
The development of EU policies towards China

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“One of the most important, yet least appreciated developments in world affairs in recent years has been the dramatic growth in ties between China and Europe.”

David Shambaugh (2004: 243)

As relative latecomers in establishing diplomatic relations with the People's Republic of China in the mid-1970s, the European Communities (EC) and later the European Union (EU) were nonetheless quick to nurture extensive trade links and far-reaching bureaucratic connections with the Chinese government. This has not only facilitated the EU becoming China's most prominent trade partner,⁶ but also made the Brussels-based EU institutions play an influential role in facilitating China's economic transition and integration into the world trade system. As the EU gradually extended its own foreign policy competences throughout the 1990s, Brussels also increasingly played a role in defining a cooperative European foreign policy agenda towards China. From the late 1990s to the end of the first decade of the 2000s, this agenda has become the defining paradigm for EU-China relations. Towards the end of this period, with Beijing adopting a more assertive foreign policy style after the global economic crisis of 2008/2009, this policy has increasingly become questioned. To understand the nature and working of this cooperative foreign policy, it is necessary to go back to the beginning of bilateral relations and analyse their development over time.

6 China is the EU's second largest trading partner after the USA as well as its largest source of imports. Europe is the largest trading partner for China. More specifically, “EU27 exports to China rose continuously from 26 billion euro in 2000 to 113 bn in 2010 [...] Imports from China rose from 75 bn in 2000 to 248 bn in 2008, then declined to 214 bn in 2009, in line with the general fall in EU27 imports, before reaching a new peak of 283 bn in 2010” (Eurostat 2012).

At the beginning of European integration, China was not yet an outward-looking trade powerhouse nor was it a significant player in international affairs. But Chinese policymakers took a long-term strategic view of the rest of the world, and the vision of a politically integrated Europe resonated well with Chinese strategists—particularly in its Gaullist interpretation as a counterweight to the international dominance of the United States. Over time, these Chinese interpretations of Europe both boosted and complicated the development of EU-China relations: the fact that the Chinese government, with its long-term strategic outlook, was “way ahead of other big players in seeing the value of talking to the EC, and later the EU,”⁷ allowed officials to use China policy as a tool for strengthening the EU’s role in international affairs. In the long run, however, this also enticed officials to engage in lofty rhetoric that could hardly be matched in the difficult realities of EU diplomacy and that complicated the EU’s relations with traditional partners such as the United States. This growing discrepancy between bureaucratic rhetoric and political capacities to act upon it then became a clear stumbling block in the conduct of bilateral relations. In particular, the duality of the EU’s foreign policy system, with competences unequally distributed among the supranational Commission on the one side and the intergovernmental Council Secretariat and member states on the other side, contributed to a latent fragmentation of the European Union’s China policies.

Regardless of these challenges, the process has led to the emergence of a unique system of institutionalised cooperation geared towards jointly addressing global challenges. The historical development and institutional setup of EU foreign policy have been pivotal drivers for this process. The fact that the Union evolved from a simple trade block into an increasingly active foreign policy player naturally influenced the development of EU-China relations: the pragmatic problem-solving character of trade relations has spilled over to the conduct of the EU’s foreign policy towards China, leading to a particular EU model of cooperative network diplomacy. Furthermore, the dynamics between the supranational competences in the field of trade and the intergovernmental procedures governing foreign policy created a particular institutional setting for the EU’s China policy: the European Commission used its significant trade-related leverage over China to advance its own institutional influence in the foreign policy field. This interplay has determined the emergence of a complex system of bilateral interaction that has become increasingly institutionalised over time and now encompasses virtually all levels of government.

The broader context of EU integration, therefore, matters for EU-China relations. The most important development over the time horizon treated in this study

7 Interview former EU Council official (London, October 2007)

(1998-2010) has been the gradual increase in capacities and institutional power at the EU level for managing its Common Foreign and Security Policy (CFSP). Hence, how to understand the EU as a foreign policy actor is of prime importance for understanding the development of EU-China relations and for analysing the significance of these ties for specific policy areas. This chapter traces the evolution of EU foreign policy towards China from its trade-focused beginnings to the emergence of a far-reaching global governance agenda emerging at the close of the first decade of the 2000s. In doing so, the chapter emphasises the influence of the different institutional actors and the evolution of institutional competences on the development of the EU's China policy. It illustrates that the handling of relations with China by the European institutions has over time developed from an anchor for asserting institutional power and influence to an innovative global problem-solving tool across various policy areas.

