

Key Elements of a Strategic Partnership

Introduction

The EU and China have both undergone dramatic changes in the past 20 years. With 480 million citizens, a single currency and the largest GDP in the world, the EU has become an important actor on the international stage. China, with over 1.3 billion citizens, has undergone dramatic reforms and enjoyed unprecedented economic growth that has also led to a greatly increased world role. Both the EU and China are now keen to develop and further deepen their relationship, but what do Brussels and Beijing mean when they talk of a “strategic partnership”? To what extent do they share the same conceptual ideas and principles? The EU proclaims it stands for a values-based foreign policy with the emphasis on “effective multilateralism”. China asserts that its peaceful rise is aimed at developing a “harmonious world”. But often, the two sides seem to talk past each other. It would seem to the authors that much more attention should be paid to increasing mutual understanding about each other’s history, culture, values, aims and interests before one can really build a “strategic partnership”. The authors also propose a number of recommendations that would assist both actors achieve their common goal.

Defining Strategic Partnership

If there is one word that is overused in contemporary politics, it is “strategy”. Originally, the word had a strong military aspect and was used mainly in connection with warfare. This aspect remains true today (e.g., US strategy in Iraq, NATO strategy in Afghanistan), but the word has acquired a larger meaning

and actors can now become involved in political or economic strategies (e.g., China's development strategy). The word "partner" can mean anything from a lifetime partner (spouse) to a short-term partner of convenience (e.g., the UK-Soviet alliance to defeat Hitler's Germany). When used together with "strategic", the term "partner" usually acquires a longer-term connotation. For the purpose of this chapter, therefore, we propose defining strategic partnership as a long-term commitment by two important actors to establish a close relationship across a significant number of policy areas. This does not mean that there will be no differences between the partners (after all, differences within a marriage are not unknown), but that the partners recognize the importance of their commitment to each other and are prepared to try and reach common ground wherever possible.

Chinese Views

For years, China has attempted to establish a "strategic partnership" with the EU. In an important 2003 policy paper, the Chinese government noted the impressive developments in the EU, stressed the number of mutual interests and similarities of view on many global issues and called for a deepening of relations. In contrast with its relations with the US, China considers that its relationship with the EU is free of strategic competition and rivalry. While the US has huge geopolitical interests in East Asia, especially on the Taiwan issue which China regards as its core national interest, the EU's interest in its relations is mainly in commerce and other non-geopolitical areas. In this sense, it seems to Beijing that EU-China relations are steady and pragmatic. From the Chinese perspective, the strategic partnership should be comprehensive, comprising cooperation in the field of traditional security (weapons of mass destruction, terrorism, etc.) as well as non-traditional security (trade, economics, energy, environment, satellite navigation, etc.). Many Chinese maintain that the partnership should also serve to promote a multipolar world and the democratization of international relations. China would seem to prefer European approaches to international relations to those of the US. China compares its own "peaceful rise" with the peaceful rise of the Union, maintaining that the EU and China will become "global balancing forces" pursuing similar international policy strategies. In the post-Cold War era, China is sometimes perceived in the US as a threat, and a containment strategy often becomes the

main focus of the China policy debate. China is deeply concerned about the US's unilateral approach in international affairs, especially when it touches on Taiwan. China has tried to integrate itself into a multilateral world, the EU's multilateral approach being perceived in China as the more appropriate way to conduct world affairs.

Moreover, China acknowledges that some elements of EU-style integration could be applicable in the Chinese (and Asian) context. National unification has been identified as China's core national interest since its reform and open-door policy in the late 1970s. While China has successfully applied the principle of "one country, two systems", which was proposed by the late Deng Xiaoping, to Hong Kong and Macao, the Taiwan issue appears to be far more complicated. China cannot accept Taiwan's *de jure* independence and the resolution of the Taiwan issue continues to be an open question. At the official level, China does not publicly recognize that the EU integration model is applicable to Taiwan, but this model has been debated in academic circles and among think-tanks in China. With strong resistance of the "one country, two systems" in Taiwan, the EU model could become more attractive to China in the future. The advantage of the EU integration model is its gradual nature. Integration begins in one policy area, and then gradually expands to other policy areas, and begins with economic issues and then expands to strategic and political areas. Despite political tensions between Beijing and Taipei, China and Taiwan have actually developed a high level of economic interdependence. Think-tanks and academics are looking at the EU model to see how economic interdependence could lead to more integration between China and Taiwan.

