

WT13 - The challenges and advantages of Euro-Chinese dialogue

In search of a new paradigm in Europe-China relations

I- Introduction

The workshop “Challenges and advantages of Euro-Chinese dialogue”, scheduled for Lisbon in the coming 3rd and 4th of October, as part of the 2nd China-EU Forum taking place in Brussels, from 6 to 8 of October 2007, has a special significance as it will happen in Portugal, the current EU presidency.

Participants in the Lisbon event will be comprised of academics from various fields, representing disciplines such as history, culture, politics and economics, chambers of commerce, businesspersons and artist, coming from several cities in China, including the Macau SAR, and Europe, including Portugal.

The workshop itself is among forty similar events, debating different themes, taking place almost simultaneously in several European cities, whose conclusions will be presented at the already mentioned Forum in Brussels. This bottom-up approach follows the tradition of the inaugural China-Europe Forum, which came into existence in the city of Nansha, Guandong province of the PRC, in October 2005.

As a part of a process that is as close as possible to an all round dialogue with civil societies from both sides, Europe and China, we take stock of the fruitful discussions that took place in Nansha, conclusions been available on the website:

http://www.china-europa-forum.net/fileadmin/templates/www.china-europa-forum.net/public/Docs_PDF/dernier_programme_fr_1002.pdf

Most of the discussion on the subject of EU-China relations has been confined to politicians and academics and limited to the scope of political-diplomatic issues, history and trade-economic topics. This is to say, it involves only a very thin layer of the population of both sides on a regular basis, either academics which have the professional scope of their work centered on the subject or around it, think-tanks and policy makers, functionaries, some media and economic/business interest. This portrait does not change much when turned to the bilateral relations of EU member countries vis-à-vis China. Considering the scope of the subject, its strategic importance and the size of the populations in both sides of Eurasia, it is just too few. What would be the full scope of those relations, what is the potential is we leave the institutional level and turn into the whole of society? What is the status of the dialogue between the civil society in China and the ones in Europe? The answer is... almost nothing. Moreover, Europe has not been the focus of Chinese migration in numbers comparable to existing Chinese communities in the United States. And, when it came to the limelight in recent years it was for the worst of reasons, because of human smuggling, labor exploitation and death of illegal immigrants. Chinese students seeking European universities are a recent phenomenon and mostly centered in UK, France and Germany. The figures went up after 9/11 and the restrictions imposed by US to access the much sought after American ones. Figures claimed, however, by the EU Commission that there were as many as 170 thousand of

those students in Europe in 2005 are faced with disbelief because the general impression in the academic community is that those figures were overestimated. Therefore, the people-to-people relations have not enough density and existence to have a real impact on mutual perceptions.

On the other hand, when Europe-China dialogue is mentioned, what is meant by Europe? The space of the 27 member states belonging to the European Union? Or the Europe from the Atlantic to the Urals? How about the future member countries? And in this context what to do with Turkey? Thus, what does Europe stand for? For the sake of simplicity, we will stick to the current EU formula of 27, which is already complex enough.

In China (but not only) the idea of Europe is more identified with single European countries or Western Europe, rather than with the European Union itself. Germany, France, Italy, the United Kingdom and Spain, not necessarily by this order, are those countries associated, mostly, with the idea of Europe. The weak perception of the European Union is something that has to do with the innuendos of the European integration process, well advanced in the economic and trade sphere but still relatively weak in the political one. That is why the political identity of the European Union is an issue and the EU has been called, for instance, “an incomplete strategic actor” (Chen Ziming, 2006).

A recent survey (Peruzzi, et al.: 2007) conducted under the umbrella and funding of the GARNET network of excellence, confirms the low level of perception of Chinese public and media regarding EU. For instance, Europe is not seen as a potential world power in 2020. On the contrary the United Kingdom is expected to enjoy such status. Nevertheless the survey reveals “clear and consistent articulation across time of how Chinese political leaders perceive different dimensions of the European political process”. Also, within the community of academic researchers and commentators dedicated to Europe “EU’s image remains mainly positive with only a few criticisms concerning very specific aspects (i.e. human rights) of European policies towards China or expressing moderate skepticism as to Europe’s capacity to play a relevant role in international politics”.

Research on the subject of European Integration in China is achieving interesting results, with main focus on the regional integration, monetary union, governance and legitimacy, and the external dimension of EU. European Centers are increasing in numbers. Currently there are more than 20 such centers and the EU has a dedicated funding program to support their growth. Sadly, the program is not producing the expected results, apparently due to the bureaucratic approach the European management team.

Few academic institutions are actually covering European contemporary politics and European integration. Most of the available study programs on Europe are about language and culture.

Another aspect of the complexity surrounding the European Union is in its cultural diversity. It is a richness Europe must be proud of. To communicate this diversity, however, to a third party, is a rather complicated issue, amplified with the number of actors in the field, comprised not only of national bodies but also those from

regions and cities alike. How to project an image of political unity with cultural diversity is a tremendous task facing the EU, but certainly a worthy challenge.

