

## PAVING THE NEW SILK ROAD: THE EVOLUTION OF THE SINO-GERMAN STRATEGIC PARTNERSHIP

**Alberto Cunha**

*Associate member of Political Observatory*

### **Abstract**

The emergence of China as a global economic leader has led to talks of a “New Silk Road” that the Chinese government wants to recreate in Eurasia, and that connects EU and China through Eurasia. This paper will focus on the bilateral relation between China and the undisputed EU economic leader, Germany, given the continued absence of a common EU foreign policy on China. The investigation seeks to identify the changes in the political approach to this bilateral relation since its beginning in 1972, as well as the advantages that the two states seek to draw from it. The paper will first address the economic and trade dimension on which the Sino-German bilateral relation was and still is primarily based upon, and then build on that dimension and tap into the geopolitical potential brought by the signing of a Strategic Partnership between both countries. This partnership can shape the emergence of a more Multipolar world in which the US are no longer the undisputed sole economic and political superpower.

### **Key Words**

China, Germany, bilateral relation, multipolar world, comprehensive strategic partnership

---

## **Introduction**

The rise of China as a major economic power rivaling the United States (US) has been the subject of countless debates, analyzes and opinions. Based on its economic power, China has also been asserting itself increasingly as a major political power. The Chinese leadership has maneuvered with new-found confidence for the replacing of the undisputed American global supremacy with a multipolar world in which China, the US and the European Union (EU) would be the three major centers of economic and political power. Given such an objective, the importance of China maintaining close relations with Europe is crucial. Bilateral relations between China and the US are regularly reported and scrutinized (especially under Barack Obama, with a high number of meetings with the Chinese presidency). The nature of Chinese relations with Europe, though, has been less publicized, which was an important motivation driving the investigation behind this paper.

As argued by Otero-Iglesias et al (2015, p.7), "political, economic and social complexities require (...) analyses that focus on (...) respective bilateral relations between European countries and China", and not with the EU itself. That is the approach taken by this paper, given the not rare contradictions existing between the interests of EU institutions and those of its states. China sees the "European foreign policy as heterogeneous and inconsistent" (Schnellbach and Man, 2015, p.6). From China's point of view, there is some difficulty in understanding the EU institutional framework, and therefore an understandable reluctance to talk to the EU as a whole.

With the focus on bilateral relations, China can create "28 different ports of entry in the EU" (Otero-Iglesias et al, 2015); but some doors are much more important than others. In the EU the "Big Three" are France, Germany and the United Kingdom (UK), the ones with greater population size and political, economic and military weight. They are "often rivaling among them for the favor of Beijing" (Otero-Iglesias et al, 2015, p.9; Kun, 2015), seeking to be the main European representatives in China, a state which sees the EU as a mosaic of states and not a unit on the global stage. As such, with these states China "now has annual dialogues high-level of economic and financial cooperation" (Otero-Iglesias et al, 2015, p.8).

This investigation focused on the Sino-German bilateral relations. This is because even among the big three there are differences on the respective importance allocated by the Chinese leadership, and Germany is on a higher level of government cooperation with China. It is the sole EU state as of now to benefit from regular "government consultations". The reasons behind this higher cooperation level range from economic complementarity to foreign policy like-mindedness, as explored throughout the paper.

## The five key priorities of Chinese Foreign policy

This paper shall begin by establishing *a priori* five of the key priorities of Chinese foreign policy, which have proved consistent in the last decades. It is necessary to take into account such priorities, as they guide the understanding of the Chinese foreign policy perspective and will help explain the crucial importance of the bilateral relationship with Germany.

The first priority is the uncompromising defense of non-interference in internal affairs of other states. For China, “interference” is a wide concept that includes for instance any reference by other states of potential human rights violations by the Chinese regime.

Second, the Communist Party of China (CPC) highlights in its foreign policy priorities, the struggle for the "preservation of national sovereignty, the territorial integrity and unity of their country" (Herbert and Senz, 2010, p.675). In this topic, the most sensitive issues are related to the potential independence for the Republic of China (Taiwan), still not recognized by China or the UN. Chinese leadership has been unequivocal in demanding other states to respect the principle of recognizing just "One China."

The third priority for the Chinese leadership is to *"aim to improve its weight on all important issues (...) by (having) a vote in the (international) institutions"* (Herbert and Senz, 2010, p.675). This last point refers to its dominant presence in forums such as the G20 and the entry into the WTO, both landmarks of Western acceptance of China as a major economic power. But the Chinese weight is still most notably felt in several vetoes and abstentions in the UN Security Council. It often sided with Russia/Soviet Union against Western positions, although Schnellbach and Man (2015, p.7) argue that these vetoes have been used more carefully by China since the early 1990s. China uses such votes as an expression of itself as a global power, but it is not some Chinese policy against the West, as major Western countries have not shown the same position on all issues.

