

Research on Comprehensive Governance and Government Cooperation during the COVID-19 Pandemic

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Abstract:

In 2020, at the historic moment when China and the European Union ushered in the 45th Anniversary of the establishment of diplomatic relations and the 70th anniversary of *Schumann declaration*, China and the EU countries successively broke out the COVID-19 pandemic. The pandemic poses an all-round challenge to the governance systems and capabilities of the EU countries, and has a direct and significant impact on the EU's political, economic and social. EU has gradually developed from "confining cities" to "confining countries", even "confining Union", and its response has been unprecedented. In the joint fight against COVID-19, China-EU relations have been continuously infused with new vitality and connotation. In the face of the impact of covid-19, the current challenges and opportunities for China-EU relations coexist. Through the proactive actions in China and EU, we can grasp and create more opportunities to enhance bilateral cooperation.

Keywords: COVID-19 pandemic, China-EU cooperation, EU governance, Challenges, Opportunities.

I. INTRODUCTION

The People's Republic of China officially established diplomatic relations on May 6 1975 with the European Economic Community, the predecessor of the European Union, which opened a new chapter in China EU relations. For 45 years, China and EU have continuously expanded and deepened mutually beneficial cooperation, bringing more opportunities for their respective development. Before the outbreak of COVID-19, EU was already in the most difficult period since the Cold War. After the pandemic, many EU countries entered a wartime state, and their social management, industrial production and health care started wartime modes which is the greatest crisis and the largest wartime mobilization that mankind has faced since the Second World War. In fact, COVID-19 has emerged in France since December of last year [1]. The response of EU countries to the pandemic has gone through a slow process, and even lagged behind the development of the pandemic to some extent. For more than three months, the EU

countries have not paid enough attention to the pandemic. So, the COVID-19 has hit Europe hard, which will further deteriorate the EU's geopolitical situation and will have a profound impact on the EU's future development. The cooperation of China-EU relations will also be inevitably affected.

II. DEVELOPMENT AND CURRENT SITUATION OF PANDEMIC IN EU

The response of EU countries to the pandemic has gone through a slow process, and even lagged behind the development of the pandemic to some extent. Since early March, the number of confirmed cases in EU countries has shown a geometric growth trend (see Figure 1). As the number of confirmed cases in Italy continues to rise, EU countries gradually begin to recognize the risk of the pandemic. France first announced that it would control its own epidemic prevention materials, and Germany announced that it would ban the export of materials such as masks and other materials, but it would not disrupt normal economic exchanges and cultural activities, that is to say, it would not take compulsory measures to "be grounded". At the same time, Italy decided to "close the city" and close the Lombardy region and its neighboring areas. About a quarter of the country's population flow was restricted, and all public places in the country were closed. Subsequently, the pandemic spread rapidly in Europe, and various countries took action one after another. Germany, France, the United Kingdom and other major European countries launched a series of prevention and control measures, including school suspension and cancellation of large-scale activities, etc., but these countries did not take compulsory measures to restrict social contact.

According to the latest data from the World Health Organization (see Figure 1), of the 10 countries with the most severe epidemic in the world, there are four EU countries, namely Spain, Italy, Germany and France.

