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Master-Thesis

**Assessing Strategic Partnership policy -  
Does EU-China Dialogue Architecture fit the objectives  
of EU Strategic Partnership Policy towards China?**

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## Abstract

Nearly four decades ago, European Communities (now European Union) and People's Republic of China have started to bilaterally interact at the international area. Tremendous progress, the result of deep commitment of both sides, has evolved during the years into new form called strategic partnership. This kind of policy is granted to the countries, which are the closest friends and the most powerful entities in the globe. Simple consideration of someone as strategic partner creates a deep commitment and requires further strengthening of bilateral ties.

However, to name China as EU's strategic partner is only a half way. The second half is to establish proper mechanism and constructs to mutually interact. The dialogue architecture started to form already at the very beginning of establishing the diplomatic relations between those two entities. Over the course of many years, absorbing more and more areas of mutual interest, the framework of Sino-European dialogue evolved into three pillar system, which now tries to meet the objectives of established strategic partnership policy. Did the evolution of bilateral contacts between China and Europe create efficiently functioning environment for this kind of policy?

In order to answer to this question, the first part of this paper will concentrate on the history of Sino-European relations. Thirty-eight years of bilateral cooperation have shown the ups and downs of this relationship, clarifying the objectives of both sides, eventually bringing them ever closer. After this brief historical introduction, we describe the concept of strategic partnership, which will be followed by the description of the main elements of current three pillar EU-China dialogue architecture. With this background, the second chapter will examine the outcomes from EU-China relations in accordance with three pillar framework with its three constitutive parts, namely: Political dialogue; Economic and sectoral dialogue; and People-to-people dialogue. In the case of first pillar, we will focus on the issues of strategic importance, such as Human rights protection and EU's arms embargo on arms sales to China. Second pillar will be described by the issues disturbing bilateral relations, namely: Intellectual Property Rights

violations; Trade facilitation; Small and Medium Enterprises protection; and Galileo Satellite System project. People-to-people dialogue evolution will be presented as an example of currently emerging field of mutual interest in EU-China relations. In the third chapter, the outcomes presented in previous part will be assessed with the objectives of strategic partnership policy, which are grouped in three broad categories: structural, relational and reflexive partnerships. The last part concludes the findings from previous chapters.

## Chapter 1 History of EU-China relations

European Union and China are considered as economic giants at the international scene. Their active cooperation is necessary for a well-being of global economy and its further development. In order to enforce their positions at the global arena, both sides had to establish, develop and maintain a complex and interdependent system of cooperation. What we see now is an outcome from perennial disputes, hard bargaining and resolved crises. The most difficult task in creation of such partnership is finding the middle way between the costs and benefits of cooperation. The history of EU-China relations shows that it is possible.

The common relations between them were not possible until 1960, when Sino-Soviet split took place. Political and ideological differences between Moscow and Beijing, derived from Russian and Chinese national interests, have forced Mao Zedong to look for allies elsewhere. At that time, searching for the support at the side of the United States was no longer an option – ideological discrepancies were effectively making such coalition impossible. Europe, at the other hand, has been a perfect candidate.

There were two main reasons for that: firstly, Europe's geopolitical position was neither influenced by communist ideology, nor by American imperialism; secondly, it's economic grow has been perceived by Chinese leaders as very attractive and forward-looking. The government in Beijing has launched then a policy of *rapprochement* toward the European Communities and the common history of those two has begun.

### 1.1 From the establishment of bilateral relation to the constructive engagement

Whereas the reasons of cooperation for the Chinese part were clear, the European's ones were more intricate. The beginning of EU-China relations was strongly affected by the *China problem*: the issue related to existence of two governments ruling over one territory –

the People's Republic of China (PRC) on the mainland and the Republic of China (ROC) on Taiwan. This state of affairs posed an important question for the European officials of which government to choose to cooperate with. The situation became even more complicated, when ROC government suspended any diplomatic relations with countries, which established relations with Beijing. But since ROC lost in 1971 its UN seats as "China", the decision of western European countries was purely strategic and they had strengthened the relation with the bigger economic partner – People's Republic of China.<sup>1</sup>

The first countries to establish trade relations with PRC in 1950 were United Kingdom, Netherlands and Denmark. France followed in 1964, Italy in 1970, Belgium in 1971, Germany, Luxembourg and Greece in 1972 and Spain and Portugal in 1974.<sup>2</sup> After this, it was just a matter of time when European Community decides to establish its own diplomatic relations with PRC.

In May 1970, for the first time in the history, the Commissioner Sir Christopher Soames traveled to Beijing in order to build the fundamentals for future cooperation and to establish diplomatic relations between EC and People's Republic of China. Besides this very important outcome from Soames' visit, one crucial statement about future trade relations has been mentioned. As he said himself, in front of the European Parliament in June 1970:

*"The individual trade agreements between the Community's Member countries and the People's Republic of China have expired, and we confirmed the Community's readiness to negotiate an appropriate Community trade agreement to take the place of these expired agreements with the Member States. (...) The Chinese Ministers told me that they have decided to give positive consideration to this proposal. They see it as a logical consequence of their decision to establish official relations with the Community that these relations should be extended also to the trade field."*<sup>3</sup>

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<sup>1</sup> Finn Laursen, *The EU's Strategic Partnerships: The Case of EU-China Relations*, Dalhousie EUCE Occasional Paper No. 10, Boston, 2011, pp. 8.

<sup>2</sup> Ibidem, pp. 8.

<sup>3</sup> Soames, Christopher (1975) Speech given by Sir Christopher Soames, Vice President of the Commission of the European Communities, at the Comitextil General Assembly Luncheon. Brussels, 25 April 1975. [EU Speech]

After establishing the bilateral relations between the EC and PRC, the trade regulation issue entered into the European debate. The time for doing so was perfect, nearly every Member State's trade agreements with China were about to expire.

*EEC-China Trade and Economic Cooperation Agreement* was the first of its kind in the history of EU-China relations. This first intergovernmental agreement created the fundamentals for the long-term, non-preferential trade with equal benefits and obligations for both parties, mainly in textile and agriculture. It also established joint committee, which still organizes meetings every year, covers the trade and business talks between EU and China at the expert level and supervise the cooperation.<sup>4</sup>

Two partners did not wait long for the next step. As the mutual cooperation has been accelerated, the need for new agreement appeared. The most important document, from the point of view of future relations, was signed already in 1985. *Trade and Economic Cooperation Agreement between the European Economic Community and the People's Republic of China* replaced the former one from 1978. It mainly focused on trade, which was considered as main accelerator of EU-China cooperation at that time. Promotion and intensification of common trade covered new areas, such as industry and mining; science and technology; energy and protection of the environment.<sup>5</sup>

Thus new elements, which will later become even more crucial, entered into China-EU agenda. In order to facilitate bilateral exchange and make it more intelligible, signatories agreed upon granting themselves the status of the Most-favoured nation (MFN)<sup>6</sup>. Since then, main competences of joint committee, attended by Chinese Ministry of Commerce (Mofocom)

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<sup>4</sup> Official Journal of the European Communities, *Trade Agreement between the European Economic Community and the People's Republic of China*, Document No. L 123, 3 April 1978.

<sup>5</sup> Council Regulation (EEC) concerning the conclusion of a Trade and Economic Cooperation Agreement between the European Economic Community and the People's Republic of China, No 2616/85, 16 September 1985, available at < [http://eur-lex.europa.eu/smartapi/cgi/sga\\_doc?smartapi!celexplus!prod!DocNumber&lg=en&type\\_doc=Regulation&an\\_doc=1985&nu\\_doc=2616](http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=en&type_doc=Regulation&an_doc=1985&nu_doc=2616)>.

<sup>6</sup> Note: Most favoured nation is a special status in international trade, which means that the recipient of MNF must receive equal trade advantages as the "most favoured nation" by the country granting such treatment. It simply means that MNF country cannot be treated by granting country less favourably than any other country with the same status.



and the EU Trade commissioner are: maintaining the balance in trade; supervision of trade relations; and issuing recommendations.<sup>7</sup> Thereafter, Agreement from 1985 is the main legal basis for EU-China relations. Even now, every contract signed between those partners has to be in accordance with it.

As quick as the relations were deepening, the first discord emerged. Just one year after the establishment of the first Delegation of the European Commission in Beijing (1988), Chinese government had inflamed the bilateral relations with EU. Even if the long-run situation of Tibet has always been a big concern of the EU in the relations with China, member states did not openly react due to maturing and well-functioning bilateral trade and cooperation. But the event from June 1989 in China absolutely changed their perspective.

In 1989, after death of the First Secretary of the Communist Party, Hu Yaobang, thousands of students started occupying Tiananmen Square, demanding political and economic reforms. The new government, not willing to carry any substantial reform, decided to use force which resulted in bloodshed. This event could not pass without a reaction from Community. In the response for this, EC has imposed sanction on China which consisted of freezing the relations at the ministerial level, suspension of aid programs, calling for respect of human rights, stopping giving loans and credit insurance to China through the World Bank and imposition of arms embargo on trade with China<sup>8</sup>. However, in order to continue the bilateral partnership and with a number of minor changes in Chinese legislation, EC has been forced to undo every sanction, not including arms embargo. The last one is still considered as the main moot point in EU-China relations. This issue will be discussed later on, in the chapter devoted to the first pillar of Sino-European strategic partnership.

As it was mentioned above, the trade agreement from 1985 gave the substance for the economic cooperation with China, but any substantial plan for future cooperation has never been created.

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<sup>7</sup> Barysch, K. et al, *Embracing the dragon: The EU's partnership with China*, Center for European Reform, London, 2005, pp. 9.

<sup>8</sup> The Council of Ministers, Madrid 26-27 June 1989, pp. 17, available at <[http://www.ab.gov.tr/files/ardb/evt/1\\_avrupa\\_birligi/1\\_4\\_zirveler\\_1985\\_sonrasi/1989\\_madrid\\_zirvesi\\_baskanlik\\_avrupa\\_topluluklari\\_en.pdf](http://www.ab.gov.tr/files/ardb/evt/1_avrupa_birligi/1_4_zirveler_1985_sonrasi/1989_madrid_zirvesi_baskanlik_avrupa_topluluklari_en.pdf)>.

In 1994, the first plan has been issued by the Commission – *A long term policy for China-Europe relations*. The most fundamental assumption of this paper was the belief that “Europe must develop a long-term relationship with China that reflects China's worldwide, as well as regional, economic and political influence.”<sup>9</sup> The Commission found out many common interests, such as non-proliferation of nuclear weapons; protection of the environment; global economy stability; and integration of China into international community.<sup>10</sup>

The last objective had to be accomplished by new EC's policy, called ‘Constructive engagement’ – the ancestor of future strategic partnership. New policy was based on China's gradual engagement in international community, both at regional (nuclear stability in Korean peninsula and Taiwan issue) and global level (higher competitiveness, arms control, non-proliferation and disarmament).<sup>11</sup> Other issues concerned Chinese accession in WTO, its transition to open market economy and human rights.

## 1.2 From the Constructive engagement to the Strategic partnership

*“Since the mid-1990s, the policy of constructive engagement has aimed at promoting the fullest possible Chinese involvement in the international arena, whether in the economic, social, political, security or military dimensions.”*<sup>12</sup>

This quote fully represents the underlining objectives of the policy undertook by European Union towards China. The idea was to make China more open in order to approach its growing market and make mutual profits from it. EU's effort for the transformation had three strategic objectives<sup>13</sup>:

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<sup>9</sup> Communication from the Commission, *A long term policy for China-Europe relations*, COM (95) 279 final, 5 July 1995, available at < [http://eeas.europa.eu/china/docs/com95\\_279\\_en.pdf](http://eeas.europa.eu/china/docs/com95_279_en.pdf)>.

<sup>10</sup> Ibidem.

<sup>11</sup> Nicola Casarini, *The evolution of the EU-China relationship: from constructive engagement to strategic partnership*, Occasional Paper No64, 1st October 2006, pp. 21.

<sup>12</sup> Finn Laursen, *The EU's Strategic Partnerships: The Case of EU-China Relations*, Dalhousie EUCE Occasional Paper No. 10, Boston, 2011, pp. 21.

<sup>13</sup> Ibidem.

- Support for the social and economic reforms process (namely accession to the WTO) and increase in social security and training of human resources,
- Enhancing cooperation in environmental issues and sustainable development,
- Support for projects aiming at increase in democratic governance and developing the rule of law.

Those three objectives will enter EU-China agenda and will provide a benchmark for future cooperation.

Of course, the most sensitive issue back then was the human rights protection. In order to not to lose its face after surprisingly quick abolition of sanctions towards China, EU decided to create EU-China Dialogue on Human Rights. Since 1995 the officials from Brussels and Beijing meet twice a year when the problematic issues such as death penalty, re-education through labour or ethnic minority rights are present.<sup>14</sup> Main objective of this dialogue was to support China's transition to an open society based on the rule of law and the respect for human rights. This transition has been necessary for stable economic cooperation and for establishing Chinese credibility at the global level.

The next step to motivate China went through its inclusion in an informal process of dialogue and cooperation in its region, called Asia-Europe Meeting (ASEM). Since 1996, ASEM dialogue undertakes the political, economic and cultural issues concerning those two regions. It also seeks to strengthen cooperation, mutual respect and the relationship between participating countries. Since that time, China is included into international forum, where it plays very active role and, with EU as a partner, is considered as uncontested leader. This improvement has increased the Chinese credibility as a regional power, bringing another example of China's peaceful development.

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<sup>14</sup> European Commission Communication, *European Union Guidelines on Human Rights Dialogues*, 8 May 2001.

The EU-China relationship has been developing fast, covering more and more areas of common interests. Annual meetings in the framework of joint committee was not enough to cope with large number of issues, therefore more ambitious political structures were needed.

In 1998, Chinese prime minister met with leaders of the EC for the first EU-China Summit<sup>15</sup>. Annual meetings provide a place for discussion on current events and common future strategy, covering all issues from the political, economic and strategic agenda. Joint statement, which are the documents drafting common position of two partners, set up agreed policy on a wide range of bilateral, regional and global issues. Those documents are of the utmost importance. Almost every sectoral dialogues, common actions, programmes or common positions are firstly negotiated in the framework of EU-China Summit.

After the first meeting, Commission released new communication, called *Building a comprehensive partnership with China*. As it was stated in the Summary of this document, *"most of the initiatives within the 1995 strategic document are already underway, while others have yet to mature. The analytical foundations of the 1995 Communication still hold true, and it therefore remains the platform on which the EU's policy towards China is built. However, several developments of such significance have occurred since 1995 that the EU should respond by upgrading and intensifying that policy further."*<sup>16</sup>

Such development was China's accession in WTO. Cooperation in the ASEM gave rise to informal talks about the EU's support for China accession in this international organization. As a result, on 19th May 2000 the EU-China bilateral agreement on Chinese accession in the WTO was signed. Agreement was a cornerstone in the partnership for two reasons: it definitely helped China and accelerated its accession in this organization; and made those two partners closer than ever. As a part of the agreement, China started to recognize European intellectual

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<sup>15</sup> They are attended by the Chinese Prime Minister and other relevant Ministers and, for the EU, by the President of the Council of Ministers, the President of the European Commission and the High Representative for Common Foreign and Security Policy, as well as other relevant Ministers and European Commissioners. Available at <[http://eeas.europa.eu/china/summits\\_en.htm](http://eeas.europa.eu/china/summits_en.htm)>

<sup>16</sup> Communication from the Commission, *Building a comprehensive partnership with China*, COM (98) 181 final, 27 March 1998, pp. 4, available at <<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:1998:0181:FIN:EN:PDF>>.

standards and environmental and veterinary norms – very important elements in the development of future economic cooperation.

The EU's support definitely helped China in accession in WTO in December 2001. It was a result of successful market democratization and opening up of Chinese society to the international society, but also a long-term commitment to the development of international order. China's accession in WTO has also brought a structural change of cooperation with EU. Most of trade misunderstandings were covered by the WTO Dispute Settlement Body, making joint committee freer to tackle more important common issues, such as protection of intellectual property rights, simplification of commercial law or removal of barriers to trade.

