

D2.6 SECOND PROGRESS REPORT ON RESEARCH CLUSTERS WP2

| Project Information | |
|-------------------------|--|
| Acronym | ReConnect China |
| Title | ReConnect China: generating independent knowledge for a resilient future with China for Europe and its citizens. |
| Project no. | 101061483 |
| Type of Action | RIA |
| Deliverable Information | |
| Title | D2.6 Second Progress on Research Clusters WP2 |
| WP number and title | WP2 |
| Authors | Roger Greatrex |
| Description | Summary of the progress made in the research clusters of WP2 in months 12-23 |
| Lead Beneficiary | CCCM |
| Type | R: Document, report |
| Dissemination Level | PU: Public |
| Status | Draft |
| History of Changes | |
| Draft version 0.0 | Discussion with WP2 partners (mid-September 2024) |
| 0.1 | Feedback from WP2 partners (late-September 2024) |
| 0.2 | Draft version prepared by Roger Greatrex (early-October 2024) |
| Version 1.0 | Final version submitted as deliverable (mid-October 2024) |

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1 LIST OF ABBREVIATIONS

| Abbreviation | Meaning |
|---------------|--|
| EC | European Commission |
| EU | European Union |
| ELCANO | Elcano Royal Institute, Madrid |
| EGMONT | Egmont Royal Institute for International Relations, Brussels |
| CCCM | Macau Scientific and Cultural Centre, Lisbon |
| IFRI | Institut Français des Relations Internationales, Paris |
| RUG | University of Groningen, Groningen |
| ZSI | Centre for Social Innovation, Wien |
| WP | Work Package |
| PB | Policy brief |
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2 EXECUTIVE SUMMARY

The key objective of WP2 is to provide a clear and novel analyses of economic and trade policy issues that currently exist, and that may be expected to emerge in the coming years, between the EU and China, and which involve other nations. WP2 is made up of six partner institutions, namely in alphabetical order, CCCM, EGMONT, ELCANO, IFRI, RUG, and ZSI.

The work is divided into two sections:

Task 2.1 China's Economic Dual Circulation, and Task 2.2 China's Economic Diplomacy

Task 2.1 is working towards:

- Predicting which issues between the EU and China may arise, depending on various decisions and actions taken in the short- and medium-term by both China and the EU
- Re-evaluating these issues in the light of European and Chinese economic interests and values, while paying attention to the democratic underpinnings of the EU

Based on the research results achieved, Task 2.1 is engaged in developing policy recommendations related to the EU-China economic strategy and industrial policy, and to China's developing economic policy.

The scope here is to undertake thorough mapping and analysis of China's Dual Circulation Strategy that was announced in 2020, and to understand how this strategy has affected and may continue to affect European business interests and subsequent European commercial and economic policy. Among the key fields chosen for research are Chinese EVs and the internationalisation of the RMB.

Task 2.2 is on the way towards producing five qualified research papers on the following identified topics:

- The role of information and disinformation in BRI promotion (also linking up with the international dimension of China's policies discussed in WP4)
- Dispute resolution mechanisms and the BRI
- The tripartite relation between the EU, China and Japan (equally linking up with WP4)
- The current and possible future state of Chinese high-tech companies (linking up with WP1 and WP3)
- China's economic diplomacy (CCCM, ZSI and RUG linking up with WP4)

T2.2 is furthermore well on the way towards producing its 5 policy briefs, focusing on the following topics:

- China's strategic interests in its foreign trade and investment affairs
- China-Europe supply-chain security (ELCANO)

- China's role in multilateral organizations such as the WTO, IMF and the World Bank (IFRI)
- The evolution of the AIIB (IFRI)
- EU-China-US strategic economic affairs (EGMONT and IFRI).

In order to directly network and engage with stakeholders, the policy recommendations will be bundled in yearly progress reports (D2.3; D2.4; D2.5; D2.6) and presented at the conference organized in T.5.3. Posts on these topics will be made on the project's website (T6.1) as well as articles for written media in order to reach a wider audience, pique interest and generate discussion among the broader public.

3 INTRODUCTION

ReConnect China aims to answer the question in which domains collaboration of the EU with China is desirable, possible, or impossible. The question in which domains EU collaboration with China is desirable, possible, or impossible starts from the acknowledgment that in the modern geopolitical and geo-economic world, the EU and China stand in a perpetual dynamic relationship with each other. This project therefore identifies the following key fields on which the EU should upgrade its independent knowledge: Science & Technology, Economy & Trade, Domestic Governance, and Foreign Policy. To carry out this project, a database which will provide access to new sources of information will be developed. The independent knowledge that will be generated in this project will bring together stakeholders and experts in a Europe-China Knowledge Forum. The project also envisages to enhance awareness regarding China among the general public and youth.

