ESSAY

Cyber technology and the European Union’s gestaltian approach to China [version 1; peer review: awaiting peer review]

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Abstract
Contemporary European Union (EU) and China relations are marked by a simultaneously beneficial, conflictual and competitive partnership. This is aptly evident in the cyber technology realm. This paper contends that the European Union’s gestaltian approach towards China can be understood with the aid of three theoretical positions: (1) an institutional perspective; (2) as a values-based actor; and, (3) a realpolitik dimension. The arguments advanced in the paper, ultimately imply that the EU’s approach towards China can provide various EU domestic and global actors’ space to exploit contradictions, notably when it comes to cyber technology diplomacy. This has the attendant effect of fostering future fissures in the EU’s overall engagement with China.

Keywords
cyber technology, institutionalism, values, realpolitik, Huawei, European Union, China

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Introduction
Like a gestalt figure, contemporary European Union (EU) and China relations pertaining to cyber technology can be seen as a fruitful and rivalrous partnership.

An example of the former: after seven years of negotiations the EU and China concluded a Comprehensive Agreement on Investment (CAI) in December 2020. The agreement sets forth a commitment for a greater level of market access to China for EU investors. It also includes provisions outlining obligations for Chinese state-owned enterprises (SOEs), transparency rules for subsidies, rules against the forced transfer of technologies, and a ‘technology neutrality clause’ which would ensure that equity caps imposed for value-added telecom services will not be added to other services. The Agreement, as conceived, will create a better balance in the EU-China trade relationship, and comes at the cusp of China officially becoming the EU’s largest trade partner in 2020. The formal procedure for deliberating and ratifying the CAI in the European Parliament was expected to commence in the latter part of 2021; with a vote most likely to occur in the first quarter of 2022. However, this process has been stalled whilst Chinese sanctions are in place. This speaks to the erratic, conflictual and competitive nature of contemporary EU-China relations.

The rivalrous nature of EU-China relations is further evident when looking at cyber technology diplomacy. The European Commission, in January 2020, recommended that member states avoid dependency on 5G suppliers who are considered to be major risk for national security. In response, the Shenzhen-based Huawei – the world’s largest telecommunications equipment provider with 31 percent of global market share in 2020 – was subsequently restricted from providing fifth-generation digital infrastructure to most EU member states, under the guise that key information can be potentially accessed by Chinese state authorities. Sweden and France enacted policies that were, in effect, an outright ban on Huawei telecommunication equipment. Several Eastern European nations, where China has a large influence through the Belt and Road Initiative, signed a deal with the U.S. to limit Huawei’s role in developing telecommunication infrastructure in their respective jurisdictions. On the other hand, Germany, with Europe’s largest telecommunications market, was cautious on a total ban. By the end of 2020, Germany’s interior ministry clarified its stance towards engaging with “high-risk companies” like Huawei, suggesting that it will not ban any individual suppliers outright from the nation’s 5G network.

In order to explain the EU’s simultaneously beneficial, conflictual, and competitive partnership with China, and notably in the cyber technology realm, this paper utilizes three prevailing theoretical claims, an institutional perspective, a values-based approach, and a realpolitik dimension. First, the EU’s relationship with China can be understood within an institutional framework whereby the EU, through its various organizational and decision-making bodies, encompass a set of institutional norms and legacies that guide it foreign policy behaviour with China. The second claim is that the EU is a values-based actor. The body aims to display – partially via virtuous signalling – both to its domestic constituents and international partners, the values and beliefs that the EU as a conglomerate holds dear. Finally, there is a realpolitik dimension, whereby the EU’s orientation towards China is driven by a pragmatism influenced by internal stakeholder pressures.

The paper further argues that the implications for the EU’s gestaltian approach, rooted in these three explanatory variables, is that EU domestic and global actors can exploit contradictions when it comes to cyber technology diplomacy. This has the attendant effect of fostering future fractures in the EU’s overall engagement with China.

