EU-China relations

Strategic or pragmatic, the future or already the past?

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The relationship between the European Union and the People’s Republic of China is one that brings together two unique partners. Looking first of all into the political structures we discover major differences. On the one hand, we have a multi-level governance institution sui generis with partly shared sovereignty that is still expanding and currently comprises 27 nation states. On the other hand, we see a centrally administered, semi-authoritarian state of more than thirty sub-national units comprising 1.3 billion inhabitants, paying traditionally great attention to maintain its geographical unity. Provinces – the first sub-national level in China – are in size, population, and in some cases even economic power on equal footing with individual member states of the EU.

Against this background, and given the partners do not share geographical borders, the enlargements of the EU do not have the potential to challenge China’s immediate sphere of influence, as they have for Russia. It needs to be stressed at this point that the partners are not linked by cultural roots, common values, language, or belief that are binding factors of the North-Atlantic region with its various forms of cooperation and integration. However, the relationship between the EU and China has been largely evolving ever since 1975. Both partners consider it as strategic. The concept of strategic partnership in international relations theory remains contested and misses a clear definition. In our understanding, it implies a long-term plan to achieve high-ranking objectives. As a partnership always consists of at least two, these objectives should generally be of a shared character. However, in contemporary international relations, the EU-China relationship has so far not been of significance.

This leads us to the main question addressed in this paper: How strategic is the relationship between the EU and China? In order to answer this question, it is necessary to identify the starting point for the cooperation, to uncover the various dimensions of the partnership, and to analyse the broader implications it has for the individual partner.

The article will briefly introduce the history and evolution of the EU-China relations, and discuss the practice and outcomes of the cooperation against the underlying objectives of both partners.

A relationship in its making - beyond trade interests?

Looking back in time, it seems that the underlying motivation for European interest in China did not change substantially in the last 750 years. Marco Polo traveling along the Silk Road in the middle of the 13th century, the arrival of the European seafaring nations, starting with Portugal in the early 16th century, and the European companies queueing to enter China after the announcement of the opening-up of the country in 1978 stand unified by economic interests. Whereas the traded goods have changed from a focus on luxury goods such as silk to consumer goods like children’s toys, the dream about China as a trading partner and especially a market of endless opportunities, prevails. A historical view into the interest of the other partner also displays continuities. Imperial China and its successors have always
been keen to find out more about science and technologies originating in Europe. Inviting the Jesuits to the imperial court and welcoming foreign experts display some continuity. However, different from earlier dates, in which China needed to be convinced by force to open for foreign products, nowadays mutual trade has also grown into one of the main concerns of the Chinese. However, a strategy should go beyond trade interest. Therefore we will look at the evolution of the EU-China relations and present the different fields of cooperation.

**A maturing relationship**

The year 1975 marks the beginning of the relationship between the EU and the People’s Republic of China (PRC). Mutual trade interests were openly presented as a foundation for establishing diplomatic relations, and the relationship has evolved ever since. ¹ The whole complexity of the trajectory of EU-China relations must be seen in the context of the internal evolutions the actors have gone through in the last three and a half decades in terms of institution building and economic development.

From 1975 to 2011, the European Communities have evolved from an economy-focused, fragmented institution of nine states, that was just starting to integrate more deeply in the political, monetary, and institutional realm, towards a single European market of 27 members, partially underpinned by monetary union. An encompassing political union covering policy fields of formerly exclusively national sovereignty, such as homeland and judicial affairs, foreign, security, and defence policies, has been established with the 1992 Maastricht Treaty. This treaty is a sound symbolic statement on the one hand, but an ever unaccomplished, future promise on the other. This also explains the problems of the EU to act as a coherent international player, as except for commercial relations, the customs union, the monetary policies of the Euro countries, and the protection of its “marine biological resources,” there is no exclusive European competence in any exterior policy field.²

In the same time period, the PRC has undergone major transformations. Whereas in the year 1975, the Chairman Mao was still in power and presiding over a country largely shut down to the outside world and devastated by the Cultural Revolution, China in 2011 presents itself as a self-confident economic power that is yet on its rise. After Mao’s death in 1976, Deng Xiaoping shaped a development strategy that included privatization and economic and fiscal decentralization. In following this strategy, the post-Mao leadership was successful in its ambition to achieve an economic *renaissance* of a powerful China. At the downside of the development, China’s rise came at the cost of environmental degradation, rising social inequalities and complexities in steering the country. Time and again mass demonstrations were triggered by discontent related to mass layoffs and missing social security arrangements. These issues’ exerting pressure on the governing capacities of the Communist Party (CCP) convinced its leadership of the necessity to look for foreign expertise and best practice.

After presenting the internal disparities of China and the EU, we can now address the relationship itself. During the period from 1975 to 2011, the EU-China partnership has lived phases of intense cooperation and exchange, as well as those of major setbacks. The *Trade and Co-operation Agreement* of 1985³ was a clear step in the direction of deepening and formalizing the relationship. The opening of a permanent representation of the European
Commission in Beijing in 1988 was a sign for the maturation of the relations between the two entities. However, this considerable breakthrough was only a short-lived climax of the relations; the 1989 Tiananmen student revolts caused a freezing of the political relations until 1992.

