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China – W. Europe: Past, Present, Future From Conflict to Cooperation

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“China is the only major power to desire, without reservation, that Europe should become more powerful”.

Giovanni Bressi - 1973

“We are at a dynamic moment in our relationship with China. Our Chinese partners have acknowledged the importance of the EU as a strategic partner and our relationship is growing in the political as well as trade fields”.

Commission President Jose Manuel Barroso – 2004

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A. Introduction

China, a country so far away and at the same time so near to Europe, due to an increasingly globalized world, remains even today for many Europeans an unknown. Yet, its importance has not ceased rising. Europe and China have witnessed difficult moments in their common past. European colonialist presences, Chinese revolutionary reactions, such as the Boxers movement or the establishment of the People's Republic of China, and Cold War antagonism, have left their imprint on their relations.

Nonetheless, from this past of conflicts, we are moving on to a future of more promising strategic. However, there are two constraints to be taken into consideration: on one side, our Eurocentric view combined with, and explaining partially the ignorance concerning our counterpart and on the other side, a cultural difference affirmed in issues such as decision-making and the enactment of policy, which influences the development of this relationship in often unforeseeable ways. Nonetheless, both sides affirm with pleasure that the relations between China and Europe have never been better.

The year 2005 marks the 30th anniversary of the official establishment of diplomatic relations between the EC/EU and China in May 1975. Moreover, due to China's accession to the World Trade Organization (WTO) at the end of 2001, and bearing in mind the Beijing Summer Olympic Games in 2008 and the Shanghai International Exposition in 2010, the spotlight of public opinion in recent years has been focused increasingly on China. These two elements combined with a personal interest in the Asian region, helped me make the choice to address the issue of Sino-European relations.

As I approached this subject, I realized the difficulty of tracking down sources in the libraries of Nice. Thus, the main part of the research took place in Berlin, where the diverse libraries provided me with almost all necessary information. A great part of the research time was also spent on the internet, visiting a variety of internet sites, mainly European and Chinese. Yet, in order

to gain a general idea of policy-making on this issue in practice, I decided to interview European and Chinese officials, willing to share their experience with me. Furthermore, working with the official policy papers of both sides has also proven to be useful.

At this point, I feel the need to thank certain people for their helpful contributions and their positive influence on my work. Thus, I thank Mr. Nigoul, Mr. Waechter and Mr. Leunig for sharing their knowledge and point of view in crucial moments of my project. Sincere thanks are also due to Mr. Burbacher of the German Foreign Affairs Ministry and Mr. Lou Liao Fan of the Chinese Embassy in Berlin for the precious time they dedicated in transmitting me their personal ideas and experiences. Furthermore, I also thank Mrs. de Poulpique, Mr. Courdy and Mr. Gentelle for their willingness to contribute. Finally yet importantly, I thank my friend James Shotter for dedicating his time to perfecting the text grammatically and syntactically.

In reading the dissertation, one should take into account certain points. First of all, in dealing with the subject I have employed what I call, “a dynamic historical approach in two directions, the horizontal and the vertical directions”. This means that issues were generally approached from a historical and chronological point of view. The historical approach in the horizontal level is extended from the first to the last chapter. In parallel, the historical approach on the vertical level means that this principle is employed simultaneously within each individual chapter.

As regards Sino-European relations, the main actors taken into consideration were China on the one side, and Europe as a whole on the other, meaning the EC or the EU from the Maastricht Treaty onwards. In the analysis, the role of individual countries was left in the background. Nonetheless, the EC/EU is composed of member states that apart from following the general framework of European policy, often feel the need to defend their own interests. Hence, where relevant, reference is made to certain countries, and the positions they were defending.

Finally, China and the EU are important actors on a more and more interdependent international scene; yet they are not the only ones. During the Cold War and especially since it ended the significance of the United States in international politics has been uncontested. However, as in the case of the EU member states, though not dealing with the US explicitly, its role and influence on Sino-European relations are mentioned wherever necessary.

The aforementioned guidelines were the rules generally applied. However, every rule has its exceptions, and since not all subjects can be treated the same way, the guidelines were adapted as necessary. Thus, bearing these guidelines in mind, together with the promising perspectives for cooperation, the first chapter, “Understanding from the Past”, deals with China. It provides useful information on the country, its evolution, its current political and economical status, as well as the challenges it has to face. Furthermore, by examining closely the Chinese cultural heritage, an effort is made to understand the logic behind policy-making and policy implementation in this country. Hence, this chapter serves as the basis for the following ones.

The second chapter entitled “Viewing the Present” focuses on the whole spectrum of Sino-European relations. From examining their evolution in different historical phases we pass to the existing framework of their relation. The political framework and especially the Annual EU – China Summits, economic and developmental cooperation are the main points treated. Moreover, the policies of the two partners towards each other are viewed in detail and issues that dominate the Sino-European agenda are further analyzed.

Finally, the third chapter “Imagining the Future” envisages the possibilities for the further strengthening of the strategic partnership, in the context of an ongoing process of change in the world order.

May 2005

B. Understanding from the Past

1. China: Facts and Figures

The People's Republic of China is situated in the Eastern part of the Asian Continent on the western coast of the Pacific. With a total land area of 9.6 million square km, China is the largest country in Asia and the third largest in the world, after Russia and Canada. Furthermore, China is the most populous country in the world. Its population including residents in Hong-Kong, Macau and Taiwan, totals around 1.33 billion, which makes up more than one-fifth of the world's total. Diversity characterizes China's population. It combines 56 ethnic groups, 53 different national languages and 27 different writings. 91.6% of Chinese people are Han. Hence, the non-Han population includes 55 ethnic minorities, of which the major groups are Zhuang, Manchu, Hui, Miao, Uygur, Yi, Tujia, Mongolian and Tibetan¹.

Until the beginning of the 19th century China was, due to its dimensions, its socio-cultural influence and its military and technical capabilities, the uncontested ruling power of the region. This Sino-centric world fell apart with the arrival of the Europeans, who imposed by force a series of privileges for their benefit, such as free trade, extraterritoriality and the creation of colonies. Since the Opium Wars in the 1840s, the main goals of every Chinese leadership had been the creation of a powerful national state, independent from external powers, and full territorial reunification with territories separated forcibly from the motherland between 1840 and 1945².

¹ For further information on China refer to: <http://www.china.org.cn/english/en-shuzi2004/index.htm>

² Möller, Kay (1998): Sicherheitspartner Peking? Die Beteiligung der Volksrepublik China an Vertrauens- und Sicherheitsbildenden Maßnahmen seit Ende des Kalten Krieges, Stiftung Wissenschaft und Politik, Vol. 53, Baden-Baden. p. 16-17

Since the founding of the PRC, Chinese Foreign Policy has been elaborated and adapted to external challenges and opportunities, with the purpose of creating the necessary conditions for the country not only to exist, but also to gain an important position in international society³. Peaceful conflict resolution, good relations with neighbouring countries, solidarity, cooperation and extensive relations with third world countries, improvement of relations with developed countries on the basis of the five principles of peaceful coexistence⁴, as well as active diplomacy in multilateral fora are among the official guidelines of Chinese foreign policy.

Currently, China is generally recognized as a rising power. However, China's rise has caused mixed reactions. On the one hand, there are countries that welcome this rise. On the other, some countries feel that China's rise will cause an imbalance in the international world order and since the beginning of the 1990's they have spoken of a "Chinese threat". In order to counterbalance the negative impact of the "Chinese threat" perspective, Beijing searched for a new initiative in its foreign policy to China's peaceful rise. From the end of 2003 to the early months of 2004, this newly developed idea gradually took shape⁵.

In the economic field, the Chinese Government has set clear goals for the country's reconstruction. These goals took in 1987 the form of a three-step-strategy. The first step was to double the GDP, compared to the 1980 GDP, and solve the problem of nutrition and clothing of the population. This goal was mainly achieved by the end of the 80s. The second step was to quadruple GDP in comparison with 1980 by the end of the 20th century. This task had already been fulfilled by 1995. The third step is to achieve the

³ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel, p. 14.

⁴ Mutual respect of sovereignty and territorial integrity; non-aggression; non-involvement on internal affairs; equality; peaceful coexistence.

⁵ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel, p. 3-4.

modernization of the whole country and to attain a GDP per capita equal to that of a medium developed industrialized country by 2050.

Strategically, China adopts the “five-year-plan” scheme for its economic development. The 10th Five-Year-Plan starting in 2001 gives China the first blueprint for the new century with main targets for economic and social development. Moreover, in order to facilitate equal development throughout the vast Chinese territory, the Chinese government has elaborated three strategic projects: “Energy from the West to the East”, “Natural gas from the West to the East” and “Water from the South to the North”⁶.

China’s current domestic development is characterized by rapid social change, economic bottom-up privatization, economization of the bureaucracy and of politics, change of individual and group attitudes and behaviour vis-à-vis the state/the party, alteration of ideological parameters, and incremental change of political structures, particularly in terms of participation. Yet, we should acknowledge that in spite of all the economic successes and social change, China is still a developing country in transition from a planned to a market economy, facing all the problems and tensions arising from such a step⁷.

The main problems that exist in the economic and social development include: the slow growth of farmers’ income; heavy pressure for employment and social security; the tight relation between the supply and demand of energy and transportation; the large amount of investments in fixed assets, blind investment and repeated low-quality expansion in some industries; the

⁶ For further information on the five-year-plans refer to: <http://www.china.org.cn/english/en-shuzi2003/index.htm>

⁷ Heberer, Thomas (2002): China’s Domestic Development, China – EU relationship, and EU – China Policies, in: Heberer, Thomas; Taube, Markus (2002): China, the European union and the United States of America: Partners or Competitors?, Institut für Ostasienwissenschaften, Duisburger Arbeitspapiere Ostasienwissenschaften, Nr. 45/2002, Duisburg, p. 7.

big income gap between various groups of population; the relatively difficult life of those on low incomes; increasing pressure on resources and the environment etc..

If one addresses these problems in greater detail, then the significant number of state companies on the verge of bankruptcy and the heritage of the socialist period emerge as the major problems of Chinese economy. The way to save these companies is mass firings of their excessive personnel. But can China cope with the result of such redundancies – the addition of a large number of unemployed people to the hidden unemployment in the agricultural sector and the estimated 150 million seasonal workers?⁸ Moreover, limited growth in the agricultural sector or the reduction of the number of civil servants also contributes to the increase in unemployment. By taking into account the clear differences in living conditions between the prosperous provinces of the coastal zone and the provinces of western China, it is possible to obtain a more global image of the challenge that the Chinese government is facing⁹.

Another problem is widespread corruption. In China, corruption came hand-in-hand with economic growth, a phenomenon which not only has a great cost for the state economy, but which is also starting to become a burden for the further economic development as well. Moreover, personal relations still play a crucial role in trading in China, which makes a distinction between legal and corrupted activities almost impossible¹⁰.

During the Maoist period, China set greater store on its economic campaigns than on the wise use of its natural resources. The economic boom of the last two decades left its negative print on nature and the environment.

⁸ Schulz, Günther (2003): Das China der vierten Generation, in: Eumagazin, 5/2003, p. 10-11.

⁹ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 743-744.

¹⁰ Ibid, 8.

Only during recent years has the Chinese leadership started elaborating an environmental policy. Nevertheless, the preservation of the environment is not for Beijing a goal in itself. Policies of such kind are introduced mainly in order to minimize possible negative effects on the country's economic growth, which remains its priority¹¹.

A further challenge for China is its accession to the WTO. With the accession, the Chinese leadership opened the country to the world market. This move is forcing the Chinese economy and its administration to adapt themselves to the world market with unforeseeable consequences on the country itself.

Basically, the modernization of China is characterized by an imbalance between economic and political reforms. The reform process, launched by Deng Xiaoping back in 1978, was from the beginning strictly limited to the economic level: agriculture; industry; science and technology; and the army¹². In the political field, no one questioned the primary role and power of the Communist Party of China. Opposition was often treated with violence. Hence, in 1989, student protests in Tiananmen Square demanding political liberalization and democracy were suppressed with the use of tanks.

The Chinese Communist Party (CCP), founded in July 1921 and with more than 67 million members today, in its 16th National Congress, held in November 2002, elected a new Central Committee and a new Central Commission for Discipline Inspection, achieving a succession of the CCP's central leadership¹³. The shift of power in China from the third to the fourth generation of communist leadership was quite smooth, which has not always been the case in the history of the PRC. In the first two decades, the change of power was often followed by economic and political upheaval, sometimes

¹¹ Ibid, 8.

¹² Algieri, Franco (1999): Die Europäische Union und China, in: Europa – Handbuch 1999, p. 725.

¹³ For the organizational structure of the political system in the People's Republic of China, see table in annex.

forcing the country to the brink of disaster, as was for example the case with the Cultural Revolution.

Even if nowadays the image of the PRC is still connected with Mao Tse-tung, the content of Chinese socialism has changed radically. From the mid 70s, Deng Xiaoping gradually reformed the socialist planned economy by introducing elements of the market economy, allowing China growth rates never seen before. However, high economic rates cannot deal with the aforementioned problems that the new leadership under Hu Jintao is obliged to face. Furthermore, in contrast to previous periods the Party and its leadership are no longer considered today an “always correct and wise” institution. They acquire their legitimacy by means of performance¹⁴.

On the other hand, highly industrialized countries and foreign capital already consider China a very interesting case. With around 50 billion Euros, the Chinese market received more direct foreign investments in 2002 than the United States. Hence, due to its rapid economic growth, the poor population in China has been fast reduced from 250 million in 1978 to 58 million already in 1997. Three quarters of the poor in China have been released from poverty. This success has been achieved in a world environment, which is characterized by the growing gap between rich and poor. The number of extremely poor countries increased from 27 to 48, and the world's extremely poor population from 1 billion to 1.3 billion¹⁵.

However, another development may affect China's future positively. In 1987, after a number of years of pilot testing, the government finally legalized a direct election procedure at the rural village level. This so-called “village democracy” is important for China's future political reform. The measure does

¹⁴ Heberer, Thomas (2002): China's Domestic Development, China – EU relationship, and EU – China Policies, in: Heberer, Thomas; Taube, Markus (2002): China, the European union and the United States of America: Partners or Competitors?, Institut für Ostasienwissenschaften, Duisburger Arbeitspapiere Ostasienwissenschaften, Nr. 45/2002, Duisburg, p. 9.

¹⁵ Hong, Zhao (2000): Development and Reconciliation under Peace: an Explanation of China's Policy towards the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 209-225.

not focus so much in promoting local democracy; its main motives are to fight against bureaucracy and at the same time to stimulate personal initiative at the local level. By and large, it is a fair process by which the villagers elect their leadership all over the country. Since peasants still account for over 75% of the population, this grassroots democracy is affecting the lives of the majority of the Chinese population. If this measure survives, it will in the mid- and long-term change China's political structure. The question remains whether the party is willing to take the next logical step – to expand the election procedure to the rural township level and eventually to the urban areas, but it is still considered too early for such a move¹⁶. (F3/03/12) (F1/01/93)

Despite the slow pace, Chinese politics are changing face. The most important incentive for this change comes from the power centre itself. It has been widely accepted within the party that some form of pluralism is necessary, for one-party rule has run its course¹⁷.

2. Chinese Culture and Politics

Since the Opium War started in the mid of the 19th century, China has been in a state of semi-colony for about hundred years. This “century of humiliation” was a dark period in Chinese history. From the obliged reform at the end of Qing dynasty in the 1860s, to the establishment of the People's Republic in 1911, to the success of the anti-Japanese war in 1945, and to the establishment of the communist regime in 1949, the Chinese struggled hard to reclaim the respectable status of their ancient civilization¹⁸. Hence, it is no

¹⁶ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 93. and compare as well with: Schulz, Günther (2003): Das China der vierten Generation, in: Eumagazin, 5/2003, p.12.

¹⁷ Ibid, p.94.

¹⁸ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel, p. 3.

wonder that China's rise in economics has been associated with a growing pride in its history, culture and social values. The exposure to global cultural influences has strengthened the articulation of Chinese cultural identity, and has led to a re-evaluation of China's authentic cultural heritage.

Within this context, although it has been stated repeatedly by Chinese leaders that China's priority in its foreign policy is to maintain world peace for China's long-awaited development opportunity, the country is pictured as an evil empire with an intention to expand; an image, which does not coincide with Chinese history and civilization¹⁹. Furthermore, the end of the Cold War has put a stop to political and military confrontation. Nonetheless, it cannot easily vanquish Cold War thinking or political disputes which reflect Cold War thinking. Although Europe does not present a direct security threat to China, nor vice versa, whenever Europeans or Chinese cannot handle their ideological or cultural differences with mutual respect and understanding, mistrust and disputes can quickly be fostered and the economic interests of both sides can be adversely affected. This deliberate misinterpretation of China's foreign policy and Chinese culture is harmful not only to the well-being of Chinese people, but also to the well-being of Europeans²⁰.

Differences between European and Asian history, values and state of development render political dialogue difficult. Even though the existence of people-to-people exchange programs has contributed to a great extent to a mutual awareness and understanding between the two partners, the impediments seem to a certain extent to remain. This explains why China and other Asian countries had a preference for viewing their relationship with the EU mainly in economic terms²¹.

¹⁹ Hong, Zhoo (2000): Development and Reconciliation under Peace: an Explanation of China's Policy towards the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 223.

²⁰ Ibid.

²¹ Demiri, Eleni P. (2002): Reorientation of EU relations with Asia, University of Kent, Kent, p. 6.

Moreover, European and Asiatic philosophical systems have indeed influenced deeply the political, economical and societal organization in their respective territories. Discovering the compatibility of these philosophical systems, may however allow eventually a qualitative rapprochement in the political level. In order to illustrate the above with an example, one can mention the discovery of the compatibility between Confucian philosophy and the idea of democracy. For many Asians, the idea that power originates from the people is not any longer purely European, and thus more easily accepted and implemented in their proper systems. “The fundamental ideas and traditions necessary for democracy”, according to Kim Dae Yung, a former president of South Korea, “existed in both Europe and Asia. Although Asians developed these ideas long before the Europeans did, Europeans formalized comprehensive and effective electoral democracy first. The invention of the electoral system is Europe’s greatest accomplishment”. Hence, if Chinese or other Asians decide to implement a liberal governing system, they will accept it more easily and will be more willing to discuss it with European states, if they perceive it as a renewal of their own tradition rather than as an enforced copy of a foreign model²².

The European model of democracy though, is based on the open “battle” of political parties and interest groups to impose their positions. The Chinese view of political order in the contrary, stresses the importance of consensus. Influenced by the family-model, what one should seek for is harmony and stability, and disputes, which are considered harmful, should be avoided²³. Taking this into account, one can speak of an “Asian Way”²⁴, according to which, the emphasis on collectivity at the expense of individualism is often suggested as being the key in understanding the

²² For a further analysis on this issue: Gu, Xuewu (2004): Die Perspektiven des interkulturellen Dialogs zwischen China und Europa, Herbert-Quandt-Stiftung, Gedanken zur Zukunft, Vol. 10, p.10-12.

²³ Ibid, p. 16

²⁴ I borrowed the term from: Demiri, Eleni P. (2002): Reorientation of EU relations with Asia, University of Kent, Kent, p. 6.

cultural gaps between Asian and European way of thinking and acting and thus, the limitations of political dialogue.

During the last two decades, there has been enormous evolution of the economic relations and on the political level, one could speak of an institutionalization of the contacts. Yet in reality, between both sides, there is a lot of communication yet not so much dialogue, especially on sensitive issues, since communication does not automatically mean dialogue²⁵. This lack of dialogue is due to fundamental differences between China and Europe, as is especially the case comparing their ruling systems. In Europe, one can find homogeneous democratically inspired systems, while in China it is the one-party-system, which still rules the country.

According to Europeans, if China wants to be part of the community of democratic states, it should change the way it deals with issues such as minorities and human rights, which are universally valid. The way minorities in the autonomous regions of Tibet and Xingjian are treated, the persecution of human rights defenders and reformists, and the persistence in the use of the death penalty do not comply with a country that respects democratic principles and the rule of law. China on the other, although not questioning the universality of human rights, puts them under cultural, societal and economic conditions. Furthermore, for Chinese there are also collective rights that exist, which, compared to individual rights, are more important, since they define the framework for the realization of individual rights²⁶.

Nonetheless, for Chinese, the concept of human rights did emerge from the West, and has been impregnated by predominantly western values, which are not necessarily found as such in non-western cultures²⁷. Hence, the incompatibility with western human rights principles and the policy of non-

²⁵ Gu, Xuewu (2004): Die Perspektiven des interkulturellen Dialogs zwischen China und Europa, Herbert-Quandt-Stiftung, Gedanken zur Zukunft, Vol. 10, p.6-9.

²⁶ Ibid, p. 17

²⁷ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel. p. 55.

interference in internal affairs, combined with a different perception of the role of individual and society, between the Chinese and the European cultural context, do not give much hope for quick progress in this field. Nevertheless, the important economic developments give the Chinese people the desire for more political reforms, a desire that will challenge China's leadership²⁸.

At this point, it is necessary to analyze the "Ti-Yong (or essence versus application) contradiction"²⁹. Throughout its modern history, China has been haunted by this dilemma. Since the late nineteenth century, any serious reform in China has been plagued by a problem of how to maintain the essence of the Chinese political and cultural tradition, while opening up to the West to obtain advanced technology (application). Deng Xiaoping tried to avoid this dilemma through non-ideological pragmatism: "It doesn't matter if the cat is black or white, it's a good cat if it catches mice," he declared.