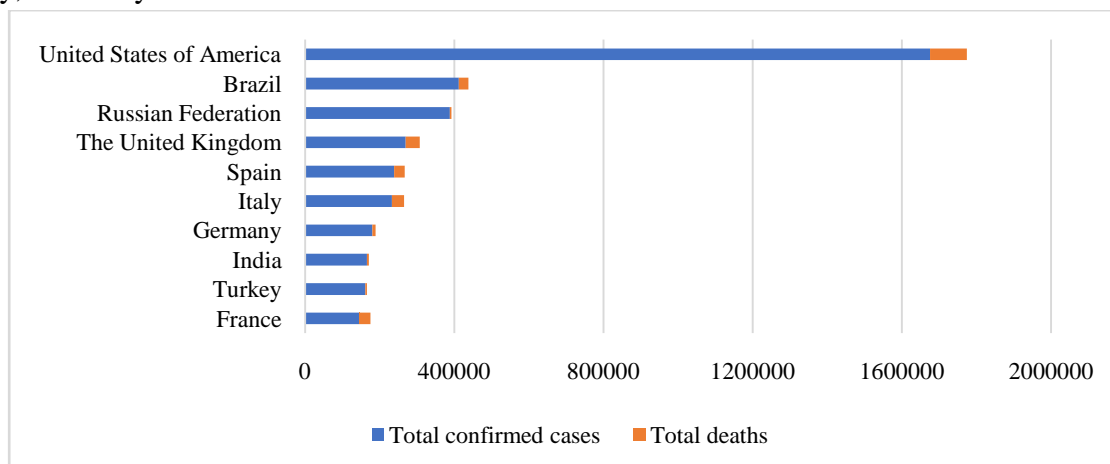


Fig 1: The Top 10 countries with the worst pandemic in the world (data of 4 June 2020) [2]

The total number of confirmed cases in 27 EU States accounts for nearly half of the world's total, and the total number of deaths exceeds half of the world's (see TABLE I). At present, the pandemic situation in Europe has eased, especially in Italy, Spain and other heavily affected

countries. Some countries, such as Austria, the Czech Republic and Denmark, are ready to return to work in a planned way. However, the WHO has warned that early lifting of the “confining cities” measures may lead to a new outbreak of pandemic.

TABLE I. TheCOVID-19 situation of the EU (dataof 4 June 2020) [3]

EU countries	Total confirmed cases	Reported cases per 1 million population	Total deaths	Reported deaths per 1 million population
Spain	240326	5144	27940	598
Italy	233836	3869	33601	556
Germany	182764	2204	8581	103
France	151677	2264	29021	433
Belgium	58685	5138	9522	834
Netherlands	46733	2712	5977	347
Sweden	40803	4007	4542	446
Portugal	33261	3235	1447	141
Poland	24395	642	1092	29
Romania	19669	1010	1288	66
Austria	16705	1888	670	76
Denmark	11771	2030	580	100
Czechia	9438	888	324	30
Finland	6911	1252	321	58
Luxembourg	4020	6615	110	181
Hungary	3931	402	534	55
Greece	2937	274	179	17
Bulgaria	2585	368	147	21
Croatia	2246	549	103	25
Estonia	1880	1423	69	52
Iceland	1806	5108	10	28
Lithuania	1684	604	71	25
Slovakia	1525	280	28	5
Slovenia	1477	714	108	52
Latvia	1079	56.0	24	1.2
Cyprus	958	80.6	17	1.4
Malta	622	128.6	9	1.9
Total	1101918		167940	

Disclaimer: National updates are published at different times and in different time zones, this may lead to discrepancies between the national numbers and the WHO.

III. SHOCK OF THE PANDEMIC ON THE EU

For the EU, this sudden pandemic is a comprehensive crisis and ordeal with unprecedented scope and magnitude. It may have a potential impact on the future trend of European integration and the EU’s international status and influence.

Firstly, the COVID-19 pandemic has hit the EU economy hard. In the first quarter, the Euro Area economy grew negatively by 3.6% (see Figure 2) [4] and the EU economy grew negatively

by 3.2% (see Figure 3) [5]. It is predicted that the negative growth of the EU in the second quarter will be negatively between 5%-12%, and the negative growth for the whole year will be 7.4%. From a macro perspective, the fiscal deficit will reach 7%, and the cumulative public debt will rise by 100% [6]. From a micro perspective, the industry of entertainment, hotel, tourism and aviation will be the most impacted, and the related automobile pillar industries will also be greatly affected. The reason for this is, on the one hand, the impact of the “confining cities”, “confining countries” even “confining Union” and other measures on the real economy; on the other hand, it is the anticipation concerns, panic mood has a serious impact on investment and trade. At present, after the pandemic reached its peak, the EU has already started various “unconfining” policies. Under such circumstances, EU member states have taken various measures to safeguard economic activities and social and people’s livelihood. With the prominent economic problems, the expansion of North-South differences and the aggravation of regional differences, what measures will the EU take to deal with them deserve further attention.

