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Pragmatic Solutions for the EU-China Strategic Partnership

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## Abbreviations

BRICS		WTO
CCP	Brazil, Russia, India, China, South-Africa	
CFSP	Chinese Communist Party	
Commission	Common Foreign and Security Policy	
Council	European Commission	
DG	Council of the European Union (also known as Council of Ministers)	
EEAS	Directorate-General	
ESDP	European External Action Service	
FDI	European Security and Defense Policy	
PRC	Foreign direct investment	
EEC	Peoples Republic of China	
EC	European Economic Community	
EU	European Community	
GATT	European Union	
MFN	General Agreement on Tariffs and Trade	
NGO	Most-favored-nation	
OFDI	Non-governmental organization	
SEA	Outward Foreign Direct Investment	
TEU	Single European Act	
TFEU	Treaty on European Union	
UK	Treaty on the Functioning of the European Union	
UN	United Kingdom	
US	United Nations	

United States of America

World Trade Organization

## Introduction

EU-China relations experienced revitalization during 2014 because of three events. In March 2014 a three day visit to Brussels was made by Xi Jinping, General Secretary of the Chinese Communist Party (CCP) and President of the Peoples Republic of China (PRC). He is the first Chinese leader visiting the European capital which led to a substantial revision of China's official policy vis-à-vis the EU and the creation of a 'comprehensive strategic partnership for mutual benefit'. Next, in June 2014, several European leaders visited Beijing. Most notably Angela Merkel's and David Cameron's visits were followed by a revision of Germany's and Britain's China policy. Lastly, in October 2014, several European countries including Italy, Serbia, Germany and Russia were visited by Li Keqiang, Premier of the State Council. This so-called 'European tour' had the aim to reinforce economic links with the largest economies of Europe in light of the global recession and Eurozone crisis (Hsu 2014). However, these official visits did not immediately translate into a more coherent strategic partnership policy vis-à-vis the PRC, which has long been the basis for engagement. In total, the EU has 10 strategic partnerships with industrialized countries and emerging economies. Each is individually important in its own right. Hence, the strategic partnership with the PRC is not exclusive which indicates a need provide an exact definition. In 2012, a report of the Foreign Affairs Committee of the European Parliament identifies EU-China relations in terms of the following agenda:

*“This relationship is paramount for finding answers to global concerns such as global and regional security, the economic crisis, global financial and market regulations, energy security, weapons of mass destruction and nuclear non-proliferation, climate change, the economic and social development of a market economy, the promotion of democracy and Human Rights, and, the fight against organized crime, terrorism and piracy as well as creating a framework to address bilateral concerns between the EU and China”*

*(European Parliament Committee on Foreign Affairs 2012, p. 5).*


This ambitious agenda forms the starting point of negotiations and discussions at the annual EU-China summits, which produce joint statements to inform the public about the progress made. The summits are attended by the Presidents of the European Council and the European

Commission, the High Representative for Foreign Affairs and Security Policy as well as various Commissioners and national ministers. On the Chinese side, President Xi Jinping and other high-ranking government officials attend. The summit dialogues are structured into three grand categories (see Annex I). Firstly, the high-level strategic dialogue, which mostly covers security issues. Secondly, the high-level economic and trade dialogue, which addresses economic challenges and cooperation. Thirdly, the high-level people-to-people dialogue, which focuses on cooperation in people-to-people exchanges in education or training. Within these three categories, more than 60 dialogues on different policy areas are set up annually in order to discuss specific topics, for example pharmaceuticals or an urbanization partnership.

On the basis of liberal thought, literature about the EU-China partnership generally assumes that each member state having an individual China policy yields fewer benefits than a strong strategic partnership between the EU and China. Accordingly, the PRC is one of the EU's most important partners in trade and reducing trade barriers has the potential to mobilize more productive resources between the two entities. Figure 1 illustrates this relationship more specifically. In 2013 the EU and China had a trade volume of roughly 428 billion € while the EU and the US generated 484 billion € in total trade. Despite the Eurozone crisis, trade has been growing steadily since 2009 with a 6.8% average growth between the EU and the PRC. Moreover, the EU and the PRC have the potential to increase international engagement and create stability in their extended neighborhoods, such as the Middle East or Africa. Others emphasize that, together, the EU and China are capable to challenge US dominance in the governance of international institutions (Shambaugh 2004). Thus, it is believed that individual bilateral relations between the PRC and various member states cannot create as much political influence or economic benefits in the long term as an overall EU policy.

