

Taming the Tiger: The Normative Power of the EU towards China in Trade Policy

The Case of the Comprehensive Investment Agreement

Ketrin Johecová

Abstract

The EU's normative power has been questioned vis-à-vis Grand Powers like China, India, and Russia. It has also been doubted in relation to trade policy, where the economic benefits challenge the incentive to act normatively.

In this thesis, qualitative content analysis is conducted to find out how normative is the EU towards China in trade policy, by focusing on a case study of the Comprehensive Investment Agreement. The materials used include EU strategies, EU documents, and secondary material such as academic articles, books, and news articles. A second part of the research focuses on the examination of the reasons explaining the analysis' results.

The analysis finds that the EU normative intent to promote the norm of human rights is lower than to promote the norm of sustainable development. The latter is at the heart of many EU strategies as well as the Comprehensive Investment Agreement. However, the normative impact of the EU normative power is low in both cases. The reasons for this are a lack of leverage towards China, conflicting positions of the EU institutions, the lack of understanding of China's change, and the lack of recognition of the EU's normative power by China.

Key words: China, EU, trade, Comprehensive Investment Agreement, normative power

Words: 19678

Table of contents

1	Introduction.....	1
1.1	Aim, research question, and relevance.....	2
2	Theory.....	3
2.1	State-of-the-art: Normative Power.....	3
2.2	The EU’s trade policy towards China.....	7
3	Operationalisation.....	11
3.1	Normative intent.....	11
3.1.1	Centrality.....	11
3.1.2	Consistency and coherence.....	12
3.1.3	Actions and reactions.....	12
3.2	Normative process.....	13
3.2.1	Inclusivity.....	13
3.2.2	Reflexivity.....	13
3.3	Normative impact.....	14
4	Methodology.....	15
4.1	Research design.....	15
4.2	Research method.....	16
4.3	Case selection.....	17
4.4	Data selection.....	18
4.5	Limitations and strengths.....	19
5	Analysis.....	20
5.1	Normative intent.....	20
5.1.1	The centrality of human rights in EU-China trade policy.....	21
5.1.2	The centrality of human rights in CAI.....	22
5.1.3	The centrality of sustainable development in EU-China trade policy.....	24
5.1.4	The centrality of sustainable development in CAI.....	26
5.1.5	Internal consistency.....	28
5.1.6	Actions and reactions – internal dimension.....	28
5.1.7	Internal coherence.....	29
5.1.8	External consistency.....	30
5.1.9	Actions and reactions – external dimension.....	30
5.1.10	Consistency and coherence in CAI.....	32
5.1.11	Actions and reactions - CAI.....	33
5.2	Normative process.....	33
5.2.1	Inclusivity.....	34

5.2.2	Reflexivity	34
5.3	Normative impact	35
5.3.1	Human rights	36
5.3.2	Sustainable development.....	36
5.3.3	Sustainable development and human rights in the CAI agreement	37
6	Discussion: Why the EU fails to be a normative power?	39
6.1	Lack of recognition of the EU's normative power by China	39
6.2	Lack of leverage	40
6.3	Conflicting EU positions	41
6.4	Lack of understanding of China's change.....	41
7	Conclusion	43
8	References.....	46

List of abbreviations

EU	The European Union
CAI	The Comprehensive Investment Agreement
US	The United States
NPE	Normative Power Europe
DG	Directorate-General
HRD	Human Rights Dialogues
EEAS	European External Actions Service
ILO	International Labour Organisation
UN	The United Nations
FTA	Free Trade Agreement
PRC	People's Republic of China
WTO	World Trade Organisation
EP	The European Parliament
EC	The European Commission
ECHR	The European Convention of Human Rights
TTIP	The Transatlantic Trade and Investment Partnership
PCA	Partnership and Cooperation Agreement
LGBTQ	Lesbian, gay, bisexual, transgender and questioning
TEU	Treaty on the European Union
TFEU	Treaty on the Functioning of the European Union
FDI	Foreign Direct Investment
SIA	Sustainability Impact Assessment
SDG	Sustainable Development Goals

1 Introduction

The EU as a normative power is both praised and contested, with interpretations of the concept ranging from a force for the good to a masked neo-colonialist attempt. Accepting this normative label and portraying itself in such a way, the EU has often been successful in promoting its norms and values towards some countries, especially those that are on their path to joining the EU. It has been able to diffuse the norms of democracy, human rights, sustainable development, and others and make Europe a leader in these areas – at least according to its own perception. But what about beyond Europe? Can the EU spread its norms to Grand Powers like China or Russia built on fundamentally different values than the EU? How powerful can be norms and principles when facing a powerful dictatorship or authoritarian regime?

This thesis aims to explore answers to these questions by examining EU-China trade and investment policy with an emphasis on the Comprehensive Agreement on Investment (CAI). Over the course of the last 30 years, China has transitioned into a powerful country, which ultimately led to intensified EU-China trade relations. The EU opened up its market, assuming that China will do the same and, consequently, embark on a path of liberalisation through ‘Wandel durch Handel’. This has not happened. The uneven level-playing field has left the EU feeling frustrated, as it expected a fair and reciprocal partnership.

This frustration resulted in an attempt to rebalance this uneven relationship in CAI. This agreement, aiming to replace the EU’s member states’ outdated bilateral investment treaties, covers market access, investment-related sustainable development, and level playing field issues. It was successfully concluded after seven years of negotiations in December 2020 just to be put on ice soon after by the MEPs because of the tit-for-tat sanctions over human rights abuses in China.

This act signifies a change of the EU strategy, as human rights violations have always been an issue, but never before have normative values prevailed over economic interests in practice. This normative shift in the EU policy towards China is also substantiated by the discourse of the EU officials, which has become more condemnatory, and it is perceptible in the recent EU strategies. It would be logical to expect that this change project itself into actions and into the EU trade policy towards China.

At first glance, the fact that the CAI agreement came to a standstill could be proof of that. Some could say that analysing a frozen agreement is pointless, but frozen does not mean dead. On the contrary, it is possible that the EP will ratify it once the war over sanctions is over. It is therefore important to examine whether we can speak of the EU acting normatively while negotiating this agreement and in trade policy towards China in general.

Trade policy as a case study was chosen strategically as it has the biggest potential to show whether the EU acts normatively in a situation where it could abandon its normative principles for economic benefits. Furthermore, trade and investment are the foundation stone not only of the EU-China relations but also of the EU itself as one of the largest economies in the world. It should be therefore expected that the EU will promote its universal principles rather than protect its interests when concluding a trade agreement. If the EU cannot call itself a normative power in trade policy, which is one of its most important policies, can it be considered a normative power at all? While some of the arguments consider CAI to be just one building block in a multifaceted EU policy towards China, is it acceptable for a normative power to be normative only in some areas? (Konstantinidis 2021)

Therefore, the overall purpose of this thesis is to examine how normatively the EU acts in trade policy towards China, with a special focus on the CAI, and subsequently, analyse the results of the research.

1.1 Aim, research question, and relevance

This thesis aims to contribute to the existing discussion on the effectiveness of the EU normative power vis-à-vis China. It also aims to expand the literature on the normative dimension of EU trade policy, which, according to Orbie (2011, p. 166) has been dominated by political economy and rational choice institutionalist perspectives that neglect the normative dimension of EU trade policies. Furthermore, as Lerch and Schweltnus (2008, p. 318) contend, the EU's normative power varies among policies, and not many scholars have focused on the specifics of normative power in various policies. This is quite striking, since the power the EU holds in the trade area, the size of its market, and its 'Brussels effect' (Bradford 2021) should give it a bigger incentive to spread its normative values in this area, which should in turn encourage research. The research question I intend to answer is:

- 1) *How normative is the EU in its trade policy towards China, specifically in CAI, and how can the results be explained?*

This thesis addresses several gaps in the literature. Firstly, by abandoning the prevalent expectation of the EU trade policies being pragmatic in their nature, it focuses on the normative dimension of the EU trade policy that has been largely neglected by the academic research thus far. Secondly, it fills another research gap by not only focusing on trade and investment policy in general, but also narrowing it down to the CAI agreement, which has not been yet sufficiently examined given its recent nature.

2 Theory

In the next two sections, the state-of-the-art is outlined, presenting the academic research on EU normative power, including its critique and the interactions between the two. After that, the history of the EU-China trade relations is described, as it is necessary in order to understand the current state of the relations.

2.1 State-of-the-art: Normative Power

A number of attempts have been made to capture the complex nature of the European Union (EU). It might be argued that none of them have been successful, as we more often than not see the EU described by vague, abstract, and sometimes overlapping terms such as ‘sui-generis’, ‘unique’, ‘civilian’, ‘ethical’, ‘post-modern’, ‘transformative’ (Sjursen 2006, p. 85; Smith 2005, p. 11; Aggestam 2008, p. 1; Cooper 2003; Leonard 2005) that do not necessarily help us to understand its essence.

One of the attempts that seems to surpass the usual haziness and unseizable character of the EU has been made by scholars describing it as a ‘normative power’. The most work on the concept of ‘normative power’ has been done by Ian Manners (2002, p. 240), who coined the term and characterized it as „the ability to shape conceptions of normal“. However, the idea of the EU being a power led by its normative values is not a new one, as Manners himself asserts.

The debate about the normative role of the EU in international relations was sparked already in the 1970s and 1980s, somehow surprisingly following the work of realists Carr and Nye. In his work on propaganda, Carr described political power as comprising military power, economic power, and power over opinion (Carr 1939, p. 108), with emphasis on the fact that the power over opinion cannot be separated from the other two. On the other hand, Nye separated the concepts of soft and hard power while discussing the future role of the United States in international relations (Nye 2004, p. 9). Often revoked by the scholars in the field of NPE is also Francois Duchêne’s (1973, p. 20) labelling of the European Community (EC) as the ‘civilian power’, representing a group of countries „long on economic power but short on armed force“. Drawing on his work, Maull (2000, p. 56) elaborated on the concept and stressed that being a civilian power does not automatically mean abandoning the use of force, referring to Germany. Kagan (2003, p. 2), on the other hand, distinguished between the realist US relying on military means and the EU focusing on soft power.

The debate that followed builds on the understanding of the EU as of unique actor that can use „persuasion and attraction to influence other states“ instead of following the usual power politics (Holslag 2010, p. 2). According to Manners, the EU is „leading by example“, which means that it projects its own internal norms externally. He considers that the most important factor in shaping the international role of the EU „is not what it does or what it says, but what it is“ (Manners 2002, p. 252), pointing to the fact that it is not necessarily discourse or actions determining the EU’s nature, but its structure. However, this does not mean that the EU always must act in a normative way, that following both norms and interests is mutually exclusive, or that normative power cannot go alongside military and economic power (Birchfield 2011, p. 144; Diez 2005, p. 616).

Manners (2002, p. 241) asserts that the EU is founded on normative values that are enshrined in its Treaties and recognised in the Charter of the Fundamental Human Rights, and it is committed to its pursuit in accordance with the ECHR and the UN Conventions, which makes it unique to other organizations. Manners (2002, p. 242) identified five core norms based on the EU’s *acquis*: peace, liberty, democracy, the rule of law, and human rights, to which he later added four additional norms comprising social solidarity, equality, sustainable development, and good governance (*ibid.*, p. 70-73). In order to avoid being euro-centric, the projected norms should be universally applicable and acknowledged within the UN system (*ibid.*, p. 46). According to him, the EU is pre-disposed to, and should act, as a normative power by extending its norms into the international system – and he demonstrates this with the EU’s international ambition to abolish the death penalty (Manners 2002, p. 252). The argument that the EU is normative by design has been contested by many scholars which will be discussed further below.

