

# Introduction

## 1. Subject of the study

One of the most relevant issues related to the international society nowadays is the digital transformation that is completely changing the geopolitical situation, socio-economic environment and political objectives of the international actors. This transformation is driving a pace of change that we all see in our everyday lives. The technology and people ran into each other: artificial intelligence and algorithms are inserting themselves deeper into our lives and are everywhere. Even though we do not see them, they think and decide for us. The digital revolution is developing at such an incredible speed that the states with their societies have to adapt as quickly as possible.

Given this imaginative power of digital transformation and its possible benefits, geopolitical great powers have actively begun to compete for leadership in these ongoing processes. In the 21<sup>st</sup> century we witnessed an intense competition between China and the United States. Competition not only in the socio-economic-political sphere, but also in the field of digitalization, Artificial Intelligence (AI) and big data, which actually will shape the future of the world.

China has decided to focus on being the leader nation in digitalization processes by 2030 and is doing the necessary steps to reach this objective. United States also considers the digital transformation as a national interest but needs to do much more in order to stay the biggest innovator globally. One relatively large number of the literature analyzes the strategic rivalry between the United States and China and its implications for the rest of the world, including for the EU.

In this context, the analytical papers of Barbara Lippert, Volker Pethes<sup>1</sup> and Andres Ortega<sup>2</sup> are very important, as they explain main characteristics and the multidimensionality of these global actors and possible scenarios for development of digital transformation. Winston Ma is another decisive author who is demonstrating the current situation of digital war among above mentioned two great international actors and focuses on China's tech power that is shaping the future of AI and cyberspace.

In the context of the possible role of Europe in terms of international competition editors such as Mario Esteban and Miguel Otero-Iglesias along with Aleksandra Brzia-erenkova, Alice Ekman, Lucrezia Poggetti, Björn Jerdén, John Seaman and Tim Summers deserve special mentioning as they discuss the independent policies of each EU Member State with respect to both China and the US and reflect on existing conceptual differences among them.

The People's Republic of China (PRC) is one of the most important global powers and it is trying to achieve universal hegemony in a Chinese way in certain spheres, which undoubtedly means a strategic and ideological competition for the US. China wants to overtake the United States and achieve economic, commercial, technological and hence cultural and ideological dominance. This issue is another important focus of other segment of the literature. The Mercator Institute for China Studies (MERICS), more specifically authors like Jost Wübbeke, Mirjam Meissner, Max J. Zenglein, Jost Wübbeke, Mirjam Meissner, Max J. Zenglein, Jaqueline Ives and Björn Conrad, among others, are discussing various initiatives of the Chinese government which aims to achieve the above mentioned objectives. Clyton Cheney and Grzegorz Stec's papers about China's Digital Silk Road is another noteworthy example, as it examines strategic technological characteristics of digital dimension of China.

Important part of the literature is devoted specifically to the EU digital transformation plan and strategy. Such authors as Jorge E. Pérez Martínez, José Félix Hernández-Gil Gómez, Félix Arteaga Martín and Luis Martín

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1 LIPPERT, B., & PETHES, V., Strategic Rivalry between United States and China. Causes, Trajectories, and Implications for Europe [online]. *SWP Research Paper* [Access date: May 3, 2021]. DOI: 10.18449/2020RP04. Available from: [https://www.swp-berlin.org/fileadmin/contents/products/research\\_papers/2020RP04\\_China\\_USA.pdf](https://www.swp-berlin.org/fileadmin/contents/products/research_papers/2020RP04_China_USA.pdf)

2 ORTEGA, A., The U.S.-China Race and the Fate of Transatlantic Relations, Tech, Values, and Competition *Center for Strategic & International Studies* [online]. January 2019, pp. 1-15. [Access date: May 3, 2021]. Available from: [https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/200113\\_USChinaTranstlanticRelations.pdf](https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/200113_USChinaTranstlanticRelations.pdf)

Núñez among others are analyzing the main characteristics of the EU'S digital future, its conceptual strategy and concrete steps. In this context, the paper of Heidi Vironen and Stefan Kah is also noteworthy, because they discuss some challenges the EU and member states face in the process of digital and technological transformation.

Relations between the EU and China are mainly characterized by multidimensionality. This means that China on some issues is a competitor for the Union, for example, in the economic or trade sphere, while on some issues, such as climate change or other environmental affairs, the EU can cooperate with China, and on others, they could be opponents or even more – enemies to each other. Examination of the existing bibliography has shown that the digital dimension of this multidimensionality of relations among the EU and China suffers a lack of information in the academic framework. Many resources are focused on the strategies of each of these actors individually, although little is said about the perspectives of their possible cooperation, despite the existing conceptual differences. If we look at the position of the EU in the digital transformation, we will see that it makes a huge use of a wide range of digital technologies, it is a heavy user but not the leading producer of the latter. The EU and China, the two radically different political, economic and social societies perceive this digital transformation phase in a completely different way, but still with some common emphasis, which is interesting to observe.

