

**EU-CHINA:
BUILDING UPON A DIALOGUE AMONG STRATEGIC PARTNERS**

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STRATEGIC PARTNERS**

Thomas RENARD (ed.)

CONFERENCE REPORT


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EU-China: Building upon a Dialogue among Strategic Partners

This report is based on a conference organised by EGMONT – Royal Institute for International Relations, with the kind support of the European Commission (DG RELEX) and the Belgian Presidency of the European Union (Belgian Ministry of Foreign Affairs). The conference took place in Val Duchesse and at the Fondation Universitaire, Brussels, on 6-7 December 2010.

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1. INTRODUCTION

The European Union (EU) and China celebrated 35 years of diplomatic relations in 2010. Since 1975, both actors have followed their own path – continuous integration and enlargement for the EU, constant development and integration in the global system for China. The bilateral relationship evolved along the way. Today, they have both become global players, with global responsibilities. Their relationship is now depicted as a *strategic partnership*, since the 2003 “maturing partnership: shared interests and challenges in EU-China relations”. But are they really *strategic partners*? What does it mean? How could they become truly strategic partners?

This seminar gathered some Chinese and European experts to address these questions in a constructive manner with a view to identifying potential avenues for strengthening and deepening the EU-China strategic partnership. It was held partly behind closed doors in the prestigious venue of Val Duchesse where the Treaty of Rome was negotiated decades ago. The seminar was divided into several plenary sessions, and three parallel breakout sessions for smaller groups to tackle several core issues of the strategic partnership: security and foreign policy; global governance; and energy security and natural resources (see the programme). This report offers a brief summary of the debates, under the Chatham House rule.

This report aims to be more than just a summary of our discussions, however. For this reason, we have decided to include (with their explicit authorization), the introductory remarks of **Jim Moran**, Director for Asia in the new European External Action Service (EEAS), H.E. **Song Zhe**, Chinese Ambassador to the EU, and **Dirk Achten**, Secretary General of the Belgian Ministry of Foreign Affairs. We have also asked some participants to write a short policy-oriented comment with recommendations to make the EU-China partnership truly strategic.

Finally, the organisers would like to pay tribute to **Stanley Crossick**, a man who has dedicated his life to the European project and to the deepening of the EU-China relationship. He died two weeks before the seminar, aged 75. The following is one of many stimulating things he wrote on the EU-China strategic partnership¹:

1. Crossick, S. and E. Reuter (ed.). 2007. *China-EU: A Common Future*. Singapore: World Scientific Publishing.

The word “strategic” is overused and, while PRC and EU leaders have agreed to enter into a strategic partnership, the term has not been defined. Any such partnership must be based on equality, mutual trust, respect and understanding. It must also be comprehensive, holistic and long-term, and there must be an intensive, on-going and stable commitment to it. The relationship must be based on mutual interests, but not necessarily on shared values. (...)

Although both the EU and China have repeatedly confirmed their intention to build between them a strategic partnership, doubts and scepticism still persist. Such a partnership is necessary and new circumstances have made it more relevant and extended its scope. On the other hand, much still has to be done for the building of a true strategic partnership.

Egmont – Royal Institute for International Relations would like to express its most sincere gratitude to the European Commission (DG RELEX) and to the Belgian Presidency of the EU (Belgian Ministry of Foreign Affairs) for their support in the preparation of this conference. We would like to thank in particular Asad Beg and Gianmarco Rizzo.

2. TRANSCRIPTS OF INTRODUCTORY SPEECHES

*Val Duchesse (6 December) and Fondation Universitaire
(7 December)*

Jim Moran
Director Asia (except Japan and Korea), DG RELEX H,
European Commission

Ambassador Song Zhe, Presidency Mr. Regibeau, dear guests and friends,
Ladies and Gentlemen,

It is with great pleasure that I welcome you to this high level conference, at the historic Chateau Val Duchesse. I look forward to results of discussions on building upon a dialogue between strategic partners. I would like to thank the Belgian Presidency and especially the Egmont Royal Institute for International Relations for allowing the European Commission to support this important event.

Val Duchesse played a key role in the creation of the EU after World War II. The Treaty of Rome was negotiated here by one of the founding fathers and a man of great vision, Paul Henri Spaak, in 1956. The building housing the debating chamber of the European Parliament in Brussels honours and bears his name today. Val Duchesse is also as close as it comes to hallowed ground for the EU. It is here that the first formal meeting of the first European Commission, under the presidency of Walter Hallstein, was held on 16 January 1958.

It is opportune now, when we mark 35 years of diplomatic relations (the Coral or Jade wedding anniversary for those of us who have been married that long) and when we are at the cusp of the creation of the EEAS, that the Belgian Presidency hosts this meeting. I would especially like to welcome our friends from China from the Chinese Academy of Social Sciences, the China Institute of International Studies, the Shanghai Institute for International Studies, Renmin and Fudan universities. I am also pleased to welcome representatives from the EU Institute for Security Studies, FRIDE, the German Marshall Fund, Notre Europe, CEPS, the EU-Russia Centre, BICCS, the College of Europe and the universities of San Pablo and Leuven.

I would also like to pay tribute to a passionate European integrationist, founding chairman of one the earliest Brussels think-tanks, avid blogger, who was always willing to think out of the box, Stanley Crossick. He was keenly interested in EU-China relations. We will miss Stanley, his prodigious energy and creative ideas.

Increasing complexity, inter-dependence and shift in power

Never has the world confronted such a complex and interlinked set of security, economic and environmental challenges as we witness today. We live in an age where global threats require global solutions. I am reminded of the opening lines the ‘Tale of Two Cities’ by of Charles Dickens “It was the best of times, it was the worst of times...”.

We live in a world where everything is speeding up: politically, economically and technologically. The result of that is growing complexity. We have no single narrative or roadmap to help us navigate through this complexity. But, if we try to frame our world, two features stand out: First of all, there is deep interdependence – in political, economic and security terms; Technologies, ideas, money, even diseases: everything moves on a global scale. We are connected in a way we have never been before. Second, power is shifting. This is happening within political systems – roughly from governments to markets, media and NGOs. Power is also shifting between geographically – roughly from the old “West” to both East and South. Growing interdependence plus a power shift means we need to bring together new, broad coalitions to tackle global problems.

Strategic partners?

China is one of our most important partners to meet the challenges of today and of tomorrow. We are now witnessing the historic re-emergence of China as a major actor on the international stage. For two thousand years, until the nineteenth century, China had the largest economy in the world. With globalisation, despite current set backs, it is predicted by some that, by 2060, China and India are likely to account for 50% of the world’s GDP. They did so back in 1820.

Historically the rise of powers has led to heightened tensions and in some cases frequently been the cause of conflict. Ancient Greek historian Thucydides cited

the fear of the rise of Athens as a cause for the Peloponnesian Wars. The military rise of Germany in Europe and of Japan in Asia led to much conflict. However history does not need to repeat itself. We are now witnessing the peaceful rise of two important foreign policy actors, Europe and China.

We hear the term “strategic partners” being bandied about. It is essential that the European Union determines for itself what it wishes those relationships to be in the future. Baroness Ashton, as she stated recently to the EP’s Foreign Affairs committee, is working closely with our strategic partners, with Hillary Clinton in the United States, with State Counsellor Dai Bingguo and Foreign Minister Yang, as well as her counterparts in Russia and India.



Let me briefly touch upon the three issues that will be discussed during the workshops today and tomorrow, (i) Security and foreign policy (ii) Energy and Natural resources and (iii) Global governance. I would like explore our respective motivations, goals and actions.

(i) Security and foreign policy

The Union’s primary goal, laid down in the Treaty of Lisbon, is to promote peace, its values and the well-being of its peoples. Most Europeans are able to go about their daily lives in relative safety. At the same time, our societies are facing serious security threats that are growing in scale and sophistication. Many of today’s security challenges are cross-border and cross-sectoral in nature.

On 22 November the Commission unveiled “The EU Internal Security Strategy in Action: Five steps towards a more secure Europe”. The Commission proposes how over the next four years we can work together to be more effective in (i) fighting and preventing serious and organised crime, (ii) terrorism and (iii) cybercrime, (iv) in strengthening the management of our external borders and (v) in building resilience to natural and man-made disasters.

During the recent visit of State Counsellor Ma Kai to Brussels on 29 November, both sides signed an agreement on cooperation on Disaster Risk Management where the EU will share know-how and best practice on disaster prevention and response.

In addition to these issues it is important to develop cooperation on key international issues such as the nuclear proliferation, Korean peninsula, Iran and piracy in the Gulf of Aden. It is important to work together to support the shipping lanes being kept open to enable trade. There are also pressing concerns such as assistance in Afghanistan, disaster relief in Pakistan and cooperation on governance in Africa. I am also interested in discussions about regional developments in East Asia, including the South China Sea.

We are both global citizens who are actively involved in peace keeping operations around the globe. We share the view that there can be no sustainable development without peace and security, and no sustainable peace without development and poverty eradication.

(ii) Energy and natural resources

Energy Security is also a common challenge today. This crisis offers an opportunity to find new approaches to development that bring together energy efficiency, pollution reduction and reduced green house gas emissions. Investment in better technology should also help to provide the seeds of future economic growth and ease our dependence on fossil fuel production and imports.

Through our Europe 2020 Strategy, we are front-loading growth-enhancing structural reforms to guide our economies towards new sources of growth and social cohesion. An intelligent exploitation and use of natural resources, including rare earth are key to ensuring that we leave the world in a better shape for our future generations.

As part of its Country Strategy for 2007-2013, which has an overall financial envelope of ?224m, the EU is supporting China in protecting the environment, saving energy and combating climate change. Europe is sharing its know-how in particular on clean coal and carbon capture and storage. In addition we are supporting environmental governance, such as public access to information and participation in decision making. We plan to assist China further in its reforms in new areas such as smart grids identified in the 12th five year plan from 2011-2015.

(iii) Global governance

The financial and economic crisis reminds us of how interdependent we are and the degree to which a coordinated response is needed, not least by the EU and China. Belgium hosted a very successful Asia-Europe (ASEM) summit in

this year, when European and Asian leaders were able to find common cause on a number of concerns that have since enriched the dialogue at the G20.

The European Union's economy is very open and we welcome more Chinese investment. At the same time there is a general feeling that economic openness in China could be enhanced. Debates have been taking place both in European and Chinese think-tanks on a number of common concerns such as global imbalances, exchange rates regimes, domestic savings and consumption, state subsidies, foreign direct investment to name a few. Among other things, Europe and China have a strong interest in resisting calls for protectionism and currency wars. I look forward to the results of a joint study commissioned by us on global governance including the Bretton woods institutions as well as the United Nations family.

Strategic partnership looking ahead...

The Strategic Partnership is not about thinking alike on each and every matter. It is true that Europe and China may disagree and have different views on some issues. Good friendships are based on openness and honesty. From time to time there are bound to be issues where Europe and China take different views, such as on trade or human rights and democracy. Human rights are the silver thread running through EU external policy. These differences should of course be respected, but given above all the strategic need that each side has of the other they should not be allowed to undermine the overall direction of the relationship.

The strength of our relationship allows us to discuss matters frankly and wherever possible overcome differences. I believe that we can draw on our ancient cultures and modern technologies and know-how to reach a common destiny of a safer, more prosperous world. At the recent EU-China summit on 6 October we held the first High Level Cultural Forum with leading intellectuals and thinkers. Looking forward 2011 will be the EU-China Year of Youth which will bring young people together to help understand each other better, identify common goals and hopefully work together.

The hallmark of relations between China and the EU is engagement. I hope that this conference will forge links between ideas, policy making, and delivering practical results for our citizens. This chateau was dedicated as a place of learning for women in 1258. It is said that the founder and patron, Duchesse Alice, wife of Henry III, was inspired by the great European philosopher and

thinker Thomas of Aquinas, a guest at Val Duchesse. I would like to end with a quote from Thomas Aquinas regarding beliefs, goals and actions. He said that “Three things are necessary for the salvation of man: to know what he ought to believe; to know what he ought to desire; and to know what he ought to do.”