The inception of the ‘normative power Europe’ concept has led a number of scholars to support it or contend it, but the EU itself seems to have embraced the label. The speeches of the EU leaders seldom go without mentioning human rights or the rule of law, and judging by the EU strategies and various initiatives, it seems like the predominant thinking is that the diffusion of normative values leading to a norm adoption is the EU’s normative duty. The diffusion of liberal norms has become fundamental for the EU’s foreign policy engagement with the world, including partners like Russia or China (Michalski and Nilsson 2018, p. 434; Bengtsson and Elgström 2012, p. 93). More often than not, the EU’s normative policy has been labelled as successful and “good” by its nature. Karen E. Smith (2005, p. 63) points out, although with reference to a civilian power, that such a label „tends to induce excessively rosy-eyed views of the EU as an international actor“ as „civilian“ is often interpreted as „good“. She contends that the EU is no longer a civilian power also because it uses military means and the foreign policy it conducts should be analysed more critically. In her opinion, and contrary to that of Manners’, the debate should be about what the EU does, rather than what it is (*ibid.*, p. 77).

Some scholars draw attention to the fact that when the EU opts for the change of norms, it is not motivated solely by the liberal-idealist notion of the greater common good, but also by pragmatism and self-interest. These researchers mostly belong to the neo-realist camp and include for example Adrian Hyde-

Price, who advocates for the use of structural realism in analysing EU foreign and security policy and considers normative approach reductionist, military and economic power-absent, and explicitly normative – in the sense that it has a strong positive connotation (Hyde-Price 2006, p. 218). The fundamental point of this strand of scholars is that realist theories should not be neglected when analysing EU external actions, including international trade policy (Zimmerman 2007, p. 828), even though the EU and especially its integration are usually presented as anti-thesis to realism.

Mattlin (2012, p. 183) suggests that normative actions are ultimately strategic as it is in the EU's political and economic interest to have other countries willing to follow its example. He supports the thesis that the „empirical“ EU foreign policy – the one that is conducted on the ground as opposed to one defined in the EU strategies and advanced by the discourse of EU officials – does not contradict the realist view of the international relations (ibid., p. 182). Similarly, Zimmerman (2007, p. 815) notes that EU preferences in international trade negotiations are motivated by maximizing wealth and pursuit of the foreign policy objectives, in other words, they are strategic and correspond to realism theories. This argument is also mentioned by Maher (2016, p. 966), who notes that the EU's hypocrisy, double standards, and selective morality are exposed when it comes to need to choose between upholding its values and pursuit profit since the latter takes precedence.

In his article, Mattlin (2012, p. 182) identifies three main hindrances to the effective pursuit of normative policy towards Great Powers, especially those with inherently different values such as Russia or China and suggests a different path to follow. In his case study on China, he pinpoints three reasons that are behind the failing EU's normative approach towards China: the loss of moral high ground, conflicting EU positions, and lack of leverage (ibid., p. 191).

Mattlin's central argument is that pursuing an offensive normative policy – an active foreign policy that promotes its political norms towards a foreign country – is not working toward Great Powers (ibid., p. 195), on the contrary, it comes off as inconsistent or hypocritical (ibid., p. 181). Instead, he suggests that the EU should embrace a defensive normative policy based on realist principles, one that recognizes that there are alternative regimes based on different values, and instead of exporting them, the EU should focus on upholding them within its own community as in some of the member countries there is a serious democratic back-sliding (ibid., p. 197). Mattlin's conceptualisation of „offensive“ and „defensive“ normative policy is based on Sjursen (2006, p. 86), who makes a distinction between right-based and value-based policy. The former refers to the promotion of the EU's values abroad, while the latter focuses on ensuring the same standards are applied within the original community, in this case, the EU.

Similarly, Panebianco (2006, p. 132) in her analysis shows the limits of the EU as a promoter of human rights and democracy, as „not all EU partners are ready to change their traditions and specificities to adopt EU values and principles, as a result of external interference“. In her view, strategic and economic interests prevail over human rights and democratic principles when dealing with third countries such as Russia and China (ibid., p. 132).

A similar point holds for Holslag (2010, p. 1) when he writes about a normative disconnect between the EU and Great Powers and suggests that „instead of trying to socialize the new giants, it should make sure that its own internal problems are properly addressed“. Forsberg (2011, p. 1194), in a similar manner, argues that the EU's record in achieving normative ends is contested, especially in relation to Grand Powers like China where normative interests are overridden by strategic ones (Kratochvil 2008, p. 397). This is supported also by other authors who contend that the EU's normative power is declining (Haukkala 2008, p., Panebianco 2006, p. 137). Crookes (2013, p. 640) argues that the EU misjudged China's position in the world as a re-emerged power, and the EU's attempts to achieve social and political transformation in China failed to take into account China's national interests and power to resist any normative changes in the matters of national importance. According to Crookes, this undermined trust on both sides and diminished the will to make compromises (ibid., p. 640). This argument underlines Mattlin's assumption that pursuing a normative approach toward Grand Powers will always be difficult: but would understanding the Chinese perspective and rightfully acknowledging its position in the world help the EU to diffuse the norms? In Crookes' (ibid. p. 639) view, European interests must be intersected with China's realist worldview, if any real outcomes are to be achieved, which is why the interest-based approach will be more fruitful than the values-based approach.

In line with the realists' arguments, Balducci (2009, p. 41) analyses the goals of all the main actors behind the European foreign policy and their reciprocal influence. Turning specifically to the literature on China, Balducci in his article speaks about the EU being a 'normative trap' when it comes to redefining norms in Asia, as the preferences of the EU institutions and EU member states do not align and lead to a result that is not in line with EU normative values (Balducci 2009, p. 35). In his view, the EU should not be studied as a 'black-box' single subject with unified goals, because the member states and the European institutions are often diverse in their preferences (ibid., p. 36). To avoid the trap, he proposes a different theoretical and analytical framework that studies each of the foreign policy governance levels, one that would not assume that the EU identity as a 'promoter of human rights' determines EU foreign policy but instead consider the interaction between the EU identity and the identities of EU member states (ibid., p. 40). Similarly, he points out that the commonly recalled 'EU interests' are, in fact, the outcomes of the negotiation of different actors with various preferences. Lastly, Balducci considers that the insistence of the NPE on the EU's uniqueness „has led to an overestimation of the EU's international role for what it is rather than for what it does“ (ibid., p. 40). A similar argument is offered by Michalski and Nilsson (2018, p. 432) who consider that „the attachment of the EU to its role as a normative international actor reduced its awareness of Russia's and China's growing refusal to accept the EU's ambition to diffuse liberal norms and principles“. This self-perception clouds the EU's judgment of the changes in the international system, and subsequently, the intentions of China and Russia. As a result, the EU fails to adjust its foreign policy to adequately respond during diplomatic crises (ibid., p. 433).

Another bloc of critique of NPE considers the ‘normative power Europe’ concept to be a ‘Euro-centric’ narrative (Fisher Onar and Nicolaïdis 2013, p. 285) with hegemonic traits (Diez 2013, p. 194) that needs to be overcome by shifting the central focus from Europe. Similarly, Sjørusen (2006, p. 248) emphasizes that if the EU defines itself as a „force for the good“, which might be understood as “an expression of Euro-centric cultural imperialism” since there is no common perception of „good“ as the concept varies dependent on social and cultural context. Her critique also considers the conceptual unclarity and the discrepancy between the word „normative“ and „power“.

Manners, in a response to criticism that has arisen, re-conceptualised, refined and extended the concept of normative power several times. In an attempt to tackle to criticism of scholars pointing out the difficulty of NPE to be used as a conceptual framework, he proposed a tripartite analytical method to analyse empirical policy that brings together three approaches to normative ethics: virtue ethics, deontological ethics, and consequentialist ethics (Manners 2008). This framework provides the EU with three maxims that should shape the EU’s normative power in its principles, actions, and impact: live by example; be reasonable, and do the least harm (ibid., p. 47). Living by example involves that “the EU is both normatively coherent and coherent in its policies” (ibid., 2008, p. 56). Being reasonable involves ensuring that “the EU reasons and rationalizes its external actions through processes of engagement and dialogue” (ibid., p. 58). Doing the least harm involves ensuring that “the EU thinks reflexively about the impact of its policies on partner countries and regions, in particular through encouraging local ownership and practicing positive conditionality.” (ibid., p. 59).

The first step of the analysis is to “examine the constitutive principles of the EU and how these become promoted as aims and objectives of the EU in world politics” (ibid., p. 55). The second step is to “look at how the EU promotes its constitutive principles as actions and policies in world politics” (ibid., p. 57). The third part is then to “consider the impact and outcomes of EU actions taken to promote its constitutive principles in world politics” (ibid., p. 58).

2.2 The EU’s trade policy towards China

To understand the EU’s position in negotiating CAI, it is necessary to assess its trade policy towards China. To do that, first, a small excursion into the history of EU-China trade relations is in order, because while the EU is now known for linking human rights to trade policy and having conditionality clauses in most of its new trade agreements, it has not always been the case when it comes to China. As Maher (2016, p. 963) points out, the EU’s relations with China represent a test of its commitment to its normative values, and this commitment has not always

proved to be strong when challenged by economic interests. For a long time, the EU's approach could be called almost naïve – as the EU believed that economic and social development would eventually lead China to reconsider its own and accept the European definition of human rights, democracy, and the rule of law, which has not happened (Rühlig 2020, p. 5). This is substantiated by numerous contestations from China that considers the EU statements on China's human rights situation to be an external interference. The fact that China uses the same terms but understands them differently was expressed by president Xi Jinping after EU-China leaders meeting in 2020: "There is no universal path to human rights development in the world" (China.org.cn 2020).

The EU policy towards China, after a treaty establishing diplomatic relations in 1985 was signed (Maher 2016, p. 960), can be characterized as largely inconsistent. This is mainly because of the internal disunity between the institutions and different positions of the member states towards China which represents a common source of clashes to these days. While the EU had put in place an arms embargo on China after the massacre on Tiananmen Square in 1989, there was „hardly any rupture in pursuit of commercial relations" (Zimmerman 2007, p. 820). Moreover, in 1997 it had refrained from introducing a resolution criticizing the human rights situation at the UN. This was a condition demanded by China which would in turn agree to launch a bilateral human rights dialogue that has been bi-annually held ever since (Brugier 2017, p. 203).

This is not to say that human rights play no role when economic interests are at stake in EU-China relations. The EU's attempt to change the legal framework regulating their bilateral relationship came to a rapid end in 2007, because the EU legislation requires a human rights clause to be included in any new general framework, which was unacceptable to China (Sautenet 2007, p. 699). As a result, the current relations are still based on an outdated agreement from 1985, which makes it impossible to render human rights or other political aspects binding through law (Brugier 2017, p. 204). Nevertheless, the point here is to demonstrate that the EU commitment towards its normative values can hardly be considered consistent in EU-China trade relations. This inconsistency is also something accentuated by Balducci (2009, p. 41) who analyses the goals of all the main actors behind the European foreign policy and their reciprocal influence. By analysing the institutional framework where they interact and the specific instruments and capacity they dispose of to act normatively, he shows the (in)effectiveness of European normative policy on China. One of the cases he discusses is the decision not to lift the arms embargo on China imposed on it after the Tiananmen square crackdown, which is often presented as an example of the EU normative power and unanimity. However, Balducci (ibid., p. 44) insists that it is yet another case of the inability to speak with one voice, as in the end normative result was brought about by members states' division, the pressure from the US, and internal institutional pressure.

The separation of trade and human rights issues was also notable during China's WTO accession negotiations when the EU presented a very unified stance stemming from a common strategic vision led by the pursuit of geo-economic interests (Zimmerman 2007, p. 822). Human rights proved to be divisive only for

a short amount of time, hampered by some delays after the Tiananmen Square massacre. The reason for that was the perception that the EU was behind the US and Japan in seizing opportunities presented by the quickly growing Chinese market (ibid., p. 821). With the united Commission and the Council following a realist rationale and pursuing geo-economic interests, it can be thus argued that the normative policy of the EU was in this case absent (ibid., p. 820). While the EP expressed criticism on the absence of human rights clauses in the final accession agreement, this had no impact on final ratification (ibid., p. 822). Similarly, human rights and trade represented two separate issues also during the era of the Commission's president Catherine Ashton, who noted in her progress report on EU-China relations from December 2010 that "it is hard for the EU to change Chinese society" and that "China cannot meet the EU human rights and the rule of law standards over a period of time, so the future convergence should focus on those areas where both sides share common ground" (Ling 2011, p. 118).