China's views of the EU are not uncritical. In the early days, China had very high expectations of the EU model, and many people began to regard the EU as a highly integrated unit. But the failure to secure ratification of the constitutional treaty affected Chinese views of the EU's ability to continue moving forward. In recent years, China finds that its relations with the EU are structurally asymmetrical. While the EU can deal with China as a sovereign unit, China often finds that the EU is hardly a unit. For instance, in China's decentralized system, each province has a high degree of autonomy in policy enforcement. But when pressed by the EU, China's central government is responsible for all agreements it reaches with the EU. On the other hand, China has to deal with the EU's member states in some key issue areas such as market economy status and the arms embargo. Although the first issue is an

area of EU competence, China considers that it has to make its views known with key member states. China has been keen to secure market economy status from the Union, arguing that the rising number of anti-dumping cases against Chinese companies stands in the way of implementing a strategic partnership. China also argues that maintaining the arms embargo against China, imposed after 1989, cannot correspond to the desire to establish a strategic partnership. But increasingly, China finds that EU member states cannot reach a consensus on these issues.

From China's point of view, another important factor that can affect China's efforts in building China-EU strategic partnership is the US. The US and the EU have a long tradition of alliance, a partnership without rival in the world. With their largely common values and similar political systems, one would assume that there would be broad agreement on how to deal with China. But China is in fact an area where the EU and the US disagree in terms of their overall approach, on Taiwan and indeed on the arms embargo. The new EU-US dialogue on China (called East Asia dialogue so as not to offend Beijing) has helped bridge the gap on some points, but revealed differences on others. It seems to Chinese analysts that the recent expansions of the EU have made it easier for the US to influence some EU member states when coming to strategic issues with China such as the arms embargo.

EU Views

The term "strategic partnership" has not been defined by the Union and there is little that the countries identified in the 2003 European Security Strategy (China, India, Russia, Canada, Japan) have in common apart from their size. Yet, few have questioned the decision to include China as a strategic partner. As Commissioner Benita Ferrero-Waldner said in February 2005: "There is no greater challenge for Europe than to understand the dramatic rise of China and to forge closer ties with it." Interestingly, some American officials and commentators have expressed concern that the EU might seek to play the "China card" against the US. Few in Beijing share this view, although many seem to prefer the EU as opposed to US approach to foreign policy. As for the EU, no one argues that it should seek to replace its transatlantic alliance with a strategic partnership with China.

While the EU has endorsed the concept of “strategic partnership” in its relations with China, the concept is not as frequently used as on the Chinese side. There is a consensus in the EU that the strategic partnership seeks to build on the current economic and trade relationship with a country whose global political and economic influence and power have grown substantially and will inevitably grow further in the future. The EU considers its policy dialogues with China an effective means to further deepen EU-China relations. Certainly, the EU has to face many consequences resulting from China’s rise, and there is broad agreement that the various policy dialogues with China continue to be the best tool to solve their common problems. Also, while China is searching for the strategies developed by the EU in solving problems which European states started to tackle years ago, the EU and China are facing many common problems in various areas. During the years of reform and open-door policy, China has accumulated a rich experience in dealing with internal development and external relations, especially with the developing world such as Africa and Latin America. In some areas, the EU can also learn from Chinese experience. Some EU member states (e.g., the United Kingdom) are beginning to consult China in its dealing with Africa, although with the aim of trying to persuade China to change policy.