2.1 Boosting the Commission's influence through trade with China—the beginnings

Contemporary Sino-European relations emerged out of a time of mutual neglect, dominated by the bipolar superpower interactions of the Cold War. Throughout the 1950s and 60s, Europe derived its outlook on China primarily from its relations with the United States. Similarly, China looked at Europe through the prism of its Communist alliance with Russia.⁸ As Cold War dynamics began to change, however, China's strategists took increasing geopolitical interest in the process of European integration. European Common Market officials saw this interest as a potential for expanding their own influence by becoming a key actor for brokering trade relations with China. At the end of the 1970s, both sides moved towards establishing the first nucleus of an institutionalised framework for bilateral interactions. Despite their exclusive focus on trade, these initial steps set in motion a trend towards an encompassing institutionalisation of EU-China relations over the ensuing decades.

This trend, however, was not set in stone from the beginning. The first significant step of European integration—the establishment of the European Coal and Steel Community (ECSC) in 1951—sparked little interest in Beijing's foreign policy circles. Two years after the creation of the People's Republic, China's perception of Western Europe was still in line with the Soviet Union's confrontational posture

8 For a detailed overview of relations between individual European countries and China during the Cold war, see Kapur (1990).

towards the West. Even the creation of the European Economic Community (EEC) in 1958 failed to instigate significant reactions from policymakers in Beijing. At this time, China's foreign policy circles saw European integration predominantly as an American strategy to assure its continued dominance over Western Europe (Kapur 1986). Rather than considering the potentials of cooperating with the new Economic Community institutions in Brussels, Beijing all but ignored the initial steps of European integration.⁹

The Sino-Soviet rift of 1960, however, changed Beijing's strategic calculus with regards to Western Europe. Since then, Beijing has started to perceive economic integration in Europe as serving Chinese interests—in order to balance the expansionary policies of the two superpowers, the United States and the Soviet Union. Policymakers in China believed that European integration would gradually turn Europe into an increasingly independent political force that could become a strategic ally for China. They interpreted the first steps of economic integration were latent signs of a growing resistance in Europe to the dominant role played by the United States since the end of the Second World War. Chinese policymakers indeed “increasingly pointed towards the emergence of a more multipolar world with Western Europe and China as two of the poles” (Yahuda 1995: 267). Congruently, European countries gained greater leeway to enhance their relations with China through the political rapprochement between the United States and China in 1971. As Washington established diplomatic relations with the People's Republic, most European countries followed suit and thereby opened the door for the rapid development of EU-China relations as of the early 1970s (Yahuda 1995).

China's strategic outlook on European integration increased its interest in cooperating not only with individual European states, but also with the new institutions of the European Communities—long before Brussels actually acquired formal competences for playing a significant role in international affairs. The Commission seized the opportunities created by this growing interest and used all technical means at its disposal to play a decisive role in brokering Europe's emerging relations with China. When the Chinese government invited the Vice-President of the European Commission (Sir Christopher Soames) to visit China in 1973, the Commission saw a unique opportunity. The invitation came at an opportune time. Given the Community's decision to introduce a joint trade policy, bilateral trade agreements between China and EC member states were due to expire at the end of 1974 (EC Commission 1979). The Commission's new mandate to negotiate commercial treaties on behalf of member states represented immense potential for

9 See Wu and Wang (2011) for a historical overview of the Communist Party of China's (CPC) contacts with political parties in Western Europe.

enhancing its international profile. While the Community already held the right of legation (i.e. the right to receive and disperse diplomats) since the early 1960s, the mandate to negotiate directly with third countries represented a step-change in the Commission's international competences.