This approach effectively reduced the role of political nationalism in security policymaking because it preferred a sustained period of external peace. What Deng had not expected is that the very success of his pragmatic reform approach would begin to backfire in the one-party system, so that China is once again facing the "essence versus application contradiction". On the one hand, the population is unhappy with the lack of political reform; on the other, the Communist Party cannot justify a continued power monopoly as China's economy and society become more and more pluralistic and diversified. Returning to the political nationalism of the past to maintain the one-party rule may be an attractive alternative, but it also entails enormous political dangers. In an authoritarian system, patriotism and nationalism may be the only safety valves for the venting of the popular dissatisfaction that the government finds most difficult to control, but they could easily be turned against the regime itself. Allowing nationalism to determine China's foreign and security policy could play into the hands of movements which, like the

²⁸ Schulz, Günther (2003): Das China der vierten Generation, in: Eumagazin, 5/2003, p. 12.

²⁹ The analysis can be found in: Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 89-99.

Boxer Movement at the beginning of the century, brandish nationalist sentiments to oppose the regime³⁰.

To return to the issue of political reform, it is abundantly clear that China's internal system is under rapid transformation in a situation of relative stability. After Mao, China's reform has been based on a typically gradualist approach. Political reform was not on the agenda from the beginning. The lesson of the chaotic dissolution of the former Soviet Union and Yugoslavia provided the Chinese communist leadership with a perfect excuse for not adopting glasnost and perestroika at the same time. However, pressure for political reform is growing as a logical consequence of the economic liberalization and the opening of the society as a whole. The decentralization of economic power and the diversification of society no longer justify a one-party system³¹.

The situation just described, combined with the absence of a popular ideology poses a terrible problem for the Chinese communist party. Throughout Chinese history, official ideology has always played a crucial role in holding the country together. Confucianism as an official ideology dominated Chinese politics for over two thousand years. Without Confucianism, the traditional Chinese form of power monopoly – the dynasty – would not have been able to sustain itself. In a one-party communist system, the lack of an ideology, taken seriously by the elite and the masses alike, means political trouble. On the one hand, a widespread “crisis of faith” (xingnian weiji)³² has begun to erode the basic premises of the one-party rule; on the other, the party cannot find an alternative ideology to replace the communist one. Going back to Confucian traditions seems unlikely, for the communist party was conceived and born as part of an anti-Confucian movement, the May Fourth Movement in 1919. Another alternative is to

³⁰ Ibid, p. 92.

³¹ Ibid, p. 93.

³² Ibid, p. 93.

change the nature of the party. It is this that could induce the party to undertake serious political reform.

Finally, in order to better understand the context described above, one should examine closely the role of Confucianism within the Chinese society. While Christianity mainly influenced European culture, Chinese culture respects the norms and values of Confucianism and Taoism. These norms are more like a guide to an everyday way of thinking and living than a religion³³. Confucianism especially emphasized duty regulation and discipline. It prescribed a hierarchically ordered society, where the role of every person was described in a very strict way and inequality was a natural given. The emphasis was on the fulfilling of duties, and not on the claiming of rights.

In this context, Confucianism saw five basic relationships in society: ruler – minister; father – son; husband – wife; elder brother – younger brother; friend – friend. Especially in the three first relationships, this hierarchy is very clear. Confucian Ethics could be described as the whole of social roles and social rules that had to be obeyed by everyone, according to his personal position in society, and according to the circumstances. A clear inequality between people was accepted as a “natural” condition for society³⁴. Hence, while the ideal of equality occupies an important place within the European cultural context, for Chinese, authority, and thus unequal relations, play a greater role. They respect authority and, compared to Europeans, they have a relatively positive image of it in the sense that it represents experience, maturity, responsibility and serving as the example. It is not necessarily understood as oppression³⁵.

³³ Gu, Xuewu (2004): Die Perspektiven des interkulturellen Dialogs zwischen China und Europa, Herbert-Quandt-Stiftung, Gedanken zur Zukunft, Vol. 10, p.6-9.

³³ Ibid, p. 15

³⁴ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel. p. 60-62.

³⁵ Gu, Xuewu (2004): Die Perspektiven des interkulturellen Dialogs zwischen China und Europa, Herbert-Quandt-Stiftung, Gedanken zur Zukunft, Vol. 10, p.16-17.

C. Viewing the Present

1. Historical Background of Sino-European Relations

1.1 Sixteenth Century until 1949

If one takes an historical approach to Sino-European relations, it is possible to ascertain different phases of rapprochement, cooperation, but conflicts of interest as well. The beginning of intensive relations between China and Europe dates back to the early 16th century, when Portuguese explorers reached the East Asia Sea; they were later followed by Dutchmen and Spaniards. Contact between the Christian West and Mongol Beijing had already existed in the period between the mid 13th century and the 14th century. Around the end of the 16th century, a dialogue between Jesuit missionaries and the Chinese empire led to mutually fruitful spiritual influence. In the 18th century Sino-European commercial relations flourished, characterized by a constant demand for Chinese goods from the European markets.

In the 19th century, China found itself in a crisis provoked by external military and economic pressure. The Chinese found their territory divided into pieces against their will, and distributed mainly among British, French, Russian, German and Japanese. The fall of the imperial regime, the further occupation of parts of China by Japan, the civil war between the nationalist government of Chiang Kai-shek and the communist movement of Mao Tse-Dong, and the creation of the People's Republic of China on the 1st October

1949 were the events that dominated the Chinese history of the first half of the 20th century³⁶.

1.2 50s-60s

During the Cold War Era, EU – China relations suffered from the East – West confrontation and mutual misconceptions. The Iron Curtain and ideological confrontation imposed on the world by the two superpowers prevented the free exchange of people, goods, technologies and information between China and Europe. The resumption of normal diplomatic relations was artificially delayed by the political exigencies of the Cold War; although trade and economic relations resumed much earlier in the period following World War II, diplomatic relations could not have avoided being hindered by Cold War thinking.

Both its domestic conditions and the international environment affected China's diplomatic relations with other countries. In the period from the 1950s to the 1970s, China experienced the Anti-Right Movement, the Great Leap Forward campaign, and the Cultural Revolution³⁷. These campaigns, launched by the Chinese Communist Party (CCP) led by Mao Tse-Dong, had a negative impact on China's international image. Understood by the world as a radical revolutionary country, aiming at destroying the existing international political system, China was isolated from the international society³⁸.

However, Chinese – European rapprochement during this period was influenced by different factors. Amongst them, important ones were the

³⁶ Stefanos K. (1997): *The last European Century: Diplomacy and Policy of the powers*, Athens. and: *Stefanos K. (1997): The last European Century: Diplomacy and Policy of the powers*, Athens. and: *Stefanos K. (1997): The last European Century: Diplomacy and Policy of the powers*, Athens.

³⁷ For further information on this issues: Palmer, Alan (1999): *Dictionary of Twentieth-century History*, Middlessex.

³⁸ *Studia Diplomatica* (2003): *China: Which perspectives for an awakening Giant?*, Vol. LVI:2003, Brussel.p. 12.

formulation of the main principles of the Chinese foreign policy, Sino-Soviet antagonism and the increasing importance of the European Community as an international economic player. Due to the Korean War (1950-1953) and the two Taiwan crisis (1954 and 1958), China and the United States were situated in opposing camps³⁹. The 1963 official break of the relations between the People's Republic of China and the Soviet Union left Beijing facing political isolation. Within this context, China saw in the European integration process a possible counterweight to the United States. Western European politicians were invited to visit China. Furthermore, China strengthened its economic ties especially with Germany, France, U.K. and Italy. In France in particular, the Chinese saw a possible counterweight to the United States. For the Chinese "buffer-zone theory", Western Europe was situated during this period between American imperialism and the Socialist states.

The Cultural Revolution⁴⁰ resulted in a freezing of diplomatic relations between 1966 and 1969. From the Chinese point of view, Western Europe was once again an aggressive partner of the United States. Chinese criticism of the Soviet Union grew as a result of the Soviet march into the former Czechoslovakia, the Brezhnev Doctrine of the year 1968 and the Sino-Soviet border dispute in Ussuri in 1969. Taking into account the positions of Western European states, China considered France and Germany insufficiently determined to deal with a Soviet threat⁴¹.

1.3 70s-80s

The 1970s saw a decisive evolution in the history of Sino-European relations. With the phasing out of the Cultural Revolution, China shifted in the

³⁹ For further details refer to: Calvocoressi, Peter (2001): *World Politics: 1945-2000*, Essex.

⁴⁰ Palmer, Alan (1999): *Dictionary of Twentieth-century History*, Middlessex.

⁴¹ Algieri, Franco (2002): *Die Europäische Union und China*, in: *Europa – Handbuch 2002*, p. 744-745.

early 1970s from the “buffer-zone theory” to the “three world theory”⁴², according to which, western European states were not considered to have hegemonic views. In the case of an eventual conflict, Chinese believed in the cooperation of the second and third world against the first world. Beijing found a growing interest in the economic and commercial capacities of the EC and its enlargement in 1973 to include Denmark, Ireland and the U.K.. Yet it was China’s return to the United Nations in 1972 that marked the beginning of improved relations between China and the EEC and its member states⁴³.

From 1972 onwards there was an increase in official governmental visits between the PRC and the EC member states and on 6 May 1975, China and the EEC reached agreement on the establishment of formal relations⁴⁴. By that time, China had – with the exception of Ireland – diplomatic relations with all the then nine member states of the EC. The fact that the EC did not extend the Trade Agreement with Taiwan, which had already expired in October 1973, facilitated the establishment of diplomatic relations with the PRC. The one-China-policy would characterize from then on the official European policy⁴⁵.

Since 1975, China and Europe have been moving faster towards each other. In April 1978, the EC and China signed their first Trade Agreement. By the end of the 70s there was increasing interest on the Chinese side for European arms equipment, especially from Germany, France and the U.K.. Nevertheless, this interest was never translated into a form of cooperation in this field, given the European and American considerations about Soviet protests and possible polarization of the situation with Moscow⁴⁶.

⁴² Calvocoressi, Peter (2001): *World Politics: 1945-2000*, Essex.

⁴³ Hong, Zhoo (2000): *Development and Reconciliation under Peace: an Explanation of China’s Policy towards the European Union*, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): *Europe, China and the two SARs*, London, p. 211-212.

⁴⁴ See annex: chronology of Sino-European relations.

⁴⁵ Algieri, Franco (2002): *Die Europäische Union und China*, in: *Europa – Handbuch 2002*, p. 745-746.

⁴⁶ Ibid.

On 1 November 1983, China and the European Coal and Steel Community and the European Atomic Energy Community established formal relations. This marked the establishment of full diplomatic relations between China and the European Community⁴⁷. In 1985, a “Treaty on Trade and Economic Cooperation” was signed between China and the EC. Economic relations have developed steadily since then. This development has been achieved thanks partly to the efforts from both EC countries and China, partly to China’s newly adopted “open-door policy” and its full-scale economic reform.

China’s interest in the integration process of the western European states grew in the 1980s. In the first half of the 80s, Beijing promoted the idea of a unified and militarily strong Europe to serve as a counterweight to the Soviet Union. Consequently the enlargement of the EC to include Spain and Portugal was observed with great interest.

Although the EC and the PRC established official diplomatic relations in 1975, it was not until 1988 that they made the next logical step⁴⁸. The EC opened its representative office in Beijing in May 1988, and China sent its ambassador to Brussels. It is obvious that economic and business exchanges between China and the EC preceded political and diplomatic relations.

1.4 1989-2005

The violent suppression of the student protests in the Tiananmen Square in 1989 marked a break in Sino-European relations. Sanction measures against China were decided in the European Summit in June 1989, but were lifted gradually from October 1990. The only sanction currently still in force is the arms embargo⁴⁹.

⁴⁷ See annex: chronology of Sino-European relations.

⁴⁸ Ibid.

⁴⁹ For further details on the arms embargo refer to the relevant chapter of this dissertation.

With the end of the Cold War and the great changes the international system has undergone since then, a new era has begun for Sino-European relations. Within the general framework of the 1994 EU – Asia strategy, in July 1995, celebrating the twentieth anniversary of the establishment of formal relations, the Commission published its first EU – China policy paper⁵⁰, aiming to set out a strategy with China for the next century. It is the first policy paper taking into consideration not only the economic dimension of Sino-European relations, but also the emerging role of China as an important geo-strategic actor in the Asian – Pacific region. The Madrid European Council broadly endorsed the Communication in December 1995 and the paper has stood the test of time well. It still provides the basis for our current relations.

Just before the first EU – China Summit in London (April 1998) – following the second Asia – Europe Meeting (ASEM) – the Commission published a working paper for a more “comprehensive partnership with China”⁵¹, an evaluation of which was presented in 2000. The 2001 commission’s report spoke of an EU strategy towards China, while the 2003 policy paper acknowledged a “maturing partnership”.

The bombing of the Chinese Embassy in Belgrade in 1999 by NATO could have damaged Sino-European relations. In order to avoid this, the German Chancellor, Gerhard Schroeder, whose country was then holding the

⁵⁰ Commission of the European Communities: Communication From The Commission: A Long Term Policy for China – Europe Relations COM(1995) 279 / final: http://www.europa.eu.int/comm/external_relations/china/com95_279en.pdf

as of 02/06/05

⁵¹ Commission of the European Communities: Building a Comprehensive Partnership with China Brussels, 25.03.1998, COM(1998) 181 - Communication From The Commission: http://www.europa.eu.int/comm/external_relations/china/com_98/index.htm

as of 02/06/05

presidency of the EU, went for a one-day visit to Beijing and apologized on behalf of NATO⁵².

In recent years, the relations between China and the EU and its member countries have developed smoothly and both sides have maintained frequent mutual visits and contacts. In 2004 – designated the year of Europe in China – the EU enjoyed an unprecedented number of contacts with China, including Premier Minister Wen Jiabao's visit to Brussels. Following the enlargement on May 1st, the EU has become China's largest trading partner and China is now the EU's second largest commercial partner. 2004 has seen operations begin under the new Galileo Satellite Navigation agreement and the coming into force of the milestone "Tourism Agreement" (formally known as the Approved Destination Status Agreement), which will facilitate visits to Europe by Chinese tourists. Hence, for the time being, China and Europe are enjoying their best relations ever⁵³.

⁵² Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 751.

⁵³ Canrong, Ma (2003): China und Europa, in: Europa leidenschaftlich gesucht, p. 81, München.

2. Framework of Relations

The main legal framework for relations with China remains the “1985 EC – China Trade and Cooperation Agreement”⁵⁴. This agreement, which replaced an earlier version of 1978, covers economic and trade relations, as well as the EU – China cooperation program. It was complemented in 1994 and 2002 by exchanges of letters, establishing a broad EU – China political dialogue. (A3/04/2) In the following pages we will initially consider the political framework of Sino-European relations, focusing on the EU – China Annual Summits. The second part of the chapter will be dedicated to economic and development cooperation.

2.1 Political Framework

The Sino-European political dialogue started in the early 80s. Political directors of the country holding the presidency of the EC and the Chinese ambassador in the respective capital had met biannually since 1983, and from 1986 onwards a meeting took place on the margins of the United Nations General Assembly between the Chinese foreign affairs minister and the European Political Cooperation (EPC) troika at ministers level⁵⁵. A break in the political dialogue occurred in 1989 after the violent repression of the student protests in Tiananmen Square and sanctions were decided on in the European Summit in Madrid. However, by late 1990/early 1991, political

⁵⁴ Agreement on Trade and Economic Cooperation between the European Economic Community and the People's Republic of China – 1985: http://www.europa.eu.int/comm/external_relations/china/intro/1985_trade_agreement.htm as of 02/06/05

⁵⁵ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 750-751.

dialogue had already restarted and the sanctions – apart from the arms embargo – were gradually lifted⁵⁶.

Since the mid 90s the frequency of political contacts between the EU and China has been growing. In 1994, the EU, acknowledging China's emergence as a power on the international scene⁵⁷ established for the first time a structured political dialogue between the EU and China on issues of common concern, following an exchange of letters⁵⁸. Meetings and political discussions between representatives of the Commission and the Chinese government were incorporated in this 1994 general framework. Ad-hoc meetings of the foreign affairs ministers, a yearly meeting of the Chinese foreign affairs minister with the EU ambassadors in Beijing and of the Chinese ambassador in the capital of the country holding the presidency of the EU with the respective foreign affairs minister, as well as meetings between high-ranking staff, complemented the general framework. Moreover, taking into consideration the influence of the Chinese army over economy and politics, the 1995 Commissions "Long-term Policy for China – Europe Relations" acknowledges the People's Liberation Army as a potential dialogue partner⁵⁹.

From 1998 onwards, political dialogue between the two sides intensified further. According to the document "Building a Comprehensive Partnership with China" (1998)⁶⁰, political dialogue with China should be "upgraded" because of "China's willingness to play a greater role on the world stage" – a willingness that seems to be endorsed by major world powers,

⁵⁶ For further details on the arms embargo refer to the relevant chapter of this dissertation.

⁵⁷ Song, Xinning (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 40.

⁵⁸ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 95.

⁵⁹ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 750-751.

⁶⁰ Commission of the European Communities: Building a Comprehensive Partnership with China Brussels, 25.03.1998, COM(1998) 181 - Communication From The Commission: http://www.europa.eu.int/comm/external_relations/china/com_98/index.htm

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including, the United States, Japan and Russia⁶¹. Hence, the political dialogue was upgraded in 1998 with the agreement to hold regular EU – China Summits. On 2 April 1998, the first EU – China Summit of heads of state or government took place in London. This meeting, which since then has been held annually, is a forum for exchanging opinions on issues of mutual interest such as economic and social reforms, human rights, trade, international cooperation, the fight against illegal migration and human trafficking, the environment and regional issues in Asia or Europe⁶².

Since 1998, the elites of both sides have met officially seven times during the EU – China summits. The foreign affairs ministers meet twice yearly: on the margins of the United Nations General Assembly and during the Asia – Europe foreign ministers meeting. Furthermore, political consultations on several levels, human rights dialogues, symposia on the rule of law and on women's rights, consultations on the non-proliferation of weapons of mass-destruction, as well as on dealing with illegal migration often take place. Yet, apart from traditional issues such as the future of the United Nations, the non-proliferation of atomic weapons, the fight against international crime and environmental problems, the EU – China political agenda treats issues of high common interest: human rights, discussions on values, the status of Hong-Kong and Macau and the geo-strategic situation in the Asian – Pacific region.

In 2002, China and the EU decided to formally update the framework of their political dialogue through a further exchange of letters, which constitutes the legal basis for the current dialogue. The scope of the EU – China political dialogue has not ceased to broaden and deepen, covering a variety of issues⁶³.

⁶¹ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 95.

⁶² Song, Xinning (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 40.

⁶³ For a more complete view of the Sino-European dialogue framework refer to the respective table in the annex.

However, it would be misleading to give the impression that relations with China are entirely in the bilateral context. The ASEM (Asia – Europe Meeting) process serves as a good example to illustrate how bilateral relations can be conducted within an interregional cooperation framework. The Asia – Europe Summit Meeting that took place in Bangkok in March 1996 was the first of its kind between the heads of state or government of the EU member states and the Commission on the one side and the ASEAN countries plus China, South Korea and Japan on the other. The purpose of the meeting was to create a new partnership, to try to develop better links between both continents and to encourage more trade and investment. The follow-up activities of these meetings provide a growing number of opportunities to pursue relations with China in a regional context. It is no coincidence, for example, that bilateral political troika talks with China took place in the margins of the ASEM Singapore Ministerial Meeting in February 1997.

a. EU – China Summits

EU – China Summit meetings have been taking place every year in Europe and China since 1998. These meetings play a vital role in providing leaders on both sides with an opportunity to brief each other on key developments in their region. Yet, far from being a talking-shop, these annual summits also provide a forum for discussion of real issues and the conclusion of real agreements⁶⁴.

Hence, on 2 April 1998, Premier Zhu Rongji and Tony Blair, Prime Minister of the United Kingdom, the then on-duty-presiding country for the EU, and Jacques Santer, President of the European Commission, held the First

⁶⁴ For a general overview of the EU – China Summits refer to: EU – China Summits (general): http://www.europa.eu.int/comm/external_relations/china/summit/index.htm as of 02/06/05

Meeting Between Chinese and EU Leaders in London. The two sides issued a joint statement, expressing the hope to establish a long-term and stable China – EU constructive partnership oriented towards the 21st century and deciding to establish a mechanism of annual meeting between the leaders of the two sides⁶⁵.

The second and the third Annual EU – China Summits were both held in Beijing. On 21 December 1999, during the Second Meeting discussions focused on deepening the relation, while in October 2000, the leaders of both sides had further in-depth exchange of views on EU – China relations. The main issues in the agenda were economic and trade cooperation, China's entry into the WTO, cooperation in cracking down on illegal immigration, human rights, the Taiwan question and other international and regional questions, and extensive consensus was reached on further strengthening of the EU – China relations.

At the fourth EU – China Summit in September 2001, the EU and China shared the view that the time was ripe to build on the momentum in EU – China bilateral relations, as well as the impetus that China's WTO accession would create, to negotiate bilateral agreements highly important in the context of rapidly growing bilateral trade⁶⁶. Thus, at that time, the general impression was that the first to the fourth EU – China Summits had proved to be important meetings for political leaders to update each other on progress made in numerous areas, to exchange ideas and to plan the future.