Nevertheless, EU-China policy dialogues have so far been focusing mainly on domestic issues, such as further opening up China’s economy, protecting intellectual property rights, tackling the social disparities, etc. Due to the lack of shared values and very different political systems, the EU-China strategic partnership can hardly go beyond commercial and economic areas. How to “construct” a strategic partnership with China is thus a serious challenge for the EU.

Key Elements of a Strategic Partnership

First and foremost, the parties must be clear about their objectives in developing a strategic partnership. The authors consider that the main goals should be:

- To promote mutual understanding
- To strengthen the rules-based systems of global governance
- To promote regional and global security

- To promote respect for the rule of law, including human rights
- To increase economic and social sustainability.

Any such strategic 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. Ideally, the broad, underlying values of the two parties should be similar, or at least compatible.

Towards Mutual Understanding

As a strategic partnership has to be built on the basis of mutual trust, respect and understanding, the most important challenge is how to build a solid foundation for the relationship. Despite increasing tourism, many Chinese know little about Europe, and Europeans have little appreciation of China's history, politics and culture. While the Sino-European partnership has to be forged government-to-government, it needs to be supported by all elements of civil society. In particular, think-tanks, academics, the media, business and NGOs should be directly involved. Journalistic exchanges are also an important way to promote mutual understanding. Proposals have already been made to promote European studies in China and Chinese studies in Europe. Twinning between Chinese and European cities should be encouraged. A dedicated EU-China website could be created to provide information and a mechanism for exchanges of views, as well as to facilitate networking contacts. A China-EU Committee of Understanding should also be set up, composed of representatives of government, legislators, think-tanks and academia, business and NGOs, who should direct the implementation of a long-term (10–20 years) plan, beginning with schools and universities, including the promotion of exchange programs covering numerous areas such as culture, language, technology, social sciences, natural sciences, etc., at all levels.

Mutual understanding also involves a greater degree of social participation when major decisions are made in EU-China relations. Decision-making processes in the EU and China are drastically different. Prior to taking decisions on dealing with China, there are debates within the EU (as also in PRC). There is also a greater degree of transparency within the EU. In China, decision-making remains authoritarian and lacks social participation and transparency. Social

groups sometimes are not so clear about the government's policy towards the EU. For instance, business groups can hardly have any policy input when the government makes its trade policies with the EU, and such policies are also not widely promoted among relevant business groups. Wider participation of civil society in China's EU policy-making can certainly increase understanding of the EU, and thus build a sound foundation for EU-China relations.

The EU Member States and Chinese Regionalism

The political process and competences for different policy areas within the EU is highly confusing. China has, in the past, chosen to address the Union as an institution when this approach is likely to result (at least from a Chinese perspective) in a joint EU-China position on a particular issue. It should continue to deal with Europe in a multilateral framework as well as fostering bilateral relations with the member states. This should be a mutually reinforcing process. Confusingly for the Chinese, individual EU member states — particularly the big ones — promote their own political relationships with China, using this as leverage for trade deals. It is of paramount importance that the member states agree common policies towards China and support, rather than undermine, the goal of an EU-China strategic partnership.

China also has similar problems. Although China is a unitary state, its political system is highly decentralized. While the central government makes decisions in international affairs, the provinces have substantial powers in implementing policies that the central government has reached with foreign governments. In recent years, many Chinese provinces, especially those in the coastal areas, have sought to develop their own relations with EU member states. The lack of policy coordination among Chinese provinces often leads to intensive competition among them in the EU market. Many forms of trade conflicts with the EU are often the results of this lack of coordination capacity on the part of China's central government. The EU should take Chinese regionalism into consideration when its China policy is made. In dealing with China, it is not enough for the EU to deal with its central government alone. More regional offices should be established in order to monitor policy enforcement and policies reached between the EU and China's central government. By taking Chinese regionalism into account, the EU will be able to understand what the real problems are in some key issues such as trade conflicts between the

EU and China. For example, sub-provincial authorities are often key to implementation (e.g., IPRs and anti-corruption measures).

