



# **The End of Honeymoon and the Way Forward: EU-China Relations**

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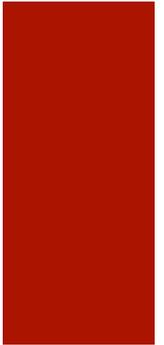
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# Outline of China-EU relations

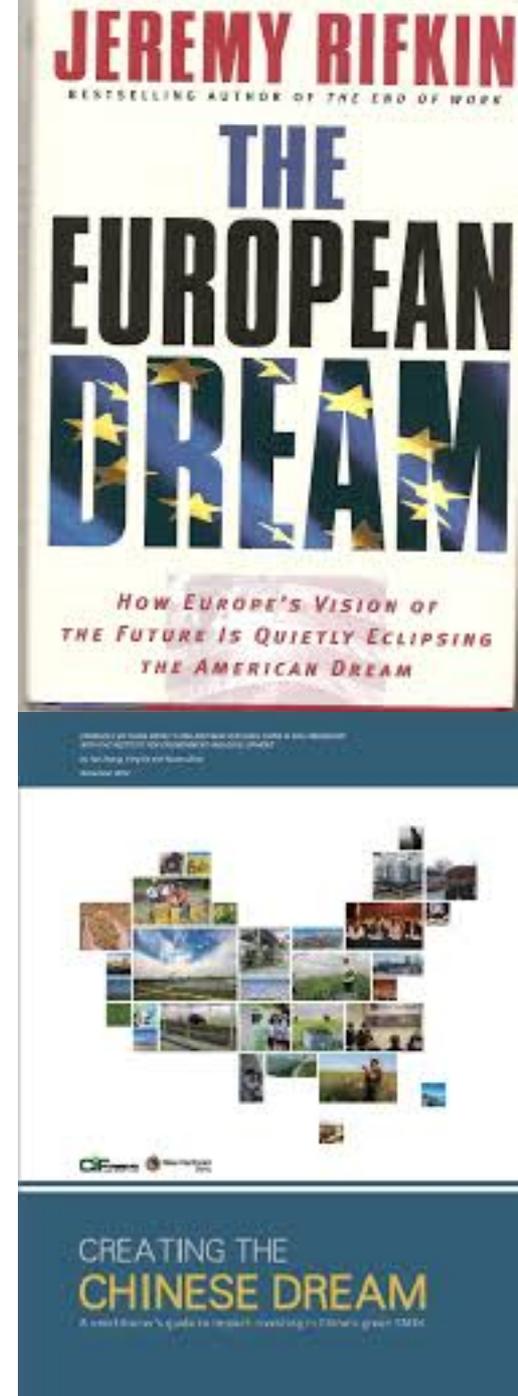
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The EU:  
A normative power?  
China:  
A rising hard power?

Normative power Vs. hard power?

European dream Vs. Chinese dream



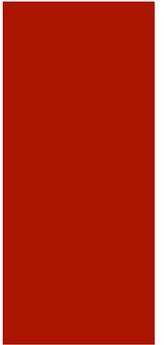


China and the EU have a comprehensive strategic partnership, build partnerships for peace, growth, reform and civilization. We have established dialogue and consultation mechanisms in over **60 areas**. Our trade last year **reached 559.1 billion US dollars**. Over five million visits are exchanged each year. And about 300,000 of our students are studying overseas either in Europe or in China in 2013 .

Without doubt, a proud achievement for a country whose population exceeds 1.3 billion. In the meantime, we are clearly aware that the large size of the Chinese economy, when divided by **1.3 billion**, sends China to around **the 80th place in terms of per capita GDP**. In China, over 74 million people rely on basic living allowances; each year, more than 10 million urban people would join the job market and several hundred million rural people need to be transferred to non-agricultural jobs and settle down in urban areas; more than 85 million people are with disabilities; and **more than 200 million people are still living under the poverty line set by the World Bank**.

