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**How to Further Improve China-Europe Relations**

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# How to Further Improve China-Europe Relations

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After nearly 40 years of development, China-Europe relations have developed into exemplary North-South relations. With the annual leaders' meeting as an important guide and with politics, trade and culture as three major pillars, both sides have carried out all-round cooperation at multiple levels in a broad range, and deepened the comprehensive strategic partnership. China-Europe relations not only bear on the development of China and the European Union, but also exert major influence on the development of the world political and economic patterns. The Chinese side views the European Union from a strategic height, attaches importance to the European Union, resolutely supports European integration, and is willing to continuously expand and deepen the comprehensive strategic partnership with the European Union. The European Union also thinks China-Europe relations are strategic, proactive and developing with strong momentum.

## 1. Place of the European Union on the Map of China's Diplomatic Strategy

On May 6, 1975, China established diplomatic relations with the European Economic Community. In October 1983, China established diplomatic relations with the European Coal and Steel Community and the European Atomic Energy Community respectively. On November 1, 1983, China and the European Community announced the full establishment of diplomatic relations. In 1998, China and Europe established the long-term stable constructive partnership facing the 21st century. In 2001, both sides established the comprehensive partnership. In 2003, China and Europe established the comprehensive strategic partnership. Besides, China has established strategic partnerships with many member states of the European Union.

On the map of China's diplomatic strategy, the European Union always occupies an extremely important place. This place of the European Union has to do with the following factors:

**First, the European Union has a huge market.** The European Union's economic aggregate ranks second in the world. For example, the European Union's estimated 2013 GDP (purchasing power parity) is \$15.85 trillion, second only to the United States' GDP of \$16.72 trillion. For the highly open Chinese economy, the European Union is undoubtedly a huge market that cannot be ignored.

Besides, China says it will accelerate adjustment of the economic growth model and try to build a resource-conserving and environment-friendly society; the

European Union hopes to promote “smart growth” and develop the low-carbon economy through improvement of energy utilization rates and other means. This shows that China and Europe can draw on each other’s strengths to offset weaknesses and complement each other.

**Second, the European Union has diversified advanced technologies.** In the era of globalization, the level of international competitiveness determines the strength of any country. Among the factors influencing international competitiveness, science and technology are vitally important. Though China’s science and technology innovation capabilities are improving continuously, it is still necessary to import foreign advanced technologies. The overall science and technology level of the European Union as the origin of the industrial revolution and one of the main places of the science and technology revolution is higher than that of China; therefore, strengthening science and technology cooperation with the European Union or directly importing its technologies can be regarded as one of the main means of bringing the “late-developing advantage” into full play.

**Third, the European Union is an ideal outlet for investment.** With the constant enhancement of China’s economic strength, encouraging Chinese enterprises to “go out” has become an important part of China’s national policy and reform and opening up strategy. In the course of “going out”, the important place of the European Union is self-evident. The European Union not only has a huge market and advanced technologies, but also provides a good investment environment, e.g. political stability, a sound legal system, high-quality labor force, complete infrastructure, multiple financing channels, less corruption and low crime rates. Compared with Latin American and African countries, these advantages of the European Union are especially prominent.

**Fourth, the European Union can lend a helping hand for RMB internationalization.** RMB internationalization is an inevitable result of constant enhancement of China’s economic strength, and the realization of RMB internationalization can improve China’s economic openness and thus further enhance China’s economic strength. London and Frankfurt are world-famous international financial centers. Therefore, in the course of promoting RMB internationalization, the European Union can play a decisive role.

**Fifth, the European Union is an important force on the international stage.** Though China and the European Union do not hold the same positions on all international issues, both sides oppose the single-polar world pattern and hegemony, advocate establishing a multi-polar world pattern as soon as possible and defending international fairness and justice, support the United Nation’s guiding role in maintaining world peace, promoting common development and pushing forward international cooperation, and hope to maintain the fruit of the victory of World War II and post-war international order. This means that both

sides can certainly turn the 21st century into a century of peace, cooperation and development together.

**Sixth, the European Union is an important partner for China's participation in global governance.** On the one hand, China is attaching more and more importance to global governance and is beginning to actively participate in it as an emerging economy. On the other hand, in many international organizations and international institutions such as the United Nations Security Council, the International Monetary Fund, the World Bank, the Group of 20, the Group of 7 and the Organisation for Economic Co-operation and Development, the European Union's member states maintain broad representation and participation, and even some leadership. Indeed, just like President of the European Commission Barroso said, the European Union is both a rule generator and rule promoter.