However, Brugier (2017, p. 203) argues that the strategic separation of trade and human rights issues is one of the EU's primary assets as a trading partner in comparison to the USA. This has become increasingly more important in relation to the recent US-China trade war stemming from import tariffs that the US imposed on Chinese goods in January 2018 because it has made China seek closer alignment with the EU (Hackler 2020, p. 252). However, due to the unstable international environment, internal disunity, and economic imbalance in favour of China (ibid., p. 253), the EU has been readjusting its attitude towards a more proactive approach to tame China's growing assertiveness (ibid., p. 251). This shift dates back to 2015 when the EU decided to review its overall strategy of strategic partnership with China that had been in place since 2003 (Brugier 2017, p. 199). The shift towards more normative policy under the hawkish leadership of the new Trade Commissioner Malmström, who noted that she wishes to „ensure that the EU strategy is not just about interests but also about values“ (EU Commission 2015, p. 5) can be remarked both on paper and in action. In March 2019, the EU published an EU-China – A Strategic outlook that characterized China simultaneously as a systemic rival, economic competitor, and cooperation partner (JOIN/2019/5 final, p. 1). This represented a change from the 2003 China strategy that has touted the mutual relationship as a „strategic partnership“ (EEAS 2013). This change of attitude has been reflected in new policy initiatives, such as the EU's connectivity initiative, 5G, or the EU investment screening framework (Hackler 2020, p. 252).

To put it all together, it can be concluded that the EU has moved from inconsistent policy towards China during the 1990s and 2000s to a largely adamant and normatively oriented policy in recent years. It has shifted from the initial discrepancy between the emphasis on normative values in the official documents but realist or even mercantilistic-oriented actions to following its normative values also on the ground. According to Maher (2016, p. 966), any inconsistency between words and actions damages the EU's credibility, legitimacy and soft power and therefore hinders its ability to project normative power. This shift, however, is much less visible in trade policy than in other

policy areas precisely because the EU is expected to prioritize strategic interests over norms in this area.

3 Operationalisation

In the following section, the framework I intend to use in the analysis part will be presented.

The normative power approach is often criticised for its conceptual and analytical unclarity, which is an argument I agree with. To contend with this critique, several attempts have been made to operationalize NPE, including Manner's tripartite analytical method described in section 2.1. In this thesis, however, normative power will be examined along three dimensions formulated by Niemann and de Wekker in their empirical framework (2010, p. 3): normative intent, normative process, and normative impact. Their framework addresses some important empirical questions that have not been sufficiently answered in previous research: what are the criteria of a normative power and how can it be observed and measured (*ibid.*, p. 6). The reason for using this operationalisation of the normative power instead of Manners', which is in some aspects similar, is because it provides clearer guidance in conducting an analysis based on the framework.

Normative intent aims to analyse the genuineness and seriousness of the EU's normative commitment, whilst the normative process examines the extent to which the EU has pursued a reflexive and inclusive foreign policy (*ibid.*, p. 4). Normative impact then shows the degree of norm development in third countries and the extent to which it can be attributed to the EU (*ibid.*, p. 4).

3.1 Normative intent

To find out the extent of normative intent, one must assess how genuine is the EU normative commitment. As Niemann and de Wekker (*ibid.*, p.7) point out, a real normative power acts for good, it does not use normative rhetoric to cover its self-interest agenda.

3.1.1 Centrality

The first step in assessing the normative intent is to observe the centrality of the norms related to the country/matter in question in the EU. The degree of the centrality can be observed by the occurrence of the certain terms in analysed documents and how central they are in speeches of the EU officials. However, this thesis will not focus on discourse analysis. It will only use the speeches as an

example and accentuation of the degree of the centrality of the terms in the documents since it is to be expected that norms central to a strategy will be mentioned more by the officials.

If the EU norms are central in relations with third countries, it is likely that the normative intent is high. Conversely, if the norms were downplayed in relations, genuine normative concern by the EU is not likely (Niemann and de Wekker, p. 8). It also needs to be answered whether the projected norms serve or hurt the EU's interests (*ibid.*, p. 8). If the projected norms go directly against EU interests, that will represent a powerful counterargument against scholars who consider the EU's normative power to be cultural imperialism in disguise (Manners 2002, p. 253). More importantly, however, it would be proof of normative commitment.

3.1.2 Consistency and coherence

A consistent approach also shows the degree to which is the EU committed to its normative goals. Consistency refers to whether the EU applies the same approach towards the analysed third country internally (towards its own members) as well as externally (towards other third countries). Furthermore, the investigation of whether the normative rhetoric is also followed by actions and adequate foreign policy decisions or whether there is a discrepancy between words and actions is in order. In case the EU applies double standards, this would mean that norms do not constitute the most important criterium when making decisions (*ibid.*, p. 8). Whether the EU adheres to its norms internally can be examined through legislation, such as whether the norms are enshrined in the EU Treaties (Groothuis and Niemann 2012, p. 9). To find out whether the EU also adheres to these norms externally, it is useful to look at the various conventions and agreements the EU has acceded to, as well as whether it makes a party to any of the international institutions promoting the norms.

This is related to coherence, which is similar to inconsistency but goes beyond it. Inconsistent behaviour does not automatically mean incoherence, as long as the EU provides a valid justification for double standards (Niemann and de Wekker 2010, p. 8).

3.1.3 Actions and reactions

Third, in their case study on the EU in its relation to the US in a policy field of counter-terrorism, Groothuis and Niemann (2012, p. 7) add a point relating to reaction time. How quickly or slowly the EU reacted to China's human rights violations/environmental violations could be an indicator of how strong its normative intent is, but the way the EU reacted is more important. This is why in this thesis, instead of reaction time, a type of reaction will be analysed.

3.2 Normative process

The second dimension examines whether the EU is inclusive and reflexive. That means that it has to be able to reflect on external changes and adjust its foreign policy accordingly (Niemann and de Wekker 2010, p. 9).

3.2.1 Inclusivity

The term inclusivity refers to how much the EU recognizes the views of external actors who will be affected by its foreign policymaking (Bicchi 2006, p. 288). Additionally, external actors should be given a role during the process. In her view, inclusiveness is important in analysing whether the EU normative policy is truly normative or Eurocentric. Truly normative power, as defined in Manners' original article, promotes universal values and is relational, which means that it must give voice to people outside the EU and empower actors affected by its foreign policy (ibid., p. 289). If the EU promotes European-only values, it does not represent a normative power, but a 'civilizing power' that projects its own understanding of the norms onto the others (ibid., p. 287).

3.2.2 Reflexivity

Reflexivity refers to the ability of EU foreign policy makers to „critically analyse the EU's policy and adapt it according to the effects the policy is expected to have on the targeted area" (Bicchi 2006, p. 288). This means that the EU should avoid applying routine-based EU-tailored solutions to other areas with different history and regimes, and instead, it should take into account the context and adapt its foreign policy accordingly. Bicchi (ibid., p. 289) asserts that the EU must have a reflexive attitude, which means that it must reflect on the internal and external impact of its actions, and it must be open to learning and changing its opinion when faced with better arguments. In practice, this means that the EU should be able to reflect on its policies and correct them in case they are not optimal, also with regard to external changes in the world.

3.3 Normative impact

Niemann and de Wekker consider the external impact a crucial part of the normative power as they refer to the original definition of NPE to be „the ability to define what passes for ‘normal‘ in world politics“ (Manners 2002, p. 236). However, it is not an easy task to find out whether a normative change towards the norms promoted by the EU occurred, especially in countries with ‚black-box‘ regimes like China. Niemann and de Wekker acknowledge that normative change may only be approximated and suggest several steps to investigate it.

Firstly, they suggest examining how much are norms referred to in the media and political discourse of the country. According to Schimmelfennig and Sedelmeier (2005, p. 8), the norms becoming a part of the discourse can be understood as the first sign of norm adoption. Nevertheless, this kind of analysis would not bring useful results in the case of China, given the fact that the media is controlled by state propaganda.

The next step in the analysis is to assess whether the legislation of the country was amended toward the norms advocated by the EU, whether the legislation has brought changes in practice, and if so, whether this has been induced by the EU. Once again, the second part is not so easy to assess because there are several forces with normative ambitions at play, such as the EU, the US, and the UN. These forces may act in conjunction, and it may be hard to distinguish which norm was induced by which actor and what actions led to which result. One way to overcome this problem would be to track the discourse and see whether the EU was explicitly mentioned in relation to some of the norms, and also to take into account the timing of the EU engagement and the potential norm change (Niemann and de Wekker 2010, p. 11).

Given the scope of this thesis and the lack of verifiable data for the analysis in line with Niemann’s and de Wekker’s framework, the normative impact will be analysed in a different way. Firstly, the overall impact of the EU normative power in trade policy will be analysed by comparison of the situation in 1995 when the Commission issued its first paper on China with today’s situation. Secondly, the CAI agreement has not been ratified and therefore, no real impact could have taken place. Thus, instead, the potential impact of the agreement on the adoption of the EU norms in China will be analysed.

4 Methodology

This next section intends to present the research design and methodological approach used in this research. Afterwards, a choice of empirical material will be explained, followed by the acknowledgment of the limitations and strengths.

Before the explanation of a research design, a clarification on the ontological and epistemological position of this paper should be provided, since it is crucial in shaping the author's choice of theory and method. The ontological position reflects our view of the nature of the world and determines the epistemological position that represents our view of what we can know about the world (Furlong and Marsch, p. 185). This thesis is built on an anti-foundationalist ontological position and interpretivist epistemological position suggesting that the world is socially constructed and cannot be understood without being further interpreted by the researcher. For a research-based on these philosophical stands, qualitative studies are usually used, which is a selected design for this thesis as well.

4.1 Research design

The research design for this study is a qualitative single case study based on a deductive theory approach. The definitions of case studies in the literature vary, but most of them describe them as an approach used to generate an „in-depth, multi-faceted understanding of a complex issue in a real-life context“ (Crowe et al 2011, p. 2).

The benefit of using case studies is attributed to comprising more details, richness, and depth that allows the researcher to gain a deep understanding of the topic (Flyvbjerg 2011, p. 301). Furthermore, Flyvbjerg (ibid., p. 301) points out that cases focus on the context and typically evolve over time, often as “a string of concrete and interrelated events”. Case studies are particularly useful when investigating ‘what’, ‘how’, and ‘why’ types of questions, such as ‘how is the intervention being implemented on the ground?’, while they can also show the gaps in implementation or which implementation strategy would serve better (Crowe et al 2011, p. 4). Relating this to the topic of this thesis, a case study is as an appropriate choice of research design as it can show how are the normative EU strategies translated into actions in trade policy towards China, and if they are not, where are the gaps. The biggest advantage of using the case study approach is, therefore, that it fits the research purpose of this thesis.

There are some limitations to using case studies. One of the most repeated ones is that they provide little basis for generalisation. The counterargument to this is that the main aim of case studies is to provide in-depth knowledge about one phenomenon. However, it is likely that the results for China will have some implications for the EU normative power towards other Grand Powers with different values. This is because the countries resemble each other in their characteristics and consequently, the EU approach towards them is in some respects similar as well.