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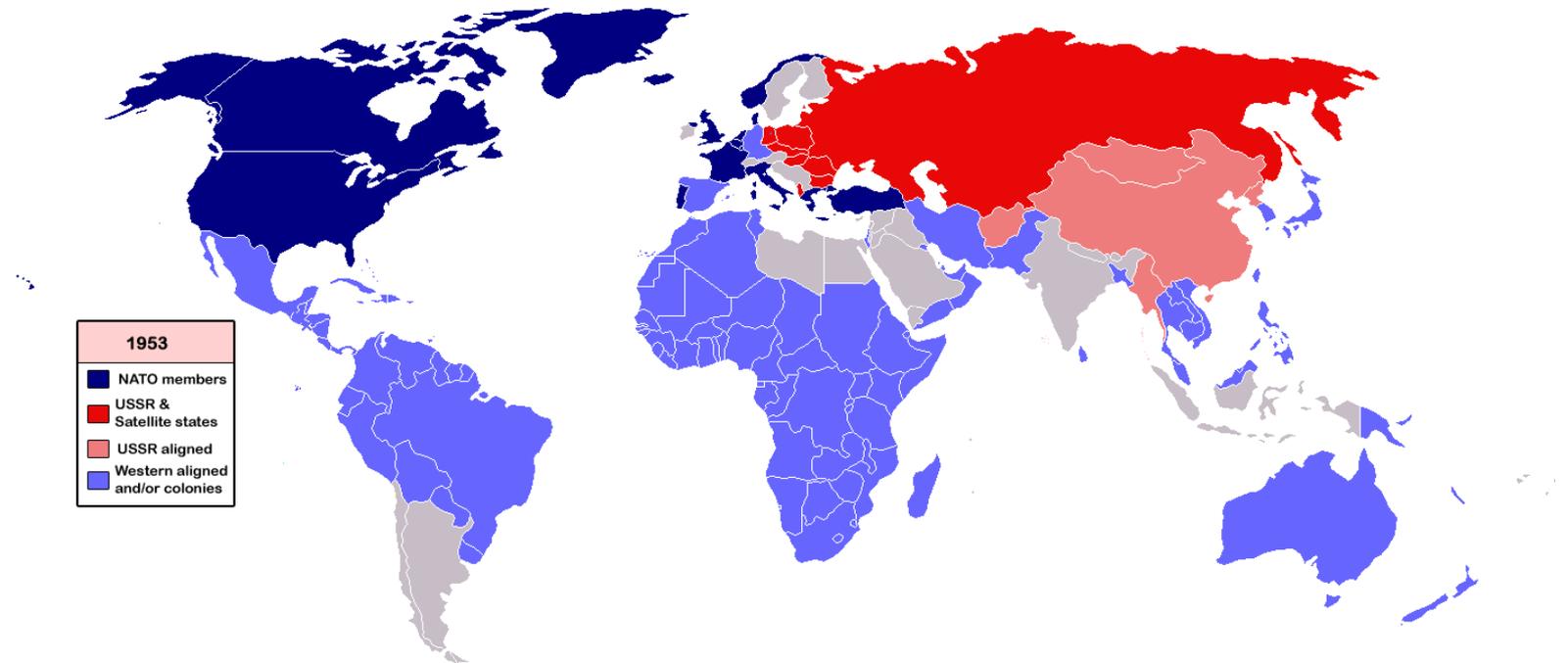
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# Introduction 1949 - 1975

**1949** Establishment of the PRC

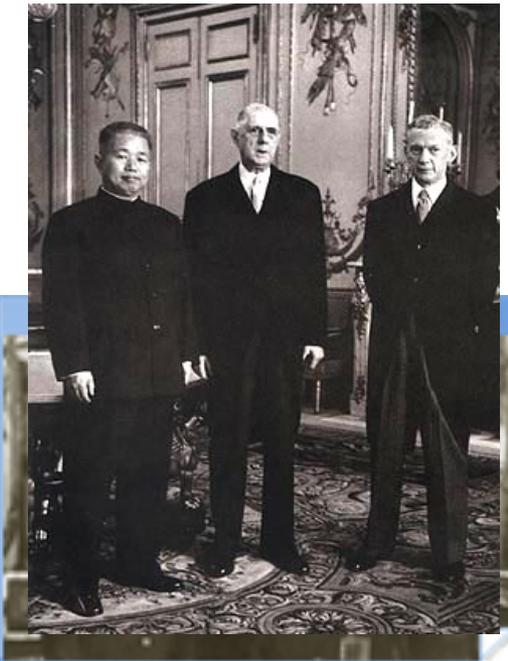
**1950** Creation of the European Coal and Steel Community



Nature of relations was derivative of both EU's – US relationship and China-SU relationship



China is actively developing relations with Western European countries, Switzerland, Sweden, Denmark, Norway, Finland, France have already established diplomatic relations ,exchange of business representatives with Italy and Austria before 1970s.



January 1964, China established diplomatic relations with France, China's first ambassador to France Huang Zhen presented his credentials to

# Normalization 1975 - 1992

**1971** : Britain, Denmark, Sweden, Switzerland, Norway, Finland, and Austria had recognized the new government of the PRC before it was seated at the United Nations.

**1971-75**: Sino-European quadrupled.

**1975**: Diplomatic relations were established.

- “The Commission's view [...] is that China and the European Community have much to gain from the closer and more confident relationship which now opens up before us [...].”  
– *Christopher Soames, 18 Jun. 1975, speech, Strasbourg*



- “We will not necessarily agree with each other on everything; but there are no deep conflicts of interest which divide us.”  
– *Roy Jenkins, 24 Feb. 1979, speech at Institute of Foreign Relations, Beijing*



# Normalization 1975 - 1992



**1978** Trade agreement EEC – China signed. Establishment of **Joint Committee** to oversee a relationship. It became the body of EU-China commercial relations.