**Figure 1: Key figures of 2013 EU trade with China and the US (in Mio./€)**

European Commission				Directorate-General for Trade		
<b>European Union, Trade with China</b>						
<b>Key Figures</b>						
Indicator	Unit	Period	Imports	Exports	Total trade	Balance
Last year	Mio euros	2013	280,095	148,297	428,392	-131,798
Rank as EU partner		2013	1	3	2	
Share in EU trade	%	2013	16.6	8.5	12.5	
Annual growth rate	%	2012 - 2013	-4.1	2.8		
Annual average growth rate	%	2009 - 2013	6.8	15.8		

European Commission				Directorate-General for Trade		
<b>European Union, Trade with USA</b>						
<b>Key Figures</b>						
Indicator	Unit	Period	Imports	Exports	Total trade	Balance
Last year	Mio euros	2013	196,098	288,263	484,361	92,166
Rank as EU partner		2013	3	1	1	
Share in EU trade	%	2013	11.7	16.6	14.2	
Annual growth rate	%	2012 - 2013	-5.0	-1.7		
Annual average growth rate	%	2009 - 2013	6.0	9.1		

Source: DG Trade (2014a) and DG Trade (2014b)

However, such assumptions over-exaggerate the possibilities of the EU in foreign policy making. It does not always have the exclusive competences to act as one unified entity. For example, one of China's initial reasons to engage with the EU after the end of the Cold War was aimed at counterbalancing US hegemony (Breslin 2012). After the 2003 formation of the EU-China strategic partnership, Chinese and American politicians considered that a strengthened EU-China relationship could defy US military presence in Asia and China's dependency on the US dollar (Chunshan 2014) (Shambaugh 2004). Yet, the EU has not been able to provide an adequate substitute for US security provision in Asia because it simply does not have the



capacity to do so. Instead, the EU's foreign policy focus lies primarily within its own neighborhood and on multilateral security solutions through NATO or the UN (Gill and Murphy 2008). As a result, cooperation on security threats in Indonesia, Crimea or Iran is mentioned in recent updates to the EU-China partnership, but underscore multilateral cooperation via UN mechanisms or the G20.

Further, the literature suggests that, for the EU-China partnership to become more successful, it has to address several fundamental challenges. An illustrative example form several trade disputes regarding intellectual property rights or WTO anti-dumping measures in solar panels and textile products. Another challenge includes the weak institutional mechanism of the EU-China strategic partnership in the form of annual summits. Among the 16 summits which took place since the establishment of the EU-China summit in 1998, two have been cancelled in 2008 and 2011 without much difficulty. In 2008 French President, Nicholas Sarkozy, met with the Dalai Lama and in 2011 the President of the European Council, Herman Van Rompuy, had to cancel the summit given an emergency Eurozone summit. Despite extraordinary summit meetings having been held afterwards, this demonstrates how easily both sides can disregard their obligation under the partnership (Men 2014). Taken together, these disputes hinder the formation of implementable and cooperative policies because the existing partnership is, if at all, degraded to a mere talking club.

Therefore, the literature suggests to “work towards more pragmatic immediate short-term ongoing dialogues” (Scott, D. 2014, p. 31). At the same time, the general recommendation for both sides is, to take a more realistic and constructive approach in contrast to a grand agenda as the one proposed by the Committee on Foreign Affairs (Men, J. 2014 p. 16) (Geeraerts, G in Christiansen et.al 2013, p. 502-503) (Godement, F. 2010 p. 9) (Wood, S. 2014, p. 253) (Fallon 2014). Such a ‘constructive approach’ could imply to simply exclude ‘taboo topics’, for example the sovereignty of Tibet or Human Rights, and to work solely on uncontroversial topics where agreement can be reached more easily. However, most research on the EU-China partnership has been descriptive, focusing on the economic benefits cooperation can bring about but not understanding their different historical and domestic political contexts. Firstly, trade disputes and normative differences, including the Taiwan issue, environment protection or intellectual property rights, make it difficult for the EU and the PRC to reach agreement because they have a

fundamentally different understanding of those concepts. This indicates a need to comprehend the various perceptions of the EU-China strategic partnership that exist in each region.