Officials spotted an opportunity to enhance the Commission's influence by becoming the key facilitator of Europe's commercial relations with the People's Republic of China—which at that time was still largely isolated in terms of international trade and, therefore, represented immense opportunities for Europe's industries. In November 1974, Commission services started drafting a memorandum addressed to the Chinese government with an outline of a bilateral trade agreement. Given the importance of this initiative, the Commission's Vice-President Soames personally delivered the memorandum to the Chinese Ambassador to Belgium. He used the occasion to accept Beijing's invitation, but insisted on it being in his official capacity (Strange 1998). During Soames' visit in 1975, the Chinese government expressed its intention to study the Commission's proposal for a trade agreement, and announced the establishment of diplomatic relations with the Community. While the presence of a Chinese Ambassador to the EC facilitated the ensuing negotiations on the trade agreement, it took several years to reach consensus on the exact terms.

In 1978, both sides signed an encompassing Trade Agreement, formalising the evolving interactions and setting the stage for further cooperation in the ensuing years. The agreement entailed the creation of an EC-China Joint Committee to monitor the implementation of the different provisions of the agreement, representing the first step in the gradual institutionalisation of bilateral contacts. Despite its limited reach, the Joint Committee provided a breeding ground for more intensive contacts between EC and Chinese officials. The meetings of the Committee alternated between Brussels and Beijing with discussions being chaired by both EC and Chinese officials in rotation. Its functions were to supervise, examine and make recommendations on the implementation of the different provisions of the Trade Agreement (EC Commission 1978). It brought together experts at the technical level and quickly developed into the main body for developing trade relations between the two blocks. By serving as a forum for the negotiation of reduced quotas and tariffs, it also contributed to the gradual liberalisation of bilateral trade. This had almost immediate effects: between 1975 and 1985 alone, the total value of EC-China trade increased by more than 300 percent.¹⁰

These early initiatives highlighted a growing discrepancy between the formal competences of the Commission and its prominent role in forging bilateral relations with China. While member states continued to maintain their paramount influence

10 Trade statistics based on Eurostat 2010.

on foreign policy, the Brussels-based Common Market institutions quickly became the “focal point of Chinese interest” (Kapur 1986: 86). The Commission could play a greater role in forging bilateral relations than its formal competences under the treaties would have suggested. By establishing institutionalised interactions of high officials through the EC-China Joint Committee meetings, the Commission became an indispensable actor in these exchanges. Despite officially being limited to supervising and managing the implementation of the Trade Agreement, these meetings have, over time, developed into a “clearing house for the settlement of any economic-technical problem that may spring up” (Kapur 1986: 86). These dynamics, however, initially only played out in the realms of trade. The 1978 Trade Agreement included only an intangible commitment to expand cooperation beyond the confines of trade policy, and the extent of exchange on political matters initially remained limited.

In successive years, however, member states increasingly accepted the idea that the Community’s rapidly expanding trade relations with China necessitated a greater degree of cooperation on foreign policy matters. In 1983, the Council decided to draw on the existing mechanisms of European Political Cooperation (EPC)¹¹ to initiate regular consultation meetings with China on foreign policy issues. Within this framework, the two sides started to hold biannual information-sharing meetings between the Political Director of the country holding the rotating EC Presidency and the Chinese Ambassador to the Presidency country. In addition, Brussels and Beijing agreed to organise annual ministerial- and commissarial-level consultations at the margins of the opening session of the UN General Assembly. In addition to these contacts driven by the Commission, the European Parliament started holding regular inter-parliamentary meetings with China’s National People’s Congress in the early 1980s.

These initial exchanges on foreign policy matters, however, quickly reached their limits. While helping to increase mutual understanding and to assure regular communication, these interactions did not go beyond each side outlining their own policy positions. The format allowed little space for “off-the-script strategic discussions”.¹² Furthermore, given the EC’s unclear status in international affairs, the lack of a clear legal framework limited the Community’s ability to develop more systematic interactions with China. For these reasons, in May 1985, the two sides decided to upgrade bilateral relations by concluding a Trade and Economic Coop-

11 European Political Cooperation (EPC) was introduced as an informal practice as early as 1970, but later integrated into the formal treaty framework through the Single European Act of 1987.

12 Interview EU Commission official (Brussels, September 2007)

eration Agreement.¹³ This agreement formalised existing cooperation mechanisms by spelling out in further detail the precise roles and responsibilities of the Joint Committee and by expanding its functions to economic cooperation in several new areas. It also established designated cooperation projects with specific funding lines from the EC budget in areas such as industry and mining, agriculture, science and technology, energy, transport, communication and environmental protection (EC Commission 1985).