**1980** First inter-parliamentary meeting delegations of the EP and the National People's Congress

**1985 Agreement on trade and economic cooperation signed and replaced the 1978 Trade Agreement.**

**1988** Delegation of the European Commission in Beijing

**1989** Tiananmen incidents of 4 June

**1992** Relations largely back to normal.

# Towards a comprehensive 1993 - 2003



**1994** The EU and China first established framework of a structured political dialogue on issues of common concern. This political dialogue was upgraded in 1998 with the agreement to hold regular EU-China Summits

**1995** First Communication, '*A Long-Term Policy for China-Europe Relations*'.

**1996** First Asia-Europe Meeting (ASEM)

**1998** '*Building a Comprehensive Partne*

**1998 1<sup>st</sup> EU-China Summit**

(the mechanism of annual China-EU Summit )

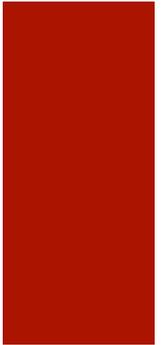


# Towards an EU-China Strategic Partnership

- **China and Europe in 1970s and 1980s: Important but secondary relationship**
- **China and Europe after the end of Cold War(1989-1994): difficult relationship though brief**
  - Sanction against china
  - French sale of Mirage 2000 fighters to Taiwan
  - China-UK disputes over HK handover
- **EU's Engagement Strategy and EU-China Honeymoon (1995-2005)**
  - Progressive Europeanization of Member States' China Policy
    - **Long term relationship 1995**
    - **Comprehensive partnership 1998**
    - **Comprehensive Strategic Partnership 2003**

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# A thriving and dynamic period 2003-2006



**2003** *'A Maturing Relationship – Shared Interest and Challenges'*

**2003** China issued its 'China's EU Policy Paper'

**2003 – 2006** Top-level exchanges

**2005** Anniversary of diplomatic relations, **8<sup>th</sup> Summit**

“A strategic and enduring relationship”

“Top foreign policy priorities”

**2006** *'EU-China: closer partners, growing responsibilities'*

**9<sup>th</sup> Summit**

**Since 2007** 24 sectoral dialogues and agreements

## **China and the EU are promoting all-dimensional, multi-tiered and wide-ranging cooperation to deepen the Comprehensive Strategic Partnership.**



President Xi Jinping of the People's Republic of China visited the European Union in Brussels from 31st March to 1st April 2014. China and the EU reaffirmed their commitment to deepening their partnership for peace, growth, reform and civilisation, based on the principles of equality, respect and trust, by comprehensively implementing the China-EU 2020 Strategic Agenda for Cooperation. **Joint Statement Deepening the China-EU Comprehensive Strategic Partnership for mutual benefit 2014**

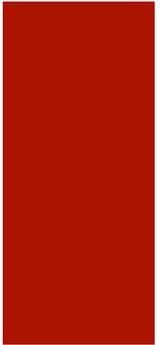
**China's second Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation issued on April 2th, 2014.**

[http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/wjzcs/t1143406.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wjzcs/t1143406.shtml)

The tenth anniversary of the establishment of China-EU comprehensive strategic partnership between China and the EU leaders held a meeting in Beijing Sixteenth summit November 20 to 21,2013, the two sides issued a **"2020 China-EU cooperation in strategic planning"**.

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# EU-China Dialogue Architecture – main elements\*

## SUMMIT ANNUAL

### Presidents of the European Council and Commission

#### I Pillar - Political Dialogue

High level Strategic Dialogue  
Annual  
High Representative for Foreign Affairs and Security  
Policy

Political Directors Dialogue (annual)	Regional Directors Dialogue (annual)	Meetings between Chinese Foreign Affairs Minister and EU HoMs
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Regular Dialogue on security and defence policy	Human Rights Dialogue	HL consultation on migration and readmission	Dialogue on African issues	Dialogue on development
Crisis Management Consultation	Consultation on Latin America and Caribbean			

#### Regular experts meetings on:

Meetings of EUSRs and special envoys	Asian Affairs	Non-proliferation	Conventional arms export	EU-China Task Force on Cyber Issues
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#### European Parliament All 3 Pillars

Delegation for Relations with the People's Republic of China

EU-China High Level Political Parties and Groups Forum

#### II Pillar - Economic and Sectoral Dialogue

HL Economic and Trade Dialogue  
Annual  
EC Vice-Presidents responsible for Competition, for Economic Affairs; Trade Commissioner

