

## **China-Europe Relations and Their Prospects**

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Ladies and Gentlemen,

It is my great pleasure to be invited to this important Baltic Forum. This year marks the tenth anniversary of China-EU comprehensive strategic partnership. Therefore, it is perfectly right for me to share some of my thoughts on the subject of China-Europe Relations and Their Prospects under the following three sub-titles: How Does China Look at the China-Europe Relations? What Have We Been Cooperating and Competing? And how can China and Europe Forge Ahead?

### **I. How Does China Look at the China-Europe Relations?**

**1. China sees that both China and Europe are two of the most important components of human history and members of the present international society.** Both China and Europe enjoy long history and rich culture. Our civilizations contribute to the great course of human developments. China is the largest developing country and Europe is the largest developed area in the world. Presently China and Europe are two major actors in global affairs and are expected to play even greater roles in the future.

**Economically**, China is the second largest economy on the counting basis of states. China has become one of the economic power houses of the world and contributed greatly to the growth of world economy. If taking 27 members GDP together, EU as a counting unit ranks the first. EU also is also in the forefront in terms of green economy, clean energy and economic norm-settings. Both are important members of G-20, World Bank, IMF, WTO and other global institutions.

**Politically and strategically**, both China and EU believe in multilateralism, and even share the concept of multi-polarity to certain extent. China and Europe have similar views in recognizing and practicing global governance. China and some European countries are important members of the current UN system and take the latter as the premier platform for international political and strategic affairs. China and Europe also encourage and support each other in cross-regional interaction. While Europe still puts the trans-Atlantic alliance on the top of priority, it is readjusting its strategy towards Asia-Pacific Region by exerting greater importance and inputs related to the Region. The ASEM is just one case in point.

**Culturally**, China and Europe enjoys similarities and complementarities. We are at the two ends of the massive Eurasia having separately and jointly created splendid cultures. Both are proud of such great thinkers as Confucius and Socrates more than two thousand years ago.

We are equally proud of what we are creating culturally now. When China and Europe meet together, we are not only talking about material things but cultural and intellectual matters.

**2. China and Europe think that the other side could be better if it can further improve itself.**

China has three main opinions in this respect. First of all, **China hopes that Europe should never be complacent on what it has achieved but emphasize on what it could improve and strive for.** Therefore, Europe could think thoroughly and act boldly in terms of political, economic and societal reforms. Secondly, **China hopes that the two sides could do a better job in paying due respect and learning from each other.** As Confucius saying goes, in every group of three people, there must be one who is my teacher. Socrates had similar saying such as “Wisdom is knowing how little we know.” Therefore, we should never ever look down upon the others while praising ourselves into the skies. Finally, **China hopes that China and Europe join our efforts in making this world more peaceful, stable and prosperous.** Presently, both of us are confronting with the historical mission, that is, how to transform the international system in a peaceful, orderly and effective way. We must convince each other and work together to realize this lofty but reachable goal.

Likewise, Europe also feels that it would be more desirable if China could adapt itself with the fast changing world. Europe hopes that China needs to attach greater importance to such non-traditional issues as climate change and environmental protection, that China needs to make greater efforts to provide a level ground for economic interchanges, that China needs to reform its political system and believes more boldly, that China needs to update its international thinking on power and force, *etc.*

**3. On balance, China thinks that China and Europe have far more common interests than differences.**

China wants to see a united, prosperous and stable Europe. China thinks that EU is a major player in the world and it will certainly become even weightier after overcoming temporary difficulties. China will remain a firm supporter of European integration and give its due support to Europe in tackling the financial and debt issue.

## **II. What Have We Been Cooperating and Competing?**

If we count the establishment of diplomatic relations between China and European Community in 1973 as the beginning of the China-Europe relations under discussion, we can see how our cooperation and competition has been going in the past four decades.

**1. Economic cooperation and competition.** In 1975 China and the European Economic Community established diplomatic relations. At that time, our economic gap was huge. China’s GDP was USD 161.2 billion dollars versus USD 453.8 billion dollars of the four EEC members of West Germany, France, UK and Italy. The trade volume between China and EEC in 1975 was also limited, only USD 0.24 billion dollars. In the year 2012, China’s GDP is USD 8.26 trillion US dollars and EU’s GDP is USD 16.58 trillion dollars. The gap is constantly narrowing and will stay on this trend.

Now, China-Europe economic cooperation has the following three main features. **Firstly**, the cooperation is both extensive and intensive, covering almost all dimensions. China-EU High Level Economic and Trade Dialogue is the most senior dialogue mechanism and others include China-EU Trade & Economic Joint Committee as well as dialogues on trade policies, intellectual property rights and competition policies. **Secondly**, the cooperation is not only quantitative but also qualitative. The cooperation of science and technology has a wide coverage ranging from automobile to airplanes, from peaceful use of nuclear power to clean energy, and from bio-technology to urbanization. **Thirdly**, the cooperation is both material and intellectual. China-European International Business School (CEIBS) is a good case in point. CEIBS was established in 1994 in Shanghai under an agreement between the then Chinese Ministry of Foreign Trade and Economic Cooperation and the European Commission. The CEIBS has now become an important platform for the inter-changes of economic thoughts, concepts, theories and practice.