These projects were in line with Beijing's growing interest in the EC as a source of the technologies China needed for its domestic development. By that token, however, the Commission also managed to substantiate its working-level contacts with the Chinese bureaucracy through specific bilateral cooperation projects. Commission experts in these functional areas were now regularly working with their Chinese counterparts to address China's economic transformation challenge. By the late-1980s, interactions had reached a level of intensity that surprised contemporary analysts: "Trade and investment flows are now substantial and visits by Chinese government members and officials have almost become so commonplace as to be little more remarkable than visits by any other foreign dignitaries" (Redmond and Zou 1986: 134). Yet this was only a prelude to what was to follow as EU-China relations developed into a more comprehensive partnership throughout the 1990s.

Three years after signing the Trade and Cooperation Agreement, the EC underscored the increased importance of bilateral relations with China by opening a Commission Delegation in Beijing in 1988. Taking account of the greater political salience of bilateral trade relations, officials also decided to upgrade the Joint Committee to include annual ministerial meetings. However, while the gradual institutionalisation and the expansion of contacts at the technical level progressed relentlessly over this time, analysts contend that neither side had fully grasped the potential of bilateral cooperation. Despite increasing possibilities to interact at different levels of policymaking, officials involved in these dialogues throughout the 1980s lacked a fundamental understanding of the other side in political and economic terms (Algieri 2002: 70). Looking at EU-China relations of the 1980s, most analysts contend that they were short of a clear strategic goal and long-term orientation: "Upon closer examination [...] neither side's strategic interests were truly global, actual policies reflected tactical or economic adjustments rather than a joint grand design and, considerable increases in contacts notwithstanding, the

13 Despite being originally planned for a time horizon of five years, the agreement is still the only overarching legal framework for EU-China relations in place in 2012 (although it is currently in the process of being upgraded by an encompassing Trade and Cooperation Agreement).

overall relationship appeared to be high on rhetoric and low on substance” (Möller 2002: 14). Regardless of these sceptical assessments, the institutional setting of EU-China relations as it developed throughout the 1980s supported the rapid expansion of economic ties. In turn, this also facilitated the future intensification of political cooperation. Hence, it can be said that while the initial ties between Europe and China during the 1970s and 1980s were “explicitly economic”, they were also “implicitly strategic” (Scott 2007a: 223).

2.2 Trade and technology as political leverage—towards a comprehensive partnership

With an emerging institutional structure for bilateral interactions in place, and with drastically expanding trade figures, EU-China relations took a new dynamic as of the early 1990s. The main features of this new dynamic were the significant internal integration achievements within the EU, allowing it to play a more active role in foreign policy matters, and the growing importance of EU trade and technology for the domestic reform and opening process in China. Together, these two trends enticed both sides quickly to overcome the deadlock in bilateral relations caused by the Chinese government’s violent crackdown on the Tiananmen protests of 1989. While the EU briefly interrupted Sino-European relations in response to this crisis, they quickly resumed in an even more comprehensive manner over the ensuing years. It took no more than one year for European governments to lift the sanctions imposed in response to the crisis—with the notable exception of the embargo on arms sales, the lifting of which continues to be debated in 2012. All in all, these dynamics allowed EU-China relations to thrive during the 1990s, building up a comprehensive partnership and strong ties in various areas of trade, commerce and, increasingly, foreign policy.

It was primarily a strong move towards political integration in Europe that gave a decisive impetus to EU-China relations in the immediate post-Tiananmen period. The adoption of the Maastricht Treaty in 1992 represented the formal transition from the three-pronged European Communities (European Economic Community, European Coal and Steel Community and European Atomic Energy Community) to the single institutional framework of the European Union (EU). It also initiated the creation of the Common Foreign and Security Policy (CFSP). These far-reaching advancements at home allowed the EU to take a more proactive posture with regards to EU-China relations. The first translation of its newfound capacity to integrate political considerations in its external action came in 1994

with the publication of a wide-ranging Asia strategy paper (EU Commission 1994). In this document, the EU had set out an ambitious agenda of regional foreign policy priorities in areas such as non-proliferation of weapons of mass destruction, regional security and human rights. To implement these goals, the Commission called for new and stronger mechanisms for political dialogue with its partners in Asia, and in particular with China.