The fifth Annual EU – China Summit took place on 24 September 2002 in Copenhagen. The Summit came at a moment of transition in Chinese politics, with the hand-over of power to a new leadership generation expected

⁶⁵ Ministry of Foreign Affairs of the People's Republic of China – European Union
<http://www.fmprc.gov.cn/eng/gjhdq/dqzzywt/2633/2634/t15542.htm> as of 02/06/05

⁶⁶ For a complete list of the existing dialogues and agreements: European Commission External Relations Directorate General - Sectoral Dialogues and Agreements:
http://www.europa.eu.int/comm/external_relations/china/intro/sect.htm
as of 02/06/05

to follow the 16th Congress of the Communist Party in November of the same year.

The following Summit, the sixth in the row, which took place on 30 October 2003 in Beijing, saw the conclusion of two major new cooperation agreements on satellite navigation and tourism facilitation, and a new dialogue on industrial policy. The parties discussed topics including human rights, the fight against illegal migration, trade and investment relations, technical cooperation and international concerns. The Galileo Satellite Navigation Cooperation Agreement enables China to participate in this strategic European Satellite Navigation program, notably through a substantial financial stakeholding in the Galileo joint undertaking. The agreement on Approved Destination Status⁶⁷ facilitates visa procedures for group travel from China, allowing more Chinese tourists to visit the Union, hence promoting people-to-people contacts between China and the EU. As for the newly established dialogue on industrial policy, it aimed at ensuring a business-friendly level playing field for industrial operations and at contributing to smooth and sustainable trade relations between the EU and China.

Finally, at the seventh Annual EU – China Summit, which took place at the end of last year on 8 December 2004 in The Hague, The European Union and China, further strengthened their maturing strategic partnership. The Summit reflected the fact that the EU's dialogue with China covers all the essential areas of a modern partnership, from security issues such as non-proliferation and the fight against terror, to trade and economic cooperation, science and technology and the environment, as well as sensitive questions like human rights. Given the breadth of the common agenda, the two sides therefore explored the possibility of concluding a new EU – China framework agreement the coming year. Moreover, two joint declarations were issued,

⁶⁷ For the full text of the Memorandum of Understanding between EU and China on Tourism (ADS) November 2003: http://www.delchn.cec.eu.int/en/whatsnew/mou_291003_en.pdf as of 02/06/05

three bilateral agreements signed and four financing agreements for new EU – China cooperation programmes worth 61 million Euros were concluded⁶⁸.

2.2 Economy and Development Cooperation

Along with the deepening of China's reform, the opening-up and the continuous development of its economy, China – EU economic and trade relations have developed fairly rapidly. The formal bilateral trade relationship with China takes place within the framework of the 1985 "Agreement between China and the European Communities on Trade and Economic Cooperation"⁶⁹, thus upgrading an initial 1978 agreement. The latest agreement is overseen by a Joint Committee, which meets once a year, alternately in Brussels and Beijing. In parallel, the two partners have held meetings of mixed economic and trade committees at ministerial level at irregular intervals.

Economic and commercial relations between China and the EU have been improving and extending on a yearly basis and it is China's development that has most greatly affected them. Total two-way trade has increased enormously since reforms began in China in 1978. By 1995 Europe supplied China with about 17% of its imports and ranked second after Japan (22%) and ahead of the US (12.2% of China's imports). According to Chinese statistics, the EU received 12% of China's exports in 1995 and was its fourth market after Hong-Kong (24%), Japan (18%) and the US (17%)⁷⁰.

⁶⁸ Joint Statement of the 7th EU – China Summit : 8th December 2004: http://www.europa.eu.int/comm/external_relations/china/summit_1204/conclusions.pdf as of 02/06/05

⁶⁹ Agreement on Trade and Economic Cooperation between the European Economic Community and the People's Republic of China – 1985: http://www.europa.eu.int/comm/external_relations/china/intro/1985_trade_agreement.htm as of 02/06/05

⁷⁰ McDonald, Brian (2000): Setting the Agenda for the Twenty-First Century: China, Hong Kong, Macau and the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 197.

With the introduction of the single currency, the role of the European Union has grown at the global level, affecting EU – China relations as well⁷¹. Between 1999 and 2003, EU trade with China more than doubled, with exports rising from 19.6 billion euros to 41.2 billion, and imports growing from 52.4 billion to 105.3 billion. In parallel, the deficit in trade with China rose from 32.8 billion Euros in 1999 to 64.2 billion in 2003. In the same year, China occupied the third place for EU exports, behind the USA and Switzerland, and the second place for EU imports, behind only the USA⁷². Amongst the EU member states, Germany has the leading role in trading with China; these exports are still increasing by 22% on an annual basis. From 1980 to 2003, EU imports from China grew on average by 18% per year, EU exports to China by 13% per year. However, Europe is lagging behind its industrial competitors, especially Hong-Kong, USA and Japan, in providing capital to Asia⁷³.

China is eligible to benefit from the EU's technical assistance and economic cooperation regime for developing countries in Asia and Latin America. It may be appreciated that, given the wide geographical scope, the regulation concerned is worded rather generally. In the framework of the development of the European China policy since 1995 when the first strategy paper was published, several cooperation projects have taken place⁷⁴. The projects are divided in the following sectors: Human Resource Development, Rule of Law and Good Governance, Economic and Social Reform, Environment and finally Rural and Agricultural Projects. Among the large number of projects it is worth mentioning the China-Europe International

⁷¹ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 94.

⁷² Rapid press releases : Communiqués de presse : Sommet UE – Chine : La Chine est désormais le deuxième partenaire commercial de l'UE25 : <http://www.europa.eu.int/rapid/pressReleasesAction.do?reference=STAT/04/146&format=> as of 08/04/05

⁷³ For more details refer to the tables provided at the annex section of this dissertation.

⁷⁴ An extended presentation of these projects can be found on the internet site of the Delegation of the European Commission in Beijing: <http://www.delchn.cec.eu.int/en/>

Business School (CEIBS) for the training of future high-qualified managers, the EU-China Higher Education Program, the Social Security Reform project, the EU-China Legal & Judicial Co-operation Program for the training of Chinese judges and lawyers, the Junior Managers program, as well as the EU-China Training Program on Village Governance for the strengthening of the electoral process at local level⁷⁵.

In recent years, the cooperation between China and the EU in the fields of economy and trade, science and technology, energy and education has further developed and important agreements have been signed. Furthermore, the range of nearly 20 EU – China sectoral “dialogues”⁷⁶ (from Intellectual Property Right Protection and industrial policy to civil aviation and environmental protection) is expected to expand and include social security and employment, economic issues, and the regulation of financial markets.

The EU is fully committed to supporting China, through its cooperation program in the form of traditional development aid. The focus is on economic reforms and the liberalization of the market, the integration of China into the world economy as well as the promotion of the rule of law, a civil society, sustainable development and the use of environmentally friendly energy sources. On 1 March 2002, the Commission approved the China Country Strategy Paper 2002-2006⁷⁷. Reflecting the EU's strengths and priorities the CSP proposes three priority areas for action: economic and social reform (50% of the budget); sustainable development (30% of the budget); and good governance (20% of the budget). On this occasion, the External Relations Commissioner Chris Patten stated: “China is changing rapidly, and the EU is

⁷⁵ Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 23.

⁷⁶ For a list of the sectoral dialogues and agreements: European Commission External Relations Directorate General - Sectoral Dialogues and Agreements: http://www.europa.eu.int/comm/external_relations/china/intro/sect.htm as of 02/06/05

⁷⁷ China: European Commission Approves Country Strategy Paper 2002-2006 Brussels, 1st March 2002: http://www.europa.eu.int/comm/external_relations/china/csp/index.htm as of 08/04/05

eager to play its part in encouraging the reform process. We hope our partnership will help engage China further in the international community, and support its transition to an open society”⁷⁸. The Commission’s cooperation programme is expected to amount to around 250 million Euros over the 2002-2006 period.

⁷⁸ China: European Commission Approves Country Strategy Paper 2002-2006 Brussels, 1st March 2002: http://www.europa.eu.int/comm/external_relations/china/csp/index.htm as of 08/04/05

3. *Mutual Policies*

Policy papers set the development direction of China – EU relations and inject new vitality into bilateral relations. They reflect the development of China – EU relations, come up with a clear policy target of China – EU relations and put forward new proposals in many areas. Leaders of both sides designate important areas of cooperation, including further strengthening through high-level exchange visits and political dialogue, and cooperation in economic and trade fields, on important international and regional issues and within multilateral frameworks. Therefore, we will now examine the policies of the two partners not only according to their official rhetoric, but according to their practices as well. In the first subchapter, we will concentrate on the European policy towards China, followed by a second subchapter, which will focus on the Chinese one.

3.1 EU policy papers

EU's China policy is set out in several documents. In the following pages, we will focus on them in a chronological order, allowing understanding how the EU has actively adjusted its policy towards China .

a. 1995

In 1993, Germany took the lead to restart “China fever” after a period of “China chill” since 1989, and developed an “Outline of Germany’s Asian Policy”, followed by France in the next year with the “Active Action Plan in

Asia". This trend eventually brings us to 1995⁷⁹, which saw the twentieth anniversary of the establishment of formal relations between the EC and China. To mark the occasion, the European Commission adopted its Communication "A Long Term Policy for China – Europe Relations"⁸⁰. The aim was to set out a strategy with China into the next century. Moreover, it emphasizes the emerging role of China, not only in economic terms, but geo-strategically as well. Four specific areas for cooperation with China are defined: human resources development; support for reforms underway in China; business cooperation; and environment and sustainable development. The Madrid European Council broadly endorsed the Communication in December 1995 and the paper stood the test of time well.

b. 1998

Following the second Asia – Europe Meeting (ASEM) and just before the first EU – China Summit that took place in London in April 1998, the Commission presented in March 1998 a policy paper, entitled "Building a Comprehensive Partnership with China"⁸¹. There were three reasons explaining why the EU adopted an active China policy: the potential of the Chinese market; the amelioration of the EU's profile in China; and mutual regional and international interests⁸². The Communication is divided into five parts, each one describing one of the main goals of EU's China policy and analyzing their elaboration through concrete measures. It is the continuation

⁷⁹ Hong, Zhoo (2000): Development and Reconciliation under Peace: an Explanation of China's Policy towards the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 218.

⁸⁰ Commission of the European Communities: Communication From The Commission: A Long Term Policy for China – Europe Relations COM(1995) 279 / final: http://www.europa.eu.int/comm/external_relations/china/com95_279en.pdf, as of 02/06/05.

⁸¹ Commission of the European Communities: Building a Comprehensive Partnership with China Brussels, 25.03.1998, COM(1998) 181 - Communication From The Commission: http://www.europa.eu.int/comm/external_relations/china/com_98/index.htm as of 02/06/05

⁸² Song, Xinning (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 40.

of the 1995 Commission's "Long-term Policy for China-Europe Relations", adjusted to the developments that have taken place since then. The main goals are the following:

- Engaging China further in the international community
- Supporting China's transition to an open society based on the rule of law and respect for human rights
- Integrating China into the world economy, which includes bringing it into the world trading system and supporting its economic and social reforms
- Providing a coordinated context to make Europe's allocations towards China more effective
- Raising the profile of the EU⁸³

On 29 June 1998, the EU Council of Foreign Ministers deliberated and adopted the new document, deciding to elevate its relations with China to the level of equal importance to those with the US, Japan and Russia. It envisaged strengthening the China – EU political dialogue, cooperation and exchanges in economic, trade and other fields, and supporting China's entry to the WTO.

c. 2000

Since the publication of the paper "Building a Comprehensive Partnership with China" in 1998, the commission has expressed its position on the issue of Sino-European relations on three more occasions. Hence, in September 2000, the European Commission submitted a report to the EU Council and the European Parliament, reviewing and assessing of the implementation of the policy document on the establishment of a

⁸³ Ibid, 81.

“Comprehensive Partnership with China”⁸⁴. The report argued for expanding the scope of the bilateral political dialogue. It proposed that the EU should give priority to strengthening the cooperation in areas such as sustainable development, social and economic reforms, human resources development, environmental protection, the legal system, human rights, aid to the poor, and supervising and helping China to perform its obligations after its entry into the WTO. Moreover, it reiterated its adherence to the one-China principle while emphasizing a peaceful settlement of the Taiwan question.

d. 2001

If the report released in 2000 served more as an evaluation of the ‘98 paper, then the Commission’s Communication in 2001 tried, based on the 2000 evaluation, to propose a number of concrete measures and future steps, in the short and medium term, for a more effective EU policy, providing a roadmap for the development of EU – China relations. Hence, the political dialogue should be extended and frequently evaluated. Nevertheless, “dialogue is an acceptable option only if progress is achieved on the ground”⁸⁵. The European Commission issued the Communication on China entitled, “The EU strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy”, in May 2001. The Communication was endorsed by the General Affairs Council of 25 June 2001.

⁸⁴ Commission of the European Communities: Report From The Commission To The Council And The European Parliament on the Implementation of the Communication "Building a Comprehensive Partnership with China" Brussels, 08.09.2000 COM(2000) 552 final: http://www.delchn.cec.eu.int/en/eu_and_china/com2000_0552en01.pdf as of 02/06/05

⁸⁵ Commission of the European Communities: Communication From The Commission To The Council And The European Parliament: EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy Brussels, 15/5/2001 COM(2001)265 final: http://www.europa.eu.int/comm/external_relations/china/com01_265.pdf as of 02/06/05

e. 2003

Finally, on 10 September 2003, the European Commission issued its latest Communication on China entitled, “A maturing partnership – Common interests and challenges in the EU – China Relations”⁸⁶. This document, which was endorsed by the EU's General Affairs Council on 13 October 2003, charts a course for the further deepening of relations in the medium term and includes a number of concrete measures to this end. In particular, the EU will enhance political dialogue through better focusing on existing mechanisms, systematic inclusion of global and regional governance and security issues. EU – China dialogue on illegal immigration should be more result-oriented, and negotiations to sign a readmission agreement should be launched as soon as possible. Ways of improving the efficiency and impact of the human rights dialogue are also specified. In the economic and trade field, priority will be given to cooperation on the Doha Development agenda in WTO and to monitoring China's compliance with its WTO commitments. Furthermore, the EU hopes to strengthen sectoral cooperation through the launch of new dialogues and agreements.

3.2 EU policy analysis

Asia has been learning consistently from Europe for more than a century, but Europe has not started looking so keenly and favorably at Asia until recently. The new interest of Europe towards Asia has been revealed systematically in a document developed by the European Council in Essen in

⁸⁶ Commission of the European Communities: Commission Policy Paper for Transmission to the Council and the European Parliament: A maturing partnership - shared interests and challenges in EU-China relations (Updating the European Commission's Communications on EU-China relations of 1998 and 2001) Brussels, 10/09/03 COM(2003)533fin: http://www.europa.eu.int/comm/external_relations/china/com_03_533/com_533_en.pdf as of 02/06/05

1994 on the “ Asia Strategy of the European Union”⁸⁷, which claims that “Europe should give a new priority to Asia and carry out a more active and emphatic policy towards the Asian countries. As a logical continuation of this European interest in Asia, China, situated in East Asia and booming economically as the result of over a decade of economic reconstruction, has quickly entered the field of vision of the EU’s foreign policy decision-makers. A new EU strategy towards China was developed in the year after the EU – Asia strategy, and this EU – China strategy is marked by the emphasis on “constructive engagement and cooperation”⁸⁸.

The Commission’s 1995 long-term policy basically meant that the EU is closing the chapter of events after the Tiananmen Square massacre and it is embarking on a new relationship. The EU strategy will be to involve China actively in international affairs and to provide Europe with the full opportunities of the Chinese market. Since the Commission’s first policy paper in 1995, relations have been pursued under three main headings: political dialogue, including a specific dialogue on human rights; economic and trade relations; and the EU – China cooperation program. Hence, EU – China relations are somewhat unusual in having the three key elements of the EU’s external relations all at the centre of its policy⁸⁹.

The EU’s China policy is characterized by a positive attitude toward China’s internal developments and its increasingly important international status. As already suggested, since the 1990s, European policy has emphasized the notion of constructive engagement. Growing economic and

⁸⁷ Commission of the European Communities: Towards a New Asia strategy, Communication from the commission to the council - COM(94) 314 final, Brussels: http://www.europa.eu.int/comm/external_relations/asem/asem_process/com94.htm#0 as of 02/06/05

⁸⁸ Commission of the European Communities: Communication From The commission: A Long Term Policy for China – Europe Relations COM(1995) 279 / final: http://www.europa.eu.int/comm/external_relations/china/com95_279en.pdf as of 02/06/05

⁸⁹ McDonald, Brian (2000): Setting the Agenda for the Twenty-First Century: China, Hong Kong, Macau and the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 196-201.

trade interdependence explains the increase of the significance of the political dialogue. In that context, the result of the EU – China Summits can be found in its symbolic move to raise the significance of the PRC to that of the United States, Japan and Russia, with whom the EU holds annual summits⁹⁰.

The official presentation of the concept of a “more comprehensive partnership”, its evaluation and the actions taken within this framework, give the image of a successful, cooperative relation between the EU and the PRC. The question that should be posed though, is whether the EU has managed to use successfully all the political means at its disposal⁹¹.

The elaboration and implementation of a coherent and effective EU China policy depends on the will for collective action from all the participating actors (member states, European Commission, European Parliament) and a respect and conscious defense of the normative principles of the European Union across the whole spectrum of Sino-European relations. These normative principles comprise the universality of human rights as well as the formation of democratic societies based on the rule of law. However, especially in the EU’s human rights policy concerning China, we see an imbalance between materialistic and normative goals, with a predominance of the materialistic ones. The bigger member states are the ones not wishing such a balance, hence, promoting economically oriented priorities⁹².

Given the difficulty of obtaining a policy consensus within individual countries, it is no wonder that policy-making across Europe, involving the European Commission as well, can also be bedeviled by a lack of unanimity and coherence. This undoubtedly helps China to adopt “divide-and-rule” tactics on particular issues if necessary. Chinese diplomacy often took advantage during negotiations with the EU of the incoherent position of the

⁹⁰ Algieri, Franco (1999): Die Europäische Union und China, in: Europa – Handbuch 1999, p. 733.

⁹¹ Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 23.

⁹² For a further analysis on the issue of human rights in China, refer to the respective chapter included in this dissertation.

latter⁹³, which was due to the complexity of the decision making process, a coexistence of decision mechanisms at community and intergovernmental level, and the divergent interests of its member states.

Furthermore, the pace of the evolution of the EU's China policy is affected directly by internal EU developments, by its institutional and administrative capabilities, by a possible heavy dialogue schedule with third countries and by the enlargement burden of the EU.

I should at this point add that despite temporary incoherence in the position of certain member states, the EU will not abandon its concerns for human rights in China. The EU acknowledges that there have been many positive changes in Chinese society since Deng started opening his country very gradually and launched the reform of its economy. The EU will continue to press for improvements through a policy based on dialogue and discussion with the Chinese government. European leaders will avail themselves of every opportunity to raise the subject in their talks with Chinese leaders⁹⁴. However, the Commission's policy papers explain the background of the annual EU – China Summits, taking place since 1998, and show why the EU has been avoiding criticizing publicly China on the human rights issue.

The EU can see that the uncertainty of what will happen in China in the next years may present problems, but believes that this is an additional argument in favor of a constructive dialogue with China. Politically it is essential to bring China into the international fold, to persuade it to take the responsibility and to cooperate with other nations to resolve disputes such as the nuclear ambitions of North Korea or the dispute over the Spratly islands.

⁹³ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 750.

⁹⁴ Commission of the European Communities: Commission Policy Paper for Transmission to the Council and the European Parliament: A maturing partnership - shared interests and challenges in EU-China relations (Updating the European Commission's Communications on EU-China relations of 1998 and 2001) Brussels, 10/09/03 COM(2003)533fin: http://www.europa.eu.int/comm/external_relations/china/com_03_533/com_533_en.pdf as of 02/06/05

The European Commission and the biggest member states share in principle the opinion that the China of 2003 has little in common with the China of 1989. The Commission's latest China policy paper of 2003 characterizes the PRC as a "major strategic partner", who "has entered a new and challenging phase in its social and economic reform process" and is at the same time becoming "increasingly involved in world affairs". Thus, in the international scene "the EU and China have an ever-greater interest to work together as strategic partners to safeguard and promote sustainable development, peace and stability"⁹⁵.

The commitment of the EU to the strengthening of its political dialogue with China is notably based upon recognition that China, as a UN Security Council member, a growing economic and political power, and an increasingly assertive member of the international community, which can exert a significant influence on a wide range of issues of global concern. In a world increasingly bound together by the forces of globalization, cooperation with China, bilaterally or within multilateral structures, is crucial to achieve progress in many important areas.