Joint Committee  
Ministerial  
Senior Officials Meeting

Trade and Investment Policy Dialogue

#### Economic and Trade Working Group

High Level Innovation Dialogue	High Level Urbanisation partnership	Nuclear Energy Resource Cooperation	Dialogues/WGs on enterprise/industrial policy and regulation	Dialogue on competition policy
Trade Defence Instruments Group	Market Economy Status Working Group	High Tech Working Group	Dialogue on food safety and consumer protection	Dialogue/WG on Intellectual Property Rights
Regular exchanges on sanitary and phytosanitary standards	Dialogue on agriculture	Macroeconomic dialogue	Economic and Financial Dialogue	Financial Service Dialogue
Sustainable Development Task Force	Rural Development Dialogue	Regional Policy Dialogue	Dialogue on employment and social affairs	EU-China Climate Change Partnership and BCM on climate change
Science and Technology Steering Committee	Maritime Transport agreement	Customs cooperation agreement	Dialogue on Space Technology Cooperation	Tourism agreement (ADS)
Satellite navigation cooperation agreement (Galileo)	Dialogue under future nuclear cooperation agreement	Dialogue in view of possible future civil aviation agreement	Environment Dialogue/WG	Information society Dialogue/WG
Energy Working Group/Conference				

#### III Pillar - People-to-People Dialogue

High-Level People-to-People Dialogue  
Annual  
Commissioner for Education, Culture, Multilingualism and Youth

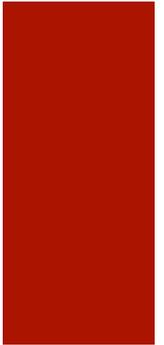
Policy Dialogue on education and vocational training affairs, incl. dialogue on multilingualism	Policy Dialogue on cultural affairs	Policy dialogue on youth affairs
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#### European Economic and Social Committee Pillars 2 & 3

EESC-China Economic and Social Council Roundtable

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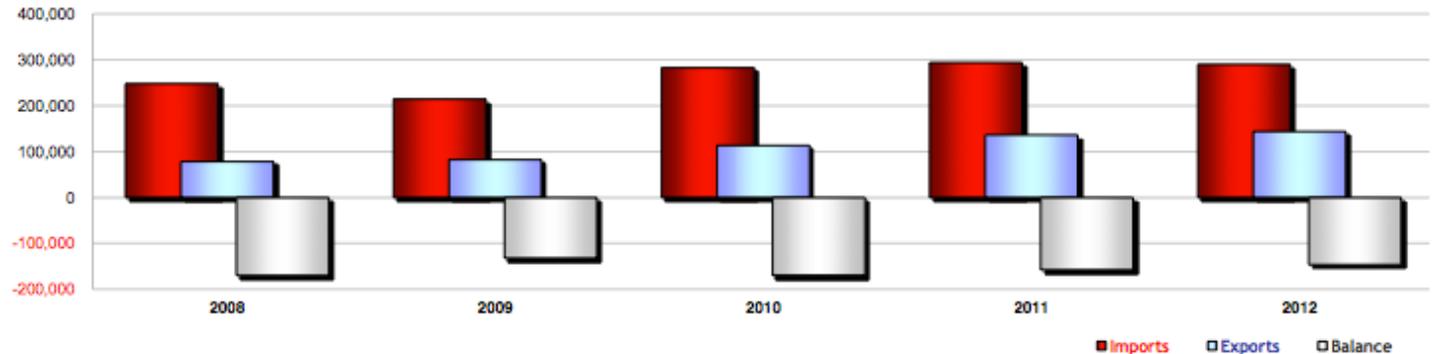


# What are the successes?

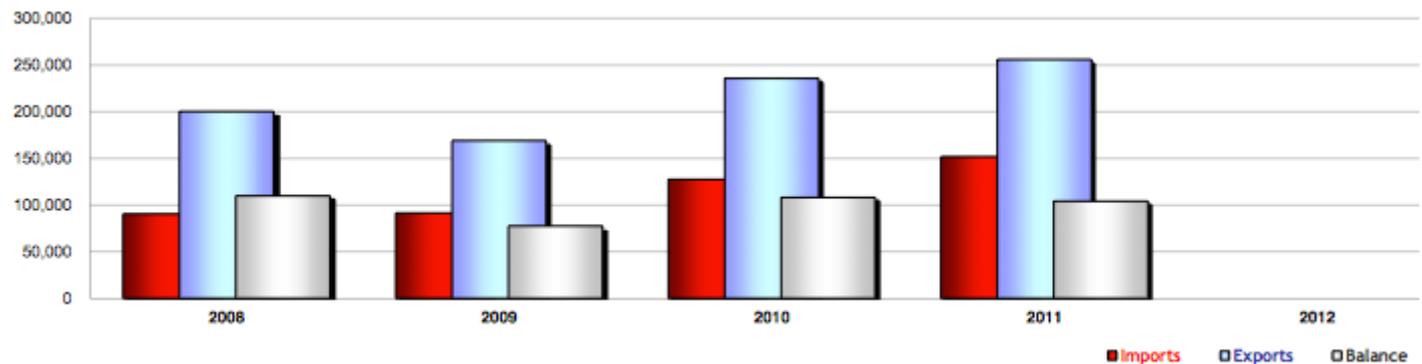


- Economy & trade key areas

EU, trade with the PRC



China, trade with the EU



- The EU is China's largest trading partner, representing more than 19% of China's external trade. EU exports to China increased by over 100 % between 2000 and 2005, much faster than its exports to the rest of the world.