Besides, the European Commission thinks the legitimacy of global governance depends on whether emerging forces can assume "international leadership". This coincides with China's wish to actively participate in global governance. This shows that the European Union's important role in global governance and its expectations on emerging economies constitute the driving force for China and Europe to strengthen cooperation in global governance.

## 2. Positioning of China-Europe Relations by China and Europe

The positioning of bilateral relations by both sides bears heavily on whether such relations can develop continuously. It is encouraging that both China and Europe attach great importance to their bilateral relations.

In October 2003, China issued the first EU policy paper. In this document, China positions strengthening and enhancement of China-EU relations as an important component of China's foreign policy, and says China is committed to a long-term, stable and full partnership with the EU. This document also puts forward China's EU policy objectives: (1) to promote a sound and steady development of China-EU political relations under the principles of mutual respect, mutual trust and seeking common ground while reserving differences, and contribute to world peace and stability; (2) to deepen China-EU economic cooperation and trade under the principles of mutual benefit, reciprocity and consultation on an equal basis, and promote common development; (3) to expand China-EU cultural and people-to-people exchanges under the principle of mutual emulation, common prosperity and complementarity, and promote cultural harmony and progress between the East and the West.

In April 2014, China issued the second EU policy paper. In this new policy paper, China-Europe relations are positioned as "two major forces", "two major markets" and "two major civilizations" in today's world. China and the EU, the

world's most representative emerging economy and group of developed countries respectively, are two major forces for world peace as they share important strategic consensus on building a multi-polar world. The combined economic aggregate of China and the EU accounts for one third of the world economy, making them two major markets for common development. Being an important representative of the oriental culture and the cradle of western culture and with a combined population accounting for a quarter of the world's total, China and the EU stand as two major civilizations advancing human progress. With no fundamental conflict of interests, China and the EU have far more agreement than differences. Both sides are at a crucial stage of reform and development and China-EU relations face new historic opportunities. Deepening the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation will provide impetus to the development of China and the EU and contribute to peace and prosperity of the world.

Apart from “two major forces”, “two major markets” and “two major civilizations”, Chinese President Xi Jinping also positions China-Europe relations as four “bridges”:

**First, we need to build a bridge of peace and stability linking the two strong forces of China and the EU.** China and the EU take up one tenth of the total area on Earth and one fourth of the world's population. Together, we take three permanent seats on the Security Council of the United Nations. We all need peace, multilateralism and dialogue, instead of war, unilateralism and confrontation. We need to enhance communication and coordination on global issues and play a key role in safeguarding world peace and stability. Civilization and culture can spread, so can peace and development. China stands ready to work with the EU to let the sunlight of peace drive away the shadow of war and the bonfire of prosperity warm up the global economy in the cold early spring, and enable the whole mankind to embark on the path of peaceful development and win-win cooperation.

**Second, we need to build a bridge of growth and prosperity linking the two big markets of China and the EU.** China and the EU are the two most important major economies in the world with our combined economy accounting for one third of the global economy. We must uphold open market, speed up negotiations on the investment agreement, actively explore the possibility of a free trade area, and strive to achieve the ambitious goal of bringing two-way trade to one trillion US dollars by 2020. We should also study how to dovetail China-EU cooperation with the initiative of developing the Silk Road economic belt so as to integrate the markets of Asia and Europe, energize the people, businesses, capital and technologies of Asia and Europe, and make China and the EU the twin engines for global economic growth.

**Third, we need to build a bridge of reform and progress linking the reform processes in China and the EU.** Both China and the EU are pursuing reforms that are unprecedented in human history, and both are sailing uncharted waters. We may enhance dialogue and cooperation on macro-economy, public policy, regional development, rural development, social welfare and other fields. We need to respect each other's path of reform and draw upon each other's reform experience. And we need to promote world development and progress through our reform efforts.

**Fourth, we need to build a bridge of common cultural prosperity linking the two major civilizations of China and Europe.** China represents in an important way the Eastern civilization, while Europe is the birthplace of the Western civilization. The Chinese people are fond of tea and the Belgians love beer. To me, the moderate tea drinker and the passionate beer lover represent two ways of understanding life and knowing the world, and I find them equally rewarding. When good friends get together, they may want to drink to their heart's content to show their friendship. They may also choose to sit down quietly and drink tea while chatting about their life. In China, we value the idea of preserving "harmony without uniformity", and here in the EU people stress the need to be "united in diversity". Let us work together for all flowers of human civilizations to blossom together.