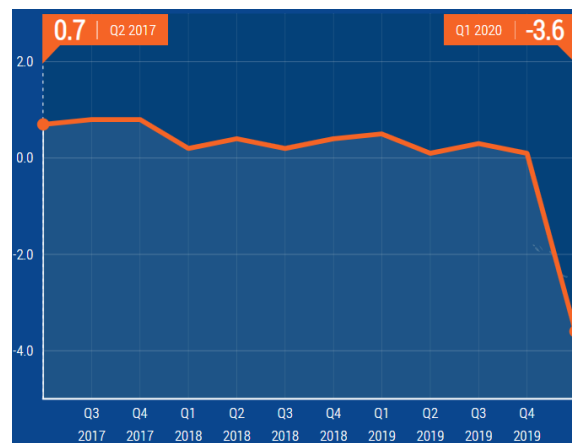


Fig2:GDP volume in Euro Area 19 (% change)

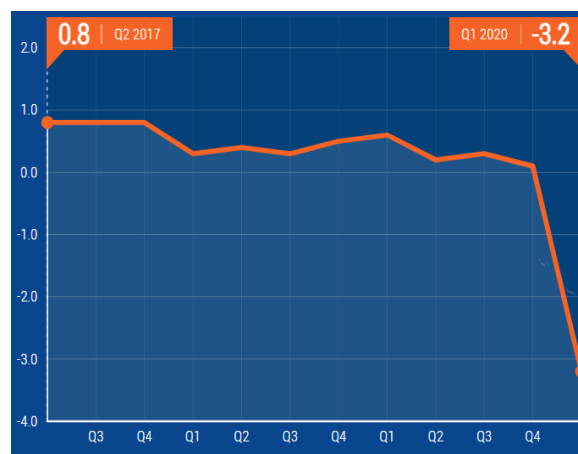


Fig 3: GDP volume in EU 27 (% change)

Secondly, the hidden dangers of political crisis and even integration crisis are buried. From a political point of view, the political fragmentation and polarization in Europe are outstanding, and populism on both the extreme right and the extreme left is on the rise. Even in Germany, a

relatively stable country, there are signs of political instability. During the pandemic, EU countries fought against each other, seriously damaged the image of EU among the people, and further weakened the public opinion base of European integration. After the epidemic eased, the populist parties on the far right of Europe may continue to develop, not excluding the possibility of coming to power in one or more countries. At the same time, the EU, stimulated by Brexit, has made some progress in the reform of the euro area and the construction of common defense, but no substantive measures have been taken.

Thirdly, the existing achievements in the internationalization of the euro are deeply affected. The Euro is an important achievement of European integration and the construction of a single market in the EU. It is also the second largest international currency after the US dollar. However, it faces many challenges in the current internationalization process. On the overall trend, as pointed out by the member of the Executive Committee of the European Central Bank, Benoit Cole, the comprehensive internationalization level of the euro peaked at around 27% in 2004, and then showed a downward trend of shocks, which was less than 22% in 2017. Since the second half of 2018, in order to protect its own economic and strategic interests in the new global situation, the EU has been more willing to expand the international influence of the euro and put forward some intentional actions, which are more “expansionary” than in the past. According to the theory of monetary power, the level of currency internationalization reflects the comprehensive strength of politics, economy and security. Affected by the pandemic, the EU has suffered severe economic and political damage. In terms of security, its security situation has been severely challenged. It is precisely because of many constraints that it is still questionable whether the euro’s international level will achieve leap-forward progress.

IV. EU’S RESPONSE AND GOVERNANCE TO THE PANDEMIC

Since the EU is not a sovereign country, its attributes determine that it cannot do anything. The absence of EU institutions at the beginning of each crisis is inevitable. Therefore, the initial passive reaction of the EU countries to the epidemic is more obvious, the weaknesses of the EU’s governance system and capacity were exposed under the impact of the pandemic. With the rapid development of the pandemic in EU countries, the leaders’ estimation for the epidemic and economic situation has become more pessimistic a few weeks after the “confining cities” initiative was launched. In view of the all-round damage to the economy caused by the pandemic, the EU’s economic rescue measures are unprecedented, and fiscal and monetary policies are both in line. At the same time, various self-rescue measures have also introduced.