## Key Factors:

### China is:

- The biggest source of imports &
- 2th biggest trade partner
- The fastest growing export market



**EU**

## Foreign trade in products

- European Union products exports to the People's Republic of China

2013: EUR148.3 billion

- European Union products imports from China 2013: EUR280.1 billion

## International trade in services

- European Union services exports to China 2013: EUR32.2 billion

- European Union services imports from China 2013: EUR20.6 billion



## • Financial and Economic Crisis



• Support from the PRC

• Goods purchasing delegations & massive domestic stimulation measures in 2008 – 2009

• China became EU's second largest & fastest growing export market

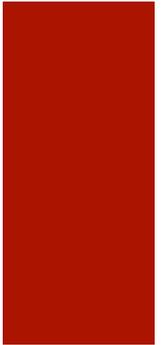
• Bond Purchasing pledges, 2010 – 2011

• More than US\$ 600 billion holding of Euro assets

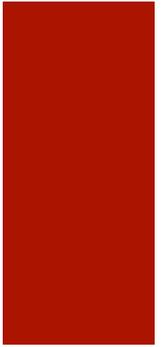


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# Divergences leads to frictions...



- 3 Issues such as:
  - – Arms Embargo
  - – Human rights dialogue
  - – EU still refuse to admit China market economy status

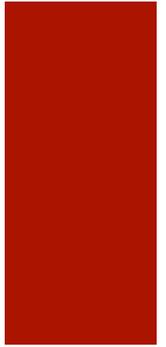
# A cooling period 2007 - 2010

- Trade imbalance
- Market Economy Status

Update TECA



# Euro-Centrism, a threat to free trade



- This school of thinking worries that the various forces out of the West are very difficult to control, thus the Western countries should be unified to deal with the outside threats.
- The parliamentary working group of the Christian Democratic Union of Germany has published a report of Asia Strategy, which says that there **is competition of political systems between China and the Europe**
- Europe should strengthen its relationship with “democratic countries” like Japan and India.
- This kind of thinking is a copy of the policy of “containing China” within the idea of “democratic alliance in Asia” raised by some forces in the U.S. and Japan.

# What are the economical challenges?



- Currency Valuation & trade deficit
- Unfair trade practices & WTO disputes:
  - Textile: 'Bra War'
  - 'Solar panel' + 'Wine'



- Intellectual Property Rights
- Dangerous & Tainted Exports
- Market Economy Status



# A revival of the relations 2010 - present

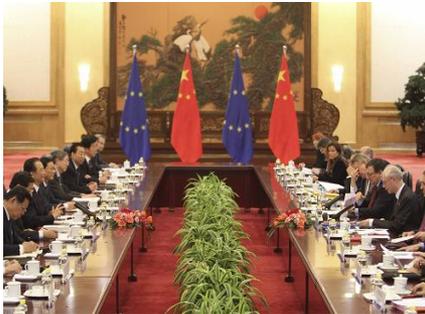
2010 35<sup>th</sup> Anniversary

2011 Lisbon Treaty



14<sup>th</sup> Summit (14 February 2012)

15<sup>th</sup> Summit (20 September 2012)