After those crucial changes, the time for genuine long-term strategy has come. Most of the objectives of constructive engagement policy (e.g. economic evolution, respect of human rights, engaging China in international community) have not changed. However they evolved into more specific and subtle goals. It has again triggered the institutional change and update. Also the external factors, which strongly affected the decision for more coordinated cooperation, cannot be forgotten: the launch of the euro, perspective of enlargement or 9/11 terrorist attacks.

The most important documents for the future strategy are *EU strategy towards China* (2002) and *A maturing partnership - shared interests and challenges in EU-China relations* (2003). However, both only repeat the objectives of document from 1998, clarifying the priorities in which EU should be interested the most.

Two major changes have been included in the Communication from 2003. Firstly, EU started to perceive China as a fundamental player at the international scene, with which EU should '*share responsibilities in promoting global governance*'.<sup>17</sup> In these words, the Commission presented its satisfaction on progress in the sphere of human rights in China and recognized China's global position. This new objective has influenced political dialogue through

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<sup>17</sup> 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)*, COM/2003/0533 final, 2003.

the more frequent consultations, and improved coordination of policies towards China among EU Member States<sup>18</sup>. Secondly, the Commission stated that *‘the EU and China have even-greater interest to work together as strategic partners to safeguard and promote sustainable development, peace and stability’*<sup>19</sup>. Therefore, for the first time in the history of common relations, strategic partnership policy was mentioned in the official document. It was clearly an outcome of the change in the attitude towards China – from mainly bilateral relations, to the global cooperation with shared international interests. The broader description of strategic partnership will be provided in the next sub-chapter of this paper.

After this brief description of EU strategy towards China, it is time now to present the Chinese answer. Year 2003 turned out to be crucial in the evolution of mutual relations – EU’s creation of long-term strategy has triggered the first-ever strategy paper made by its Asian partner. It is very interesting to see, how China perceives this relationship:

*“History proves that the establishment of diplomatic relations between China and the European Economic Community in 1975 has served the interests of both sides. Despite their twists and turns, China-EU relations as a whole have been growing stronger and more mature and are now on the track of a comprehensive and sound development (...) In 2001, the two sides established a full partnership. China and the EU have developed an ever closer consultation and fruitful cooperation in the political, economic, trade, scientific, cultural and educational fields. China-EU relations now are better than any time in history.”*<sup>20</sup>

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<sup>18</sup> Ibidem.

<sup>19</sup> Ibidem.

<sup>20</sup> People’s Republic of China Government, China’s EU Policy Paper, October 2003, available at <<http://www.fmprc.gov.cn/eng/topics/ceupp/t27708.htm>>.

*China's EU Policy Paper* (2003) presents the set of goals and objectives, which are related to three main axes<sup>21</sup>:

- developing of relations between China and EU,
- deepening of China-EU economic cooperation and trade,
- strengthening of China-EU cultural and people-to-people exchanges.

It is worth noting how Beijing perceives each of these objectives. For the first one, political aspect of cooperation, China clearly wants to maintain close contact with the EU and strengthen bilateral cooperation. However, at the same time requires from the EU the acceptance of one-China principle, therefore making pressure on abandonment of any contact with Taiwan. Every aspect of political relationship is orbiting around China issues: Hong Kong and Macao's cooperation with EU, Promotion of the EU's understanding of Tibet and strengthening of Europe-Asia relations. For the human rights issue, China seems to be thankful for maintaining the dialogue on this topic and conducting the strategy of non-escalation. Chinese government also seeks to improve the mutual understanding at the level of political parties – in their eyes the link between the National People's Congress of China and the parliaments of EU Member States enhances the exchange and dialogue between Chinese and European legislatures.

For the second part, economic cooperation and trade, China prefers to use the mechanism of the economic and trade joint committee and update the Trade and Economic Cooperation Agreement signed in 1985. The other Chinese goals concern increase in cooperation in the new round in WTO; increase in bilateral investment; boosting transnational trade; encouraging EU development aid in the areas of environmental protection, public health, poverty-alleviation and education.<sup>22</sup> From the financial side of China policy, the most important are: exchange of policies between the two central banks; prevention and management of financial crises; and encouraging the EU securities institutions, fund management institutions

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<sup>21</sup> Ibidem.

<sup>22</sup> Ibidem.

and other investors to enter into Chinese market.<sup>23</sup> It was a clear signal that Beijing is ready to open its market for European investors. The area of environmental and agricultural cooperation would be intensified, but in the case of the latter, it will be possible if a proper mechanism of dialogue between the two ministers is created.

In addition, the whole chapter of this paper was dedicated to science and technology exchange. It is not surprising, since Chinese government has been trying to involve into EU's Galileo project<sup>24</sup>. As it was stated, the cooperation in economy and trade should be based on 'the principles of mutual benefit and reciprocity, sharing of results and protection of intellectual property rights'.<sup>25</sup>

The third axis, expansion of China-EU cultural and people-to-people exchanges, is mostly based on establishing Chinese cultural centers in capitals of the EU members and on cooperation of culture-related industries. The exchanges should be supervised by China-EU education cooperation consultation mechanism, which additionally should facilitate the mutual recognition of diplomas, exchange of students and scholarships.<sup>26</sup> What is surprising here, is Chinese proposal of press exchange, where cooperation between the press and media communities of the two sides should be boosted by 'comprehensive and unbiased reports of each other'<sup>27</sup> – it is an example of the objective, which was never been implemented into political reality.

After those two major steps in the process of deeper integration, EU and China entered the period of flowering growth and development. However it didn't last long. Persisting arms embargo, EU's growing trade deficit, constant violation of human rights, weakening European economy and frustrating and unsolved copyright issue – those aspects badly affected Sino-European relationship. The fundamental weakness, which has been present in the heart of the

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<sup>23</sup> Ibidem.

<sup>24</sup> Galileo is Europe's own global navigation satellite system, providing a highly accurate, guaranteed global positioning service under civilian control. It is inter-operable with GPS and Glonass, the US and Russian global satellite navigation systems. The substance of Galileo project will be discussed later.

<sup>25</sup> People's Republic of China Government, China's EU Policy Paper, October 2003, available at <<http://www.fmprc.gov.cn/eng/topics/ceupp/t27708.htm>>.

<sup>26</sup> Ibidem.

<sup>27</sup> Ibidem.



European Union since the very beginning of establishment of mutual relations escalated in 2005.

It was based on the ideological difference between the European Parliament and European Council. Whereas the first, representing the will of European Peoples, perceived the relations with China through the prism of normative values and emphasized the human rights issue in mutual relations; the second's main concern was national interest of member states, which very often resulted in emphasizing the financial benefits and undermining the European values. The year 2005 was unprecedented. The division has been enforced by new-accessed member states which, very often, did not have strong economic connection with China, which in turn allowed them to criticize Chinese human rights record.

All those factors brought the Commission to the point, where it had to evaluate the then present relationship. The paper from 2006, entitled *EU-China: Closer partners, growing responsibilities* had summed up the progress made on both sides in a very precise way.

Commission's communication is composed of two documents, with one focusing mainly on EU-China economic and trade relations, and the second on EU-China political and strategic cooperation. While repeating the basic objectives, such as the need for both-way cooperation in protecting global peace and stability and managing the global governance, it also emphasized the weak points.

In the part concerning economy and trade, Commission accused China of unfair competition with European counterparts, lack of transparency and constant breaking the law, especially in the case of copyrights for high-technology production<sup>28</sup>. According to the Commission's view, identification and publication of deficiencies could help in improving the relations, thus making them more efficient.

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<sup>28</sup> Communication from the Commission to the Council and the European Parliament, *EU-China: Closer partners, growing responsibilities*, COM (2006) 631 final, 24 October 2006, available at < [http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006\\_0631en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006_0631en01.pdf)>.

The second part of this paper focused mostly on the revision of the trade agreement from 1985. Two decades of economical exchange based on this out-of-date document were, in the eyes of the Commission, enough. The revision was necessary, but nearly impossible. Mentioned earlier, the division in the heart of the EU effectively made any change impossible. According to Katinka Barysch and her paper entitled *Embracing the Dragon: The EU's partnership with China*, "the negotiations for the new agreement – which may start in the course of 2005 – are likely to be long and arduous. As bilateral ties have intensified, so has the room for friction, tensions and disappointments. The new framework agreement will bring all the contentious issues onto the negotiating table. Both sides hope that by creating linkages between different areas they will get the other side to make concessions on the issues they care most about."<sup>29</sup> In addition to that, it is also quite clear, that there were the tensions not only between EU and China, but also within the EU. Member States, especially Germany, France and UK, have tried to do whatever they can, in order to remain in the old status quo, because their national position in the case of trade was simply stronger than common European position.<sup>30</sup>

*EU-China: Closer partners, growing responsibilities* was the last genuine paper released by the Commission. After that, the cooperation between China and EU has been based on annual meetings, dialogues, mutual events and day-to-day issues. The problem with out-of-date trade agreement from 1985 remains unsolved.

Nevertheless, some "sustainable" steps towards the deeper integration have been undertaken. As a part of the guideline included in 2006 Commission communication, the comprehensive negotiations on Partnership and Cooperation Agreement (PCA) have been engaged. The whole process started in 2007 and, still unfinished, tends to replace the 1985 EC-China Trade and Economic Cooperation Agreement. During the 11th EU-China Summit in 2009, both parties agreed to speed up the negotiation on PCA. When finished, it will provide new

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<sup>29</sup> Barysch, K. et al, *Embracing the dragon: The EU's partnership with China*, Center for European Reform, London, 2005, pp. 10.

<sup>30</sup> Ibidem. pp. 11.

basis for economic cooperation, strengthening existing strategic partnership and improving bilateral trade and investment relations.

The second step took place in November 2007, during the 10<sup>th</sup> EU-China Summit, when the decision to set up the High-level Economic and Trade Dialogue (HED) was made. It became clear that any chance for changing the old trade agreement is extremely weak, therefore the only option was to create new bilateral dialogue in order to deepen the cooperation and encompass new trade-related areas. The HED was officially launched in Beijing in April 2008. This annual dialogue has a strategic importance in bilateral investment and economic relations, in which it provides the impetus for progress and development in a large range of sectoral dialogues. Thus the base of trade cooperation remained intact, but the place for economic talks has been diversified.

### **1.3 Strategic partnership and current framework for cooperation**

In previous sections, we have paid attention to the evolution of the formal relations between the EU and China. Presented historical overview has shown the directions, main areas of interests and the usual way of solving the problems in the EU-China relations. The path undertaken by those two partners has not always been easy and simple. The encountered problems and differences have shaped present bilateral framework, in which both parties coexists and cooperates. It is time now, to describe current basis of relations between those two entities.

But first, let's look at the meaning of the word "partnership" and "strategy".<sup>31</sup> There is no doubt that bilateral partnerships between the biggest global powers are the emerging feature of International Relations. Globalization, growing interdependencies and alliances are binding countries together, making their interests common. Therefore the countries which hold

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<sup>31</sup> Anne Schmidt, *Strategic Partnerships – a contested policy concept*, Working Paper FG1, SWP Berlin, December 2010, pp.3.

substantial amount of power see themselves profiting from getting involved into relations with the other power-holders.

In the perfect case scenario, those players share “like-mindedness” with their needs fully compensated by the other part, and vice-versa. But it is a utopian vision. In reality, countries spend more time on bargaining, than on reaching the agreement. Nevertheless the main idea, which keeps them together, is the joint shape of relationship – Partnership. This term includes couple of very important assumptions: power-sharing, expectation of exclusivity, constructive cooperation and equality in decision-making process.<sup>32</sup> Thus, simple consideration of someone as a partner, already create a deep commitment.

The term “strategy” has two different meanings: one includes establishing a method or plan, in order to achieve a desired future, goal or solution to the problem; whereas the second considers “strategy” as an art of managing available resources for their most efficient and effective use.<sup>33</sup> Therefore, in the political sense of the word, strategy can be described as a planned and effectively managed action, aiming at clearly defined goals or interests.<sup>34</sup> “Partnership” adds the mutual and resource-shared co-operation of both partners, who recognize their equal status and share the responsibility of their actions.

Nevertheless, strategic partnerships are not the only level of cooperation in international system. They are not even the predominant type of bilateral engagement between two countries. There is still a lot more of networks, bilateral and multilateral commitments and formats for cooperation.<sup>35</sup> But what does Strategic Partnership mean for the EU?

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<sup>32</sup> Anne Schmidt, *Strategic Partnerships – a contested policy concept*, Working Paper FG1, SWP Berlin, December 2010, pp.3.

<sup>33</sup> <http://www.businessdictionary.com/definition/strategy.html>

<sup>34</sup> Anne Schmidt, *Strategic Partnerships – a contested policy concept*, Working Paper FG1, SWP Berlin, December 2010, pp.4.

<sup>35</sup> Giovanni Grevi (ed.) with Gauri Khandekar, *Mapping EU Strategic Partnerships*, FRIDE Books, 10 November 2011, pp. 4, available at < <http://www.fride.org/publication/956/mapping-eu-strategic-partnerships>>.

Unfortunately, the clear definition has never been invented, but it's been used quite often in official paper, speeches and statements at the EU level. The concept emerged in 1990's<sup>36</sup> and was mentioned in 2003 European Security Strategy: *"(...) we should look to develop strategic partnerships, with Japan, China, Canada and India as well as with all those who share our goals and values, and are prepared to act in their support."*<sup>37</sup> The Commission has realized that in the time of globalization, strengthening ties with main global powers should be the priority, thus strategic partnership should be a new ABC of EU foreign policy.

More coherent description of this policy has emerged in 2006 on the occasion of creation EU-South Africa Strategic Partnership. The newest definition provides us with better coverage of bilateral issues with countries considered as partners and, in our opinion, fits well the EU-China strategic partnership, which is *"a comprehensive, coherent and coordinated long-term framework for political cooperation"*.<sup>38</sup>

Right now, The EU has 10 strategic partnerships with individual countries: United States of America, Canada, Japan, Brazil, Russia, India, China, South Africa, South Korea and Mexico. This broad range of different countries leads us to the conclusion that the common objectives in the framework of this policy may differ from partnership to partnership. For example, common interests between EU and US would include counter-terrorism, global-stability and trade; energy security in case of Russia or climate change, protection of the environment, trade and energy security with China.<sup>39</sup> This wide range of issues makes every partnership different and unique, which reflects in its complexity.

The common opinion about the SP is that many of these agreements are not very strategic, and sometimes could not be even named as partnerships. It is especially visible in the case of China. The mainstream of thinkers finds the concept problematic already at the level of

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<sup>36</sup> Anne Schmidt, *Strategic Partnerships – a contested policy concept*, Working Paper FG1, SWP Berlin, December 2010, pp.4.

<sup>37</sup> European security strategy , A secure Europe in a better world , Brussels, 12 December 2003, available at < <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>>

<sup>38</sup> Communication from the Commission to the Council and the European Parliament - Towards an EU-South Africa Strategic Partnership, COM/2006/0347 final, Brussels, 28.6.2006.

<sup>39</sup> Giovanni Grevi (ed.) with Gauri Khandekar, *Mapping EU Strategic Partnerships*, FRIDE Books, 10 November 2011, pp. 6, available at < <http://www.fride.org/publication/956/mapping-eu-strategic-partnerships>>.

definition. In matter of fact, *common norms and values* are easy to find in the case of old friends of Europe, such as United States or Canada, but it is highly unlikely in case of China. This elasticity in definition of strategic partnership is considered as a major problem, but it could actually be an advantage.

The lack of definitional and conceptual clarity can be also seen as unproblematic.<sup>40</sup> With such a big variety of every country's objectives, different connections and geopolitical positions, certain degree of conceptual flexibility can be actually advantageous. In the case of this kind of concept, where the strategic dimension has to be adjusted to the specific situation, clear and specific rules could undermine the whole process, making reaching the objective impossible. The mutual trade-offs and pragmatic bargaining lay at the very heart of EU-China relations, without which any concession could not be possible.

