



EU to Pressure China to Stop Aiding Russia in Ukraine Conflict

On November 30, the *South China Morning Post* (SCMP) reported that EU leaders will directly pressure Chinese President Xi Jinping at an upcoming summit in Beijing to stop 13 Chinese firms accused of aiding Russia to circumvent Western sanctions.

These leaders will ask Xi to end the practice of aiding Russia, and Xi's response may determine whether the EU will single out these Chinese companies in the latest package of sanctions.

SCMP reported that at first, the EU omitted these Chinese companies from its 12th package of sanctions against Russia.

Nonetheless, the names of these companies could be included in the sanctions list if China does not take action in accordance with EU demands.



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This collective move signifies efforts by the EU to tackle concerns over the implementation of Russian sanctions.

EU Council President Charles Michel, European Commission President Ursula von der Leyen, and the bloc's top diplomat Josep Borrell are gearing up for a visit to Beijing on December 7 and 8. Ambassadors from the 27 member states gathered in Brussels to discuss summit preparations and authorized an orientation note prepared by Michel's team to set the agenda for the talks.

The upcoming EU-China summit is poised to be a crucial moment for diplomatic talks as the EU seeks to ensure the implementation of its sanctions against Russia and tackle the various challenges posed by entities aiding Russia's military actions in Ukraine.

In a display of diplomatic engagement,_China has hitherto reassured the EU of its willingness to take action against Chinese companies that help Russia circumvent sanctions.

This assurance came after consultations in June between Chinese Ambassador Fu Cong, representatives from the <u>Chinese Ministry of Commerce</u>, and EU officials, resulting in Brussels ditching plans to blacklist five Chinese companies as part of its 11th package of sanctions.

Ambassador Fu Cong said, "We understand the concerns of the EU in terms of trying to prevent the circumvention of the sanctions, meaning that some of the items from the European market might be reexported to Russia and so ... according to their view, that needs to be resolved."

The Chinese companies involved include China's Asia Pacific Links Ltd. and Russia's SMT-iLogic, which, as reported by Reuters, reportedly were involved in a scheme to provide drone parts to Russia's Main Intelligence Directorate of the General Staff.



Written by **Angeline Tan** on December 2, 2023



The Hong Kong-based exporter Asia Pacific Links Ltd. has been singled out as a major supplier to Russia's drone program, together with the import company SMT iLogic. Earlier in May, U.S. sanctions targeted both firms as a result of their actions.

In a similar move, the U.S. Commerce Department added a total of 28 firms, including some Finnish and German companies, to a trade blacklist in September, complicating the process for U.S. suppliers to transfer technology to these entities.

Frustration is piling up in Brussels that China is not seriously considering EU concerns on geopolitics and trade, amid mounting trade tensions as the EU is mulling action against <u>Chinese subsidies of electric vehicles</u>, wind turbines, medical technology, and solar equipment.

EU leaders fear that overcapacity in the Chinese economy will be exported to Europe, in light of speculation regarding the use of the new foreign subsidies regulation to stymie Chinese battery giant CATL's massive investments in Hungary.

Moreover, officials have clashed over subsidies and Beijing's alleged use of economic coercion against Lithuania over Taiwan, hinting that the upcoming EU-China Summit in early December could be a tense affair.

At a recent event hosted by Chinese diplomats to commemorate 20 years of a "comprehensive strategic partnership" with the EU, various Beijing-backed speakers rebuffed any idea that both the EU and China were rivals, blaming the United States for all bilateral tensions instead.

"After 20 years of comprehensive strategic partnership, in our eyes, in Chinese eyes, we are closer to each other, but maybe not to the case for the Europeans, because you see us as systemic rivals all of a sudden," veteran Chinese diplomat Ma Keqing said at a Friends of Europe forum.

"Actually, we were different, many, many years ago, and who have been different for the whole process of our relations. And now, suddenly we have become systemic rivals ... so I would like to say that we should have more dialogue and more mutual trust."

Meanwhile, on December 1, Kremlin spokesman Dmitry Peskov told reporters that Moscow is aware that, although Washington will try to maintain its embargo of Russian products, the United States does not represent the entire world.

Peskov was giving his take regarding statements by U.S. Assistant Secretary of State for Energy Resources Geoffrey Pyatt, published by the Financial Times (FT) earlier in the day, about Washington's plans to undermine the Russian economy in the long term.

"We have no doubt that the US will continue to try to put pressure on Russia, including on the entire system of international trade and economic relations, which is basically being destroyed," Peskov said.

"It's probably worth noting that the US is a large economy, but not the only one. The US economy is not the world. There is another country on America's heels — China," Peskov elaborated.

The United States and its allies enforced a unilateral embargo against Russia in 2022, citing the Ukraine conflict. Besides, the International Energy Agency has predicted that Russian oil and gas exports could decrease by at least 40 percent by 2030 if such sanctions persist.

"We're going to do everything we can to help make that true," Pyatt told the FT. He said the purpose of the embargo was to "change Russia's behavior" but also to ensure that Moscow would be in no position to wage war going forward.



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Pyatt assumed the energy portfolio at the State Department in September 2022 and is known in Russia for being the ambassador to Ukraine and being involved in the <u>infamous 2014 phone call</u> with Victoria Nuland about "midwifing" the coup in Kyiv.

In December 2022, the G7 countries declared a \$60-per-barrel price cap on Russian seaborne crude oil, forbidding Western companies from supplying insurance and other services to anyone who would seek to sell above it. Meant to dent Moscow's energy export profits, the measure has been a futile effort, according to news outlet Russia Today.

While Russia's oil and gas revenue plummeted by 46 percent to 426 billion rubles (\$4.6 billion) in January 2023, by October such figures were up to 1.635 trillion rubles (\$17.6 billion), with EU officials forced to acknowledge that "almost none" of the cargoes had been sold at or below their preferred price.





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