rapid development, China and the EU continue to suffer from various disputes in trade and energy investment, and this state does not contribute to the healthy development of bilateral energy cooperation. China's and EU energy institutions should take the initiative to strengthen cooperation with their respective trade departments and

contribute to the development of long-term rules of trade and investment relations between China and the EU.

Third, China and the EU should make full use of the existing energy platform and play a role in promoting dialogue and exchange. Suspicions and misunderstandings on the part of the EU and some of its member states in China's energy investments have already become one of the main obstacles to the development of relations between China and the EU. In the future, China and the EU should pay special attention to the development of this issue.

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