4.2 Research method

The research method to be used in this thesis is a document analysis, which is, as Bowen (2009, p. 27) defines it, „a systematic procedure for reviewing or evaluating documents“. Documents that might be used for document analysis can be of various sorts, for example, books, diaries, minutes of a meeting, background papers, press releases, newspapers, etc. (ibid., p. 27). Successful document analysis will reveal overarching themes of the selected documents which will help to a deeper understanding of the problem. Document analysis combines aspects of content analysis and thematic analysis, as it involves skimming, reading, and interpretation (ibid., p. 32). Content analysis involves identifying relevant passages of text or other data and organizing them into categories, which in some cases involves quantification in terms of word-frequency count. While the number of times a certain term is mentioned in a document might point out to its importance, an analysis comprising only this would be simplistic and possibly faulty as it does not account for synonyms or different meanings of a word (Stemler 2001, p. 2). This is however not the case here since „human rights“ and „sustainable“ have only one meaning. Word count, however, make up only one part of content analysis, since the most important is reviewing the documents and identifying parts relevant to the topic. The thematic analysis involves identifying patterns across different data and uncovering underlying themes (Fereday and Muir-Cochrane 2006).

This thesis will follow an a priori coding, where categories are established before conducting the analysis. These categories are represented by norms as defined by Manners, although only two norms will be used for this analysis.

As for every method, there are some advantages and limitations to document analysis. One of the advantages is that it represents an efficient and less time-consuming method since it requires data selection instead of data collection (Bowen 2009, p. 31). Data for this thesis is publicly available and since it has already been gathered, they are „unobtrusive and non-reactive“, hence unaffected by the research process (ibid., p. 31). Furthermore, when they are analysed within the context they are grounded in, documents are a rich source of information (Love 2003, p. 86). However, the researcher must keep in mind the original purpose of the documents and the intended audience (Bowen 2009, p. 38).

Document analysis can be an especially useful tool when tracking change and development since the researcher can identify the changes by comparing drafts of a particular document or periodic reports.

Possible shortcomings of the document analysis include 'biased selectivity'. Given that the selection of documents is dependent on the researcher, there is a risk of bias (Yin 1994, p. 80). In this thesis, this risk is diminished by the fact that there is a limited amount of the important strategic EU documents related to China and trade during the analysed period.

Secondly, since the documents are not created specifically for the research, they might not be sufficiently detailed to answer the research question (Bowen 2009, p. 31). This is where the researcher's interpretative skills, as well as secondary sources such as previous literature, come in.

Therefore, the way document analysis will be conducted in this research is by applying the operationalization framework of normative power to various documents. I will be analysing the EU documents by looking for EU norms and indications of normative values by following the operationalization framework by Niemann and de Wekker and by connecting them to secondary literature. This analysis should show similarities, differences, and general patterns across the documents and as such, reveal underlying themes: in this case how normatively the EU acts in trade policy towards China.

4.3 Case selection

As mentioned before, this case study aims to analyse trade and investment policy towards China, and especially the CAI. This policy was chosen because it is a traditional area in which the EU links human rights to trade liberalization and agreements, and as such, promotes its normative values. Besides that, as Meunier and Nicolaidis (2006, p. 907) note, trade seems to be the most effective non-military mode of action that has made the EU a relevant actor on the global scene, as it holds a leadership position in the global economy as the world's largest economy (Hoang 2015, p. 182). Therefore, since the EU has the most impact on trade, it would be logical for its normative power to be particularly strong in this area. The fact that the EP has veto power in trade agreements also gives the EU a strong predisposition to act as a normative power.

On the other hand, trade policy is a very challenging area for the EU to be a normative power in since the clashes between economic interests and normative values are the most pronounced. As such, it has the biggest potential to show how effective – or ineffective – is the EU normative power when facing pressure from powerful countries.

Despite the reasons given above, the studies examining the normative dimension of the EU foreign trade policy are still scarce, as normative interests in trade are often simply dismissed because the EU is seen as protecting its strategic

interests by default (Zimmerman 2007, p. 813), which is another reason for focusing on trade policy.

There are multiple reasons for choosing specifically the CAI agreement as an example of the overall EU trade policy towards China: a) it represents the most ambitious deal between the EU and China so far, b) it is a document with concrete outputs that make it suitable for an analysis, c) its negotiations have been concluded just recently and there is still a lack of research on it, d) the fact that it has been frozen over human rights abuses represents an unprecedented action from the EU signalling a change of the “business as usual” strategy in trade policy, which renders it interesting for analysis.

The time scope analysed in this thesis is 2013-2021. The reason for choosing this specific timeframe is three-fold: firstly, when Xi Jinping came to power in 2013, China’s foreign policy has started becoming increasingly assertive and its domestic stance increasingly autocratic, both of which have affected the way China perceives itself and other actors, such as the EU, in world relations. Secondly, in 2013, the ambitious EU-China 2020 Strategic Agenda for Cooperation was published, and the long-expected negotiations of the Comprehensive Investment Agreement started. The third reason is purely practical, given the complexity of EU-China trade relations and the scope of this thesis, it was not feasible to analyse the trade policy since the establishment of the EU-China relations.

4.4 Data selection

The empirical data selected for this research primarily comes from publicly available primary sources like the most important and most relevant EU documents, press statements, reports, and strategies from various EU institutions issued from 2013 to 2021 that relate to China and trade. These documents were retrieved from the public registers of the EU institutions. Firstly, the EU strategies and actions plan on China and trade are referred to. General strategies determining the EU foreign policy are also used. These documents are mostly prepared by the Commission (especially DG Trade) and the High Representative, which explains the imbalance of the number of documents per institution in favour of the Commission. Some of the documents were prepared by the European Parliament.

Secondly, the CAI agreement, the explanatory reports, and various analyses that explain the CAI agreement are used. Thirdly, tweets and speeches of the EU officials are occasionally used as an illustration of findings in the analysed documents. Furthermore, sometimes EU documents outside of the analysed timeframe are used for comparison, but these will not be analysed in detail.

This thesis also draws on news articles from credible news sources as well as the EU legislature. These documents are examined in the context of relevant academic research focusing on the EU as a normative power, EU-China trade

relations, and normative power in relation to China. Thus, secondary sources such as academic articles and books are also used.

4.5 Limitations and strengths

There are potential limitations to this thesis. The first one is the language barrier, as I do not speak Chinese. As such, this thesis cannot sufficiently implement the second step of the analysis (see section 3.2.) and risks being Eurocentric by focusing on materials issued by the EU, but not those issued by the Chinese government. Thus, as opposed to adding the outside-in perspective as suggested by Niemann and de Wekker (2010, p. 28), only the inside-out perspective is analysed. Nevertheless, while the documents of the Chinese government would add complexity and depth to this thesis, the central focus is on the analysis of the EU trade policy and this limitation, therefore, does not represent a big problem.

The second limitation relates to the fact that China is an authoritarian regime and as such, the government is in control of what messages are conveyed by media or various institutions. Therefore, there can be a gap between the way China portrays itself to the world and the real agenda and the information might be biased. However, there does not seem to be a real way of addressing this.

The third limitation relates to the third part of the analysis, the normative impact, and to the second limitation. Given the fact that China operates as a black-box state, it is difficult to find out whether there was any normative impact induced by the EU in practice. However, if there was, it can be expected that China would be very open about this as it is something that would make it easier to deepen the relations with the EU and the US and it would allow it to obtain further benefits.

Fourth, given the small scope of this thesis, not all normative norms could have been analysed. Therefore, two norms – human rights and sustainable development – were chosen for the analysis as the two most representative norms. Given the fact human rights are indivisible from the rule of law and democracy, and sustainable development encompasses social solidarity and equality, most of the norms as defined by Manners will be analysed indirectly. This selection, therefore, ensures that the analysis is representative of other norms without directly analysing them.

Taking all these limitations into account, it has been concluded the findings of this thesis should still contribute to the existing research. This is because this thesis primarily focuses on the EU and its actions as a normative power towards China, not on the Chinese perspective. Furthermore, as mentioned in the introduction, studies focusing on the analysis of normative power in specific policy areas are still relatively scarce.

5 Analysis

The analysis focuses on examining EU trade policy towards China and follows the framework elaborated in the operationalisation section. Each general part serves as a background to the following part that analyses the CAI agreement. In some cases, the analysis of the general part is sufficient, as there have been no changes during CAI negotiations. It should be noted that the entire focus of the analysis will be on the two norms of “human rights” and “sustainable development”, and the technical aspects, such as how well the agreement tackles the problems relating to trade and investment, will not be inspected. Furthermore, for more precise results, “sustainable” is used as a keyword to encompass both “sustainable”, “sustainability”, etc.

5.1 Normative intent

The importance of human rights is accentuated in the media and discourse of the EU officials far more than other norms enshrined in the EU treaties. At first glance, therefore, they seem to have a central position, but a genuine normative commitment must be seen in actions, which is why a closer look is needed. For the better orientation of the reader, the subchapter on centrality is divided into two sections: first, the human rights norm is analysed in trade policy, and next, it is analysed in CAI. The same is repeated for the sustainable development norm. Within these sections, the documents are organised chronologically according to the years of their publication.

The subchapter on consistency is divided into three sections: firstly, internal consistency is analysed, next, the internal dimension of the actions and reactions is analysed and finally, the internal coherence is analysed. The same procedure was applied to external consistency. The third section focuses on consistency, coherence, and actions and reactions in relation to CAI specifically.

5.1.1 The centrality of human rights in EU-China trade policy

General documents

2013

Firstly, in 2013, the EU-China Strategic Agenda for Cooperation was jointly agreed by the EU and China and became the highest-level joint document. In this agenda, human rights are mentioned once in relation to the need to „deepen exchanges on human rights at the bilateral and international level on the basis of equality and mutual respect (EEAS 2013, p. 4) and strengthen Human Rights Dialogue (HRD)”.

In the section discussing investment and trade, human rights are not mentioned at all, implying that the EU had decided to perceive them as a matter delinked from trade. This is also substantiated by the existence of HRD created as a diplomatic compromise in 1995 to address the issue of human rights separately from trade and their continuation until the present, despite the fact that the Lisbon Treaty obliges the EU to incorporate its values into all dimensions of its foreign policy (Taylor 2020, p. 4).

2016

In 2016, two documents, the Global Strategy and the Commission’s Communication titled Elements for a new strategy on China were published. As opposed to the 2013 Strategic agenda, the Communication contains 17 mentions of human rights, assuring that values prevail over economic interests, by stating, for example, that „the promotion of human rights will continue to be a core part of the EU’s engagement with China“ and that „the EU will hold China accountable for its human rights record“ (JOIN/2016/030 final, p. 5). The Global Strategy includes 31 mentions of human rights, whilst not mentioning China (EEAS 2016).

2019

The current EU trade strategy towards China is guided by the 2019 EU Strategic Outlook that aims for a more „realistic, assertive and multi-faceted approach“ (EU Commission 2019). In this document, China’s obligations to uphold human rights stemming from its membership in the UN are emphasized. Furthermore, the engagement of the EU and China on human rights is taken as a measurement of their mutual relationship, and the deteriorating human rights situation is mentioned explicitly in relation to Xinjiang and Hong Kong (ibid., p. 2). Overall, the tone of the strategy is notably more realistic than the tone of previous strategies, with total 8 mentions of human rights.

2021

In September 2021, the EP published a new China strategy that very strongly condemned Chinese countersanctions on the EP officials after the EU sanctioned China for human rights violations (EP 2021). The EP is however traditionally a

very strong advocate for human rights and it is thus not surprising that „human rights“ were mentioned 50 times.

Discourse

In regard to political discourse, human rights in relation to China are very often referred to by EU officials. The discourse began to toughen notably after the crackdown in Hong Kong and revelations about human rights abuses in Xinjiang. The strongest statements are unsurprisingly coming from the EP officials, most recently in the case of CAI criticised for its non-addressing of human rights and subsequently China’s sanctions. For example, the EP President Roberta Metsola tweeted (Twitter 2021): „China's sanctions on MEPs, the Human Rights Subcommittee, and EU bodies are unacceptable and will have consequences.” On the other hand, the Commission’s president’s statements are more careful. Ursula von der Leyen in her State of the Union address in 2020 said that the EU will support open and fair trade across the world: “Not as an end in itself – but as a way to deliver prosperity at home and promote our values and standards” (SOTEU 2020) but has not mentioned China in relation to human rights. In the 2021 State of the Union Address, she reiterated that “human rights are not for sale” and that ban on products made by forced labour will be proposed (SOTEU 2021).