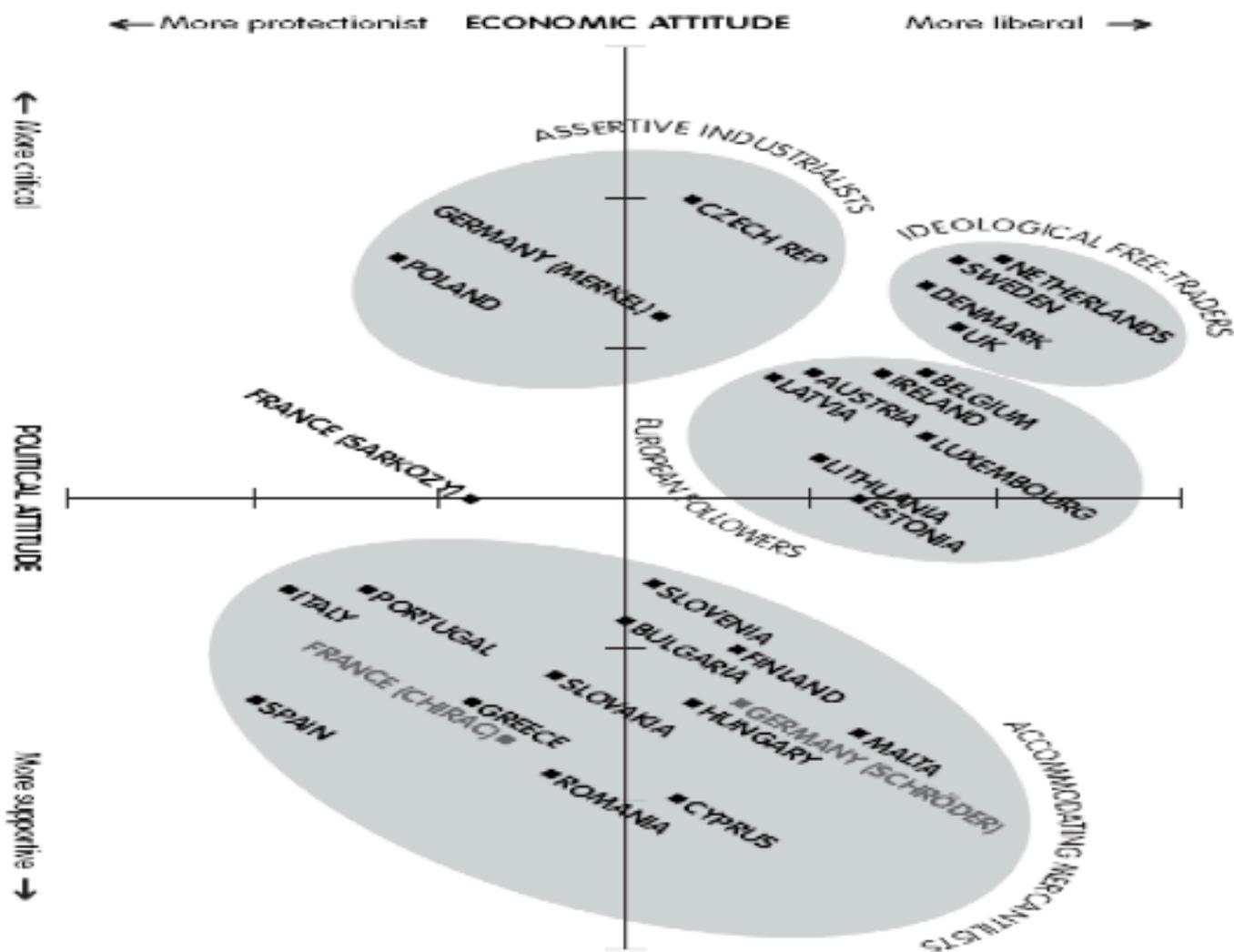
# But within Europe, there is different sensitivities...

- Ideological Free-Trader
- Assertive Industrialists
- Accommodating Mercantilists
- European Followers

**John Fox and Francois Godement, “A Power Audit of EU-China Relations”(ECRF), January 2009**

[http://nova.politica-china.org/imxd/noticias/doc/1244816841A\\_Power\\_Audit\\_of\\_EU-China\\_Relations.pdf](http://nova.politica-china.org/imxd/noticias/doc/1244816841A_Power_Audit_of_EU-China_Relations.pdf)