It has to be noted, that sometimes the partnership is not made on a basis of choice, but out of strategic necessity.<sup>41</sup> This is why the relations with some countries seem to be more difficult than with the others. But this is the beauty of this concept – it provides us with a broad framework, underline the general objectives of cooperation, but the modeling of international world order remains always in the hands of the countries.

The answer about persistency and effectiveness of this kind of relationship will be clearer after examining of China-EU relations.

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<sup>40</sup> Anne Schmidt, *Strategic Partnerships – a contested policy concept*, Working Paper FG1, SWP Berlin, December 2010, pp.3.

<sup>41</sup> Giovanni Grevi, *Why EU strategic partnerships matter*, ESPO working paper n.1 June 2012, p. 9.

## 1.4 Three Pillar structure and institutional toolkit for strategic partnership

### EU-China Dialogue Architecture – main elements\*

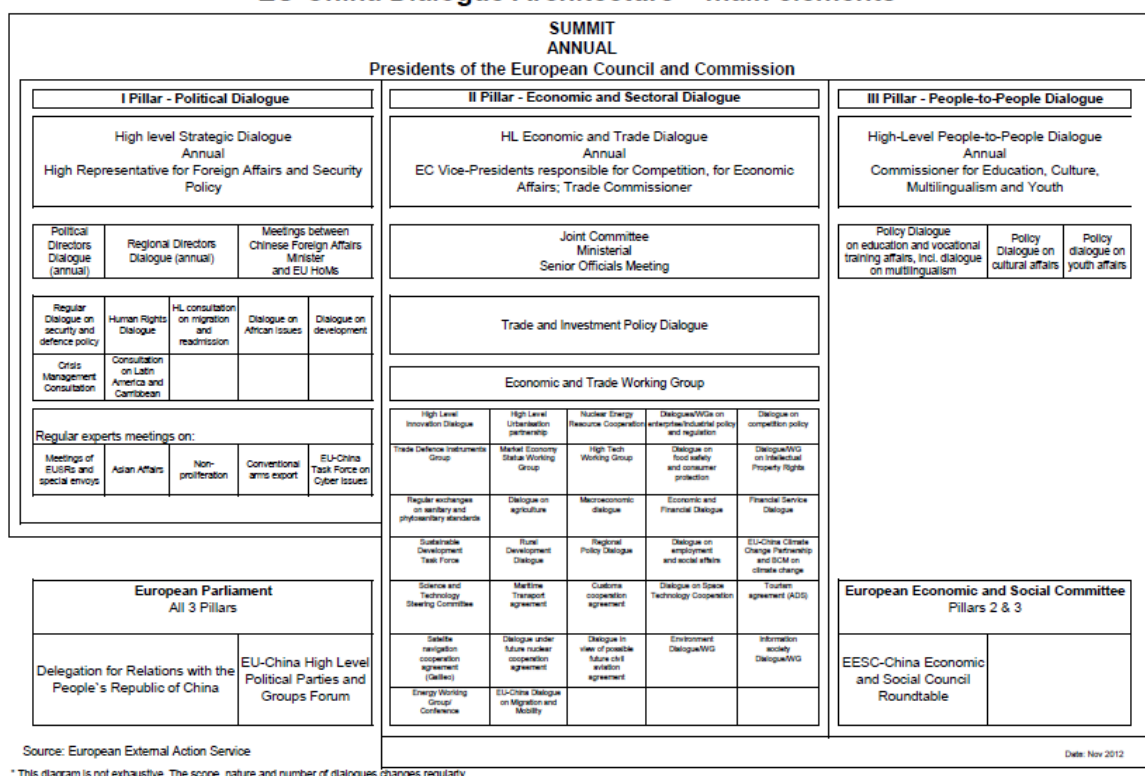


Table 1 European External Action Service, EU-China Dialogue Architecture - main elements

Since 1975, EU-China diplomatic relations have created a rich web of bilateral dialogues, which now are forming 3 pillars system covering three most important areas of cooperation: politics, economics and societal issues. Those three pillars are based on High Level Strategic Dialogue (2010), High Level Economic and Trade Dialogue (2007) and High Level People-to-people Dialogue (2012). As we can see, this architecture is a recent phenomenon upon which the author of this thesis would like to base the assessment of strategic partnership policy.

From the perspective of this particular policy the most visible and the most important institution is EU-China Summit taking place once a year, starting from 1998. Since then, year by year, Chinese Prime Minister with his high-level officials meet with President of the Council of Ministers, the President of the European Commission and the High Representative for Common

Foreign and Security Policy, in order to dispute over the current issues and day-to-day problems.<sup>42</sup> Those meetings tackle the most strategic issues, such as: crisis management, common positions or bilateral, regional and international issues. Every meeting is concluded in the form of Joint Statement – such document represents the position of both parties, drawing the agreed common policy of EU-China tandem. Every existing sectoral dialogue (including high level dialogues) and meeting at expert level have been agreed during EU-China Summit – this is truly first and the last stance in coordinating EU-China relationship.

The High Level Dialogues are playing the role of intermediary between sectoral dialogues and EU-China Summits. They are attended by high level officials from both sides, in the case of political dialogue it is High Representative; in trade and economic dialogue EC Vice-Presidents responsible for Competition, for Economic Affairs and Trade Commissioner; and in people-to-people dialogue it is Commissioner for Education, Culture, Multilingualism and Youth. The Chinese side sends the counterparts from the same ministerial level.

Those meetings tackle the problems in the areas of high sensitivity, such as illegal immigration, IPR protection, human rights, trade barriers, non-proliferation of nuclear weapons, arms export or, in general, Asian affairs. The agenda is not stable, because every meeting reflects the international situation and discusses topics of great importance in the particular moment. The conclusions of such disputes have strong impact on the decisions taken during EU-China Summits.

Analyzing the EU-China relations, one can observe that economic factors are in the very core of Sino-European disputes. This is very true. The purely economic issues are tackled during the annual EC-China Joint Committee, established already in 1985. The main tasks of such are: monitoring the functioning of trade and cooperation agreement, discussing issues which might undermine the cooperation, developing trade and economic cooperation.<sup>43</sup>

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<sup>42</sup> European Union Factsheet, *EU-China Summit*, 20 September 2012, Brussels, pp.1.

<sup>43</sup> Council Regulation (EEC) concerning the conclusion of a Trade and Economic Cooperation Agreement between the European Economic Community and the People's Republic of China, No 2616/85, 16 September 1985, available at <



The main power of such Committee is to make the recommendations for achieving the objectives of the Agreement, which are legally binding, which in turn places such Committee higher than any dialogue, or even the Summit. As we can see, the spectrum of issues discussed within the framework of this Committee is very broad therefore it holds a substantial role in directing the EU-China trade relations.

However, the ongoing process of negotiating the new Partnership and Cooperation Agreement (PCA) started at the beginning of 2007, aims at changing the old Agreement in order to improve the framework for bilateral trade and investment relations. The common misunderstandings and conflicts of interests effectively undermine the whole process, making the consensus far from reached.

In addition, the EU-China High Level Economic and Trade Dialogue deal with strategically important issues in Sino-European economic relations, aiming at making progress through sector-specific dialogues.

Both, Joint Committee and HED, are enforced by 60 sectoral dialogues covering a broad range of policy fields, which makes the economic and trade pillar the most developed one in the whole structure of EU-China dialogue.

The third pillar, People-to-People Dialogue, has completed the whole structure in 2012. It covers far less policy fields than the economic pillar, but it is equally important, especially in our reality, where interconnections between people are growing and distance seems to be shorter and shorter. The societal issues are including educational and vocational training dialogue, cultural policy dialogue and policy dialogue on youth affairs. Cooperation in this field definitely improves the very nature of EU-China relations.

It becomes clearer and clearer that this institutional roadmap, especially visible in the case of establishing 3 pillars of cooperation, is aiming at drawing a cooperative self-image to the other countries. The institutionalized cooperation seems to send a clear message to the

others countries, that EU and China are good friends and better partners. This image is crucially enforced by two additional types of institutional cooperation.

One of them is European Economic and Social Committee. Societal level of cooperation, especially when combined with purely economic issues, is very important at the outside of EU-China relationship – it shows that it matures and effectively tackles every aspect of life, not only trade or international affairs.

The second is Interparliamentary dialogue. It aims at exchange of know-how in the sphere of democratic values and normative image of European Union. It also shows that bilateral relations have to be based on something more than only political and economic affairs and both partners are willing to mutually improve their regimes.

## Chapter 2 Three Pillars of Strategic Partnership

Closer partners, growing responsibilities. The title of the communication from 2006 described well the substance of strategic partnership policy. This very fruitful co-operation has been launched nearly four decades ago and it is still hard to imagine how the dynamics, directions and objectives of such partnership have changed. Establishment of this policy has been a logical step in growing interconnectedness between European Union and China. By doing so, however, these two entities send a clear signal to the rest of the world, saying they are ready to coordinate their actions, in order to develop the international environment, influence it and make profit out of it.

At the beginning, China and European Communities have found themselves in the situation, where geopolitical situation has somehow forced them to work together. First reason, which still is the cornerstone of Sino-European dialogue, was economic growth. It is well known that when there is big politics, there is also big money involved (and vice-versa) and in this case too, trade was considered as a trigger and glue of future co-operation.

But it would be naïve to think that trade will stand as the only reason for bringing EU and China together. Mutual relations have been evolving year by year, swallowing more and more areas and creating an incredible web of institutions, committees, meetings and dialogues. The strategies have been changed, some issues have been revoked and some amplified. *“Real-life strategic partnerships are multi-purpose ones, pursuing both bilateral and multilateral objectives and shifting focus across these and other dimensions of the relationship in a fairly pragmatic way. The ability to do so represents a key benchmark of their efficacy. Testing strategic partnerships means, therefore, dissecting their multiple functions as a foreign policy tool, thereby delivering a more sophisticated picture.”*<sup>44</sup>

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<sup>44</sup> Giovanni Grevi, Why EU strategic partnerships matter, ESPO Working paper no. 1, June 2012, pp.12, available at < <http://www.fride.org/publication/1031/why-eu-strategic-partnerships-matter> >.

Taking into consideration the size of accrued places of co-operation and their complexity, in order to assess the functionality of strategic partnership, author of this paper will use the 3 pillar structure presented in previous subchapter. It seems to be a effective way to demonstrate the nuances and complexities of strategic partnership - a relatively new policy of the European Union towards China.

First pillar of cooperation, Political dialogue, will be examined on the basis of constant 'dialogue' between all level of I pillar, with particular reference to the newly established High level strategic dialogue. While describing the evolution and directions of such co-operation, main emphasis will be placed on two current strategic concerns in EU-China relations: Chinese human rights record and EU embargo on arms sales to China.

Second pillar, Economic and Sectoral Dialogue, will be examined with accordance to interconnections between sectoral dialogues, EU-China High level economic and trade dialogue (HED) and EU-China Summits. The presentation of factual outcomes of cooperation will be focussing on trade violations, specifically IPR violations, trade facilitation and the support for Small and Medium Enterprises in China. The second part will cover Galileo Navigation Satellite System issue.

The third one, People-to-people dialogue, will be approached differently. Societal issues are quite recent phenomenon in EU-China relations. This is why, it is a perfect occasion to present this quick evolution from nearly unrepresented issue at the bilateral dialogue level, to the constituent part of the 3 pillar system. This sub-chapter will show to the reader, how quick the acceleration of mutual dialogues can be in the globalized world.

There is three main reasons behind this way of description of strategic partnership.

EU-China relationship is a process and as every process, it is evolutive, rather than stable. Nearly four decades of relations have clarified the main axis of co-operation. In matter of fact, there always were, and still are, three main levels of EU-China relation: Political, Trade and, more normative and related to the two others, Societal. Those levels are such broad that they required a complex web of mutual and issue-specific dialogues. The presentation of

interconnections among them is therefore a crucial element in order to understand a complex EU-China interdependence.

At some point, those institutions started to face mutual issues in a very independent way, which resulted in lack of coordination between them. This sometimes inefficient system required a new way of organisation and coordination. In order to meet those requirements, high level dialogues have been brought into life. They are now at the very core of three pillar system. At the highest levels of hierarchy of the strategic partnership, they play a role of agenda-setters and coordinators. High level meetings recognise the most strategic issues to tackle, consult them during the annual meetings and then distribute the tasks for specific sectors. Good recognition of the problem and choice of a remedy are therefore the main tasks of these meetings and the essence of strategic partnership policy.

The last reason is related to globalized political reality. Broad and opaque definition of strategic partnership seems to convince people to consider this policy as symbolic. However, the architecture of this relation and its complexity somehow bind related sides and create real and effective commitments, resulting in factual outcomes. For instance, simple Commission memos from those meetings have to be taken seriously and usually describe well the dynamics of this problematic relation. Even if they are not legally binding, they influence different elements of the structure, making refusal politically unprofitable.

## 2.1 I Pillar – Political Dialogue

As it was noted above, strategic partnership can be understood as *“a comprehensive, coherent and coordinated long-term framework for political cooperation”*.<sup>45</sup> Common dialogue in the sphere of politics is a necessary factor for bringing the two partners closer to each other. Common exchange of information, during nearly four decades, has evolved into

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<sup>45</sup> Communication from the Commission to the Council and the European Parliament - Towards an EU-South Africa Strategic Partnership, COM/2006/0347 final, Brussels, 28.6.2006, pp.2, available at < <http://www.ipex.eu/IPEXL-WEB/dossier/document/COM20060347FIN.do> >.

better structured and more efficient framework, which deals now with broad number of bilateral issues.

But in order to talk about three pillar system, we had to wait until 2010 when, created in 2006 EU-China Strategic Dialogue<sup>46</sup> has been implemented into High level strategic dialogue.<sup>47</sup> Same year, in December, first meeting of High level strategic dialogue was held and 1<sup>st</sup> pillar of new framework was built. This new place for negotiations, in addition to EU-China annual summits, has been developed to tackle the most important strategic issues related to EU-China cooperation in more efficient and non-bureaucratic way.

This section will examine political discourses on two main issues of strategic importance: human rights violations in China and EU's embargo on arms sales to China. All of those subjects have been recognized by Chinese authority as crucially important and included in the China's EU Policy Paper from 2003.<sup>48</sup>

In order to examine the evolution of Sino-European relations in these spheres, we have to place them in the international environment. Those kinds of issues are often placed in more than one area of interests, making them very difficult to explain in one perspective. Additionally, the issue of human rights has always been considered as a fundament of imposing of arms embargo, and eventual lifting of such embargo is closely related to human right record in China. One can call this: *Sino-European Perpetuum Mobile*.

There are at least two reasons for considering those issues as of strategic importance:

-Human rights as a point of honor for EU. Since always the matter of creation in China a safe place for future investments has been at the top in the EU's Chinese agenda. Progressive democratization and opening-up of Chinese market have been the most perpetual objectives in every strategy paper on China released so far.

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<sup>46</sup> Press releases RAPID, Joint Statement of the 8th EU-China Summit, Reference: IP/05/1091, Brussels, 5 September 2005, available at <[http://europa.eu/rapid/press-release\\_IP-05-1091\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-05-1091_en.htm?locale=en)>.

<sup>47</sup> Press releases RAPID, *EU High Representative/Commission Vice-President Catherine Ashton visits China for first "Partnership" Dialogue*, Reference: IP/10/1077, Brussels, 30 August 2010, available at: <[http://europa.eu/rapid/press-release\\_IP-10-1077\\_en.htm](http://europa.eu/rapid/press-release_IP-10-1077_en.htm)>.

<sup>48</sup> China's EU Policy Paper, October 2003, Beijing, available at <<http://www.china.org.cn/e-white/20050817/>>.

-Arms embargo as a metaphor of strong US influence in European affairs.<sup>49</sup> The EU will for creation of balanced and multipolar world with China stands clearly in opposition with the disproportionate US domination in military capacity.

None of above issues, however, can be assigned entirely to one particular area of common interest or to one pillar – strategic issues are extremely multidimensional and it is not possible to discuss them in a framework of just one committee, high level dialogue or summit. Those institutions exchange the information with each other and influence the decisions of each other.

### 2.1.1 Human Rights

One of the major political concerns between European Union and People's Republic of China are human rights violations. Since the very beginning of existence, European Communities underlined the importance of freedom, liberty and equality in the sphere of international relations. This normative element has become one of the most highly-developed facets of the European Union's external relations.