Up till now, the European Union has issued several dialogue policy papers. The most important ones among them are: A Long Term Policy for China-Europe Relations issued in 1995, EU-China Co-operation, A New Strategy issued in 1996, Building a Comprehensive Partnership with China issued in 1998, EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy issued in 2001, A Maturing Partnership - Shared Interests and Challenges in EU-China Relations issued in 2003, and EU-China: Closer Partners, Growing Responsibilities and EU-China Trade and Investment: Competition and Partnership issued in 2006.

The above EU documents show the following points. First, the European Union thinks China plays an important role on the international stage. Therefore, it is necessary for the European Union to develop all-round relations with China, including political dialogue, economic and trade ties and people-to-people exchanges. Second, the European Union favors China's huge market very much but requires China to further expand market openness and provide more facility for EU enterprises to enter the Chinese market on the basis of fairness and reciprocity. Third, the European Union hopes that China can play a larger role in global governance and strengthen cooperation with the European Union. In particular, the European Union puts forward higher requirements on important issues that the European Union is concerned about such as regional security, relief for Africa, antiterrorism and climate change to China. Fourth, the European Union

tries to integrate its values into bilateral relations. Therefore, in almost all policy papers, the European Union hopes that China can expand openness, strengthen the rule of law and protect human rights and democracy.

### 3. How to Further Improve China-Europe Relations

On October 13, 2003, China issued China's EU Policy Paper. Ten years later, at the 16<sup>th</sup> China-EU Summit held on November 20 and 21, 2013, both sides issued China-EU 2020 Strategic Agenda for Cooperation. This agenda puts forward 93 proposals in four areas of cooperation (peace and security, prosperity, sustainable development and people-to-people exchanges). Undoubtedly, after ten years, the comprehensive strategic partnership between China and Europe will reach a higher level.

Of course, there is a huge gap between the economic development levels of China and Europe with different political systems, cultural traditions and values. Therefore, it is inevitable that both sides will encounter great or small obstacles and resistance in the course of developing their relations.

China-Europe relations are among the most important bilateral relations in the world. To further elevate their relations, the leaders and decision-making departments of both sides should give more consideration to the following issues and adopt necessary measures for them:

**The first is how to deal with trade frictions.** According to the statistics of the Ministry of Commerce of China, the 2013 volume of trade between China and Europe is 559 billion US dollars (i.e. 1.5 billion US dollars per day). Such close economic and trade relations are certainly accompanied by great or small trade disputes. Therefore, only by dealing with them with an active, friendly, pragmatic and flexible attitude can both sides create a good atmosphere and conditions for economic and trade cooperation between China and Europe; only by solving trade frictions through dialogue and negotiation can both sides maintain healthy and steady development of economic and trade relations between China and Europe. The solution of the dispute over trade of photovoltaic products between China and Europe in 2013 fully shows that because China and Europe are strategic partners and important trading partners, opposition to trade protectionism is both sides' common responsibility.

To better elevate both sides' economic and trade relations, the European Union should recognize China's market economy status as soon as possible. Regrettably, among various EU bodies and member states, the voice of those unwilling to recognize China's market economy status is not weak. Some EU media even think that the requirement put forward by Premier of the State Council of China Wen Jiabao at the World Economic Forum (Summer Davos) to the European Union on September 14, 2011 is "a friendly blackmail". Premier Wen Jiabao said then:

“Europe is China’s comprehensive strategic partner, and we have followed closely the economic development and difficulties in Europe. When some European countries run into sovereign debt crisis and economic distress, we have said on many occasions that we are ready to help and will continue to invest in Europe... At the same time, I hope that leaders of the EU and some European countries will also view China-EU relations from a strategic perspective. For instance, they should recognize China’s full market economy status. As a matter of fact, according to the agreed terms of China’s WTO membership, China will be recognized as a full market economy in 2016 internationally. To show a goodwill a few years earlier is the way how friends should treat each other.”