The two sides affirmed recently that, due to the continuous development of EU – China relations in recent years, the EU and China would explore actively the feasibility of concluding a new EU – China framework agreement. Hence, at a press conference speech during the 7th EU – China Summit, the President of the European Commission stated: "China is emerging as a global player across the board and developing this relationship will be one of our external policy objectives during my mandate. I believe it is in the interest of both the EU and China to embark on this long-term strategic relationship. The EU has become China's most important trade partner and

⁹⁵ Commission of the European Communities: Commission Policy Paper for Transmission to the Council and the European Parliament: A maturing partnership - shared interests and challenges in EU-China relations (Updating the European Commission's Communications on EU-China relations of 1998 and 2001) Brussels, 10/09/03 COM(2003)533fin: http://www.europa.eu.int/comm/external_relations/china/com_03_533/com_533_en.pdf as of 02/06/05

our second trade partner. This more than anything gives you an idea of the strength of our relationship. I believe that this should lead us to a new EU – China framework agreement very soon, which will include a strong trade and investment component but also all the elements of our cooperation which is now very broad. This includes human rights and human and cultural exchanges”⁹⁶.

3.3 Chinese policy

The EU integration process is transforming the Union to an important actor in world politics and the world economy, which compared to the United States and Japan, has a friendly and realistic attitude towards China. For China, the core of the relations to the EU is divided into three key fields: economic, political and strategic interests. The EU has often since 1995 adjusted its China policy according to the circumstances. Therefore, China should pay more attention on the Sino-European relations⁹⁷.

Though there is mutual interest and will to ameliorate the relations between the PRC and the EU and to further extend in the short- and long-term their economic cooperation, some problems and uncertainties do exist: China would like to have even closer cooperation with the EU, yet the framework of the relation is still defined according to Sino-American relations. For most Chinese, the EU is still the “little brother” of the United States. Chinese – American relations had and still have priority in Chinese foreign policy. One should not forget that the core strategy in China’s foreign policy is the realistic balance of powers⁹⁸.

⁹⁶ 7th EU-China Summit - Press Conference
Speech by José Manuel Barroso The Hague, 08 December 2004 - SPEECH/04/523:
http://www.europa.eu.int/comm/external_relations/news/barroso/sp04_523.htm as of
02/06/05

⁹⁷ Song, Xinning (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 41.

⁹⁸ Ibid.

In 1995, the EU developed “A long term Policy for China – Europe Relations”. The Chinese embraced the formation of the EU’s strategy towards China and took the phrase “new priority in trade and cooperation strategy” as the core of the document. The fundamental reason for prioritizing economic relations with the EU member states may be found within the realm of China’s internal development needs. Furthermore, when China looks to form relationships, it is preoccupied by the issues of development at home and thus likely to try to build, develop, maintain and strengthen good economic relations, especially with those countries, whose economies are complementary to that of China⁹⁹. EU member states are among those countries.

In this context, China indeed welcomed the Euro not only because it could facilitate bilateral trade with the EU and reduce costs for China but also because it could contribute towards balancing the current hegemony of the US dollar in the international monetary system, not least by providing an alternative basis for part of China’s foreign currency reserves. But increased European economic and monetary integration can also provide China with a more fundamental partner in the international system¹⁰⁰. According to the Chinese point of view, the EU, with its economic capabilities and its potential influence, should play a more active role in the international scene, thus strengthening the multipolar perception of the new world order¹⁰¹. Thus, the Chinese Premier Minister Wen Jiabao noted that the two sides share much in common, including their commitment to safeguarding world peace, security

⁹⁹ Hong, Zhoo (2000): Development and Reconciliation under Peace: an Explanation of China’s Policy towards the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 213-216.

¹⁰⁰ Neves, Miguel Santos; Bridges, Brian (2000): From Bilateralism to a Common Approach: the EU, China, Hong Kong and Macau, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 271.

¹⁰¹ Canrong, Ma (2003): China und Europa, in: Europa leidenschaftlich gesucht, p. 79-82, München. p. 80-81.

and stability, and their belief in the strengthened role of the United Nations (UN) and multilateralism¹⁰².

Although China sees the strengthening of economic relations with Europe as a priority, when issues come to be understood as challenges to its sovereignty, economic considerations come to rank as secondary. This kind of situation has occurred several times in recent history, mainly in connection with issues concerning Taiwan and Tibet. However, the position taken by France, Germany, Italy, Greece and Spain at the UNHRC in April 1997 created a good atmosphere for narrowing the gaps of understanding and for the further strengthening of economic and other relations between China and the EU member states¹⁰³.

EU – China relations have a dual character: on the one hand, China is working together with the Union in Brussels; on the other, China has to negotiate with each single EU member state. For many Chinese, especially government representatives, the EU lacks a common foreign and security policy, as well as a common China policy. Thus, Chinese priority in its EU policy is to work closely with the biggest member states: U.K., Germany and France¹⁰⁴. Furthermore, the plurality of divergent interests of the member states may become a problem for China: The U.K. is Europe's biggest investor in China; Germany is the biggest trading partner. The EU member states position themselves differently to China in relevant issues. Hence, it is difficult for China to elaborate a clear uniformly applicable policy for all the EU member states¹⁰⁵.

On the one hand, Chinese governments want a strong EU as a partner in the international scene, in order to be able to counterbalance the

¹⁰² China, EU consolidate partnership By Shao Zongwei (China Daily)
Updated: 2004-03-16: http://www.chinadaily.com.cn/english/doc/2004-03/16/content_315365.htm as of 02/06/05

¹⁰³ For further details refer to the human rights chapter of this dissertation.

¹⁰⁴ Song, Xinning (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 41-42.

¹⁰⁵ Ibid.

hegemonic aspirations of the United States, thus promoting a multilateral world order. Yet, on the other, the EU should stay weak enough in order in the future not to be able to become an obstacle to Chinese interests¹⁰⁶.

During the second half of the 1990s there were not any serious conflicts which overshadowed Sino-European relations. Nevertheless, quite often the two sides approached economic and political issues from a different perspective. According to the Chinese point of view, in the economic field, these differences were concentrated in issues such as the EU's anti-dumping policy on Chinese exports, its deficit on commercial relations with China and the arrangement on rules concerning trade after the accession of China to the WTO. Some Chinese assumed that even the EU's enlargement to the east might have a negative effect on the bilateral economic relations. In the political field, the difficulties are centered on the differences in the political systems and ideologies, human rights and the Taiwan issue¹⁰⁷.

Nonetheless, the introduction of the Euro in 2002 as we have already seen, the 2004 EU enlargement, the building up of EU defense and security capacities, the willingness of the EU to assert itself on the world stage through common foreign policy mechanisms are all ingredients of an ever-increasing interest for strengthening Sino-European relations. "A strong Europe, politically and economically, will constitute an important pole, and contribute to a world more peaceful and stable", said the Chinese Prime Minister Wen Jiabao, calling for more "mature, stable and strategic relationship" with the EU¹⁰⁸.

Hence, in this context, the Chinese Ministry of Foreign Affairs published, on 13 October 2003, its first ever policy paper¹⁰⁹ on the relations

¹⁰⁶ Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 22.

¹⁰⁷ Song, Xinning (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 42-43.

¹⁰⁸ In: http://www.europa.eu.int/comm/external_relations/china/summit/jp_1103.htm

¹⁰⁹ Ministry of Foreign Affairs of the People's Republic of China - China's EU Policy Paper 13 October 2003: <http://www.fmprc.gov.cn/eng/wjb/zzjg/xos/dqzzywt/t27708.htm> as of 02/06/05

with EU, something that Europeans have recognized as testimony to the importance attached by China to the Sino-European relationship¹¹⁰.

¹¹⁰ China: Progress in EU – China relations at summit in Beijing:
http://www.europa.eu.int/comm/external_relations/china/intro/ip03_1467_en.htm

4. Crucial Issues of Sino-European Relations

Although the agenda between the EU and China has not ceased to expand, with new issues added every year, there are certain issues that dominate the Sino-European relations and thus merit a closer look. Human rights, the arms embargo, WTO, Hong-Kong, Macau and Taiwan are amongst these issues, which will be presented in separate chapters. Nonetheless, their separate presentation does not in any case mean that these issues are not interrelated. Thus, the arms embargo is affected by the human rights condition, but at the same time influences the situation at the Taiwan Straits. The two SARs, Hong-Kong and Macau, work under the principle of “one country, two systems”, helping in parallel the rest of China meet its WTO obligations. These three cases should serve as examples in order to better illustrate their interdependence.

4.1 Human Rights

“China is a developing country, and its human rights conditions are in a process of sustained development to perfection. The Chinese Government pays special attention to respecting and safeguarding human rights. It takes effective measures to promote the development of human rights and to raise the level of human rights and of freedom enjoyed by the Chinese people”. This quotation, which can be found in the white paper on human rights of the Chinese Government¹¹¹, shows the goals that Beijing has set in this specific field. However, 16 years earlier the human rights situation in China was rather different.

¹¹¹ According to the white paper on human rights published on 13 April 2005 concerning China's progress in human rights in 2004, the country has joined 21 international conventions on human rights including the “International Covenant on Economics, Social and Cultural Rights”, in 1997, and the “International Covenant on Civil and Political Rights”, in 1998.

The 1989 Tiananmen events raised the EC's concerns about the human rights conditions in China, thereafter leaving their imprint in European policy-making towards that country. In the Commission's 1994 Asian strategy paper, it is stated clearly that one of the goals of EU policy should be the promotion of democratic values and the respect of human rights. Moreover, the 1995 Commission's "Long-term Policy for China – Europe Relations" noted that "effective concentration in the human rights debate at the international level is a prerequisite for a successful policy", stressing the important role that the U.N. Human Rights Commission can play¹¹².

Nonetheless, the approach of the EU member states towards the means of integrating elements of human rights protection and the establishment of rule of law into the implementation of the EU's China policy is dichotomous. While the European Parliament quite often addresses the issue of the human rights situation in China, even proposing the introduction of a human rights clause which should be taken into account regarding future extensions of the agreement on trade and economic cooperation, the member states in the Council show ambiguous positions¹¹³. EU member states having close trade ties with China tend to accord less attention to human rights and democratic values than those that do not. The Commission on the one hand notes a deficit in the Chinese human rights policy, but on the other admits an improvement of the situation.

Characteristic of the ambiguity of the European position concerning the human rights issue during the 90s was the incapability of the EU to condemn the PRC within the United Nations Human Rights Commission¹¹⁴. Even if the

¹¹² Commission of the European Communities: Towards a New Asia strategy, Communication from the commission to the council - COM(94) 314 final, Brussels, 13.07.94: http://www.europa.eu.int/comm/external_relations/asean/asean_process/com94.htm#0 as of 02/06/05

¹¹³ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 751-752.

¹¹⁴ The assumption that resolution proposals in the U.N. Human Rights Commission are worthless, since they do not manage to be adopted and do not have significant results in the praxis, is not correct if we take into consideration the sensitivity of the Chinese governments

member states managed to harmonize their position, from 1997 there was a considerable shift in the attitude of certain member states, which further complicated the situation. The 1997 Danish proposal in the UN Human Rights Commission did not meet the support of the other member states, and the Dutch presidency did not succeed in finding a consensus on the issue. France, Germany, Greece, Italy and Spain decided not to back up the Danish proposal¹¹⁵. Especially in the case of France, the French did not want to risk the success of the upcoming official visit of the French President Jacques Chirac to the PRC. The Danish initiative provoked countermeasures from the Chinese side, such as limitation of contacts with Danish officials and discriminatory measures against Danish and Dutch companies, which on their turn led to diplomatic protests from the EU side.

The European Council, that took place in February 1998, decided that no further resolution proposals on this issue would be brought to discussion, a position consolidated thereafter. Thus, from 2000 onwards, the EU did not support U.S. resolution proposals condemning the PRC on the human rights issue¹¹⁶.

The 1995 Commission's "Long-term Policy for China – Europe Relations" acknowledged, at that time however: "The level of international support attracted for the resolution [in the U.N. Human Rights Commission] criticizing the situation in China in February 1995 suggests that this approach is bearing fruit"¹¹⁷. Thus, a new dialogue between EU and China, specifically devoted on human rights, was launched at China's suggestion. This action, initiated in January 1996, was partially also the result of Beijing's fear, and

on public accusations. Further on this issue in: Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 27.

¹¹⁵ The PRC, using the antagonism of the EU member states in the field of foreign trade, manages often to deal with European human rights positions that are the result of the least common denominator and thus do not combine so offensive formulations.

¹¹⁶ Ibid. 113.

¹¹⁷ Commission of the European Communities: Communication From The Commission: A Long Term Policy for China – Europe Relations COM(1995) 279 / final: http://www.europa.eu.int/comm/external_relations/china/com95_279en.pdf as of 02/06/05

their desire to avoid the formation of a political coalition [EU/USA] that could stigmatize and marginalize the PRC in the international scene¹¹⁸. The EU – China human rights dialogue constitutes a platform to engage China on sensitive issues, and allows channeling EU concerns directly to the Chinese authorities in an open and constructive atmosphere. In 1996 Chinese-European controversies resulted in the suspension of the human rights dialogue. Nevertheless, in September 1997, during a meeting on the margins of the annual United Nations General Assembly, both sides agreed in reactivating it¹¹⁹. Since then, the dialogue has been held twice a year.

The existence of this dialogue does not preclude the EU from expressing publicly its concerns about human rights violations in China. Yet the Chinese understand Europe's criticism on China's human rights situation as a product of cultural difference and not as having the intention to condemn the PRC, as is the case with the United States. Hence, proposals issuing from the European side are received with less incredulity¹²⁰. However, setting the Sino-European relations under human rights conditions would not have positive results, since the Chinese government would perceive such a demarche as contradictory to its principle of non-interference in internal affairs issues by the Europeans. China itself, and not direct external pressure, can forge the establishment of the rule of law.

The EU is committed to giving further continuity to the dialogue, and to making it more result-oriented and better connected to decision-making in China so that it brings more tangible improvements¹²¹. What interests the EU foremost is that effective progress is achieved on the ground.

¹¹⁸ Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 24.

¹¹⁹ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 752-753.

¹²⁰ Wacker, Gudrun (2003): Führungwechsel in China: Herausforderungen und Spielräume der „vierten Generation“, Stiftung Wissenschaft und Politik, S2, Berlin, p. 28.

¹²¹ Delegation of the European Commission to China – The EU's China Policy http://www.delchn.cec.eu.int/en/eu_and_china/EU_China.htm as of 02/06/05

“The key criterion for pursuing human rights initiatives must be effectiveness, the impact that an initiative would have on the ground. For this reason, there is a danger that relying solely on frequent and strident declarations will dilute the message or lead to knee-jerk reactions from the Chinese government. To make progress, all the EU institutions should pursue human rights issues through a combination of carefully timed public statements, formal private discussions and practical cooperation”¹²².

The EU has adopted a pragmatic approach towards China's human rights violations through its implicit emphasis on the positive link between economic development and human rights improvements¹²³. This constructive approach, which also combines cooperation in related fields, such as legal matters, could only help to increase mutual understanding. The EU has initiated practical cooperation on the level of officials, which involves among other things, efforts to assist the development of China's legal and judicial system. This is a necessity for better protection of individual rights. Since 2002, the EU Human Rights Small Projects Facility also seeks to offer support for the setting up of innovative small-scale projects in the field of human rights.

The human rights situation in China continues to be a source of concern to the EU, and is a core and recurring theme (reflecting EU public opinion). Overall, the EU and the international community still have serious concerns about the human rights situation on the ground in China. Specifically, the EU remains greatly concerned about: the lack of respect for fundamental rights in China, including the freedom of expression, religion and association; the ongoing violations of human rights of pro-democracy activists, proponents of free trade unions and followers of other movements

¹²² Commission of the European Communities: Communication From The Commission: A Long Term Policy for China – Europe Relations COM(1995) 279 / final: http://www.europa.eu.int/comm/external_relations/china/com95_279en.pdf as of 02/06/05

¹²³ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 94.

such as the Falun Gong; the frequent use of the death penalty; restrictions against unofficial religious groups; and the deprivation of religious and cultural rights in Tibet and Xinjiang.

International organizations and many human rights organizations characterize the human rights situation in China as unsatisfying and criticize the qualitative results of the EU – China Human Rights dialogue. The January 2001 Council of the EU acknowledged in its conclusions, that, either limited or no progress at all, has been achieved in issues like the right to assemble, minorities, freedom of religions or the use of death penalty. Thus, in the 2001 Commission's strategy towards China the EU is recommended to support "Chinas transition to an open society based on the rule of law and the respect for human rights"¹²⁴. Even in its latest 2003 China policy paper, the Commission affirms, "...a significant gap still exists between the current human rights situation in China and internationally accepted standards". Nonetheless, though the EU – China Human Rights dialogue "has led to some positive developments", "a number of issues remain, where the discussions have not yet allowed for meaningful progress". Yet, progress in China's human rights situation follows a slow pace, and regression can even be observed, when the communist party feels its power monopoly is in threat¹²⁵.

4.2 Arms embargo

The arms embargo against China was part of a long list of sanction measures imposed by the European Council in June 1989 as a reaction to the

¹²⁴ Commission of the European Communities: Communication From The Commission To The Council And The European Parliament: EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy Brussels, 15/5/2001COM(2001)265final:

http://www.europa.eu.int/comm/external_relations/china/com01_265.pdf as of 02/06/05

¹²⁵ Wacker, Gudrun (2004): Ende des EU – Waffenembargos gegen China?, Stiftung Wissenschaft und Politik, SWP-Aktuell 13, Berlin.p 5-6.

violent repression by Chinese military forces of demonstrations in the Tiananmen Square earlier in June of the same year. While sanctions, such as suspension of contacts at ministerial level, postponement of new bilateral projects, reduction of cultural, scientific and technological cooperation, were lifted already from October 1990, the arms embargo stayed in force¹²⁶. Of the entire spectrum of sanctions imposed, it is the only measure still in force today.

However, the EU's decision to impose the arms ban on China did not specify the details of this embargo, thus leaving space to each member state to give its own interpretation. Hence, since 1989, certain EU member states have permitted the export of technological products, which could be considered to fall into the category of products intended for military purposes. Dual-use technologies can be cited as an example¹²⁷.

Of course, although the embargo is respected, even during the 90s arms equipment was officially exported from EU member states to China. This is done in the framework of fulfillment of agreements signed before 1989. Nevertheless, this equipment has been of minor importance and quantity.

In parallel to the EU, the United States also imposed an arms embargo against China in 1989. The American embargo is precise and extended to all military products. Nevertheless, even the USA continued exporting military equipment to China in the 90s, in respect of agreements signed before 1989. Hence, the major part of Chinese military equipment imports, from the early 90s onwards, originated from Russia. The value of these imports for the time span 1990-2002 was estimated between 7 and 19 billion US dollars. Israel too, was selling China military equipment, but since the end of the 90s, under

¹²⁶ Wacker, Gudrun (2004): Ende des EU – Waffenembargos gegen China?, Stiftung Wissenschaft und Politik, SWP-Aktuell 13, Berlin.p. 2.

¹²⁷ Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 26.

pressure from the American government, the country has been forced to withdraw from such cooperation¹²⁸.

According to the official American position, the human rights situation in China has not changed significantly enough since the 1989 incidents, to bring about a lifting of the American arms embargo. However, the human rights factor is not the only one determining the American policy on this issue. U.S. thoughts are concentrated on Chinese military modernization and the balance of powers in the Taiwan Straits. A European unilateral decision on this issue could endanger the security of American interests in the region, due to the diversification of China's military equipment sources. Furthermore, it would increase the pressure on the U.S. government from the American military equipment industry, which would be interested in doing business with China. Taking the issue of the arms embargo as an excuse and speaking generally, from the American point of view, Sino-European cooperation creates unwished antagonism with American interests¹²⁹.

The American argument that by lifting the embargo European companies will export without limits military equipment to China is denied by the European side, which stresses the symbolic nature of such an action. The EU understands it as a political signal to Beijing that changes in China are taken into account. However, even by lifting the embargo, European and international mechanisms controlling the trade of arm products will still be in force¹³⁰.

The PRC has been showing an increased interest in European military equipment technology, as well as in the lifting of the arms embargo in force since 1989. Chinese interest is oriented mainly towards the British, German,

¹²⁸ Ibid. 126.

¹²⁹ Wacker, Gudrun (2004): Ende des EU – Waffenembargos gegen China?, Stiftung Wissenschaft und Politik, SWP-Aktuell 13, Berlin.p. 3-4.

¹³⁰ The 1998 EU Code of Conduct on arms sales, the "Letter of Intent" - July 1998 – and the EU regulation for the export of dual-use products 1995/2000.

French, Italian and Spanish market¹³¹. In the ever first Chinese foreign policy strategy paper concerning the EU, published in October 2003, Beijing demands explicitly the lifting of the arms embargo. From the Chinese point of view, the reasons for such a sanction no longer exist. The embargo is characterized as anachronistic and a Cold War product. Thus, “the EU should lift its ban on arms sales to China at an early date so as to remove barriers to greater bilateral cooperation on defense industry and technologies¹³²”.

Furthermore, opposing the American unilateralist approach in world politics is according to China a common interest between Beijing and Brussels. China visualizes a multipolar world order, where both the EU and the PRC will have a central role. Within this context, the lifting of the arms embargo would be considered by the Chinese fourth generation leadership as a great success, even if access to European military equipment technology remains limited. (B2/04/2-3) For the PRC the whole issue is a question of prestige¹³³.

After more than fifteen years in force, the EU has started considering the lifting of the arms embargo on China. The issue of lifting the EU's arms ban has been under active consideration by the EU since December 2002. The initiative was started by France¹³⁴ and backed up by several other member states. However, for the moment the EU member states have not reached a consensus on the issue. The European Parliament opposes to such an action in view of the human rights abuses and the tension in the Taiwan Straits. Nevertheless, since the European Parliament has only a consultative role on this subject, the lifting of the embargo depends ultimately on the political will of the member state governments.