First, both fiscal and monetary policies are in line. Since the outbreak of the COVID-19, EU has become a serious disaster area. People’s concerns about the European region include not only the impact on citizens’ health and life safety, but also the devastating impact on the European economy[7]. On March 12, the European Central Bank decided to expand quantitative easing and add the 120 billion euros debt purchase program. The European Commission also allows member states to break through the deficit limits of the “Fiscal Pact” during the pandemic. To help save the economy, Germany and France, the European Union’s two-headed carriage, jointly launched a

“Recovery Fund” in May, which is worth 750 billion euros. It hopes to help the newly defeated countries to regain economic momentum as soon as possible. As envisioned by Germany and France, the 750 billion euro recovery fund would consist of 500 billion euros in grants and 250 billion euros in loans, with funds raised from capital markets to be amortized over 30 years between 2028 and 2058. Paolo Gentiloni, EU economic Commissioner, revealed that Italy was the largest beneficiary of the 750 billion euro recovery fund, with a share allocated of 172.7 billion euros, of which 81.807 billion euros were for non-reimbursable assistance and 90.938 billion euros for loans; followed by Spain’s 140.4 billion euros, 77.3 billion euros for assistance and 63.1 billion euros for loans; and France’s 38 billion euros for assistance [8]. Because the essence of this “Recovery Fund” is the “spending of the future money”, even if the EU wanted to provide assistance to the worst hit countries, such as Italy and Spain, the repayment must be shared by the member countries through a joint budget. But the plan not only reflects the Euro Area unity that French President Macron said, but also promotes the single currency zone to the path of fiscal union.

Then, Economic self-rescue of Member States. French Finance Minister Bruno le Maire announced a 43.4 billion euros aid plan on March 17 to help French companies and employees cope with the crisis, and set up a 289.8 billion euros credit fund [9]. On the same day, the Spanish government announced an economic assistance plan of 200 billion euros, half of which will be used for corporate credit guarantees, and the rest will be used to assist vulnerable groups, provide relief to unemployed workers (see Figure 4) [10], and allow the affected groups to suspend the repayment of mortgage loans. Germany set up a 540 billion euros credit fund on March 25, and increased fiscal expenditures by 152 billion euros. On April 6, Italian Prime Minister announced that the government will provide 400 billion euros of liquidity to Italian companies in the form of state-guaranteed loans. In addition to the 340 billion euros of funds involved in the economic relief measures previously issued. In other words, the Italian government will provide a total 740 billion euros to the market. All in all, the financial and monetary policies of the EU countries to deal with the pandemic are unprecedented, which also shows the seriousness of the economic and social harm caused by the outbreak.

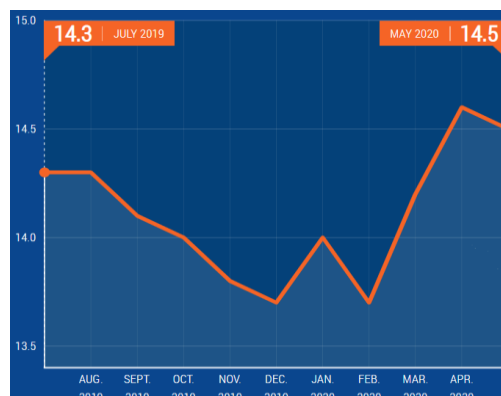


Fig4: Unemployment rate-total in Spain (% labour force)

Finally, Coordinate research and development of vaccines and jointly respond to crises [11].