This clearly puts EU at the other side of the barricade with China. The question concerning the recognition and protection of human rights in China has always been the moot point in international relations. Authorities from Beijing with their state-controlled authorities claim that implemented policies efficiently protect from human rights abuses, whereas other states, independent authorities and international non-governmental organizations perceive this situation differently, constantly urging to the Chinese authorities for abandonment of violence and abuses.

Annual reports of Amnesty International or Human Rights Watch are reporting the violations of freedom of speech, movement and religion of Chinese citizens, increasing

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<sup>49</sup> Nicola Casarini, The evolution of the EU-China relationship: from constructive engagement to strategic partnership, Occasional Paper - No64, pp.19, 01 October 2006, Brussels, available at < <http://www.iss.europa.eu/uploads/media/occ64.pdf> >.

incarceration of journalists and lack of respect for minorities in PRC. This deteriorating situation has led the EU to the implementation of bilateral dialogues with China, covering human rights violations.

In fact, the European Union is currently engaged in a number of human rights dialogues with third countries– the instruments of EU’s external policy which are considered as an essential part of European overall strategy aimed at promoting sustainable development, peace and stability.<sup>50</sup>

First of these, focusing exclusively on human rights situation, has been established with People’s Republic of China in 1995 as a consequence of Tiananmen Massacre in 1989. After this event, the international community reacted in a very strong manner and most of the EU member states decided to stop arms export to China. However, as it was mentioned earlier, the arms embargo was partially lifted already in 1992 and European Union had to move from public, condemnatory measures to more diplomatic, closed-door solution.<sup>51</sup> Then, both sides decided to create a new channel of communication – EU-China dialogue on human rights.

This highly structured and institutionalized dialogue is held twice a year at the level of senior human rights officials.<sup>52</sup> The concerns, such as death penalty, re-education through labour, ethnic minorities’ rights and civil and political freedoms are mutually discussed during the meetings. The most tangible advantage of such cooperation is the fact, that China is somehow forced to respond to the accusations of human rights’ violations.

The dialogue established in 1995 has two complementary elements. One is the ministerial dialogue itself – during which the most important political issues are tackled and

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<sup>50</sup> European Council, European Union Guidelines of Human Rights Dialogues, 25 June 2001, Brussels, available at < [http://www.consilium.europa.eu/uedocs/cmsUpload/14469EN\\_HR.pdf](http://www.consilium.europa.eu/uedocs/cmsUpload/14469EN_HR.pdf)>.

<sup>51</sup> Human Rights Forum, *The EU-China Human Rights Dialogue: Perspectives from NGO Representatives*, hrichina.org, 29 October 2010, available at < <http://www.hrichina.org/print/content/3263>>.

<sup>52</sup> European Council conclusions, European Union Guidelines of Human Rights Dialogues, Brussels, 25 June 2001, available at < [http://www.consilium.europa.eu/uedocs/cmsUpload/14469EN\\_HR.pdf](http://www.consilium.europa.eu/uedocs/cmsUpload/14469EN_HR.pdf)>.



discussions are held behind the closed doors. The other one is Human Rights Seminar for European and Chinese experts.<sup>53</sup>

The main objective of this seminar is to provide to the official disputes the input from experts in the field of human rights violations and support knowledge from NGOs. They are organized back-to-back to the ministerial dialogue and ensure them with proper pressure for tackling current, most important issues, without additional political correctness. This pressure resulted in one year interruption in organizing the seminars in 2007. At that time, growing importance of NGOs (Amnesty International, International Federation for Human Rights, International Campaign for Tibet, Human Rights Watch etc.) has compelled Chinese authorities to close the doors to the seminars for this kind of institutions.<sup>54</sup> After EU's pressure on re-opening of the seminars, China agreed on that, but under a condition, that Chinese authorities will have the opportunity to examine the presence list and will have a veto power on sending the invitations. It resulted in constant refusal of certain organizations from seminars.

Also high level strategic dialogue is currently working in cooperation with the human rights dialogue. After the publication of EU's Human rights and democracy in the World Report in 2011 and deteriorating Chinese human rights record, this issue has again been implemented to the high level agenda. After the third High Level Strategic Dialogue with China in July 2012, High Representative Catherine Ashton once said that *"over the course of our discussions we had, too, a good exchange on our respective views on human rights issues. We covered individual rights, the protection of vulnerable groups, the importance of the rule of law."*<sup>55</sup>

Nevertheless, it is EU-China Human Rights Dialogue which remains the preferred channel for EU-China communication. During the 28th round of such Dialogue (2009), Chinese President Hu Jintao once said: *"By Doing so, we will build the China-EU relationship as a paradigm of how countries pursuing different social system and different development can*

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<sup>53</sup> Katrin Kinzelbach, Hatla Thelle, *Taking Human Rights to China: An Assessment of the EU's Approach*, The China Quarterly, 205, pp. 65, available at: < <http://dx.doi.org/10.1017/S0305741010001396>>.

<sup>54</sup> Human Rights Forum, *The EU-China Human Rights Dialogue: Perspectives from NGO Representatives*, hrchina.org, 29 October 2010, available at < <http://www.hrchina.org/print/content/3263>>.

<sup>55</sup> European Union Press Release, *Statement by EU High Representative Catherine Ashton following the third High Level Strategic Dialogue with China*, Reference: A 316/12, Brussels 10 July 2012, available at < [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/EN/foraff/131654.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/131654.pdf)>.

*get along well and seek common prosperity*" This statement describes well the nature of those meetings – human rights issues are frequently pushed behind the economic ones. This results in big statements without tangible outcomes.

In order to verify the effectiveness of cooperation in this field, we will use the data from World Report 2013<sup>56</sup> made by Human Rights Watch. It seems to be an effective way to get the factual data on human rights violation in China. The most important topics of such violations, recognized by this NGO and discussed during the EU-China dialogues<sup>57</sup>, are: legal reforms, freedom of expression, freedom of religion and women's rights.

The first one, process of legal reforms in China, is one of the most important in bilateral dialogue, which is reflected by great pressure from the Commission to establish EU-China Legal and Judicial Cooperation Programme.<sup>58</sup> According to the Report, the Chinese authority still has a major influence on all judicial institutions, exercised by its political and legal committees and enforced by police - the most powerful tool of Chinese government. However, the situation of judiciary is just one side of the problem. The other one are forced confessions under torture – the sad outcome of weak institutional condition and lack of the rights to defense. Statistics show, that only in 2012, 5.000 to 8.000 executions were held in China.<sup>59</sup>

Freedom of expression has always been one of the major problems in China. The Human Rights Watch estimates that around 538 million internet users are placed under government restrictions, prohibiting free access to the outside world.<sup>60</sup> Additionally, in 2012 around 27 journalists were sentenced to prison or held in detention because of "revealing state secrets".

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<sup>56</sup> Human Rights Watch, *World Report 2013*, November 2012, available at < <http://www.hrw.org/world-report/2013/country-chapters/china>>.

<sup>57</sup> Note: During author's research on EU-China human rights dialogue, those four topics were tackled during almost every available press release from human rights dialogue meeting.

<sup>58</sup> Note: EU-China Legal and Judicial Cooperation Programme is already finished project held by the Commission in 2000-2004. As it was stated in its statute, it "promotes the rule of law and builds contacts between the legal communities in Europe and China. It creates opportunities for Chinese judges, lawyers, prosecutors and others to visit Europe and learn from European experience, and for European lawyers to visit China. See more at < <http://www.britishcouncil.org/development-eu-china-legal-judicial-co-operation-programme.pdf>>.

<sup>59</sup> Human Rights Watch, *World Report 2013*, November 2012, available at < <http://www.hrw.org/world-report/2013/country-chapters/china>>.

<sup>60</sup> Ibidem.

Those violations are usually accompanied by physical violence - already before the “process” in order to shut their mouth, or after, in prison.

Despite the legal guarantees, included in Chinese Constitution, freedom of religion is still restricted by government. Only respected are officially approved religious places: mosques, churches temples and monasteries.<sup>61</sup> Those unrecognized by the State are oppressed by authority. One of the most common state’s behaviors is constant invigilation of important religious bodies, in order to prevent their activity.

Family planning regulations, implemented already in 1979 by “One-child policy” and renewed in 2002 by The Population and Family Planning Law<sup>62</sup>, are generating the most important problems related to the Women’s rights violations. The most severed are women’s reproductive rights and access to reproductive health. Administrative sanctions, severe fines and coercive measures held by administrative apparatus are the most common actions against women’s rights. Even minorities are affected – coercive birth control has been extended to ethnic minorities areas, namely Tibet and Xinjiang.<sup>63</sup>

### 2.1.2. Arms embargo

Protection of human rights is closely related to the well-known EU’s embargo on arms export to China. Since the very beginning of close cooperation between those two, the question about ideological coherence has been asked. The strategic importance in this area, strongly connected to others important bilateral issues, is constantly gaining the ground since 1989.

The *June Fourth Incident* has posed some very important question about future Sino-European relations. To this date, mutual cooperation between those two powers was seen mainly through the prism of economic exchange. However, even if normative renown of EU had

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<sup>61</sup> Ibidem.

<sup>62</sup> China.org.cn by staff reporter Hu Huiting , *Family Planning Law and China's Birth Control Situation*, October 18, 2002, available at < <http://www.china.org.cn/english/2002/Oct/46138.htm>>.

<sup>63</sup> Ibidem.

been asleep during the most of that time, after 1989 it was necessary to introduce this aspect to the bilateral dialogue.

Tiananmen protests and harsh response of Chinese authorities provoked a very quick reaction from the international community, especially European Union. Already in June 1989, at the European Council meeting in Madrid, a very important statement was made by all members of the Community. All of them agreed upon an *“interruption of military cooperation and an embargo on trade in arms with China; suspension of bilateral ministerial and high-level contacts; and postponement by the Community and its Member States of new cooperation projects.”*<sup>64</sup> Those measures could have been lifted under the visible improvement of respecting the human rights in China.

This rasp in EU-China relation posed a very important question about the nature of this relationship. It seems to be crucial to see how both parties have been approaching this issue in the framework of strategic partnership, established nearly 15 years after the incident. This story will reveal most important factors which drive this relationship, with its internal problem and strategic questions about very nature of EU-China relations.

Introduction of strategic partnership policy implies the formalization of two new pillars of cooperation. On the one hand, it is the creation and maintenance of new world order with EU and China as important powers. Subsequently, it implies the relationship based on common beliefs and objectives, which would definitely require the respect for the human rights from the Chinese side. At the other hand, the second pillar is based in strong economic relations. In this case, those relations could not be sustainable without strong foundation for European businesses. Such foundations would require stronger judicial institutions and proper labour rights – elements creating safety net for future investments. Both are sine qua non conditions for lifting the embargo.

This tension between what is profitable and what is just, force us to examine the very nature of arms embargo. The first and major problem is that Madrid Declaration from 1989 is

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<sup>64</sup> European Council, *Declaration on China of the European Council*, Madrid, 26-27 June 1989, available at <[http://aei.pitt.edu/1453/1/Madrid\\_june\\_1989.pdf](http://aei.pitt.edu/1453/1/Madrid_june_1989.pdf)>.

not legally binding. Therefore, each member state can interpret it differently, which makes its common implementation nearly impossible. Even Maastricht Treaty, entered into force in 1993, provides member states “the option to impose and revoke an embargo unilaterally.”<sup>65</sup> Madrid declaration provides only theoretical restriction on arms sales, making the whole dispute over arms embargo rather normative than factual issue. This state of affairs has revealed important division among EU Member States, which was enforced by establishment of strategic partnership with China.

In 2003, EU Member States started to consider lifting the arms embargo. It was mostly due to strong pressure from Chinese side, but also from the inside of European Union. There were two groups among Member States:<sup>66</sup> those willing to enforce the mechanism for managing the arms sales to China; and states with strong economic relations with PRC, aiming at complete lifting the embargo.

Whereas the first group is mainly represented by Nordic countries (Denmark, Finland, Sweden), the second group is made by the biggest and economically developed Member States, such as Germany, France, Italy and Spain.

The strategy of countries willing to enforce the mechanism is based on strong belief of importance of respect for human rights and democracy. These countries strongly recommend the amendment of EU Code of Conduct (CoC).

The Code, adopted already in 1998, is a document which regulates EU’s arms export to third countries. Member states still have the competences to grant or deny applications for licenses for arms export, but the Code introduces criteria and important measures, in order to harmonize and facilitate granting the licenses among EU countries. Eight criteria create the common ground for eventual refusal concerning arms export to third countries, which tackles

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<sup>65</sup> P. Vennesson, *Lifting the EU Arms Embargo on China: Symbols and Strategy*, p. 419. [in:] Yixiong Huang, *The EU-China’s Strategic Partnership: A Case Study of the EU’s Arms Embargo against China*, The Agora: Political Science Undergraduate Journal Vol. 2 No. 1 (2011), available at <  
[http://ejournals.library.ualberta.ca/index.php/ps\\_sandbox/article/view/12406/9409](http://ejournals.library.ualberta.ca/index.php/ps_sandbox/article/view/12406/9409)>.

<sup>66</sup> Yixiong Huang, *The EU-China’s Strategic Partnership: A Case Study of the EU’s Arms Embargo against China*, The Agora: Political Science Undergraduate Journal Vol. 2 No. 1 (2011), pp.55, available at <  
[http://ejournals.library.ualberta.ca/index.php/ps\\_sandbox/article/view/12406/9409](http://ejournals.library.ualberta.ca/index.php/ps_sandbox/article/view/12406/9409)>.

inter alia human rights, global peace, sustainable development or regional stability.<sup>67</sup> Additional elements, contributing to the harmonization of arms sales among countries, are annual reports. They provide with very accurate and detailed description of this kind of transactions made by every member states. They are also very helpful in order to check & balance the implementation of CoC in general.

In case of China, it is considered as a better solution than embargo, because it would integrate this country into the broader group of countries, simultaneously eliminating the “discriminatory” argument of the Chinese side<sup>68</sup>. This mechanism would guarantee much better control of arms sales, making European policy in this field more efficient and unified. But in order to do so, the support from the biggest member states is necessary.

However, due to its legal laxity, CoC did not contribute to the limitation of EU arms export to China. According to the annual reports on implementation of the European Union Code of Conduct on arms exports, the value of licenses issued for China (mainland) under embargo from 1989, increased from € 54,415,665<sup>69</sup> in 2002 to € 285,849,291<sup>70</sup> in 2007.

This situation has urged for an improvement. The review of the Code ended up with an adoption of Common Position 2008/944/CFSP. Basically, new mechanism broadens and strengthens the scope for application of the criteria. Now, elements such as transfer of technology or transit transaction are better cover by common regulations, which in theory improves Member States’ export policies. This improvement, however, has not brought so far

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<sup>67</sup> The Council of the European Union, European Union Code of Conduct on Arms Exports, Reference: 8675/2/98, available at <<http://www.consilium.europa.eu/uedocs/cmsUpload/08675r2en8.pdf>>.

<sup>68</sup> Ibidem.

<sup>69</sup> Council of the European Union, The Fourth Annual Report according to Operative Provision 8 of the European Code of Conduct on Arms Exports, 19 December 2002, available at <[http://www.sipri.org/research/armaments/transfers/transparency/EU\\_reports/research/armaments/transfers/transparency/EU\\_reports/EU\\_Annual\\_Report\\_Fourth.pdf](http://www.sipri.org/research/armaments/transfers/transparency/EU_reports/research/armaments/transfers/transparency/EU_reports/EU_Annual_Report_Fourth.pdf)>.