I hope that at Val Duchesse, our own Wilton Park, your open and candid discussions, will further enrich our strategic conversation [and hope that these discussions will not appear on Wikileaks]

H.E. Song Zhe
Chinese Ambassador to the European Union

Mr. Moran,
Mr. Renard,
Ladies and Gentlemen,

Good morning!

First of all, I want to thank Mr. Renard for the invitation. I find the theme of this conference-”building upon a strategic dialogue among strategic partners” both profound and appropriate. This conference offers us a timely occasion to review the development of our strategic partnership during this year and chart the course for China-EU ties in 2011. I am pleased to take part in this opening session and share with you my observations on China-EU relations.

To highlight the feature of our relations this year, I would conclude that new progress has been made along the path of steady growth.

This year has recorded frequent high level exchanges between China and Europe. There have been high level visits between China and many EU member states over the past 11 months. The 13th China-EU Summit was held in Brussels. EU leaders including President Barroso and President Buzek visited China. We held our first High Level Strategic Dialogue. Not long ago, Chinese State Councillor Ma Kai paid a successful visit to the EU headquarters. Later this month, several Commissioners will travel to China for the Third High Level Economic and Trade Dialogue. These frequent high level exchanges inject new vigour to our relations and are very good ways to deepen mutual understanding, increase trust, and guide our future cooperation.

On another front, fruitful results have been made in our economic and trade cooperation. In the first 10 months this year, our bilateral trade grew by nearly 33% year-on-year to 388 billion US Dollars, 8% higher than the same period of 2008. It is estimated that by the year-end, this number will top 450 billion US Dollars. Europe remains China’s largest trading partner and export market. And China is the second largest and the fastest growing export market among EU’s top five export destinations. Many European economists and media agree that China’s soaring demand for mechanical equipment and luxury goods has become an important driving force for economic recovery of many European countries.

In addition to the progress in politics and business, we have also worked to develop mutual understanding through an increasing number of people-to-people exchange programmes. We have signed a joint action plan for the China-EU Year of Youth Exchange, and held the first Youth Summit and the first High Level Cultural Forum. For the first time, the EU participated in the World Expo outside an EU member state, and staged in Shanghai a gala celebrating the European Day.

Ladies and Gentlemen,

The international environment is undergoing complex and profound changes. Both China and Europe are in the important stage for economic recovery and growth. The continued development of our relations against such a backdrop is attributable to the potential and vigour of our ties and to our joint efforts to meet each other half way. Such growth also makes us better appreciate the strategic significance of China-EU relations both to the world and to ourselves.

The 21st century world requires China and Europe to work more closely as strategic partners. China is the world's largest developing country. The EU is the world's largest bloc of developed countries. As major stakeholders of many major international and regional issues, China and Europe are important forces to develop a fair and reasonable international order. The strategic importance of our relations has gone beyond bilateral context and gained global significance. In this sense, sound China-EU strategic partnership is not only in the interest of our 1.8 billion people of China and Europe, but also has positive bearing on the whole world.

The future development of China and Europe also requires us to strengthen our strategic partnership. We are heading into the second decade of the 21st century. Global challenges and hotspot issues will continue to emerge along with the major changes and deepening adjustments of the world. Countries around the world will become more interdependent, so no single country or a single bloc of countries will be able to vanquish these challenges on one's own. China's 12th Five-Year Plan and the EU 2020 Strategy bring us even closer with new opportunities for practical cooperation. Working together, we will be able to better grow ourselves, meet global challenges, and promote world peace and common development.

If we look around the world today, we will see all kinds of strategic partnership among different countries. Some might wonder, what is special about China-EU strategic partnership? My answer to this question includes four points.

First, our partnership is comprehensive. I am impressed by our fruitful, rich and broad cooperation spanning from politics and business to science and technology, culture, education, and youth exchange.

Second, it is mutually beneficial. Our practical cooperation has brought benefit to our two peoples through our respective development. Capital, technology and managerial expertise from Europe helped China promote modernization and industrialization. And the growth of China in return provided huge business opportunities for European companies. Our mutually beneficial cooperation since the outbreak of the financial crisis has boosted the confidence of not only China and Europe, but also the whole world, making a significant contribution to the international response to the crisis.

Third, our partnership is highly motivated. This relationship has always been growing to adapt to the changing environment. Over the years, it has achieved three leaps to constructive partnership, comprehensive partnership, and comprehensive strategic partnership. The form of this relationship has also evolved from the initially tentative contacts to today's all-dimensional, broad, and multi-tiered cooperation.

Fourth, it is inclusive. There have been differences and disputes between China and Europe due to our different history, culture, value and social system. However, it is encouraging to see that we have always remembered the larger interests of our relations, approached our conflicts and disputes with tolerance, and unceasingly moved our relations forward.

In the future, China and Europe should continue to work together as important and close strategic partners. We need to view our relations from the strategic height and long-term perspective, seize the opportunity of cooperation to deliver concrete results, and try the best to keep the growth of our ties on the right track. Now, I wish to discuss three elements that are essential to achieve this goal.

The first one is confidence. Confidence is the prerequisite for the smooth growth of China-EU ties. The confidence we have in each other should be able to stand various challenging tests. In China, we have full confidence in the EU integration. We have confidence in the increasing role and influence of the EU in international affairs. And we have confidence in the strength of Europe to overcome the difficulty and achieve economic recovery and growth. China has taken resolute and concrete measures to help Europe out of the financial and sovereign debt crisis. We sent multiple trade facilitation delegations to Europe

for business orders and purchased Euro bonds. In return, we also expect that Europe's confidence in China's peaceful development and China-EU relations will be firmer and stronger.

The second element is patience. Patience ensures that our relations will stay on the right course. If we are patient with our differences and disputes, we will then be in a better position to view and handle them properly, so that they will not disrupt the larger picture of China-EU relations. There is no conflict of fundamental interests between us. The problems we have in front of us are not lasting but temporary ones. They are just passing swirls in the river of China-EU relations. I believe that with the continued growth of our shared interests, we will finally run past these problems that we run into today.

The last element is resolve. Resolve is essential for the long-term planning of China-EU relations. Both China and Europe recognize the enormous potential that our cooperation can bring, but there is still a big gap between recognition and implementation. We need to bear in mind the spirit of mutual benefit and win-win, strengthen information sharing, and work intensively to manage our complementarity and coordinate our policies. These are no easy tasks, therefore require extraordinary resolve as we translate our good will of cooperation into concrete results.

I firmly believe that in the next decade, China-EU relations will greet even more opportunities and will develop from strength to strength. Our cooperation will grow deeper and broader, and so will the strategic significance of our relations.

Ladies and Gentlemen,

As policy makers and scholars for China-EU relations, we have an inescapable responsibility to contribute our intelligence and strength to closer strategic partnership between China and Europe. We should make good use of the opportunities that seminars like this one could offer, exchange our ideas, share experiences, and propose valuable advice to further strengthen our ties. I am fully confident that by joining hands and putting our minds together, our relations will certainly enjoy a promising and brighter future.

To conclude, I wish the conference a complete success!

Thank you!

Dirk Achten
Secretary General, Belgian Ministry of Foreign Affairs

In traditional Chinese houses, immediately behind the entrance door, a brick wall stood in the way of the guests, forcing them to move either to the left or to the right in order to get around the obstacle. This ‘screen wall’ was actually designed to keep bad spirits away...

I will leave it up to you to decide whether Europeans are to be considered bad or good spirits, but one thing I know for sure is that, even nowadays, foreigners often lack the right skills to get past such Chinese walls – be they cultural, commercial or regulatory.

The European chamber of commerce in China has often highlighted the fact that intellectual property rights issues, an unpredictable merger and acquisition regime and the exclusion of foreign companies from many government procurement contracts are big deterrents to doing business in China. And, of course, on the political side of the EU-China relationship there are also the divergent views held on human rights.

From a Chinese point of view, on the other hand, particular issues may, on occasions, result in a certain level of dissatisfaction.

I do not intend today to discuss whether or not sticking points like market economic status or arms embargo are worth the debate they sometimes generate in EU-China relations. Instead, I would like to point out that with all their differences, Chinese and Europeans share a firm belief that in a globalised world, they need each other if they want to deliver future prosperity in a harmonious and sustainable manner.

We may be different in many ways, but some of our core interests coincide and complement each other. I am thinking about the fact that:

- Both China and the EU are committed to Millennium Development Goals. Both have made major contributions to this end;
- Both EU and China need global stability, sustainable economic development within a stable financial framework and open trading system;
- Both EU and China are, at the same time, WTO beneficiaries and stakeholders with a duty to contribute effectively to a rules-based global trading system;
- In operation ATALANTA, China and the EU are acting together in securing international maritime routes against piracy;

- And obviously, China’s impressive economic development is good for the EU-China business environment while Europe’s social cohesion model might be inspiring to China.

So there are plenty of areas where the EU-China partnership offers truly profitable perspectives. We must obviously work together to increase mutual understanding of our respective stances and values – such as on human rights for example – but, overall, we share many common interests and responsibilities. This is the reason why the European Union has launched an internal process aimed at assessing the best way to enhance the strategic content of the EU-China partnership.

Also important is to demystify incorrect perceptions about the reality of the relationship between the EU and China. It is, for instance, not true that as China grows Europe will inevitably decline. Europe’s clout in the world will rise if it can learn to speak with one voice. In this sense, one could say that some of Europe’s misgivings with China are an external projection of its own internal shortcomings.

Quite a few of these shortcomings, I am glad to say, have started to be addressed with the implementation of the Lisbon Treaty.

With the entry into force of the Lisbon Treaty on 1st December 2009, major institutional changes have occurred which directly impact the way the European Union behaves on the international stage. The rotating Presidency is no longer at the forefront. It is instead the President of the Commission, the President of the European Council and the High Representative for foreign policy who are taking the lead.

This, I am deeply convinced, will also help to further develop the EU-China partnership, as it will definitely bring a lot more continuity and stability in our relationship.

Thank you.

3. SUMMARY OF DISCUSSIONS HELD IN PLENARY SESSIONS

Plenary debates, Val Duchesse (6 December) and Fondation Universitaire (7 December)

Participants started their discussions with some reflections on the international environment. Our contemporary world is being fundamentally reshaped by global interdependence and global power shift, leading to a complexity increasingly difficult to manage, participants said. There is interdependence in and between issue areas on a scale the world has never witnessed before. If anything goes wrong, many will feel the consequences. The global shift in power and influence from the West to the East and the South is another important trend in international relations. In such context of “interpolarity”, defined as interdependence in the age of multipolarity, there are only few – if any – policy objectives which countries – big as they may be – can achieve by themselves. Challenges have globalised and have become too serious for responses to remain unilateral. Therefore, countries are in search of broad and variable coalitions to cope with the new inter-polar environment. China – defined by one European participant as emerged rather than emerging – and the EU could be part of such a coalition or at least develop a stronger relationship to deal with global challenges and build a better world together. In other words, they could strengthen their strategic partnership.

The concept of strategic partnership

The EU introduced the concept of strategic partnerships in the late 1990s to strengthen its ties with both established and emerging countries. Today the EU has strategic partnerships with Brazil, Canada, China, India, Japan, Mexico, Russia, South Africa and the US. A European participant emphasized that these nine strategic partnerships are neither equal nor identical. Not identical because the partnerships with the US, Russia, Canada and Japan are rather informal, while the partnerships with China, India, Brazil, Mexico and South-Africa are more formal, in the sense that there is a document titled “A strategic partnership with...”. Not equal because despite similar names, the nine strategic partnerships appear very different in substance. It does not need to be explained that the US cannot be compared with other EU strategic partners like Mexico or South Africa.

In general, several problems occur when it comes to strategic partnerships, a European scholar argued. First of all, a clear definition is missing. What does a strategic partnership mean? What does it imply? What are the criteria to become a strategic partner of the EU? Besides, the division of tasks and responsibilities within the EU has not been solved yet. Institutionally, the European External Action Service is tasked to draw overarching strategies, but this is work in progress and the EU still lacks a real strategy. Moreover, other participants highlighted the fact that a number of member states have strategic partnerships as well – sometimes overlapping with the EU – raising the difficult question of coordination between the EU and its member states.