Specific documents related to trade policy

2013-2021

In relation to specific trade policy, the Commission’s “Trade for All” strategy from 2015 contains 26 mentions of human rights that are in most cases mentioned as a part of sustainable development (EU Commission 2015). DG’s Trade Strategic Plan for 2016-2020 and 2020-2024 both contain 11 mentions of “human rights”. Both plans include “human rights” as a part of “a sustainable approach” objectives, but do not address it separately (DG TRADE).

The new Trade Policy Review published at the end of 2021 describes trade as “one of the EU’s most powerful tools” and mentions human rights 7 times, out of which one of the occasions refers to a new global rights human sanctions regime that allows the EU target both state and non-state actors (COM(2021) 66 final, p. 17).

5.1.2 The centrality of human rights in CAI

The final version of CAI does not include any direct mentions of human rights. They are mentioned only indirectly in Article 2 of Section IV: “Each Party agrees to promote responsible business practices [...] taking into account relevant internationally recognised guidelines and principles, such as the UN Guiding

Principles on Business and Human Rights” (EU Commission 2020). Human rights as such are, therefore, omitted from the agreement, if analysed in a vacuum. However, the final agreement is a result of negotiations that had to respect EU strategies, positions on China, and strategies related to trade policy, as well as fundamental values enshrined in founding treaties.

It should be noted that the agreement has been subject to critique from the EP as well as human rights organisations especially because it does not include any human rights clauses. In January 2021, 35 organisations have launched a Joint Appeal to include such a clause in CAI, referring to Article 21 of the Lisbon Treaty that bounds the EU to conduct its external action in line with the EU values (FIDH 2021). This is also related to the fact that the number of human rights abuses has been on the rise since the launch of negotiations in 2013.

The Sustainability Impact Assessment (SIA) published in May 2018 assessed how “the investment provisions under negotiation could affect economic, social, human rights and environmental issues in the EU and China” (Ecorys Nederland, Oxford Intelligence, TNO, Reichwein China Consult p. 5) In relation to CAI, it states that since the agreement will not include any specific human rights provisions, any impact on human rights will be indirect and depending on the country context: “Human rights impacts – either positive or negative – will largely depend on the existing level of protection through laws and policies in host countries” (ibid., p. 7). The indirect effect might include the potential spill-over effect from labour- and environment-related aspects of the sustainable development chapter (ibid., p. 8).

From the paragraphs above, it is clear that the centrality of human rights in the general EU strategy towards China has increased since 2013, at least on paper and in discourse. However, when it comes to external trade policy, human rights are on the periphery. This can be substantiated by the fact that even though the EU established practice of including human rights clauses in its trade agreements since the 1990s, such clause has been omitted from CAI (Bartels p.1).

Some analysts have pointed out that even though the CAI itself does not address human rights, the EU normative power remains great in this regard as the EU moved towards a tougher position on China overall, with the implementation of the global human rights sanctions regime, the screening of FDI, and EU toolbox to secure 5G networks (Esteban and Iglesias 2021). However, only the sanctions regime can be understood as promoting normative values, since the latter two mostly serve to protect the EU interests. The global human rights sanctions regime has been effectively applied against China, but not in relation to CAI.

Therefore, it can be concluded that the centrality of human rights is low, both in general and in CAI specifically.

5.1.3 The centrality of sustainable development in EU-China trade policy

It can be expected that the norm of sustainable development would be easier to promote for the EU than other norms like democracy and human rights. This is because there is a convergence between the EU's and China's strategies since sustainable development represents a common goal, and as such is not as controversial as the promotion of human rights and democracy in China.

The environment is now one of the most important Chinese policy priorities and the development of clean and renewable energy is one of the pillars of Chinese strategy for a transformation to a low-carbon economy (Ling 2011, p. 127). If the EU wants to achieve sustainable development goals (SDGs) and Paris Agreement targets, it needs to cooperate with China on this issue – as China is the largest CO₂ emitter (Statista 2021) and any progress achieved without it would not be sufficient. Similarly, the EU has been using its position as an environmental leader to get China to the negotiating table, which is an example of effective normative power. The importance of sustainable development in EU policy is substantiated by the fact that the latest strategies related to trade and China place it at its core.

General documents

2013

The 2020 Strategic Agenda for cooperation devotes an entire chapter to sustainable development, which, as opposed to human rights being mentioned once, signals that sustainable development has greater centrality (EEAS 2013). All in all, there are 20 mentions of „sustainab“.

2016

The Global Strategy from 2016 contains 35 mentions of „sustainab“, especially in relation to implementing SDGs where the EU will „lead by example“, but China is not mentioned (EEAS 2016, p. 40).

The Elements for a new EU strategy published in 2016 contains 22 mentions of „sustainab“, referring to the need to strengthen the cooperation with China in order to help it tackle environmental challenges. It also states that the EU has to „engage China in a regular dialogue on the implementation of the 2030 Agenda and its Sustainable Development Goals” and “continue actively to support and encourage economic, environmental and social reforms in China towards a more open, sustainable and inclusive growth model”, which shows its normative goal (JOIN/2016/030).

2019

The strategic outlook from 2019 with 22 mentions of „sustainable“ states that „the EU's and China's shared commitments and interest in global sustainable development and the 2030 Agenda present opportunities for closer cooperation”

(JOIN/2019/5). It reiterates the need to promote sustainable economic development and other UN goals.

2021

The new China strategy from the EP published in 2021 mentions the need to foster sustainable development – and trade – eight times. It appreciates, in relation to CAI, the market-related efforts of the Commission to address shortcomings in the level playing field and sustainable development but reiterates that “trade relations do not take place in a vacuum” (EP A9-0252/2021, p. 16). In the same context, it also urges China “to take concrete action towards the ratification and implementation of the four outstanding fundamental Conventions of the International Labour Organization (ILO)” and “to abide by international standards including with regard to its impact on climate, the environment, biodiversity, poverty, health, labour rights and human rights” (EP A9-0252/2021 p. 7).

Specific documents related to trade policy

2013-2021

In relation to specific trade policy, the Commission’s “Trade for All” strategy from 2015 contains 38 mentions of “sustainab” and introduces a new approach that “involves using trade agreements and trade preference programmes as levers to promote, around the world, values like sustainable development, human rights, fair and ethical trade and the fight against corruption” (EU Commission 2015, p. 5). It reiterates the importance of sustainability impact assessments that are carried out during the negotiations of major trade agreements. A chapter devoted to promoting sustainable development, human rights and good governance explains that recent EU FTAs (free trade agreements) automatically include provisions on trade and sustainable development that the EU has to make sure are “implemented and used effectively” to achieve change on the ground (EU Commission 2015, p. 22).

DG’s Trade Strategic plan 2020-2024 contains 67 mentions of “sustainab”, which is an increase from 24 mentions in DG’s Trade Strategic plan 2016-2020. A specific notion that “DG Trade pushes areas that are important in terms of EU values such as sustainable development and the link to the protection of human rights” is included (DG Trade 2020, p. 14). In the Communication from the Commission on trade, it is explicitly mentioned that the EU „strives to ensure trade policy helps promote sustainable development through trade and investment agreements” (DG Trade 2020 p. 19).

The term “sustainab” is with 74 mentions one of the founding pillars of the Trade Policy Review from 2021. In the preface, it is stated that the new trade policy must “promote greater sustainability in line with its commitment of fully implementing the UN Sustainable Development Goals” (EU COM(2021) 66, p. 5).

Discourse

In regards to discourse, just like in the case of human rights, the phrase „sustainable development“ and other terms falling within SDGs can often be heard from EU officials. The Commission’s president in her 2021 and 2020 State of the Union speech mentioned sustainable development, climate change, labour and other aspects that fall under sustainability several times (SOTEU 2020; SOTEU 2021). The commitment to the sustainable development was also reiterated during the EU-China Summit in 2020, where the President of the EU Council, Charles Michel emphasized the need to work together with China on SDGs and climate action, but also said that: “[...] we have to recognise that we do not share the same values, political systems, or approach to multilateralism. We will engage in a clear-eyed and confident way, robustly defending EU interests and standing firm on our values” (EU Council 2020).

The Commission applies a holistic approach to implementing SDGs, which is not the case for human rights. Sustainable development also plays a central role in trade policy, meanwhile, human rights are mentioned only as a complement to sustainability. Interesting, although not surprising, is also the fact that the EP mentions „human rights“ much more than „sustainable“ as opposed to the Commission.

5.1.4 The centrality of sustainable development in CAI

The final version of the CAI involves an extensive chapter on sustainable development with parties reaffirming their commitment to “promote the development of investment in such a way as to contribute to the objective of sustainable development” (EU Commission 2020, Sub-Section 1, Article 1). This includes corporate social responsibility, responsible business practices (ibid., Sub-Section 1, Article 2), and the importance of assessing the impact of the implementation of the agreement on sustainable development (ibid., Sub-Section 1, Article 3). Furthermore, the agreement recognizes „the right of each Party to determine its sustainable development policies and priorities, to establish its own levels of domestic labour and environmental protection” as well as non-lowering of environmental and labour standards which is a practice done in order to attract more FDI (ibid., Sub-Section 2, Article 1). Parties also agreed to enhance labour aspects of the sustainable development, by promoting investment policies which further the objectives of the Decent Work Agenda: “a human-centred approach to the future of work, adequate minimum wages, social protection and safety and health at work” (ibid., Sub-Section 3, Article 5). Furthermore, both parties are committed to implement the International Labour Organizations (ILO) Conventions they have ratified and work further on ratifying others on “their own initiative” (ibid., Sub-Section 3, Article 4). It should, however, be noted that there are no

enforcement mechanisms or timeframe that would make sure that actions will follow.

The SIA by default focused on sustainability impacts arising from the EU-China agreement. It concluded that social impacts will “stem from the impact of labour related provisions of the agreement, changes in the government’s approach to social rights as a result of increasing international exposure, transparency and openness, and as a result of the expected increase in FDI” (Ecorys Nederland, Oxford Intelligence, TNO, Reichwein China Consult 2017, p. 7).

While the sustainable development represents one of the three main pillars of the agreement, it has been criticised as much as the lack of provision relating to human rights precisely because of the lack of enforcement mechanisms and sanctions. In conclusion, the centrality of sustainable development is high both in trade policy in general and in CAI, especially in comparison to the centrality of human rights norm.

Year	Published by	Document	„Human rights“	„Sustainab“
2013	European Commission	EU-China Strategic Agenda for Cooperation	1	20
2015	European Commission	Trade for All	26	38
2016	European Commission + HR/VP	Elements for a new EU strategy on China	17	22
2016	European Commission	Global Strategy	31	35
2016-2020	DG Trade – European Commission	DG Trade Strategic Plan	11	24
2019	European Commission + HR/VP	EU-China – A Strategic Outlook	8	22
2020-2024	DG Trade – European Commission	DG Trade Strategic Plan	11	67
2021	European Parliament	A new EU-China Strategy	50	8
2021	European Commission	Trade Policy Review	7	74

Table 5. 1 Frequency of "human rights" and "sustainab" in the analysed documents

5.1.5 Internal consistency

The first step to assess internal consistency is to see whether the analysed norms are referred to in the treaties and international documents. It is clear that the EU adheres to respect for human rights because it is one of its founding values enshrined in Article 2 of TEU (TEU Art. 6). Furthermore, the general principles of the Union's law are based on the Council of Europe's European Convention of Human Rights (TEU Art. 6(3)). The protection of human rights is also enshrined in the Charter of Fundamental Rights of the EU. The norm of sustainable development is enshrined in Article 37 of the Charter of Fundamental Rights of the EU, TEU, and TFEU (TFEU Art. 11, 37; TEU Art. 6, 21). Thus, it can be concluded that on paper, the EU subscribes to these norms both internally and externally.

