

SWP



**11th Annual Conference on
“The Taiwan Issue in China-Europe Relations”**

Shanghai, China

September 14-16, 2014

A workshop jointly organised by the German Institute for International and Security Affairs / Stiftung Wissenschaft und Politik (SWP), Berlin and the Shanghai Institutes for International Studies (SIIS), Shanghai. With friendly support of the Europe China Research and Advice Network (ECRAN).

Discussion Paper

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What's New in EU-China Relations?

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Introduction

I would like to highlight three events or developments in EU-China relations which took place over the months after October 2013: The annual EU-China summit in November 2013, Xi Jinping's visit to Europe in March 2014 and last but not least – scarcely publicized in Europe – the publication of a new EU Policy Paper in China in April 2014. After a compromise was found in the trade conflict caused by the solar panel anti-dumping case pursued by the European Commission, these three events demonstrate that things are more or less back on track in EU-China relations. This does not mean that similar problems will not arise in future, but both sides are committed to their partnership long-term and will intensify their exchanges.

The EU-China summit meeting 2013 and its results

Before the summit took place, the EU published a brief announcement taking stock of the present state of EU-China relations. Positively mentioned is the growing cooperation in the international sphere: The cooperation on Iran within the EU3+3 framework, China's contribution to the UN-mandated anti-piracy mission of the EU in the Gulf of Aden (Operation Atalanta) and its growing engagement in UN peacekeeping missions like in Mali together with the EU and member states were especially mentioned.¹ The summit was seen as an important event because it was the first between EU leaders (albeit the outgoing ones) and the new, fifth generation leaders in China.

The major outcome of the EU-China summit which took place in Beijing in November 2013 was a document called "EU-China 2020 Strategic Agenda."² This paper defines a mid- and longer-term agenda for cooperation and is seen as significant also because 2020 coincides with the year envisaged by the Third

1 European Commission Memo: „EU-China relations and the 16th EU-China Summit - Beijing, 21 November 2013”, 19.11.2013, http://europa.eu/rapid/press-release_MEMO-13-1012_en.htm.

2 „EU-China 2020 Strategic Agenda for Cooperation”, November 2013, http://eeas.europa.eu/china/docs/eu-china_2020_strategic_agenda_en.pdf.

Plenary Session of the 18th Party Congress for accomplishing the new Chinese reform agenda.³

Another important result of the summit was the official launch of the negotiations on an investment agreement between both sides.

Xi Jinping's visit to Europe

In March 2014, Xi Jinping first attended the nuclear summit in The Hague (in The Netherlands) and then visited Germany, France and Belgium. In Belgium, he did not only meet with the Belgian king, but also had meetings with EU institutions, namely with European Council President van Rompuy, European Commission President Manuel Barroso and the President of the European Parliament Martin Schulz. This was the first time ever that a Chinese president (and General-Secretary of the Communist Party) visited the EU institutions.

Of course, Chinese presidents had made trips to European member states before, but until March 2014, China's relations with the EU institutions had been in the hands of the Chinese Prime Minister, who regularly attends the summit meetings. Therefore, Xi Jinping's meetings with the heads of EU institutions received a lot of media attention and his visit to the EU was declared "historic".

In terms of outcome, the meetings in Brussels produced a Joint Statement,⁴ in which the results of the EU-China summit in November 2013 were basically reiterated and confirmed. European and Chinese media hailed a passage in the joint statement that addressed an EU-China FTA as a long-term perspective. However, such a passage had already been included in the EU-China 2020 Strategic Agenda published in late 2013. And while Xi Jinping had suggested a feasibility study on a EU-China FTA, the respective formulation in the joint statement was very cautious: It states that after the successful completion of the investment agreement (on which formal negotiations have started in 2013) there existed a "[...] willingness to envisage broader ambitions including, once the conditions are right, towards a deep and comprehensive FTA, as a longer term perspective."⁵

Judging from this formulation, a feasibility study does not seem imminent. At this point, the EU is busy negotiating the TTIP with the United States which is complicated, absorbs a lot of capacities and additionally has been accompanied by strong criticism from civil society groups and media in Europe.

3 Eoin McDonnell: The EU-China Summit 2013 – Real Progress?, 25.11.2013, <http://www.iiea.com/blogosphere/the-eu-china-summit-2013--real-progress>.

4 "Joint Statement: Deepening the EU-China Comprehensive Strategic Partnership for mutual benefit," European Commission - STATEMENT/14/89, 31/03/2014, http://europa.eu/rapid/press-release_STATEMENT-14-89_en.htm

5 Ibid.

China's second EU Policy Paper

In April 2014, China published its second EU Policy Paper under the title “Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation”⁶ (so the title is very similar to the above-mentioned Joint Statement). This was only China's second paper of this kind and came ten years after the first such document and also ten years after the EU and China declared their partnership to be “strategic” and comprehensive. Somewhat surprisingly, there has not been a lot of reaction to this new policy paper, at least not in European mass media and political circles. This lack of publicity contrasts with the reaction to the first paper in 2003, which was presented at the time as a significant and unprecedented step of the Chinese government. The different receptions of the two papers in a way reflect the development in EU-China relations within these ten years.

2003-4 probably represented the high point or the “honeymoon” phase in EU-China relations, when China had just joined the WTO and there was a lot of optimism that China would become a partner for the EU not only in economic terms, but also on global issues. However, the tone of some passages in the 2003 paper had been harsh (at least this is the impression from the official English translation).