**The second is how to further promote mutual understanding.** Mutual understanding is a precondition of promoting country-to-country relations, enhancing trust and strengthening cooperation. Indeed, mutual exchange and understanding between China and Europe are growing increasingly, but compared with the ambitious goal of establishing the comprehensive strategic partnership, the mutual understanding between China and Europe is not enough. Of course, Europe needs to further understand China just like China needs to further understand Europe.

There are diversified modes of strengthening mutual understanding. Apart from exchange of high-level visits, both sides should further promote nongovernmental exchange. Tourists, scholars, journalists, athletes, artists and students can all contribute to promotion of mutual understanding.

**The third is how to respect the other side’s “bottom line” of interests.** All countries, especially large ones, will defend their “bottom lines” of interests. Otherwise, they will lose international reputation and prestige both at home and abroad and become unable to receive the international community’s recognition and domestic support from people. Both China and Europe have realized the necessity and importance of respecting each other and drawing on each other. Both sides’ leaders say they need to respect the development path each has chosen independently, accommodate the differences between them and draw upon each other’s strength to jointly advance the progress of human civilization. This is the political foundation for the new type of partnership between China and Europe and the positive energy pushing its constant development. It should be known that the relations between some countries and China have suffered huge setbacks for their leaders’ meetings with the Dalai Lama who engages in splitting the motherland in the cloak of religion.

**The fourth is how to maximally seek common ground while reserving differences on some major international issues.** Today’s world is undergoing profound and complicated change. As important forces in the multi-polar world, both China and Europe are shouldering the responsibility to maintain world peace and promote common prosperity and sustainable development. Therefore, both

sides should continue to consolidate and develop their strategic partnership based on the principle of equality, mutual trust and mutual respect. Of course, because China and Europe understand national interests differently, their views on hot issues and major issues emerging in the world from time to time are not the same, but such divergences should not become an obstacle to promoting China-Europe relations. China and Europe should correctly understand and respect each other's positions and seek common ground while reserving differences instead of requiring the other side to adopt the same foreign policies and actions.

**The fifth is how to enhance strategic mutual trust at various levels.** Strategic mutual trust is the basis of the comprehensive strategic partnership between China and Europe and the driving force promoting China-EU relations. Undoubtedly, with the development of economic and trade relations and political relations, the strategic mutual trust between China and Europe is on the rise, but such mutual trust is not enough to meet the requirements of the comprehensive strategic partnership. For example, the European Union's arms embargo against China has lasted 25 years, and when the embargo will be cancelled is still unknown. For another example, according to the public opinion poll results released by British Broadcasting Corporation in recent years, people of Germany, France, Spain and other countries held more negative views on China than positive views.

The speech by former Vice Foreign Minister Fu Ying at the "Lanting Forum" held by the Ministry of Foreign Affairs on December 2, 2011 is quite profound: "When looking at China, Europeans should put things in a historical perspective and show respect for China's choice in development path and its ongoing strenuous and important efforts. China needs to approach criticisms from Europe in two ways. We will accept reasonable ones for our own improvement, and at the same time, make our argument heard where there are misunderstandings and biases. China needs to have a more open mind for the world and stronger capacity to participate in world affairs."

**The sixth is how to enrich the substantial content of the comprehensive strategic partnership.** Back in May 2004, Premier Wen elaborated the connotation of the comprehensive strategic partnership between China and Europe during a visit to Europe: "comprehensive" means all-round cooperation between both sides in a wide range at multiple levels; "strategic" means overall and steady long-term cooperation between both sides transcends different ideologies and social institutions, not disrupted by temporary matters and not targeting any third party; "partnership" means win-win cooperation between both sides based on equality, mutual benefit, mutual respect and mutual trust seeks common ground while reserving differences in an effort to expand both sides' common interests.

Regrettably, many Europeans do not understand the meaning of comprehensive strategic partnership and worry about whether such partnership can be established.

Some Europeans think that the comprehensive strategic partnership between China and Europe is a long-term goal that can hardly be achieved.

#### 4. How should Both Sides of the Taiwan Strait Jointly Develop Relations with the European Union

The “Chinese dream” attracting worldwide attention should include unification of the Chinese nation. To some extent, the “Chinese dream” is also a common dream of compatriots on both sides of the Taiwan Strait.

In the course of development of China-Europe relations, the Taiwan question used to be a “counterforce”. Because some European countries sold weapons to Taiwan, China made strong reactions.