In fact, the divisions between the various Western powers have been exploited by China to promote its own strategic interests, or distract from its own hegemonic policy in its Asian-pacific strategic “backyard”. This policy helps China to achieve a fourth priority, that of promoting a multipolar world in which the US are no longer the undisputed global hegemon.

Finally, the last priority to be mentioned is the continued use by China of its great economic power in order to promote its international political interests, in what is regarded as a practice of "checkbook diplomacy" (Kundnani, 2011). The latter concept refers for instance to the numerous Chinese investments in African countries and South America (including Brazil) that in

recent decades "bought" the growing political clout that China has in these continents. This strategy was initiated by the CPC in 1999 by promoting the "going out": an official encouraging of foreign investment by its powerful state-owned companies in foreign markets leading to acquiring major foreign companies by mostly state-owned Chinese ones (and thus aligned with Chinese government policy). According to the Global Presence Index of the Elcano Royal institute, China ranked in 2015 as the second global force (behind the U.S. by a wide margin), and 65% of that global presence is on the "Economic" dimension rather than the "Military" or "Soft" (power); with the US with a percentage of under 50%. This is just a political ranking, but it serves as a good indicator of the huge prominence of the economic dimension in China's standing as a major power. Such a prominence strongly shapes the nature of its foreign policy.

### **EU policies relevant on strictly Commercial rather than Foreign issues**

Differences on foreign policy can be often found among EU member states. Perhaps more surprisingly, even within EU institutions such divisions abound, with the positions of the European Council (reflecting the governments of Member States) often conflicting with the Commission or the European Parliament. The latter, although the least relevant actor in EU foreign policy, has spoken out on human rights issues in a way that China considers as interference in its sovereignty. The result is that on major foreign policy issues, decisions are still largely taken at national level (Sandschneider, 2002). And when positions are taken at an EU level, they are dependent on votes by unanimity rule in the European Council, despite the existence of a European pillar of common external policy (CFSP). The limited relevance of the EU foreign policy in the global scheme means that EU members have taken to themselves the task of building a "constructive engagement" with China, as defined by Sandschneider (2002, p.33-34).

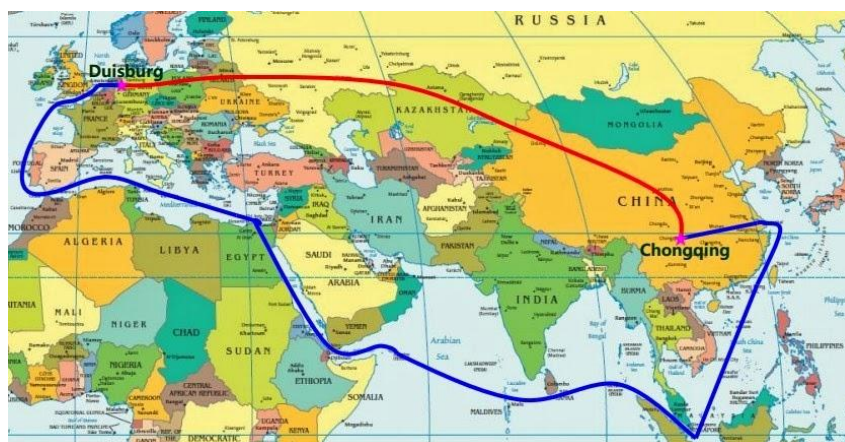
Even with a feeble EU foreign policy, the mere existence of the EU means that Germany as an actor in the international system will always be conditioned by being in the EU subsystem. The reverse also happens: Germany is central to the process of European integration and seeks to influence EUs policies that are important to China; these being namely the commercial policies often decided in Brussels. Because of the need for unanimity in foreign policy, the EU seeks to focus "on commercial topics that are undisputed and in the interest of both blocs," according Schnellbach and Man (2015, p.5).

China has made the most of the political differences within the EU to "divide and rule" in bilateral relationships with its member states. It has developed a policy of "stick and carrot" (Sandschneider, 2002) to economically punish

European states taking public positions against its interests (particularly in sensitive topics like Tibet and Taiwan) and in return offering commercial advantages to states adopting a more pragmatic approach and therefore align with the Chinese vision of an international order based on respect for internal sovereignty; in practice, a "silent dialogue" (Sandschneider, 2002, p.34) in which states simply refrain from mentioning sensitive political issues. The "carrot" comes with the Chinese massive controlled economy that means its government has huge leverage to trade advantages like the possibility to enter a market with more than one billion consumers. Therefore a choice ultimately affects all EU states: between prioritizing economic interests with China, or to be more incisive in any critical respect for human rights by the Chinese government (Otero-Iglesias et al, 2015, p.10). Most have chosen the former.