II-Brief historical account of EC/EU China relations

EU and China celebrated in 2005, 30 years of diplomatic relations which started in 1975. On the occasion, the President of the EU Commission Mr. Barroso, underlined the “multiple networks and exchanges bolster our relations now and will underpin them in the longer run” (see Marques, 2004). It has now, the status of a “maturing partnership” and “strategic dialogue”.

In fact, nowadays there is a rare week going on without meetings between EU and Chinese officials. Cooperation has been extended to fields that borders the “sensitive” in security terms, such as the Galileo satellite navigation project; many Chinese tourists are seen in European countries since the “Approved Destination Status” (ADS) was signed in 2004. EU is China’s number one trading partner. European FDI in China is growing faster than anyone else’s and Chinese investment is turning into Europe. There are several platforms of cooperation regarding regional security and interregional dialogues such as Asia Regional Forum and ASEM. China has been a key player in the search for peace in the Korean peninsula. EU and China are also talking about their presence in other continents such as Latin America and Africa. And about the United Nations reform. Multiple global issues calls for coordination and deeper cooperation namely, fight against terrorism and other transnational crimes, global warming, energy security, diseases such as AIDS, Avian Flu, etc. The list could go on and on.

The backbone of China-EU relations, however, is still trade, investment and economic cooperation.

When China and the European Community established diplomatic relations, the world was still bipolar. Although EC could not provide a security dimension to those relations, which was guarantee by the United States, many scholars identified a triangular relationship in the making with those three against the threat of the former Soviet Union. However, high politics aside, China was looking for European cooperation to modernize the economy, the military and for new markets to place her marketable products, in order to earn foreign exchange. Europe, by its side, was eager to penetrate the Chinese market, then accessed mostly by Japan. The first EC-China trade agreement was signed in 1978 replace in 1985 by a new trade and economic agreement which is still the one in force.

For many years Europe’s attitude towards China was to make the most out of the economic opportunities. Beside trade, European FDI started to call on China. By the end of the 80’s Europe was losing position in the Chinese market in every front, not been able to compete with Japan and the United States. The structural trade deficit EU is now facing with China, approximately Euro 126 billion in 2006, started around 1988 and never recovered. The market-driven relation was abruptly interrupted by the June4th Tiananmen incident, which took the world by surprise. In the Madrid declaration, issued a few weeks later in June 27th, the European leaders called for sanctions against China, including the suspension in the sales of arms, the arms embargo. In September that year,

first steps were taken to normalize relations. In the course of the two following years all sanctions were lifted with the exception of the arms embargo and bilateral political contacts at the highest level, between Brussels and Beijing, were fully resumed by September 1992.

World politics went through unexpected as well as radical changes with the fall of the Berlin Wall, the end of the Soviet Empire and the invasion of Kuwait by Iraq. China's no voting position at the United Nations Security Council allowing Operation Desert Storm to go ahead with legitimacy and full international support, was well appreciated by western powers, including those from Europe. On the other hand the 14th Congress of the Chinese Communist Party approved, in October 1992, the formula "socialist market economy" as the way ahead for China's further development. It settled the case in favor of market reform and continuing opening-up.

Europe was about to adopt the Maastricht Treaty, in force since January 1993, building up political union, institutionalizing the three pillars architecture and defining the conditions and timing for monetary union. EC was now EU. As a result of those changes, the second pillar, dedicated to foreign and securities policies, a pure intergovernmental turf, had room for new initiatives. A new set of policy papers submitted by the Commission to the Council regarding aspects of external relations/foreign policy were produced. They addressed, beside economic considerations, regional security concerns and called for political dialogue. The document on the "New Asia Strategy", draw guidelines for EU to improve relations with the region and advocates inter-regional dialogue. The Asia-Europe Meeting process, first meeting in Bangkok in 1996 is partly a result of this strategy, notwithstanding the importance that must be recognized to ASEAN.

China was the subject of the Commission Communication "A long term policy for Europe-China relations", released in 1995, based on the principle of "constructive engagement and cooperation". The new strategy called for stronger political ties between EU and China, encouraged her to become fully integrated in the international community and promised to contribute to reforms in the country. Significant developments happened in the scope of cooperation projects, their dimension and the upgrading of political dialogue with the annual EU-China Summit, the first one taking place in London in 1998. Over the following years new communications were issued: "Building a comprehensive partnership with China" -1998; "EU's strategy towards China: Implementation of the 1998 Communication and Future steps for a more effective EU Policy"-2001; "A maturing partnership: shared interest and challenges in EU-China relations"-2003 and "EU-China: Closer partners, growing responsibilities" complemented by a policy paper on trade and investment, in 2006.