After the normalization of the relations in the mid-1990s, the relationship was transcending towards more encompassing economic, political and security topics. In 2003, China and the EU agreed on the establishment of a strategic partnership. Each side issued an independent policy paper that laid down the fields of on-going cooperation and expected goals. According to the EU paper, the EU has set out a comprehensive strategy to get involved with China. The intention is to gain knowledge of internal political and societal processes in various policy fields, and ultimately making China a reliable partner in the international arena. The EU further pursues the goal to assist China in its transformation to an international actor that incorporates Western good governance principles such as accountability, transparency, political participation, and the recognition of universal human rights.

Reading the documents of the Chinese side, it becomes clear that besides the interests in good relations, equality-driven (“democratic”) international relations, and a stable peace, Western technical expertise and advanced technologies are of key interest for building a stronger economy and administrative system. Ultimately, China is interested in becoming one of the leading global actors in economics and politics in a multipolar world.

The question in how far these two understandings can be reconciled and if the partners achieve their goals will be object of the second section of this article.

Cooperation in practice

In the previous section we have paid attention to the evolution of the formal relations between the EU and China. This particular section will deal with the relationship in practice.

The most visible institution within the relations is the high-level EU-China summit taking place once a year. It is however striking that despite the strategic character of the relationship, the 11th EU-China summit was postponed by half a year because of the reception of the Dalai Lama by Nicolas Sarkozy. The strategic partnership also touches areas of high sensitivity and security relevance, such as non-proliferation, counter-terrorism, armament, or human trafficking, that are discussed on expert level. This clearly transcends purely economic means and is in line with the parallel development of the European Security Strategy in 2003, wherein China appears as one of three partners in Asia for the EU’s strategy towards an effective multilateralism. Whether this will lead to common strategic views in geopolitical terms is questionable and remains debated. However, both partners are trying to craft a cooperative self-image to the outside world (the civilian power or peace power of the EU; the peaceful rise of China).

Whereas the EU appreciates the increasing engagement of China in regional and other multilateral institutions, lines of irritation and disagreement persist, e.g. the trust to lift the arms embargo is missing. A human rights dialogue is taking place back to back with the EU-China summits, and marks quite another controversially discussed field of cooperation. Ultimately, the strong institutionalisation of forums in the field of economic and trade relations underlines that these are the key interests of both partners. The importance of
mutual trade can be substantiated by referring to the overview of the main trade partners of the EU and China (Table 1). Although there exist around fifty sectoral cooperations, it is not surprising that many, and among them the most visible, deal with trade-related issues such as intellectual property rights and tariff barriers. Nonetheless, the EU explicitly links them to ecological and political questions in its policy papers.\(^9\)

The remaining sectoral cooperations cover areas of traditional technical cooperation. Overarching issues are human resource development, the strengthening of the rule of law, and civil society. Interparliamentary meetings between the European Parliament and the National People’s Congress have also been institutionalized. Last but not least, within the framework of the partnership, the establishment of “transsocietal connections and people to people links”\(^10\) is supported. Activities comprise academic exchange, scholarships, research programs, and various forms of cultural cooperation.\(^11\)

Thus, it becomes pretty clear that, departing from the starting point in exploring trade and business relations in 1975, the relationship has matured and is now covering a broad area of issues. The clear economic focus raises the question whether the partnership is really \textit{strategic}, or yet a simple amalgam of juxtaposed cooperations.\(^12\)

\textbf{Strategic or pragmatic – who gains what?}

Even though the objectives for cooperation of the two partners are not completely overlapping and points of disagreement persist, the relations can be regarded as increasingly institutionalized.\(^13\) In order to assess if the partnership can be termed \textit{strategic}, we gauge the achievements of it for the two partners. For matters of simplicity, we will subordinate the areas of cooperation in three distinct fields: the economic and trade relations; technical cooperation; and political cooperation.

\textit{Economic and trade relations}

In the previous section we have shown that the central element in the EU-China relationship remains the interest in business and trade opportunities. The trade volume between the EU and China in 2005 is thirty times it was in 1978. The EU is China's most important trading partner, whereas China occupies the second place of Europe's trading partners in terms of trade volume (cf. Table 1). Since the 1990s, the EU is developing an increasing trade deficit that amounted to EUR 128 billion in 2009\(^14\), that at least partly can be traced back to the successful European foreign direct investment (FDI) in China, and the relocation of production facilities from Europe to China.