### **Paving the "new Silk Road": increased cooperation between two major Geo-economic powers since 1972**

The famous "Silk Road" was an ancient trade route between China and Europe, through Eurasia, and one of the earliest examples of trade between the two continents, a powerful historical symbol of a time when Chinese civilization was the most advanced and when trade with it assumed a huge importance for the European economy. Given the economic interdependence between the EU and China, a certain revival of this symbol is going on in recent years. Among the Chinese stated priorities and certainly one of its most important strategies of economic internationalization is the tall project of symbolically reviving this "Silk Road" in the framework of the "Belt and Road" (Kun, 2015) initiative. This initiative, heavily promoted by the Chinese government (Shaohui, 2015; Xinhua, 2016), aims to establish concrete cooperation among the countries of Eurasia by opening channels of transportation that increase commerce and investment between and through the countries alongside the "Belt and road", which are all countries wishing to join from central Europe to China.



If the “New Silk road” is mainly a metaphor for a China that seeks to consolidate its position as the undisputed economical (and eventually political) giant in Eurasia, there is already a far more concrete road connecting the two economic and exporting giants on the edges of the ancient “road”. This actual road is the freight rail route between China (Chongquiq) and the German city of Duisburg, which was used for the first time in 2011. This new line cut by about a third the travel time of cargo and has been used since by multinational companies like Hewlett-Packard since 2013 (Bradsher, 2013), bypassing the traditional sea routes through Suez, and thus cutting costs and increasing efficiency – seen in the map above.

The success was such that the volume transported in this line in 2014 was already seven-fold since two years before (Leeb, 2014). Duisburg, a provincial city, was visited by the Chinese President Xi in 2014. This visit was a significant reflection on very interdependent economic relations between two geographically distant states, but whose bilateral trade may in 2020 surpass that of Germany with France and Netherlands (Leeb, 2014).



See above one map reflecting the new freight line in the bigger “One Belt, One Road” initiative. This map drives well the point of a China maneuvering heavily to be the new global economic center, based upon dominance in Eurasia. This map suggests such a dominance is close to being attainable. According to Brzezinski (1997), the dominance of the US in the “Grand

Chessboard” of Eurasia was essential for its global supremacy. Huge projects of this kind have the potential of vastly undermining that supremacy. As it will be demonstrated upon this paper, this road is just a very concrete example of the close relationship between Germany and China, and one that like this “One Belt, One Road” project is based upon an economic basis to maybe assume a more political role for both countries.

In terms of foreign policy, the larger point to be taken from the “One Belt, One Road” project is the following: for the Chinese leadership, which still heavily controls its economy and most enterprises directly, economics and politics go hand in hand. As such, this Eurasian project is just another one led by China in which there is a glaring and obvious exclusion: the US.

Another example of the new effort of China to be the dominant geo-economic Eurasian power, and the German cooperation with that same effort, came with the creation of the Chinese-led Asian Infrastructure Investment Bank - with a pledge by participating nations of having a capital of more than half the World Bank (The Economist, 2014). The bank seeks to promote investment in the Asia-pacific region, and the story again is which country didn't decide to join as shareholders: the US, as well Japan, America's closer Asian ally and perennial Chinese regional rival. Like the “One Belt, One Road”, this project has all the potential (and likely the objective) of proving a concrete alternative to the US leadership in the global economic sphere and may have wide-ranging geopolitical consequences. That Germany sought to play a huge part in both projects is undeniable. And it led some EU members in joining the capital of this bank, with an amount just behind China, India and Russia (AIIB, 2015).

Going back to the beginning of the diplomatic relations between the two countries, these were established in 1972 (Schnellbach and Man, 2015, p.3). This was also the same year of the historic visit of a US president (Nixon) to communist China; probably not coincidentally, as Germany closely followed US foreign policy at the time. From the start Germany adhered to a policy of respect for the principle of "One China". Given that, and unlike for instance France, Germany never had any diplomatic representation in the Republic of China (Taiwan), although there was trade with the unrecognized country. In contrast with the US, which "maintains a legal commitment to provide Taiwan sufficient defensive capabilities" (Kundnani and Parello-Plesner, 2012, p.7), "Germany believes in peaceful resolution of Taiwan" while, crucially, "recognizes the legal and political demands of China."

This last German position meant that from the beginning there was a higher potential for a closer Chinese partnership with Germany when compared with other European states. According to Weske (2007, p.7), this was a

realist position, as Germany never wanted to risk relations with the economically and politically much more important Popular Republic by politically denying the principle of "One China".