¹³¹ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 753.

¹³² The Chinese Prime Minister Wen Jiabao has often described the arms embargo as “relic of the Cold War” and form of “political discrimination”, which China firmly opposes. Thus, the embargo it is not conforming to the EU – China comprehensive partnership.

¹³³ Möller, Kay (2003): Europa und China: Strategische Partner?: Neue Impulse nach der Kanzlerreise, Stiftung Wissenschaft und Politik, SWP-Aktuell 52, Berlin.p. 2.

¹³⁴ France to push for lifting arms ban, in: Xinhua News Agency, April 22, 2005.

On the level of EU member states, the member states that have a strong arms industry sector and thus an influential lobby issuing from this sector of their economies (France, U.K., Germany and Italy), put the EU under pressure for lifting this embargo. As seen already, China also pushes for its lifting. The fact that this has not yet been done is more due to political reasons than simple respect of principles. EU and national governments fear severe criticism from various elements of the public, and the accusation of supporting the expansionist ambitions of a Chinese government, thus having a negative effect on the human rights issue. Especially the Nordic EU member states that do not have a significant arm industry are even more against the lifting of the embargo, strengthening in that way the clash within the EU¹³⁵.

In the latest EU China strategy paper ("A maturing partnership"), published in October 2003, the Commission affirmed that both sides "have an ever-greater interest to work together as strategic partners". Economically speaking the relations have been intensifying. However, what is important, not only in economic terms, is a cooperation agreement signed between Brussels and Beijing for the financial participation of the latter to the European satellite navigation program "Galileo"¹³⁶, a project that could be perceived as a civil alternative to the military inspired American GPS program. In parallel, the European Space Agency (ESA) is preparing an agreement proposal for cooperation over a period of five years. Concrete military equipment export intentions, especially from countries that actively demand the lifting of the arms embargo, combined with the afore-mentioned projects should not be underestimated.

The lifting of the arms embargo would be a political signal not only towards China but also towards the United States. If despite the American

¹³⁵ Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 26.

¹³⁶ China's participation to the "Galileo" satellite navigation project was decided during the 6th EU – China Summit in 2003.

pressure such a development takes place, the solidarity of the transatlantic relation will be questioned. For the US government it would be a lack of understanding from the EU for American security interests, putting trans-Atlantic ties under renewed strain, with the United States voicing strong opposition to the action. Conversely, from the EU's point of view, it would be a clear sign that Europe does not perceive China's rise as a threat, showing the practical application of its rhetoric as presented in the Commission's policy papers¹³⁷.

Nevertheless, the European Union on 15 April 2005 failed to agree on lifting its 15-years-old ban on arms sales to China. Although the arms embargo is more politically than legally binding for the EU member states, China should not expect in the short-term, within the framework of the European Council, a consensus for its lifting. On this issue the spokesman of EU's General Affairs and External Relations Nicolas Kerleroux said the EU is committed to removing the arms embargo on China, but there is no timetable on this matter¹³⁸.

4.3 WTO

The 1985 agreement between the PRC and the EC defined the economic and commercial framework of the relationship, replacing the 1978 agreement and extending it into the fields of economic, industrial and technical cooperation, investment and development assistance¹³⁹. Thereafter, the commission's reports stressed the qualitative improvement of this relation.

¹³⁷ Wacker, Gudrun (2004): Ende des EU – Waffenembargos gegen China?, Stiftung Wissenschaft und Politik, SWP-Aktuell 13, Berlin.p.7-8.

¹³⁸ EU fails to reach deal on lifting China arm ban in: www.china.org.cn

¹³⁹ Agreement on Trade and Economic Cooperation between the European Economic Community and the People's Republic of China – 1985:
http://www.europa.eu.int/comm/external_relations/china/intro/1985_trade_agreement.htm as of 02/06/05

However, European companies complained steadily about the existence of barriers in accessing the Chinese market. For the Commission it was important to combine the liberalization of the economic relations to China with measures to protect the European companies. The use of anti-dumping measures could be perceived as a protection mechanism, adjusted by the Community according to the pace of the reforms of the Chinese economic policy. Since July 1998, China was no more listed as a non-market economy¹⁴⁰ and the Commission reexamined its anti-dumping policy. European direct investments were quite low, compared to the ones of the Asian countries or the United States. Thus, the commission, in order to promote European investments in China, adopted a series of measures. With the perspective of a WTO membership of the PRC, business with China improved. This background more or less explains the EU's support for China's accession to the WTO.

China started the negotiations for the access to the GATT from 1986, and finally joined the WTO in 2001. On its way to WTO membership, China had to negotiate bilaterally, with every WTO member wishing to do so, the conditions of acceptance of the PRC to the organization. The EU member states designated the EU to carry out the negotiations. During these negotiation rounds, the EU was following closely the Sino-American negotiations, since a great part of European and American interests coincided. The negotiations between the EU and China were concentrated in four fields: industrial products, agriculture, services and the so-called horizontal issues¹⁴¹.

On 19 May 2000, after almost 15 years and several rounds of tough negotiations, EU and China reached finally an agreement concerning the

¹⁴⁰ The decision for deleting China from the list of countries of "non-market economy" for applying its anti-dumping rules was taken on 27 April 1998, during the EU Foreign Ministers Meeting in Luxemburg.

¹⁴¹ Algieri, Franco and Taube Markus (2002): Chinas Beitritt zur WTO, in: Internationale Politik, Vol. 57/2, p. 33-35.

accession of the latter to the WTO. The follow-up negotiations ended in June 2001¹⁴². The EU had put great emphasis on the accession of China to the WTO. The WTO has a global vocation to have as many countries as possible as members, and membership would bring benefits both to China and to its trading partners. It would cement China's place in the global economy and ensure a greater degree of certainty for traders in China and worldwide. Furthermore, one of the side effects expected, due to China's accession to the WTO, would be the amelioration of the judicial and the social status of its population¹⁴³.

In the Sino-European economic context, relations were expected to intensify, having an effect not only in the structure, but also in the volume of trading flows. With the lifting of tariff and non-tariff barriers, a series of products would suddenly become interesting to trade, thus assuring China's position, at that time, as the EU's third most important trade partner (behind the United States and Japan). A reduction of the EU's trade deficit with China, that in the year 2000 reached 44.4 billion Euros, was not to be expected. Finally, in the domain of direct investments, new opportunities would appear for European companies. The share of European investments as of the total of foreign direct investments was expected to exceed 10%¹⁴⁴.

Nevertheless, WTO membership would not automatically mean that China would be ready to comply with all WTO commitments immediately. Members of the club had to accept the rules, and China's situation in the 90s would not allow the country to meet the requirements of WTO's rules and principles. The EU took a leading role in pushing negotiations forward. It accepted that China must be given time to phase in changes, meaning extended time limits for the lifting of a number of Chinese market barriers,

¹⁴² Lanxin, Xiang (2001): An EU Common Strategy for China?, in: *The International Spectator*, Vol. 36, p. 94-95.

¹⁴³ Algieri, Franco and Taube Markus (2002): Chinas Beitritt zur WTO, in: *Internationale Politik*, Vol. 57/2, p. 38.

¹⁴⁴ Ibid

even by overlapping the date of the accession of the country to the WTO, and the EU very much welcomed the acceleration of negotiations from early 1997. That year saw a growing perception that China was prepared to make a more significant move, and that political support had swung behind the idea allowing phase-in periods before the implementation of some commitments would give sufficient reassurance that China would be prepared to make the initial down-payment of reforms and accept basic WTO disciplines over the long term. March 1997 saw a breakthrough on the key issue of the right to trade¹⁴⁵.

The WTO members formally endorsed China's accession at the 4th WTO Ministerial Meeting, which took place in Doha, Qatar, in November 2001. Thus as of 11 December 2001, the PRC is officially the 143rd member of the WTO. This membership marks the positive result of Deng Xiaoping's economic strategy change, dating back to 1978. The accession has stimulated the Chinese market potential and its economic weight even further on the international level¹⁴⁶. Yet, although the Chinese economy has undergone a series of important reforms since 1978, the WTO accession obliges China to undertake further administrative and structural reforms of its economy. The EU is on the side of the PRC, helping the country meet its obligations.

However, China's WTO membership is not only affecting the Chinese economy. It is forcing the restructuring of the world economy and pushing the WTO to undertake a series of structural reforms. In general, the trading system in China has tended to favor exports and to use discretion concerning imports. It exports like a capitalist economy and imports like a state-trading one. The increase in trade surpluses with Western economies has given rise to concern that these will become a permanent feature of Chinese external

¹⁴⁵ Algieri, Franco and Taube Markus (2002): Chinas Beitritt zur WTO, in: Internationale Politik, Vol. 57/2, p. 33-35.

¹⁴⁶ Schulz, Günther (2003): China und EU in einer multipolaren Weltordnung, in: Eumagazin, 5/2003, p. 9.

trade and that the international trading system will not be able to bear the strain. "The EU has gone from a trade surplus at the beginning of the 1980s to a deficit of 55 billion in 2003, its largest trade deficit with any partner", reads DG Trade's website ¹⁴⁷.

Up to now, Sino-European trade frictions have hardly been politicized. Contrary to the many European-American trade disputes, problems of the EU – China trade relations have never hit the headlines. Only on two issues can it be argued that trade relations between the EU and China have – to a relatively limited extent – become politicized: China's policy on raw materials (especially coke), but mostly the sensitive issue of its textile and clothing exports. Even during the negotiations on the Chinese accession agreement, concerns were raised that the commitment to abolish all import quotas in the textile and clothing sector in 2005 would lead to a massive increase in Chinese imports. The fear of massive job disruption and business bankruptcies, due to the monopolization by China and a few other textile exporters (such as India, Pakistan and Thailand), has only increased in recent years. Nevertheless, the Commission's answer to protectionist measures is relatively cautious showing that the Union seems to prefer a less coercive approach. Although the use of coercive measures such as safeguards is never excluded, it is clear that the Union intends to adjust its textile industry to a more competitive international environment, rather than pursuing the continuation of the present textile regime. Protectionist measures against Chinese textile imports because of the violation of fundamental social rights are also explicitly ruled out ¹⁴⁸. In this context, Jose Manuel Barroso, President of the European Commission stated at a press conference speech during the seventh EU – China Summit in December 2004 that "... China as a global player has a responsibility in making sure that the end of the textile quotas will

¹⁴⁷ <http://www.europa.eu.int/comm/trade/>

¹⁴⁸ *Studia Diplomatica* (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel. p. 144-147

not lead to an uncontrolled surge of Chinese exports. ... China has a role to play in avoiding this by applying a policy of moderation”¹⁴⁹.

4.4 Hong-Kong – Macau

Although, geographically and historically speaking, Hong-Kong was always part of China, and the PRC never recognized the status of Hong-Kong as a colony, from the perspective of international relations, however, in the 155 years of British rule, Hong-Kong was considered as part of the West – it always served first of all Western interests. The tacit consent to British rule by the PRC was due to the fact that Hong-Kong, as an international city, enjoyed multiple relations with the West. Such relations served Chinese interests as well, no matter whether China was in a state of isolation as from the 1950s to the 1970s, or in an era of openness and reform starting in the 1980s. Since the 1950s, the tacit acceptance of British rule over Hong-Kong by China depended on one condition: Hong-Kong must not become a base for subversion against China¹⁵⁰.

Macau on the other hand, a small city on the South China coast, almost invisible on the world map, was almost forgotten since its role as China’s most important entrepot in the south was taken over by Hong-Kong after the Opium War in 1842. For over a century it remained more or less in the “shadow” of Hong-Kong¹⁵¹.

In economic terms, the differences between Macau and Hong-Kong are almost negligible, as they belong to the same “market economy” or free

¹⁴⁹ 7th EU-China Summit - Press Conference
Speech by José Manuel Barroso The Hague, 08 December 2004 - SPEECH/04/523:
http://www.europa.eu.int/comm/external_relations/news/barroso/sp04_523.htm as of
02/06/05

¹⁵⁰ Wai, Ting (2000): Europe, China and the Future of Hong Kong, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 226.

¹⁵¹ Ngai, Gary M. C. (2000): Macau’s Role in the EU – China Context, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 245.

economy. Hong-Kong and Macau are China's sole existing "free ports" with low taxes, free movement of foreign currency, investment and personnel. The difference between them is in size and power, as Hong-Kong has become a strong regional and international financial, commercial and transportation centre, while Macau is still lagging far behind, and it is quite impossible for Macau to catch up, because of its limited size and resources. Macau, however, has a strong point compared to its neighbors, which is its historical and cultural identity, distinguishing it from Hong-Kong and other Chinese coastal cities. It is the Sino-Latin identity, formed over the four centuries of its existence and realized in all aspects of life. The interaction between the Eastern and the Western elements took place in Macau on a more or less equal footing. Mutual respect, tolerance, and learning from each other's strong points, resulted in a long-standing co-existence and blending between different cultures. However, Macau is a different model from Hong-Kong, with a different cultural, political and legal background. The former is Latin; the latter is Anglo-Saxon. These differences caused a completely different model of development in the two territories, a fact, which is often, overlooked by outsiders¹⁵².

In accordance with the Sino – British Joint Declaration on the question of Hong-Kong signed in 1984, China resumed its exercise of sovereignty over Hong-Kong on 1 July 1997 and the Hong-Kong Special Administrative Region (HKSAR) was formally established. Similarly, in accordance with the Sino – Portuguese Joint Declaration on the question of Macau signed in 1987, China resumed its sovereignty over Macau as well, on 20 December 1999, and the Macau Special Administrative Region (MSAR) was formally established.

Thence, the Chinese government carries out the basic policies of "one country, two systems", "administration of Hong-Kong by the Hong-Kong people", "administration of Macau by the Macau people" and "a high degree of autonomy" in both Hong-Kong and Macau. "One country, two systems"

¹⁵² Ibid.

refers to the fact that in China, a unified country, the mainland practices the socialist system, and Hong-Kong and Macau remain with the previous capitalist system and way of life, unchanged for 50 years. “Administration of Hong-Kong by the Hong-Kong people” means that the Hong-Kong people on their own administrate the HKSAR, and the central authorities shall not send officials to the HKSAR to fill local official posts. “Administration of Macau by the Macau people” means accordingly, that the Macau people on their own administrate the MSAR, and the central authorities shall not send officials to the MSAR to fill local official posts. Finally, under “a high degree of autonomy” it is understood that apart from foreign and national defense affairs, which should be administrated by the central authorities, the HKSAR and MSAR shall fully enjoy the power of decision over matters within their autonomous jurisdiction, including executive, legislative, independent judicial and final adjudication powers.

The issue of Hong-Kong dominated the European political agenda in 1997. Building on the Council conclusions of December 1995 on EU – China relations and the Dublin European Council’s conclusions on Hong-Kong and Macau, a Commissions Communication was published in April 1997, entitled “The European Union and Hong-Kong: Beyond 1997”. The European Commission’s Communication aimed to serve as the basis for ties with Hong-Kong for many years to come. It underlined the EU’s strategic interest in Hong-Kong, set out the principles for relations with the SAR and stressed the need to respect the key freedoms enshrined in the Joint Declaration and the Basic Law. Moreover, at Dublin, the Commission was invited to bring forward some proposals on future economic relations, and these are included in this broader document¹⁵³. Four key areas were envisaged in relation to Hong-Kong:

¹⁵³ McDonald, Brian (2000): Setting the Agenda for the Twenty-First Century: China, Hong Kong, Macau and the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 205-207.

- Closely monitoring the situation in Hong-Kong and the respect for the rights granted to Hong-Kong citizens under the SAR, working together with the international community and publishing an annual report on the full range of EU – Hong-Kong relations;
- Acknowledging that the case for granting visa-free access for Hong-Kong people should be treated on its own merits;
- Exploring ways to put trade, investment and cooperation relations between the EU and the SAR on a more permanent footing; and
- Developing active cooperation with Hong-Kong as an Asian hub¹⁵⁴.

The Communication has three main sections. The first seeks to lay out the very real EU interests in Hong-Kong, whether through commerce, investment, shared values, or personal commitments. It is also worth noting that this is not confined to only one or two member states: these interests are EU-wide. The second section seeks to explain to people in Europe what the “one country, two systems” idea means. The SAR is a unique concept, and it is important that Europe as elsewhere understands properly what it entails. As the Council has made clear, effective implementation of the Joint Declaration and the Basic Law is the best guarantee for the people of Hong-Kong. The third section looks forward to EU – Hong-Kong relations in the future. It argues that Europe must continue to deal directly with Hong-Kong on trade policy but also on the full range of issues under the authority of SAR. China wants Hong-Kong to work, and Hong-Kong will only work properly with support from the international community.

The communication makes clear that the protection of civil liberties and the democratic process are central to the operation of the SAR, as well as to international confidence. The EU has therefore tried to concentrate on stressing the importance of free and fair elections for a new legislature, and proper protection of civil liberties in accordance with the UN conventions. The

¹⁵⁴ Wai, Ting (2000): Europe, China and the Future of Hong Kong, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 237.

main point that the EU makes in the Communication is that Hong-Kong should be treated on its own merits¹⁵⁵.

Many of the same considerations apply to Macau. While the situation here is clearly different in many respects, the same principles apply. The EU was concerned to ensure that the autonomy promised under the Joint Declaration for Macau would be carried out and that the concept of “one country, two systems” would be applied there as well. It was equally important that the international community demonstrated its interest in continued autonomy by an active engagement in economic and other relations with the future SAR of Macau. It was also important that Macau would continue to play an active role in the many international organizations to which it had adhered. One of the clearest ways that Macau could demonstrate its separateness and individuality was by demonstrating openness to the outside world in economic terms. This was already the case in practice but it would be important to turn this existing factual situation into legal commitments. This was also an issue, which was of importance to Hong-Kong. The undertaking of international commitments would not only have the effect of assuring investors that the system would remain open, but it would guarantee certain irreversibility¹⁵⁶.

The return of Hong-Kong to China in July 1997 changed the significance of the Hong-Kong question for the EU. Whereas before the return of the ex-colony to China, the member states of the EU were approaching the issue as a British problem, they are now interested, in political and economic terms, for the “Special Administrative Region” of Hong-Kong as part of the PRC in the general framework of the EU’s China policy. The same applies to Macau. After the return of Macau to China in December 1999 ending more than 400 years of Portuguese rule, the Commission presented, as was the

¹⁵⁵ McDonald, Brian (2000): Setting the Agenda for the Twenty-First Century: China, Hong Kong, Macau and the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 205-207.

¹⁵⁶ McDonald, Brian (2000): Setting the Agenda for the Twenty-First Century: China, Hong Kong, Macau and the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 208.

case with Hong-Kong, a policy paper, concerning the future relations of the EU with this region. In both cases, EU policy towards these “Special Administrative Regions” takes into consideration the Chinese government’s principle: “one country, two systems”¹⁵⁷.

The EU sees its links with Hong-Kong and Macau in the future as a critical element in future relations with China: if it can play its part in helping Hong-Kong and Macau to develop within China as an example of economic political freedom, this can only facilitate overall relations with China in the future¹⁵⁸. Much cooperation already takes place for example between the EU and Hong-Kong in the private sector, but also in the university sector. Both these areas – business cooperation and university cooperation – are areas where there has been interest expressed in Hong-Kong for developing closer links with the EU. Furthermore, some of the programmes the EU is developing in China could usefully include a Hong-Kong and Macau element in the network.

The return of Hong-Kong and Macau to China brings the three bilateral relations, EU – China, EU – Hong-Kong and EU – Macau, into a triangular relationship. China is to be the most important actor that influences Hong-Kong’s and Macau’s future, where Western interests are largely tied up, and the two SARs can play a very active role in the future relations between EU and China. Thus, the two SARs should be an integral part of the EU’s China strategy¹⁵⁹. They should serve as a gateway or intermediaries that can promote further economic exchanges and cooperation between China and Europe, since their inhabitants possess acquaintance with both Chinese and Western ways of life and working habits. (C7c/00/242)

¹⁵⁷ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 753.

¹⁵⁸ McDonald, Brian (2000): Setting the Agenda for the Twenty-First Century: China, Hong Kong, Macau and the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 205-207.

¹⁵⁹ Wai, Ting (2000): Europe, China and the Future of Hong Kong, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 236.

The Western presence, especially in Hong-Kong, due to its enormous economic interests, not only helps to “internationalize” Hong-Kong, it also safeguards the character and proper functioning of this international city. China on the one hand, welcomes the Western presence, but on the other cannot tolerate Western interference in the internal affairs of Hong-Kong. (C7c/00/229) Yet, if the “institutional pillars” of Hong-Kong, including the independent judiciary, freedom of speech and the capitalist rules of the games (rule of law, free and fair competition, spirit of contract etc.) are affected and the government of the SAR is unable to stand up to pressure from the central authorities, we will certainly witness the decline of Hong-Kong as an international financial city. A more open and responsible China evidently benefits Hong-Kong, whose openness and internationalism has become not only a distinctive feature, but also a factor behind its remarkable success¹⁶⁰.