Still, the premise that an overall EU policy yields more benefits for all member states should be regarded more critically. The benefit from a more constructive EU-China partnership, especially regarding trade, would not be distributed evenly among all member states as some would be at a disadvantage if they deepen cooperation with China and open their markets. Generally, different national interests who lead members to adopt diverging external policies, are difficult to merge within one EU wide approach. This is commonly recognized as one of the core problems in formulating a more effective EU-China partnership. As member states might have different foreign policy philosophies and preferences in general, national governments want to gain a competitive advantage by engaging with China bilaterally rather than at a European level. This creates an obstacle if individual member positions inflict with other common EU-wide normative approaches on, for example, Human Rights or arms sales in China. The fact that individual EU member states have varying attitudes in favor or against a common European approach is usually not critically analyzed in the literature or recommend for further research (Men 2014) (Holslag 2011) (Geerearts in The Palgrave Handbook on Asian Relations 2014) (Husar et. al. 2010).

Thus, this dissertation has the aim to evaluate whether an overall stronger EU-China partnership would be favorable for individual member states and to provide a pragmatic policy solution for the internal problems that the EU-China strategic partnership faces. Firstly, the new EU-China 2020 strategic Agenda for Cooperation (EU-China 2020) provides the first official long-term strategy to guide their relationship. It was adopted in November 2013 and presents an exciting new opportunity to examine whether the EU and China are able to overcome their differences by merging the common goals of the Europe2020 agenda and the 12<sup>th</sup> Chinese Five Year Plan. Secondly, differences between member states regarding their conflicting interest in negotiations with the PRC are preventing the formation of a more effective EU-China partnership. It is commonly assumed that the sui generis character of the EU dictates that foreign policy competences are not exclusively transferred to the supranational level. In particular, bigger member states are upholding their own national interests. Simultaneously, the PRC is utilizing the weak institutional European mechanisms for its own benefit by encouraging

competition between member states to become its most favored partner (Fox, J. and Godement, F. 2009, p. 28).

The goal of this dissertation is to ascertain what has to change in the EU strategy and member states interest accumulation and perception of China that can make the relationship more effective. Evaluating whether the proposals are actually feasible or morally acceptable is not part of the analysis. At the same time, the PRC might also face similar structural differences on the domestic or regional level. Thus, a pragmatist methodology is employed. It is a goal-oriented and problem-driven approach which examines different angles of the research question in a pluralist fashion. The methodology does not aim to provide evidence for certain theories but to solve real problems in politics. Accordingly, a pragmatist methodology “accepts, philosophically, that there are singular and multiple realities that are open to empirical enquiry and orients itself towards solving practical problems in the ‘real world’” (Feilzer 2014, p.8). Therefore, this study aims to address the following research question:

*How can the EU-China strategic partnership be more effective and constructive in foreign policy making?*

1. To what extent is the newly formulated Europe-China 2020 Strategic Agenda of 2013 an improvement of the EU-China strategic partnership?
2. Are British and German national foreign policies vis-à-vis China competing with each other, which ultimately hampers the effectiveness of the EU-China strategic partnership, particularly the Europe-China 2020 strategic agenda?

In order to answer these research questions, this dissertation will be structured into three grand chapters, the first two having two sub-chapters each. The first chapter will outline the EU's foreign policy instrument to form strategic partnerships to clarify its broader purpose. The second sub-chapter will present a review of relevant literature on the theory and philosophy of international relations. This will lead to an analysis on how scholars might construct the relationship between the PRC and the EU by certain paradigm specific assumptions. The second chapter will, firstly, show the development of the relationship between the EU and the PRC, and, how these two actors came about addressing each other as strategic partners. The second sub-chapter will analyze the newly formed EU-China 2020 strategic agenda to determine its

potential as a strategic guideline. The third chapter will provide an analysis of the positions of two different member states: Germany and the United Kingdom (UK). For a thorough analysis, it will very briefly outline previous attempts to map the attitude of member states towards China. Further, the chapter will compare the recently established 2014 Sino-UK comprehensive partnership and the 2014 Sino-German comprehensive partnership to determine specific competitive tendencies between these two member states, which could hamper the effectiveness of the EU-China partnership.

In this investigation there are several sources of uncertainty. The reader should bear in mind that the analysis is based on a European perspective. Moreover, the comparative analysis in chapter three compares only two cases which are not generalizable. Taking all 28 member states into account would extend the scope of this dissertation. Thus this dissertation assumes that the biggest possibility to develop a more constructive and effective EU approach lies with the bigger member states. Initially, bigger member states have more developed foreign policies to express their national interests while smaller countries, such as Belgium or Austria, orientate their China policy on the EU. Further, more policy-oriented and specific research can be achieved by examining them comparatively in order to identify specific variations between member states policies.