The European differences on the positions towards "One China" had a practical application with the German refusal of selling submarines to Taiwan in 1993 (Sandschneider, 2002) described by Weske (2007, p.8) as "financially very attractive" proposal. A clear contrast was set: France was at the same time selling weapons to Taiwan (Sandschneider, p.37). After France signed two major defense contracts with Taiwan of the kind that Germany refused to, China went as far to order the closing of the French consulate-general in Guangzhou (Weske, 2007, p.7). In 1993, the French government would go to the point of installing new frigates equipment in the island. These events happened in midst of a general European falling out of relations with China following Tiananmen, but there are two main points that should be well noted: first, the credibility of China's policy of "punishing" the countries with relations of any kind with Taiwan, which eventually forced the Balladur French government to recognize the Popular republic as the only legal Chinese government; second, the consistently realist attitude of Germany in not wanting to jeopardize the Chinese relations by choosing in favor of short-term economic advantages with Taiwan.

The only political factor that (temporarily) worsened relations between China and its main partner in Europe was another perennially sensitive issue for Beijing: the struggle for autonomy / independence of Tibet. In the 1990s, after several successes in the mutual state visits of the first half of the decade, there was in 1996 a temporary cooling of relations between Germany and China following the adoption of a resolution in support of Tibet supported by all parties the Bundestag (Weske, 2007, p.8).

Nonetheless, on the issue of human rights, Germany had almost always a position of respect for Chinese autonomy. Such was the dominant position in the German diplomacy during the consulate of Social Democratic Chancellor Gehrard Schröder (1998-2005), which has established since 1998 an approach to China designated by various authors (Schnellbach and Man, 2015, p1 / 4, Kundnani and Parello -Plesner, 2012, p.3) as "change through trade". With such an approach, Germany believed that greater trade liberalization and increased trade with China would lead to gradual changes in the application of human rights in operation within their society (Otero-Iglesias at al, 2015, p.10). Such an approach included also the 1999 agreement on establishing a Sino-German-Chinese rule of law dialogue (Schnellbach and Man, 2015; Weske 2007).

A strategy of "cooperation instead of confrontation with China" had an historical predecessor in German foreign policy, the *Ostpolitik* of the 1970s



in relation to the USSR (Kundnani and Parello-Plesner, 2012). This Schröder policy was criticized for "human rights activists and (...) German media" (Schnellbach and Man, 2015, p.4) as a cynical justification for Germany to just continue its trade relationship with China without the problems caused by references to sensitive issues that might derail it, and on the other hand defended by German officials mentioning how it may lead China to incremental reforms by using their enhanced economic relationship and "skillful behind-the-scenes diplomacy" (Kundnani and Parello-Plesner, 2012, p.4).

A practical example of the German approach was the opposition to the EU embargo on arms. Following the events of Tiananmen Square in 1989, when the CPC repressed students and workers protesting against the regime. The EU imposed an arms sales embargo on China. This would constitute the most sensitive point of the China-EU relationship in the following two decades. China repeatedly asked for the end of the embargo, but Germany's already close economic partnership with China and its huge political weight inside the EU was not enough when the German government started supporting the Chinese stance: in 2005, it was with France the leading proponent of ending the embargo (Weske, 2007, p.8), but without finding agreement within the EU (UK and Italy led the opposite position, mainly in support of the US stance). The German opposition to the US was viewed as yet another signal of the closer relation with China.

Schröder approach was certainly seen positively in Beijing, and trade between the two states would triple in his seven years in power - validating the German prioritization policy of economic issues in its relationship with China and arguably strengthening its status as main partner of China in the EU. While it is fair to say that this policy must be realistically considered as ineffective in bringing effective change in Chinese government behavior, it was a perfectly natural approach in the German context. Post-war Germany has always used economic instead of military and/or political means to achieve its foreign policy objectives (Kundnani and Parello-Plesner, 2012, Schnellbach and Man, 2015), constituting what was defined as a "civilian power" or, just like China, a "Geo-economic Power"(Kundnani, 2011).

This can be contrasted with a more geopolitical approach typical of more traditional powers like France or the United Kingdom. This nature of German foreign policy has a strong correlation with the aforementioned Chinese approach of "checkbook diplomacy," one of the most important pillars of China's global strategy. And to this correlation it was added by de-emphasizing of security issues in the German priorities after reunification, hurting the military budget. The country felt safer after the fall of the Soviet-led bloc, and security worries could be relatively downplayed in the 1990s.