4.5 Taiwan

Jiang Zemin, in his opening speech at the 16th Congress of the Chinese Communist Party, referred amongst other issues to the Taiwan Question. Respect for the “one-China-principle” as well as the “one country, two systems” should be the basis for the development of the relations with Taiwan and the realization of a peaceful reunification. Explaining China’s refusal to abolish the threat of using violence in accomplishing the goal of reunification, he made clear that the threat is not addressed against the Taiwanese people. The ones concerned should be the Taiwanese “separatist forces” promoting Taiwan’s independence from the motherland, as well as foreign forces that would try to get involved in the issue of China’s reunification. Moreover, he mentioned that the Taiwan Question could not be

¹⁶⁰ Wai, Ting (2000): Europe, China and the Future of Hong Kong, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 237.

endlessly postponed¹⁶¹. Jiang Zemin's speech presents thus, in a short and clear way, the official position of the PRC on the issue. Let us explore in more detail the elements mentioned in his speech, and see at the same time, how the EU stands on this issue and how the American factor is involved.

According to Beijing, after the eventual reunification, the policy "one country, two systems" will be practiced, with the main body of China (the mainland) continuing with its socialist system, and Taiwan maintaining its capitalist system for a long period of time. Taiwan will enjoy a high degree of autonomy, and the Central Government will not send troops or administrative personnel to be stationed in Taiwan. Chinese themselves should achieve the resolution of the Taiwan issue, since it is considered an internal Chinese affair, and there is no call for interference by foreign forces. The aforementioned principles and policies embody the basis spirit of adhering to the one-China principle.

Considering the fact that China deems the issue of sovereignty and territorial integrity so high in its national agenda, one cannot rule out the possibility of Beijing's use of force if Taiwan, which is considered an integral part of the Chinese territory, chose to go for independence. The Chinese have made it clear since 1979 that they prefer a peaceful reunification of Taiwan. Increasing economic relations between Mainland China and Taiwan contribute to avoiding a military confrontation; nonetheless, the threat of an escalation of the conflict exists and China has never renounced the use of force to settle the Taiwan issue. With regard to Taiwan's recent efforts towards independence and China's tough line on Taiwan, China's peaceful intention is shadowed by the military threat. Thereupon, the modernization of the Chinese army is directly connected to the Taiwan question. The PRC is

¹⁶¹ The German chancellor Gerhard Schröder, during his official trip to the PRC, 1-4 December 2003, following Helmut Kohl's China policy affirmed the existence of a connection between "China's division" and the division of Germany.

ready to make all necessary sacrifices in case Taiwan oversteps the line and declares full independence¹⁶².

Miscalculations over Taiwan could come from all three main parties involved, the PRC, Taiwan and the United States. Beijing may convince itself that a pre-emptive strike will be necessary against Taiwan, as Washington's policy is deemed to encourage an independence trend in Taiwan. Washington may underestimate Beijing's resolve to confront the US Seventh Fleet and overestimate China's willingness to back down in a serious military standoff. The Taiwanese independence movement will surely be strengthened if a military system provided by the United States, including a theatre missile defense, guarantees Taiwan's security. The EU should make therefore its position clear towards both, a peaceful process in the Taiwan Straits and the Taiwanese independence movement. As long as Washington labels China a "strategic competitor", its communication channels with Beijing will be unreliable and ineffective. The EU could play an important role as a trustworthy interlocutor with Mainland China as well as Taiwan¹⁶³.

A military conflict between Taiwan and the Mainland, even without American involvement, would seriously affect the EU interests in the region. The combination of the EU's economic ties with China and with Taiwan would indicate that the stakes are too high for the EU to ignore a possible military flare-up in the Taiwan Straits. (F1/01/96)

Even if the EU should decide to get involved in the Taiwan Straits, it would not be in a position to do much, for there is no adequate political mechanism between the EU and China that can be used as a foundation for projecting the EU's influence. The EU has accepted (or in the case of Britain acknowledged) Beijing's interpretation of the "one China" principle, while urging "a peaceful solution of the differences between Taiwan and the

¹⁶² Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel. p. 20-21

¹⁶³ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p.99.

Mainland". The problem is that such a policy can hardly go beyond diplomatic rhetoric.

Since the diplomatic revolution of the early 1970s, which saw China replace Taiwan in the United Nations and many countries, including many of the EU member states, switch official recognition from Taiwan to China, most European countries have kept a very low profile in Taiwan. Trade links were all that remained. During the 1990s there has been an almost incremental upgrading of contacts, but, much to the disappointment of the Taiwanese, increased European interest in the Taiwanese market has not translated into any moves towards diplomatic recognition¹⁶⁴.

Since the EU respects the "one-China-policy", the discussion of an EU Taiwan policy is out of question. Nevertheless, EU member states show a growing interest in Taiwan. This results in the criticism of certain EU member states by the PRC for their actions. An example of this is the commercial cooperation between France and Taiwan in the arms field (selling of Lafayette frigates and Mirage-2000 aircrafts) during the first half of the 90's.

Efforts of the European Parliament to assist Taiwan towards better representation in international organizations, do not find great support, due to the EU's official China policy and the opposing interests of many member states. Furthermore, Taiwanese interests do not find an electoral support in the populations of the member states, as it is the case in the United States. Nor are there any historical geo-strategic relations to explain such support for Taiwan. Apart from that, the future role of China as a regional and global power affects the Question of Taiwan¹⁶⁵.

In the year 2003, the EU strengthened its presence in the Southeast Asian region by opening on 10 March in Taipei an office dealing with economic and trade related issues. The office could have been operational

¹⁶⁴ The Holy See is the only European country having diplomatic relations with Taiwan. In other words, the whole European area lacks political leverage over Taiwan.

¹⁶⁵ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 753-754.

earlier, but because of political reasons, EU decided to transfer its opening after the simultaneous accession of China and Taiwan to the WTO in the year 2002. The Commissioner Chris Patten clarified though that the EU respects the traditional “one-China” principle and thus the office in Taipei would not deal with issues of diplomatic or political nature. The Union’s policy is that differences on sovereignty between Taiwan and Mainland China should be resolved in the framework of a constructive dialogue without the use or the threat of use of force¹⁶⁶. Hence, although the EU member states differ slightly in their attitudes towards Taiwan, the EU’s basic principle of accepting “one China” is unlikely to change. (F1/01/98)

¹⁶⁶ Hellmann, Rainer Dr. (2003): Neue Stützpunkte der EU in Südost- und Ostasien, in: Eumagazin, 5/2003, p. 13.

D. Imagining the future

1. *Strategic Partnership*

The strategic cooperation is a notion accepted by both sides as shown on their official policies and practices. The latest Commission's policy paper, "A maturing partnership – shared interests and challenges in EU – China relations", published 10 September 2003¹⁶⁷, affirms: "the EU and China have an ever-greater interest to work together as strategic partners to safeguard and promote sustainable development, peace, and stability". On 12 October of the same year, the Chinese side expressed a similar opinion in their ever first policy paper concerning the EU¹⁶⁸. They stated that it is important "to promote a sound and steady development of China – EU political relations under the principles of mutual respect, mutual trust and seeking common ground while reserving differences, and contributing to world peace and stability".

Furthermore, both sides acknowledge that they share a similar point of view on issues concerning the international arena, from the primary role they attach to the United Nations for safeguarding the international order, to ways to fight problems such as terrorism, illegal immigration, poverty or proliferation of weapons of mass destruction. Moreover, they both stress the importance of the existence of a multipolar world order, blocking American unilateralist aspirations. This cooperation is applied on the bilateral as well as on the

¹⁶⁷ Commission of the European Communities: Commission Policy Paper for Transmission to the Council and the European Parliament: A maturing partnership - shared interests and challenges in EU-China relations (Updating the European Commission's Communications on EU-China relations of 1998 and 2001) Brussels, 10/09/03 COM(2003)533fin: http://www.europa.eu.int/comm/external_relations/china/com_03_533/com_533_en.pdf as of 02/06/05

¹⁶⁸ Ministry of Foreign Affairs of the People's Republic of China - China's EU Policy Paper 13 October 2003: <http://www.fmprc.gov.cn/eng/wjb/zzjg/xos/dqzywt/t27708.htm> as of 02/06/05

multilateral level, as proven by the synchronization of their positions in the framework of the UN and as decided through an institutionalized political consultation process.

China and the EU have defined the framework for the evolution of their relationship and have set their strategic goals. From the Chinese point of view, there are no geopolitical opposing interests between China and the EU, especially after the peaceful handing over of Hong-Kong and Macau, as is the case between China and the United States, Russia, Japan or India. Moreover, the continuing European integration progress will reinforce the Union and thus create constantly new fields for confrontation with the United States. From the European perspective, China, with its remarkable development over the past two decades and its promising future, constitutes an important partner, not only in the economic field, but also across the whole spectrum of their relations. Sino-European strategic cooperation, based on mutual respect and an acceptance of their differences not as a constraint, but as a positive element, has the potential to work out as a win-win situation for both partners¹⁶⁹.

Nonetheless, this strategic cooperation, acknowledged by both partners, can move forward and take a further step. Taking into consideration the aforementioned background, common strategy towards China can be a next logical step. The common strategy approach is an important element in the evolution of the EU as a serious player in post-Cold War international affairs. Its function seems to be three-fold:

- Firstly, it provides a clear indication of the EU's priority areas in external relations.
- Secondly, it reflects a broad consensus and convergence of interests among EU members and,

¹⁶⁹ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel. p. 25-31.

– Thirdly, it implies a long-term plan for active policy initiative with clear defined purposes and with open-ended possibilities.

Such a framework is meant to give stability to bilateral relations with the target country that are not affected by short-term disturbances. In that context, the Chinese Prime Minister Wen Jiabao explained recently that the word “strategic” refers to the long-term, stable and integral character of the Sino-European relations: a relation that does not change from one moment to the next. Furthermore, he pointed out that partnership means trust and mutual benefit as well¹⁷⁰.

Up till now the EU has entered into three common strategies: with Russia in June 1999; with the Ukraine in December of the same year; and with the Mediterranean in June 2000. The EU’s next priority area in applying the common strategy approach should be China. There are at least two advantages for the EU in engaging China at the political and strategic levels: On the one hand, China has a coherent foreign policy. Economic development is not only the top economic priority of the Chinese government, but also a political priority. Indeed, sustained economic growth has become the *raison d’etat* since the early 1990s. Therefore, China’s foreign and security policies remain relatively benign. Since the EU is adopting a generally positive attitude toward China’s transformation, it has a better chance of influencing China’s future direction than a confrontational United States. Relations between the European Union and China have reached a high level of harmony in general terms, even though there is an imbalance between political and economic cooperation. The potential for a strategic partnership has not yet been fully explored¹⁷¹.

¹⁷⁰ Embassy of the People’s Republic of China in the French Republic: Wen Jiabao sur les relations sino-européennes (30-04-2004) 2004-05-09: <http://www.amb-chine.fr/fra/gzzg/wjzt/t96967.htm> as of 09/01/05

¹⁷¹ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: *The International Spectator*, Vol. 36, p. 92-94

On the other hand, the EU has so far not included a significant strategic dimension in its China policy. Contrary to the thinking in Washington that military dialogues are beneficial for China only, active military and strategic exchanges with China could enhance the understanding of China's military and strategic mechanism, which would otherwise remain obscure¹⁷². A high-profile exception to this rule, although in its more civilian version, has been the cooperation in the field of the European Satellite Navigation Program "Galileo". One should not forget at the same time, the negative impact on the development of a significant strategic dimension of the EU's China policy due to the existence of the arms embargo.

China is not always an easy-going partner for the European Union. Its political system differs from that of the most third world countries with which the EU has significant relations. The persistence of the Europeans in key issues, as on human rights, sometimes puts a strain the relationship. Despite these difficulties, it is in the EU's interest to cooperate further with China. In terms of globalization, a country as big as China should not be considered only as part of the problem, but as part of the solution of problems of international or regional significance as well¹⁷³.

The problem with the EU's approach is that its logic of engaging China politically is conditioned by other major powers' behavior: the EU wants to place itself on an equal footing with the other major powers in dealing with China at the political level. The tacit assumption is that the other major powers have and will maintain a similarly positive attitude towards a rising China. If this condition changes, however, the EU may have to reconsider and update its approach. The most recent change has been in the attitude of the United States. Within a short time span, the Bush administration has managed to dismantle a strategic relationship with China, turning the country into a publicly trumpeted "strategic competitor". The meeting of the minds that

¹⁷² Ibid p. 99.

¹⁷³ Song, Xinling (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 43.

once was between Washington and Beijing is no longer. According to a leading French expert on China, a new Cold War has already started¹⁷⁴.

It should not be considered as a coincidence that the very moment China decided to adopt a multilateral approach towards the world order, the importance of unilateralism in the United States is increasing. In this context, the case of the last Iraq War is quite revealing. The EU adopted the policy of “constructive engagement”, trying to promote the equal participation of China to the various multilateral cooperation institutions. In the United States on the contrary, the dominance via the Bush administration, of the “hegemonic hardliners”, represented through publications, such as “The Coming Conflict with China”, the monocentric image of the American power, as the only leading military world power¹⁷⁵.

Of late, Beijing and Brussels have seen in the principle of multilateralism a counterweight to American unilateralism. Nevertheless, in order to understand the policies of the various actors better, it is necessary to clarify the difference between multilateral and multipolar. Since the end of the Cold War, China has not followed a multilateral, but a more multipolar strategy, in order to control the ambitions of the United States through variable coalitions with Russia, Japan, the Southeast Asian countries or Europe. However, multipolarity, which is based on the balance of powers, is contradictory to multilateralism, where the resolution of global problems such as environmental threats, abuse of human rights or poverty, prevails over national goals¹⁷⁶. Yet, no one believes in the inherent benefits of a unipolar

¹⁷⁴ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 95.

¹⁷⁵ Schulz, Günther (2003): China und EU in einer multipolaren Weltordnung, in: Eumagazin, 5/2003, p. 8-9.

¹⁷⁶ Möller, Kay (2003): Europa und China: Strategische Partner?: Neue Impulse nach der Kanzlerreise, Stiftung For further information on China refer to:
<http://www.china.org.cn/english/en-shuzi2004/index.htm>

¹⁷⁶ Möller, Kay (1998): Sicherheitspartner Peking? Die Beteiligung der Volksrepublik China an Vertrauens- und Sicherheitsbildenden Maßnahmen seit Ende des Kalten Krieges, Stiftung Wissenschaft und Politik, Vol. 53, Baden-Baden. p. 16-17

¹⁷⁶ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel, p. 14.

¹⁷⁶ Mutual respect of sovereignty and territorial integrity; non-aggression; non-involvement on internal affairs; equality; peaceful coexistence.

¹⁷⁶ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel, p. 3-4.

¹⁷⁶ For further information on the five-year-plans refer to:

<http://www.china.org.cn/english/en-shuzi2003/index.htm>

¹⁷⁶ Heberer, Thomas (2002): China's Domestic Development, China – EU relationship, and EU – China Policies, in: Heberer, Thomas; Taube, Markus (2002): China, the European union and the United States of America: Partners or Competitors?, Institut für Ostasienwissenschaften, Duisburger Arbeitspapiere Ostasienwissenschaften, Nr. 45/2002, Duisburg, p. 7.

¹⁷⁶ Schulz, Günther (2003): Das China der vierten Generation, in: Eumagazin, 5/2003, p. 10-11.

¹⁷⁶ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 743-744.

¹⁷⁶ Ibid, 8.

¹⁷⁶ Ibid, 8.

¹⁷⁶ Algieri, Franco (1999): Die Europäische Union und China, in: Europa – Handbuch 1999, p. 725.

¹⁷⁶ For the organizational structure of the political system in the People's Republic of China, see table in annex.

¹⁷⁶ Heberer, Thomas (2002): China's Domestic Development, China – EU relationship, and EU – China Policies, in: Heberer, Thomas; Taube, Markus (2002): China, the European union and the United States of America: Partners or Competitors?, Institut für Ostasienwissenschaften, Duisburger Arbeitspapiere Ostasienwissenschaften, Nr. 45/2002, Duisburg, p. 9.

¹⁷⁶ Hong, Zhoo (2000): Development and Reconciliation under Peace: an Explanation of China's Policy towards the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 209-225.

¹⁷⁶ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 93. and compare as well with: Schulz, Günther (2003): Das China der vierten Generation, in: Eumagazin, 5/2003, p.12.

¹⁷⁶ Ibid, p.94.

¹⁷⁶ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel, p. 3.

¹⁷⁶ Hong, Zhoo (2000): Development and Reconciliation under Peace: an Explanation of China's Policy towards the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 223.

¹⁷⁶ Ibid.

- Demiri, Eleni P. (2002): Reorientation of EU relations with Asia, University of Kent, Kent, p. 6.
- ¹⁷⁶ For a further analysis on this issue: Gu, Xuewu (2004): Die Perspektiven des interkulturellen Dialogs zwischen China und Europa, Herbert-Quandt-Stiftung, Gedanken zur Zukunft, Vol. 10, p.10-12.
- ¹⁷⁶ Ibid, p. 16
- ¹⁷⁶ I borrowed the term from: Demiri, Eleni P. (2002): Reorientation of EU relations with Asia, University of Kent, Kent, p. 6.
- ¹⁷⁶ Gu, Xuewu (2004): Die Perspektiven des interkulturellen Dialogs zwischen China und Europa, Herbert-Quandt-Stiftung, Gedanken zur Zukunft, Vol. 10, p.6-9.
- ¹⁷⁶ Ibid, p. 17
- ¹⁷⁶ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel. p. 55.
- ¹⁷⁶ Schulz, Günther (2003): Das China der vierten Generation, in: Eumagazin, 5/2003, p. 12.
- ¹⁷⁶ The analysis can be found in: Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 89-99.
- ¹⁷⁶ Ibid, p. 92.
- ¹⁷⁶ Ibid, p. 93.
- ¹⁷⁶ Ibid, p. 93.
- ¹⁷⁶ Gu, Xuewu (2004): Die Perspektiven des interkulturellen Dialogs zwischen China und Europa, Herbert-Quandt-Stiftung, Gedanken zur Zukunft, Vol. 10, p.6-9.
- ¹⁷⁶ Ibid, p. 15
- ¹⁷⁶ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel. p. 60-62.
- ¹⁷⁶ Gu, Xuewu (2004): Die Perspektiven des interkulturellen Dialogs zwischen China und Europa, Herbert-Quandt-Stiftung, Gedanken zur Zukunft, Vol. 10, p.16-17.
- ¹⁷⁶ Stef a ???d??, G???????. (1997): ? te?e?ta??? ?????pa??? ?????a?. ? ????µat?a ?a? ?????t ? ?????µe??(1871-1945) [The last European Century: Diplomacy and Policy of the powers], Athens. and: ???st?d????d??, Te?d???? (1997): ? ????µat??? ?t???a t??? ? ? ? ? ?(1815-1919) [Diplomatic History of three centuries], Vol. 2, Athens.
- ¹⁷⁶ For further information on this issues: Palmer, Alan (1999): Dictionary of Twentieth-century History, Middlessex.
- ¹⁷⁶ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel.p. 12.
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- ¹⁷⁶ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 744-745.
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- ¹⁷⁶ Hong, Zhoo (2000): Development and Reconciliation under Peace: an Explanation of China's Policy towards the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 211-212.
- ¹⁷⁶ See annex: chronology of Sino-European relations.
- ¹⁷⁶ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 745-746.
- ¹⁷⁶ Ibid.
- ¹⁷⁶ See annex: chronology of Sino-European relations.
- ¹⁷⁶ Ibid.
- ¹⁷⁶ For further details on the arms embargo refer to the relevant chapter of this dissertation.

¹⁷⁶ Commission of the European Communities: Communication From The Commission: A Long Term Policy for China – Europe Relations COM(1995) 279 / final: http://www.europa.eu.int/comm/external_relations/china/com95_279en.pdf

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¹⁷⁶ Commission of the European Communities: Building a Comprehensive Partnership with China Brussels, 25.03.1998, COM(1998) 181 - Communication From The Commission: http://www.europa.eu.int/comm/external_relations/china/com_98/index.htm

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¹⁷⁶ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 751.

¹⁷⁶ Canrong, Ma (2003): China und Europa, in: Europa leidenschaftlich gesucht, p. 81, München.

¹⁷⁶ Agreement on Trade and Economic Cooperation between the European Economic Community and the People's Republic of China – 1985: http://www.europa.eu.int/comm/external_relations/china/intro/1985_trade_agreement.htm as of 02/06/05

¹⁷⁶ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 750-751.

¹⁷⁶ For further details on the arms embargo refer to the relevant chapter of this dissertation.

¹⁷⁶ Song, Xinning (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 40.

¹⁷⁶ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 95.

¹⁷⁶ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 750-751.

¹⁷⁶ Commission of the European Communities: Building a Comprehensive Partnership with China Brussels, 25.03.1998, COM(1998) 181 - Communication From The Commission: http://www.europa.eu.int/comm/external_relations/china/com_98/index.htm

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¹⁷⁶ Song, Xinning (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 40.

¹⁷⁶ For a more complete view of the Sino-European dialogue framework refer to the respective table in the annex.