Although the anti-pandemic measures of EU countries are often lack of foresight and miss the best opportunity, with the argument of Governments coming out of the absurdity of “group immunity” and so on, and finally taking decisive measures such as the “confinement of country” even “confinement of Union”, various pandemic indicators have recently seen positive changes. Spain and Italy, the two countries with the most serious and the highest mortality rate, have seen a downward trend in these two key figures for several consecutive days. The coordination of various countries in the fields of drug cooperation, vaccine development, human and material support, etc., has a broad space to release the power of “unity”. In any case, the original intention of the establishment of the EU is to seek unity, and its survival must also rely on unity. The attitude of the EU seems to indicate that the EU has realized that unity is the only way, whether all countries can follow suit, whether Germany can shoulder the historical responsibility of “the leader”, whether the EU’s decision-making mechanism can be changed, and whether it can go against the trend, through the success of the measures of solidarity and anti-pandemic, let’s wait and see as the dream of Greater Europe rekindles hope in this land.

V. IMPACT OF THE PANDEMIC ON CHINA-EU COOPERATION

The European economic recession under the epidemic is a foregone conclusion. As the European industrial chain is damaged or even broken, a large number of companies are in financial difficulties, and the unemployment rate has increased, which has impacted China-EU cooperation in terms of politics, economy and trade, and the established schedule.

(1) Political cooperation between China and the EU has increased in uncertainty. In the EU’s assessment of its own external political environment, the United States is the most important factor, but also the largest variable. Since the end of the Second World War and the formation of a military alliance with Europe and the United States, Europe has formed a great dependence on the latter. In the post-war international order, Europe is not only a participant, but also a beneficiary. At present, the consensus of the decline of the United States’ influence is very common in EU. From the perspective of its global strategy, EU is most worried about the decline of Western influence and its impact on the international order formed since the end of the Second World War. The pandemic situation has a comprehensive impact on the EU’s economy, governance system and capacity, the public and social psychology, etc. China took the lead in controlling the epidemic nationwide, and gradually began to resume work and school, and provided a lot of assistance to countries around the world, including EU countries. But even this simple anti-pandemic cooperation was interpreted by some Europeans as having ulterior motives. Furthermore, the EU in the post-epidemic period will be weaker and less self-confident, and the development situation in China, which is still in the rising stage, will be more obvious, thus affecting China-EU cooperation in international affairs.

(2) China-EU economic and trade cooperation has been hit. The EU unified market is one of China’s largest export markets; China has been the EU’s second largest trading partner for more than a decade. Economic and trade relations are the foundation and the main content of China-EU relations. China and the EU have long been each other’s most important economic and trade

partners. In 2019, China's trade with 28 EU countries including the United Kingdom reached 613.77 billion euros, with a growth rate of 8%. China's direct investment in the EU countries has established more than 3 200 enterprises and employed nearly 260 000 European employees. Covers all member states of the European Union [12]. However, the epidemic has a major impact on China-EU economic and trade relations, China and Europe have close industrial ties, and the long-standing industrial chain and supply chain formed by both sides are threatened by the stagnation of manufacturing and transportation industries. After the pandemic, the recovery of China-EU industrial chain and supply chain will face great challenges.

(3) The est the Leipzig China-EU Leaders' Special Summit in the second half of the year. However, the sudden pandemic has disrupted the established diplomatic agenda of China and the EU, and many political, economic, trade and people-people cooperation agendas have been temporarily postablished schedule for promoting cooperation between the two sides was disrupted. 2020 marks the 45th Anniversary of the establishment of diplomatic relations between China and the EU. This is an important year for the promotion of all-round and high-level cooperation between the two sides. The new EU leader plans to visit China for the first time and attend the China-EU Summit. Wang Yi, State Councilor and Foreign Minister of China, made it clear in December last year that on the 45th Anniversary of the establishment of diplomatic relations between China and the EU, China is willing to take this opportunity to further strengthen high-level exchanges between the two sides and jointly push China-EU comprehensive strategic partnership to a new level. The most important 17+1 cooperation mechanism leader summit in China-CEEC relations, the established agenda will be held in Beijing in April 2020. The Chinese leader will also visit Germany and attendponed, which makes it difficult to carry out normal diplomatic activities through people to people exchanges, which is the most core in the traditional sense.