International Cooperation

The EU and China share an overriding objective of a peaceful and stable world order. Both Brussels and Beijing have stressed the importance of working through international institutions. But both actors have not punched their full weight on the global stage. China has given priority in the past two decades to economic growth and has only recently begun to play a more active global role. While China's "going global" strategy is sometimes tied in with purchases of raw materials, especially energy, the country has broader interests in developing relations with resource countries in Africa and Latin America. To become a responsible state, China has taken its role as a permanent member of the UN Security Council (UNSC) more seriously in recent years. It has become more engaged in issues such as Iran and North Korea, while applying the brakes in other areas such as Darfur and Zimbabwe. Although Beijing has taken a back seat in discussions of reform at the UN, it has been reluctant to change the composition of the UNSC, especially the granting of a UNSC seat to Japan, and to accept Kofi Annan's drive to introduce new concepts such as the responsibility to protect. Concerns over national sovereignty remain very important for Beijing.

The EU has its own problems in promoting effective multilateralism. It too cannot agree on a change in the composition of the UNSC, and while it has been supportive of many UN reforms, it has failed to speak with one voice in bodies such as the International Monetary Fund or World Bank. The authors suggest that both the EU and China have a major interest in promoting a fairer and strengthened rules-based international system and that this should be a key feature of their strategic partnership. To improve their cooperation in international affairs, the EU and China will have to develop a higher degree of mutual trust through their strategic partnership. In addition to existing multinational forums, more platforms are available for EU-China interaction due to China implementing its "going global" strategy in recent years. For instance, many EU member states had good and bad experiences in Africa in the past, and China can certainly learn from these EU states. While the EU

is concerned about aspects of China's Africa policy, China considers that it is engaged in constructive cooperation in this region.

Political Values

There are some who argue that it is impossible to develop a strategic partnership when the two sides have different concepts of fundamental values such as democracy, the rule of law and human rights. It is clear that the EU and China have divergent views on democracy. However, it is important to remember that many countries in Europe are only very recent democracies. It is also worth noting that China does not oppose the EU concept of democracy; what Chinese elites insist is that EU models of democracy do not fit China's current situation. There is no strong democratic tradition in China, but its citizens enjoy more freedom today than ever before. The Chinese Communist Party (CCP) appears to be inching towards more democracy, but in its own manner and at its own pace. It has a difficult balance to strike between full freedom and stability (akin to the West's problem in achieving a balance between freedom and terrorism). In general, China is following the East Asian model of democratization, namely, economic and social freedom first, and political freedom later. It is broadly understood by many senior officials in Beijing that economic liberalization is likely to lead to political reform and increasing democratization. However, the Party clearly seeks to control its pace and manner, arguing that economic rights have priority over human rights, and economic and social freedom have priority over political and civil freedom/rights.

In the EU, political parties more often than not are means for political participation. But in China, the CCP is not only an organization for political mobilization; more importantly, it bears responsibility to promote socioeconomic transformation. As the only reliable national political institution, the CCP is unlikely to be replaced by any other organizations. Multiparty democracy remains an ideal only among Chinese liberals.

Despite its authoritarian nature, China fully appreciates the importance of ensuring the application of the rule of law both to comply with its WTO obligations and to ensure continued inward investment. China is also strongly motivated by its own "going global" strategy to follow a rules-based international system since it needs such rules to protect its overseas interests and solve international conflicts.

There will certainly be different views on any subjects related to political values in China and Europe, but the important point is to maintain an open and frank discussion to try and narrow the areas of difference. Through political dialogues between the two, China will be able to find the advantages of democracy in solving socioeconomic problems, while the EU can establish a more effective strategy to encourage the Chinese political system to be more transparent and accountable.

