

## **THE STRATEGIC DIALOGUE: EU – CHINA**

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**Abstract:**

In order to construct a more solid and durable relationship, we suggest that the EU and China should focus their strategic dialogue on three issues: climate change, non-proliferation and Africa. In those three areas, and in their common interest of maintaining an open global economic system, the EU and China stand the best chance of fruitful co-operation if they work through multilateral channels, or together help to draw up new international rules. Such an approach would increase the chances of the multipolar world emerging in a multilateral form, rather than in the shape of two or more hostile camps.

**Introduction**

The major objective of European Union had been and is rightnow the integration of Member States. European Union enforce that goal through strong institutions created in order to make possible a single market - Europe's single market, and then introducing the euro, and involvement in solving problems related to supporting farmers or recycling, and also through involvement in solving problems on the application for asylum.

Currently, the main challenges the European Union encounters are linked to external environment: problems as securing energy resources, climate change, international terrorism and organized crime or prevent proliferation of weapons of mass destruction. In most of these problems, Europeans are forced to consult the other political and economic powers, including China. [4]

**1. Global Business Expansion**

Like the European Union, China has an overall economic importance. Global business expansion in China is driven by domestic needs, especially the need for oil and other raw materials to ensure the needs of the economy stands. China's initiative to provide support for totalitarian regimes - fined by law of democracy, in exchange for long-term energy business, led to tensions with Europe. China's foreign policy caused concern in western countries on the different approaches of human rights and freedoms. [1]

The European Union has a great interest to direct China to multilateralism. Is more likely to convince China of the multilateralism's benefits than Americans, who have a tendency to act unilaterally and disregard of international structures such as the United Nations. The best way to persuade China is to demonstrate - through effective cooperation on common challenges - that cooperation within international organizations and the default rules, lead to expected results.[4]

This is particularly evident in the economy: China as the world's second largest export open market needs clear rules on trade and strong dispute settlement mechanisms. China's investments worldwide would cause less concern if they take place under the supervision of international structures such as the IMF and OECD (Organization for Economic Cooperation and Development). EU and China are the main beneficiaries of flows of goods, services, capital, technology and experience. They should work to convince other world powers to maintain an open global system.

The EU's trade with China has grown at astonishing rates for two decades. Since 2002 it has risen by almost 20 per cent a year, to over S300 billion in 2007. The EU is China's

biggest trading partner, while for the Europeans, China is number two after the US. This booming trade relationship has been a major source of growth and profits for EU businesses. It has also been good for consumers. The EU's trade deficit with China was small: in 2003, for example, the EU's deficit with China was compensated by the big surpluses that the EU ran with other countries. In recent years, the total EU external deficit has been growing, although it remained a fairly modest \$160-170 billion in both 2006 and 2007. Most of this rise was related to the growing deficit with China, which reached \$157 billion in 2007. Every single EU country now runs a deficit with China.[5]

Europeans want to see a multilateral model of multipolarity: there could be shifting coalitions among the poles – and the democratic ones would have a natural affinity to work together – but all would take part in multilateral institutions and treaties, and respect international law. As the 2003 EU Security Strategy put it: “In a world of global threats, global markets and global media, our security and prosperity increasingly depend on an effective multilateral system. The development of a stronger international society, well-functioning international institutions and a rule-based international order is our objective.”[4]

## **2. Economic Differences EU - China**

Approach of the economic development process from China led to some differences with the European Union and the United States. The fact that China's economy relies heavily on exports of industrial products, combined with reluctance to open domestic markets to foreign investors, worsened in late century the global imbalances. Europeans joined the Americans in formulating the complaint on bilateral trade deficit and the devaluation forced of the Chinese “Yuan”, national currency. Pollution and carbon emissions of an economy such as China, dominated by intensive activities, will become another source of tension.

