

Introduction

The emergence of a new power in the “multipolar” world is a fact that other significant international actors or powers must recognise in order to reorganise their foreign policy positions. China, because of its economic, political, territorial, and demographic size, is an international and security actor that generates numerous challenges for a “sui generis” actor such as the European Union. Since the late ‘70s onwards, the EU has forged strong ties with China. Nevertheless, despite the rhetoric used in Brussels, EU-China relations appear to be not as strategic as they should be.

Political dialogue between the EU and China started in 1975. After several decades of contact and cooperation, the establishment of a “Strategic Partnership” in 2003 was a significant upgrade in the relations. However, building a partnership is not easy. From 2005 onwards there have been difficulties arising from textile disputes, the failure of the lifting of an arms embargo, a growing trade deficit, and the human rights dossier.

Nowadays, EU-China relations are at a historical peak. A successful political dialogue requires mutual effort and the wisdom to deal with difficult issues and to make sure that these problems will not jeopardize relations in the long run.

The EU’s challenge for the next few years is to maintain economic growth and to stabilise its neighbourhood. China’s main challenge for the next decade is to rescue a high number of its citizens from poverty and to maintain economic gains. Both partners have a shared interest in a stronger international system of governance and in developing win-win north-south partnerships.

EU-China relations have overlapping conflicting interests. Both areas are trade giants and economic partners, but differences in political regimes and value beliefs create impediments to the building of a long-term partnership. However there are two particular fields where cooperation seems to work reasonably well: trade and environmental/energy issues.

EU-China relations started in the seventies. If diplomatic relations were the first basis of bilateral dialogue, the trade in goods grew rapidly in prominence, such that in 1978 the first trade agreement between the two blocs was signed, the signing of the “1985 EC-China Trade and Co-operation Agreement” being the apogee of this. Since this time, worldwide changes have prevented further progress in bilateral dialogue. But in early 2007, there was evidently a need to reach a Partnership and Cooperation Agreement (PCA), as the natural consequence of the rapid growth of trade between UE and China. Indeed, the increase in bilateral trade balance has made it more necessary than ever to unlock political, economic and trade dialogues. In this adventure there is only one possible scenario: win-win, no losers, no dominants, mutual respect and mutual trust.

In this context environment and energy are interlinked policies that represent important challenges for EU/China relations. Even though they are enclosed within a broader strategy of promotion of sustainable development, the protection of the environment and the promotion of renewable energies have deep implications in other sectors of the political dialogue, mainly regarding the integration of China into the world economy and trading system, research and development policy, and the promotion of an open and healthy society, i.e. the integration of China in the international community.

Environmental degradation is a very serious problem in China. Until 2005 climate change was not on the top of the Chinese agenda and even today the country's economic growth is often at the expense of the environment, causing future liabilities for clean-up measures. Simultaneously the EU, as the main destination for Chinese exports, has a responsibility for avoiding serious environmental problems in China. The EU has a consolidated experience in the protection of the environment and since the Agreement on Trade and Economic Cooperation of 1985 this area has been included in the political dialogue between the EU and China. The EU environmental policy cooperation with China includes subjects such as climate change, chemicals and eco-design of globally traded goods, as well as the encouragement of Chinese authorities to remove barriers to the take-up of environmental technologies in China.

In this paper, firstly we will discuss the evolution of the political dialogue between the EU and China, and secondly we will analyse the impact of this dialogue on trade and environmental/energy issues. Finally we will make some concluding remarks, including policy recommendations.

1. EU-China: looking for a strategic partnership

1.1. EU policy towards China

China started to look towards Europe in the '70s at the same time as its rapprochement with the United States began. Official relations were established in 1975; Christopher Soames was the first European Commissioner to visit China.

During the eighties, China encouraged bilateral relations with the big European members: Germany, France and the UK. The '80s were key years in China's development. For example, from 1978 to 1988, poverty in rural China declined by 154 million people, and it is believed that the early reforms of the 1980s were fundamental in understanding these numbers.

Formal relations were established under the *1985 EC-China Trade and Economic Co-operation Agreement*. This document continues to be the main legal framework for EU-China relations in 2010. This agreement, which replaced the previous trade Agreement between the European Economic Community and the People's Republic of China of 03/04/1978, focused on economic and trade relations, as well as on the EU-China co-operation programme, and set up a Joint Committee with the following tasks:

- to monitor and examine the functioning of this agreement and review the various cooperation schemes implemented;
- to examine any questions that may arise in the implementation of the agreement;
- to examine problems that could hinder the development of trade and economic cooperation between China and the EC
- to examine the means and the new opportunities of developing trade and economic cooperation;
- to make recommendations that may help to attain the objectives of the agreement.

With regard to trade cooperation, the terms of the Agreement are the same as those of the 1978 Trade Agreement, including the most-favoured-nation clause. In the area of economic cooperation, the Agreement states that the contracting parties will develop cooperation in the following areas: industry and mining; agriculture; science and technology; energy; transport and communications; environmental protection; cooperation in third countries.

The parties also agree to encourage the various forms of industrial and technical cooperation, promote investment and improve the climate for investment. In addition, they agree to facilitate and promote, among other activities, the following: joint productions and joint ventures; common exploitation; the transfer of technology; cooperation between financial institutions; visits, contacts and activities for promoting cooperation between individuals, delegations and economic organizations; seminars and symposia, etc. Prior to 1985 there were some moments to highlight. In 1979 the first agreement on textile trade was signed; in June 1980, there was the first inter-parliamentary meeting between delegations of the EP and of the National People's Congress. The first science and technology cooperation program was launched in 1983, and the following year the first political consultations at ministerial level, in the context of European Political Cooperation, took place.