An additional development is that the complementarity of the two markets is decreasing. Chinese industries grow out of the low-skill production sectors and the high-skill sectors are rapidly developed, with major backup of the Chinese state.\(^15\) After the international financial crisis alerted the Chinese authorities of the vulnerability of the Chinese economy to external shocks, China invests more in developing the internal market. Altogether, these developments indicate that the relationship will be put to the test. Access to Chinese markets, tariff barriers, property rights, dumping practices (related human rights violations), and counterfeiting\(^16\) are already constantly on the agenda. Given the help of the Chinese state to individual EU member states to stabilize their national economies in the aftermath of the financial crisis, it will be the question in how far the EU will be able to push these issues in the future.
Technical cooperation

When looking into the area of technical cooperation, the relationship between the EU and China seems to be quite fruitful without displaying any major conflict. China warmly welcomes European expertise, technology, and last but not least money to tackle internal problems such as poverty-alleviation, inefficiency of public administration, or environmental degradation. However, people rightfully ask what is in for Europe in these cooperations. The toolbox the EU brings to China clearly resembles the one used in the process of enlargement. Candidate countries receive large scale technical and financial support by the EU in building up their administrative and regulatory capacities in order to implement the *acquis communautaire*, in improving their infrastructure and tackle environmental problems. Different from the countries in Eastern Europe, China does not bind itself to the *acquis* or in any other form to the EU, which stresses the question where the pay-off for the EU materializes.

Political cooperation

The field of political cooperation is linked to the EU’s strategy to engage China as a responsible stakeholder in international relations and global governance issues. As mentioned earlier, a central objective of the EU is to build up trust and make China responsive to Western political ideals. While the PRC is a permanent member of the United Nations Security Council since 1971, it has become more actively engaged only since the late 1990s and the accession of the third generation of leaders of the CCP.\textsuperscript{17} The same pattern can be seen in its role in regional cooperation forums, such as the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum and the Shanghai Cooperation Organisation.\textsuperscript{18}

There are two ways of interpreting China’s seemingly hesitant adoption to its new, leading role in international relations, highlighting different arguments. Whereas the one refers to China’s strong attachment to the principles of non-interference and the leitmotif of harmonious development,\textsuperscript{19} others interpret China’s approach as rather pragmatic, carefully evaluating in how far involvement serves its own interests.\textsuperscript{20} The understanding of what constitutes a responsible international stakeholder is the very fact that differs between the EU and China. Intense EU focus on this part of the dialogue might thus not pay off as expected. The Afro-Chinese relations, including trade cooperation and developmental aid, constitute a major example. China’s commitment in Africa is criticized by the EU since it undermines its own policy that stresses good governance and the respect of human rights when dealing with African governments, a point that is completely absent in China’s approach.

Without doubt, the EU has also much to lose not only in economic terms, but also in respect of its energy security and the access to raw materials.\textsuperscript{21} It is therefore even more striking that the relations with Africa are not included in the field of political cooperation. There is a communication of the European Commission “The EU, Africa and China: Towards trilateral dialogue and cooperation”\textsuperscript{22} that suggests five *priority objectives* for cooperation. However, it would be interesting to look into the matter more closely, as this initiative has not been brought any further and the document was not even published in the official journal.
Conclusion

In the last three and a half decades, the EU-China relations have grown from modest beginnings to a stage where the individual partners coin the relationship as strategic. Whereas the trade relations have intensified continuously, and technical cooperation projects have helped to build up trust between the partners, the political cooperation had to cope with major setbacks. China seems to achieve all of the goals it has set, while many of the objectives of the EU remain unmet. As China is still gaining in economic and political strength and influence on the international stage, the EU falls behind its own ambitions because of its internal struggles. In respect to the relations with China this has the consequence that there is not one single European China policy – but a European “lowest common denominator” approach, accompanied by 27 national China policies. Despite its long-lasting institutionalization process in many policy fields, the EU’s foreign policy stays strongly divided and incoherent, and is damped by economic competition.

Meanwhile, China has become more confident about its political model and its role in the international system. In its trade relations, China is stressing its five principles while not paying attention to human rights and good governance issues. These trade practices clearly challenge European interests in Africa. Given the common understanding that the EU-China relations are not hampered by conflicting geopolitical interests, as in the case of China-US or EU-Russia relations, we have to state that Africa could develop in such a geopolitical issue.

In conclusion, China and the EU have made much progress in building a better mutual understanding. However the partnership has not grown beyond the point at which the actors have clear, yet individual objectives and tactics of how to involve the respective counterpart in pursuing these. The lack of common objectives is already a clear indicator that the partnership is far away from being termed strategic, if the term can apply to the EU and its different member state policies at all. Ultimately, for the future of the partnership it will be crucial how the partners construct their role in the international system and also how they choose to cooperate to deal with already existing and looming political and economic disputes.

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7. Callahan, 783.
11. Callahan, 778.
12. Ibid. 790.
24. The five principles are (1) mutual respect for territorial integrity and sovereignty, (2) non-aggression, (3) non-interference in the internal affairs of other countries, (4) equality and mutual benefit in international relations, and (5) peaceful coexistence.
25. Cabestan, 30, 33 and Holslag, 576.