Social and Economic Issues

Partly as a result of its staggering economic growth, there are growing economic and social problems, in China. The EU also has economic and social problems, but of a different scale. Given the international impact of some of these problems (climate change, health hazards, immigration, etc.), there is a real need for both sides to engage in a wide-ranging discussion on subjects from energy security and the environment to social and regional policy. While the Chinese dimensions are of a very different order, there may be areas here where the EU experience could be of some value. EU experience of dealing with regional disparities and promoting sustainable development are just two such areas. It is important to emphasize that China is particularly interested in the EU model of socioeconomic development. After the failure of the Soviet model of socialism, China is now turning to the EU model of social and economic development. Ideologically, China finds no difficulty in accommodating European socialism. In recent years, many think-tanks in China, especially the Central Party School, are studying European socialism, and the leadership is keen to learn from the EU to remedy mounting social problems resulting from ruthless capitalistic development in the past decades. The EU certainly has rich experiences in developing welfare capitalism.

Conclusion and Recommendations

A strategic partnership means nothing if it is just a scrap of paper. It needs the whole-hearted commitment of both sides and must focus on promoting mutual understanding. It must also be a partnership between all the constituents of society and ensure an on-going strategic dialogue. It is particularly important to involve civil society if the strategic partnership is to take root

among the peoples of Europe and China. There are many issues facing the two sides which require the actors in civil society to agree on a much stronger narrative. A strategic partnership based on diplomacy alone will fail.

An EU-China strategic partnership presents an opportunity for both sides to understand and manage the forces that are shaping a globalizing world, so as to deliver the outcomes which both the EU and China want; namely, peace, prosperity and progress. Our success in doing this will do much to determine whether we spend the rest of this century responding to events beyond our control or putting in place the conditions necessary to make interdependence work. It is within this global context and with a sense of urgency that the EU and China must forge their strategic partnership.

- A small high-level China-EU Committee of Understanding should be established, comprising representatives of government, parliament, think-tanks, business and NGOs. The committee's objective would be to monitor developments in the strategic partnership and draw attention to potential problem areas and, where appropriate, make recommendations.
- The annual summits are important, but often largely symbolic. Although these are occasions to sign agreements and to publicize the relationship, there is limited time for in-depth discussion. Summits could be better prepared by sherpas building on the ministerial and sectoral dialogues. Summits could also be usefully flanked by business and think-tank roundtables.
- The strategic dialogue should be all-embracing and could be facilitated by a new *troika* of three Chinese ministers meeting twice a year with three EU representatives. Such a dialogue should facilitate the resolution of issues such as the lifting of the arms ban and the textiles dispute. Senior officials and others should exchange views on how to strengthen the institutions of global governance. This group could also give guidance to other dialogues on social and economic issues.
- There should be a regular dialogue involving civil society from both sides on sensitive political issues. Issues like the rule of law and human rights are often too sensitive to bring to the leadership level, especially on the China side. But these issues can be discussed and debated at civil society level. After consensus is reached, they can be brought to the leadership level. Therefore, government-to-government dialogues must be accompanied by people-to-people dialogues.

- A judicial dialogue should be established to help achieve a speedy and effective redress system for commercial disputes, including arbitration and mediation. A China-Europe Law School should be established, to be run jointly by a Chinese and a European non-governmental organization, benefiting from the experience of the successful China-Europe International Business School in Shanghai set up by the Commission and the Chinese Foreign Trade Ministry in 1994.
- A dialogue should be promoted between the National People's Congress (NPC, China's parliament) and the European Parliament. The Chinese have not yet fully understood the European Parliament's growing powers and interest in China. Beijing has criticized its resolutions on China without attempting seriously to inform or influence the Parliament. Such a dialogue will increase mutual understanding of the functioning of the parliament system on both sides.
- A high-level EU-China Business Dialogue should be set up (along the lines of the Transatlantic Business Dialogue), bringing CEOs together and giving them the opportunity to meet with political leaders from time to time, including participating in one session of the annual summit.

Implementation of some of these recommendations would help give substance to the development of a sound EU-China relationship. Trust comes from working together, and the above agenda should help create the basis for a genuine strategic partnership.

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