The institutional approach
The institutional approach places primacy on structural arrangements, including institutional resource configurations, as the main determinant of an actors’ behaviour and orientation. Institutions are hypothesized to have “thick socializing effects on actors that go beyond instrumental adaptation and the strategic conception of rules to include the internalization of norms and rules into the definition of self-interest and its calculation”. In other words, according to the institutional approach the EU’s behaviour is shaped by its institutional

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structure, that subsequently generates a series of “rituals” and “regulations” for EU actors to abide by.

This is demonstrable when observing the case of the EU upholding its inner legacies of not overstepping the boundaries of national sovereignty, and softening the blow of EU-level policies.11 In the cyber technology realm, more poignantly, this is in spite of the fact that “significant vulnerabilities and/or cybersecurity incidents concerning 5G networks happening in one member state would affect the Union as a whole”.12

The EU thus has to carefully balance national interests and sovereignty concerns with pan-EU considerations when it comes to 5G. In fact, the EU Commission has simultaneously argued that decisions pertaining to 5G should be a “coordinated decision” amongst member states, while at the same time advocating that national sovereignty “should be a major objective, in full respect of Europe’s values of openness and tolerance”.13

The European Commission has been so careful in this near-impossible balancing act between national and pan-EU interests, that its stated grounds for the joint decision regarding 5G was not due to the fact the EU is facing a common challenge as an integrated organization. But rather, the European Parliament’s resolution on security threats is “connected with the rising Chinese technological presence”; which has becoming alarming to such an extent that “the Union calls on the Commission and member states to take action at the Union level”.14

Notwithstanding, understanding the EU and China relations viz. the institutional approach, provides an overly deterministic account that assumes a path-dependent preference formation once institutional outcomes are in place. Moreover, the theoretical perspective adopts a uniform view of institutional arrangements that cannot account for variations within regions and nations. This is significant, as a plurality of institutional environments can create competing “rituals” that favour no single guiding preference.

A values-based actor

While the institutional approach is helpful in explaining the European Commission’s role in promoting a joint EU position towards China, it fails to fully capture the Commission’s motivations for doing so. A values-based approach, that is, one that examines actors’ motivations, has the potential to be instructive in this regard.

As a normative actor, the European Commission understands that its role is not simply to coordinate the member states’ positions, but also to shape them according to EU values defined broadly as a respect for human dignity, freedom, democracy, equality, the rule of law and respect for (civil and political) human rights.15 Such values are intimately linked to perceived “cultural legacies” and “historical heritages” that the EU as a body is a testament too.16 That is, from its inception, the EU and its institutions are deeply embedded in a socio-cultural nexus of its member states17 – with foundation members states (e.g. Germany, France) generally having an outsized influence on the development of the prevailing values structure.

As illustration, the European Commission immediately links technology with the EU’s underpinning value of democracy. It states: “the organization of democratic processes, such as elections, will also rely more and more on digital infrastructure and 5G networks”.18 If the EU’s motivation were to merely exclude competitors, such verbatim would not be necessary.

The values aspect is so engrained in EU policy planning that it appears even in the technical recommendations for member states. For example, the European Union Agency for Cybersecurity guidelines for national regulatory authorities on incident reporting, security measures and threats and assets, contain values discourse (e.g. “good practice”, “development of cross-border communities”) and elements of normative discursive motivation (e.g. “harmonized implementation of legislation creates a level playing field and makes it easier for providers and users to operate across different EU countries”).19

This approach is understandable. An engaging, normative language can make a difference since the guidelines are non-binding and ultimately, it is up to the member states to act on recommendations.

Falling back on its normative role, the EU reserves the right not just to balance the interests of member states, but also to excercise its authority in the ethical domain. Member states are advised to act according to its recommendations because it is “good practice” – it is simply the right thing to do.