VI. OPPORTUNITIES FOR CHINA-EU COOPERATION UNDER THE IMPACT OF THE PANDEMIC

In the fight against the epidemic, China and the EU chose to work together in the same boat, once again proving that they are partners in mutual need. At the height of China's epidemic situation, the EU coordinated its member states to deliver medical supplies to China; when the epidemic spread in Europe, China quickly aided the EU member states. At the same time, China and the EU have launched unprecedented cooperation between medical science and professional managers. This fully embodies the theme of "cooperation" and "partnership" between China and the EU, which brings opportunities for deepening cooperation.

While strengthening bilateral assistance, China and EU should actively promote international multilateral cooperation so as to promote the common response of all countries to this global crisis. In recent years, a very important change has taken place in Sino-European relations, that is, the two sides jointly contain American unilateralism and vigorously maintain the international multilateral mechanism. In responding to climate change, European countries regard China as an "ally"; China and Europe also stand together in maintaining regional hotspot issues such as the

Iranian nuclear agreement. The EU attaches great importance to international cooperation with China in its China policy document issued in 2019.

After the outbreak of COVID-19, China and EU, especially China and France, actively promoted international cooperation and jointly contributed to the convening of the G20 leaders video summit. China and EU also agreed to strengthen cooperation in fighting the epidemic in Africa and other regions.

The COVID-19 pandemic triggered many reflections on globalization by the international community. But the fact of global solidarity remains the same, and there is no way out of decoupling and isolation. China's pace of deepening reform and opening up will not stop, and it sincerely hopes to work together with international partners such as the EU to maintain the global open cooperation environment and multilateral trade system, and ensure the stability of global supply chain. The goal of the China-EU Comprehensive Agreement of Investment to conclude negotiations within this year has not changed, which will release more positive information of strengthening economic and trade cooperation between the two sides.

At the same time, both China and the EU should change the economic model of increasing resource consumption in exchange for growth. China's economy is transforming and upgrading to a stage of high-quality development. Innovative technologies, digital interconnection and green development will play a greater role in improving the quality and efficiency of the Chinese economy in the future. The EU is also actively advancing the Green New Deal and digital strategy. China and the EU should actively cultivate these new growth points of cooperation to better benefit the people of both sides. Faced with global challenges such as climate change, sustainable development, international and regional conflicts, the international community needs to cross geographical and ideological barriers, carry out extensive and in-depth cooperation, and promote the development of the global governance system in a more just and reasonable direction. As important forces on the world stage, China and the EU have the responsibility and ability to create a better international environment for global development.

VII. CONCLUSION

After 45 years of development, China-EU cooperation has made some achievements. But the COVID-19 pandemic, which is still raging in Europe, has evolved into the most serious challenge facing the EU in the past 70 years after the War. This global public health crisis not only threatens the safety and health of human life, but will also have a profound impact on the economic, social and political aspects of EU countries. The pandemic disrupted the established agenda of China and the EU in 2020, and also brought new challenges and opportunities for bilateral cooperation. The necessity and urgency of strengthening cooperation between China and the EU are unprecedented. The pandemic situation in Europe has not been fundamentally alleviated, and the task of anti-epidemic remains arduous. Cooperation against the pandemic cannot be separated from the joint efforts of both sides. The two parties need to work together in opposing the false information of politicization and stigmatization of the pandemic, trying to overcome the impact on the economy, and maintaining the supply chain security of the industrial chain. China's policy

towards Europe is highly stable and continuous, and its support for European integration is consistent and sincere. If the EU can have more trust in China and less unreasonable suspicion, China-EU cooperation space will be broader, more beneficial to each other and the world. It is hoped that after the success of the cooperation in fighting the COVID-19 pandemic, the two sides will continue to promote various bilateral cooperation programs, advance China-EU relations to a new stage and a higher level of development, and jointly safeguard the health, prosperity and stability of the region and the international community.

ACKNOWLEDGEMENTS

This study was supported by the Ethnic Research Program of National Ethnic Affairs Commission of PRC[2020-GMD-101], the Philosophy and Social Science Research Program of Hubei Provincial Department of Education [19Q034], the Institute of Wuhan Studies of Jiangnan University [IWH20192039], and the Open Education and Teaching Research Program of China Three Gorges University [KJ2018039].

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