Secondly, the internal consistency is affected by the differing positions of the EU institutions. Often, resulting inconsistencies are not visible from the outside, however, the case of China has drawn a lot of attention over the years, and it can be therefore said that the potential discrepancies are closely followed not only by researchers but also media and the public. The EP acts as the most adamant advocate for upholding values, while the Commission often gives priority to economic and strategic concerns, as can be seen in the CAI negotiation (Leeg 2014, p. 337). Differing positions in the Council are not surprising, since member states have been disunited in their approach to China for a long time. There has, however, been a growing convergence over the last four years, especially since the onset of the Covid-19 crisis (ECFR 2020, p. 1). The image of China in Europe is therefore currently predominantly negative, with Nordic countries such as Sweden and Western countries such as France having the most negative views and the Eastern countries such as Latvia the most positive (Turcsányi 2020). This emerging consensus on China is among others related to a shared sense of economic imbalance and political concerns related to human rights violations in Xinjiang and in Hong Kong (ECFR, p. 7). Nonetheless, it should be noted that trade with China is viewed predominantly positively by most countries (*ibid.*, p. 3).

5.1.6 Actions and reactions – internal dimension

Another important point that affects internal consistency, and, in consequence, legitimacy, is how are the words followed by actions, how are the norms upheld in EU member countries, and how the EU reacts to potential failures. It also depends on which EU member countries do not comply with the norms, as some of the states (such as Germany or France) are from the external perspective under more scrutiny than others (usually smaller ones). This is related to Mattlin's argument about the loss of moral high ground as a result of the war on terror, after which China lost the respect it had for the Western political system. This was caused by infringements on human rights, such as assisting the USA in secret detentions and

deportations of terrorism suspects or ingrained social racism towards the Roma minorities (Mattlin 2012, p. 191). In the light of the new events, the recurring refusal of judgments by the ECHR and EU law defiance by Hungary and Poland with respect to their human rights violations cannot be understood as effective exercising of normative power within the EU borders that would lead to gaining this respect back. Seen from the Chinese perspective, the EU calling for the respect of human rights in China at the same time when LGBTQ-free zones in Poland are being built and when refugees are trapped in a forest on the Poland-Belarus border might therefore be seen as hypocritical. The process of democratic backsliding that affects human rights in Hungary has been going on throughout the whole analysed period of negotiation, while in Poland it started in 2015 (Przybylski 2018).

A similar situation can be seen in relation to the sustainable development norm. The EU displayed a strong commitment to this norm when it ordered Poland to close the coal mine Turów operating near the borders with the Czech Republic and causing environmental damage to Czech villages. However, it should be noted that the decision of ECJ imposed a daily fine on Poland for refusing to close the mine has been ignored by Poland, and the issue ended with Czech authorities withdrawing the case. Thus, while demonstrating normative intent, there has not been an outcome directly induced by the EU. Obviously, it cannot be said that the EU ignores any of these or other problems within its own borders, but the discrepancy between strong words and actions is in this case obvious and having normative intentions without having normative impact does not make a normative power. It might cause China to think that if respect for the norms is lacking in the EU member states, the EU will not have the capacity to enforce them in relation to China, which is proving to be true so far.

The analysis, in this case, has not been exhausted as the two situations only serve as an example to show the internal inconsistency of the EU. There might be other examples proving the opposite, the EU being consistent towards its members, but the fact that any kind of example proving EU inconsistency exists is what matters, because the EU should act consistent in all cases. Therefore, the EU is not internally consistent in relation to the human right norm, while it is more consistent in relation to sustainable development.

5.1.7 Internal coherence

In case there are inconsistencies found in the EU's normative commitment, the next step is to assess its coherence. Since it was concluded that the EU is internally inconsistent in applying human rights standards in countries like Poland and Hungary, it should be asked whether there is any valid justification for that. From a legal point of view, there does not seem to be one, because these two norms represent absolute rights, and no derogation is thus permitted. This follows from Article 3 of ECHR, Article 4 of the Charter of Fundamental Rights, as well as the ECHR case law (Groothuis and Niemann 2012, p. 16). Given the fact of

how important these two norms are, no justification can be found from the political perspective either. Thus, it must be concluded that the EU acts incoherently when it comes to human rights standards in relation to its own member states.

5.1.8 External consistency

The external consistency of the EU can be shown by investigating how it treats China and how it treats other Grand Powers, such as Russia, the US, or India in relation to trade.

Firstly, it should be noted that the US itself is often considered to be a normative power, and since it is built on similar values as the EU, there is less incentive to promote norms than in other countries. Furthermore, even though there is no free trade agreement between the US and the EU and the negotiation TTIP ended without a conclusion, the US is the EU's largest trade and investment partner (EU Commission 2022a). As for India, just like with China, there is a battle of norms going on, although to a smaller degree. In FTA negotiations, India objected to the inclusion of non-trade related clauses in the agreement, which led the Commission to cut back on its normative goals and push for an economic-only agreement (Leeg 2014, p. 347). In the case of Russia, the trade relationship is based on the 1997 PCA agreement, further attempts to negotiate a new agreement have been suspended due to military aggression in Ukraine in 2014. In this case, it could be argued that the EU acts as a normative power, but one needs to keep in mind that Russia's market does not offer equally big potential as the one of China or India. In relation to China, the EU acts similarly as when it comes to India – it is careful about balancing normative and economic concerns, with the Commission pushing the economic agenda and the Parliament making sure that the normative concerns are not disregarded.

Thus, from this short analysis it can be concluded that the EU acts in a similar manner vis-à-vis other Grand Powers besides China that have values different than its own in relation to trade policy and it is thus externally consistent. Thus, its coherence in this regard does not have to be examined.

5.1.9 Actions and reactions – external dimension

The last part of the assessment of the normative intent is examining the way the EU reacted to external human rights violations/violations relating to sustainable development.

Before analysing the EU reactions, it needs to be examined how are the words and EU strategies translated into action and concrete policy proposals since the reactions should follow the strategies. Panebianco (2006, p. 138) states, in reference to EU-Russia relations, that “political discourse seems to prevail over

concrete political measures”. This seems to be applicable to EU-China trade relations as well. Despite the allusions to human rights in political discourse and the EU documents analysed above, they fail to be transported into actual policy proposals related to trade. Rather, they are being discussed in a vacuum, for example through HRD. As a result, human rights abuses are criticized through political statements, but in most cases, the “business as usual” approach continues.

HRD are often criticised by human rights organisations, scholars, and internal EU assessment for the lack of progress, caused by the fact that China is trying to obstruct all aspects of the dialogue (Taylor 2020, p. 5). Mattlin (2012, p. 189), for example, states that HRD „has become the only venue where the EU is still trying to maintain at least a facade of a commitment to human rights“, which is now seen as a partial failure. In 2017, 10 human rights organisations called for cancelling the HRD until they can bring genuine human rights improvements (Human Rights Watch 2017). It could be argued, however, that the EU has grown more rigorous in its actions in recent years, which is in line with the general realignment of its China policy.

If we look at the EU’s most recent reactions towards China’s violations of human rights, they have been inconsistent and different as per institutions. Firstly, when China in June 2020 adopted the National Security Law for Hong Kong that would undermine the freedom of its citizens, the EU has been very hesitant in its reactions. The EU’s High Representative for Foreign Affairs Josep Borrell expressed “grave concern” over the situation, while the EU member states have not found a unified position, with Sweden being the only country that called for sanctions (Brzozowski 2020). The EU did not join a joint statement by the US, UK, Australia, and Canada criticizing China over the Hong Kong legislation, which raises doubts over its normative commitment (ibid). The EU Commission president von der Leyen stated that “the rights and liberties of the residents of Hong Kong must be fully protected“, adding that the response will be carefully discussed (Dogniez 2020). Borrell also added that the steps taken by China will not put investment deals at risk (Barigazzi 2020). Concrete measures only came at the end of July 2020. Once again, internal disunity was visible – the EP showed the most principal stance by issuing a resolution condemning the closure of the Beijing-critical newspaper *Apple Daily* in July 2020 and a resolution condemning the human rights abuses in January 2022 (EP RC-B9-0385/2021; EP RC-B9-0067/2022). The reaction of the Commission and the Council can be, on the other hand, described as feeble, especially at the beginning. The strong normative stance of the EP can be proved also by the fact that it had sent its delegation to Taiwan in November 2021 (Hale 2021).

A different reaction from the Council and the Commission was seen in response to the situation of Uyghurs in Xinjiang when the EU targeted China with sanctions. This can be seen as a major change in attitude since the EU has not issued sanctions on China since the Tiananmen massacre in 1989. The EU is also preparing a ban on forced labour products, a move that is meant to eradicate forced labour worldwide but has been discussed especially in relation to Xinjiang (EU Commission 2022b).

If we look at the sustainable development norm, we can see that it is being reflected in the EU's trade policy with more will, perseverance and greater success than human rights. The EU is, therefore, more committed to promoting sustainable development norm than human rights norm arguably because there is a bigger chance of norm adoption by China. This is not to say that promotion of sustainable development poses no problems, but it is easier than the promotion of human rights. Overall, the EU is slowly advancing from demonstrating its normative intent on paper only also to demonstrating it in actions, while it is still acting more effectively in the field of sustainable development.

5.1.10 Consistency and coherence in CAI

In order to see whether the EU was consistent and coherent in relation to CAI, it can be compared with other agreements it has concluded for example with Japan, Korea, Canada, and Vietnam, because of their similar structure. The agreement is not to be compared section by section, but only important similarities or differences in relation to the promotion of norms will be highlighted. A problem that such comparison poses is that the EU has never before concluded a trade and investment agreement with a country with so fundamentally different values, and some differences are therefore to be expected. Furthermore, CAI is not a free trade agreement – but since it mirrors part of the aforementioned FTA the EU has concluded, the comparison is still logical.

Firstly, the structure of the FTA agreements and CAI is similar in that they all belong to the second generation of trade agreements, which means that they also cover other areas like investment, sustainable development, or labour (Godement 2020) besides trade. This points to the fact that the EU acts in a consistent way when it comes to concluding trade agreements in recent years.

Secondly, the required commitments towards sustainable development and a process for dispute resolution are rather weak in CAI, which was also the case with Korea and Japan. Just like China in CAI, Korea was obliged to “continued and sustained efforts towards ratifying fundamental ILO convention” (FTA between the EU and the Republic of Korea 2010), which, however, in the case of Korea led to a failure and a breach of labour. This signals that weak wording to ratify ILO Conventions amounts to little in practice even in a democracy like South Korea, and it can be thus hardly expected that it will have any bigger normative impact in China that cannot be considered democratic (*ibid.*).

Therefore, it can be concluded that the EU was consistent in structuring CAI in accordance with the second generation of trade agreements, which also means that it opted for an equally ineffective approach in terms the commitments and a conflict resolution process.

5.1.11 Actions and reactions – CAI

The deterioration of the situation in Xinjiang and China's subsequent retaliation sanctions led to a rapid and rigorous reaction of freezing the CAI agreement by the EP. This is an unprecedented reaction that has linked human rights and trade and can be interpreted as a reaction normative power would be expected to take, which is the reason why it should be analysed in more detail.

The EP froze the discussion on ratification of CAI because of Chinese countersanctions imposed in March 2021 on several European entities and political representatives, including five members of the EP (EU Parliament 2021). These sanctions were a retaliation to the EU decision to impose restrictive measures on some of the Chinese individuals over human rights abuses of Uyghurs in Xinjiang under the new EU Global Human Rights Sanctions Regime (EU Council 2021). The EU sanctions were extended and are currently still in place, and the EP repeatedly stated that the potential decision of China to lift the sanctions will be “without prejudice to the final outcome of the CAI ratification process”, as the endorsement will be rather dependent on the human rights situation in China and Hong Kong (EU Parliament 2021).