This specific comparison promises a unique opportunity because the position of Germany and the UK are particularly important in forming an overall European foreign policy. Germany has by far the most profitable economic relationship with the PRC because it owns more than half of the 148 billion € (Figure 1) in European exports to China (Statistisches Bundesamt). It is also the only EU member which has established government-to-government consultations while the PRC has declared their relationship 'special' (Kudani and Parello-Plesner 2012, p.1). At the same time, the United Kingdom remains one of the largest investment partners of China and it presents an excellent example to research whether it is competing with Germany (Roland 2014). Furthermore, Britain shares a colonial history with China while it is a permanent member of the UN security council and in possession of the largest military power in the EU (2015 Europe Military Power). However, the main reason why this case selection is substantial, are the similar developments in Germany and the UK during 2014. The formation of the 2014 Sino-German comprehensive strategic partnership and the 2014 Sino-British

comprehensive strategic partnership grants more validity because German, British and European partnerships have all been updated almost simultaneously.

Regarding the material used, the sources present a mixture of primary and secondary sources. When analyzing the EU-China strategic partnership or the partnership between China and Germany or Britain, joint statements as well as individual policy papers are the best way to identify common goals as well as individual interests of the stakeholders.

## **Chapter 1: Ineffective instruments and preconditioned relationships**

### **1.1 The policy instrument of a 'strategic partnership' in the EU**

*“The partnership should meet both sides’ interests and the EU and China need to work together as they assume more active and responsible international roles, supporting and contributing to a strong and effective multilateral system. The goal should be a situation where China and the EU can bring their respective strengths to bear to offer joint solutions to global problems.”* (European Commission 2006a)

This 2006 quote from the Commission demonstrates the lack of clarification of strategic partnerships. An ‘effective multilateral system’ and ‘joint solutions to global problems’ leave a lot of room for individual interpretation. In order to understand why the EU is utilizing a ‘strategic partnership’ as a policy tool, it is important to briefly outline the political rationale behind this approach. In 2009 a more concrete development of strategic partnerships came about after the reforms of the treaty of Lisbon. Generally, the European Council guides the strategic foreign interests of the EU and strategic partnerships with “Japan, China, Canada and India” were acknowledged as desirable in Javier Solana’s European Security Strategy. To date no official explanation was given by any EU institution on what the term actually means. Javier Solana argued that partnerships with so called ‘key countries’ are important, especially those “sharing [European] values and goals, and are prepared to act in their support” (Solana 2003 p. 14). This led to the assumption that strategic partnerships are created if the EU and third-party countries share common values and cooperate to achieve common global policy goals (Bendiek and Kramer in Maihold 2009, p. 21).

As there is no clear definition of a strategic partnership, its etymology provides the starting point to further grasp this concept. Firstly, ‘strategic’ suggests some form of political strategy which has “planned and effectively managed action, aiming at clearly defined goals or interests” (Sajadak 2013, p. 14). Secondly, ‘partnership’ implies that two entities are partners, which share ‘equal rights’ and a joint understanding of future developments (Schmidt 2010, p. 3). Further, Annegret Bendiek and Heinz Kramer proposed that strategic partnerships are solely a rhetoric device the EU uses to categorize its political relations with its most important partners

in the world. Accordingly, a strategic partnership is a label which falsely presupposes “the existence of a comprehensive plan [...] which includes clear objectives [...] ordered according to priorities” (Bendiek and Kramer in Maihold 2009, p. 23). Yet, a clear plan and precise objectives are what is lacking in most strategic partnerships. Global objectives such as peace, welfare, democracy and stability are constantly emphasized by the EU without clear priorities or plans on how to implement them. This creates a rhetorical illusion which can be falsely reinterpreted by the EU or its partner. For this reason, the biggest obstacles for analyzing strategic partnerships is that the EU loosely states what it wants to achieve but leaves implementation open for interpretation (Schmidt 2010 p. 3).

While official EU institutions have thus far failed to define the term strategic partnership, the relevant literature cannot provide a coherent classification either and the term is contested among most scholars. Some advocate the freedom this lack of concept provides. Giovanni Grevi argued that the vagueness the EU attaches to strategic partnerships gives it flexibility. Thus, a “critical political infrastructure” is created by those partnerships which is vague on purpose in order to address mutual interests if appropriate (Reiterer in *The Palgrave Handbook on EU-Asia Relations* p. 77) (Grevi and Khandekar 2011). At the other end of the spectrum, more critical scholars such as Thomas Renard as well as Stephan Keukeleire and Hans Bruyninckx state that strategic partnerships are a “mere catalogue of policy domains that are on the agenda of their meetings rather than well-formulated policy strategies” (Keukeleire and Bruyninckx 2011 p. 389). Given this lack of definition, it has long been doubted whether the EU actually has the instruments and competences to achieve coherent ‘strategic partnerships’.