To summarize, the results of the outlined German approaches (as with other Western powers) with the aim of promoting human rights in China are disappointing, with no major changes (Schnellbach and Man, 2015, p.3): indicators such as Freedom House and the democracy Index still consider that China is far from being a democracy, and public cases of censorship and imprisonment of political dissidents continue to mark the Chinese reality today. As referred Kundnani and Parello-Plesner (2012, p.4), China "has been extremely successful in combining economic liberalization with an authoritarian political system" ". The idea that increased trade with China would lead to political liberalization was ultimately described as naive. On another light, and measured in trade and political closeness, the German approach to China had been very successful by 2005.

### **Sino-German relations under Angela Merkel**

In the beginning of Merkel's chancellorship, it seemed as if she might change the nature of Germany's Chinese policy. The Tibetan question would be brought back to the table by its rise to power in 2005. After a consistent German realpolitik on the issue (which meant it not being part of the agenda) the new Chancellor had in her first years in power a Chinese policy less exclusively focused on economic relations in comparison with Schroder. In particular, the Chancellor would receive the Dalai Lama in 2007 (Schnellbach and Man, 2015, p.8) and not be present as head of government in the Olympic Games in Beijing 2008 as a way of protesting - even when an already out of office Schroder did go (Der Spiegel, 2008). These acts naturally generated controversy among Chinese officials, which in retaliation would cancel a human rights dialogue with Germany after she received the Tibetan spiritual leader. Merkel would also change the German position to declare it in favor of continuing the EU arms sales embargo to China, and her state visits to China would now include the submission to the Chinese leadership of several cases of human rights concerning the German government (Schnellbach and Man, 2015, p.9).

At the time, it could be considered that the new Chancellor would change the realistic Germany's Chinese policy from the Schröder business-based one to base it instead on Western values and therefore widen the close connection between the realism of the foreign approach of Germany and China. However, the change (read possible deterioration) of Sino-German relations did not last long, clearly normalizing after 2008.

Schnellbach and Man (2015, p.11) characterized such relations under Merkel "as (ultimately) motivated as much by the economy and business as under Schröder, especially with (...) the crisis emerging when approaching the end of her first term". Indeed, in subsequent Merkel visits the "German focus would be the rule of law instead of referring to the human rights

abuses" (Kundnani and Parello-Plesner, 2012, p.4), as Chinese analysts reported approvingly. These visits would be carried out with at least the same frequency as before. And as with her predecessors, Merkel would always travel to China with a large delegation of German businessmen (Weske, 2007, p.9).

The larger reality to be taken from this change of course is that whatever the elected leader on Germany, the complementarity of the two economies was so obvious that bilateral relations would remain strong, and even more after 2008 in a crisis-laden time in which EU countries sought by all means to maintain its growth levels in more competitive international environment. The complementarity herein referred to, is based on the fact that the government and German companies consider China an increasingly important market for its exports, while China plans to take advantage of the technical know-how to rebuff its image as being just the "world's factory" and focus on developing higher value industries. In short, the exchange of access to technology for access to a huge market (Schnellbach and Man, 2015; Kundnani and Parello-Plesner, 2012).

Such a complementarity extends to the fact that these are the two economies most export-dependent of the ten largest in the world. Finally, German technology is focused on "sectors that China sees as strategically important as cars, (energy) and renewable high tech". China therefore sees Germany as the country that can most help to achieve a higher level of economic development and as a main investment location on the ongoing Chinese effort of "going out" (Kundnani and Parello-Plesner, 2012). This investment would begin in the post-2008 to have an increasing weight in the German (and Western at large) economy. The trade was growing too, more than five times between 2000 and 2009, even in years marked by some government tensions mainly because of human rights issues. China was an indispensable partner in an economy increasingly dependent on exports to countries outside of an EU (the traditional German market) plunged into a deep crisis. For this reason and according to Kundnani (quoted in Schnellbach and Man, 2015, p.15) "politicians had to listen (...) and Merkel had to face a certain lobby that demanded strong ties with China."

Due to the structure of the German economy, its relations on the level of trade promotion are largely dominated by the position taken by the vast sector of small and medium enterprises (Weske, 2007, p.4), the famous *Mittelstand*. This German economic structure was decisive for example in the position taken on the issue of German opposition to higher import quotas in the case of Chinese textiles in the early twenty-first century. These quotas mainly aimed at the Asian exporting economies, notably China, and in this position Germany came in stark contrast with France, which under pressure from its largest industries in this sector supported the

introduction of quotas.

As mentioned by Schnellbach and Man (2015, p.12), in times of crisis after 2008, on the Germany strategy of "Change through Trade", what mattered most was trade instead of change.

### **The Sino-German “Special Partnership”**

In 2014 the Sino-German relation was officially elevated from "strategic partnership" to "comprehensive strategic partnership" (Bundesregierung, 2014), institutionalizing their “special relationship”. The bilateral partnership began to be institutionalized in 2011 when China held with Germany what was in effect a joint council of ministers, with the Chinese Prime Minister Wen Jiabao bringing Berlin 13 ministers - the only time China participated in such an initiative with a European state. For Germany, this meant being officially the top Chinese European partner, the result of a long diplomatic courtship from German governments and business leaders.