Moving on, experts debated what a strategic partnership should be. According to one, it should come with comprehensiveness, reciprocity, empathy, long-term view, and it should focus on regional and global issues, beyond bilateral issues. In order to reach this, the EU should pull its full weight and speak with one voice whenever possible, although some participants doubted the feasibility of this recommendation. A participant also argued that a strategic partnership should rely upon true dialogues rather than cross-monologues; that it should build upon existing cooperation in order to create a positive spill-over effect in other areas of the relationship; and that bridges rather than walls need to be built between the communities of both sides to create a common ground of understanding.

EU-China: what do we mean by strategic partnership?

The partnership between the EU and China evolved in three major steps: from a constructive partnership in 1998, to a comprehensive partnership in 2001, to a strategic partnership in 2003. However, a Chinese scholar said, there are still significant differences in our mutual understanding of the relationship. China had indeed high expectations for the EU for several years, often referred to as the “honeymoon” period, but these were followed by a series of disappointments (notably in 2008) and eventually led to more realistic expectations. From a Chinese perspective, there are also questions regarding the *strategicness* of the relationship given the arms embargo imposed by the EU. Is an embargo compatible with the notion of strategic partnership, a Chinese scholar asked?

One could indeed question the fact that the EU and China are strategic partners, since the mutual and common strategic interests of both parties have yet to be identified. The clearest common interests between the EU and China are related to trade and the economy since the EU as a whole is the most important

trading partner of China. In terms of global politics nonetheless, there are much less common strategic interests, a Chinese participant reminded. A Chinese scholar added that security and strategic issues do not appear prominently – if at all – in the relationship, raising again the question of the *strategicness* of the partnership.

The EU and China both put the US at the top of their priority list, then they tend to worry about their mutual neighbourhood, and only after that they look at each other. Regarding the “US factor”, it was seen as very important to the framing of the EU-China relationship. Indeed, the EU shares the leadership of the Western collective hegemony. According to a European participant, the perception exists in China that the EU is trying to construct a system based on Western values. Moreover, many times the US drags the EU as an accomplice of its foreign policy, which is not always in the EU’s interest. One European participant agreed with this view, but he noted that the EU and China share at least one common neighbour of significance: Russia (which is the only common neighbour of both countries) and to a certain extent Central Asia.

China and the EU have undoubtedly a different understanding of the concept of “strategic partnership”. Whereas the EU has nine strategic partnerships, China has concluded 40 of them with very diverse countries, including EU member states. According to a Chinese participant, this large number indicates that strategic partners are not all truly strategic players, although China believes that strategic partnerships contribute to tackling strategic common interests. Moreover, since China has strategic partnerships with both the EU and its member states, it is difficult for China to prioritize, he added.

Thus, the key to the EU-China strategic partnership does not lie in a strong bilateral relationship, but in the fact that they are both such important global players and that they are both indispensable to each other. On the one hand China needs the EU to ensure its global rise, a participant said, and on the other hand the EU needs China to strengthen the global governance architecture. Therefore, a Chinese participant recommended *strategic patience* in the relationship. This is particularly needed since there are very few strategic foundations between the EU and China. Contrary to the China-US relationship for example the EU and China do not face common threats, a Chinese scholar noted. Another participant remarked that this absence of common threats or strategic tensions could be seen as problematic indeed, but it could also be seen as an advantage to strengthen cooperation. Moreover, a European participant added, China and the EU do face common threats at the global level, such as

climate change, or nuclear proliferation, or terrorism, which is why they both need each other.

Finally, the question of whether China could become a disruptive player in the global system was raised by one participant, but based on an interesting set of statistics he concluded that it was unlikely. Indeed, given that 40% of China's GDP is export-related, and that 60% of the 40% comes from foreign based enterprises, China is economically and financially bound to integrate peacefully in the global system, although it can still try to reform the system in coordination with the other key players. This again, as it relates to global governance, could become one issue at the heart of the EU-China strategic partnership.

Towards a more pragmatic approach?

A European participant played down the “strategic rhetoric” and argued that the relationship between the EU and China progressed over the past years. New names and titles were given to the relationship indeed, but the question remains: what does it mean concretely? According to him, names and titles do not really mean that much, but we can assess progress on a case-by-case and issue-by-issue basis. Still many differences can be distinguished between the EU and China, when it comes to, for instance, values, or the arms embargo, protectionism, the currency war, North-Korea, Iran, terrorism, climate change and energy. Participants discussed whether both parties would be better off first acknowledging their numerous divergent views and eventually starting to work on a case-by-case basis rather than continue clashing over sensitive questions that have proved to be deadlocks. A Chinese participant recommended patience as remedy and suggested that disputes over human rights and the arms embargo should be avoided as much as possible to safeguard the maturing of the EU-China relationship.

When it comes to working on a case-by-case basis it is worthwhile mentioning that there are 56 so-called sectoral dialogues between the EU and China. A participant argued that there is a need to try to find out which dialogues are useful and successful, in order to review those which are not. According to another participant the number of 56 sectoral dialogues (a high number compared to most other relationships) is a source of strength, because they ensure the permanence and the comprehensiveness of the bilateral dialogue, two key features of a strategic partnership.

A European participant recommended that the relationship should become more pragmatic in providing more answers to common challenges instead of constantly raising new issues. Both parties should talk openly about their differences as well as their common goals and values. Europeans, for instance, would like to see China exert a more visible and more constructive role in its own neighbourhood, like in North Korea for instance, or in Myanmar and Sri Lanka, the participant said. He added that it is extremely important for the EU-China relationship to have crisis proof tools in order to deal with rocky situations at the executive level and to have a solid relationship at lower (technical) levels to cope with upcoming sectoral problems.

Moving towards a truly strategic partnership

The EU-China relationship is a truly special partnership at both bilateral and multilateral level, although much remains limited to aspirations. There are also still several core remaining challenges: human rights, the one-China policy, the arms embargo, the Market Economy Status, Intellectual Property Rights, or even the issue of asymmetry in the relationship (i.e. the fact that the EU is a supranational entity).

A goal for the future relationship should be a comprehensive partnership covering all areas and all levels. This would clearly be a step up from the current relationship between the EU and China. Another goal should be *strategicness*. Strategy means a long-term project and stability in the relationship, according to a Chinese scholar. A strategic partnership cannot be left to cooperation on a case-by-case basis, but rather needs more in-depth reflection, which has been initiated on both sides. In his view, China and the EU are not yet truly strategic partners, because their relationship fails to fulfil several criteria, but it is nonetheless a very important relationship which is destined to become a strategic partnership. The EU and China have no other choice; they cannot afford to become enemies or rivals.

Many conflicts between the EU and China are the result of a lack of mutual understanding, one participant said. Therefore it is urgent to tear down the walls of ignorance and build bridges of knowledge and understanding between the two communities. Investment in mutual understanding is necessary to develop trust among both parties; and there will be no strategic partnership without trust. For instance, we need to better understand each other's vision on human rights. A Chinese participant argued that he was proud of the changes

accomplished in China over the last 30 years, while mentioning that the situation of human rights is still far from perfect.

Finally, many participants repeated over the seminar that there would be no strategic partnership without dialogue (at all levels). A seminar like this one, they said, is yet another step in the building of a truly strategic partnership.

Multipolarity versus Multilateralism

During a separate session of the conference, participants discussed two concepts very relevant in our contemporary international environment, i.e. multipolarity and multilateralism, which are often confused and/or misused, and which are understood differently in Europe and China. According to the Chinese view, we are already living in a multipolar world in which China and the EU each constitute a pole. In this multipolar world, poles not only have even powers in their hands, but their actions also impact upon the other poles. Poles do not take decisions alone, but they consult each other and coalesce variably in different frameworks. Moreover, they use their influence differently. For instance, the EU and China are both big global players but they put their powers into practice in a different manner. Another Chinese participant added that in China it is quite common to see multipolarity as inherently conflicting, due to the ambiguous nature of poles, which attract and repulse simultaneously.

The Chinese view on multipolarity is interestingly divergent from the European view, which sees multipolarity as a result of a shift in global power, something driven by globalization more than anything else and therefore something against which it is useless to fight, whereas the Chinese have defended for many years the idea of “multipolarization of the world” suggesting that it was possible to actively influence global trends. This “multipolarization” also tends to suggest that a multipolar environment would be better from a Chinese point of view than a bipolar or unipolar world, another assertion that (some) Europeans would challenge, not the least because a multipolar world is equally likely to be dominated by cooperation than by competition. From a European perspective, the latter option raises many concerns in the sense that: a) the EU is traditionally not very good at playing power politics; and b) a “hard competition” scenario involving war on a large scale would be dramatic.

Traditionally China was contemplating multipolarity and is now increasingly promoting multilateralism. Most Chinese and Europeans can agree that multi-

lateralism means acting together, have some self-discipline, binding rules, rewards and penalties. Both the EU and China stress the importance of multilateralism, although they might prefer different forms of multilateralism, e.g. the G20, the UN system, or the WTO.

According to a Chinese participant three Cs are important: cooperation, coordination and coherence. *Cooperation* is needed on key issues such as Iran and the international currency system. After cooperation, some form of *coordination* should take place between the EU and China to find concrete avenues to push cooperation further. Finally, *coherence* between the two parties should become greater, for instance in terms of policies vis-à-vis specific issues or regions.

Europeans have a different view on multilateralism. To begin with, they generally promote so-called “effective multilateralism”, in reference to rule-based multilateralism, whereas Chinese interpret “effective multilateralism” as “multilateralism that works” which is obviously something completely different – sometimes even opposite. According to a European participant, effective multilateralism should be the aim of the EU as it was stressed in the European Security Strategy (ESS), in an attempt to export the working mechanisms of the EU.

The EU and China share to a certain extent a common vision of multilateralism, as they both promote the UN system as the most legitimate form of multilateralism. Nevertheless, beyond agreement in principle, the EU and China often find themselves taking opposing positions within the UN institutions’ decision-making process (e.g. within the UN General Assembly) or regarding the reform of the UN institutions (e.g. UN Security Council).

The EU and China also share the fact that they are two relatively new actors emerging in a world that was designed and led essentially by the US. Therefore, according to a European participant, there is a need to go beyond bilateral relations to reform global governance together with other partners including the US. This could take the form of a new *grand bargain*, for example in the international monetary system. Other issues in which such a grand bargain could take place are climate change, or peace and security. In the particular context of multipolarity and multilateralism, with the US umbrella starting to decline, there is space for new EU-China relations on the basis of such a grand bargain.

Finally, one Chinese participant noted that multipolarity and multilateralism can reinforce each other. Indeed, historically, some famous multipolar settings emerged as the result of multilateral efforts. The Concert of Nations in 19th Century Europe for instance was the result of the Congress of Vienna. Equally, multilateral institutions can emerge from a multipolar environment, as it was the case for the League of Nations, and later for the UN.

4. SUMMARY OF THE DISCUSSIONS HELD DURING THE BREAKOUT SESSIONS

Breakout sessions, Val Duchesse (6 December)

During the first day of the conference three subgroups of both European and Chinese experts were formed to discuss in depth the substance of the EU-China strategic partnership. Three major themes were tackled: security & foreign policy; global governance; and energy security & natural resources.

Breakout session on security & foreign policy

The participants of the breakout group on foreign and security policy agreed that much more emphasis needs to be placed on cooperation in this area and that both the EU and China would benefit from a real strategic partnership. However, it proved rather challenging to find common ground and to suggest recommendations for joint initiatives; most parts of the discussions revolved around the definition of security threats and an exchange of different perceptions.

The session started with a discussion of the EU's Lisbon Treaty and the resulting changed context for foreign policy cooperation on the European side. The participants agreed that the Lisbon Treaty allows for enhanced cooperation and strategic dialogue with China and that this new potential needs to be seized. They pointed to the situation in Afghanistan and Pakistan, North Korea (especially against the backdrop of the escalation on the Korean peninsula), Sri Lanka (arms embargo) and the issue of non-proliferation (with a special focus on Iran), and emphasised that current threat scenarios and crises lend urgency to closer security cooperation. The discussions focused almost exclusively on security threats and avenues for security cooperation (at the expense of foreign policy cooperation), since this was considered a priority.

The participants agreed to address the following questions as overarching guidelines:

- What are the different views / perceptions of security in general, security cooperation and actual security challenges?
- How can EU-China cooperation be improved and become more concrete?
- What are the obstacles on the road to closer cooperation?