Legally, the competence to create strategic partnerships is loosely based upon Article 21 and 22 of the TEU under the strategic guidance of the European Council. Accordingly, “the Union shall seek to develop relations and build partnerships with third countries, and international, regional or global organizations [...]” (Art. 21 TEU). However, strategic partnerships are contradicting the EU’s general stand to promote multilateralism in that same article because strong inter-regional structures challenge multilateral institutions. Strategic partnerships are inter-regional in nature and, if specific agreements on investments and trade are negotiated, an effective multilateral structure via the UN, WTO, or IMF gets sidelined because it grants more

favorable conditions to the PRC. Therefore, the EU invalidates its own principle if a closer partnership with China develops because it can treat China more favorably.

Despite the fact that the treaties grant the EU the possibility to 'build partnerships', these are usually not codified in any joint legal agreement. Thus, it was well put by Jonathan Holslag that "strategic partnerships are what states make of it" (Holslag 2011, p. 295). In the case of the EU-China partnership all actions are still based on a 1985 agreement on trade cooperation which does not create any obligation to implement the results that come about during negotiations. Instead, political rhetoric diverts the attention away from the reality of foreign policy. Particularly in the EU where external relations are only partially a competence, grand agendas on democratization, Human Rights or climate change do not always reflect the reality for the member states. To illustrate, the EU-Brazil strategic partnership commits to the promotion of biofuel as an alternative and sustainable energy source (Council of the European Union 2011). However, to protect forest erosion and natural protected areas, biofuel exports to the EU meet strict standards which do not qualify to Brazilian biofuel (Afionis and Stringer 2012). Yet, according to the Europe 2020 Agenda, member states should also increase their consumption of sustainable energy, including biofuels, by 20% (Europe 2020). Thus, member states have to decide for themselves whether to export biofuels from Brazil which are not conform to EU standards on sustainable production, but help them to reach the 20% consumption mark of sustainable energy under Europe 2020.

Furthermore, in questioning the possibility of the EU to develop into a globally influential actor, Günther Mainhold criticizes the "European way of consensus building in international politics" (Mainhold 2010, p. 150-152). On the one hand, European member states are not always able to find common grounds on European external action given different national interests. On the other hand, a European consensus that is eventually reached after a long bargaining process "seems to be the lowest denominator which makes it even harder to negotiate with international partners" (Mainhold 2010, p. 150). The EU position is already a compromise between 28 states in itself, which leaves almost no space for additional diplomatic bargaining with the actual 'strategic partner'. As a result, the attractiveness of the EU to other states and partners in the world diminishes.



In conclusion, strategic partnerships are a widely used term for the EU to describe its relationship with desirable partners. They are hardly generalizable as they depend to a large extent on the willingness of the partners to construct a well-functioning policy framework and the ability of the member states to reach consensus. Whether such loose frameworks with no clear objectives are actually an effective policy tool is questionable. It can leave room for interpretation and flexibility to engage in more cooperation if it is seen as desirable.

## **1.2 China and the EU - different players in nature?**

Generally, the EU and the PRC are different in many ways because they have a different culture, history or political system. Therefore, the lack of clear priorities and strategies is likely to result in confusion in the strategic partnership. In order to grasp this difference the following sub-chapter looks at both players in the greater context of International Relations Theory.

According to Zonqui Pan, the reasons why China and the EU are not able to reach an agreement easily are essential differences in the understanding of concepts within international relations altogether. Different philosophical, historical or political backgrounds hamper the success of the EU- China relationship. For example, looking at Human Rights, Pan concludes that the Chinese public does not dispute the concept of universal Human Rights as such but their underlying western value which makes it seem like a western instrument for intervening in the internal affairs of China (Pan 2012 p. 3-4). Chinese engagement with African countries is another illustration of that problem. It originates from different understandings of the principles of 'sovereignty' and 'non-intervention'. In contrast to the EU, the PRC does not require African states to adhere to conditionality principles for trade deals and development aid. This policy is portrayed as a traditional, pragmatic and business-oriented policy which adheres to the principle of non-intervention in African affairs. It has led to a lot of criticism and accusations by western states. From a European viewpoint the PRC exploits African nations for their natural resources while the EU is trying to actively promote democratization and good governance through their conditionality policy (Heydarian 2015). From a Chinese view, their involvement in Africa is based on the principles of equality, sovereignty and common development. Therefore, there are different understandings of core concepts in International Relations, which can result in disputes between the EU and the PRC (Gottwald and Duggan in Pan 2012, p. 42-44) (Ayers 2014).

