

Introduction

China's rise is arguably the most relevant development in contemporary international relations. The steady economic growth of the People's Republic of China (PRC) over the past three decades, its deepening integration in the global system, as well as its high level of defence spending have enormously increased Beijing's influence. In the space of two generations, China has become the world's second largest economy; and besides playing a major role in Asia, China's diplomacy is also active in the Middle East, Africa and Latin America. Hardly any issue in the global agenda, from climate change to financial reform, from nuclear proliferation to energy security, can be addressed without Beijing's participation.

Both in the PRC and in the world at large, China's re-emergence has stimulated a debate on its implications for the international system, and for the country's foreign policy. It is only natural that analysts ask themselves what role China is playing in reshaping the world order, and what its place is in that order¹. In a nutshell, they question whether a more powerful China will be a peaceful and responsible member of the international community, or will it throw its weight around and challenge current rules. Those of a liberal persuasion predict that the forces of economic interdependence will turn China into a constructive international partner, while many realists, in contrast, believe that the PRC's economic growth will inevitably lead to a similar development of its military power and will, in due time, challenge the existing order.

Since the ascent of China is taking place in an international order characterized by unipolarity, the discussion usually focuses on the PRC as a potential challenger to American hegemony. The United States is indeed the main variable affecting China's view of the world, and the critical factor in the shaping of its national security strategy. Likewise, China's rise is the main foreign policy concern of the United States in the longer term. It is against this general background that the Sino-European relationship must be considered.

Despite its economic and political weight, Europe is not an element of the Asian balance of power, and has no direct strategic interests involved. However, the changing distribution of power in the region, of which China is the main driver, will affect global equilibrium and therefore Europe enormously. The impact of China's economic growth and energy consumption has been affecting international markets and politics since the 1990s. In 2004 the European Union became the largest trading partner of China, a country with which it has a giant trade deficit, and promises to be an important competitor to its high tech manufacturing. Many Chinese companies are already investing in Europe, and are likely to do so on a larger scale in the future. The rise of China also affects Europe because of its impact in the setting of rules for global governance as well as on human rights issues. At the same time, China's role is growing in many parts of the world, like Africa or the Middle East, where previously its interests were limited, while Europe played an important role. In a word, "China is now a factor in every global issue that matters to Europeans"²; and as China's presence and interests throughout the world expand, so will the policy challenges for the EU.

¹ Wang Gungwu and Zheng Yongnian, eds. *China and the new international order*. London: Routledge, 2008, pp. 1-2.

² John Fox and François Godement, *A power audit of EU-China relations*. Brussels: European Council on Foreign Relations, 2009, p.9.

The global financial crisis has probably accelerated the ongoing power shift towards China and other emerging large economies³. If the PRC is the big winner of the crisis, the EU is among its greatest casualties. Europe's international influence is diminishing, while that of China is growing. Add to this the bilateral strains over the past few years, and the lack of a coherent and coordinated European position on major foreign policy issues, and the result is a sceptical attitude in Beijing towards the EU as a global political actor. If for a time Europe seemed a good partner for China to try to balance the United States or, at least, try to promote a multipolar world order, strategists in Beijing see no room today for the EU among the great powers.

As Europe reassesses how to respond to China's rise, nothing is of course more important than shaping an integrated EU approach rather than maintaining different national policies vis-à-vis the PRC. But even a coordinated strategy requires three things to succeed: a clear understanding of the role the EU plays in Beijing's diplomacy; a thorough grasp of their respective perceptions of the international system and the roles they play in it; and a systematic examination of the implications of China's re-emergence for Europe's global interests. These three issues are considered in this chapter, after first taking a quick look at the historical background of the Sino-European relationship to better appreciate its current travails.

³ Mathew J. Burrows and Jennifer Harris, "Revisiting the future: Geopolitical effects of the financial crisis", *Washington Quarterly*, vol. 32, no. 2 (April 2009), pp. 27-38.

1. China and the European Union: a brief history

Although China and the then European Community established relations in 1975, the PRC's concern with its security in the context of bipolarity assigned Europe a mere "secondary role" in its foreign policy during the cold war⁴. It was only in the following decade, with the launching of economic reforms in China, that Beijing started to cultivate relations with a number of European states. In 1985 a legal basis was provided for the Europe-China relationship through the Trade and Cooperation Agreement, a document still in force.

Since the mid-1990s, a changing global political and economic landscape has driven Europe and China to adjust their relationship. With the end of the cold war and the adoption of the 1993 Maastricht treaty –which added the construction of monetary union and the shaping of a common foreign policy to the just-completed single market– China realized that the EU was becoming a major international force. For its part, the European Union also began to show a stronger interest in China as a market and as a political partner. Against the background of a new Asia strategy which it had developed a year earlier⁵, the EU issued its first strategy paper on China in 1995⁶. The first EU-China annual summit meeting took place in 1998; since then, Sino-European relations have developed rapidly although many ambiguities remain in their mutual perceptions.

If the EU and China came to recognise each other as an emerging force in international affairs after the end of the cold war, with China's entry into the WTO at the end of 2001 and the introduction of the Euro in January 2002, both parties developed a greater interest in deepening their partnership. Bilateral trade grew rapidly, and both China and the EU issued major policy documents in 2003 that aimed at a strong bilateral relationship. In October China published its white paper on EU policy, an unprecedented document⁷. It was the first time that the Chinese government published a text that defined the country's policy towards a specific region of the world and listed the objectives that both sides should achieve in order to strengthen the relationship. China showed a great interest though it remained conscious of the absence of a strong and comprehensive mutual understanding⁸. Only a month earlier, the EU had defined China as a strategic partner in a new policy paper⁹. At the annual summit held the same year, the first attended by Hu Jintao as new president of the PRC, both parties agreed on launching their "comprehensive strategic partnership".

It was obvious to both China and the EU that besides addressing bilateral questions, they should also discuss regional and international issues of common concern¹⁰. However, in 2004 and 2005 things started to go wrong. Most importantly for Beijing, it failed in its request to have the EU arms embargo imposed on China for the Tiananmen crackdown in 1989 lifted: American and Japanese pressure made Brussels change its mind on the ending of the prohibition in the summer of 2005. Although the EU remains committed to removing it, no advance has been made to this date. The Chinese see the embargo as an act of discrimination which complicates the full realisation of their strategic partnership¹¹.

⁴ Michael Yahuda, "China and Europe: The significance of a secondary relationship", in Thomas W. Robinson and David Shambaugh, eds. *Chinese foreign policy: Theory and practice*. Oxford: Clarendon Press, 1994, pp. 265-82.

⁵ European Commission, "Towards a new Asia strategy", COM(94) 314, July 13, 1994. This document was revised and updated in 2001: European Commission, "Europe and Asia: A strategic framework for enhanced partnerships", COM(2001) 469, September 4, 2001.

⁶ European Commission, "A long-term policy for China-Europe relations", COM(1995) 279, July 5, 1995.

⁷ "China's EU Policy Paper", Beijing, October 13, 2003 (www.fmprc.gov.cn/eng/topics/ceupp/t27708.htm).

⁸ David Kerr and Liu Fei, eds. *The international politics of EU-China relations*. Oxford: Oxford University Press, 2007, p. 1.

⁹ European Commission, "A maturing partnership: shared interests and challenges in EU-China relations", COM(2003) 533, September 10, 2003.

¹⁰ David Scott, "The EU-China "strategic dialogue" in David Kerr and Liu Fei, eds. *The international politics of EU-China relations*, p. 13.

¹¹ Leo Cendrowicz, "Should Europe lift its arms embargo on China?", *Time*, February 10, 2010.