- How can existing problems or blockages be addressed?
- What are alternatives – a) to tackle urgent security challenges and b) for EU-China cooperation?
- What should a joint level of ambition look like?

Divergent Threat Perceptions

The participants agreed that a more general exchange was needed before discussing current threats and future scenarios. European participants were interested to find out more about the Chinese perception of security. They emphasised that more than a dozen typologies exist in the European context and asked how security is defined in China. The Chinese participants explained that security has for a long time been perceived in a narrow, traditional sense but that the concept has been broadened over the past years. While different perceptions exist, security is now viewed in a more holistic sense and encompasses non-traditional aspects of security such as energy security. However, the areas of climate change and cyber security are not considered to be part of China's security perception.

The Chinese participants stated that security experts in China place emphasis on different levels and innovative forms of security cooperation. China seeks to enhance bilateral cooperation (e.g. with EU member states) while being part of international and regional security frameworks and seeking to contribute to global and regional solutions. They argued that this could pose a significant challenge to the Chinese government since it is not always obvious on what level China should engage and address security challenges (e.g. the conflict between North and South Korea).

European participants answered that it would be helpful to gain a better understanding of China's security concept before discussing different cooperative frameworks. They argued that it would be useful to have an analytical framework and a better understanding of China's overarching strategy and priorities. They pointed to the 2003 European Security Strategy (ESS) as a reference document, in which the EU's key priorities are outlined. In particular, the European participants were interested in finding out how much emphasis is placed on 'soft power' in China.

The Chinese participants answered that China is for the moment more inward-looking than the EU and that it does not have a similar strategic framework to the ESS. They suggested that China needs to update its security concepts and

doctrines. They underlined that the Chinese understanding of security has only recently been widened, that there are overlapping areas but that China and the EU have of course different approaches – given different regional contexts, threat perceptions and the fact that China is a nation state. Moreover, they pointed to different historical experiences (e.g. with regard to Japan and Taiwan), which explains a stronger emphasis on hard power. But it was argued that China has both hard and soft power tools and that its attitude is often misperceived. The Chinese participants also reiterated that, while China is usually perceived as weak in the area of public diplomacy, the government put a huge effort into the Taiwan issue and tried to resolve the differences behind closed doors. They argued that China is rather misunderstood in the European media. One example was that China is often treated as a developing country while providing development assistance to other countries (especially on the African continent). The European participants agreed that Europeans know in general little about China and that this shortcoming needs to be overcome.

The Chinese participants mentioned that China is less integrated in security structures than the EU and that the nature of its security integration is still very open. Another difference was seen with regard to the securitization debate: the Chinese participants argued that more issues are being securitised in Europe than in China (e.g. energy security, food security, health security).

The European participants mentioned that it proves challenging to find common ground between a single state and a union of 27 states. They suggested to have a look at the EU's key challenges as defined in the ESS and to compare the Chinese and the EU's perceptions and approaches. The participants realised that there are significant differences in the perception of some of the key issues (non-proliferation, failed states, terrorism, regional conflicts, poor governance, organised crime, natural disasters). With the exception of cooperation in the area of organised crime / human trafficking, there has been little exchange to date.

A further suggestion was to discuss the different stages of a conflict cycle and the EU's and Chinese approach to conflicts (conflict prevention, conflict management, post-conflict reconstruction). Moreover, it was suggested to compare the approaches to human security, peace enforcement and power projection, and to discuss in which of these areas the EU and China could cooperate.

The participants emphasised that the EU has a more comprehensive understanding of security, disposes of a broader variety of response tools (especially in the field of civilian crisis management) and places more emphasis on the different phases of conflict management, among others through mediation.

Moreover, they pointed to the large heterogeneity and patterns of interdependence in Europe.

The Chinese participants emphasised the role of the United States and were interested to find out how the US approach to security has shaped the EU's understanding of security. European participants replied that the EU has developed a distinct approach to security but underlined that the US approach has certainly influenced the EU's approach and that the US and the EU have similar threat perceptions in many regards (e.g. counter-piracy in the Gulf of Aden). The Chinese participants mentioned that there is more common ground for security cooperation between the EU and China than between the US and China, although the latter are both nation states.

The issue of counter-piracy off the coast of Somalia served as a point of departure for a more in-depth discussion of overlapping threat perceptions and areas for joint action. The Chinese participants were interested to find out more about the EU's security interests in Asia, given that Asia has not been mentioned in the ESS. A clear convergence of interests could, however, not be found. Similarly, the participants could not suggest an innovative and joint approach to Iran and North Korea (e.g. through sanctions). Nuclear proliferation was in general considered a contentious issue. The Chinese participants suggested that the EU could not expect China to take a similar stance and copy the EU's approach. They argued for more innovative and balanced frameworks for dialogue. The Chinese participants mentioned that the EU holds double standards with regard to nuclear proliferation (e.g. Israel) and does not have the moral ground to be selective. The Chinese participants argued that China feels more threatened by nuclear proliferation than the EU. Both sides agreed that a discussion of differences and misunderstandings is crucial. All participants agreed that security cooperation is a sensitive issue and that the regional and historical/cultural context (strategic culture) needs to be understood and considered. They discussed how regional cooperative frameworks in Asia could learn from the European integration process, and drew parallels between China and Taiwan and post-war France and Germany. The participants emphasised the importance of building trust in a region. The Shanghai Cooperation Organisation was considered as an important anchor point in this regard.

Avenues for Cooperation

Significant obstacles notwithstanding, the participants agreed on three broad areas in which a closer cooperation could take place: terrorism, pandemics /

natural disasters, and organised crime. Moreover, all participants agreed that crisis prevention and peacekeeping would be good areas for closer cooperation. Some participants argued that while China and the EU do not necessarily share security interests they can still think about a common multilateral approach to security and foreign policy. Others replied that issues such as Taiwan are often in the way, and that both sides need to find out more about the interests, ambitions and expectations of the other side. All participants agreed that both sides need to make more of an effort to take diverging concerns and perceptions seriously. Especially the Chinese participants argued for a more patient attitude towards China to see how China develops (for instance with regard to Human Rights and China's security environment). They explained that the Chinese government does not want to be pressured from the outside since its foreign and security policy is driven by domestic factors.

The participants turned their discussions to cooperation in Africa. Both sides underlined the added value for both sides. They suggested to think about innovative channels of communication, e.g. in the form of a triangular dialogue between the EU, China and the African Union. The referendum in Southern Sudan was identified as one of the key challenges. The Chinese participants explained that the Chinese government is currently reviewing its Africa policy and that the current situation is conducive to closer cooperation. They argued that China can learn from the EU's Africa policy and the EU-Africa partnership but that the EU also needs to acknowledge China's achievements. They explained that China's involvement in Africa is often presented as much more problematic than it actually is and that the partnership between China and the African continent is not one-sided (increasing migration from Africa to China and more African businesses in China than ever before). Moreover, they argued that China is the only country willing to put resources at risk in Africa and that there is much room for dialogue and risk assessment, for instance between Chinese companies and European think tanks.

The discussions concluded with an exchange of views on the situation in Afghanistan and Pakistan. There was general agreement that the EU should start a closer dialogue with China on Afghanistan and regional dynamics, given China's partnership with Pakistan. China could act as a mediator in the region and a stronger Chinese involvement could be crucial after the withdrawal of NATO troops. The Chinese participants also remarked that the EU's objectives are rather vague regarding Pakistan and that a closer discussion between China and the EU on this issue could be helpful.

Breakout session on energy security & natural resources

China and the EU have developed extensive bilateral relations in the fields of energy and natural resources, in the framework of the EU-China strategic partnership. The framework for these relations is set by sectoral cooperation, through *soft law* instruments such as the Joint Declaration on climate change in 2005, and a multiplicity of EU-China joint-programmes, such as the EU-China Energy and Environment Program (EEP). Besides, the future Partnership and Cooperation Agreement (PCA) will address these issues. In this breakout session, four major issues were debated: (1) Climate change; (2) energy security; (3) rare earth; and (4) other natural resources.

Climate change

There was a consensus among participants on the fact that it is a very important issue for both the EU and China, in close connection to both sides' energy consumption. China has become the largest greenhouse gas emitter, mainly due to China's energy-intensive economy (with intensive use of coal energy), which developed very fast (Chinese trade increased exponentially after China joined the WTO in 2001). At the same time, China has invested massively in wind, solar and other sources of clean energy (China takes the lead in clean-power investments in 2010). In parallel, since 2008, the EU has proposed binding legislation to implement ambitious targets (20/20/20: a reduction in EU greenhouse gas emissions of at least 20% below 1990 levels; 20% of EU energy consumption to come from renewable resources; a 20% reduction in primary energy use compared with projected levels, to be achieved by improving energy efficiency.)

Both countries find themselves in two opposite camps on this issue. As illustrated clearly in Copenhagen, the EU and China have different positions regarding climate change at the international stage. Furthermore, there is a disagreement among the parties about: (1) the measure of climate change; (2) the historical, current and future responsibility on climate change; and (3) the EU-China cooperation.

The measure of climate change

There is a disagreement between the EU and China on the per capita emissions versus total emissions. The per capita emissions of China are rather low. As a

consequence, developing countries, including China and India, are very reluctant to accept any binding targets in international climate change negotiations. The main reason, a Chinese participant emphasized, is that if China accepts these targets, it basically cuts its own economic development. To overcome this impasse, he suggested, per capita emissions should be balanced by other criteria like per capita consumption and pace of development. In a counterargument, a European participant argued that the shares proposed by the developing countries are too low.

Climate change and international responsibility

In China's opinion there is a clear division between the developed countries, including the EU, and the developing countries, including China. This strict interpretation of the principle of "common but differentiated responsibilities" (UNFCCC, international agreements) underlines the historical responsibility of the industrialized countries concerning the greenhouse gas emissions. In addition, a Chinese participant questioned the legitimacy of 1990 as the base year for measuring climate change. He also noted that the Chinese high energy consumption is not only for itself, but also benefits the global economy since, although China's share of global GDP is still limited, China alone is responsible for 20% of global exports and 16% of the global growth. Chinese participants hence questioned international standards in the field of climate change, often seen as unfair from their perspective, an observation that they generally apply equally to many other international issues and which probably needs to be addressed one way or another in the EU-China relationship. Climate change should be seen as a public good issue, one EU participant said, subsequently asking: can China afford to wait in the face of the climatic challenge? He added that the EU, China and the US should share the burden, although they obviously have a different view on how to share that burden.

Climate change and EU-China cooperation

Given the fact that China is the first recipient of EU aid (and a major beneficiary of the Clean Development Mechanism) and that a lot of European programmes and investments go to infrastructures related closely or remotely to the struggle against climate change, a participant made the recommendation that joint-programmes should be expanded, e.g. in clean energy, and should include Chinese experience and point of view. There was also a suggestion to develop a common fund to support the development of clean energy in China

and encourage joint-research. Moreover, the EU wants to integrate sustainable development in the negotiations, but China is reluctant to do so (“green protectionism”).

Energy security

The second major issue on the agenda during this breakout session was energy security, a topic of strategic importance for the bilateral relationship. Both parties have already started cooperation with each other, e.g. ICARE in Beijing; although besides cooperation, competition is one aspect of the EU-China energy security situation too. Having in mind that non-renewable energy is limited globally, both sides share a common need to import oil and gas, but address the problem differently. This becomes clear in Sudan and Angola, for instance, where China and the EU have adopted different positions, the former insisting on its right to access energy resources that remain untapped by European companies dominating the African market, whereas the latter insists on values and the need to pressure authoritarian governments against human rights violations. In addition, the issue of Intellectual Property Rights (IPR) is another concern for Europeans, which has led to more competition than cooperation.