In the meantime, China released its first policy paper on EU in October 13th 2003, the same day the Commission' "A maturing partnership" was adopted by the European Council. It was a response underlining both sides commitment to multilateralism, United Nations reform and shared concern towards a wide range of international issues, from fighting terrorism to global warming. The Iraq invasion, which China opposed and overall American unilateralism called for closer relations with EU. Chris Patten, at that

time EU Commissioner for External Relations recognizes in his book *Not quite a Diplomat*, “I was lucky to be dealing with China at a time when Europe’s relationship with her was developing strongly. This partly reflected the fact that continuing European integration—the launch of the single currency, the broadening of the single market, enlargement—fitted into China’s world view, in which there are several poles of influence not simply one hegemon...” (Patten, 2006). The first EU-China strategic dialogue at Vice Foreign Minister level was held in London in December 2005. What is the significance of this new “dialogue” is still to be seen, but it could be a defining moment for further deepening of mutual understanding, building trust and making the way for further cooperation towards sustainable development in China and the world.

The EU 2006 communication, called “Closer partners, growing responsibilities” is quite different from all previous ones, which were of declaratory nature whereas the current one focus on economic issues, particularly those related with trade and investment as it “demands” for more opening of the Chinese market, because the “benefits of engagement must be fully realized”. China and Europe are equal partners, with symmetrical responsibilities. This attitude has fully justified an “attachment” to the original communication dedicated only to trade and investment.

Why such a change of tone? The reasons might be found inside Europe— at least a part of it— which not being able to cope with globalization, has been insisting in the China factor, as the destabilizing factor of their economy, the real menace to jobs and well being of millions of European workers and their employers. Recent developments on the trade front, particularly the case of the so-called “bras-war” in 2005, where a big influx of Chinese clothing order from European retailers triggered a crisis, was typical of European problems and the temptation of protectionism. Manufacturing countries, including Portugal, Spain, Italy, Greece and France are calling for protectionist measures and initiating anti-dumping cases against Chinese imports. The northern countries, the Netherlands, Finland, Germany, Denmark and Sweden, the most competitive ones and where the big European retailers are coming from, have a different agenda. They are for free trade because it serves their purpose better. A compromise was finally struck but it left over a poisonous idea, bitterly explored by some politicians that Chinese competitiveness was built on grounds other than economics, namely by human rights abuse and huge state support to their exports industries, namely through the exchange rate mechanism. Of course, none of those critics took the trouble to ask the European retailers and corresponding multinationals with production in China if they were in collusion with such practices.

This climate is also unfavorable for the granting to China of the Market Economy Status, something the Chinese side rose years ago and is already given by more than 50 countries, including, for instance, Australia and Brazil. Therefore EU continues in the awkward position of having as one of its major trading partner and the largest source of EU imports a “non-market economy”.

On the other hand, the Chinese side cannot forget the promises of the lifting of the embargo on arms sale, given by Schroeder and Chirac in 2003 and recognized at the European Council in Rome, the same year. The political window of opportunity for such a move, if there was any, soon vanished. American oppositions and internal reactions of some member countries make it a very difficult issue to handle. It was also disastrous for

EU's image in a sense that the lack of consistency raises concerns if EU can stand for an independent foreign policy and how it manages the recognizable complexities surrounding the formulation of its Common Foreign and Security Policies.

To this point, is fair to ask if China's assessment of Europe that "there is no fundamental conflict of interest between China and EU and neither poses a threat to the other" (China's EU Policy Paper, 2003) is reciprocated by European political leaders, academics, media, businessmen, etc? From the recollection of various sources, we can only conclude that the Europeans have not yet come to a definite conclusion. A 2006 document of the EU Institute for Security Studies "Developing a European Security perspective on China" (Zaborowski, 2006) poses the critical question "Is China a Security Threat to the EU?" The document informs that "there was an overwhelming consensus in rejecting the thesis that China could be an immediate security threat to the EU. The notion that China could militarily threaten the EU was dismissed as unrealistic and not worth further consideration. However, there was a "clear split of views on the question of whether the PRC could constitute a threat to the EU's interests in East Asia and other parts of the globe".

III- Searching for a new paradigm

On a more general basis, what is the existing European perception on China and its place in the world, in the present and the future? It is almost impossible to answer, because there is not enough research to substantiate any claim. But the critical distance between Europe and China is still more psychological and cultural than geographical. Both societies have to discover the way to communicate among them with the least of noises inherited from history, misconceptions and prejudices. There must be a common ground, where, notwithstanding different cultures, there is room for shared values that bond together peoples. This common ground, if not existing must be constructed by way of peaceful coexistence, mutual understanding, mutual respect, cooperation and strong will. EU, notwithstanding all the difficulties of the past, the present and the one future will bring, is an example of a common ground been constructed by willing men and women.

The fascinating challenge for civil societies of both sides is to be the main mover in the building to this common ground bonding Europe and China.

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