However, the human rights situation for Uyghurs in Xinjiang was not radically different in 2013 when the negotiations were launched, which once again signals the change in the EU strategy towards more normative thinking. Before the EP froze the CAI, these two matters were taken separately.

The turn towards more normative foreign policy can also be backed up by the fact that the EU is going against its own interests since it is willing not to go forward with a deal that would mean a better level playing field for the investors from the EU. This represents one of the supporting conditions in line with normative behaviour as defined by Niemann and de Wekker. Even though we do not know yet whether the agreement will be ratified after China has lifted its sanctions, for now, the level of normative intent in relation to the EU reactions can be classified as high in the case of the EP and medium in the case of other institutions.

5.2 Normative process

Before assessing the normative process by examining inclusivity and reflexivity, the universality of the norms chosen for the analysis needs to be examined. However, the universality of the sustainable development norm and human rights norm does not have to be examined too extensively. Considering that they affect the entire world population, they cannot be understood as European-only norms. These values are embodied in a number of UN instruments, most notably the Universal Declaration of Human Rights, thus fulfilling Manner's condition to be universally applicable also formally.

5.2.1 Inclusivity

Inclusivity means that the EU should involve its partners in the process of the negotiation and listen to their views, which is something that seems to be done sufficiently enough when it comes to China. China is too big and powerful of a country not to be included, and its importance is substantiated by its permanent seat in the UN Security Council. More importantly, all the final bilateral initiatives between the EU and China are the result of a compromise, which signals that the EU aims to engage in discussion with China despite the fundamental differences in political values. Similarly, the EU also tries to engage in bilateral dialogues with China regarding issues related to the presence in third countries and multilateral settings, such as WTO. All of this is reflected in the EU's strategies on China which often emphasize the need for cooperation. When it comes to CAI specifically, China is included simply by the virtue of the argument being bilateral.

5.2.2 Reflexivity

Examining whether the EU is reflexive in its policy towards China is a rather complicated issue because the discussions happen behind a closed door. The first indication of reflexivity, however, is that the EU updates various documents regarding China, especially the EU strategies. These documents reflect the changes that happened in the world and could affect mutual relations. The EU policy towards China can of course change also based on external events unrelated to both or shocks caused by unexpected steps taken by China. In a case where the EU acts as an ideal normative power, one would expect a violation of any of the universal norms by China to affect the EU policy in some way, for example.

Secondly, the way this criterion is formulated by Bicchi and Niemann and de Wekker, it relates more to the ability to anticipate adverse consequences of exporting an EU norm and adjusting the policy to these consequences. In the case of China, the question should be turned the other way around and the ability to anticipate the consequences of failing to export an EU norm must be evaluated. This could be investigated for example by the reactions of Chinese officials to situations where the EU tries to promote its norms, such as when the EP issues its resolutions regarding China. China is usually very defensive when it comes to 'interference' from others, and it can be seen using very aggressive language. Therefore, it is quite clear that China is not ready to accept EU norms as for its own, which has already prompted the EU to change its strategy in the past.

In this sense, the reflexivity the EU has shown is indicated by labels China gets in EU strategies: the change from 'strategic partner' in 2003 to 'systemic rival' in 2019 reflects that the EU has understood that its initial spill-over strategy of economic liberalisation to other dimensions will not work (JOIN/2019/5).

Another part of reflexivity is the ability to tailor the solutions based on the region and context they are intended for. This means that the EU should avoid EU-tailored and Eurocentric solutions and apply a country-specific approach. This could be a point of contention as the European and Chinese understanding of terms like “human rights” and “democracy” is fundamentally different, but this is the reason why the norms the EU is promoting must be universal and not European only. What is more important in this context is therefore not what norms the EU promotes, but how it promotes them. One way to be more reflexive in this manner is to create EU policies with a China-specific context in mind, for example by taking heed of recommendations by experts who understand both China and the EU. This is a point hard to assess as it happens behind the closed door, but some of the public information available shows that the EU is sufficiently reflexive. For example, the EU and Chinese experts collaborated on the reform of China’s social protection system, which shows the EU’s willingness to include the views of both as well as its will to “teach” and share its expertise (EU Commission 2022c).

Therefore, it can be concluded that the EU has been inclusive and reflexive at least in recent years and can adjust its policies when they are not working optimally.

5.3 Normative impact

The normative impact can only be approximated, especially when it comes to a country a closed off from the world as China. While assessing whether an actual change induced by the EU has occurred is not feasible, we can still track whether China has committed to any changes on paper. Furthermore, indicators such as how the Chinese politicians refer to norms can show the degree of internalization of the norms. Given the nature of the Chinese regime, this would normally be difficult to analyse, but the Chinese politicians are very upfront about their resistance to “Western values”. The wariness against them is one of the key points of Xi Jinping’s government ideology campaign articulated in Document no.9 which enumerated “the universal promotion of human rights”, “neoliberalism”, “media independence” or “Western constitutional democracy” as some of the dangerous perils to China (Buckley 2013). The different understanding of the values is notable for example when China refers to itself as a “consultative democracy”, that “did not duplicate Western models of democracy, but created its own” (Embassy of the People’s Republic of China in the United States of America 2021). There is therefore no doubt that there has not been any kind of internalization of these universal norms in China. The analysis below shows the comparison of the 1995 Communication paper and the current situation in terms of human rights and sustainable development. The last part then shows the potential normative impact of CAI.

5.3.1 Human rights

The first Communication on ‘A long-term policy for China-Europe relations’ from the Commission issued in 1995 focused mainly on trade and economic policies, but it also addressed issues related to human rights and sustainable development (COM (1995) 279). The Commission stated its intention “to promote a responsible and constructive Chinese role in the region” and called for “peaceful and negotiated handling of the problems in the South China Sea and on Korean Peninsula (ibid., p. 5). Two chapters are devoted to Hong Kong and Macao and raise the issue of the implementation of two Joint Declarations that ensure a high degree of autonomy to the Regions (ibid., p. 8). Fast forward to 2022, the issues discussed in the 1995 Communication are far to be resolved as they are mentioned in almost every document on China the EU issues, with the human rights situation and freedom in China that has deteriorated. Furthermore, as mentioned before, the tone of the EU documents in recent years has changed from hopeful to adamant, expressing the frustration stemming mostly from China’s unkept promises of opening its market.

This comparison illustrates how unsuccessful has the EU been in promoting the human rights norms towards China overall, in terms of impact. It could be argued that the deterioration of the human rights situation has to do with China’s growth and new assertive and ambitious foreign policy in recent years, yet there has not been any progress even before Xi Jinping’s era when China tried to keep an internationally low profile. Another proof of the weak normative impact of the EU (and other normative organisations and countries) in China is the low efficiency of the HRD, which has already been discussed above.

5.3.2 Sustainable development

The normative impact of the EU is different when it comes to sustainable development, but as mentioned before, one of the reasons for this is that China is willing to act in a more sustainable way since it is in its own interest. The 1995 Communication discussed how can the EU best help China in its efforts to achieve sustainable development and to face environmental challenges recognised by China’s Agenda 21 (ibid., p. 15), which showed the government’s awareness of the dangers of long-term environmental damage. Nevertheless, China’s economic development strategy has focused on “growth at all costs” following the argument that as a developing country, it had contributed less to global warming than other countries. Since 1995, the EU has been proactive in assisting China in the sustainable development field, leading to a gradual convergence of priorities. This can be substantiated by, for example, emissions trading or Chinese car emission requirements that are based on European regulations (Transport Policy 2022). While China’s environmental efforts are still not sufficient, a major shift came in 2016 when China ratified the Paris agreement and set emissions reduction

targets. Further strengthening came in 2020 when China announced that it will achieve carbon neutrality before 2060 (Myers 2020).

These efforts are, however, still uneven, since China is an absolute investment leader in renewable energy but fails to decrease its coal use (Dröge 2021). Furthermore, environmental considerations represent only one element of sustainable development, and social and labour standards do not seem to have improved.

The paragraphs above should not give the impression that China has not gone through any changes – after all, its economic and global rise stems from successful market reforms. While these were welcomed by the EU and other international actors, they were not induced by the EU and do not relate to its normative power.

5.3.3 Sustainable development and human rights in the CAI agreement

The reader should keep in mind while reading this section, that the CAI agreement has not been ratified and the examined impact is therefore only potential. Nevertheless, the analysis is still useful because the agreement might be ratified in the future, and it will be interesting to contrast commitment in the agreement with actions on the ground.

In relation to sustainable development, CAI contains a chapter that could potentially have a positive impact on sustainability. For example, the agreement discourages derogations from its environmental laws as encouragement of investment but supports the facilitation of investment in the green sector and the implementation of international agreements (EU Commission 2020, Section IV).

China has agreed that it will make “continued and sustained efforts on its own initiative” which is often seen as a toothless provision of the agreement given the formulation and fact that there is no enforcement (*ibid.*, Section IV, Sub-section 3, Article 3(4)). Nevertheless, it is the first time China made such a clear commitment in this regard with other countries or organisations, and in case it is indeed implemented (depending on CAI ratification), it is expected to have a significant impact on the legislation of employment law in China (Liao 2021). This would then give the EU an instrumental role in bringing about the change since it is an agreement between the EU and China, which would be a great indicator of normative power. Yet, it is questionable whether any commitment on paper would actually transform into actions and be implemented. Some of the parts in the agreement seem to imply that investment takes priority over labour rights: “A Party shall not apply domestic labour laws in a manner that would constitute a disguised restriction of investment” (EU Commission 2020, Section IV, Sub-section 3, Article 2(6)). The same clause applies to environmental laws (*ibid.*, Sub-section 2, Article 2(6)). Furthermore, China has only agreed to ratify conventions on ending forced labour, but not those on the right of freedom of association and the right to collective bargaining (Lau 2021). Another point of

contention is the fact that China is a member of ILO and membership itself obliges parties to adhere to its core convention even without ratification. This would render the EU's achievement of getting China to ratify two conventions pointless, as China would ratify something that it is already obliged to do since 1919 as a founding member of ILO. Therefore, the agreement could have a bigger potential normative impact on China in the field of sustainable development than in the field of human rights, which however does not mean that the effect will be substantial.

Since the agreement deliberately avoids the issue of human rights, only indirect effects might be expected, for example, in case China ratifies and starts applying labour law standards. However, it is doubtful that the CAI would have any impact on improving human rights situation in China in general.

6 Discussion: Why the EU fails to be a normative power?

The analysis of the trade policy and CAI has shown, on the example of human rights and sustainable development, that the EU cannot be considered successful in promoting its normative values towards China because it has little to no normative impact. At best, it shows normative intent when it is not confronted with the economic benefits of not doing so. However, by freezing CAI, an agreement that lacks any kind of human rights clause, the EU for the first time acted against its own economic interests and its normative values prevailed. However, the merit for this goes to the European Parliament rather than the Commission or the Council. Even so, freezing the agreement had little impact on the change of China's system, which is also the case for the human rights situation in general as it has remained largely unchanged since 1995.

The next part, therefore, analyses the reasons why the EU fails to promote its normative values in trade and investment policy towards China. The analysis builds on the reasons that Mattlin (2012, p. 181) considers to be decisive for the failure of the EU's normative power towards Grand Powers: a loss of moral high ground in view of the war of terror, lack of leverage, and conflicting EU positions. I argue that the loss of moral high ground should be understood more broadly as a lack of recognition of the EU's normative power by China and add another argument that plays a role: the EU's lack of understanding of China's change, which leads to inadequate reactions of the EU. This final part, therefore, aims to examine these reasons in more detail to find out whether they still stand and can explain the EU's failing normative power specifically towards China (given the fact that Mattlin's article was published in 2012).