¹⁷⁶ For a general overview of the EU – China Summits refer to: EU – China Summits (general): http://www.europa.eu.int/comm/external_relations/china/summit/index.htm as of 02/06/05

¹⁷⁶ Ministry of Foreign Affairs of the People's Republic of China – European Union <http://www.fmprc.gov.cn/eng/gjhdq/dqzzywt/2633/2634/t15542.htm> as of 02/06/05

¹⁷⁶ For a complete list of the existing dialogues and agreements: European Commission External Relations Directorate General - Sectoral Dialogues and Agreements: http://www.europa.eu.int/comm/external_relations/china/intro/sect.htm

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¹⁷⁶ For the full text of the Memorandum of Understanding between EU and China on Tourism (ADS) November 2003: http://www.delchn.cec.eu.int/en/whatsnew/mou_291003_en.pdf as of 02/06/05

- ¹⁷⁶ Joint Statement of the 7th EU – China Summit : 8th December 2004: http://www.europa.eu.int/comm/external_relations/china/summit_1204/conclusions.pdf as of 02/06/05
- ¹⁷⁶ Agreement on Trade and Economic Cooperation between the European Economic Community and the People's Republic of China – 1985: http://www.europa.eu.int/comm/external_relations/china/intro/1985_trade_agreement.htm as of 02/06/05
- ¹⁷⁶ McDonald, Brian (2000): Setting the Agenda for the Twenty-First Century: China, Hong Kong, Macau and the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 197.
- ¹⁷⁶ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 94.
- ¹⁷⁶ Rapid press releases : Communiqués de presse : Sommet UE – Chine : La Chine est désormais le deuxième partenaire commercial de l'UE25 : <http://www.europa.eu.int/rapid/pressReleasesAction.do?reference=STAT/04/146&format=> as of 08/04/05
- ¹⁷⁶ For more details refer to the tables provided at the annex section of this dissertation.
- ¹⁷⁶ An extended presentation of these projects can be found on the internet site of the Delegation of the European Commission in Beijing: <http://www.delchn.cec.eu.int/en/>
- ¹⁷⁶ Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 23.
- ¹⁷⁶ For a list of the sectoral dialogues and agreements: European Commission External Relations Directorate General - Sectoral Dialogues and Agreements: http://www.europa.eu.int/comm/external_relations/china/intro/sect.htm as of 02/06/05
- ¹⁷⁶ China: European Commission Approves Country Strategy Paper 2002-2006 Brussels, 1st March 2002: http://www.europa.eu.int/comm/external_relations/china/csp/index.htm as of 08/04/05
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- ¹⁷⁶ Commission of the European Communities: Communication From The Commission: A Long Term Policy for China – Europe Relations COM(1995) 279 / final: http://www.europa.eu.int/comm/external_relations/china/com95_279en.pdf , as of 02/06/05.
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- ¹⁷⁶ Ibid, 81.
- ¹⁷⁶ Commission of the European Communities: Report From The Commission To The Council And The European Parliament on the Implementation of the Communication "Building a Comprehensive Partnership with China" Brussels, 08.09.2000 COM(2000) 552 final: http://www.delchn.cec.eu.int/en/eu_and_china/com2000_0552en01.pdf as of 02/06/05
- ¹⁷⁶ Commission of the European Communities: Communication From The Commission To The Council And The European Parliament: EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy Brussels,

15/5/2001COM(2001)265final:

http://www.europa.eu.int/comm/external_relations/china/com01_265.pdf as of 02/06/05

¹⁷⁶ Commission of the European Communities: Commission Policy Paper for Transmission to the Council and the European Parliament: A maturing partnership - shared interests and challenges in EU-China relations (Updating the European Commission's Communications on EU-China relations of 1998 and 2001) Brussels, 10/09/03 COM(2003)533fin: http://www.europa.eu.int/comm/external_relations/china/com_03_533/com_533_en.pdf as of 02/06/05

¹⁷⁶ Commission of the European Communities: Towards a New Asia strategy, Communication from the commission to the council - COM(94) 314 final, Brussels: http://www.europa.eu.int/comm/external_relations/asem/asem_process/com94.htm#0 as of 02/06/05

¹⁷⁶ Commission of the European Communities: Communication From The commission: A Long Term Policy for China – Europe Relations COM(1995) 279 / final: http://www.europa.eu.int/comm/external_relations/china/com95_279en.pdf as of 02/06/05

¹⁷⁶ McDonald, Brian (2000): Setting the Agenda for the Twenty-First Century: China, Hong Kong, Macau and the European Union, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 196-201.

¹⁷⁶ Algieri, Franco (1999): Die Europäische Union und China, in: Europa – Handbuch 1999, p. 733.

¹⁷⁶ Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 23.

¹⁷⁶ For a further analysis on the issue of human rights in China, refer to the respective chapter included in this dissertation.

¹⁷⁶ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 750.

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- ¹⁷⁶ In: http://www.europa.eu.int/comm/external_relations/china/summit/jp_1103.htm
- ¹⁷⁶ Ministry of Foreign Affairs of the People's Republic of China - China's EU Policy Paper 13 October 2003: <http://www.fmprc.gov.cn/eng/wjb/zzjg/xos/dqzzywt/t27708.htm> as of 02/06/05
- ¹⁷⁶ China: Progress in EU – China relations at summit in Beijing:
http://www.europa.eu.int/comm/external_relations/china/intro/ip03_1467_en.htm
- ¹⁷⁶ *According to the white paper on human rights published on 13 April 2005 concerning China's progress in human rights in 2004, the country has joined 21 international conventions on human rights including the "International Covenant on Economics, Social and Cultural Rights", in 1997, and the "International Covenant on Civil and Political Rights", in 1998.*
- ¹⁷⁶ Commission of the European Communities: Towards a New Asia strategy, Communication from the commission to the council - COM(94) 314 final, Brussels, 13.07.94: http://www.europa.eu.int/comm/external_relations/asem/asem_process/com94.htm#0 as of 02/06/05
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- ¹⁷⁶ The assumption that resolution proposals in the U.N. Human Rights Commission are worthless, since they do not manage to be adopted and do not have significant results in the praxis, is not correct if we take into consideration the sensitivity of the Chinese governments on public accusations. Further on this issue in: Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 27.
- ¹⁷⁶ The PRC, using the antagonism of the EU member states in the field of foreign trade, manages often to deal with European human rights positions that are the result of the least common denominator and thus do not combine so offensive formulations.
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- ¹⁷⁶ Wacker, Gudrun (2004): Ende des EU – Waffenembargos gegen China?, Stiftung Wissenschaft und Politik, SWP-Aktuell 13, Berlin.p. 3-4.
- ¹⁷⁶ The 1998 EU Code of Conduct on arms sales, the “Letter of Intent” - July 1998 – and the EU regulation for the export of dual-use products 1995/2000.
- ¹⁷⁶ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 753.
- ¹⁷⁶ The Chinese Prime Minister Wen Jiabao has often described the arms embargo as “relic of the Cold War” and form of “political discrimination”, which China firmly opposes. Thus, the embargo it is not conforming to the EU – China comprehensive partnership.
- ¹⁷⁶ Möller, Kay (2003): Europa und China: Strategische Partner?: Neue Impulse nach der Kanzlerreise, Stiftung Wissenschaft und Politik, SWP-Aktuell 52, Berlin.p. 2.
- ¹⁷⁶ France to push for lifting arms ban, in: Xinhua News Agency, April 22, 2005.
- ¹⁷⁶ Schubert, Gunter (2002): China und die Europäische Union im Kontext der GASP, in: Aus Politik und Zeitgeschichte, B19-20/2002, p. 26.
- ¹⁷⁶ China’s participation to the “Galileo” satellite navigation project was decided during the 6th EU – China Summit in 2003.
- ¹⁷⁶ Wacker, Gudrun (2004): Ende des EU – Waffenembargos gegen China?, Stiftung Wissenschaft und Politik, SWP-Aktuell 13, Berlin.p.7-8.
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- ¹⁷⁶ Wai, Ting (2000): Europe, China and the Future of Hong Kong, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 237.
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- ¹⁷⁶ Wai, Ting (2000): Europe, China and the Future of Hong Kong, in: Neves, Miguel Santos; Bridges, Brian (edit.) (2000): Europe, China and the two SARs, London, p. 236.
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- ¹⁷⁶ The German chancellor Gerhard Schröder, during his official trip to the PRC, 1-4 December 2003, following Helmut Kohl's China policy affirmed the existence of a connection between "China's division" and the division of Germany.
- ¹⁷⁶ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel. p. 20-21
- ¹⁷⁶ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p.99.
- ¹⁷⁶ The Holy See is the only European country having diplomatic relations with Taiwan. In other words, the whole European area lacks political leverage over Taiwan.
- ¹⁷⁶ Algieri, Franco (2002): Die Europäische Union und China, in: Europa – Handbuch 2002, p. 753-754.
- ¹⁷⁶ Hellmann, Rainer Dr. (2003): Neue Stützpunkte der EU in Südost- und Ostasien, in: Eumagazin, 5/2003, p. 13.
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world except for some members of the foreign policy elite in Washington. Since the EU as a sole actor will carry less weight in trying to reverse America's increasingly unilateral trend, it needs a strong Euro – Asian bridge to help it play an independent role in forging a stable multipolar international system.

Furthermore, Pax Sinica, from the Han dynasty to today, has rarely meant occupying territories. It has instead implied assuring China's predominance by establishing a balance of powers among smaller neighbors and by denying third parties a major role along China's borders. Pax Americana has so far imposed limits on Beijing's influence, and only a new multipolar balance or common, cooperative security could replace this Pax Americana in the medium term¹⁷⁷. Independence, sovereignty, national unity and security against external military threats, have been the axis principles of every Chinese government in elaborating its foreign policy. At the same time, China has shown a remarkable capability of being flexible enough to adapt to its external environment. Thus, the recent swing of Chinese foreign policy from bilateralism to multilateralism and the even more frequent use of the

http://www.europa.eu.int/comm/external_relations/china/com_03_533/com_533_en.pdf as of 02/06/05

¹⁷⁶ Ministry of Foreign Affairs of the People's Republic of China - China's EU Policy Paper 13 October 2003: <http://www.fmprc.gov.cn/eng/wjb/zzjg/xos/dqzywt/t27708.htm> as of 02/06/05

¹⁷⁶ Studia Diplomatica (2003): China: Which perspectives for an awakening Giant?, Vol. LVI:2003, Brussel. p. 25-31.

¹⁷⁶ Embassy of the People's Republic of China in the French Republic: Wen Jiabao sur les relations sino-européennes (30-04-2004) 2004-05-09: <http://www.amb-chine.fr/fra/gzzg/wjzt/t96967.htm> as of 09/01/05

¹⁷⁶ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 92-94

¹⁷⁶ Ibid p. 99.

¹⁷⁶ Song, Xinning (2002): Europa und China – eine schwierige Beziehung, in: Internationale Politik, Vol. 57/2, p. 43.

¹⁷⁶ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Wissenschaft und Politik, SWP-Aktuell 52, Berlin.p. 3.

¹⁷⁷ The analysis comes from: Möller, Kay (2001): China: Global or Regional Player? Great Power, partner, or Chaotic Power?, in: Gärtner, Heinz; Hyde-Price, Adrian; Reiter, Erich (edit) (2001): Europe's New Security Challenges, London. p. 415.

term “multilateral” in its official discourse during recent years are of great significance. Examples, such as the “Shanghai Cooperation Organization” with its secretariat based in Beijing, China’s involvement in ASEAN and the role of the PRC as a permanent member of the U.N. Security Council show clearly the country’s will to ascribe increasing importance to multilateral institutions¹⁷⁸.

The Chinese feel frustrated by the fact that at the very moment when China has decided to integrate fully into the existing international system, the United States has begun to change the rules of the game. It has taken more than 150 years for China to adapt itself to such a system and complete a long historical process by entering the WTO. The EU has welcomed this development with open arms. More importantly, China has recently experienced an important power transition. The Chinese leaders of the “fourth generation” are in their fifties and early sixties and far more open-minded than their predecessors. A hostile external environment may hurt China’s domestic agenda and retard the gradual movement towards political relaxation that has been taking place in the last few years. The most troublesome phenomenon is the rise of xenophobic nationalism in China, and the current state of US-China relations will further encourage this dangerous trend¹⁷⁹.

Individual EU countries, such as France and Germany, have already expressed their disagreement with Washington’s assessment of a rising China. The German Chancellor Gerhard Schroeder has long proposed bringing China into the G8. France has often voiced strong opposition to a unipolar world promoted by the United States. To that end, the EU should become even more active. It is encouraging to hear the President of the European Commission stating: “We are at a dynamic moment in our relationship with China. Our Chinese partners have acknowledged the

¹⁷⁸ Schulz, Günther (2003): China und EU in einer multipolaren Weltordnung, in: Eumagazin, 5/2003, p. 8.

¹⁷⁹ Lanxin, Xiang (2001): An EU Common Strategy for China?, in: The International Spectator, Vol. 36, p. 96.

importance of the EU as a strategic partner and our relationship is growing in the political as well as trade fields. Developing this relationship will be one of our top foreign policy objectives in the years to come". After the 7th EU – China Summit he went a step further, making a forecast: "I'm sure that during the next five years there will be great progress in the strategic partnership between the EU and China"¹⁸⁰.

¹⁸⁰ 7th EU-China Summit - Press Conference Speech by José Manuel Barroso The Hague, 08 December 2004 - SPEECH/04/523: http://www.europa.eu.int/comm/external_relations/news/barroso/sp04_523.htm as of 02/06/05

E. Epilogue

From the very first chapter of this dissertation we have tried to examine the case of China closely. This had the aim of facilitating the understanding of the way this country acts in its national and international environment and the approach undertaken has been effectuated through the spectrum of China's own cultural background.

Hence, we moved forward by viewing in detail the current forms of cooperation, not only in the political field, but in fields such as economy and development cooperation as well. The willingness in the first place to cooperate, and the pace and the specific content of this cooperation, are subjects treated in official documents issued by both sides. Nonetheless, certain issues dominate the agenda of their relation and are thus entitled to a more thorough study. This demarche has permitted us finally not only to explore the quality of Sino-European cooperation but also the possibilities of deepening even further this strategic partnership.

As a consequence of differences in the form of societal organization, historical and cultural tradition, the level of economic development, it is quite normal that China and Europe do not share the same opinion in all issues. There is not one civilization, nor one form of societal organization, nor one model of economic development. Each nation has contributed its share to the development of the human civilization. What is important is, that dialogue and cooperation should take place on the basis of mutual respect and complementarity, emphasizing more on our common elements than on our differences. China and Europe are both essential elements of the international scene. They both find themselves in an important historical phase of their development. Moreover, they both share a similar point of view – at least in principle – on a series of critical issues, such as terrorism or the promotion of a multipolar instead of a unipolar world order. Having nowadays

to deal with terrorism, hate, fanatics and extremism, China on its way to modernization, and has far more elements in common with western democracies, than differences, although the two sides interpret democracy and human rights differently.

However, an EU China policy should pay attention in separating politics from economy, following thus the example of Chinese governments' methods. The Chinese principle that economic relations should not be put under political conditionality, could in a vice-versa form be applied to China as well, so that European criticism on issues like human rights and the questions of Taiwan and Tibet, will not be subject to Chinese economic "consequences".

In parallel, solidarity amongst the EU member states must characterize the way the Union acts. Movements such as the Sino-french "global partnership" or the German China policy of the Kohl and Schroeder governments, should be avoided. Instead of strengthening the EU's image, they reduce the Union's negotiating efficiency. Only when Chinese leaders start feeling that they have to deal with a strong dialogue partner, who has the ability and the will, if necessary, to act against Beijing's interests, will they take the EU more seriously. Furthermore, since the EU, contrary to the United States, does not have any geo-strategic interests in the Asian region, its active peaceful presence can have a positive impact for the resolution of regional conflicts.

It is not the intention of this dissertation, either to underestimate, or to exaggerate the influential power of cultural differences among nations in today's world. Yet, the dramatization of cultural conflicts can only foster ill feeling and new confrontations in an age, which should be marked by peace and development. The economic relations between Europe and China need to be strengthened instead of harmed by political, social and cultural differences, or Eurocentric and Sinocentric obsessions. A sound and healthy economic relationship can contribute to the improvement of broader and

deeper understanding and cooperation between Europe and China, bringing better lives to the peoples of both sides, reducing tensions and conflicts, and in the end contributing to the welfare of mankind.

What is essential, however, and thus worth repeating, is that Europeans and Chinese should treat each other as equal partners, that they should show mutual respect to each other's values and customs, and honour common interests and comparative advantages. People are different and will remain different. The difference does not prevent people from cooperating and interacting with each other. For the purpose of cooperation and interaction, peace has to be maintained. Yet, the eternal question – in the case of the current analysis of Sino-European relations as well – is whether the theoretical approach can be applied in practice and lead to the same conclusions as foreseen. The future will either verify or disprove them.

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Annexes

Chronology of relations

2005	15-17 March	Chinese Foreign Minister Li Zhaoxing visits Brussels . He meets with European Commission President Barroso and CFSP High Representative Javier Solana among others.
2005	24 to February	28 European Union Trade Commissioner Peter Mandelson visits China .
2004	12	Seventh EU-China summit is held in the Hague, Netherlands. Two Joint Declarations are issued, three bilateral agreements signed and financing agreements for four new co-operation programmes with a total value of Euro61 million signed.
2004	10	The Chinese National Remote Sensing Center (NRSCC) becomes a Member of the Galileo Joint Undertaking (GJU), and the agreement is signed between Executive Director of the GJU Mr. Rainer Grohe and the Acting Director of the NRSCC Mr. ZHANG Guocheng in Beijing. Vice-President of the Commission Loyola de Palacio and the Chinese Minister XU Guanhua also attended the signing ceremony.
		China has committed to contribute EUR 200 million to the Galileo Programme.
2004	09	First Chinese groups of Chinese tourists travel to the EU under the Approved Destination Status Agreement signed earlier in 2004.
2004	06	Commissioner Liikanen launches the EU-China Programme to Support China's Integration to the World Trading System.
2004	06	EU Commissioner for Enterprise and Information Society Erkki Liinanen visits China to give political impetus to the increasingly close bilateral policy and regulatory co-operation between the EU and China in areas of regulatory and industrial policy as well as information society.
2004	05	Chinese Premier Wen Jiabao visits the Headquarters of the European Union in Brussels for the first time. During the visit Premier Wen takes part in meetings with President Prodi and High Representative Solana to discuss ways to enhance the rapidly growing partnership between the EU and China. The visit also sees the initialling of an important agreement on customs cooperation and the formal launch of policy dialogues on competition, trade and textiles.
2004	04	European Commission President Romano Prodi and Chinese Premier Wen Jiabao meet for the second time in six months. Mr. Prodi also meets with Chinese President Hu Jintao, makes two keynote speeches on political and economic relations and launches a new EU-funded programme for European Studies in China during his official visit to Beijing and Shanghai.
2004	04	Research Commissioner Philippe Busquin and Chinese Minister for Science and Technology Xu Guanhua sign a joint statement on the future of EU-China S&T co-operation. Mr. Busquin is accompanied on the visit to China by a high level delegation of leading businesspeople from the European space sector.
2004	03	The European Union becomes the biggest trading partner of China. China is the second biggest trading partner of the EU.
2004	03	Agriculture Commissioner Franz Fischler opens the European stand at SIAL

		China, the leading trade fair for food, beverages, wines and spirits in Shanghai, during his visit to China to promote European agricultural products. The Commissioner is accompanied on the trip by a high level business delegation from the agriculture sector.
2004	03	EU High Representative for Common Foreign and Security Policy Javier Solana visits China.
2004	03	For the first time a group of eight Members of the European Parliament are invited to witness the closing ceremony of the National People's Congress in China.
2004	03	Trade Commissioner Pascal Lamy meets the newly appointed Minister of Commerce Bo Xilai for the first time during an official visit to China to strengthen EU-China trade ties. Mr. Lamy also meets the Chinese Vice Prime Minister Wu Yi.
2004	02	EU and China sign the milestone "Approved Destination Status" (ADS) agreement.
2003	12	Viviane Reding, EU Commissioner for Culture and Education, visits Beijing at the invitation of Chinese Minister of Culture Sun Jiazheng. A joint declaration was issued to enhance cooperation in the culture field between EU and China.
2003	11	Mario Monti, EU Commissioner for Competition, visits China and launches a dialogue of industrial policy between EU and China.
2003	11	EU Commissioner for the Environment Margot Wallström visits China to address with the Chinese authorities some of the environmental challenges faced by both sides.
2003	10.30	The Sixth EU-China Summit takes place in Beijing. The European side is represented by the Italian Prime Minister, Silvio Berlusconi, in his role as President of the European Council, the President of the European Commission, Romano Prodi, and the High Representative for External Affairs, Javier Solana. The Chinese side is led by Premier Wen Jiabao. The European leaders meet with Chinese President Hu Jintao as well. The Summit is the first occasion for leaders from both sides to meet since China issued its policy paper on EU Relations, and the EU approved its strategy for relations with China during the next years.
2003	10.13	Chinese government releases its first policy paper towards the EU.
2003	10.13	During the meeting of General Affairs Ministers in Europe, the EU adopted the conclusions on the "Commission's Policy Paper on China: A Maturing partnership - shared interests and challenges in EU-China relations" which was proposed by the European Commission on September 10, 2003.
2003	9	EU Commissioner for Enterprise and Information Society Erkki Liikanen visits China to launch a new dialogue on industrial policy issues and open the first ever EU-China seminar on certification.
2003	9	Commissioner Poul Nielson, responsible for Humanitarian Aid and Development, visits China, and travels to Gansu Province to inspect the EU China Basic Education Project.
2003	7	Pascal Lamy travels to China to participate in the ASEM Economic Ministers Meeting, in Dalian.
2003	6	EU Trade Commissioner Pascal Lamy visits China to strengthen EU-China trade relations and cooperation in the Doha Development Agenda.
2003	4	The first Euro-China Workshop on "Digital Olympics" opens in Beijing, with the participation of over 250 European and Chinese organisations, interested in enhancing IT cooperation and research in relation to the Beijing