This observation can also be put into the context of the EU-China strategic partnership because both are likely to hold different expectations for a 'strategic partnership'. Just as the EU, 'strategic partnerships' are used as a foreign policy tool by the PRC. China has established 47 of such partnerships with other countries and international organizations according to the European Strategic Partnership Observatory (Zhongopin and Jing 2014, p. 7). Therefore, May-Britt Stummbaum and Wei Xiong claim that conceptual gaps in the perception of the strategic partnership policy result in major differences of understanding between China and Europe.

Firstly, both players assume different roles given the challenges they face from globalization. After the financial crisis, China starts to identify itself as a powerful global actor because it cooperates more closely with fellow BRICS countries and challenges conventional international norms. For instance, the establishment of the New Development Bank in July 2014 which provides development loans as an alternative to the IMF/World bank combination. In contrast, EU member states have to align to a common position in a slow and lengthy process while committing to traditional Atlantic alliances. Taken together, this can prevent policy changes, for example after the 1989 Tiananmen Square massacre. After the EC originally sanctioned arms sales to China in 1989, a vote to lift this arms embargo was approaching in 2004. Accordingly, the Chinese had convinced most member states to lift the embargo. However, the UK was influenced by the US not to lift it after all. In addition, Sweden suddenly demanded additional benefits for agreeing to lift the embargo. "After months of embarrassing confusion and argument, the EU postponed the decision entirely, damaging its credibility [...]"(Fox and Godement 2009 p. 29). Thus, China and the EU are in different positions within the international system, given their alliances and interests, and have a different way of functioning overall.

Secondly, both have a different interpretation of what is seen as 'strategic'. The EU wants to find common solutions to current problems. Meanwhile, China takes a long-term approach and does not prefer to deal with single issues. (Stummbaum and Xiong in Pan 2012, p. 163-164). For example, the EU and the PRC agree that a nuclear weapons free world is in their best interests. Therefore, the EU sees Iran's nuclear program as an instant threat to its security which should be sanctioned. However, the PRC disagrees because "sanctions are going to be counter-productive [...and misses] the bigger point which is that a more comprehensive solution

is needed” (Pantucci 2010). Yet, simply accepting that the EU and the PRC are too different to understand each other disregards that these examples suffer a crucial limitation. States are capable of changing their understanding of concepts according to their own perception. In that regard, China accusing universal Human Rights to have an underlying western value which is incompatible with their cultural traditions is convenient for them to avoid any serious discussion regarding their Human Rights record in the first place. Hence, a different definition of concepts in international relations leads to different behavior by China and the EU. In order to explain this behavior, scientific knowledge is usually structured into paradigms which attach certain prior expectations to research (Kuhn 1962). Paradigms are central to the entire academic discipline of International Relations but a major problem with such structuring of scientific knowledge is that observations must always fit into a pre-specified theoretical pattern (Cox and Sinclair 1995, p. 49-60).

The works of Robert Cox recognize that theorizing is a necessary and practical way of understanding the world around us. Yet, he famously claimed that “theory is always for someone and for some purpose” (Cox in Keohane 1961 p. 207). More recent debates call for a reorientation towards pragmatism in International Relations Theory (Sil and Katzenstein 2010) (Bauer and Brigi 2009). Ian Shapiro and Alexander Wendt, in their 2005 piece ‘*The flight from reality in human science*’, argue that “academics have all but lost sight of what they claim is objective” (Shapiro 2005, p. 2). Accordingly, the relevance of human sciences in solving real world problems is becoming more and more irrelevant (O’Shaughnessy 2005, p. 184). Wendt and Shapiro prove that rational choice theory sometimes avoids finding actual solutions to real life problems by selecting cases that fit the theory rather than investigate relevant problems itself.