Up until 1994, the European Union's political dialogue with China consisted of little more than brief meetings on the side-lines of the United Nations General Assembly and in the Presidency country. In the process of elaborating its new Asia strategy, however, the EU officials decided to intensify this dialogue and proposed a new framework to China. Through an exchange of letters in June 1994, both sides initiated new ad-hoc meetings between the Foreign Ministers, one meeting per Presidency between the Chinese Foreign Minister and EU Ambassadors in Beijing, as well as regular meetings of high officials in specific policy areas. The EU Commission also made this intensification of EU-China dialogue on foreign policy issues a central theme of its 1995 China policy paper, arguing for the further promotion of "dialogue on regional and global security issues which encourages full Chinese engagement in the international community" (EU Commission 1995). It also reiterated the thematic focus announced in the EU's Asia strategy, suggesting concrete measures in the area of non-proliferation of weapons of mass destruction, as well as setting in motion a regular EU-China human rights dialogue. As such, the EU was quick at translating its newly established institutional powers in the field of foreign policy into an ambitious foreign policy agenda as well as into the nucleus of a strategic cooperation framework with China.

Nonetheless, what served the EU's goal of engaging China more than anything else was the increasing realisation in Beijing that the EU could serve as a partner for its domestic reform and development process. Building on this strong Chinese demand for further cooperation, the EU Commission could easily capitalise on its experience with reform and regional integration processes. The EU Commission harboured significant knowledge about the kind of challenges that China faced in terms of its domestic economic transition: integrating, standardising and modernising a vast internal market characterised by large regional disparities and fragmentation. The Commission was the key agent in the creation and harmonisation of the European internal market; therefore, it had a plethora of technical know-how at its disposal that was useful for Chinese government officials charged with similar tasks. The EU Commission was more than willing to share its experience with China, spotting a potentially powerful vehicle to enhance its international role and influence by playing out its core competences. In the Commission's calculus, linking itself with China's domestic economic reform process by means of technical assistance

would also enhance its political leverage, benefitting from its early investment in institutionalised bureaucratic contacts with China.¹⁴

In this context, the Commission started developing mechanisms for integrating technical cooperation and knowledge transfer among policy experts into the existing trade dialogue processes. This led to the initiation of dialogues and agreements on sectoral policies as key instruments for enhancing EU-China relations. These 'sectoral dialogues' started to take place at various administrative levels, consisting of working-level interactions among policy experts. Reaching out to include participants from governmental institutions, industry organisations and private companies, the sectoral dialogues have become a central pillar of EU-China relations. They have not only allowed for closer policy co-ordination, but they have also significantly contributed to the expansion of bilateral commerce through a reduction of trade barriers. They increased the habit of working-level cooperation between the administrative and regulatory bodies of the EU Commission and the Chinese government. With their pragmatic focus on technical problem solving, they have mostly avoided broader normative disagreements, thereby providing a backbone of cooperation even at times of political tensions.

In addition to the provision of technical expertise, the Commission committed a substantial part of its development aid budget to support the initiatives pursued within these sectoral dialogues. Having become integrated into the Community's foreign policy apparatus with the entering into force of the Treaty of Maastricht in 1993, development aid has played an important role in strengthening EU-China ties. While member states continue to operate their own national development aid programs, more than 20 percent of national aid budgets are now channelled through the EU.¹⁵ In accordance with China's status as a developing country, EU aid to China has traditionally focused on infrastructure and rural development. Over time, however, the EU has deployed development aid resources more strategically, aimed specifically at institution-building, human resources development, standards, access to technology and other activities in support of the sectoral policy dialogues. This has become particularly apparent in the process leading up to China's accession to the World Trade Organization (WTO) in the late-1990s and continued ever since.¹⁶

In its 1995 China strategy paper, the European Commission called for an early Chinese entry into the WTO and offered to pledge closer cooperation and technical assistance to support China in satisfying the accession requirements (EU

14 Interview EU Commission official (Brussels, September 2007)

15 Statistics based on EuropeAid Coordination Office 2010.

16 For an in-depth analysis of this shift in EU assistance to China, see the Commission's evaluation of EU-China development aid published in 2007 (EU Commission 2007b).



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