Several policy recommendations on energy security were made. The first recommendation is the development of nuclear energy (Chinese participant). This is a potential solution for both sides, with possible bilateral cooperation, but one cannot deny that there are costs and security issues related to nuclear energy. The exchange of nuclear technology for example can be dangerous, and is still hindered by IPR concerns. Furthermore, a participant argued that too much had been invested in nuclear energy in Europe in the past and not enough in renewable energy, which raised several questions in connection to climate change and sustainability, as well as regarding innovation in alternative energies and energy efficiency – two areas identified by participants as bearing potential for cooperation. There are other alternatives to oil, besides nuclear energy, but in the case of China more than Europe, there is still room for progress in the field of nuclear energy. Indeed, China’s experience in the energy domain has mostly been on the oil and gas markets and not on the nuclear energy market. China has committed to produce 5% of its electricity with nuclear energy, now being still below 1%. The second recommendation that has been made is that the EU and China should create a common fund for energy research and development (Chinese participant). One participant replied that these types of programmes already exist but are not always partic-

ularly successful. A third recommendation that came out of this session was that the EU should transfer more energy-related technologies to China to help China improve its energy efficiency and develop its renewable energy infrastructures (Chinese participant). Several participants had underlined that the issue of technology transfers refers to the respect of IPR (not free), and that this issue could be linked for instance with SME access to the Chinese market with opportunities for mutual gains. The final recommendation was that China must improve its market mechanisms related to this sector (European participant).

Rare earth

The third major issue that was touched upon during this breakout session was the rare earth issue, at a time when China is restricting its rare earth exports to Japan and the US. China claims that it has several good reasons to limit its rare earth export, a participant explained. First, the reserves are declining since both the US and Russia stopped mining because of the costs and the pollution associated to its exploitation. Second, China is a major supplier. With one third of the world reserves, it fulfills 97% of the global demand, an unsustainable position of monopoly from the Chinese point of view. Third, there are severe environmental damages related to rare earth mining, an issue with clear connections to sustainable development and climate change.

European participants underscored that the EU has its own strategy on rare minerals, although it has not been implemented yet, and that such unilateral moves from China raise many concerns in Europe about China behaving as an international responsible stakeholder. These moves contradict the signals of a peaceful development, which Chinese diplomats have been so careful to carry through continuously over the years. They are therefore detrimental to the international image of China, one concluded. The EU calls for stable price and supply of raw materials globally while encouraging to find alternatives to rare materials. One European participant underlined that export restrictions are a measure which is not proportionate to the Chinese objective, and certainly in contradiction to WTO Law. The participants could hardly reach any meaningful recommendation regarding rare earth minerals: one European participant claimed for the resolution of this question at the highest bilateral level (summit or high level economic and trade dialogue), although one Chinese participant was in favour of a bilateral dialogue between the European Commission and the Ministry of Trade. One point came out rather clearly: in view of the EU's position on sustainable development and climate change, Europe should coop-

erate with China on the development of some technology to reduce China's severe pollution caused by rare earth mining.

Other natural resources

The fourth and last major issue that was on the agenda during this session was other natural resources. When it comes to other natural resources one can think of iron, copper, water or food. Prices of these resources are rising which can be seen as problematic, particularly when the changes are sudden, with potentially major impacts on local or regional economies. The price of commodities such as cocoa and rice are one of the issues on the agenda of the French presidency of the G20, although it is not clear yet what the respective positions of the EU and China are.

Water is another issue that is very important for both China and the EU. This issue deals with access to drinkable water, biodiversity, or desalinization. For the water issue a recommendation was to launch another large-scale water project like the EU-ASEAN project on the Mekong. Another recommendation related to more cooperation in order to address pollution in the rivers and the lakes.

Breakout session on global governance

This breakout session focused on the broad yet important issue of global governance. To begin with, participants noticed that, quite remarkably, both the EU and China share a common understanding of global governance, defined as the collective management of common problems at the international level. Even if this is just a matter of definition, we have seen in previous parts of this report (and observed again during this session) that both parties do not always share a common understanding of key concepts. According to the participants, the EU and China agree that global governance should rely ultimately on the UN system, due to its unparalleled legitimacy. Nevertheless, even if both parties agree on the concept of global governance and on the legitimacy of the UN, they definitely have different visions for the future of global governance.

A new World Order?

Discussions started around the concept of (New) World Order, which proved less consensual than one could intuitively think. All participants agreed that the world is still dominated by the US (no G2 or G3 envisaged) and that the building of a new world order should focus on: a) institutional arrangements; and b) how to solve global challenges. Nonetheless, their views were less harmonious when turning to practical arrangements.

According to Chinese participants, the Chinese concept of New World Order is still essentially based on sovereign states and on the balance of power. According to a Chinese scholar, therefore, a new institutional set-up should be created with more formal influence for the emerging countries. One could think of the UNSC reform, for instance, but also of reforming the IMF and the World Bank to deal with the currency issues, the economic crisis or underdevelopment. The neorealist-inspired Chinese view was rather conflicting with the European neoliberal-inspired point of view. The European perspective is more one of a multipolar world where a multilateral order is necessary to regulate relationships between great powers and maintain them within a solid normative framework. Hence the question raised by a European expert: Could a multilateral system meet China's interests too?

Different opinions also appeared when discussing “effective multilateralism”, especially around the interpretation of the term “effective”, as it already appeared previously in this report. A Chinese participant explained the Chinese strategy as one of “selective multilateralism”, instead of effective multilateral-

ism, in the sense that China resort to specific multilateral organizations and forums variably and based on its national interest and its interpretation of the issue at stake. One European participant characterized this approach as rather Machiavellian, and he suggested a possible concept to reconcile both views, in the form of “multi-multilateralism”, meaning that different issues are dealt with at different levels hence operating a division of labour within the multilateral system between global, regional and subregional organizations, and therefore maximizing the efficiency and the effectiveness of global governance. This concept could provide the way forward for more discussions among Europeans and Chinese in the field of global governance.

In such multi-multilateral system, the first challenge would be to identify the right forum to deal with the issue at stake. This is generally difficult as many issues cover various fields (e.g. climate change) and need to be addressed by various organizations simultaneously. In such system, participants agreed, the UN provides the global framework and the legitimacy to the actors. Regarding the implementation, the UN agencies could play a role, while many other organizations could address the issues at various levels within the framework of a UN mandate. Such system has also the advantage that it does not require the creation of new institutions but rather calls for more coordination between existing ones.

An institution that was extensively discussed among participants is the G20. Indeed, as one Chinese participant noticed, the “new G20” provides an opportunity for China to be directly involved in the global decision-making process, and is therefore a recognition of its rising status. Moreover, the G20 provides opportunities for other developing countries as well, an omnipresent concern in Chinese argumentation. The EU and China are generally positive about the G20, despite some marginal reservations. From the EU point of view, as one participant observed, 19 countries plus the EU compose the G20, which is symbolically telling. Moreover, due to complex internal mechanisms, the position of the EU within the G20 is generally seen as stronger and more legitimate both within and outside Europe. When it comes to the agenda of the G20 or how to tackle the international crisis, however, China and the EU cannot always agree on key issues. Nevertheless, participants deemed that it is better to disagree within the G20 than not talking at all about such significant issues. In this sense, at the very least, China and the EU share a common understanding of the importance of a multilateral framework.

Global governance and international security

When it comes to peace and security, a topic discussed at length during this breakout session, all participants agreed that the UNSC remains the central forum for discussions, despite its imperfections. It was also noted that the reform of the UNSC is on the agenda of the G20 French Presidency (a sign of institutional interdependence) and participants were curious to see how this would unroll. A Chinese participant emphasized that China has considerably increased its involvement in UN peacekeeping operations in recent years, although he added that the issue of the legitimacy of the mission was of crucial importance to China, due to concerns regarding non-interventionism. He also remarked that the Chinese vision of non-interventionism is not absolute: Chinese are willing to intervene if they are asked to do so either by a) the UN, b) the African Union (AU) or other regional organisations, or c) the host country. For China, the issue of legitimacy is clearly central. The case of Sudan was debated as an illustration, particularly regarding the referendum in South-Sudan and its potential influence on the entire region. Given that both China and the EU have a lot at stake in the region, could they possibly cooperate to solve a major crisis? Chinese participants said that it could be envisaged solely under a UN or eventually AU mandate.

Another participant mentioned that China also stepped up its cooperation with the EU with regard to counter-piracy operations in the Gulf of Aden. EU-China maritime security cooperation was clearly seen as an area where both sides have a major interest in working together, given their heavy dependence on maritime routes for their trade and energy supplies. Hence, the cooperation in the Gulf of Aden was depicted as an encouraging sign for future EU-China cooperation in the field of peace and security.

Discussions focused extensively on EU-China cooperation in Africa as well, probably indicating that the African continent constitutes a major flashpoint for the relationship, at the same time as it provides interesting avenues for deeper cooperation. Chinese and European participants did not share a common view on Africa, and they agreed that these differences might be linked to different historical bonds with Africa and to different levels of development between the EU and China. These differences result in divergent priorities, more modern in the case of China and more post-modern in the case of the EU, although such distinction was seen as potentially misleading by participants. A European expert argued that the EU's vision in Africa, focusing on governance and human rights, is correct but that the rhetoric is problematic. Indeed, the EU has to convince its partners that the rule of law is not an objective per se,

but that is in everyone's fundamental interest, including in China's: sustainable development, good governance, or the rule of law create a favourable environment for foreign companies and foreign investments.

Eventually, participants discussed the different approaches to international diplomacy in Europe and in China. A Chinese participant argued that China tends to be more discrete in international negotiations and to act behind the scenes, whereas Europeans were more vocal and also did not hesitate to criticize other regimes openly. According to this participant, both approaches have positive and negative consequences, but it was important for both sides to recognize the legitimacy of the other approach.

In concluding the session, participants agreed that both the EU and China still need to learn how to deal with the changing international environment. To do so, they could start by working on strengthening their mutual understanding and eventually move one day towards a common understanding of the international system. China and the EU do not share a common vision for global governance, but there are many avenues for cooperation, which could contribute to the building of such common vision step-by-step.

5. HOW THE EU AND CHINA CAN BECOME TRUE STRATEGIC PARTNERS: VIEWS FROM THE PARTICIPANTS

In this last section, several participants to the seminar accepted to offer a short contribution exposing their own views on the EU-China strategic partnership, exploring one particular dimension of the partnership. Each contribution is a modest attempt to answer the question: How can the EU and China become true strategic partners?

A strategic partnership in the making

Zhongqi Pan, Fudan University

A China-EU strategic partnership, which frequently appears in many official documents and statements, is no more than a concept open to different interpretations. China and the EU have different understandings of what really makes them partners and, if so, what makes their partnership truly strategic and comprehensive. To put it simple, China emphasizes the general, overall, and long term framework that may help maintain the China-EU relationship stable and healthy, whereas the EU stresses more the need for substance and concrete results instead of vague principles or nominal definitions.

Putting this divergence aside, both China and the EU agree that a strategic partnership is an efficient way to deal with many threats and challenges in today's world. They both pursue their respective objectives through partnerships with key actors, as one approach among others. China has defined more than 40 strategic partnerships around the globe, while the EU is also increasingly adding major players to its framework of strategic partnerships. This partially explains why China and the EU prefer to claim their relationship as one of strategic partners.

The problem of the EU-China strategic partnership is their lack of common strategic interests and concerns. While China feels concerned about the arms embargo, the Market Economy Status (MES), Taiwan and Tibet issues, the EU worries over trade balance, IPR, market access, human rights and democratization issues. Since both sides care more about what it can gain from the other

side than what it is obliged to deliver, China and the EU always feel very frustrated when troubles arise. This partially explains why the relationship experienced ups and downs, from high expectations to high disappointments, in particular over the past few years.

A strategic foundation is a necessity for China and the EU to build up a real strategic partnership. To a large extent, a strategic partnership means that China and the EU are *mutually indispensable* to achieve their respective strategic goals, which are not necessarily common but should at least be shared. Therefore, it is crucial for them to *mutually respect and support* their respective strategic concerns – China’s national unification and European regional integration for instance. Thus, China should continue to support European integration. Europe (the EU and its member states), for its part, should continue to recognize China’s sovereign independence and territorial integrity, and avoid instigating potential separatist movements in Tibet, Xinjiang, or Taiwan.

Secondly, they should *mutually avoid* their strategic relationship from being disturbed by trivial disputes, be that domestic governance or human rights issues. Thirdly, they should confirm their *mutual assurance* that their relationship is a strategic and enduring one, irrespective of any bilateral or multilateral disputes, and engage each other in a positive and constructive way.