The “special partnership” could have been done not at German but at an EU level. And, according to Kundnani and Parello-Plesner (2012, p.8), "Germany had more will than almost any other state in developing a strategic European approach to China." In this approach Germany "would like to see an approach (...) in which the High Representative would have a greater role in coordinating" the approach of the European Commission on issues such as climate change or trade relations, but still with the country as the EU's natural leader. China would have great interest as a way of balancing the still bigger weight of the US in Europe. The failure in European coordination of this policy and achieving a strategic partnership at EU level has been caused by the existence of a competition between the various member states in order to obtain advantages with China. Such a failure has "caused frustration among German officers (... and), they feel cannot wait for Europe", and it is this frustration that the same authors argue lead Germany to invest further in its own strategic bilateral partnership. The result of such frustration is Germany potentially abandoning its earlier aim of coordinating efforts at European level as a "good European", and just focus on its own bilateral relation.

But the assumption of a greater role for such a partnership in global Geopolitical matters is still, as of now, restrained by the international situation and the serious humanitarian and geopolitical crises in the Middle East and Eastern Europe. For Beijing, a crucial factor standing in the way of increased cooperation between China and Europe, is the fact that most EU states are also military framed within the transatlantic alliance led by the US. As a result of this framework, and as stated Kundnani and Parello-Plesner (2012, p.7), although Europe "share the view of China that there is

(between them) no real strategic competition, (...) it often takes the US position in disputes with China, particularly on security issues”.

As for Germany, it remains the ideal interlocutor in Europe for China due to three long-term developments under Merkel: first, observing how Germany has a growing power, asserting itself as the indispensable economic player in the context of the EU; in addition, this indispensable player, seemingly all-powerful in Europe, faced a situation of growing economic dependence on China, with its trade-based economy. Finally, the continued German reluctance of military interventionism when compared to other countries of NATO follows a line also advocated by China itself.

This last development was shown when Germany did not accept the US position (shared by most NATO members) of militarily intervening in the Libyan civil war that would end deposing the dictator Gaddafi. Such a non-acceptance was unthinkable during the Cold War. The German abstention, which drew controversy among NATO partners, was naturally well-regarded by China, but has also stressed that China needs more relations in Europe: Germany alone was not enough to prevent the intervention, having failed to convince France (or the UK) of their position.

The significant increase in trade, intergovernmental relations and similar positions in various international issues such as Libya caused the development of what Kundnani and Parello-Plesner (2012, p.1) call "Special relationship". But there is still some way to go before the relation is indeed all that "special" in a geopolitical sense: as mentioned Schnellbach and Man (2015, p.17), "Xi (Linping, Chinese President since 2012) proposed that Germany and China (...) increase their cooperation" when it became clear that the respective positions on the issue of Ukraine were not very close.

Germany led the sanctions enforcement process to Russia, while China did not and could even eventually support a more assertive Russia role. A more globally assertive Russia has the great advantage from China's point of view of being able to distract the US from its growing priority in Asia and the Pacific, an important goal for a Chinese leadership in the process of a possible confrontation in the South Sea China with neighbors such as Malaysia, the Philippines, Taiwan and Vietnam.

In the case of the Ukraine crisis, in which German interests are directly involved (Germany was one of the biggest supporters of the Ukrainian agreements with the EU), it naturally adopted a tough stance towards Russia. In short, there is an almost perfect complementarity in economics, but not always on global politics. This is because the respective national interests are not always the same and also because ultimately Germany still belongs to the transatlantic system, even when some of its choices

have been against the opinion of most NATO members.

### **What could be the future strategic impact of the “Special Partnership”?**

China's strategic partnership with Germany alone is not sufficient for it to be influential in Europe. Although Chinese analysts consider "Germany as becoming more powerful in Europe," they recognized the need to "include Paris, London, Warsaw and other capitals for something to be done in Brussels" (Kundnani and Parello, Plesner, 2012, p.7). On the other hand, the same authors say Chinese leaders "have increasingly dealt with Europe through Germany instead of (the) foreign policy institutions created by the Lisbon Treaty" (p.2) in the context of a long-term change operated by China. Starting with the rejection of the European constitution in 2005, China favored even more bilateral relations with EU governments (p.5) and especially the German one. According to a Chinese official cited by Kundnani and Parello-Plesner (2012, p.5), "if you want something done in Brussels you go to Berlin."