Within this context, western-centrism in international relations theories fails to adequately account for the behavior of non-western states. Theories such as liberalism and realism are derived from a deeper metaphysical view about how the world functions. Accordingly, certain attributes about the behavior of states and other actors in international relations are deduced. Realism trusts in the importance of state actors who have to somehow ‘survive’ in an anarchic international system, while the liberalism beliefs in state preferences for international

institutions and norms (Baylis, Smith and Owens 2008)<sup>1</sup>. However, too often state behavior is oversimplified in a way that it fits a theory derived from Western philosophy and a Eurocentric view on world history (Acharya and Buzan, p. 4-6). That is not to claim that there are absolutely no non-western influences to be found. Contributions made by Asian philosophers and political scientists are valid insights but seen as 'secondary' to famous western scholars and philosophers such as Thucydides, Hobbes, Machiavelli and Kant because attempts to derive causal theories from their writings have been rare (Acharya and Buzan 2008 p. 4). Asian scholars and political leaders such as Sun Tzu, Confucius, Jawaharlal Nehru, Mao Zedong or Sukarno of Indonesia are "seen as biographers and regional specialists rather than scholars specializing in international relations theory" (Acharya and Buzan 2008, p. 10 - 16).

This abstract and theoretical discussion becomes more comprehensible considering the influence academia has on policy making in the EU and public discourse. Some scholars agree that the EU and China are "different players in nature" (Men 2014 p. 11). On the one hand, this led to the EU being commonly described as a 'normative and economic power' trying to exert its soft power on the PRC. On the other hand, the PRC wishes for a balanced relationship with the EU where they are not "unequal partners, with the former as a teacher and the latter as a student" (Men 2014 p.7-8). Hence, Jing Men, InBev-Baillet Latour Professor of European Union-China Relations and Director of the EU-China Research Center at the College of Europe in Brussels<sup>2</sup>, claims that a normative/political gap is created where European norms promotion via the strategic partnership hinders the formation of a more successful strategy towards the PRC. However, this 'different nature' becomes a problem, if it is misused to put China and the EU into certain roles. For example, stating that "[...] the historical, economic and political developments shape the EU into a liberal player and China into a realist one" (Men, J. 2014, p. 11). These statements impose limits upon the EU-China relationship because China is 'the realist' while the

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1 Given the limits of this dissertation, a more thorough discussion of these two schools of thought was deliberately avoided and different scholars and whole theoretical branches not discussed.

2 Additionally, Jing Men is a member of the EU International Relations and Diplomacy Studies Department at the College of Europe and is allegedly a reliable source for the EEAS in Beijing, see: <http://eeas.europa.eu/china/flash/index.html> [accessed in April 2015].

EU is 'the liberalist'. Therefore, it is necessary to demonstrate that these commonplace classifications limit the discussion.

Firstly, taking the European Union as a liberal player in international politics stems from the notion that the EU can be described as a normative power. 'Normative power Europe' puts importance on cooperation and a strong international system with multilateral institutions. The concept was introduced by Ian Manners in 2002. He suggests that a collective identity for the EU can be constructed by utilizing its ideational impact (Manners 2002, p. 238). Since the EU does not possess extensive military capacities to achieve its foreign policy goals, it is "the ability to define what passes for 'normal' in world politics" which gives the EU the possibility to exert its external powers (Manners 2002, p. 236). Manners provides evidence from an analysis on the abolishment of the death penalty which eventually led to a standard in the EU's extended neighborhood. Yet, this was only one case study where normative power Europe was confirmed. The concept was further developed by other scholars who soon identified the limits of EU external norms promotion. In geopolitical contexts, especially in relations with emerging market economies, hard power provides a better bargaining position and normative power is inconclusive. Nonetheless, the structure of the EU and the lack of military capacities favor a liberalist vision of international relations in itself because the EU needs a strong international system which supports its views and provides legitimacy. At the same time, it has to prevent global norms from "being less exacting than European ones so as not to place Europe at a comparative disadvantage" (Läidi 2008 p. 4). Unsurprisingly, the EU also likes to present itself as a normative power. As did former Commission President José Manuel Barroso, in an interview of 2007 stating: "In terms of normative power, I broadly agree: we are one of the most important, if not the most important, normative power in the world"<sup>3</sup>.