# EU's Internal Divide



EU Member State attitudes towards China





Figure 2: Member state attitudes to China after the crisis

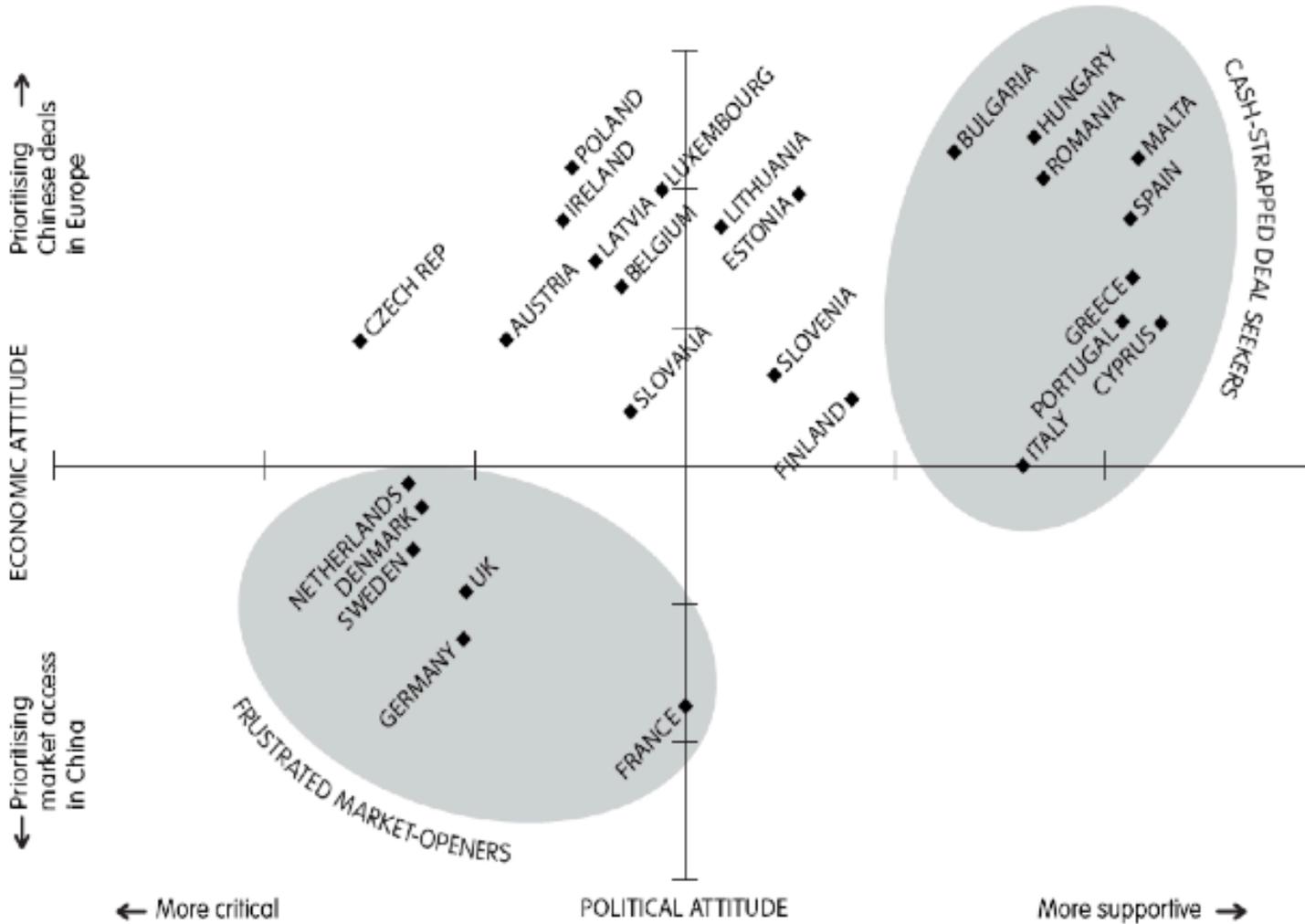
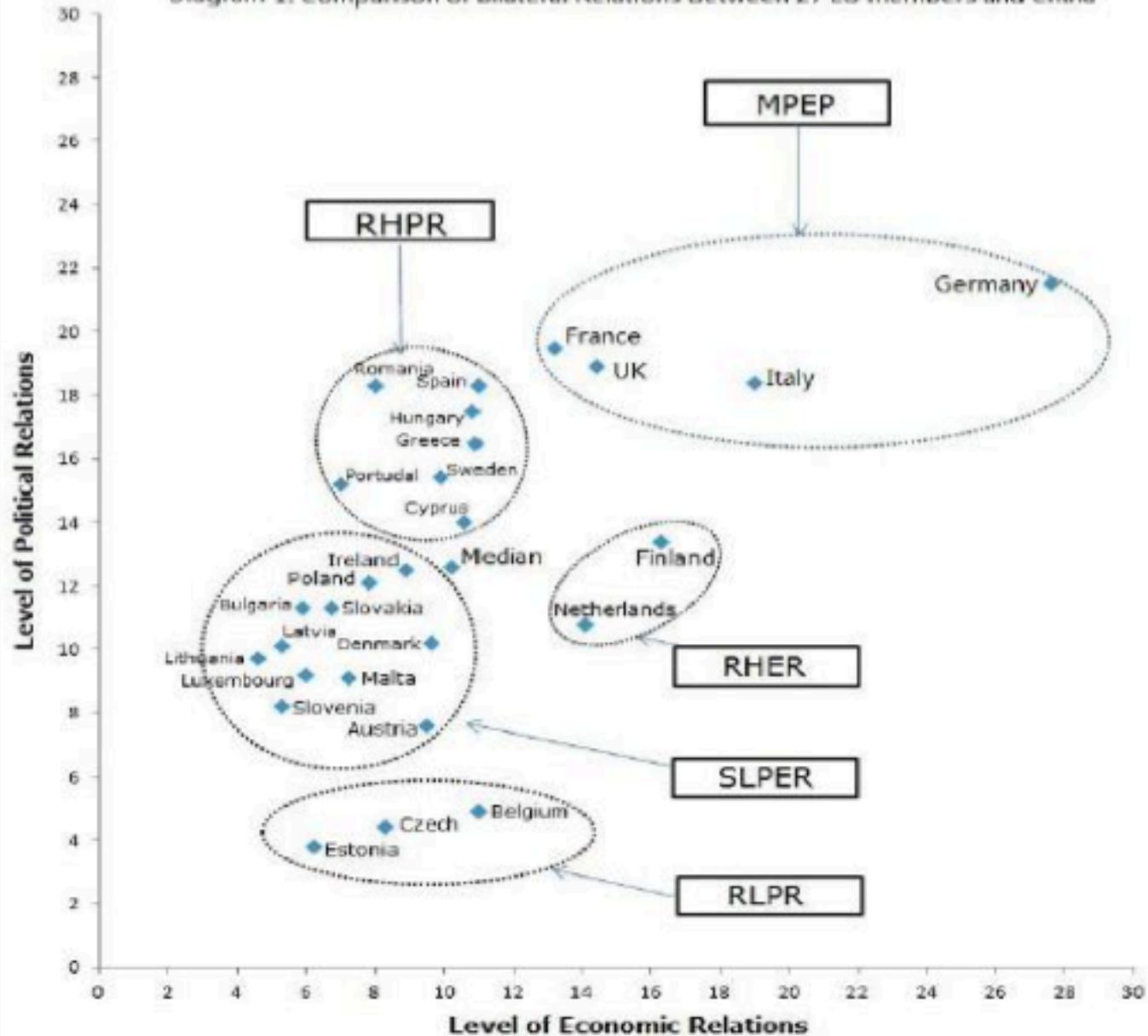