The identification between the two states following the crisis is not purely because of its being the most powerful country, with the same authors (p.6) referring the "considerable sympathy among analysts Chinese by the German economic model (naturally, given its similarities with the Chinese model) and Germany's approach to fiscal policy." At the same time when several European and Anglo-Saxon countries have criticized that same German economic approach, there was an identification of positions between China and Germany in various G20 summits. One such instance was the joint opposition in the 2010 summit to US plans to limit surpluses of current accounts, which would affect the two economies (p.6).

At the economic level, the only obstacle to the continuation of a further deepening of Sino-German relations is paradoxically derived from the proximity of the two export-based economic models: there is potential for future competition for the same markets between the two countries, and "China increasingly provides competition as well as markets for the German product" (Kundnani and Parello-Plesner, 2012, p.6).

Even not always agreeing on political positions in response to the various global crises, it seems clear that there is political will for a bilateral relationship even stronger in the future: Germany (such as France) considers China an important factor in a multipolar world, and China considers Germany the leading EU power (Schnellbach and Man, 2015). Some in China would like to exploit for political gains the increasing closeness to the European economy, spearheaded by the German partnership and mutual trade, investment and confidence. That would be

crucial for the Chinese strategy of contesting pacifically a world order in which the US are still the dominant superpower. For such a dominance to continue, the acquiescence of its European partners is still essential.

With that objective in mind, China has been putting in place the aforementioned huge cooperation projects of “One Belt, One Road” and the AIIB, with the ultimate aim of affirming itself as the main power in Eurasia through its economic strength and bilateral relations, of which the one with Germany is crucial (as is the one with Russia).

Additionally, and as a part of its strategy, Beijing has exploited divisions regarding the transatlantic alliance between the major EU nations. Again, it specially counts on Germany: a Chinese official cited by Kundnani and Psrello-Plesner (p.7) stated that China and Germany "share a realistic view of the world" and China does not see Germany involved in the "new imperialism" that they identify in France, UK and USA. These authors (p.8) defend that the US is concerned with the danger of a "strategic parochialism" by Germany in the Chinese question, such as they perceived it to be in Libya. Even before, on the Iraq war, Germany and France were the most vocal opponents of the intervention led and heavily promoted by the US and UK. Western allies such as the US are concerned that Germany is focusing above all on economic aspects and not see the "bigger picture" that from the US point of view consists of China attempting to use its closer partnership with Germany in order to bring about a more multipolar world.

### **Final remarks**

The close relation here described was historically built mostly on the economy, with both countries sharing an export-driven economic model. The German strength on strategic sectors for the Chinese state and the huge Chinese market invaluable for German businesses further increased their complementarity. This is a strong bilateral relationship established on the basis of very sustainable mutual benefits.

The paper went further than economics and showed that the recent upgrade to a comprehensive strategic partnership level was not simply due to economic factors. Both countries favor multilateral approaches and a similar suspicion regarding military foreign interventions. The predominance in the two states is for pragmatism and enhancement of economic aspects when making strategic decisions. Even if are generally reluctant to use its military power, both adopt tougher diplomatic attitudes when they see their interests at stake (such cases from Taiwan to China, and the recent Ukrainian crisis for Germany), using primarily economic weapons, their main source of power; with examples such as the sanctions imposed on Russia by Germany, and the Chinese strategy of "stick and carrot".

The German lower propensity for military intervention under NATO (compared to the US, the UK or France) makes Germany the power more inclined to respect China's positions, and with no interest in power projection that could one day conflict with the Chinese interests in the South China Sea.

China is, nonetheless, well aware of the near impossibility of a full strategic alliance with Germany, a country still very much "anchored" within the EU and NATO framework, and Western rules and values. But the Chinese strategy has not so much been rooted in military power (for which Germany would be of just moderate use) as in major economic and political cooperation projects; and these enjoy a strong German support and participation. Furthermore, the future of NATO could be at doubt, after the several divisions mentioned on some of the last military interventions and a feeling in the US that many in Europe that the alliance for granted. This was argued for instance by president-elect Trump during his campaign.

Is the "New Silk Road" an appropriate metaphor for the growing investment and trade mutual dependency between the two states, and is this "Road" the future for Eurasian economies? Could the signing of the Strategic Partnership mean that Germany ever substitutes its transatlantic commitments for a political alliance with Beijing? Would the EU partners and the US ever accept such a political alliance? These are some of the questions for the future that could be taken from this paper's approach, and ones whose answer will shape the world order in decades to come.