Now, in 2014, cooperation between the EU and China has become much more institutionalized and regularized, and the fields of cooperation have been expanded and extended to new areas. For example, climate change is mentioned in the 2014 paper – this was not a prominent issue ten years earlier, while energy, the environment and transport (including maritime transport) had already been included in 2003 as fields of cooperation. A whole chapter is now devoted to urbanization. Ten years into the “strategic partnership”, expectations are also more realistic and down-to-earth. The new paper uses a more factual (and less “ideological”) language than the 2003 document. However, the message in the new paper has not changed in substance and it is stated very clearly what China expects the EU to do and not to do.

It is noteworthy that the document published in 2003 sometimes uses language that is not tailored to a “Western” audience, although this was a phase of high hopes and high expectations in the relationship. There are significant differences, for example, between the 2003 and the 2014 papers in the passages on human rights, Tibet and on Taiwan. These three examples will be presented here since they reflect changes (and continuities) in some of the contentious issues:

- **On human rights**, the 2014 paper is much more specific than the earlier edition. For example it is stated here that “The EU side should attach equal

⁶ Full text in English see:
http://news.xinhuanet.com/english/china/2014-04/02/c_133230788.htm

importance to all forms of human rights, including civil, political, economic, social and cultural rights and the right to development, view China's human rights situation in an objective and fair manner, stop using individual cases to interfere in China's judicial sovereignty and internal affairs, and to create a good atmosphere for human rights dialogue and cooperation between the two sides.” Such detailed requests are absent from the 2003 paper. One can sense in this passage how the Chinese side perceives what took place in the human rights dialogue with the EU over the last decade and what it sees as its negative aspects.

- **On Tibet:** While in 2003 the EU was requested “[...] not to have any contact with the ‘Tibetan government in exile’ or provide facilities to the separatist activities of the Dalai clique”, the 2014 speaks more neutrally of the “Dalai group”. However, while the 2003 paper encouraged personages from the EU to visit Tibet, such a passage is missing in the 2014 paper. Moreover, in 2003, the part dealing with Tibet had the title “Promote the EU’s understanding of Tibet”; the equivalent in 2014 titles the section “Properly handling Tibet-Related Issues”. So promoting the understanding of Tibet is no longer a priority.
- Both papers contain a section on the One-China-Principle, and here, the 2014 paper is more moderate in tone than its predecessor: While the 2003 lists three points the EU should not allow or do, the 2014 paper starts with a more positive formulation: “Exchanges between the EU and its member states and Taiwan should be strictly limited to nonofficial and people-to-people activities.” On military cooperation with Taiwan, the new edition is again more specific than the 2003 paper by not only addressing arms sales, but also stating that China asks the EU “[...] not to carry out military exchanges or cooperation with Taiwan in any form.” The passage on Taiwan’s international space has remained more or less the same, but here the 2003 paper needed to make clear that Taiwan’s accession to the WTO as a customs territory did “[...] not mean any change in Taiwan's status as part of China” – a statement that did not need to be reiterated in 2014.

Other passages have survived in the 2014 paper almost without any change, for example the paragraph addressing Hong Kong and Macao.

The differences between the two Policy Papers are proof of how broad cooperation now is between China and the EU, but one can also sense certain dissatisfaction with the developments over the last decade on the Chinese side.

The EU published its last China strategy paper in 2006⁷, but has not come out with a new one since. The previously published strategy papers on China (“Communications”) had proved to have a short half-life: there had been papers on EU-China relations in 1995, 1998 and in 2003. Maybe under the new leadership team in Brussels there will also be a new effort to take stock of the relationship with China.

Conclusion

As the dispute over solar panels between China and the EU heated up in spring/summer 2013, there was also the problem of disunity among EU member states: Angela Merkel had told Chinese counterparts on two occasions that she would prefer a resolution of this issue by negotiations. The EU Commission in this case reasserted its authority by pursuing the anti-dumping case anyway (and against the vote of 18 member states). In the end, a compromise was found between the Commission and China. The fact that the EU Commission defended its authority over trade issues might have helped restoring its position vis-à-vis China: If it had immediately caved in to the pressure from member states, the EU institutions would have looked weak. Hopefully, Germany (and China) has learned that even as the biggest and economically strongest EU member state, it is not able to bend the course of things according to its will, at least not on those issues where negotiating and decision power resides in Brussels.

It is to be expected that almost trade wars between the EU and China will also happen in the future. That China has been pushing the EU for a FTA – and has already concluded FTAs with some smaller states in the EU’s neighbourhood (Iceland and Switzerland) – is understandable in light of the two big FTA projects the United States is currently negotiating in Asia (TPP) and with the European Union (TTIP). If both FTAs are successfully concluded (which is a big if), China as one of the biggest trading nations would find itself on the outside. The appetite in the EU for a FTA with China seems to be rather limited for the time being. The inclusion of a passage in the 2020 Strategy Paper and the Joint Statement with Xi Jinping should not be over-interpreted in China.

On the bilateral level, the issues of human rights, Tibet and Taiwan will remain sensitive as the new Chinese EU Policy Paper shows. However, there has not been any official comment from the side of the EU on this paper.

On international issues, there has been appreciation on the side of the EU for the ongoing cooperation with China on Operation Atalanta, Iran and Mali. New opportunities in this respect could be created by shared interests with respect to the

7 Communication from the Commission to the Council and the European Parliament: EU – China: Closer partners, growing responsibilities [COM(2006) 632 final], Oct. 24, 2006, <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52006DC0631>.

IS activities in Iraq and Syria and by China's willingness to become more engaged in the Israel-Palestine conflict. However, there are also concerns within the EU about China's position vis-à-vis the situation in Ukraine and the boost in Sino-Russian relations this has brought about.