<sup>70</sup> Council of the European Union, The Tenth Annual Report according to Operative Provision 8 of the European Code of Conduct on Arms Exports, 22 November 2008, available at <[http://www.sipri.org/research/armaments/transfers/transparency/EU\\_reports/research/armaments/transfers/transparency/EU\\_reports/EU\\_Annual\\_Report\\_Tenth.pdf](http://www.sipri.org/research/armaments/transfers/transparency/EU_reports/research/armaments/transfers/transparency/EU_reports/EU_Annual_Report_Tenth.pdf)>.

any tangible reductions in arms trade with China. The latest report shows that the value of licenses issued in 2012 has reached € 344,066,451.<sup>71</sup>

Those two elements, arms embargo and evolution of Code of Conduct, are considered as an obstacles for deepening of EU-China economic and trade relations. Tremendous effects of Chinese opening-up policy has provided a great potential for foreign investments in China. EU, as a first trading partner of China, could benefit from this situation more efficiently if the 'outdated' embargo would be lifted. This is the main line of argumentation of the biggest countries in EU, who believe that EU arms embargo became a real obstacle in the development of EU-China strategic partnership, and bilateral relations in general.

The game played by France, Germany, Italy and Spain is quite different than the one played by Nordics. For them, embargo is a clear obstacle for their bilateral economic exchange with China, undermining other important areas of cooperation. *Airbus Club* with France as the avant-garde, states that embargo from 1989 is 'outdated symbol of the past', which actually produces more costs than profits. This state of affairs, they argue, is unacceptable for both sides: implementation of military sanctions against a strategic partner is unacceptable for Chinese side; and undermining the trade relations is unacceptable for Europeans. In addition, Chinese side considers embargo as highly discriminatory, because only countries like Sudan, Burma or Zimbabwe have comparable sanctions imposed by EU.<sup>72</sup>

10 years after the debate had started arms embargo is still in force. Two different views of future cooperation in this fragile area have been struggling at the highest levels, providing with an improvement of legal fundamentals. It is worth noticing that issue of EU embargo is a good metaphor of Sino-EU relations in general. They can be described as a balance between normative European spirit and economic desires. Both tendencies have their own reasons and

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<sup>71</sup> Council of the European Union, The Fourteenth Annual Report according to Article 8(2) of Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment, 14 Dec. 2012, available at < [http://www.sipri.org/research/armaments/transfers/transparency/EU\\_reports/research/armaments/transfers/transparency/EU\\_reports/eu\\_annual\\_report\\_fourteenth.pdf](http://www.sipri.org/research/armaments/transfers/transparency/EU_reports/research/armaments/transfers/transparency/EU_reports/eu_annual_report_fourteenth.pdf)>.

<sup>72</sup> Yixiong Huang, *The EU-China's Strategic Partnership: A Case Study of the EU's Arms Embargo against China*, The Agora: Political Science Undergraduate Journal Vol. 2 No. 1 (2011), available at < [http://ejournals.library.ualberta.ca/index.php/ps\\_sandbox/article/view/12406/9409](http://ejournals.library.ualberta.ca/index.php/ps_sandbox/article/view/12406/9409)>.

objectives. On the one hand, Europe has always been an outpost of democracy and respect for human rights, which prompts EU officials to stay in accordance with those values; at the other, developing economic cooperation and trade growth are the even more important aspects in contemporary world.

## 2.2 II Pillar – Economic and Sectoral Dialogue

Like in every other economic relations, mutual problems and disagreements arise at the daily basis. This is especially true in the case of EU-China trade. During many years of cooperation, big number of problems had arisen to the level, which required to deal with them at the high institutional level.

When strategic problems related to the particular area of co-operation shows up, current institutional system makes them 'transferred' to the specific sectoral/policy dialogue and then the solution is discussed between China and EU representatives. Currently there is 60 sectoral dialogues of strategic importance. When problems related to co-ordination have shown up and growing imbalances in trade became unbearable, both sides decided to create new mechanism to complement and reinforce already established EU-China dialogues.

In November 2007, The High level economic and trade dialogue was agreed during the 10<sup>th</sup> annual EU-China summit. It was supposed to be the dialogue of strategic nature, bringing EU-China relations further and enhance the dialogue between the European Commission and the State Council of China at the level of Vice-Premier. This consultations *"discuss strategies in EU-China trade, investment and economic co-operation and coordinate bilateral projects, studies and develop plans in priority sectors."*<sup>73</sup> In addition, *"It will cover issues affecting the trade imbalance, including inter alia effective market access, intellectual property rights, environment, high technology and energy in order to find concrete means to increase trade in*

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<sup>73</sup> Council of the European Union, 10<sup>th</sup> China-EU Summit Joint Statement, Reference: 16070/07 (Presse 279), Brussels, 28 November 2007, available at <  
[http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/er/97355.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/er/97355.pdf)>.



*a balanced way*".<sup>74</sup> In other words, this mechanism brings both partners to the table in order to discuss eventual problems in trade-related areas and, if the factual problem exists, reach the agreement on the solution.

The main areas discussed recently during those meetings are: multilateral global trading system, strategic bilateral trade and trade-related issues, investment issues, innovation, including IPR and technology and EU-China economic cooperation.<sup>75</sup> It is a matter of fact that since the beginning of those dialogues, nearly every meeting discussed issues related to these areas.

In order to assess the efficiency of trade and economic cooperation between China and European Union in the framework of strategic partnership, we will focus on mutual problems related to trade, such as Intellectual Property Rights (IPR) protection, trade facilitation and status of Small and Medium Enterprises (SME) support. The following part will cover the Galileo Satellite System issue, which will be presented as a good example of EU-China multidimensional cooperation in general. But before looking at discrepancies between the two actors, let's look at the EU-China trade.

### 2.2.1 EU-China trade

Diplomatic relations between China and EU were established already in 1975. Ten years later first, more comprehensive agreement on trade and economic co-operation was signed, providing both partners with legal base for future negotiations and bargaining. This agreement still provides the framework for EU-China trade relations. Since then, bilateral relations between them have been improving year after year.

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<sup>74</sup> Ibidem.

<sup>75</sup> Europa Press Release, Second meeting of the EU-China High Level Economic and Trade Dialogue, Reference: Memo/09/226, Brussels, 7-8 May 2009, available at < [http://europa.eu/rapid/press-release\\_MEMO-09-226\\_en.htm](http://europa.eu/rapid/press-release_MEMO-09-226_en.htm)>.

EU'S TRADE BALANCE WITH CHINA								
European Union, Trade with China								millions of euro, %
Period	Imports	Variation (%, y-o-y)	Share of total EU Imports (%)	Exports	Variation (%, y-o-y)	Share of total EU Exports (%)	Balance	Trade
2008	247,815	6.5	15.7	78,276	9.0	5.9	-169,539	326,091
2009	214,238	-13.5	17.4	82,391	5.3	7.5	-131,847	296,630
2010	282,509	31.9	18.5	113,426	37.7	8.3	-169,084	395,935
2011	293,692	4.0	17.0	136,372	20.2	8.7	-157,320	430,064
2012	289,915	-1.3	16.2	143,874	5.5	8.5	-146,041	433,789
Average annual growth (2008-2012)		4.0			16.4			7.4

Table 2DG Trade Statistics, China-EU bilateral trade and trade with the world, 23 May 2013.

In 2008, due to the economic crisis, trade growth started to slow down and reached the amount of €326 billion. The next year trade growth was negative and amounted €296 billion. Since then, EU-China trade started to grow, in order to reach €433 billion traded in 2012, with average annual growth of 7.4% in the period 2008-2012.(See Table 2)

Despite the impressive trade growth between those two, it is marked as imbalanced trade relation. European Union imports approximately two times more goods from China than exports there. It results in quite large negative balance in trade, amounted to €146 billion in 2012. (See Table 2) It is considered as a major challenge in present bilateral relations between both partners.

EU TRADE WITH MAIN PARTNERS (2012)											
The Major Imports Partners				The Major Exports Partners				The Major Trade Partners			
Rk	Partners	Mio euro	%	Rk	Partners	Mio euro	%	Rk	Partners	Mio euro	%
Extra EU27		1,791,727	100.0%	Extra EU27		1,686,774	100.0%	Extra EU27		3,478,501	100.0%
1	China	289,915	16.2%	1	United States	291,880	17.3%	1	United States	497,658	14.3%
2	Russia	213,212	11.9%	2	China	143,874	8.5%	2	China	433,789	12.5%
3	United States	205,778	11.5%	3	Switzerland	133,341	7.9%	3	Russia	336,474	9.7%
4	Switzerland	104,544	5.8%	4	Russia	123,262	7.3%	4	Switzerland	237,885	6.8%
5	Norway	100,437	5.6%	5	Turkey	75,172	4.5%	5	Norway	150,258	4.3%

Table 3 DG Trade Statistics, China-EU bilateral trade and trade with the world, 23 May 2013.

China is currently considered as the biggest trading partner of European Union. In 2012, goods imported from China constituted 16.2% (€289.9 billion) of EU's global import, which makes China the first import partner. However, European export to China represented only 8.5%

(€143.8 billion) of overall EU's export, placing China in the second place, far away from US (17.3%). In 2012, EU's trade with China represented 12.5% of EU's global trade. (See Table 3)

The majority of EU exports to China are of high value-added and high technology goods, while EU imports from China are of low value-added and low-technology goods. However, Chinese economy has an increasing tendency to move its industry towards a high value-added goods production. In 2012, Machinery and transport equipment (50.2%) and Miscellaneous manufactured articles (low value-added trade; textiles and clothing) (29.9%) were the two major groups of good imported from China, whereas Machinery and transport equipment (58.5%) and Chemicals and related prod, n.e.s. (11.7%) were the two major groups of goods exported to China.<sup>76</sup>

Those differences in value of trading goods create tensions between EU and China. On the one hand, we can observe the growing Chinese pressure on opening the European market for low value-added products and limiting the European protectionist measures; on the other, European pressure on lowering the barriers to enter to the Chinese market for European industries and respecting the Intellectual Property Rights in China.

#### *2.2.1.1 IPR Protection*

Properly functioning trade is the core of every bilateral relation between countries. It mixes geostrategic, economic, political and many other issues of strategic importance. However, trade needs to deliver benefits for both sides of such cooperation. When one of the side is not acting in accordance with the law, frictions are most likely to happen, which in turn will destabilize cooperation at other levels. Counterfeit and pirated products are a serious challenge for European enterprises and China is one of the biggest sources of such products

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<sup>76</sup> DG Trade Statistics, EU Bilateral Trade And Trade With The World, 23 May 2013, Brussels, available at < [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113366.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113366.pdf)>.

retained at the EU borders every year.<sup>77</sup> This makes Intellectual Property Rights violation one of the major problems in EU-China relation.

World Trade Organization describes IPR as *“the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creation for a certain period of time”*, and divides them into two main areas: Copyright and rights related to copyrights and Industrial property. Both types appear to be violated by Chinese side and need to be backed by proper actions in order to protect European industry.

Already during the first HLM meeting in 2008, IPR protection was marked as an issue with core strategic importance. The main benefit coming from stable and regulated IPR environment is to further encourage trade and gaining trust from both, Chinese and European, enterprises. This is why high level talks resulted in *“the agreement to adopt an Action Plan at the next EU-China summit enhancing custom cooperation on seizures of counterfeit goods and concrete measures to reduce counterfeit sales”*.<sup>78</sup> This agreement resulted in signing in January 2009 an Action Plan concerning EU-China Customs Cooperation on Intellectual Property Rights ("EU-China Action Plan"), which during 3<sup>rd</sup> EU-China High Level Economic and Trade Dialogue (2010), was extended until the end of 2012.

The Action Plan was a clear signal of closer co-operation and of pure willingness to regulate this particularly difficult area of bilateral relations. The Plan has foreseen four main areas of cooperation:

- Systematic exchange and analysis of seizures, trends and general risk information,
- Creation of networks of customs in key ports and airports to target high risk consignments,
- Exchange of practices on means of providing seizure information to assist other

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<sup>77</sup> Facts and figures on EU-China trade, <http://trade.ec.europa.eu>, April 2013, available at < [http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc\\_144591.pdf](http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144591.pdf)>.

<sup>78</sup> European Commission, Inaugural meeting of the EU-China High Level Economic and Trade Dialogue Mechanism (HLM), 25 April 2008, Brussels, available at < [http://trade.ec.europa.eu/doclib/docs/2008/april/tradoc\\_138632.pdf](http://trade.ec.europa.eu/doclib/docs/2008/april/tradoc_138632.pdf) >.

- administrations in stopping production and winding up distribution networks.,
- Joint development of partnerships with business communities in the EU and China.<sup>79</sup>

Additionally, established in 2004 Dialogue/WG on Intellectual Property Rights (see Table 1), complements the effort by providing the place for the exchange of information, enforcement of legislature and regulations on trademarks, patent, design, geographical indication or copyright protection. Unlike the Dialogue, the Working Group is mostly focusing on examination of concrete violations and is considered as a supervisory body, which oversees the most important ports and airports from both sides. This agreement, with big support from those two sectoral dialogues, had positively affected bilateral trade, but it also had an impact on the China's image outside. Such commitment had shown to the rest of the world that China is ready to cooperate at the open-market basis and its economy is truly transformed and ready to cooperate internationally.

The fact that China agreed on signing such agreement, allowed the inclusion of this country in EU Customs Action Plan to combat IPR infringements for the years 2013-2017.<sup>80</sup> The main change is creation of a Roadmap, which will allow EU to cooperate more effectively with Member States in defining *"the actions and tools to be deployed within an agreed timeframe, taking into account the financial and human resource implications"*<sup>81</sup> The deadline for a roadmap is Spring 2013. In case of China, this plan provides reinforcement of customs cooperation on IPR with China and announces "New expanded EU-China Action Plan implemented after 2012"<sup>82</sup>.

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<sup>79</sup> European Commission, Commission Staff Working Document Report on the implementation of the EU Customs Action Plan to Combat Intellectual Property Right Infringements for the Years 2009 to 2012, Reference: SWD(2012) 356 final, Brussels, 23.10.2012, available at < [http://ec.europa.eu/taxation\\_customs/resources/documents/customs/report\\_action\\_plan\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/customs/report_action_plan_en.pdf)>

<sup>80</sup> Council of the European Union, Council Resolution on the EU Customs Action Plan to combat IPR infringements for the years 2013 to 2017, Resolution 2013/C 80/01, 19 March 2013, Brussels, available at< <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:080:0001:0007:EN:PDF> >.

<sup>81</sup> Ibidem.

<sup>82</sup> Ibidem.

In addition, during the 3<sup>rd</sup> High Level meeting, both sides agreed to further strengthen their cooperation in this field. They stressed the importance of patent systems and patents quality, which are an important element of economic growth in both economies. They also agreed on speed up the establishment of EU-China IPR Task Force in order to better protect the IPR in the future.<sup>83</sup> There has also been a big progress in negotiations on ambitious bilateral dialogue on Geographical indications. Such co-operation will include more effective cooperation and create high level protection from all the agencies. One of the major improvements will be a creation of *ex-officio* protection in China for European trademarks and industrial property.<sup>84</sup> For now, this agreement is still negotiated, but it is clear that it is in the interest of both sides to finish those negotiations as soon as possible.

However, one of the main conclusion of the Report on the protection and enforcement of intellectual property rights in third countries released by the Commission in February 2013 is that “73% of all suspect (imported) goods detained at EU borders in 2011 and not released came from China.”<sup>85</sup> Despite the fact, that substantial progress has been made (The new Patent Law from 2009; launch in 2011 of a new revision of the Copyright Law; and increase in patent and trademark applications, including among Chinese stakeholders<sup>86</sup>), the IPR violations remain the main issue disturbing EU-China trade. The EU strategy for the improvement of this situation is going through strengthening of the existent institutions and delivering more examples of good legislation to China.

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<sup>83</sup> European Commission, Third meeting of the EU-China High Level Economic and Trade Dialogue (HED) in Beijing, MEMO/10/698 , 21 December 2010, Brussels, available at < [http://europa.eu/rapid/press-release\\_MEMO-10-698\\_en.htm](http://europa.eu/rapid/press-release_MEMO-10-698_en.htm)>.

<sup>84</sup> European Commission, Report on the protection and enforcement of intellectual property rights in third Countries, SWD(2013) 30 final, 5 February 2013, Brussels, available at < [http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc\\_150789.pdf](http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150789.pdf) >.

<sup>85</sup> Ibidem.

<sup>86</sup> Ibidem.