Diagram 1: Comparison of Bilateral Relations between 27 EU members and China



Zhimin Chen, "Compare EU memberstates' relations with China," *Chinese Journal of European Studies*, issue 2, 2013, p. 1-12



Trust Deficit

Lack of  
understanding

Negative  
perceptions

# III pillar – People-to-People



Councillor Liu Yandong (刘延东) & Commissioner Androulla Vassiliou



**Forum HLP2P 18 April 2012**

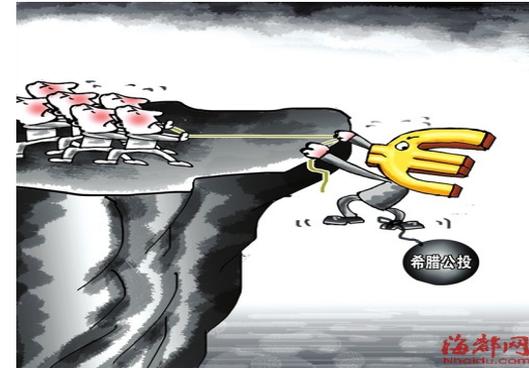
*“Knowledge is the premise for understanding and understanding is the basis of trust. Though globalization has cut the geographical distances between people, it has not necessarily closed the gap between hearts and minds ».*

To adopt a longer-term view in a bigger context.	Be truth-oriented.
To learn from each other for common prosperity.	Be result-oriented.
To take a practical and innovative approach.	Be people-oriented.



- solving domestic problems is a priority.

- Uncertainties about the EU identity, nature, and political leadership.



- Trade imbalance between the EU and the PRC revealed conflicts of interests.





**the “Chinese Views of EU” public survey data, the survey polled 3,019 randomly selected people. six cities in China in 2011, Beijing, Shanghai, Guangzhou, Xi'an, Chengdu and Nanning.**<http://www.nottingham.ac.uk/cpi/documents/briefings/briefing-70-chinese-views-of-eu.pdf>

More than eight out of ten Chinese respondents have a positive to very positive attitude towards the EU (85%). Few have a negative to very negative attitude towards the EU or take an intermediate position.

A great majority also think that China and the EU should cooperate more together (88%).

The perception that EU citizens are **trustworthy** has the strongest effect on the attitude towards the EU.

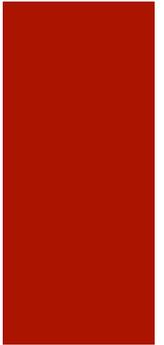
Perception of the situation in the EU. A majority perceives that the situation in the EU is better than in China in the domains of economic prospects, employment, environment, social welfare, and quality of life. The perception about family relations is mixed.

Television is, according to the respondents, the most important source of information about the EU, and in second and third position, newspaper and internet.

Chinese political leaders, who choose for the policy option of more cooperation with the EU, are supported by the public opinion.

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# Reason of European's negative image toward China



- 1 confuse of cognition: Differences in history, culture, development stage, social system and ideology
  - 2 worry about rising power
  - 3 lack of basic knowledge of China
  - 4 Most Europeans have no expectations for China's future
- 
- The knowledge of China's 5,000 years of history is fundamental to an understanding of the Chinese concepts of harmony, benevolent rule and the pursuit of unity as well as the importance of the concepts of sovereignty territorial integrity, national dignity and "non-interference in internal affairs" of other countries .

# Conclusion: Towards a Matured Partnership?



- The fundamentals:
  - Economic interdependence
  - Need for regional and global cooperation
  - The growing people-to-people connections
  - Communication
- China needs to have more presence and visibility in Europe “common interests”.
- China has to explain *its views, its specific difficulties and its achievements* to the Europeans, “common cognition”