Finally, they should *mutually accommodate* their respective foreign policy approaches. Bilaterally, China should adapt to European concerns over human rights, while Europe should adapt to China’s traditional concerns over its sovereignty status. Multilaterally, China should accommodate Europe’s call for more responsibilities and work to promote multilateralism. Europe should accommodate China’s insistence on non-interference and coordination vis-à-vis global challenges, be that the economic crisis, climate change, nuclear proliferation, protectionism, piracy, or regional instability. China and Europe should both be willing to compromise and seek consensus while shelving differences.

A partnership to counterbalance US hegemony

Wang Yiwei, Fudan University

EU policies towards China are either too commercial or too normative, but not strategic enough. The lack of strategic trade, the disintegration of the trade and finance system, and the pitfall of universal values have been three key obstacles to China-EU strategic relations.

Why China Considers the EU as a Strategic Partner?

In China's eyes, the EU is of significant importance for three reasons:

(a) In a global perspective, the EU holds a dual mission: (1) To prevent the Americanization of the world. If it were not for the EU counterweight, the United States would rule the world without restraint in the name of the so-called "international community". The logic of the US dollar-military hegemony complex brings with it the dangerous shadow of the American empire. The EU is balancing this Americanization with the Euro and its civilian power. (2) To deal with the uncertainty of the world. As an ordered force, the EU contributes to global peace and prosperity via its peace keeping and peace building operations, its diplomatic settlement of disputes, and its non-traditional security instruments. As the largest aid donor, the EU is exporting stability whereas the US is exporting instability worldwide.

(b) On the European continent, the EU has successfully maintained a lasting stability and peace to the extent that Europe is no longer a hotbed of world wars. This successful model is appealing to EU neighbours who wish to join the bloc or to be associated with it. The EU normative power does have its centripetal force.

(c) For China, the significance of the EU lies in: (1) Internal affairs. Firstly, as the largest trade and technology partner, the EU is one of the main technical, financial and market sources to support China's reform, opening up and modernization. Secondly, the EU model has a lot of value for China in order to get its people rich after getting its nation strong, especially at a time when China begins to expand its domestic demand and to build a harmonious society; (2) Foreign Affairs. The EU is a major ally in building a multipolar world and an important partner in global governance. The EU's normative power is an important source of inspiration for China regarding its peaceful rise and the

building of a harmonious world; (3) Convergence of the developing model and the way of life. For instance, China and Europe share the objective of a low-carbon society. China's 12th Five-Year Plan has many similarities with the Europe 2020 Strategy on inclusive growth and innovation.

An Asymmetrical Partnership

- Asymmetry of the relationship. 90% of China-EU relations are related to the economy or trade. Basically, so far the political relations have been nothing more than a tool to manage the economic and trade cooperation/frictions.
- Asymmetry of systems. With its lack of strategic capability, the EU compromises the member states' China policies, resulting in a focus of China on strategic relations with the big three: UK, France and Germany. Often it seems that the EU plays the bad cop and the member states the good cop. This has repeatedly caused disappointment for China.
- Asymmetry of diplomacy. The EU is strong in multilateralism but weak in bilateralism. It is the opposite for China. Hence, the decline of global multilateralism reduces the EU strategic ability and directly affects China-EU strategic relations.
- Asymmetry of identities. The EU identifies itself as a normative power, making it difficult to compromise between strategy and value. For instance, the Europe 2020 Strategy tries to keep balance between efficiency and equity, but proves difficult to implement. Strategy lies in tradeoffs, but the EU will never trade off the rule of law.
- Asymmetry of societies. The EU stresses the power and participation of its civil society, while China stresses the power of its nation. In this regard, the stronger role of the European Parliament since the implementation of the Lisbon Treaty constitutes a new challenge to the development and implementation of strategies.
- Asymmetry of development. China is at the stage of modernization while the EU has entered the post-modern stage, not only benefiting from globalization but also suffering from its risks and challenges.
- Asymmetry of momentum. EU countries, except Germany, are almost all in decline (although the UK and France do not accept this), which results in a conservative and defensive Europe, preoccupied with its commercial interests. China, on the other hand, is rising.
- Asymmetry of strategic freedom. The EU security policy is conditioned by NATO and the relationship with the US. Therefore, the EU has less strategic independence than China. Nonetheless, China's financial dependence on the

US and the EU's security dependence on the US indicate the importance of the US factor for the EU-China bilateral relationship.

- Asymmetry on mentality. Many Chinese look at Europe in a nation-centric manner, focusing on the member states rather than the EU. On the other hand, the EU holds a post-modern view of China.
- Asymmetry of words and deeds. The EU recognizes China's strategic value but without coherent strategic actions, dealing with China case-by-case, issue-by-issue; China recognizes the strategic value of the EU, but the subconscious has not been consistent with this view either.

How to Improve China-EU Strategic Relations?

1. Developing strategic trade. Trade has three levels: free trade – balanced trade – strategic trade. To enhance China-EU strategic partnership, we must strengthen free trade, stop fearing trade imbalances, and aim for strategic trade. Strategic trade is one of the top priorities to enhance the economic base of China-EU relations. For instance, selling Rare Earth to Europe instead of Japan is strategic trade behaviour. Besides, we should update China-EU trade relations to financial cooperation and deepen strategic mutual interdependence.
2. The international system reform. China and the EU share common interests and consensus in promoting the reform of the international system towards a more balanced, sustainable, secure and inclusive order. To take the international monetary system as an example; aside from the US dollar, the Euro is the most important foreign reserve currency. The RMB is in the process of internationalization and a possible candidate for foreign reserve currency. Therefore, the EU and China have more and more space in reforming the international monetary system. The G20 summit in 2011 must be seen as a strategic opportunity.
3. Balancing US hegemony. China cannot rely on the EU to hedge the risk of US hegemony militarily and financially. However, the EU does share a common mission with China to promote a multipolar world, to resist US unilateralism, and to promote global governance against the Washington Consensus. More importantly, as major civilizations, China and the EU shoulder the mission of preventing the globalization from being Americanized.
4. Shaping the future of the world. The China-EU strategic partnership also has another important meaning to spread a sustainable and harmonious lifestyle and to push forward the diversity of the world. These are dual missions and endeavours for the China-EU strategic partnership.

Facing the common challenge of energy and climate change

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The EU-China strategic partnership as a framework

A real in-depth dialogue was set up on the environment, energy and climate change in the framework of the EU-China strategic partnership. The introduction of this subject has become increasingly important during the annual summits, with constant references to the UN framework. In the EU-China relations, the issue of climate change has been subject to special attention with its institutionalization at the 8th Summit of September 2005 through a specific Joint Declaration. In addition, the EU-China strategic partnership is mainly conducted by sectoral cooperation, through *soft law* instruments. From the 17 areas of cooperation covered in 2004, bilateral cooperation has expanded to more than 50 sectoral dialogues and two additional high-level mechanisms (A High Level Economic and Trade Dialogue and a High Level Strategic Dialogue). The energy and climate change issues can be addressed in the framework of sectoral dialogues such as the dialogue on environment or the High Level Economic and Trade Dialogue.

The thematic EU-China partnership launched by the 2005 Joint Declaration, which is similar to the Asia-Pacific Partnership on Clean Development and Climate, is designed to complement and prepare major deadlines coming under the Framework Convention on Climate Change and the Kyoto Protocol.

It also aims to identify practical cooperation in the field of low carbon technologies, and promote cooperative research on the impact of climate change and on the changes needed for adaptation.

► *On environmental issues, just like for other issues, sectoral dialogues should be rationalized and updated, following the evolution of the bilateral and international agenda. For instance, the sectoral dialogue on environment, which is very useful (see for instance the Bilateral Coordination Mechanism on Forest Law Enforcement and Governance signed in 2009), should integrate climate change issues, in order to ensure a better coordination of the EU-China programmes. In addition, the question of export restrictions of raw materials, including rare earths, should be included in the agenda of the High Level Eco-*

conomic and Trade Dialogue: strategic partners must be able to address several contentious issues.

Bilateral strategic partnership and EU-China Programmes

Based on the thematic EU-China strategic partnership, projects were initiated and perpetuated under the framework of the Rolling Work Plan, approved in October 2006 and renewed annually, to implement the common targets:

- A renewed program: the EU-China Energy and Environment Program (EEP), created in 2002, whose overall objective is to promote sustainable energy use and security of supply.
- The facilitation project concerning the Clean Development Mechanism (CDM) established by the Kyoto Protocol, and formally launched at the bilateral level in June 2007.
- Cooperation in the field of carbon capture and sequestration of carbon (NZEC initiative, currently in phase 2), which is the most important and ambitious initiative.

Nonetheless, cooperation under the strategic partnership is limited: economic gains generated by EU programmes are too low, and efforts towards preparing an ambitious international agreement on climate change too insufficient. In addition, the added value of cooperation and technology transfers under the strategic partnership, particularly through the Clean Development Mechanism (CDM), seems to be reaching its limits. A number of environmental innovations are no longer transferred from OECD countries to emerging countries but are developed entirely within these countries instead.

► *The rationale in terms of technology transfer should probably be abandoned in favour of the idea of co-development of technologies. In that sense, the EU and China could agree to implement more “joint programmes”, with a co-financing system.*

Bilateral strategic partnership and international negotiations

The EU-China bilateral dialogue and cooperation have not produced convergences at the international stage. For instance, the climate conference in Copenhagen was deemed a failure, despite the Joint statement of the 12th EU-China Summit (2009) underlining three points concerning the climate negotiations: the need for a comprehensive and ambitious agreement; the principle of

“common but differentiated responsibilities and respective capabilities”; and the financing of the schemes and transfers of technology from developed to developing countries. Nevertheless, at a lower level of representation, the Cancun summit, showed (slow) *progress* on finding a consensus for action on climate change (measures against deforestation, found for developing countries, which will rise to \$100 billion per year between 2013 and 2020).

If the strategic partnership has not contributed to significant advances in these international negotiations, this does not mean however that the struggle against climate change is not considered by emerging powers as a major challenge. China has pursued very ambitious national policies, notably on renewable energies, and also in coordination with the other countries of the BASIC forum (India, Brazil and South Africa). Thus, the EU should pursue its efforts to cooperate with China on climate change.

► *The principle of “common but differentiated responsibilities” should be updated in the post-2012 perspective, with a new differentiation between developing countries. The division between developed and developing countries ensures that equity and fairness are present in the negotiation and implementation of international agreements, and must be applied. But China, such as other most advanced developing countries, has a greater responsibility than other developing countries.*

Bilateral strategic partnership and EU-China Partnership and Cooperation agreement (PCA)

China and the EU could integrate climate change in the PCA negotiations. Indeed, China has concluded a Free Trade Agreement (FTA) with New Zealand which contains a chapter on cooperation on environment (and labour), which refers to two texts separated from the formal FTA but negotiated simultaneously. For its part, the EU proposes to third countries, on a systematic basis, the inclusion of a sustainable development chapter in its FTAs, including environment and climate change provisions. In addition, China and the EU Member States have ratified all the “pertinent” Multilateral Environmental Agreements (MEA), as expressed in the EU General System of Preferences +. On the other hand, we should point out that China is reluctant to link environmental issues to trade ones, arguing the risk of “green protectionism” coming from industrialized countries.

► *The EU and China could integrate a comprehensive but realistic chapter on sustainable development in the future PCA, especially including an expanded cooperation. Several provisions could also be inserted, such as a commitment to not encouraging investments by lowering the level of protection, a mechanism of association of civil society, or impact assessments of the agreement on sustainable development.*

Creating cooperative win-win energy security strategies

Wu Fuzuo, Fudan University & Yale University

Since 2003, the EU and China have issued several official documents to show to the world that they have established a “strategic partnership” between themselves. In practice, however, the two sides clash on a number of issues areas, e.g. human rights, democracy, arms embargo, climate change and global governance, due to their divergent values and very different political systems. Accordingly, it can be said that the EU-China “strategic partnership” is written on paper but not quite yet translated into a reality. Of course, it is undeniable that the two sides have indeed created a kind of interdependence in terms of commercial trade, which has become the most prominent aspect of the relationship. Under such circumstances, we can say that their strategic partnership is at best partial, but surely not a comprehensive one. Briefly, the current nature of the strategic partnership between both sides can be described as four “*Is*,” namely: Immature; Incomprehensive; Incomplete; and Imperfect. To fix these “*Is*”-problem within the “strategic partnership,” we need to follow a step-by-step logic, starting with not only identifying but also implementing some down-to-earth measures to create a solid cooperative relationship between the two sides in some specific issue-area instead of focusing on some “panacea” to help them create a so-called “comprehensive strategic partnership” once and for all. In this short article, I argue that the EU and China should create cooperative win-win policies to ensure both sides’ energy security requirements while addressing fossil fuel-induced climate change challenge simultaneously, which will provide a basic foundation for the establishment of a genuine strategic partnership between them.