11 See e.g. Reza Hasmath and Natalia Wyzycka, “What Drives the EU’s Contemporary Strategic Engagement with China?” (International Political Science Association World Congress, July 23–28, 2016).
13 Ibid.
15 See e.g. Daniel Innerarity, ed., Democracy in Europe: A Political Philosophy of the EU. (Basingstoke: Palgrave Macmillan, 2018).
17 It should be acknowledged that the values-based argument has a strong potential to exaggerate the role of socio-cultural factors in determining an actors’ behaviour, even to the extent of presenting it as a universal variable that can account for the totality of actions. This significantly diminishes the tangible impact that collective rationality and resource constraint can exert on political preference formation. See e.g., Hasmath and Wyzycka. “What Drives the EU’s Contemporary Strategic Engagement with China?”
In the case of the admission or exclusion of China’s Huawei in European 5G networks, the EU is faced with an additional dilemma in the values domain. The EU dictates that companies – such as ones widely prevalent in China – with a blurred state/private ownership division, non-transparent private data protection protocols, and/or located in nations states with a perceived problematic record in human rights violations (e.g., China’s management of ethnic minorities in Xinjiang) should not be provided with the same access to opportunities as companies without such issues. However, the EU promotes a policy philosophy that aims to uphold a level playing field. Therefore, in order to avoid charges of hypocrisy, the EU sought policy recommendations that was not exclusive of Huawei, but provided sufficient reasons for limiting Chinese companies such as Huawei simultaneously.

The EU has, arguably, succeeded in this task with the publication of “Cybersecurity of 5G Networks: EU Toolbox of Risk Mitigating Measures” in January 2020. As aptly put by the European Internal Markets Commissioner Thierry Breton, “There is zero discrimination. I’m very honest when I’m saying this … I’m not naive. I know that for some it will be easier to comply than for others”.

**Realpolitik dimension**

International relations’ realists will consider observed EU values as a performative public rationalization of rational behaviour, and not determinative in their own right. They will point out that institutional values and ideological positions do not matter if a nation state and/or regional institutions such as the EU lack the power to effectuate them. That is, realists contend that the power of the state is a universal objective that subordinates socio-cultural concerns.

Accordingly, there is a practical, realpolitik dimension to factor when it comes to contemporary EU and China engagement in the cyber technology realm – one that is driven by internal stakeholder pressures. Internal stakeholder pressures also include the varying positions of EU’s member states.

While the leading member states have showcased unity in their position on China at times, in other cases they have demonstrated suspicion and dissonant agendas. For instance, the President of France, Emmanuel Macron has argued for a stronger European position on China, e.g. by inviting then German Chancellor Angela Merkel and then European Commission President Jean-Claude Juncker to talks with Chinese President Xi Jinping in Paris in 2019. However, President Macron’s effort was inevitably viewed by other EU members “as a crafty way of putting France at the centre”.

Another case in point: Germany has cautiously balanced the interests of its domestic industries and the nation’s commitment to EU unity. This balancing act has become strained insofar as Chancellor Merkel has lost the belief that one can operationalize values-based politics; which has led to internal disillusionment with European unity in general, and a more pragmatic relationship with Beijing. This move away from values-based politics is largely due to the fact the German economy has been dependent on China for many years, whereby the narrative has been a “confrontational course towards Beijing would be economic suicide”. Put differently, China’s importance as a market growth and dominant player for Germany (and the EU) will continue to increase, thereby “risk mitigation measures must not lead to broad economic decoupling”.

Still, even if major EU member states do not necessarily agree on the degree of rigidity and strictness towards China when it comes to cyber technology diplomacy, they tend to share the perception that the EU should formulate its own internal approach to China, independent of foreign actors’ influence.

By performing this balancing act, the common European objective is to avoid a bi-polar system in which EU member states are forced to pick sides on all relevant

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24 In retort, one can suggest that dominant socio-cultural norms are an expression of power relations; and the nature of local resource configurations can propel certain socio-cultural norms into the forefront, while leaving others outside mainstream pockets of power. Thus, the primary role of structural constraints is not so much to form socio-cultural preferences, but rather to help determine which ones gain the most hold in governance systems. See e.g. Hasmath and Wyzyczka, “What Drives the EU’s Contemporary Strategic Engagement with China?”.