3.1 Deliverable scope

The purpose of this document is to provide an annual summary of the progress made in the research clusters of WP2 as visible in PBs, and the expert policy workshops on new directions in China's economic diplomacy, for government officials, diplomats, think-tank researchers and academics that have been held or will be held during the period M13-M24.

3.2 Reference documents

1. [EU Grant Agreement, including the DoA– annex 1 to the GA](#)
2. ReConnect China Grant no. 101061483
3. ReConnect China Consortium Agreement
4. ReConnect China Project Management Handbook (D7.1)

4 PROGRESS OF WORK PACKAGE 3 (M13-M24)

Major achievements during the period M13-M24

4.1 Expert policy-workshops and round-tables

- On 18 March 2024, a closed-door Policy Workshop, titled “*Varieties of Economic Security from Beijing to Brussels*” was co-organized by Egmont and the Elcano Royal Institute at the Egmont Institute in Brussels. It was attended by over twenty experts and policy makers, relevant to EU-China policy and/or economic security issues. The workshop commenced with a keynote speech made by Peter Sandler, DG Trade, and was followed by Astrid Pepermans (EGMONT), who presented her Policy Brief titled “*Xi-curity: How economic security ideas shape China's economic strategies*”, and a presentation by Miguel Otero Iglesias (ELCANO).
- On 25 April 2024, RUG held a roundtable workshop at Tsinghua University, Beijing, on Sino-European relations, organised by Prof. Shi Zhiqin. The first panel, with Tjalling Halbertsma and Jan van der Harst participating and contributing, was focused on 'China-

EU economic relations: How to re-connect China/Europe'. Additionally, Jan van der Harst (RUG) and Frank Gaenssmantel (RUG) participated in a Workshop titled "EU-China relations, China-Netherlands relations" at the Dutch Studies Centre Fudan-Groningen at Fudan University, Shanghai, where they presented a draft-paper with reference to the ReConnect China project.

- On 22 November 2024, RUG will hold the *ReConnect China /CEASG Roundtable* at RUG which has been coordinated by Laurens Hemminga (RUG) and Frank Gaenssmantel (RUG). There will be two panels, on *'Discourse, narratives and rhetoric in China-EU economic relations'* (convenor: Frank Gaenssmantel) and on the *'Present and future directions for the EU's approach of economic relations to China'* (convenor: Laurens Hemminga). Both themes/discussions are expected to lead to policy briefs to be published later in 2024 or early in 2025.

4.2 Research and interaction with specialists

In May 2024 Miguel Otero (ELCANO) carried out fieldwork in China, focusing primarily on China's Dual Circulation strategy, and in particular on the electric car industry. Miguel was able to meet with members of Chinese think tanks in both Beijing and Shanghai, and with officials in Beijing. In this way the ReConnect China project was made present in China, and established a valuable interaction with Chinese specialists.

- On June 20, 2024 Françoise Nicolas (IFRI) was invited to attend an expert workshop in Warsaw, organized by DWARC. This was a significant instance of interaction between the ReConnect China and DWARC projects.

4.3 PBs published

- Astrid Pepermans (EGMONT) completed and submitted the Policy Brief titled *"Xi-curity: How economic security ideas shape China's economic strategies"*, which is Policy Brief No. 7.
- In May 2024, Françoise Nicolas (IFRI) completed the Policy Brief titled *"Getting China Onboard a Global Debt Governance System"*.

4.4 PBs to be published shortly

- Françoise Nicolas (IFRI) is currently preparing a Policy Brief concerning the Asian Infrastructure Investment Bank AIIB, and publication may be expected in the near future.
- Victor De Decker (EGMONT) is currently working on two PBs. One concerns tariffs and EVS, and the other Belgium's de-risking strategy, respectively. As mentioned above, Frank Gaenssmantel (RUG) and Laurens Hemminga (RUG) are both working on PBs that may be expected to be published in the near future.

5 CONCLUSIONS

- All scheduled deliverables have been delivered, and further deliverables can be expected in the coming months. No deviations or corrective actions have been undertaken, and there have not been any consequences or impact on achieving critical objectives during the period M13-M24.
- WP2 has achieved its targets for the period M13-M24, produced a number of notable achievements and, importantly, through the actions of RUG and ELCANO, made ReConnect China known in China as well as the EU.