**Referências Bibliográficas**

- AIIB (2015) – “Asian Infrastructure Investment Bank: Articles of Agreement”. *AIIB*. Acesso a 28/11/2016. Disponível em: <http://www.aiib.org/uploadfile/2015/0814/20150814022158430.pdf>.
- Bradsher, Keith (2013) – “Hauling New Treasure Along the Silk Road”. *The New York Times*. Acesso a 24/10/2016. Disponível em: <http://www.nytimes.com/2013/07/21/business/global/hauling-new-treasure-along-the-silk-road.html?src=me&ref=general&pagewanted=all>.
- Brzezinski, Zbigniew (1997). *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*. New York: Basic Books
- Bundesregierung (2014) – “Joint Declaration between Germany and China”. *The Federal Government*. Acesso a 24/10/2016. Disponível em: <https://www.bundesregierung.de/Content/EN/Pressemitteilungen/BPA/2014/2014-03-28-china-declaration.html>.
- Der Spiegel (2008) – “Ex-Chancellor Schröder to Attend Opening Ceremony”. *Der Spiegel*. Acesso a 24/10/2016. Disponível em: <http://www.spiegel.de/international/germany/beijing-olympic-games-ex-chancellor-schroeder-to-attend-opening-ceremony-a-566214.html>.
- Kun, Li (2015) – “Why UK, Germany and France compete for co-ops with China?”. *CCTV.com*. Acesso a 24/06/2016. Disponível em: <http://english.cntv.cn/2015/11/05/ARTI1446707211209185.shtml>.
- Kundnani, Hans (2011) – “Germany as Geo-economic Power”. *Center for Strategic and International Studies. The Washington Quarterly* 34:3 pp. 31-45
- Kundnani, Hans and Parello-Plesner, Jonas (2012) – “China and Germany: Why the Emerging Special Relationship matter for Europe”. *European Council on Foreign Relations – Policy Brief: ECFR / 55*
- Leeb, Stephen (2014) – “Ukraine, Russia, Germany And The Real Threat Facing The U.S.”. *SeekingAlpha*. Acesso a 24/10/2016. Disponível em: <http://seekingalpha.com/article/2131213-ukraine-russia-germany-and-the-real-threat-facing-the-u-s>.
- Otero-Iglesias et al (2015) – “Introduction: Dissecting and re-assembling Europe-China relations” in “Mapping Europe-China Relations A Bottom-Up Approach”. *European Think-tank Network on China (ETNC) - October 2015*
- Sandschneider, Eberhard (2002) – “China’s Diplomatic Relations with the States of Europe”. *The China Quarterly, No. 169, Special Issue: China and Europe since 1978: A European Perspective (Mar., 2002), pp. 33-44*
- Schnellbach, Christoph e Man, Joyce (2015) – “Germany and China: Embracing a Different Kind of Partnership”. *Center for Applied Policy Research (C.A.P) at the University of Munich – Working Paper*
- Shaohui, Tian (2015) – “Chronology of China's Belt and Road Initiative”. *Xinhuanet*. Acesso a 28/11/2016. Disponível em [http://news.xinhuanet.com/english/2015-03/28/c\\_134105435.htm](http://news.xinhuanet.com/english/2015-03/28/c_134105435.htm).

The Economist (2014) – “Why China is creating a new "World Bank" for Asia”. *The Economist*. Acesso a 28/11/2016. Disponível em: <http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6>.

Xinhua (2016) – “China pushing to build internet infrastructure for Belt and Road Initiatives”. *China Daily*. Acesso a 28/11/2016. Disponível em: [http://www.chinadaily.com.cn/business/3rdWuzhenWorldInternetConference/2016-11/19/content\\_27428755.htm](http://www.chinadaily.com.cn/business/3rdWuzhenWorldInternetConference/2016-11/19/content_27428755.htm).

Weske, Simone (2007) – “The Role of France and Germany in EU-China Relations”. *EU-China European Studies Centres Programme – August 2007*

## **OBSERVATÓRIO POLÍTICO**

Rua Almerindo Lessa  
Pólo Universitário do Alto da Ajuda,  
1349-055 Lisboa  
Tel. (00351) 21 361 94 30  
geral@observatoriopolitico.pt

Para citar este trabalho/ To quote this paper:

CUNHA, Alberto. « Paving the New Silk Road: the evolution of the Sino-German strategic partnership», *Working Paper #67*, Observatório Político, publicado em 03/01/2017, URL: [www.observatoriopolitico.pt](http://www.observatoriopolitico.pt)

### **Aviso:**

Os working papers publicados no sítio do Observatório Político podem ser consultados e reproduzidos em formato de papel ou digital, desde que sejam estritamente para uso pessoal, científico ou académico, excluindo qualquer exploração comercial, publicação ou alteração sem a autorização por escrito do respectivo autor. A reprodução deve incluir necessariamente o editor, o nome do autor e a referência do documento. Qualquer outra reprodução é estritamente proibida sem a permissão do autor e editor, salvo o disposto em lei em vigor em Portugal.