

China and the European Union: Ambivalent Relations

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Executive Summary

The history of the relations between China and Europe is a history of inconstancy on the part of the Beijing regime, which can be divided into four phases: From 1949 to Mao Zedong's death in 1976, China kept its borders closed and regarded the still-young European Economic Community as a dangerous specimen of imperialist capitalism. Although China sought recognition on the international stage, every contact with Europe was anathema. From 1976 to the rise of Jiang Zemin in 1989, the country remodelled its ideology and opened up, having seen that its own ideology was an economic dead-end, and that capitalism refused to collapse. Thus, a European-Chinese trade agreement was signed in April 1987, the first programme of scientific cooperation was developed in 1983, and in 1987, the EU Commission opened an office in Beijing. From Jiang Zemin (1990) to Hu Jintao (2002), China further opened up its economy and policy, going back to Western science and technology. Relations between China and the European institutions recovered further, paving the way for a new political dialogue. Finally, the period between Jintao's inauguration in 2002 and today was and is characterized by endeavours on both sides to develop their mutual relations into a global partnership.

Today, the Chinese-European dialogue has its own institutional structure in all areas. The political talks initiated at the management level are showing the first signs of success, serving as basis for preparing ministerial summit meetings and analyzing their results. China meanwhile ranks second among the trade partners of the EU-25, which itself is China's first trading partner. Economic and trade relations, which rapidly expanded on both sides in the last few years, are in no way restricted to the goods and service sectors. Another point to be mentioned is cooperation in the fields of science, research, and technology such as, for example, China's contribution to the GALILEO project, the European satellite navigation system, or to, Double Star'.

Early in 2002, the EU Commission adopted a strategy document for China for the period from 2002 to 2006 and a national framework programme for China for the period from 2002 to 2005. With the strategy document, the Europeans aim at supporting social and economic reforms as well as at promoting environmental protection, sustainable development, good governance, the rule of law, and human rights.

At the eighth EU-China summit held in Beijing on September 5, 2005, several treaties, memoranda, and protocols were signed covering work, employment and social issues; the utilization of space; energy; transport; biodiversity; the management of river catchment areas; science; and technological development. Moreover, the existing navigation agreement was expanded to include the EU's new member states, and China and the EU issued a joint declaration on climate change. In addition, it was decided to draft a new framework agreement on deepening the strategic partnership between Beijing and Brussels.

Many problems remained unsolved, however, such as the issue of Taiwan, the arms embargo, the protection and promotion of human rights, market economy, intellectual property, sanitary and phytosanitary safety, and consumer protection. There are also some areas in which opinions differ: These include the textile industry, where both sides agreed upon legally regulating the increase in Chinese textile imports until the end of 2008, and the automobile industry, where European producers had been forced by Beijing to enter into joint ventures

with Chinese companies in order to secure access to the Chinese market in obvious conflict with current WTO regulations.

On December 5, 2005, China signed various agreements and protocols with several French companies –a contract with the EADS subsidiary Eurocopter for the joint development of helicopters, a cooperation agreement with the Safran company for the maintenance of cargo planes, a supply contract with Alcatel for a telecommunications satellite, a financial protocol for building a high-speed railway line, and an association agreement for setting up a petrol-stationnetwork. At the core of the project is the Airbus contract, which triggered much unrest and debate.

Viewed calmly, the following conclusions can be drawn: First, trade relations with China are characterized by the factor of time. Thus, German-Chinese relations have their roots in the 19th century, whereas the relations between the EADS and China, for example, go back no farther than a few decades. Second, Germany has been pursuing a policy of reinvestment and supplier production for a long time; France, in contrast, became active in that field only recently. China, however, has been producing aircraft parts such as wing components for the Airbus company for some time now, and it cooperates with French companies. Third, the agreement of December 2005 contains a new element that goes beyond supplying Airbus components, as it provides for building an Airbus assembly line in China. For some people, this implies a potential danger of China appearing as a competitor on the international Airbus market.

On the one hand, the project offers advantages such as, for example, safeguarding jobs in Europe, motivating research and development, and increasing financial returns. On the other, however, there are drawbacks, such as loss of know-how, competition by new companies, and the loss of jobs related to it. Weighing the pros and cons is difficult and risky, although these risks are not only caused by the trade with China itself; rather, they have to be seen as the result of a global economic war which enforces new contract models.

In the face of all that, political aspects must not be neglected. It is obvious that the partnership between China and Airbus is very similar to that between Japan and Boeing: Mutual rivalry and confrontation is evidenced by the fact that China plays its European hand against Japan's American one. This rivalry also appears in the human rights and the arms embargo issues; China does not understand why the EU lifted its arms embargo on Libya but not on China. On the occasion of the 30th anniversary of diplomatic relations between the EU and China, which took place in May 2005, the foreign minister of Luxembourg emphasized the importance which Europeans ascribe to the criteria laid down in the code of conduct on weapons exports, especially those which refer to human rights. He added, however, that at the end of the day, stability and security in the Pacific region were a similarly fundamental criterion for Europe. How do the Chinese and the Europeans see each other? Europe does not perceive China as a threat; rather as a source of new possibilities with known risks. China pursues the policy of a peaceful great power which is in need of allies and exercises great care in choosing them. Beijing feels quite comfortable with the French approach of state sovereignty. The EU is proving a great market for China, besides offering access to technologies which permit the country to overcome its backwardness.

There is a far-reaching convergence between the Chinese and the European geopolitical view, which shows in their joint search for multilateralism instead of unilateralism and in their endeavours to build up a multipolar or rather oligopolistic world.

The Chinese economy is still growing. This growth goes hand in hand with a serious threat to the environment and the ecological balance. However, Beijing is gradually perceiving the problem and reacting to it. Yet China's economic growth also raises internal problems, such as a high degree of urbanization. Despite all this, a breakdown of the system is not to be expected soon, and it seems very likely that the current development will continue until 2010 at least.

Good relations between China and the EU are one thing, undimmed trade relations another. The problems that have arisen in the textile, shoe, and automobile industries show clearly that the Chinese will not treat the Europeans any better than the Americans. This circumstance presents a challenge to Europe, a Europe which, in view of the French and Dutch No to the constitution treaty and Europe's inability to launch a political project, is far from becoming a future centre of attraction in a world that is changing. China will probably reach its goals, and it is hardly likely to show any weakness, underpinned as it is by strong nationalist confidence and a development that is unequalled. Europe must become aware of that fact, and it must take the step which, given its past, its culture, and its economic strength, is appropriate.