



## The Most Important Challenges in China's Foreign Policy after the First Phase of the Pandemic

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China's rivalry with the U.S. is intensifying. New American sanctions threaten, among others, Huawei's global position. As a result of China's aggressive foreign policy, relations with the EU and Australia have worsened, and the border conflict with India has intensified. To counter these failures and re-build their image, the Chinese authorities are trying to shift the responsibility for the problems to the U.S., strengthening anti-Western rhetoric, and presenting the world with new multilateral initiatives, such as one related to data security. With China's foreign policy being idealised, any successful cooperation with the EU on climate matters is unrealistic.

From the beginning of 2020, China, through so-called "mask diplomacy", has declared support for other countries and presented itself as an example of success in the fight against COVID-19. However, its [disinformation activities](#) as well as aggressive rhetoric, for example, against countries blocking Huawei's participation in 5G, have degraded China's image. Due to the pandemic, some global meetings originally intended to provide China with the opportunity to improve its international standing, including with the EU and its Member States, were postponed.

**Main Problems.** Currently, the biggest challenges for China in its foreign policy, in addition to the rivalry with the U.S., are its relations with three key partners: the EU, both as an economic partner and potentially in cooperation in the competition with the U.S.; Australia with which China has close economic relations; and, India, because of a tense border dispute and the threat of armed conflict.

[The rivalry between the U.S. and China goes beyond purely economic issues.](#) In September, the U.S. threatened sanctions on American and foreign companies that sold certain components in the high-tech sector to Chinese entities. Given the Chinese sector's reliance on foreign high-tech, companies such as Huawei, which imports semiconductors, have seen their global expansion threatened. Another element of pressure on China was the announced U.S. ban on TikTok and WeChat—popular

applications that also sustain contacts between the diaspora and China. The Trump administration announced that it would agree not to ban TikTok after a deal was struck for a majority stake to be purchased by an American company, Oracle. The U.S. also underlined its determination to defend Taiwan and would counter Chinese provocations by continuing military manoeuvres.

Also problematic is the growing impatience in the European Union since 2019 with China's lack of market openings and restrictions on the operation of European companies in that country. [A special meeting of EU and Chinese leaders in September](#) devoted in part to an investment agreement (in 2019, the parties agreed that the negotiations would end in 2020), as well as visits by Chinese Foreign Minister Wang Yi and Politburo member Yang Jiechi in Europe ended without success. Moreover, in line with the recommendations of the European Commission, France, Estonia and Poland have changed their 5G regulations to essentially prevent Huawei's participation. Based on the German proposal, the Commission and the European Parliament also agreed to introduce export controls on dual-use technologies, which will make it possible to block, for example, licenses for Chinese companies. The EU also more and more often mentions Chinese policy on such issues as [Hong Kong](#) or the violation of the Uighur minority's rights in Xinjiang as being obstacles to cooperation, including the conclusion of the investment agreement. The strengthening of relations with

Taiwan, proposed by the European Parliament and some Member States (Czechia, Germany), is perceived in China as actions inconsistent with the “One China policy”, which is one of the foundations of the country’s foreign policy.

Relations with Australia are an increasing challenge for China. The deterioration in relations is related to accusations by the Australian authorities of Chinese interference in political matters, such as manipulations in parliamentary elections. In June, the Australian government also tightened the investment law as it pertains to Chinese entities, and in August blocked the takeover of a food concern. In September, the security services searched the homes of *Xinhua* journalists in Australia and investigated Chinese diplomats’ attempts to influence the decisions of Labour Party politicians. These actions threaten China’s favourable position in relations with Australia, and have pushed the latter to strengthen cooperation with the U.S.

[The worsening conflict with India](#), which once again turned into clashes on the disputed border in the Himalayas in September, splashed back on the Chinese authorities. In response to the violence, the Indian authorities banned the use of several dozen Chinese internet applications and intensified cooperation with the U.S. [through the “Quad” group](#). This conflict not only stimulated U.S.-India cooperation, contrary to China’s aims, and led to a deterioration of business opportunities for Chinese firms but also undermined China’s nationalist policy, which emphasises its right to disputed territories.

**China’s Reaction.** The Chinese authorities are trying to present the failures in foreign policy as a result of U.S. actions stemming from the long presidential election campaign in America, and not the wrongdoings of Chinese diplomacy. To mobilise the society and party apparatus in their favour, the authorities have strengthened their anti-Western rhetoric. In September, Xi Jinping announced—referring to the U.S. explicitly but also indirectly to the EU and others)—his five “never allows”: falsification of the history of the CCP, suggestions that China should reject socialism, creating divisions between the Chinese and the party, and attempts to influence changes in the directions of China’s development.

In response to the U.S. restrictions on TikTok, China limited exports of technology and, on this basis, rejected Oracle’s offer to purchase the popular app. The Chinese authorities also introduced an embargo on imports of certain types of coal from Australia and expelled accredited Australian journalists from the country. Officially, the Chinese are trying not to escalate the conflict with India, but continue to expand border military infrastructure.

In the face of the foreign policy failures, China is also trying to improve its image in other forums. An example is the

declarations made by Xi during his speech at the 75<sup>th</sup> session of the UN General Assembly, including a plan to achieve climate neutrality by 2060. China also emphasises its commitment to multilateralism, [including multilateral cooperation in access to a coronavirus vaccine](#) and by membership in the COVAX initiative through the World Health Organisation. These announcements should be read as oriented towards trying to warm relations with the EU and as China presenting itself as a country conducting more responsible pandemic policy than the U.S. Improving China’s image is also the goal of its Global Initiative on Data Security, announced in September and addressed to other countries.

**Conclusions and Perspectives.** The reaction of the Chinese authorities to the challenges in foreign policy indicates that they do not intend to change their approach to one of conciliation. Continuation of the competition with the U.S. and other Western countries can be expected, used to mobilise the society and CCP apparatus to maintain internal stability. China will also strive for closer cooperation with non-democratic countries such as Russia and Iran, or those interested in building a counterbalance to the U.S., such as Serbia, Hungary, or Pakistan. The lack of a conciliatory attitude by China will therefore mean a continuity of negative rhetoric towards U.S. partners, and in case of official contacts with Taiwan or blocking of Huawei’s participation in 5G, also specific actions by China. One can expect the detention of citizens of these countries in China or bureaucratic restrictions on their companies operating there.

China’s declarations of cooperation on climate should not obscure the confrontational nature of its policy. Assurances regarding, for example, carbon neutrality mainly serve to improve its image, especially since it is also actively investing in the coal-based industry around the world. The condition of the coal infrastructure in China itself and plans for its expansion (e.g., in the five-year plan) may cause China to emit pollutants at an even greater level by 2030. The possible conclusion of an investment agreement or the subsequent commencement of talks on a free trade agreement depend, among others, on the implementation of the normative and economic demands placed on China.

China does not want to escalate the conflict with the U.S. while waiting for the result of the presidential election. If Trump wins, China will try to take advantage of the transactional nature of his administration, for example, by returning to negotiations of the so-called “phase two” deal. If Trump’s challenger, Joe Biden, wins, and especially if the new president manages to cooperate with the EU, India or Japan in stopping China, it is possible China would intensify cooperation with Russia or others in international organisations, or further inflame the situation involving Taiwan and India.