The European Union claims that in line with its “One China” policy, the EU recognizes the Government of the People’s Republic of China as the sole legal government of China, and therefore has no diplomatic or formal political relations with Taiwan. The EU does, however, “support Taiwan’s meaningful participation in international organizations where this does not require statehood”.

It should be pointed out that on the European Union External Action website, Taiwan is prominently displayed in the “Select a country” column.

The economic and trade relations between the European Union and Taiwan have developed continuously. According to the European Union’s statistics, Taiwan is the EU’s 4th largest trading partner in Asia and the EU is both Taiwan’s 4th largest market and its largest source of foreign investment. Exchanges also take place in sectors such as research and technology, information society, education and culture, fisheries, environment, climate change, intellectual property rights and standards and norms. Bilateral consultations are held every year to ensure coordination and coherence of these activities and to discuss issues of concern for both sides.

At the beginning of 2012, the so-called “Vice Economic Minister” of Taiwan visited Germany, France and Belgium, indicating that Taiwan would vigorously try to sign an economic cooperation agreement with the EU. The new Taiwan representative to the UK also remarked that Taiwan looked forward to officializing its relations with countries that have no diplomatic relations with it, and would actively try to participate in inter-governmental organizations or UN agencies in the “capacity of a government”. Chinese Foreign Ministry Spokesperson Hong Lei said while answering a reporter’s question, “We do not object to non-governmental economic, trade and cultural exchanges between Taiwan and countries that have diplomatic relations with us, but we oppose any official interactions or the signing of official agreements between them or Taiwan’s participation in international organizations that are limited to sovereign states only.” Hong Lei also said that the remarks by some people in Taiwan “are a

violation of and challenge to the one-China principle universally recognized by the international community. It is wrong and very harmful. We hope and believe that relevant countries will continue to adhere to the one-China principle, prudently handle Taiwan-related issues and take concrete actions to support the peaceful development of cross-Straits relations.”

The European Parliament backed economic ties with Taiwan on October 9, 2013 by adopting a resolution urging the European Commission to begin talks with Taiwan over agreements governing investment protection and market access. Chinese Foreign Ministry Spokesperson Hua Chunying said while answering a reporter’s question, “The Taiwan question is China's internal affair. The Chinese government is firmly opposed to interference by any external force. We have no objection to the non-governmental economic contact and trade between the EU and Taiwan, but oppose the development of official ties. We hope that the EU side could bear in mind the overall interests of China-EU relations, earnestly honor its commitment to the one-China principle, deal with Taiwan-related issues with prudence and refrain from having any official contact or signing any official agreement with Taiwan. We hope that the European Parliament would make more contributions to the sound growth of China-EU relations.”

Since the European Union is an important trading partner of mainland China and Taiwan, both sides of the Taiwan Strait should jointly develop the EU market. This possibility exists. First, since Ma Ying-jeou came to power, relations between both sides of the Taiwan Strait have been improving and thus have created indispensable political conditions for joint development of the EU market by both sides of the Taiwan Strait. Second, under the influence of the Chinese civilization, the industrial and commercial circles on both sides of the Taiwan Strait have the same or similar business philosophies. Third, both sides of the Taiwan Strait have accumulated much experience in developing economic and trade relations with the European Union. Fourth, both sides of the Taiwan Strait can draw on each other’s strengths to offset weaknesses and complement each other while entering the EU market.

## 5. Concluding Remarks

On the map of diplomatic strategy, both China and the European Union put the other side into an extremely important place. This provides a solid political basis for the development of China-Europe relations. Meanwhile, China’s rapid economic development provides a lot of business opportunities for the European Union, and makes the European Union an indispensable important partner in the building of China’s socialist market economy. This also constitutes an economic driving force behind the continuous development of China-Europe relations.

Of course, to further improve China-Europe relations, both sides should also adopt a series of measures, including how to deal with trade frictions, how to further promote mutual understanding, how to respect the other side's "bottom line" of interests, how to maximally seek common ground while reserving differences on some major international issues, how to enhance strategic mutual trust at various levels, and how to enrich the substantial content of the comprehensive strategic partnership.

The European Union is an important trading partner of mainland China and Taiwan. With the continuous improvement of the relations between both sides of the Taiwan Strait, the industrial and commercial circles on both sides of the Taiwan Strait should strengthen cooperation while developing economic and trade relations with the European Union. Of course, the European Union must stick to the "One China" standpoint.