### 2.2.1.2 Trade facilitation

As it was stated on the HLM inaugural meeting in 2008, “the EU and China agreed on the practical benefits of trade facilitation measures for simplifying and modernising import, export and transit procedures, particularly customs requirements”<sup>87</sup> Trade facilitation and IPR protection are therefore very much related to each other. This is mostly due to the fact, that safe and easy trade has to be accompanied by legitimate and effective rules and measures. This, on the other hand, makes whole process of trade facilitation even more difficult. Usually it has to be done gradually, concentrating on specific groups of products, not sector by sector. In addition, in order to facilitate the trade, some additional regulations have to be in place, such as proper monitoring, mutually respected and efficient standards and systems for exchange of information. This is why HLD focuses mainly on creating proper conditions for lower trade-related requirements.

Good examples of such initiatives are pharmaceuticals. 2<sup>nd</sup> HLD stated that progress on Sanitary and Phytosanitary (SPS) protocols is one of the best trade facilitator in the respected group of products. They agreed on extending cooperation on pre-listing for EU-exporting establishments and agreed on *‘further progress in pricing on innovative medicines and simplification of registration of medicines.’*<sup>88</sup> Those steps pushed further the ‘mutualisation’ of this branch of trade, which resulted in grow in import/export relations.

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<sup>87</sup> European Commission, Inaugural meeting of the EU-China High Level Economic and Trade Dialogue Mechanism (HLM), 25 April 2008, Brussels

<sup>88</sup> Europa Press Release, Second meeting of the EU-China High Level Economic and Trade Dialogue, Reference: Memo/09/226, Brussels, 7-8 May 2009, available at < [http://europa.eu/rapid/press-release\\_MEMO-09-226\\_en.htm](http://europa.eu/rapid/press-release_MEMO-09-226_en.htm)>..

A very important project, which affects Sino-EU trade with limited scope, is Smart and Secure Trade Lanes (SSTL) pilot project. Its main objective is to make a supply chain more secure and increase the effectiveness of trade exchange. Project coordinated by European Commission and China Customs in the framework of World Customs Organization (WCO), which has been launched in 2006 and became operational in 2007, aims to create a proper environment for future trade facilitation. It is based on system of multilevel control performed at export, which link customs administrations of China, Netherlands and UK. Those countries exchange the customs information between each other, which in turn facilitate the trade and allow decreasing the cost of transportation and help to prevent illegal trafficking. In 2011 SSTL has welcomed four new signatories (Belgium, France, Germany and Italy) and includes now 9 sea ports of participating countries and it already provides with visible amelioration of trade exchanged through the sea transport.

#### *2.2.1.3 Small and Medium Enterprises (SMEs)*

Third major string in developing EU-China economic relations is related to support for Small and Medium Enterprises (SMEs) entering Chinese market. It is worth noticing, that SMEs account for 99.7% of all businesses in the European economy<sup>89</sup>. It gives them the key importance in EU's economic growth. They are also related to large spectrum of trade-related issues, such as innovation, competitiveness, employment, IPR protection/violation, use and development of high technology, and more. They are even more important for EU-China relations because their size makes them more vulnerable for economic downturns and protectionist policies.<sup>90</sup> With tremendous growth in EU-China trade, SMEs are becoming the most important issue in bilateral negotiations and the provision of proper legal framework. The coordinated actions in order to help SMEs going abroad will be a crucial factor of EU-China trade.

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<sup>89</sup> Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - "Think Small First" - A "Small Business Act" for Europe, Reference: SEC(2008) 2101 SEC(2008) 2102, available at <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0394:FIN:EN:PDF>>.

<sup>90</sup> Ibidem.



There are two major initiatives which help SMEs enter the Chinese market and prosper. Those two projects are considered as a main way to increase bilateral exchange with China. Leaders gathered on High level economic and trade dialogue meetings gave to those two projects a strategic importance in order to improve Sino-EU trade relations.<sup>91</sup>

Since 2008, European Commission provides help for the SMEs through Center for European Union Small and Medium Enterprises. The main idea is to help European SMEs by providing them *'free of charge practical knowledge about realities of Chinese market'*, in order to develop the inflow of EU's international businesses to the Chinese market. This project, whose operational phase began in 2010 and will end in 2013, is expected to increase the interest of Chinese partners among European SMEs. It mainly focuses on EU's enterprises, but the overall objective is broader – to promote efficient and rules-based cooperation between strategic partners.

As the official website describes this project, EU SME Center is a web-based free of charge, EU funded project, whose overall goal is to improve the trade and economic relations between EU and China.<sup>92</sup> Its function as a support service provider for EU SMEs connects the businesses willing to enter Chinese market with commercial bodies operating there. Center helps to overcome the entrance barriers and investment obstacles currently observed in EU-China trade relations. It provides necessary information, creates a proper network of Chinese enterprises, but also organizes trainings, meetings and forums. As it was stated by Brian Outlaw, Executive Director of the China-Britain Business Council – *"The centre will help SMEs from across the 27 Member States. Bringing together a critical mass of European SMEs to*

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<sup>91</sup> Europa Press Release, *Second meeting of the EU-China High Level Economic and Trade Dialogue*, Reference: Memo/09/226, Brussels, 7-8 May 2009, available at < [http://europa.eu/rapid/press-release\\_MEMO-09-226\\_en.htm](http://europa.eu/rapid/press-release_MEMO-09-226_en.htm)>.

<sup>92</sup> EU SME Center, Background, [eusmecenter.org.cn](http://eusmecenter.org.cn).

*match-making events organised by the Centre is expected to raise the interest of Chinese partners”.*<sup>93</sup>

The second project, also launched by the Commission, is placed under Competitiveness and Innovation Framework and it is called China IPR SME Helpdesk. The pilot period was carried out in 2008-2010 and now the project is operational since December 2010 till December 2013. The China IPR SME Helpdesk supports Europeans SMEs to protect their intellectual property rights in China, but also to enforce EU's IPR in order to create a proper environment for the development of mutual relations at the level of small businesses. This support is provided by free information and services available at the official website - <http://www.china-iprhelphdesk.eu/>. It is open for everyone who is willing to enter Chinese market with his business, or simply looks for information about IPR environment in China.

Helpdesk provides free and confidential first-lane advice and is supplemented by additional activities, such as trainings; industry and business-focused guides and training materials address China IPR issues; and On-line services.<sup>94</sup> The guides issued by helpdesk include topics related to patents, trademarks and copyrights, which are considered as major obstacles for Europeans to enter the Chinese market. As we can see, the EU strategy towards trade normalization also includes the cooperation by education, which, in a long term perspective, seems to be effective and sustainable idea.

### 2.2.2 Galileo Project

When the development phase of the Galileo Global Navigation Satellite System (GNSS) started in March 2002, it was perceived as a big step towards stronger and more independent EU. Technically speaking, *“GNSS estimates the location of fixed and moving objects on the ground, in the atmosphere and in space using precise timing and geometric triangulation.*

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<sup>93</sup> Delegation of the European Union to China, *European Commission Vice-President Tajani launches the EU SME Centre in China*, available at < [http://eeas.europa.eu/delegations/china/press\\_corner/all\\_news/news/2010/20101105\\_en.htm](http://eeas.europa.eu/delegations/china/press_corner/all_news/news/2010/20101105_en.htm) >.

<sup>94</sup> More information available at < <http://www.china-iprhelphdesk.eu/> >.

*Available around the clock, GNSS satellites provide accurate three dimensional positioning to anyone with the appropriate radio reception and processing equipment.*<sup>95</sup> This project of European Commission and European Space Agency supposed to be an alternative to the US Global Positioning System (GPS), Russian GLONASS and Chinese BeiDou Navigation Satellite System. In theory, it should provide EU with economic and strategic independency from US GPS. First two satellites were launched in October 2011 and the next two followed one year later.<sup>96</sup> The first four (from thirty in total) satellites make the system operational and allow to look hopefully in the future. Nevertheless, current economic crisis and lack of unity within member states, have successfully postponed the launching date for 2020.

In order to analyze the strategic importance of this alliance, let's look at reasons behind this EU-China joint venture. Whereas the EU's objectives are clear, the Chinese ones are not. For the former, political, strategic and eventual military autonomy has been a major reason to create its own satellite system. In addition, US isolationist approach to GPS makes this project a logical step towards more coherent security and defense policy. For the latter, however, the involvement in another space programme does not seem to be equally strategic. In matter of fact, China already launched its own GNSS system in 1999, while launching China's navigation satellite Shenzhai 1. The BeiDou NSS became operational in 2000 and resulted with functional, but limited coverage of the Chinese territory. BeiDou has been created only for civil purposes, just like Galileo, which makes the eventual cooperation questionable – why involving in two civil projects, without having any military space programme?

In September 2003, China has officially joined the Galileo project. During the 6<sup>th</sup> EU-China summit, two sides agreed on full commitment to the development of this system, making it a worldwide success.<sup>97</sup> The first payment provided by China, has amounted to €230 million.<sup>98</sup>

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<sup>95</sup> Gustav Lindström with Giovanni Gasparini, *The Galileo satellite system and its security implications*, Occasional Papers No. 44, April 2003, Paris, pp.6, available at < [http://www.epicos.com/WARoot/News/The\\_Galileo\\_satellite.pdf](http://www.epicos.com/WARoot/News/The_Galileo_satellite.pdf) >.

<sup>96</sup> European Commission Press Release, Testing of Galileo satellite navigation system can begin, Reference: IP/12/1098, Brussels, 13 October 2012, available at < [http://europa.eu/rapid/press-release\\_IP-12-1098\\_en.htm](http://europa.eu/rapid/press-release_IP-12-1098_en.htm) >.

<sup>97</sup> See Press releases RAPID, Joint Statement of the 8th EU-China Summit, Reference: IP/05/1091, Brussels, 5 September 2005, available at <[http://europa.eu/rapid/press-release\\_IP-05-1091\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-05-1091_en.htm?locale=en)>.

The entrance in the common project can be explained by the desire to acquire high technology in space matters. The agreement from 2003 *“covers cooperation in satellite navigation, technology, manufacturing, market development, as well as regulatory issues such as flight frequency and certification.”*<sup>99</sup> This can lead to the conclusion that Chinese participation will be driven by development of its own military navigation system. It is mainly because of the Chinese perception of potential use of Galileo for military reasons. Whereas US GPS and Galileo signals are fully interoperable, signals between Galileo and BeiDou still remain only compatible.

In these circumstances, simultaneous development of two navigation system is problematic and undermines strategic cooperation. In addition, in 2010 when European Commission declared that Galileo will remain purely civil and the transfer of space technology to China will be more protected by security and technology-independence policy, China has become de facto dis-invited from the project and asked for the return of its money.<sup>100</sup>

The quote of Paul Verhoef, the European Commission’s satellite navigation program manager, can serve as a good metaphor of EU-China relation in Galileo project:

*“China’s ambitions also had changed. China originally said it was designing its own smaller, regional system for military use. Then China moved to a global civil system. It is one thing to work together in one context. It is quite another in another context. But our two systems can still cooperate.”*<sup>101</sup>

Besides the misalignments, China remains an important player in space technology. Excluding this country from creation of global navigation system, will involve large additional costs and will definitely make the whole process longer. In order to improve its cooperation with China, European Commission released on 4 April 2011 its first EU Space Strategy, where it

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<sup>98</sup> News.bbc.co.uk, China joins EU's satellite network, 19 September 2003, available at <<http://news.bbc.co.uk/2/hi/business/3121682.stm>>.

<sup>99</sup> Ibidem.

<sup>100</sup> Peter B. de Selding, European Officials Poised To Remove Chinese Payloads From Galileo Sats, spacenews.com, available at <<http://www.spacenews.com/article/european-officials-poised-remove-chinese-payloads-galileo-sats#.UbTnrPnTqo1>>.

<sup>101</sup> Ibidem.

is stated that new space dialogue with clear objectives will be included in appropriate bilateral arrangements. They will be established with other space powers, especially with People's Republic of China.<sup>102</sup> This is clear EU's attempt to find the consensus with China on cooperation and sharing open frequencies in satellite navigation – the moot point of EU-China space cooperation.

### 2.3 III Pillar – People-to-people dialogue

Observing the development of partnership between China and Europe, one important question seems to be crucial: how much regular European know about his Chinese partner and vice versa?

Our common history has been mainly developed in the sphere of high politics, where regular citizen has nearly no access, which in part undermines effective cooperation. This is why, the creation of link between citizens should be considered as crucial step towards real strategic partnership. In areas such as human rights, foreign policy, regional stability or economics the evolution of EU-China relations has made a tremendous progress, providing both sides with economic growth, more open economy and stable position in world politics. But many others areas are still under-researched.

One of the most pertinent observations concerning the actual role of the EU-China tandem is that *“there is a continuing need to re-profile and re-orient our mindsets about the growing prominence of the EU as a collective entity.”*<sup>103</sup> This approach, despite the fact that it emerged in 2009 in the process of creation EU Agenda 2010, is still very accurate. European

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<sup>102</sup> Commission's Communication, Towards a space strategy for the European Union that benefits its citizens, Reference: COM(2011) 152, Brussels, 4.4.2011, available at <[http://ec.europa.eu/enterprise/policies/space/files/policy/comm\\_pdf\\_com\\_2011\\_0152\\_f\\_communication\\_en.pdf](http://ec.europa.eu/enterprise/policies/space/files/policy/comm_pdf_com_2011_0152_f_communication_en.pdf)>.

<sup>103</sup> G. Wiessala, P. Taneja, J. Wilson, *Conclusions: Towards an EU-China Research Agenda 2010*, European Studies 27 (2009): 291-295

Union and Peoples Republic of China are entering the new level of cooperation, which requires new policies.

Whereas the first two pillars are mainly related to purely economic and political issues, the third one, and relatively the youngest one, is focusing on the most important group, upon which the whole EU-China cooperation is built – European and Chinese citizens. It is very symptomatic that alongside with deepening of economic relations, the ‘societal’ level has been gaining more and more ground, eventually become one of the most important area of bilateral relations. True birth of this area of interest took place in the middle of 2000’s, after the establishing of strategic partnership policy. New areas of cooperation have been concentrating on issues closest to the people, such as: education, training, exchange of people or multilingualism.

Before the *big boom* of societal initiatives, which took place after 2003, one major development related to this area was held in 2001. On September 17, Information Society Working Group has been launched in order to strengthen EU-China relations in the Information and Communication Technologies (ICTs) field. This regular dialogue at vice minister level was focusing on tidying up the bilateral relations with ICT research and cooperation. The growing number of participating ministries at the Chinese side (e.g. Ministry of Information Industry, Ministry of Education, State Administration of Radio, Film and TV, and others<sup>104</sup>) not only improved relationship, but also gave very good example of effective cooperation in the field, which included Sino –European people-to-people dialogue. It was a cornerstone for future evolution of bilateral relation. However, main areas of discussions were technology research and technical assistance through aid and cooperation projects. The need for purely societal project has been growing, eventually leading to more concrete actions.

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<sup>104</sup> EEAS Delegation of the European Union to China, Range of Delegation activities in the field of ICT, [eeas.europa.eu](http://eeas.europa.eu/delegations/china/eu_china/information_society_and_media/range_activities/index_en.htm), available at < [http://eeas.europa.eu/delegations/china/eu\\_china/information\\_society\\_and\\_media/range\\_activities/index\\_en.htm](http://eeas.europa.eu/delegations/china/eu_china/information_society_and_media/range_activities/index_en.htm) >.

First step towards institutionalization of EU-China relation in the field of culture took place in December 2003, during the meeting of Commissioner Reding and Minister Sun. Since then, this sectoral dialogue has been brought into life and provided with annual meetings. However, the dialogues were organized in the casual way, without tangible results.

Strengthening of educational cooperation has again been mentioned in EU-China Summit Joint Statement from September 2006, where this step was considered as *“the social and cultural foundation for the sustainable development of the EU-China comprehensive strategic partnership.”*<sup>105</sup> Action towards implementation of this objective has been undertaken already in October 2007 during the visit of European Commissioner for Education, Training, Culture and Youth, Mr. Jan Figel and Minister for Education Mr. Zhou Ji in Beijing. This meeting resulted in signing Joint declaration on education, training and culture, which can be considered as a milestone in development of societal line of Sino-European cooperation.