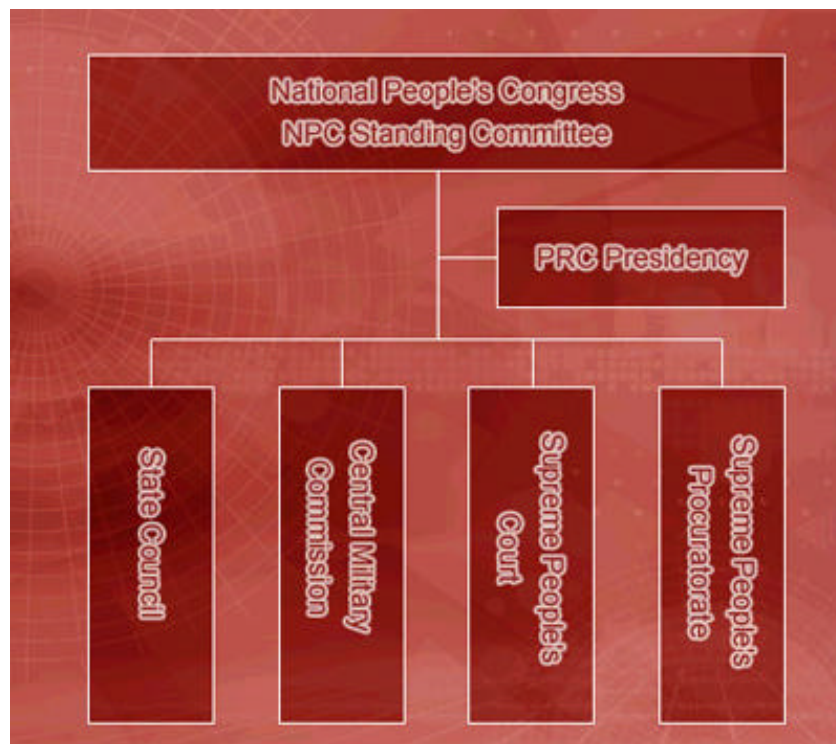
		2008 Olympic Games.
2002	12	Vice-President in charge of Transport and Energy Loyola de Palacio, Bendt Bendtsen, Danish Minister for Economic and Business affairs and President of the Council, and the Chinese Minister for Communications, Mr. Zhang Chunxian formally sign the EU-China Maritime Agreement.
2002	10	The European Commission adopts a humanitarian aid decision worth 1.72 million Euro to provide additional fund in helping the victims of flooding in the Chinese provinces of Guangxi, Hunan and Yunnan.
2002	10	European Union Trade Commissioner Pascal Lamy visits Beijing and Guangzhou to give impetus to the on-going trade negotiations under the Doha Development Agenda.
2002	9	The fifth EU-China Summit takes place in Copenhagen.
2002	9	The European Commission, World Bank and Chinese government host the Dalian Environment Conference to discuss the environmental issues in seeking sustainable development
2002	8	The European Commission decides to give humanitarian aid worth 2.73 million Euro to assist China meet the urgent needs derived from heavy rains in the Central and Southern provinces, and snowfalls in Tibet
2002	4	Erkki Liikanen, EU Commissioner responsible for Enterprise and Information Society, launches in Shanghai a series of EU-WTO Seminars during his visit to China. The seminar aims at increasing the understanding of the Chinese business community on how WTO membership affects the way China deals with the outside world
2002	April	European Commissioner for External Relations Chris Patten pays his first official visit to China at the invitation of the Chinese government
2001	5 September	The fourth EU-China Summit takes place in Brussels
2001	June	The European Commission releases a Communication entitled "EU Strategy Towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy"
2000	23 October	The third EU-China Summit takes place in Beijing
2000	13 October	The first EU-China High-Level Consultations on Fighting Illegal Migration and Trafficking in Human Beings take place in Brussels
2000	June	Prime Minister Zhu Rongji pays his first official visit to the headquarters of the European Commission in Brussels
2000	May	The EU and China conclude bilateral negotiations on China's accession to the World Trade Organisation
1999	21 December	The Second EU-China Summit takes place in Beijing
1999	12 November	The European Commission adopts a policy paper on "The European Union and Macau: Beyond 2000"
1999	January	The first annual report by the Commission on Hong Kong SAR is published
1998	29 October -	Official visit of European Commission President Santer, Vice-President Sir Leon Brittan and Commissioner de Silguy to China and Hong Kong
	3 November	
1998	3-4 April	The second Asia-Europe Meeting (ASEM) takes place in London
1998	2 April	The first EU-China Summit takes place in London
1998	25 March	European Commission adopts policy paper on "Building a Comprehensive partnership with China"
1997	23 October	Resumption of dialogue on Human Rights, interrupted in Spring 1996

	ii	The European Commission adopts a policy paper on "The European Union and Hong Kong: Beyond 1997"
	23 April	
1996	1-2 March	The first Asia-Europe Meeting (ASEM) takes place in Bangkok. China and the EU both take part
1995		A specific dialogue on human rights is launched at the suggestion of the Chinese authorities
1995		European Community Humanitarian Office (ECHO) gives humanitarian aid to China for first time
1995		European Investment Bank establishes first project in China
1995	5 July	European Commission adopts strategy paper on "A Long Term Policy for China-Europe Relations"
1994	June	New bilateral political dialogue opens between EU and China
1993	October	European Commission opens office in Hong Kong
1993		European Commission provides assistance to the UN World Food Programme's projects in China for first time
1992	June	Dialogue on environment starts
1992		Most EC-China relations are normalised. Embargo on arms trade remains in force
1991		European Commission grants aid to Tibetan refugees for first time
1990	October	The European Council and the European Parliament decide gradually to re-launch EC-China bilateral relations and return China to list of countries eligible for cooperation starting in 1992
1989	June	EC freezes relations with China as a reaction to the events on Tiananmen Square in Beijing on 4 June. A number of sanctions are imposed
1988	4 October	A Delegation of the European Commission opens in Beijing
1987		For the first time, the European Commission co-finances NGO development activities in China
1985	21-23 May	EC and China sign Trade and Economic Cooperation Agreement in Brussels.
1985		Jacques Delors, President of European Commission, visits China
1984		First EC cooperation project in China is launched (business management training and rural development)
1984		First ministerial consultations take place between China and EC in framework of political cooperation
1983		First EC-China scientific cooperation programme is launched
1980	16-19 June	First Interparliamentary meeting between delegations from the European Parliament and the National People's Congress takes place in Strasbourg
1979	July	The first EC-China Joint Committee meets in Beijing
1979	February	The first President of the European Commission to visit China is Roy Jenkins. He meets Deng Xiaoping
1979	January	The first President of the European Parliament to visit China is Mr Emilio Colombo
1978	3 April	EC and China sign Trade Agreement in Brussels. This includes the creation of an EU-China Joint Committee
1975	May	Diplomatic relations established after the visit of European Commissioner Sir Christopher Soames

A Brief Chronology of Chinese History

Xia Dynasty		2070-1600 B.C.	
Shang Dynasty		1600-1046 B.C.	
Zhou Dynasty	Western Zhou	1046-771 B.C.	
	Eastern Zhou	770-256 B.C.	
	Spring and Autumn Period	770-476 B.C.	
	Warring States Period	475-221 B.C.	
Qin Dynasty		221-206 B.C.	
Han Dynasty	Western Han	206 B.C.-A.D. 25	
	Eastern Han	25-220	
Three Kingdoms	Wei	220-265	
	Shu Han	221-263	
	Wu	222-280	
Western Jin Dynasty		265-317	
Eastern Jin Dynasty		317-420	
Northern and Southern Dynasties	Southern Dynasties	Song	420-479
		Qi	479-502
		Liang	502-557
		Chen	557-589
	Northern Dynasties	Northern Wei	386-534
		Eastern Wei	534-550
		Northern Qi	550-577
		Western Wei	535-556
		Northern Zhou	557-581
Sui Dynasty		581-618	
Tang Dynasty		618-907	
Five Dynasties	Later Liang	907-923	
	Later Tang	923-936	
	Later Jin	936-947	
	Later Han	947-950	

	Later Zhou	951-960
Song Dynasty	Northern Song	960-1127
	Southern Song	1127-1279
Liao Dynasty		907-1125
Jin Dynasty		1115-1234
Yuan Dynasty		1206-1368
Ming Dynasty		1368-1644
Qing Dynasty		1616-1911
Republic of China		1912-1949
People's Republic of China		Founded 1 st October 1949

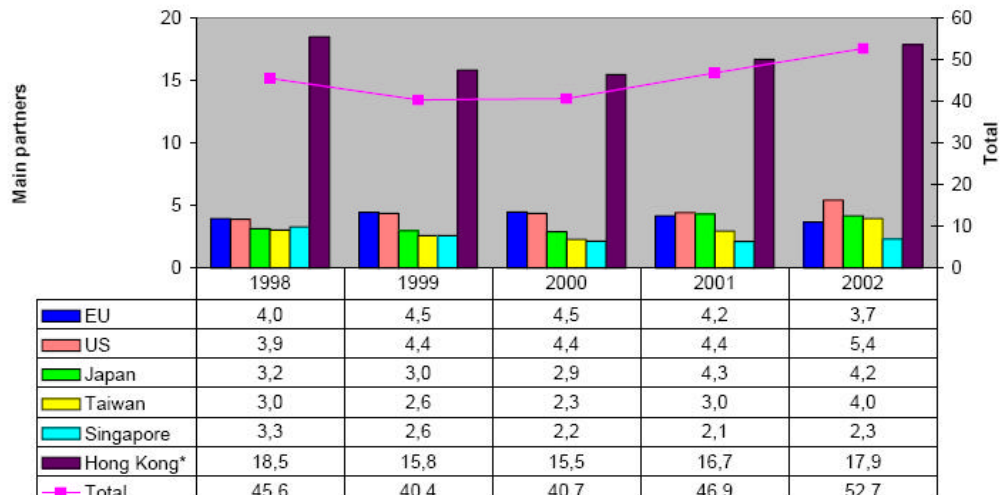


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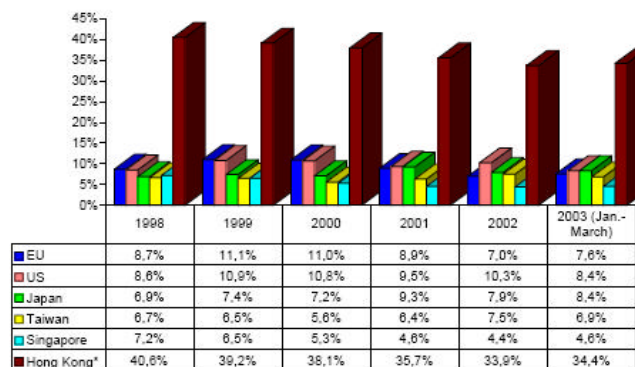
Foreign Direct Investment (FDI) in China

Source: Chinese Government (MOFCOM / MOFTEC)

New FDI inflows (USD bn)



Share in new FDI inflows



Aggregate FDI (stocks, end of 2002)

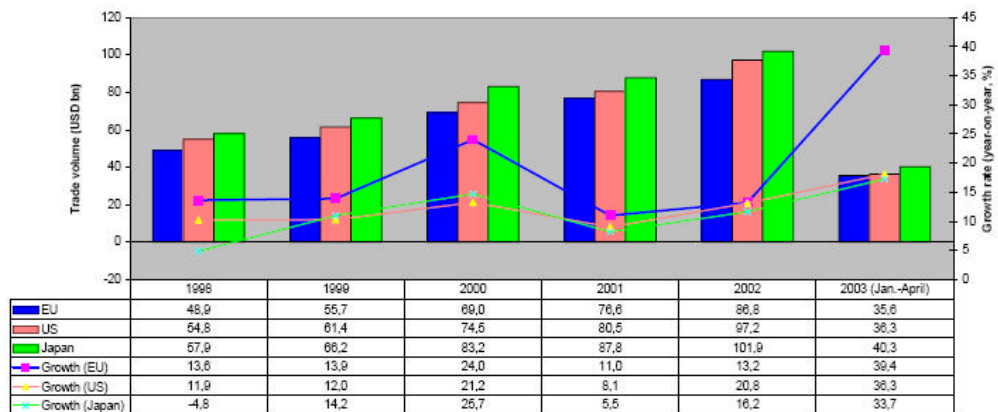


*) Chinese data on HK FDI are thought to be hugely exaggerated, as tax privileges offered to attract FDI prompt Chinese investors to export funds to Hong Kong and to repatriate them in the form of FDI. Moreover, large amounts of Taiwanese FDI pour into China through Hong Kong, skirting Taiwanese restrictions; Chinese figures capture only part of these (official figure for aggregate utilised Taiwanese FDI is 29 bn, but analysts estimates range from 70-100 bn).

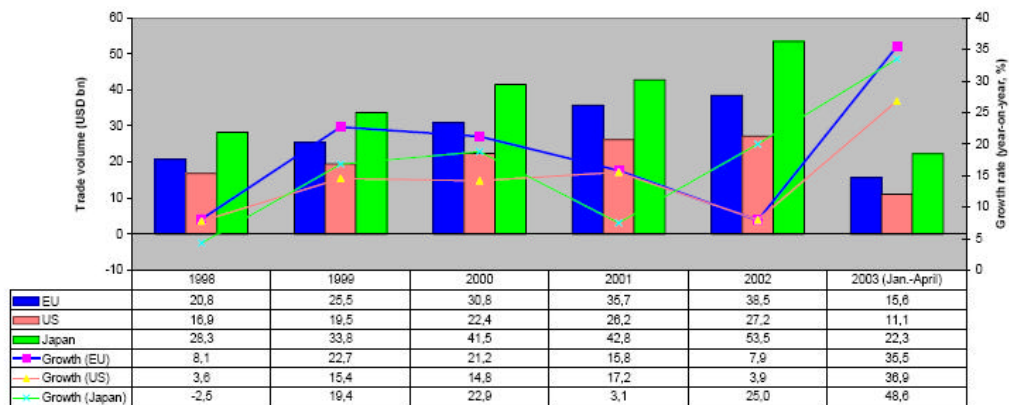
China's trade with major partners (USD bn)

Source: Chinese Government (MOFCOM / MOFTEC)

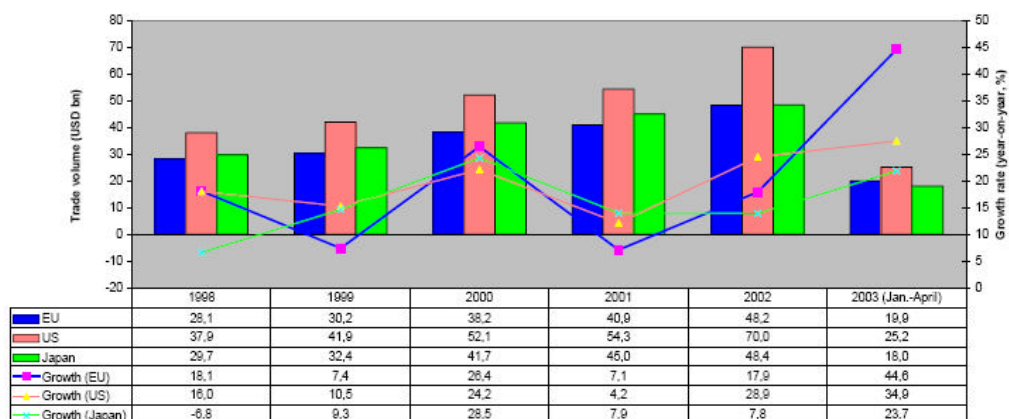
Total trade



China's imports



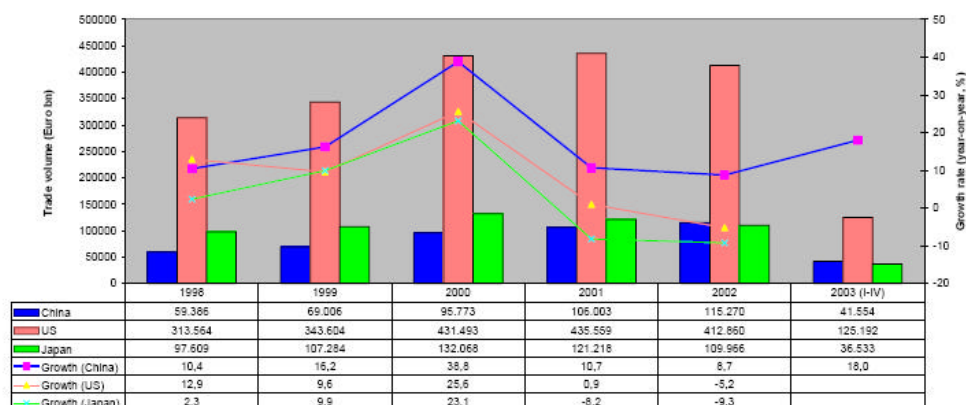
China's exports



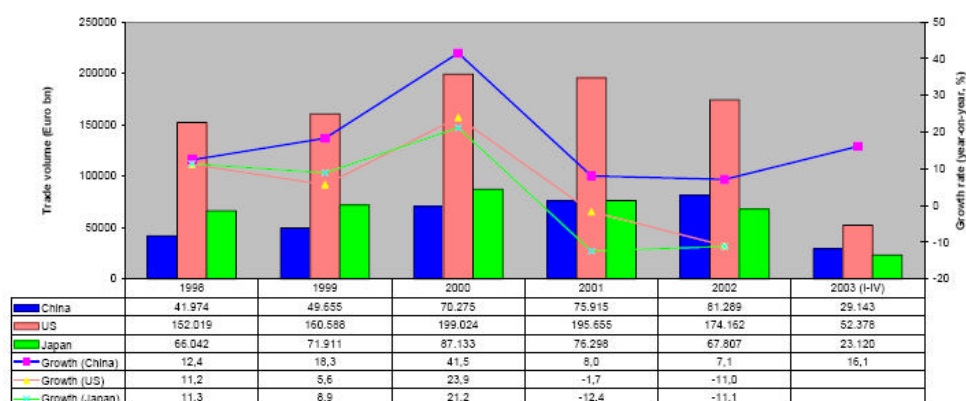
EU trade with the world and China (€ million)

(excluding intra-EU trade)
Source: EUROSTAT (COMEXT)

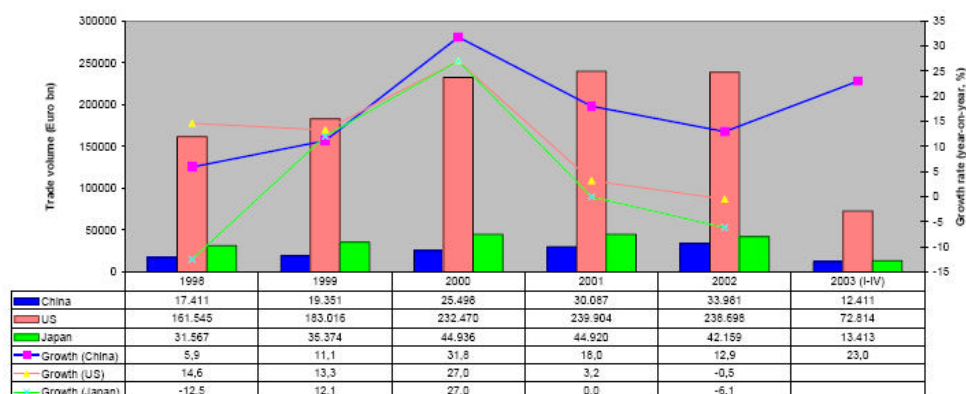
Total trade

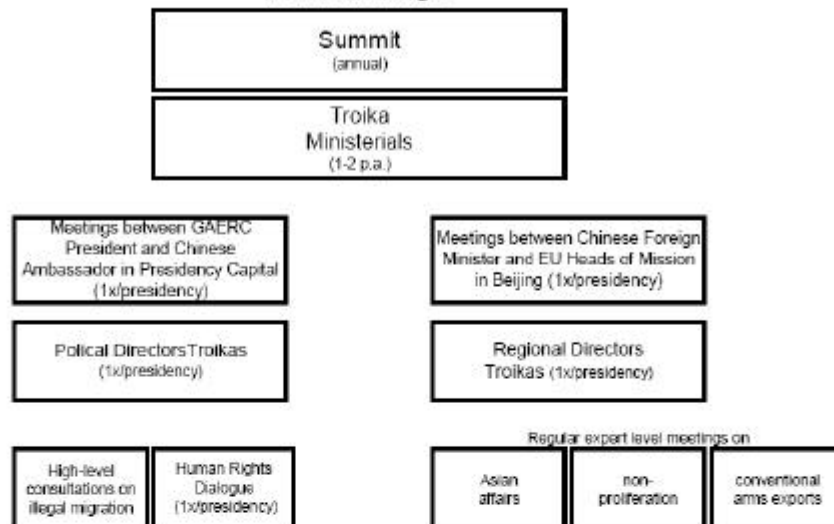


EU imports



EU exports



EU-China Dialogue**Political Dialogue****Economic and sectoral dialogue and agreements**