27 Ironically, this form of pragmatic diplomacy is a staple of Chinese foreign relations behaviour. See e.g. Reza Hasmath, “White Cat, Black Cat or Good Cat? The Beijing Consensus as an Alternative Philosophy for Policy Deliberation”, China’s World 12, (2017): 12–24.


policy issues … There is a group led by France, Germany and Spain that is working with Brussels to enhance the EU’s strategic autonomy and economic sovereignty, including the capacity to develop critical core technologies autonomously, independent from China while managing or hedging dependencies from the US.30

In short, the EU’s realpolitik positions on China can be traced to the ultimate idea that the EU wants to deal with China on its own terms, notwithstanding potential internal frictions when it comes to cyber technology diplomacy.

Implications and conclusion

The ultimate goal of advocates for EU autonomy is to ensure that the EU can weigh the gains and losses on its own terms. The fissures borne by the EU’s institutional legacies, self-perceived values-based role, and realpolitik considerations suggests that there is bound to be a gestaltian approach towards China when it comes to cyber technology diplomacy. This has the attendant effect of fostering future fractures in the EU’s overall engagement with China, and creates opportunities for EU domestic and global actors to exploit.

Foremost, amongst the EU’s smaller member states, there is not necessarily a full agreeableness in advocating for a pan-EU strategy towards China in cyber technology.

This is largely the product of external trans-Atlantic pressures that Baltic states, Poland or Romania face. The United States of America serve as the leading security provider to those nation states against Russia, which has become heavily securitized at the national level after the 2014 annexation of Crimea.31 These nation states are acutely aware that they have very little to provide, and are making the conscious and pragmatic quid-pro-quo choice of supporting the USA’s position on China’s cyber technology. That is, by pledging to ban Huawei even to the extent of contradicting the EU’s position.32

Theoretically speaking, the realist school of thought has a tendency to focus on larger powerful nation-states behaviour, and disregard small nation-states agency. One can argue that in a political and economic union such as the EU, small nations policy groupings can have an influence on the overall agenda. Smaller national actors may hold little sway in realpolitik terms, but the design of EU institutions – stemming from its internal institutional legacies and values-based propositions – provide mechanisms for spotlighting their shared and competing interests that allow for various actors to exploit for their own gain.

Practically speaking, there are strong economic and market considerations for the EU to allow Chinese cyber technologies in their jurisdiction; thus contradicting institutional and/or values-based claims. Simply put, providing Chinese cyber technology companies access to EU markets keeps Europe’s own champions in check. For example, while Huawei’s equipment is not always cheaper than its competitors, there is a risk that cutting Huawei from a competitive bidding-processes will mean that other European competitors (e.g. Sweden’s Ericsson, Finland’s Nokia) may not competitively price their equipment. To wit, in 2019, Huawei had 44 percent of 4G network customers, while in 16 out of 31 European nations more than 50 percent of 4G equipment comes from Chinese vendors. The impact of keeping Huawei out of the 5G upgrade process will therefore be significant.

At the end of the day, while the European Parliament has currently halted deliberations on the CAI, and the EU has taken an antagonistic stance towards Chinese cyber technology companies such as Huawei playing a formidable role in its internal markets, paying sole homage to its institutional legacies and the values that it promotes can be costly in realpolitik terms. This is a balancing act that the EU may not have the full luxury of agency to act upon in a post-COVID environment.

Given the EU’s weak post-COVID economic outlook33, member states will struggle to invest in their 5G digital transformation while at the same time achieve a high level of digital sovereignty. As the March 2021 joint letter from leaders of Germany, Denmark, Estonia, and Finland to the European Commission suggests, Europe’s technological capacity and its ability to establish values and rules in a technology-centered world is becoming dominated by other nations. They thus “call for the European Union to get ahead of the curve in the digital transformation”.34 Notwithstanding the difficulties to do so factoring realpolitik considerations, the uncomfortable fact is that the United States – who stores 92 percent of the Western world’s data35 – and not China, is the biggest threat to achieve this goal.

Data availability

No data are associated with this article.

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32 For more information, see Una A. Berzina-Cerenkova, “The Baltic Resilience to China’s ‘Divide and Rule’”, Lex Portus 7, no. 2 (2021): 11-38.