Main reason of such action lies in the need of *“institutionalization of cooperation in the field of education, culture and youth matters in China and Europe.”*<sup>106</sup> It was perceived as crucial step towards the creation of global knowledge-based economy – one of the most important objectives of strategic partnership policy. The most important objectives of such institutionalization are:

- Creation of structured policy dialogue on educational and vocational training affairs,
- regular exchanges of expertise and best practices,
- mutual recognition of degrees and diplomas,
- and support for language teaching in Europe and China.<sup>107</sup>

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<sup>105</sup> Council of the European Union, 9<sup>th</sup> EU-China Summit Joint Statement, Reference: 12642/06 (Presse 249), Helsinki, 9 September 2006, pp.10, available at <[http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/er/90951.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/er/90951.pdf) >.

<sup>106</sup> Joint Declaration of Mr. Jan Figel, Commissioner for Education, Training, Culture and Youth, European Commission and Mr. Zhou Ju, Minister for Education People's Republic of China, 18-23 October 2007, Beijing, available at < [http://ec.europa.eu/education/external-relation-programmes/doc/jointchina\\_en.pdf](http://ec.europa.eu/education/external-relation-programmes/doc/jointchina_en.pdf) >.

<sup>107</sup> Ibidem.

For the supervision of cooperation, senior officials from both sides are holding annual meetings in Brussels or Beijing, during which the rolling work programmes, their implementations and projects for the future cooperation are discussed and reviewed.<sup>108</sup>

During the same meeting, similar declaration has been signed, but in the field of culture. The *“increasing role of cultural diversity for sustainable development”* and *“support for increasing cultural interaction and relations between EU and China”* were recognized as two main objectives of such cooperation. Institutional framework with annual meetings is the same as in case of education and vocational training.

The big success of strengthening the relationship in the field of education and culture has made European officials more interested in multiplication of actions in this direction. Both sides “acknowledge the crucial contribution of multilingualism to the development of a genuine intercultural dialogue and the key role it plays in enhancing mutual understanding between the peoples of China and Europe and boosting trade, growth and employment.”<sup>109</sup> This very true conclusion has lead EU officials to make one step further.

Joint declaration on multilingualism, signed on January 2009, has strengthened the cooperation in the field of education and culture. Common interests, such as linguistic diversity, intercultural dialogue, role of translation and interpretation or business competitiveness are now discussed and assessed by senior officials from both sides in the framework of sectoral dialogue - Policy Dialogue on education and vocational training affairs, incl. dialogue on multilingualism (See Table 1).

At the very beginning of 2009, two important sectoral dialogues were already established, improving societal linkage between Europeans and Chinese. Next step embraced a crucial part of the society – the youth. But in the meantime, during the 12th EU-China Summit

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<sup>108</sup> Ibidem.

<sup>109</sup> Joint declaration on multilingualism, European Commission and Ministry of Education of the People’s Republic of China, 30 January 2009, Brussels, available at < [http://ec.europa.eu/education/external-relation-programmes/doc/chinamulti\\_en.pdf](http://ec.europa.eu/education/external-relation-programmes/doc/chinamulti_en.pdf) >.



in Nanjing, in November 2009, Premier Wen Jiabao and President José Manuel Barroso agreed on the importance of holding an EU-China Forum on Culture. They agreed on the establishment of EU-China High Level Cultural Forum, which started in October 2010 at the side of EU-China summit. This project will add a broad range of important issues to the bilateral agenda, focusing on cultural exchanges and cooperation between cultural institutions, practitioners and industries.<sup>110</sup>

In 2011, the opening ceremony of Europe-China Year of Youth turned out to be a perfect occasion for making another declaration, this time establishing new policy dialogue on youth affairs. In this case, annual meetings between representatives-senior officials from both sides are aiming at promotion of active involvement of youth in the society, development of creativity and international vision among youth and increasing of youth employment and entrepreneurship.<sup>111</sup>

This multiplication of joint declarations and creation of concrete political dialogues between European Union and China, have stemmed from growing importance of societal issues in the development of stable and concrete partnership. In our globalized world, integration in economy and politics are going alongside with culture or education. Actually, the need for integration in this area can be considered as a spillover from progressive integration in areas of economics or politics – at some point, the whole process of integration had required the involvement of society, which in turn triggered the need for people-to-people contacts.

This is mostly what happened in 2012, when the decision on creation of a new pillar was made. At the 14<sup>th</sup> EU-China Summit held in Beijing in February 2012, European and Chinese side agreed to establish the EU-China High Level People-to-people Dialogue (HPPD). This major improvement and true sign of the involvement in deepening of cultural ties between both sides, is aiming at complementing the two existing pillars, ensuring the voice of the peoples to

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<sup>110</sup> See more at <http://www.euchinaculturalforum.com/>

<sup>111</sup> Joint declaration of European Commissioner for Education, Culture, Multilingualism and Youth and President of All-China Youth federation, 11 January 2011, Brussels, available at < [http://ec.europa.eu/youth/documents/eu\\_china\\_joint\\_declaration\\_youth.pdf](http://ec.europa.eu/youth/documents/eu_china_joint_declaration_youth.pdf) >.

be present in the formation of EU-China partnership.<sup>112</sup> As in the case of the others high-level dialogues, this one will be an 'institutional umbrella' for future initiatives and actions in the field of people-to-people exchange.

But what does people to people formula mean? In the joint declaration issued after the first round of EU-China HPPD it is described as *"a longstanding notion underpinning any action aiming to enhance international understanding and friendship through educational, cultural and humanitarian activities involving the exchange of ideas and experiences directly among peoples of different countries and diverse cultures."*<sup>113</sup> In others words, it means that Sino-European cooperation has created a new platform of interaction, where groups other than politicians and economists can exchange the views on topics not necessarily related to high politics or economics.

The flexible structure of such dialogue aims at development of common understanding between EU and China by engaging the peoples of both sides to mutually interact. Those informal contacts will surely help to identify the strategic societal issues, find the solutions for them and implement them in order to enhance the positive evolution of EU-China partnership and our societies in general.

It is undisputable that EU-China cooperation in the societal area has experienced a tremendous and fast acceleration. Right now, apart from the established in 2012 EU-China HPPD, we have set up sectoral policy dialogues in the fields of education, training, culture, multilingualism and youth. What are the effects of such development?

In the field of youth, during 12th EU-China summit, held in Nanjing on November 2009, European and Chinese leaders have decided to designate year 2011 as the Europe-China Year of Youth. Such action's objectives includes: promoting intercultural dialogue among youth leaders, encouraging young people to care about EU-China relations, ensuring further cooperation

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<sup>112</sup> Joint declaration on the first round of the "EU-China High Level People-to-People Dialogue", 18 April 2012, Brussels.

<sup>113</sup> Ibidem.

between policy makers and between youth organizations from both sides.<sup>114</sup> One of the major goals for this initiative was to *“promote intercultural dialogue and strengthen mutual understanding and friendship between European and Chinese youth.”*<sup>115</sup> It definitely increased the involvement of youth in projects, such as Erasmus Mundus programme (launched in 2004), which allows students from both sides to study in these two countries. The data from Joint study between the European Commission and the Ministry of Education in China indicates that *“Chinese students have a good record of success of participation in this programme: 2,866 Chinese students (and 320 scholars) have been selected over the seven annual selections up to 2009.”*<sup>116</sup>

During the same meeting another step, this time in the sphere of culture, has been made. The High Level Cultural Forum, one of the most important supporting events of the 13th EU-China Summit, is described on its website as an *“unprecedented platform for comprehensive communication between Chinese and European influential scholars. The Forum is designed to be the framework for an open dialogue on the ancestral values of two civilizations, on their models of society, their different patterns of knowledge, epistemological, ethical and aesthetic. It has to be forward-looking, taking into consideration the changes in the world.”*<sup>117</sup>

Additionally, in the field of education and training, many visible results have been achieved. Good examples of that are three schools jointly run by EU and China: China-EU School of Law, China-Europe International Business School; and China-Europe Institute for Clean and Renewable Energy (ICARE).<sup>118</sup> In addition to established scholar institutions, there are programmes aiming at enhancing cooperation in educational field. What is important is the Chinese contribution for the initiatives, such as The Chinese Government Scholarship

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<sup>114</sup> Joint Action Plan on the Europe-China Year of Youth 2011 between European Commission and the All China Youth Federation, 6 October 2010, Brussels.

<sup>115</sup> Joint study between the European Commission and the Ministry of Education in China, EU-China Student and Academic Staff Mobility: Present Situation and Future Developments, April 2011, pp. 59, available at < [http://ec.europa.eu/education/external-relation-programmes/doc/china/mobility\\_en.pdf](http://ec.europa.eu/education/external-relation-programmes/doc/china/mobility_en.pdf)>.

<sup>116</sup> Ibidem, pp.62.

<sup>117</sup> <http://www.euchinaculturalforum.com/>

<sup>118</sup> Joint study between the European Commission and the Ministry of Education in China, EU-China Student and Academic Staff Mobility: Present Situation and Future Developments, April 2011, pp. 60.

programme (providing full scholarships and partial scholarships to international students and scholars), The Post-graduate Study Abroad Program (Chinese scholarship programme launched in January 2007 for financing outstanding Chinese students to study at top universities around the world), or The China-EU language exchange programme 'EU Window' (launched in 2008, four-year project (2009-2013) sponsored by the Chinese Government).<sup>119</sup>

The tremendous acceleration of cooperation in the field of education, culture and training is a good sign for the future. It shows that EU-China relations are still progressing and already established mechanisms of communication generate the factual outcomes. It is very interesting to see how involvement of regular people, youth and societal actors can improve bilateral relations in general. There is a big possibility that the future growing importance of people-to-people dialogues can boost the cooperation, solving the biggest issue in Sino-European relations – lack of knowledge about themselves.

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<sup>119</sup> Ibidem, pp. 68.

## Chapter 3 Assessing the EU-China strategic partnership

After a brief examination of the three pillars of EU-China dialogue, one important question needs to be asked: What is the role of strategic partnership in the EU-China relations? In rapidly changing international environment, new types of relationships evolve and emerge constantly, but apparently strategic partnership is the favorite framework of cooperation with the EU's closest partners. It is especially true when we look at the last decade – 10 out of 10 such policies were created towards strategic global powers. At the one hand, it can be a result of rapidly accelerating globalization and can be considered as a logical step towards ameliorating already existed linkages; but at the other, strategic partnership resulted in amelioration of cooperation between partners, providing them with good results.

At the first glance EU relationship with China should result in more contradictions than common points. Differences, such as normative incompatibility, EU's internal divergences, policies coordination problem between partners, different perceptions (EU's global governance vs. China state-centrism), different ally-states and many others are constantly influencing bilateral meetings. Nevertheless, partnership is going forward, delivering tangible results. Like in any other bilateral relations, there are relatively 'easy' aspects of cooperation and multidimensional 'hard' negotiations.

By looking at mutual commitment for deepening common relations presented in previous chapter, considering EU and China as partners is quite evident. The partnership is strongly institutionalized, ranging from annual meetings and summits, through high level dialogues to sectoral political dialogues and working groups. Construction of series of overlapping commitments efficiently binds China and EU, forcing them to take seriously the common statements, in order to not to lose their faces at the international area. As a consequence, these bilateral contacts have enforced even further the regional and international position of both partners – for example the recent 'third party issue' entered the EU-China agenda, namely African regionalization.

We can easily find many reasons why those two global powers should cooperate. First of all, they share a common history. Four decades of bilateral exchanges on nearly all levels, which resulted in reciprocally-accelerated economies, are very good reason to further strengthen and improve the existent links between EU and China. Secondly, *“there is no fundamental conflict of interest between China and the EU and neither side poses a threat to the other.”*<sup>120</sup> It makes this relationship free of conflicts over some of the geostrategic issues, such as armament race or Taiwan independency. It does not mean, however, that there is no conflicts between them. There are, but the nature of these conflicts does not lie at the very core of bilateral relations and cannot seriously jeopardize the cooperation over one particular issue. Thirdly, taking into account the two previous arguments and current level of globalization in international affairs, we can perceive China and Europe as natural partners. Both are adding the counterbalance for US dominance, both are including additional issues to the global agenda (such as African regionalization for China or effective environmental protection for the EU), which makes the good recipients of each other concerns.

Putting aside the question about chose of the particular partner, we will try to assess previously discussed elements of bilateral dialogue by answering the question about the very role of strategic partnership in EU-China relations. To this end, we will use the framework created by Giovanni Grevi in his great paper entitled *“Why EU strategic partnerships matter”*. The author has examined the already established EU strategic policies with great powers, in order to find the very reasons for creation of such policies. As he stated there, *“strategic partnerships stand at the interface between bilateral, mini-lateral and multilateral relations and are intended to facilitate the shift of the level of engagement up and down this ladder, depending on requirements.”*<sup>121</sup> In his tremendous work, he assessed the overall purposes, taking into consideration all ten countries included in this policy of the European Union. These rationales behind the evaluation of strategic partnerships are:

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<sup>120</sup> China's EU Policy Paper, October 2003, Beijing, available at <<http://www.china.org.cn/e-white/20050817/>>.

<sup>121</sup> Giovanni Grevi, *Why EU strategic partnerships matter*, ESPO Working paper no. 1, June 2012, pp. 10, available at <<http://www.fride.org/publication/1031/why-eu-strategic-partnerships-matter>>.

- Reflexive partnership: Putting the EU on the map,
- Relational partnerships: Economic first,
- Structural partnerships: Enhancing global governance.

For the purpose of our paper, we will briefly examine every pillar under the framework of above points. It seems to be good way to assess EU-China relations under the strategic policy. It will be very helpful to see, if there is a direction for common actions, or they are just dispersed outcomes of cooperation.

### 3.1 Reflexive partnership: Putting the EU on the map

It is worth noticing that strategic partnership as a policy is mostly pursued by EU towards third countries. This simple observation makes the first purpose quite evident: the EU itself is a main beneficiary from such policy. It cannot be the one-way relation of course, but *“self-assertion of the EU as a partner, an actor or a pole in challenging international system”*<sup>122</sup> stays at the core of relation with China. Alongside with ‘positioning’ element, there is also ‘integrative’ element. Strategic partnership allows EU to unify its institutional toolbox and make it more effective in bilateral relations.

Describing first pillar of EU-China dialogue architecture, one may say that it is heavily influenced by *normativity* of the European Union. It is somehow true, in the sense that each issue of strategic importance has strong connotation with democratic values. Fighting for human rights has always been one of the most important EU’s cards in international negotiations. One may say that it can be considered as a weakness. We will consider it as an opportunity. Human rights protection is very useful in terms of seeking alliances and opening new channels of communication. This is why the normative face of EU is often wrongly understood – it is not one entire objective to pursue. One part of it is related to the factual decrease in the record of human rights violations, and second part is a way how to do so.

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<sup>122</sup> Ibidem. pp. 12.

Consequently, discussion on human right can evolve into more developed topic, for example better environmental protection or regional stability. This seems to be the most accurate way to define human rights issue between EU and China, which definitely helps EU to enforce its position at the global level

Strategic partnership has provided this channel of communication with better integration and effectiveness. The issues tackled during the twice-annual meetings are more complex and reaching more accurate target groups. The discussion is not dispersed anymore among different working groups, but is concentrated in one, merging official close-door discussion and expert forum. The result of cooperation in this field is not satisfying, but we will argue it is on the best possible way.

Arms embargo is one of the most multilateral and multidimensional issue tackled in this paper. It involves global geostrategic position of the USA, Taiwan and should be considered as the most important dispute between China and EU. As we can see, it definitely places Europe on the maps of different powers in the world. US are strongly involved in this issue, because of its global military position and strategic importance of Taiwan. If embargo will be lifted, Russia would be at the risk of losing one of its biggest arms buyers - China. For the EU itself it is a big strife involving normative (human rights), strategic (London's relation with Washington), economic (with 'functioning' embargo, the market is worth € 344 066 451.<sup>123</sup>) and internal issues.