While the cooperation is the main feature of our economic interactions, however, competition is growing as well. To certain extent, competition is the result of China's success and the progress of China-Europe cooperation. Forty years ago, it was unimaginable that China and Europe would compete on auto, IT and PV markets. Now we have the competition for markets, raw materials, investments not only in our own territories but also in other parts of the world such as in Africa. Therefore, competition between China and Europe is natural and expected. And healthy competition will also bring in more successful cooperation.

**2. Political convergences and divergences.** China and Europe have political philosophies that are not only featured by pragmatism but also profound thoughts. Both are politically mature entities and believe in compromise rather than confrontation. Therefore, when the Chinese and Europeans meet, they always have philosophical and cultural interactions.

Owing to the different backgrounds in histories, cultures, stages of economic development and religions, China and Europe have obvious political divergences, among which are the following three major ones. **Firstly**, it is on the divergent evaluation of China's political system. China firmly believes that each and every nation has its own right to choose political system but some of the Europeans are either suspicious or critical on the Chinese ways of theory, path and system. **Secondly**, China points out that the current two-tier structure of European states and EU have granted one-side advantages to the Europeans. Some European countries ask for benefits in their bilateral relations with China while take the shield behind EU for shedding away responsibilities and obligations. But the Europeans try to explain it away by asking China to live with the complicated reality of EU. **Thirdly**, China and Europe have different understandings and interpretations on the issues related to China's Taiwan, Tibet and Xinjiang. In the same vein, the two sides also have different views on the notion of human rights, democracy and the principle of non-interference in internal affairs.

**3. Strategic trust-building and distrust-reducing.** On the whole, China and Europe do not have fundamental strategic conflicts, such as territorial disputes or economic confrontation. Furthermore, the two sides have learnt to co-exist through strategic consultation and

coordination. In the past China and Europe have coordinated fairly well at the United Nations Security Council on the Iraqi War of 2009 and non-proliferation issue related to Iran and North Korea. Additionally, the two sides established strategic partnership in 2003 and more than 60 regular dialogue mechanisms, some of which played a big role in our joint combating against financial crisis and economic difficulties. Indeed, these joint efforts have enhanced strategic trust between China and Europe.

Admittedly, there are still some strategic distrusting, some are of fundamental reasons and some are of incidental factors. For instance, the fact that China has some “mini-multilateral cooperation” with some European countries was misinterpreted as an attempt to drive a wedge into EU. Likewise, Europe also feels frustrated when China does not agree with its concept of humanitarian intervention.

**4. Dichotomy of non-governmental exchanges.** On the one hand, both sides recognize the importance of NGOs and have encouraged interactions among the Chinese and European NGOs. Nowadays, the “cultural year”, “language year”, “tourism year” and “youth year” have become a prominent feature of the China-Europe relations. The statistics of mutual communications and transportations are also indicative of the close links between China and Europe. However, there are yet to be improved in the following ways:

**First of all**, the governments should be more energetic and effective in encouraging non-governmental exchanges by more facilitating laws, regulations and policies. The governmental apparatus should also be more reachable and helpful. **Secondly**, the governments should include non-governmental entities in the process of foreign policy making and international relations in practice. The business summits along with the political summits are encouraging but not enough. **In the third place**, all the non-governmental entities such as multinationals, NGOs and think tanks should take the full initiative and promote their participations in foreign relations to a new height.

### **III. How can China and Europe Forge Ahead?**

2013 is an important year in China’s political development. The new Chinese leadership with Mr. Xi Jinping at its core is designing and developing China’s domestic and foreign policies. China wants to further promote China-Europe relations to a new height. On the European side, despite the fact that the EU and major European states are busy with its domestic affairs, it also wants to enhance China-Europe relations so as to improve its international and domestic environments. Therefore, I would like to share with you on my personal perspectives.

**1. Both sides need to prove by immediate and tangible goods that enhanced China-Europe relations are in the interests of both peoples.** Nowadays, politics have become very much election-driven and the governments acquire their legitimacy largely from their economic and social performance. In the combating against financial and Euro crises, China and Europe work together, thus having yielded supports for maintaining and developing this effective

bilateral relationship. Besides, in the upcoming five years, China will invest overseas USD 500 billion dollars, import USD 10 trillion dollars and 400 million person/times for overseas tourism. All these will bring great opportunities to the China-Europe economic cooperation.

**2. China and Europe need to intertwine closer multi-layer networks for broadening and deepening their relations.** In the era of globalization and information revolution, any relations have to transcend national physical boundaries and explore into fields of both state and non-state actors.

*Firstly, both sides need to further intensify their governmental relations.* Most importantly, China and EU should strive for the full realization of their strategic partnership. The existing mechanisms from summitries down to the operational level should be further regularized, result-oriented and verifiable. Sometimes it is even more important to implement what have been agreed upon rather than announce more new plans and projects.