6.1 Lack of recognition of the EU's normative power by China

One of the reasons the EU struggles to effectively promote its normative values is the lack of legitimacy or acceptance in the receiving state. Mattlin labels this as "losing the moral high ground" in view of the war on terror, but this argument should be understood more broadly as a lack of recognition of the EU's normative power by China (Mattlin 2012, p. 191). While the EU's participation in the war on terror might have represented a trigger for China's loss of respect for Western values, nowadays it goes far beyond that.

The central argument is that when the EU is not perceived as a powerful actor (in general, not just in the normative sense) in a country, the respective country has no incentive to follow in its steps. This is even more accentuated when the interests of both do not converge, such as in the case of China, or in case of Russia. It could even be argued that the EU has bigger normative power towards China than Russia since Russia considers the EU to be weak and subservient to the US (Erlanger 2022). This can be substantiated by the fact that the EU prefers using Germany or France as its broker towards Russia rather than negotiating in a multilateral setting, and by the fact that the EU was completely left out of the talks concerning European security before Russia started a war against Ukraine (ibid.).

In regard to China, its view on the importance of the EU used to be much more ambiguous but became clearer after Trump had launched his trade war. Paradoxically, the EU has gained more power without contributing too much to it as it ended up in a balancing position between the two countries. However, this went simultaneously with China's repositioning in the world as a more assertive power reluctant to accept Western values. Thus, while China acknowledges the EU as a business partner, its willingness to accept its normative values is minimal – unless there is a convergence such as in the case of the fight against climate change. Even in this case, however, China has followed its own interest rather than being directly influenced by the EU norms. As mentioned before, China considers European critique towards its treatment of human rights and other matters as external interference and has a different understanding of democracy, which is a clear sign of the EU lacking legitimacy to act as a normative power in China.

6.2 Lack of leverage

The lack of legitimacy is connected to a lack of leverage. Like Mattlin states (2012, p. 194), in the mid-1990s, the EU could make China comply with its wishes by offering expertise, investments, and technological solutions. Following China's global rise, the tables have turned, and "China today needs the EU less than it used to, while the EU needs China more than it used to" (ibid., p. 194). Nowadays, the EU does not have many things to offer to China as it has already opened its market considerably. This is also evidenced by the CAI and the lack of benefits for Chinese investors, which has led some analysts to wonder what the Chinese motivation behind the agreement (Verbeek 2021) is. Critics of the agreement point out that its ratification would in fact lead to a loss of leverage and normative power since it would signal to China that the EU is willing to overlook human rights abuses in favour of economic benefits (Gatti 2021). Had the EU ratified the agreement, it would show inconsistency and nonadherence to its own values, which would make it harder in the future to pressure China on the issues regarding human rights or other issues. As this has not happened, the EU stuck to

its normative values and even though it failed in promoting them to China, it gained leverage that it could possibly use. The potential unfreezing of the agreement depends on whether China lifts the sanctions on the EP members, however, a true normative power could take this even further by conditioning the ratification of CAI by enforceable commitments on human rights and sustainable development.

6.3 Conflicting EU positions

In Mattlin's view (2012, p. 194), the normative approach fails because the pragmatic interests of individual EU member states are stronger than common normative interests. The lack of integration in foreign policy is a significant hindrance also in relation to the other countries, but it is very visible especially in the case of China where it creates a division. Mattlin suggests that Nordic countries and the Netherlands traditionally pursue more normative policy than southern Europe and Germany, this dynamic has however changed in the recent years towards perceiving China in a negative way in most member states with the exception of Hungary (Mattlin 2012; ECFR 2020). This is a shift observable in particular after the coronavirus pandemic and might be further heightened in the future by the Russian invasion of Ukraine and China's stance on it. The diverging positions in the EU institutions also represent a problem but are less visible from the outside than differences in the EU Council.

China exploits the divergences between the member countries with the intention to set them against each other. The individual commercial interests then usually win over the common normative approach (Mattlin 2012, p. 193), strengthening China's position in individual member states and weakening the common EU position as well as its normative power.

6.4 Lack of understanding of China's change

The lack of understanding of China and its changing position in the world is another reason why the EU struggles to be a normative power towards China, which also applies to other countries. The recognition of the socio-historical context and understanding of mutual historical relations is crucial for assessing how will the EU actions be perceived in the respective countries. Given the colonialist history of Europe, the phrase "normative power" does not have a positive connotation in every part of the world.

In relation to China, the historical memory of the "century of humiliation" between the outbreak of the First Opium War in 1839 and the establishment of the

PRC in 1949 influenced the shaping of Chinese national identity and is still present in the modern political culture (EFSAS 2022, p. 2). China's self-image, the perception of other actors, and its behaviour today are therefore shaped by the feeling of humiliation dating from the 19th century (ibid., p. 2). China's actions are, however, usually interpreted in a vacuum and understood without taking historical context into account. The rise of China in recent years, as China itself understands it, is more of a resurgence – reclaiming of an important role China used to play in the past, especially as a regional power (EFSAS, p. 22). To become a true normative power in China, the EU needs to consider how the history of Sino-European relations shapes the present and adjust its foreign policy accordingly.

The EU has started to acknowledge China's global power only in recent years, after the publication of the Global Strategy in 2016. This is when the policy towards China started to shift towards a more assertive one, even though China has been more and more visible on the global scene since the emergence of Xi Jinping as a Chinese leader in 2013. The disregard for socio-historical context can be considered one of the reasons for this delayed reaction.

All in all, it can be concluded that all the reasons given above do explain why the EU normative power fails towards China. These reasons could also apply to other countries with different values, such as Russia, but for that, further analysis is needed.

7 Conclusion

This research aimed to examine how normative is the EU towards China in trade and investment policy. As a case study, the Comprehensive Investment Agreement was chosen. The second part of the research aimed to understand the results of the analysis: namely, it explored the reasons why is the normative power of the EU weak towards China.

Bearing in mind the word limit of the thesis, only two norms were chosen for the analysis: human rights and sustainable development. The reason for this particular selection is that these norms are indivisible from other EU norms as defined by Manners and make the analysis sufficiently representative of them.

The results show that the EU does not dispose of normative power in trade policy when it comes to China. Given the fact that trade relations represent the most important part of the EU-China relations, it can be argued that if the EU does not represent a normative power in trade policy, it does not represent a normative power at all. A true normative power should be holistic and normative in all aspects of its policies and actions. Furthermore, even though the EU often shows having normative intent, is not sufficient to be a normative power if there is no normative impact induced by the EU.

The three-fold framework used for the analysis of the EU normative power was developed by Niemann and de Wekker. Firstly, in terms of normative intent, three categories were analysed: centrality, internal and external consistency together with coherence, and actions and reactions. The analysis of the centrality of the norms showed that the EU seems to have a bigger incentive to promote sustainable development rather than human rights. This is evidenced by the fact that while sustainable development is at the heart of the analysed EU documents, human rights are often on the periphery and mentioned in passing or as a complement to sustainable development. In relation to CAI, no attention is paid to the human rights dimension, while an entire chapter is devoted to sustainable development. Findings further showed that the internal consistency of the EU suffers because of the defiance of EU law and the EU court's judgments by Poland and Hungary. Even though the EU does not ignore the situation in these countries, from the external perspective of China it might seem hypocritical to criticize it for human rights situation when similar problems are happening within the EU. On the other hand, the EU has a high degree of external consistency, because it treats other Grand Powers like China in a similar manner. In relation to CAI, there is a clear pattern of similarity with FTA concluded with Korea or Japan, which shows the external consistency in trade policy. The analysis of actions and reactions showed that the EU has been inconsistent in its reactions to violations related to human rights and sustainable development. In relation to this,

the disunity between institutions is visible, with the Commission being more pragmatic and favouring economic interests over values and the EP advocating for human rights. There are differences among the EU member states as well. Importantly, the strong discourse has failed to be followed by actions, but we can see a gradual change from promoting norms on paper to demonstrating them in reality, the freezing of CAI can be an example.

Secondly, the analysis of the normative process showed that the EU is inclusive, and to a lesser degree, also reflexive. The EU does not act EU-centric since it sufficiently includes its partners, in this case China, in the process of dialogue and negotiation and takes its views into consideration. Furthermore, the norms it promotes are universal and enshrined in the UN system, which is another condition for a normative power. Reflexivity refers to the EU being able to reflect on its policies and actions in relation to external changes and adjust its policies accordingly. The EU has been reflexive in recent years because it has been updating its strategies on China to reflect changes in the world which also indicates that the EU policy towards China is shifting.

Finally, the normative impact can only be approximated, given the fact that China is an authoritarian regime, and it is hard to know what is happening behind a closed door of the country. Therefore, the way the normative impact has been approximated in this thesis is by comparing the first Communication from the Commission on China published in 1995 with today's situation. In relation to human rights, it has been found that there was no normative impact of the EU since there has been no improvement in relation to problems referred to in 1995 Communication. The potential impact of CAI on human rights is expected to be indirect at best in case the labour conventions are implemented. In relation to sustainable development, the normative impact of the EU has been more successful which is however connected to the fact that China decided to follow a more sustainable policy in its own interest. It is therefore hard to determine to what degree it has been the EU that induced the change. Nevertheless, there have been some considerable changes and commitments from China on sustainable development, also in the CAI agreement. China agreed to ratify the ILO convention on forced labour, which could have significant impact on employment law. However, as some analysts point out, the agreement is too weak in terms of enforcement of compliance with the agreement and technically does not bring anything new because China, as a member of ILO, has obliged to ratify its conventions by being a member in the organization. The actual impact of CAI on China, therefore, represents a question for a future debate, in case the agreement is ratified.

In conclusion and as an answer to the first part of the research question, it can be said that the EU does not dispose of normative power in trade policy towards China and that it focuses more on the promotion of sustainable development than human rights in terms of normative intent. This might be because the EU is aware of the fact that it has a better chance of succeeding in promoting sustainable development because China itself wants to follow a sustainable policy.

The second part of the research focused on the analysis of the reasons for why the normative power towards China and other powers with similar values is low, and it has found that three general reasons formulated by Mattlin and one by me are valid also in trade policy.

The first reason formulated by Mattlin – losing the moral high ground in the view of the war on terror – has been reformulated as a lack of recognition of the EU's normative power by China. This means that the EU does not have enough legitimacy to be a normative power and is not perceived as such in China.

Secondly, the lack of leverage relates to the fact that the EU does not have much to offer to China in the field of trade policy, unlike in the 1990s. This is because it is China that has leverage in the trade relations, and it also represents the reason why CAI was negotiated in the first place. Arguably, the EU has gained leverage that it can use by freezing the agreement.

The third reason for the EU's lack of normative power in China are conflicting positions between the EU member states and its institutions. Disunity can grow into inconsistency and incoherence, which makes the EU look untrustworthy from the external perspective.

Finally, the fourth reason relates to the lack of understanding of China's change. The EU has failed to sufficiently recognize the socio-historical context which affects current China's foreign policy. But in order to have a chance to act like a normative power, the EU needs to take into account how the history of Sino-European relations shapes the present relations and conduct its own foreign policy accordingly.

To summarize, the answers to why is the EU's normative power weak towards China also bear some implications for other Grand Powers with different values than the EU has. In short, the more powerful and different from the EU the country is, the less normative power the EU has. In the light of recent events, one of the countries that come to mind is Russia where all the analysed reasons for the failing normative power are applicable. The war in Ukraine has fully shown how the prioritization of strategic interests over values can backfire and how trade policy cannot be conducted in a vacuum. Continuing the policy of the "business as usual" even after the war in Georgia in 2008, the EU has shifted from any normative ambitions towards Russia. Further research on the normative power could therefore focus on Russia and specifically, whether the EU can call itself normative power even if some of its member states are willing to buy Russian gas.

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