This Master Dissertation will try to fill this existing gap in the literature and will ask the following question: What is the possible dimension of the EU-China's connectivity in terms of digital transformation? Regarding this question, we may cite the following hypothesis:

In the framework of digital transformation it is important to shape the role of the EU as an international actor, independent from the US-China rivalry.

China's digital ambitions should not be viewed as purely economic or civilian exercises, rather than the combination of economic goals with broader normative and security aims.

Beside many existing structural differences among the EU and China, in terms of digital transformation still there are some areas for possible collaboration on the base of reciprocity.

## 2. Methodology

The research method used in this paper is deductive, since its approach involves developing a theory and hypothesis and then design a concrete research strategy to test it. More specifically, the theory is that in the new era of global digital transformation, digital realm can be potential framework for the collaboration among international actors such as China and the EU, and the collected data with relevant analysis explains casual interdependence among variables, thus it tries to test the theory. On the other hand, scientific research for the relevant data is done following the qualitative method and the analytical method by which the paper analyzes the primary and secondary sources, relevant to the investigation and research topic. It should also be noted, that the investigation field is quite novel in the international agenda and still in the process of evolution. There is already some sort of analytical studies, official data about it and probable developments, however this is not yet the final version, since in the new digital age each actor's strategy is exposed daily to different changes and features.

## 3. Sources

The paper's investigation and analysis are based on both, primary and secondary sources.

In this context, primary sources, decisions and recommendations made by the European Commission which are largely implemented in second chapter are particularly important as they discuss the European Digital Transformation Strategy and its key features. On the other hand, relevant primary sources, as, for example, decisions made by the Chinese State Council on China's digital transformation, technological innovation and other important dimensions are used in the third chapter of the paper. One of the most important sources of the research is the informational interview with Irakli Beridze, the Head of the Centre for Artificial

Intelligence and Robotics at UNICRI, United Nations. In the interview, the expert spoke about the different digital strategies of China and the West, their main features and dimensions, as well as highlighted some of the shortcomings in China that may become a hindering circumstance for the latter. Mr. Irakli Beridze also mentioned the prospects of possible cooperation between China and the European Union. This primary source, along with other resources, played an important role in drawing the final conclusions and solving the above mentioned hypotheses.

Regarding the secondary sources, numerous doctrinal and research works have been used in this investigation. As already mentioned above, one important part of them discuss the global economic, ideological and most importantly, digital competition between the US and China and the possible role of the EU in this rivalry. The other part of the analysts describes the EU's independent digital strategy, while the rest of the papers are devoted to figure out the main features of the Chinese digital transformation.

Finally, a series of complementary sources have been used to provide factual information on specific important issues. Most of these sources are digital newspapers and magazines that contain specific facts and news, which are necessary in the process of the investigation. Moreover, in the second and third chapters' primary sources such as institutional conclusions and parliamentary statements also are used.

## 4. Structure

In order to answer the main question of the investigation as well as resolve the above-mentioned hypotheses, the paper is divided into four main chapters, the logical course of which allows us to reach the relevant conclusions.

The first chapter deals with one of the most important issues of the modern global geopolitical situation, which is the economic, ideological, political and, most importantly, digital competition between the United States and China.

A proper understanding and analysis of the concept of this competition is essential to better explain the global digital dimension and the bilateral relationship between the EU and China in the future context. Given that this rivalry is not only in an economic framework, rather involves ideological and cultural aspects, also keeping in mind that this controversy may have tremendous implications and consequences for the future of the international politics and economy, it is important to know the general conception of the above mentioned issue. Sino-American rivalry directly and indirectly affects the strategy of the EU and its member states.

In view of all the above, it is then possible to see potential ways and challenges that Europe is facing, which have a direct influence in the possible position of the EU on the international stage in terms of digital transformation.

The second chapter focuses on the digital agenda of the European Union, its core features and concrete steps taken by the Commission and member states. This chapter also discusses the challenges the EU is facing and some of the recommendations that are needed for the EU to become competitive in the international arena and to achieve maximum digital independence.

Chapter three introduces China's vision for digital transformation, its main goals and characteristics. It is also important to note that this part of the paper introduces the main political-ideological differences that exist among China and Western geopolitical actors. Furthermore, it discusses part of the challenges and specific projects and plans that are being implemented under the active and direct control of the PRC'S government.

The fourth chapter then represents the interrelationships between the EU and China, including examples of bilateral cooperation in recent years, current ties between the two actors, as well as possible future perspectives for their cooperation in terms of digitalization, which may take place despite conceptual differences.

This structure of the research helps us to identify and analyze the main goals, objectives and aspirations of each international actor, the challenges they face and the areas where there is the possibility for the parties to cooperate and achieve a common goal. Each chapter focuses on a specific issue that aims after reviewing individual cases and independent strategies to contribute to the final conclusions.