It resulted in strong unification of EU's policy on arms export. Right now, under the provision of Common Position 2008/944/CFSP, every Member State is better controlled and supervised from the European level, which brings more coherence and safety in this particularly sensitive area of cooperation. Even if the situation is far from being resolved, the voice of Europe is far more unified than before the sad Tiananmen incident.

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<sup>123</sup> Council of the European Union, The Fourteenth Annual Report according to Article 8(2) of Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment, 14 Dec. 2012, available at <[http://www.sipri.org/research/armaments/transfers/transparency/EU\\_reports/research/armaments/transfers/transparency/EU\\_reports/eu\\_annual\\_report\\_fourteenth.pdf](http://www.sipri.org/research/armaments/transfers/transparency/EU_reports/research/armaments/transfers/transparency/EU_reports/eu_annual_report_fourteenth.pdf)>.



European Union (EU27), as a first economic power in the world, has definitely marked its importance in global trade, even without the establishment of strategic partnership policy. However, this image has to be constantly emphasized and improved. In order to do so, the economic linkages with great powers have to be in a good shape. It is especially true in the case of EU-China trade, where emerging disagreements are influencing the condition of bilateral exchange. By more efficient and more coherent bilateral trade policy with China, EU sends a clear message that it is still a player with major importance, attracting more and more investors to its lands.

Institutionalization of mutual contacts has played very important role too. Chinese intellectual property rights violations are identified far more efficiently through specialized bilateral dialogues, which make them easier to fight. Small and Medium Enterprises can now receive institutionalized help from the bilateral programmes. This also improves the image of both partners outside, bringing even more investment and even more opportunities to grow. EU's toolbox is now better prepared for future challenges not only emerging between EU and China, but also between Europe and the whole world.

In the area of people-to-people dialogue, the most important amendment is an evolution of importance of societal level of cooperation. Globally speaking, elements such as extreme economic growth between countries, tremendous increase in transportation and opening up of societies have triggered the implementation of societal factor in bilateral relations between countries. The same happened in case of EU-China relations. Both actors perceive society as a major factor for sustainable development of their relations. Helping people to exchange with each other constitutes now third pillar of EU-China relations and it grows quick.

Cooperation in the field of education, training, youth and culture is also backed by institutional chain of commands. High level people-to-people dialogue is triggering the creation and implementation of new programmes and projects. Established framework is providing better monitoring of commitments of both parties and allows more fluent cross-sectoral policy making in this particular area. However, it is too early to effectively assess the outcomes of such

cooperation. Nevertheless, the existent institutional framework is a good prognosis for the future tightening up of mutual connections and is a great forecast for fruitful societal participation in the process.

### 3.2 Relational partnerships: Economic first

Following the logic of Mr. Grevi, we should now focus on economic side of strategic partnership and benefits related to it. As it was stated before, this policy was created to *'pursue European objectives and interests.'*<sup>124</sup> It is clear that economic growth is one of the most important interests for both partners. But this pursue of strategic objectives cannot be made alongside with violation of rights of the other side. Both the EU and China should promote their interests, but never in the one-track way, while denying the importance of interest of the other. Sadly, this is mostly the issue in EU-China relations, presenting the biggest threat for effective cooperation in the future.

Despite the fact, that political dialogue has been progressively improved, providing with good coverage of mutual concerns, the results of such dialogues are not satisfactory. If we consider respect for human rights as an EU major concern, in properly working relationship, China should do its best to satisfy its partner. In the Human rights and the democracy in the world report on EU Action in 2011, *"EU remained concerned at violations of human rights in China in 2011"*<sup>125</sup>. Main areas of concern still are legal reforms, freedom of expression, freedom of religion and women's rights. The frequent meetings during EU-China Human Rights dialogue seem to have little impact on the situation in China, which definitely undermine the cooperation.

Arms embargo, at the other hand, creates the problem at the very core of European Union. Member States themselves were trying to lift the embargo in 2003, but the initiatives

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<sup>124</sup> European Council, European Council Conclusions, Reference: EUCO 21/1/10 REV 1, Brussels, 12 October 2010, available at < [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/116547.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/116547.pdf) >.

<sup>125</sup> European External Action Service, Human rights and the democracy in the world report on EU Action in 2011, June 2012, pp.241, available at < [http://eeas.europa.eu/human\\_rights/docs/2011\\_hr\\_report\\_en.pdf](http://eeas.europa.eu/human_rights/docs/2011_hr_report_en.pdf) >.

have been drowned already in 2005 due to misunderstandings among them. Even the steps undertaken by Catherine ‘High Representative’ Ashton in 2010, were eventually blocked by EU Member States. During Premier Wen’s last China-EU summit in 2012, he “*expressed his regret and China’s frustration at the fact that arms embargo on China remains in place*”<sup>126</sup>. The inconsistency among EU Member States sends unclear signal to China, which in turn has the right to feel discriminated. If we consider strategic partnership as relational construct, in the area of arms sales it is hard to find any element of pure partnership. Two sides are simply looking for the loophole in the relationship and seek for the opportunity to circumvent the rules.

The trade, although constantly accelerating in terms of exchanged goods, has its own major problems to face. As it was clearly stated in Report on the protection and enforcement of intellectual property rights in third countries from February 2013, “*China remains the main concern of EU companies*”, delivering “*73% of all suspect (imported) goods detained at the EU borders in 2011*”<sup>127</sup>. Additionally, “*the improvements recently introduced have not kept pace with the scale of infringements, especially regarding online piracy and fake markets.*”<sup>128</sup> Trade facilitation mechanisms and support for SMEs are also endangered due to the fact, that Chinese judicial system remains difficult in practice; criminal sanctions are still difficult to obtain; there is the lack of an effective preliminary injunction system and of effective cooperation between authorities, but also insufficient training of the staff involved and by a very low level of public awareness.<sup>129</sup>

It shows with pure simplicity that multiple programmes, actions and dialogues (EU-China IP Dialogue, EU-China IP Working Group, EU-China Action Plan concerning customs co-operation on IPR enforcement, EU-China IPR Task Force, China IPR SME Helpdesk, Smart and Secure Trade Lanes (SSTL) pilot project, Center for European Union Small and Medium

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<sup>126</sup> Chen Zhimin, Results, Regrets and Reinvention: Premier Wen’s last China-EU summit, ESPO policy brief no. 6, October 2012, pp.3, available at < <http://www.egmontinstitute.be/papers/12/sec-gov/ESPO%20brief%206.pdf> >.

<sup>127</sup> European Commission, Report on the protection and enforcement of intellectual property rights in third Countries, SWD(2013) 30 final, 5 February 2013, Brussels.

<sup>128</sup> Ibidem.

<sup>129</sup> Ibidem.

Enterprises) are not sufficiently effective. Most probably it is due to the unwillingness of Chinese side to improve the situation of its own system and the fact that the size of Chinese economy makes the process very difficult to implement.

After the Sino-EU deadlock concerning Galileo project, there is now the light in the tunnel. Because of the first misunderstandings about the objectives of the project, two sides agreed to recommence the talks. In September 2012, *“the two sides have held the inaugural meeting of the Bilateral Dialogue on Space Technology Co-operation and expressed common willingness to enhance cooperation on the field of the civil aspects of their respective Global Navigation Satellite Systems (GNSS).”*<sup>130</sup> This is a good example of overcoming mutual disagreements in order to enhance cooperation with mutual benefits.

The societal stream and people-to-people dialogues are most likely to be the most cooperative initiatives in Sino-European tandem. It requires true commitment from both sides, which seems to affect also the others areas of mutual interest. Additionally, progressive globalization seems to enhance this type of cooperation, making third pillar a good example of long-term project. Growing number of students and academic staff exchanged bilaterally (between 118,790 and 119,638 Chinese students studying in the EU and 22,668 EU students studying in China in 2009; at least 6,697 academic staff of Chinese nationality working in the EU and 156 EU academic staff in China in 2008<sup>131</sup>), multiplication of programmes, projects and dialogues (sectoral policy dialogues in the fields of education and training, culture and multilingualism, Erasmus Mundus programme, China-Europe International Schools or Europe-China Year of Youth, See Chapter 2.3.) and opening-up of *unexplored* face of China – these kind of actions create reciprocal commitments, which have a really good chance to bring profits for both sides in a long-term perspective. Of course they will never bring such economic benefits as trade or high technology exchange, but they will definitely ameliorate bilateral dialogues, making future cooperation more flexible and binding.

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<sup>130</sup> Chen Zhimin, Results, Regrets and Reinvention: Premier Wen’s 1st China-EU summit, ESPO policy brief no. 6, October 2012, pp. 2.

<sup>131</sup> Joint study between the European Commission and the Ministry of Education in China, EU-China Student and Academic Staff Mobility: Present Situation and Future Developments, April 2011, available at < [http://ec.europa.eu/education/external-relation-programmes/doc/china/mobility\\_en.pdf](http://ec.europa.eu/education/external-relation-programmes/doc/china/mobility_en.pdf)>.

### 3.3 Structural partnership: enhancing global governance

In this part, we will examine EU-China strategic partnership by a prism of structural approach and try to answer if it enhance (or not) the global governance. Following Mr Grevi, *“effective strategic partnerships are those that seek to make bilateral dealings not only compatible with but also conducive to stronger multilateral cooperation. As such, they form part of a structural approach to foreign policy, shaping international relations beyond bilateral transactions.”*<sup>132</sup> In this sense, strategic partnership is not only aiming at improving bilateral relations between partners, but also at creating stable international environment, with factual international framework where the most powerful entities could cooperate and reaching profits out of this.

Sadly, the political dialogue between EU and China is not improving almost anything at the international level. The dispute over the Human rights record is a key matter, but only in the perspective of bilateral relations with China. It is true that EU position is enhancing the *global* image of EU Member States as leaders in promoting democracy and respect for human rights, but in the relations in China it is mostly covered by economic issues. Even if we would consider EU’s normative aspects as aiming at international human rights record, the lack of response from Chinese side effectively undermines these efforts. The case of arms embargo is even strengthening the old status quo in international area. The wrangling over lifting the embargo enforces the military domination of USA and further deepens the disparity between other different global players. Global governance, understood as *inter alia* stable and legally binding rules for all participating countries, can never exist if countries just look for the opportunity to overcome the law and make profits out of it, which is the case of EU member states selling arms to China.

Economic dialogue is partially enhancing the global governance, but without effective outcomes. It is true that, despite the impressive contribution of these two sides in world GDP growth, Sino-European economic relations bring the know-how in dealing with bilateral

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<sup>132</sup> Giovanni Grevi, *Why EU strategic partnerships matter*, ESPO Working paper no. 1, June 2012, pp. 16.

problems between trading countries. Steps undertaken in order to improve the IPR protections, trade facilitation and support for SMEs have definitely been noticed by other superpowers, therefore it could help with more efficient international trade. The lack in reciprocal activities from Chinese side however, distorts this image, providing with lack of confidence with global governance idea.

Societal dialogue, again, is most likely to be very useful in enhancing the global governance. At the very core of the idea of global governance are People. To understand this is the first step toward creation of effective, multilateral, reciprocal global governance. Actions aiming at bringing (regular) people together, allow them to contribute in the discussion over the most important issues and make them to understand each other, these objectives should be considered as the first steps and equally important with economic or political issues.

## Conclusions: Between the vision and pragmatism

After nearly four decades, the relations between European Union and People's Republic of China have experienced tremendous progress in institutionalization of common relationship. From purely economic objectives, this relation has been growing year by year, absorbing more and more areas of common interest. Eventually, it had reached the point where both sides decided to coin their relationship as *strategic*.

Despite the different perceptions of contemporary scholars and the discussion about the nature of this relationship, one thing is for sure – we share the common history. From purely geostrategic approach, aiming at growing economic exchange, the EU-China bilateral relations have evolved in a complex web of interdependencies. After the Sino-Soviet split in 1960, the European side has been trying to bring his Chinese counterpart into the modern international area. Back then, it could be considered as a purely pragmatic move towards multipolarization of international system. But then, both entities have started to perceive themselves as natural partners in changing environment, which resulted in deepening of mutual commitments. Afterwards, China has been considered as long-term partner, which eventually can help EU in establishing strong global governance with multiple superpowers. This in turn resulted in long-term commitment, which will last despite the good or bad conjuncture. After the freezing of contacts caused by Tiananmen accident, new element has entered into the agenda – human rights protection. It was clear back then that future improvement of bilateral relations with China has to be backed by reciprocity, not only *economic pragmatism*. It is worth noticing, that China agreed on the merits of human rights protection, but the outcomes are now contested and considered as inefficient. After the resolution of disagreements emerged in 1989, China and Europe could enter the new stage in their common history.

Growing interdependencies have urged for institutionalization of bilateral dialogue. It was the result of tremendous progress in economic exchange between parties and the will for better cooperation in others areas. This engagement in international area and enhancement of

multilateralism resulted in creation of strategic partnership policy. This very broad concept is now the major EU policy towards China. However, the creation of *comprehensive, coherent and coordinated long-term framework for political cooperation* requires well developed web of connections, common dialogues and institutions for effective cooperation. The architecture of bilateral dialogue has been emerging already from the moment when diplomatic relations have been established. Then the Agreement from 1985 gave the legal background for future deepening of bilateral dialogues, strategies and common projects, also triggering the construction of sectoral dialogues and policies.

It eventually resulted in the construction of three pillar system, starting from 2007. This is a pure outcome from years of cooperation, but the main question remains – Is the dialogue architecture effective in pursuing the objective of strategic partnership policy?

As always in the case of the attempt for assessing the bilateral relations between the two powerful entities, first half of the answer concerns the very structure of cooperation, whereas the second half aims at describing the outcomes emerging from such construction.

Considering the first part, it seems that EU-China dialogue architecture is one of the best construct in bilateral relations ever. It is the outcome from Chinese pragmatism and European idea of integration. For the former, the stable framework provides with clear *roadmap* which can be used whenever some problem occurs. This architecture allows for changing the pressure from one issue to another, providing with possibility to create leverage for further negotiations. For the latter however, the idea of *integration* of the partner in the cooperative framework will result in binding commitments and make whole cooperation more efficient. This balance is a result from years of bilateral ups and downs in Sino-European relations.

However, the second part cannot be considered as effective. Reciprocity in this relation is the weakest element of this puzzle. The construction of relations is clearly prepared for finding out the problems and looking for the solutions. The misalignments emerge constantly, so proper mechanisms with advisory powers are necessary. The problem remains in the will for improvement the situation, even if it is not explicitly required by the other side. The whole Chapter Two of this paper concentrated on real outcomes from EU-China cooperation. The



multiplication of projects, programmes and dialogues is quite impressive. The problem is still in the outcomes. Putting simply, the differences between both sides are identified perfectly. Even the steps for solving them are well adjusted. What is not efficient is the will of one side (Chinese, as well as European) to fully commit in implementation of agreed solutions. Very often the outputs are strongly uneven. The partnership side of this policy is far better developed than strategic aspect.

In conclusion, established Sino-European framework of cooperation seems to be a stable and durable construct. It provides with effective mechanisms, which bind both parties' declarations. However, the strategic partnership policy is a too broad concept, which disperses the eventual outcomes from EU-China dialogue architecture. As it was stated in the analysis of Matthias Stepan and Falk Ostermann, *"China and the EU have made much progress in building a better mutual understanding. However the partnership has not grown beyond the point at which the actors have clear, yet individual objectives and tactics of how to involve the respective counterpart in pursuing these. The lack of common objectives is already a clear indicator that the partnership is far away from being termed strategic, if the term can apply to the EU and its different member state policies at all."*<sup>133</sup> This quotation fully describes EU-China relations: there is far more *partnership*, enforced by bilateral mechanism and institutions, than *strategic* elements. Maybe the amelioration of strategic part of cooperation is simply the matter of time – ultimately, European connections with China are relatively the new ones and they will improve with time. The fundamentals are built. Now it is the time for a visionary, long-term bilateral strategy.

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<sup>133</sup> Matthias Stepan and Falk Ostermann, *Strategic or pragmatic, the future or already the past?*, Vu University Amsterdam, Reference: Ap:2001 no. 2, 2011, pp.24.

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