To begin with, in addition to the existing bilateral cooperation mechanisms in the field of energy, at the governmental level, the EU and China should work together and play an active role in stabilizing the current international energy system. On the one hand, to increase the energy supply in the international energy market, the EU should give much more understanding to and therefore be more tolerant with China’s energy relationships with some energy-rich countries concerned by the EU; at the same time, the EU and China should take the initiative to negotiate with the energy-rich countries to moderate their “energy nationalism.” On the other hand, to maintain the stability of energy-rich countries and regions, the EU should increase its engagement with those countries by providing either economic or humanitarian aid; whereas China should replace its non-interference policy with a conditional-interference policy and work with the rest of the international community in general and the

EU in particular to strictly carry out nonproliferation policy since any energy-rich country's nuclearization is not in the interest of both China's and the EU's long-term energy supply security. In terms of protecting the transportation security of imported energy, both the EU and China should support each other's efforts. Specifically, the EU should welcome China's Navy to take an active part in the international efforts to combat piracy and terrorism in order to secure the Sea Lines of Communication (SLOCs) while China should support (politically or diplomatically) the EU's efforts to secure the stability of transit states that are crucial to its imported gas. Moreover, with regard to helping China control its increasing demand for oil and gas imports and improve its coal-dominated energy mix – the main source of its greenhouse gas emissions – the EU should increase its efforts to transfer energy efficiency-related and clean coal-related technologies to China without any delay.

Secondly, at the business level, the EU's international oil companies (IOCs) and China's three major state-owned oil companies (SOCs) should create a cooperative platform so that they can: 1) regularly share their experiences in investment and management in the up-, mid- and down-streams so as to provide the Chinese SOCs with some know-how and technologies and familiarize them with IOCs' practices; 2) jointly bid for some oil and gas assets in some supplying countries and allow each other to join the projects of building some transnational energy infrastructure such as oil and gas pipelines; and 3) expand the IOC's investment scales within China's domestic energy market, especially in the exploration of oil and gas reserves.

Thirdly, the EU and China should work out a joint medium- and long-term plan for the transition from a fossil-fuel energy system to a renewable-energy system. In order to do so, a Consultative Committee on Energy Transition should be set up, composed of representatives from governments, legislators, energy-related business, think-tanks and academia. The main function of this Committee should not only be in charge of working out a 10-20-year long-term policy plan for energy security but also guiding its implementation through: 1) stimulating both sides to devote funds to some joint R&D projects associated with clean energies, especially electric cars, renewable energies, as well as technologies to capture and storage carbon; 2) facilitating the EU's advanced energy technologies transfer to China while monitoring the process of their implementation in China so as to protect the intellectual right property; 3) publishing an annual report on both sides' progress on the implementation of this plan.

In summary, through enhancing their collective efforts to construct a secure and low-carbon energy, both at present and in the future, deeper trust and understanding will be reached between both sides, which will make it possible for them to deal with other bilateral and global issues jointly and cooperatively. By doing so, both sides will be on the right track leading to a true strategic partnership, the precondition of which, of course, is that the EU itself develop into a real unified strategic actor.

Shaping together global economic governance under the framework of the G20

Zhang Haibing, Shanghai Institutes for International Studies (SIIS)

Although the EU and China have established a strategic partnership, it seems that they still have little common understanding of the definition of this strategic partnership. China is more concerned with long term strategic interests and emphasizes the comprehensive perspective. The EU usually pays much attention to issues such as democracy, human rights or intellectual protection. Frankly speaking, there is indeed a debate on values and concepts between Europeans and Chinese, but it generally turns out that they have different meanings even when they actually speak about the same thing. This has nothing to do with the strategy (?)debate, but everything to do with mutual understanding. It is time to rethink the special meaning of “strategic” in the EU-China relationship. In my view, “strategic” means sharing a common vision for the future of international society, and at the same time having a strong will to undertake joint efforts for a common bright future.

At present, economic recovery and steady development are the top priorities for both the EU and China. They also have a common strategic interest in the promotion of a strong, sustainable and balanced growth. So, the EU and China can enhance their strategic cooperation starting with economic governance. Regarding global economic governance, diversification and uncertainty are the two obvious characteristics of the system.

Diversification has four dimensions. (1) Diversified global actors. Besides nations, many NGOs, regional organizations and even civil society get involved and co-shape the global economic governance architecture. (2) Diversified global issues. Global economic governance is not only about pure economic issues; it also links with, depends upon, and reacts to global political, environmental, security or religious issues. (3) Diversified interests. Differences do not only exist between developed and developing countries, but also among developing or developed countries. (4) Diversified mechanisms. From UN, IMF, WB, WTO to G7, G20 and Gx, we observe many different global economic governance mechanisms. However, we are still looking for the best one (or best combination). Now the G20 has emerged as the premier platform for global economic coordination and cooperation, and it is morphing from a crisis-response mechanism into a steering committee for the world economy. The

global financial crisis brought the world together, and forced us to think deeply about a kind of economic governance beneficial to everyone.

Is the G20 the best choice for global economic governance? The answer is uncertain, because the adjustment of world economic powers and patterns are still ongoing, and the G20's own institutional building faces many uncertainties. Whether emerging powers can really become emerged powers and act as balancing powers towards the traditional powers in global governance still has no certain answer. Typically, the world economy recovery will grow increasingly complex. Different countries face different conditions: for example, high unemployment rate is the US top concern, whereas debt crisis is the core issue for the EU, and balance between inflation and growth is a big challenge for China. In reality, the G20 is a good place to talk about the economic issues but not a good mechanism to implement the promises. So how to improve the effectiveness of the G20 could be a strategic issue for the EU and China to address over the following years.

Unlike other actors, the EU has a vital interest in strengthening the multilateral system (including the G20) and furthermore, the EU has more advantages than others in promoting institutions-building and norms-export. Considering that the next G20 summit will be held in France, the EU and China can demonstrate the full scope of their strategic partnership on that occasion. *Coordination, cooperation* and *coherence* should be the core principles for a solid EU-China strategic cooperation in the G20.

With the crisis behind us, the urgency for reforming and reshaping the global economic system will become weaker. So, the next G20 summit should bring concrete outcomes to unite will and boost confidence in efficient global economic governance. First, the EU and China can work together to make clear rules for the G20, and prevent it from becoming a mere talk shop. Second, they should try to push forward some concrete measures to deal with the unstable financial system, including the following items: a more stable monetary system, a more just sovereign credit rating, a more efficient financial supervision system especially with good control on the risk of hot money, etc. Besides financial issues, the EU has a strong advantage in many other fields as well, such as development, investment and trade. We can easily find common strategic economic issues. What we need is to enhance coordination between the EU and China, and shape together the agenda of the G20. The G20 provides a good opportunity for the EU to exhibit its power in norm- and regulation-making. At the same time, it also creates a good opportunity for China to learn from and share experience with the EU.

It is time to enhance coherence between words and deeds. The EU and China should not promise to expand trade on the one hand, but adopt trade protectionism on the other hand; they should not emphasize the importance of their strategic partnership on the one side, and distrust each other on the other side. The G20 is a good forum to strengthen the EU-China strategic partnership. It is also a good test for the two strategic partners.

Enhancing EU-China cooperation in education and research

Matthieu Burnay, Catholic University of Leuven (KUL)

Eight years after the launch of the comprehensive strategic partnership between China and the European Union (EU), assessing the current status of bilateral relations between the two parties continues to demand both nuanced and high-level critical analysis. On the one hand, bilateral cooperation has become increasingly complex. It covers a broadening range of issues in the frameworks of both sectoral and regular high-level political dialogues. On the other hand, the EU and China have failed to develop a clear shared strategy with regard to the main bilateral and global challenges that confront them, for instance, climate change and the reforms of the financial system. Lack of empathy, competitive agendas, and the absence of crisis-proof mechanisms have often destabilized the trust necessary within the partnership. The unfortunate story of the last French EU presidency – with its verbal escalation before the Olympics Games and the cancellation of the 11th China-EU summit in the wake of the financial crisis – illustrates well the vulnerability of the partnership.

It is submitted that an increase in academic and educational cooperation is necessary in order to enhance mutual understanding, to find new strategic areas of cooperation and to positively contribute to the expected and necessary developments of the comprehensive strategic partnership. A new dynamic must therefore take place within the framework of the sectoral dialogues on ‘Education and Culture’ and on ‘Science and Technology’. Bilateral cooperation in these two fields has already led to the launch of stimulating and relevant initiatives. On the one hand, the Erasmus Mundus Programme and its Chinese windows, the High Level Forum on Culture that was first organized in October 2010, as well as the Europe-China Year of Youth in 2011, are three good examples of successful dialogues on education and culture. On the other hand, the EU-China Science and Technology Agreement (signed in 1998 and renewed in 2004 and 2009) offers a good example of bilateral cooperation under the Science and Technology dialogue. There is nevertheless space for improvement and innovation, requiring additional funding.

Starting from the existing framework, collaboration on education, culture and research should be strongly aimed at enhancing mutual understanding and developing shared paradigms on the major issues fundamental to China-EU relations. These include Security, the Rule of Law, International Responsibility and Climate Change among others. Education and research have a major role

to play here because they can contribute to the definition of the content and scope of the main bilateral debates.

In this respect, the sectoral dialogues face two main challenges. Firstly, theoretical and conceptual empathy is very often lacking. Conceptual and theoretical differences are inherent to every inter-state relation or academic debate, but these are particularly substantial in China-EU relations. The Rule of Law example is very instructive in this regard. This concept finds its genesis in Europe but China has now developed its own particular meaning of it. The Rule of Law ‘with Chinese characteristics’ has become closely related to the Chinese political system and reforms. Understanding the contextual meaning of the Rule of Law is therefore essential in order to ground cooperation on this major challenge. Academic communities should develop an interest in and positive attitude towards the partner’s ideas and interpretations, while avoiding the risk of epistemological and moral relativism in the various dialogues they conduct. This is a primary prerequisite for successfully developing ‘shared values’ or simply defining ‘converging interests’. With this in mind, the sectoral dialogues should encourage education and research initiatives that enhance the knowledge of the historical, social and political underpinnings of the partners’ conceptual environment. In this regard the study of Chinese history in European academic curricula, as well as increased attention in the nature of the European integration process in Chinese study curricula are examples of potentially beneficial initiatives.

Secondly, the differences between the academic agendas and the lack of knowledge of the partners’ internal debates constitute another major challenge. On the one hand, the Chinese side often relies primarily on American literature and perspectives that frequently differ from European analyses. On the other hand, mainly because of the language barrier, European academics are often unaware of the main debates that divide and mobilise Chinese universities and Chinese think tanks. Both sides need to be fully aware of the academic reflections conducted by the other partner. In fact, filling the gap between the European and Chinese academic debates and agendas is an efficient means to further a genuine common strategy on the main shared global challenges. The approach must therefore be twofold. First, cooperation should invest increasingly in comparative research in order to gain a better understanding of the main differences and commonalities, divergences and convergences between Chinese and European viewpoints. Second, it should provide financial and practical incentives to researchers and students to study the partner’s language as well as to translate their main publications. In this respect, it is particularly essential to encourage

the study of Chinese language in order to develop a more balanced bilateral relation.

There is still a very long way to go before a real comprehensive strategic partnership is achieved. The development of a common understanding and of shared paradigms through education and cooperation is nevertheless likely to positively contribute to a more comprehensive, strategic and, I would add, sustainable partnership between China and the EU. In order to reach this goal, the sectoral dialogues will certainly have to tackle fundamental shortcomings in empathy and knowledge.

