

# Xi signs strategic EU-China deals amid growing EU-US tensions

By Alex Lantier  
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On Tuesday, Chinese President Xi Jinping ended a six-day tour of Europe in which the major euro zone powers made business deals with China and signaled support for its Belt and Road Initiative (BRI) for infrastructure across Eurasia. As Washington threatens both China and its nominal European Union (EU) allies with trade war sanctions, deep divergences are emerging between Washington and the EU over relations with China.

As part of its “pivot to Asia” to diplomatically isolate and militarily threaten China, Washington has opposed the BRI, which US Vice President Mike Pence mocked last year as a “constricting belt and one-way road” allowing China to trap the world in debt. In 2015, the EU powers defied US calls to boycott the Asian Infrastructure Investment Bank (AIIB), the BRI’s funding arm. Now, they are again ignoring Washington.

On March 5, the *Financial Times* reported that Italy would sign a memorandum of understanding (MOU) backing the BRI, making it the first major EU power to do so. The FT said this “would undercut US pressure on China over trade and would undermine Brussels’ efforts to overcome divisions within the EU over the best approach to deal with Chinese investments.” The White House told the FT endorsing the BRI would “end up harming Italy’s global reputation.”

The US National Security Council Tweeted that by endorsing BRI, Italy would legitimize China’s “predatory approach to investment and will bring no benefits to the Italian people.”

Nonetheless, Xi was greeted in Rome with full honors, including a cavalry guard for his car, state dinners, and a concert by tenor Andrea Bocelli. Rome then signed the MOU endorsing the BRI, together with deals worth €2.5 billion for building oil pipelines and

steel plants, and promoting Italian agricultural exports. Italy will also be allowed to finance its massive €2.3 trillion sovereign debt by issuing so-called “panda bonds” directly to Chinese citizens.

At last Friday’s EU summit, French President Emmanuel Macron criticized Rome’s unilateral deal with Beijing, insisting that on China, “The period of European naivety is over.” German Chancellor Angela Merkel said, however, that she was satisfied with Italian Prime Minister Giuseppe Conte’s assurances that Rome’s BRI deals complied with EU law: “As far as he explained it, I have nothing to criticize for now, but have already discussed that it is even better if we act together.”

Italian Undersecretary of State Michele Geraci dismissed Macron’s comments, telling the *South China Morning Post*: “All the other (European) countries will follow Italy and sign an MOU, and I can give you two names but I won’t—they are in the pipeline. In reality, all European countries want to be part of the belt and road.” He dismissed criticism of Rome’s initiatives in Europe: “If Italy wants to be the terminal of China’s Silk Road, of course this affects Hamburg, Rotterdam, Marseille. ... It’s a competition, so I understand their jealousy.”

Geraci admitted that “the US was not very happy” about Italy’s decision. But he rejected US warnings that Italy will fall into a Chinese “debt trap,” pointing to the \$1.13 trillion of US debt held by China: “The US should worry about having debt in Chinese hands. They are in a situation where they need to be concerned, that’s why maybe they worry.”

After Xi promoted agricultural exports to China while in Sicily and toured Monaco, which will set up 5G Internet service using products from Chinese firm Huawei—defying US calls for a boycott of Huawei’s

products as threatening NATO security—Xi went on to Paris. There, Macron dropped his criticisms of Xi and of Italy for breaking supposed European unity on China and, extending Xi full state honors, signed his own raft of deals with Xi.

In Paris, Chinese state-owned enterprises signed multi-billion-euro contracts for container shipping, wind energy, and construction projects with French firms. Macron and Xi signed a €30 billion deal between Franco-German firm Airbus and China Aviation Supplies Holding for 10 A350 and 290 medium-range A320neo jetliners.

Airbus appears to have done this deal at Boeing's expense, after the recent grounding of its 737 max jets after two major accidents cost hundreds of lives. France's *Le Point* wrote: "There was regular discussion of ordering a total of 180 jetliners since President Macron's last visit, a bit more than a year ago, in Beijing. Now there are 120 more A320neo's. Should we take this as a consequence of the B737MAX and the rejection of Boeing's medium-range jetliner after two accidents with Lion Air and Ethiopian Airlines? That would be a very rapid reaction."

Finally, Macron invited Merkel and EU Commission President Jean-Claude Juncker to Paris for talks with Xi. Macron and Xi issued a joint statement calling for a "swift conclusion of an ambitious global investment agreement between the EU and China," and Merkel said she saw "nothing to criticize" in Italy's deal with Xi.

"The Belt and Road, or Silk Road, is an important project, and we Europeans want to play an important role here," Merkel added, while demanding "reciprocity" and concessions to European firms in China.

This points to deep contradictions in world capitalism and a breakdown of longstanding alliances that point to a rising danger of war.

On the one hand, the European imperialist powers remain with Washington in the NATO alliance, as US imperialism imposes trade war tariffs and carries out a global military build-up targeting both Russia and China. After years of proxy war with Russia in Syria and of naval stand-offs in the South China Sea, Washington even repudiated the Intermediate-Range Nuclear Force (INF) treaty, allowing it to station nuclear missiles in Europe and the Pacific, targeting

Russia and China.

On the other, as China's economy grows, and as the European powers' relations with Washington grow increasingly tense, they are orienting to closer economic relations with Beijing. The *Guardian* called Xi's Paris meeting "a show of unity in the face of Trump's tariffs aimed across both the Atlantic and the Pacific."

In this situation, every capitalist power or bloc of powers is steeling itself for conflict against all potential adversaries. Last year, French President Macron publicly announced that Europe had to be prepared to militarily confront Russia, China or the United States.

This year, even as the European powers ignored US denunciations of the BRI, they are at the same time adopting resolutions branding China as a potential enemy. At a recent summit on China, the EU decided to stop calling it a "strategic partner" and identified it instead as a "systemic rival promoting alternative models of governance" and "an economic competitor in the pursuit of technological leadership."

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