For now, the European Union can not consider that is working with China to strengthen global economic governance; the reasons are related to the strengthening of trade policies as a response to growing protectionist pressures in some Member States and some European governments that establish their own rules to reject some foreign investments. Such actions are perceived to be wrong even by the Chinese and growing economic tensions may yet destroy too fragile political ties between the EU and China. However, as the context and time is right for EU and China to strengthen their political ties because of the very pressing global challenges which are both subject.[3]

According to predictions by the Economist Intelligence Unit (EIU), by 2020 the American, EU and Chinese economies will each account for just under 20 per cent of global GDP (calculated on the basis of purchasing power parity). It predicts that by 2030, the Chinese economy will be the largest in the world, while the relative weights of the US and the EU will continue to fall. Although much uncertainty surrounds such figures, the trend seems clear.

**Table 1: GDP and population**

	<b>GDP (billion \$)</b>	<b>GDP per head (\$)</b>	<b>Population (million)</b>
US	13,843	45,820	302
China	7,168	5,420	1,323
Japan	4,286	33,630	127
India	3,031	2,730	1,110
Russia	2,059	14,460	142
Eu-27	14,824	30,100	492

France	2,117	34,630	61
Germany	2,768	33,510	83
UK	2,230	36,580	61

*Source: The Economist Intelligent Unit, (2009).*

### **3. Bilateral Relationship EU - China**

China wants its relationship with the EU to become more strategic. The core of the EU-China relationship remains, for now, trade and investment. EU and China work together effectively to improve their bilateral relationship for more than two decades. However their alleged "strategic partnership" is not directed to manage effectively the problems identified. Their bilateral affairs tend to be scattered, strongly dominated by economic issues and problems facing short-term effects. [5]

A productive partnership between China and EU asks Europeans to unite and focus their efforts on promoting EU interests. If you fail to do so, the EU will be much less attractive for China, European governments will try to turn against each other, and Europe will have a lower ability to influence Chinese policy. The Europeans should encourage the Chinese to become more involved in regional and multilateral projects and programmes. The top priority for the Europeans must be to encourage the Chinese to see that a greater focus on governance would benefit them and the Africans. [4]

When the European Union has to do with China, as with any other power, must learn to define their own interests. Many of them are economic. And the EU may use a single voice - the European Commission. European Union and its Member States have reduced capacity to think strategically about their interests in foreign policy, whether from China or other countries. Institutional reforms that the European countries agreed in the Treaty of Lisbon should be helpful. But more important is the ability of Europeans to support the common desire to shape policy and to resist policies formulated and imposed by great powers. [2]

As the EU begins to gain more global responsibilities and China will be expected to do the same - the same institutions and organizations working with and seeking the same objectives. But still it is not clear that China will become one of the "shareholders responsible for the global order" that is wanted to be a strategic dialogue partner of Europe. Becoming increasingly aware of their own capabilities, China may prefer an international system which is led by military forces and economic power rather than rules and institutions. Might prefer a world where great powers formed alliances with those who share the same viewpoint and oppose those who think differently. In such a system, the rivalry between China and the United States is more likely to become very hard and extremely difficult to resolve.

Such a situation would be unbearable for Europeans, who are devoted to post-modernist ideas of cooperation and support of sovereignty and who like to be based on international rules and believe they will achieve what they want. Most Europeans believe that the biggest global problems can be solved through collaboration of the greatest world powers. The EU and its member-states have made a priority of helping China to reduce emissions and improve energy efficiency. They have established a broad range of projects on energy and climate change with various parts of the Chinese government. [5]

To build more sustainable and solid relations, European Union and China should focus their strategic dialogue on three issues: climate change and nonproliferation. These areas and the common interests to maintain an open global economic system, the European Union and China consider being the best opportunity to establish effective cooperation

with international rules. Such an approach would increase the chances of development of a multi polar world rather than a world divided by two or more hostile camps.

### **Conclusion**

European governments hope that China will play a bigger role in global governance, while the Chinese leadership wants to see a stronger EU. The EU helps to achieve a balance in the multipolar world, and China would like it to play a more active and constructive role on the world stage. China don't has conflicting interests and we don't threaten each other. [5] China has complementary trade and economic relations. Despite the obvious differences between China and the EU – only the former is a state, and only the latter is governed according to liberal democratic principles – they are both regional powers intent on developing a political clout that matches their economic weight.

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