Towards a deeper people-to-people engagement

Ching Lin Pang, Catholic University of Leuven (KUL)

In the past decade, EU-China relations have made unprecedented progress. The relations have matured into a comprehensive strategic partnership since 2003. Yet the strategic partnership is to a high extent situated at the economic level and grounded on individual rather than common interests. In global politics, the EU and China share very few mutual interests, whilst the relationship of both powers with the US is deep and fundamental. This means that policy-makers, think tanks and intellectuals in the EU and China are facing a great challenge in reflecting on and further developing mutual concerns and common interests in the economic, political, cultural and other domains.

One of the fundamental premises for a constructive outcome is to reach a common understanding on a wide range of issues, firmly grounded on trust and empathy among the two partners. Given the tender age of the common strategic partnership, and all the more in comparison with the deeply-entrenched and well-established China-US and EU-US relations, it should not come as a surprise that both partners do not have a deep mutual understanding. China remains a great unknown country and culture in Europe. Vice versa the EU does not loom large either in the minds and hearts of the Chinese. Even within the existing framework of scant knowledge and partial imagination of each other both in the EU and in China, some of these ideas and images are highly mediated and oftentimes distorted and unbalanced. Misunderstandings and misrepresentation for sure add fuel to the existing disinterest and latent distrust.

In order to reach a common understanding and consensus to agree and disagree with each other, both partners need to understand each other, in first instance quite literally, that is speaking the same language and sharing the same semantics. In second instance one needs to understand each other's cultural script and cultural semantics, which presents a greater challenge for EU-China relations as the EU and China do not share a common history as in the case of EU-US relations.

To proceed successfully in this challenging endeavour, it might be useful to scrutinize China-US relations. Indeed, China-US relations are heavily shaped by the generation of American missionaries and their offspring, who lived in China in the first half of the 20th century. Through the deep engagement in Chinese society and culture and the missionary zeal, they were determined to modernize China, by among other things opening a public debate in the US on the liberal-

ization of China in the second half of last century through literature, the academics and the media. In the area of literature Pearl Buck, daughter of a Methodist priest based in China, has singlehandedly introduced China to the general American public, all the while supported by the filming of her novels. In the academia, other children of American missionaries, who after 1949 were forced to return to America, made career as professors in China area studies. One of the leading figures of this new discipline, was Robert Scalapino, a young and dynamic professor at UC Berkeley in collaboration with actors of the civil society has basically founded the new discipline of China area studies in the second half of the 1960.

This special relationship between the US and China, based on highly committed persons, is still ongoing. In May 25 2010 the Secretary of State Hillary Rodham Clinton and the Chinese state Counsellor Liu Yandong underlined the importance of people-to-people engagement in a signing ceremony at the National Center for the Performing Arts in Beijing. This was the start of the US-China Consultation on People-to-People Exchange and the launching of the ‘100,000 strong’ Initiative. The purpose is to promote people-to-people engagement in the areas of education, culture, science and technology, sports and other fields by providing a high level annual forum for government and private sector representatives to discuss cooperation in a broad, strategic manner. The launch of ‘100,000 strong US students in China’ Initiative, was announced by President Barack Obama, during his November 29 visit to China. This initiative aims to send 100,000 US students to study in China over the next four years.

True, in Europe similar initiatives have been introduced. The people-to-people approach is one important and most successful part of the ASEM process. This year 2011 is the EU-China Year of Youth, fostering exchanges between China and the EU. Yet, these initiatives come timely and need further development. Moreover, the scope, outreach and the enduring effects of these initiatives need to be closely monitored and critically assessed. The people-to-people engagement offers an opportunity for more mutual understanding and mutual learning, if properly monitored and organised, which in turn will provide a sound foundation for a deep and mutual beneficial EU-China relationship. On a second thought, perhaps we should remind ourselves that major political figures in Asia, including Deng Xiaoping, Zhou Enlai and Ho Chi Min, were all in Paris on a study or work programme in the first half of last century. In the case of Deng, at least, his stay in Europe undoubtedly influenced his thinking and vision on the importance of modernization and technology. Besides a paramount leader, he could also be remembered as the most famous Chinese exchange student in Europe.

Enhancing EU-China space cooperation

Jan Wouters and Rik Hansen, Catholic University of Leuven (KUL)

The enhancement of cooperation in space projects can be an efficient strategy for increasing and deepening the scope and quality of the comprehensive strategic partnership between China and the European Union (EU).

The development of ambitious and innovative space schemes, including the launch of research initiatives aimed at deepening knowledge of outer space and human exploration missions, has become a major strategic goal for the EU and China. In fact, such schemes have been utilised both to emphasise the symbolic prestige and practical power of both world powers respectively. Furthermore, both the EU and China have become increasingly aware of the role of space programmes as both a driving force and a catalyst for the transition into a truly knowledge-based economy. On the European side of things, significant space programmes have been developed under the framework of the European Space Agency (ESA) and, in recent years through joint ESA-EU initiatives. These initiatives have benefited from existing European technological expertise in the field and, in turn, both organizations have put their support firmly behind the continued development of such knowhow. At the same time, ESA has forged strong partnerships with other important space actors such as NASA and JAXA. Comparatively, the Chinese space programme has – to a large extent *independently* – made impressive progress during the last few years. Various human exploration missions like *Shenzhou VII*, which involved the first time Chinese extra-vehicular activity, are the most visible examples of the Chinese ambitions and growing capabilities.

There are further opportunities to foster win-win cooperative stratagems in this field. Both parties have clear vested interests in international collaborations and partnerships for space projects. They also share the view that space is a public good and therefore defend unrestricted access to it. A stronger commitment to cooperation would form a clear international statement against any attempt to deny access to outer space or to weaponize it. It would, for instance, provide a counterweight to the American propensity to defend a doctrine of exclusivity. Finally, cooperation would be an efficient means of increasing mutual understanding and transparency between both actors. Particularly, the Chinese space agenda is at present somewhat opaque and a greater interdependence in civilian space projects would offer a good opportunity for both actors to reinforce their trust.

With this in mind, two distinct opportunities for increased cooperation in space matters between the EU and China appear. First, existing scientific collaborations in the framework of the European Galileo Project and the Chinese lunar programme *Chang'e* should be pursued. Second, in line with the EU's objectives under the Lisbon Treaty, and building on the foundations of prior initiatives by China and Russia on one hand and the EU on the other, a dialogue on the development of binding international space regulations should be promoted.

An example of existing technical cooperation between the actors is found in the Galileo programme. Galileo is a major European effort aimed at ensuring European autonomy with regard to the Global Navigation Satellite System (GNSS). Mainly due to governance and budgetary problems, the process has encountered significant delays and its outcomes still remain uncertain. This situation is of real concern, as Galileo serves to a great extent as a test of the credibility of the European technological and strategic agendas. It is noteworthy that in 2003 a direct Chinese contribution of 200 million euros was agreed to support the project. In the meantime, Beijing has nevertheless decided to develop its own Navigation Satellite System called *Compass*. A clarification and specification of the terms of the 2003 agreement, a more intense dialogue on the opportunities and challenges presented by the partner's programme, better follow-up and improved transparency would certainly officiate a more effective collaboration between China and the EU. It would furthermore facilitate the efficient management and implementation of both projects.

From its side, China has launched an ambitious lunar programme leading up to a human exploration mission by 2020. Because the lunar programme serves as highly visible proof of its increasing expertise in the field, China has provided significant financial and political support to this project. Consequently, opportunities for the involvement of external actors are slim, especially given that the programme aims to enhance, to a great extent, the national prestige and technological prowess of the Chinese. However, since 2005, the EU and Russia have both collaborated on this major project. Current collaboration is rather limited, concentrating on data sharing and tracking support. The EU should therefore consider further engaging itself scientifically and politically into this initiative and becoming a greater contributor to it.

A significant obstacle that has repeatedly been encountered in Sino-European space cooperation is the bilateral opacity of the governance of space programmes. On the European side, much work remains to be done in the definition of the respective roles of the EU and ESA, whereas on the Chinese side, the

strong involvement of the military in space activities reflects somewhat negatively on their transparent governance.

Finally, the cooperation should also include dialogue on the evolution of the international space law framework. Free access to outer space and its peaceful and sustainable use are sure to become some of the most important security challenges of the 21st century. At the moment, the international legal framework remains limited to a handful of UN-sponsored treaties and bilateral and multilateral disarmament treaties. China and the EU should foster a dialogue on the main issues that may shape future international law in this arena, including space debris, non-militarization and non-aggression. Examples, if not of cooperation then at least of parallel interests in this regard, include the Chinese-Russian proposed PPWT treaty of 2008 and its influence on the EU-proposed Code of Conduct for Outer Space Activities (originally of 2008 and revised in 2010). The products of this cooperation in the field of space law are not limited to binding instruments of international law, but could also take the form of TCBMs (Transparency- and Confidence-Building Measures).

6. CONFERENCE PROGRAMME

Day 1: Retreat Seminar

Venue: Château de Val Duchesse, 259 Boulevard du Souverain, 1160 Brussels

Date: 6 December 2010

09.30-10.00: *Registration*

10.00-11.00: *Opening session*

Chair: Thomas Renard, Egmont

- **Jim Moran**, European External Action Service
- **H.E. Song Zhe**, Chinese Ambassador to the EU
- **Jean-Arthur Régibeau**, Belgian Presidency of the EU

11.00-11.30: *Coffee Break*

11.30-13.00: *EU-China: What do we mean by strategic partnership?*

Chair: Fraser Cameron, EU-Russia Centre

- **Thomas Renard**, Egmont
- **Emil Kirchner**, Essex University
- **Xinning Song**, Renmin University
- **Pan Zhongqi**, Fudan University

13.00-14.00: *Lunch in Val Duchesse*

14.00-16.00: *Breakout Session 1*

Breakout 1.A.: Security & Foreign Policy

- Roundtable (co-chairs: **Andrew Small & Cui Hongjian**)

Breakout 1.B.: Energy & Natural Resources

- Roundtable (co-chairs: **Antoine Sautenet & Chen Xin**)

Breakout 1.C: Global Governance

- Roundtable (co-chairs: **Nicola Casarini & Xinning Song**)

16.00-16.30: *Coffee break*

16.30-18.30: *Breakout Session 2*

Breakout 2.A.: Security & Foreign Policy

- Roundtable (co-chairs: **Andrew Small & Cui Hongjian**)

Breakout 2.B.: Energy & Natural Resources

- Roundtable (co-chairs: **Antoine Sautenet & Chen Xin**)

Breakout 2.C: Global Governance

- Roundtable (co-chairs: **Nicola Casarini & Xinning Song**)

18.30-19.00: *Walk in the park of Val Duchesse*

19.00: *Dinner in Val Duchesse*

Day 2: Expert Seminar

Venue: Fondation Universitaire, 11 Rue d'Egmont, 1000 Brussels

Date: 7 December 2010

09.00: Coffee reception

09.30: Opening: Dirk Achten, Secretary-General, Belgian Ministry of Foreign Affairs

09.45-11.00: Session 1: Multipolar and multilateral? Confronting Chinese and European views

Chair: Asad Beg, European Commission

- **Zhou Hong**, Chinese Academy of Social Sciences (CASS)
- **Haibing Zhang**, Shanghai Institute for International Studies (SIIS)
- **Nicola Casarini**, EU Institute for Security Studies (EUISS)

11.00-11.30: Coffee Break

11.30-13.00: Session 2: Conclusions from the Retreat Seminar

Chair: Thomas Renard, Egmont

- Group Security & Foreign Policy: **Matthieu Burnay**
- Rapporteur Group Energy & Natural Resources: **Fuzuo Wu**
- Rapporteur Group Global Governance: **Jing Men**

13.00-14.00: Lunch at the Fondation Universitaire

14.00-15.30: Session 3: EU-China: Moving towards a truly strategic partnership

Chair: José Maria Beneyto, Universidad CEU San Pablo

- **Emil Kirchner**, Essex University
- **Dai Bingran**, Fudan University
- **Cui Hongjian**, China Institute for International Studies (CIIS)

15.30: End of Seminar