*Secondly, both sides need to encourage more people-to-people interchanges.* In the coming decade, China and Europe should make tourism, education and culture the focus of the people-to-people interchanges. **Tourism** can bring in enormous tangible and intangible benefits but needs such conveniences as visa granting, infrastructure improvement, human and property protection, cultural understanding and mutual tolerance. **Education** is of great significance for any country to develop and prosper. Investment in the young people is of farsightedness and rewarding. Therefore, China and Europe should work more systematically to define strategies, draw plans and move into actions. **Culture** is the undergirding and permanent factor in China and Europe relations. Both sides should tap their potential into full and the two peoples more congenial each other.

*Thirdly, both sides need to establish closer and better networks of professions, sectors and trades.* These kinds of networking will consolidate and beef up the substantial relations between China and Europe, draw more supports from the broad masses of the people and generate new momentum for future developments. Additionally, public diplomacy and public opinion will play an increasingly important role in the China-Europe relations. Therefore, both sides should work together to shape the traditional and new media in the positive and constructive direction.

**3. China and Europe need to do a better job in managing their disputes as well as crises.** Disputes and even crises do occur from time to time in the China-Europe relations. Some differences and disputes are predictable. Some crises are preventable. And even they are neither predictable nor preventable, yet they are at least manageable so long as the two sides are of the same spirits of compromising.

**4. China and Europe need to put China-EU relations in a broader framework of our times and charter the future course accordingly.** China and Europe are not alone in this world and they are also interacting with other parts of the world as well as other actors. **Globally**, China and other BRICS states, Europe, the United States, Japan and other major powers are the

main actors in international relations holding extremely important leverages over the function and transformation of international system and order. They need to consult and gear up each other more often and more effectively. These developed and developing powers constitute the bulk of G-20. Besides, as the representative of the emerging powers, China shoulders important task of accommodating the relations between the rising powers and established ones. Attention should also be given to both non-traditional matters and global new commons. The former include climate change, energy security, environment protection, pandemic and massive natural disasters. The latter refers to cyber security, outer space, polar matters and others. High on the agenda-making to both is rule and norm making, which is also a new point of growth in China-Europe cooperation.

**Regionally**, China and Europe need to interact constructively with the others. At present some new strategic thinking is being brewed. In face of the quandary of WTO's Doha Round, new efforts are turning for regional and inter-regional free trade agreements (FTA), such as Trans-Pacific Partnership Agreement (TPP), Regional Comprehensive Economic Partnership (RCEP) and Trans-Atlantic Trade and Investment Partnership (TTIP). But there are a great deal of geo-politics and geo-strategies are involved and we must give serious thoughts to them while talking about economic cooperation and integration.

In terms of **the third party**, China and Europe need to think comprehensively and act multilaterally. One of the possible cooperation is on assistance to the needed. China and Europe could work together on humanitarian assistance as well as economic development aid. Furthermore, China and Europe could extent their security and military forces into such cooperation in the areas of maritime rescue and massive evacuations.

**5. China and Europe need to further explore the way for shared values.** Both China and Europe are the carriers of major civilizations and we share a great deal common values such as hardworking, innovation, fraternity, freedom, democracy and others. The globalization and information revolution are creating new opportunities for both China and Europe to build out shared or common values at contemporary times. For example, China and Europe could work with others for global responsibilities at the time of globalization. Another example is the two sides could contribute to the "same boat spirits" as displayed in the recent financial crisis, the essence of which is consultation and coordination before, during and after the global challenges.

#### **IV. Conclusions**

Since we are gathering in Riga, an important city of Central and Eastern Europe, I would like to conclude my speech on the prospects of China-Central and Eastern Europe cooperation. The year of 2012 was a landmark of this relationship when the then Chinese premier Wen Jiabao had a historical meeting with the leaders of all the 16 countries in Central and Eastern Europe. In September of the same year the Secretariat of China-Central and Eastern Europe Cooperation was launched. In 2001 this bilateral trade was USD 0.43 billion dollars and 2011 the figure was increased to USD 5.29 billion dollars. We are targeting the trade volume to be

USD 100 billion dollars by 2015. The Chinese government decided to set up a special credit fund of USD 10 billion dollars for bilateral cooperation of infrastructure, high and new technology as well as green economy, to initiate a bilateral investment cooperative fund with USD 500 million dollars at its first stage, to increasingly finance mutual visits, exchange of students and research project. Indeed, there is a broad scope and in-depth for China's cooperation with the Central and Eastern European countries in political, diplomatic, economic, societal and cultural spheres.

**Ladies and Gentlemen,**

We are living in the same earth village and sharing the same destiny. Chinese people at my age remember well that the Central and Eastern European countries helped the newly founded PRC timely and effectively in the 1950s. We will never forget that while looking for reform examples to emulate in the late 1970s and early 1980s China first went to Central and Eastern European countries. It is a matter of course that in the past we mutually learned from and helped each other, that at present, we are doing the same under new circumstances, and that we will stay on this right track in the future.

Thank you very much for your kind attention.

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