In contrast to normative power Europe, the EU can also be described as a 'realist power'. Looking at the WTO accession negotiations between the EU and the PRC as well as the EU and Russia, Hubert Zimmerman employs realist theories to test how EU formulates its interests in international trade negotiations. He concludes that geostrategic and mercantilist interests play a significant role. Particularly, the Commission has strong negotiating powers because it has the

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<sup>3</sup> Interview with José Manuel Barroso by John Peterson, EU-Consent Constructing Europe Network, 17.07.2007. Accessed in April 2015, [<http://www.eu-consent.net/library/BARROSO-transcript.pdf>]

competence conferred to it by the member states in the treaties. Thus, European and national parliaments as well as individual lobby groups face severe obstacles influencing this process. As long as the Commission has the member states general support it “can pursue overriding social objectives even against societal opposition, as long as it sticks to the overall mandate” (Zimmermann, p. 828).

What is important to note is that the concepts of ‘normative power Europe’ and ‘realist power Europe’ have a contingent character. It means that the selected case studies, give them a unique and convincing character in their own context. Zimmerman admits himself that “both [cases] are negotiations with important emerging economies, representing enormous market opportunities while at the same time presenting the EU with various geopolitical challenges”(Zimmermann 2007, p. 828). Zimmermann’s cases were of major importance to EU trade and unique in their own context which makes ‘realist power Europe’ difficult to generalize. Therefore, assuming that the EU and the PRC are “different in nature” entraps the EU-China relationship and presupposes their behavior. The EU has been described a ‘realist power’ by Hubert Zimmerman when negotiating on behalf of the member states in the WTO but also a ‘normative power’ by Ian Manners when creating a universal norm against the death penalty. Whether a case fits into either concept depends on the actual decision-making power or competences of EU institutions and their ability to represent all member states, balancing intra-community tensions and competition.

Secondly, China is often described as a realist player, who “envisages a multipolar world, based on the balance of power concept, with respect for sovereign independence and territorial integrity” (Men 2014 p. 13). Accordingly, Gustav Geeraerts suggests that the PRC and the EU find it difficult to come to terms with their strategic partnership because it is at odds with the different approaches both players hold towards global governance (Geeraerts in The Palgrave Handbook of EU-Asia Relations p. 497 – 499). Based upon the writing of John Ikkenberry and Barry Buzan, he implies that China will not accept the same international responsibilities as do western key players (Ikkenberry 2008 p. 10-12) (Buzan 2010 p. 16–22). For example, the problems with the PRC’s Human Rights record or its engagement in Africa could hint that China is avoiding its responsibility as a global power by not adhering to common international norms and challenging western hegemony.

In that respect, it is important to ask whether China intends to actively rebel against the established system of global governance. Among sinologists and other scholars of global governance, this debate revolves around two positions. On the one hand, China is described as a 'status quo power', trying to keep global rules in order to keep the status quo as it is. On the other hand, China is portrayed as a 'revisionist power', trying to modify global norms that have a western bias (Johnston 2003). David Shambaugh argues that both views can account for the PRC's behavior. In his words, the PRC has a "moderate revisionist posture[...] that seeks to selectively alter rules, actors and the 'balance of influence' largely from within existing institutions - while simultaneously trying to establish alternative institutions and norms of global governance [...]" (Shambaugh 2013, p. 125) (Chin 2010). Thus, Beijing is not trying to overturn the established international order per se but is behaving as a revisionist power – gradually changing and reforming the system from within while also establishing new institutions if the former strategy is not working. This infrequent desire to reform is reflected in China's foreign policy norms which advocate equality in international relations and empowerment of developing nations (Song in The Palgrave Handbook of EU-Asia Relations p. 472 – 475). What exactly this envisioned reform entails gets clearer with the example of the 2009 proposal to reform the international monetary system, put forward by Zhou Xiaochuan, governor of the People's Bank of China. He utilized the outbreak of the 2008 financial crisis to call for the abolishment of the dollar as an international currency, the establishment of a neutral international currency unit and the strengthening of special drawing rights in the IMF (Zhou 2009). In the literature, such proposals can now be interpreted twofold. On the one hand, it can be seen as a threat to western hegemony in the governance of international political economy institutions such as the IMF. On the other hand however, it can also be seen as an attempt to establish a more equal international playing field between all states and abolish western domination in international finance institutions.

Despite these two interpretations, what is most important is that China itself does not want to be perceived as a threat, particularly by its neighbors. The PRC introduced an official long-term policy principle of 'China's peaceful development' [中国和平发展 (Zhōngguó hépíng juéqǐ)] under the leadership of Hu Jintao and Wen Jibao in 2005. It states that "peaceful development is a strategic choice made by China to realize modernization, make itself strong and prosperous,

and make more contribution to the progress of human civilization” (Chinese State Council 2005). This principle was later taken over by Li Keqiang and Xi Jinping in calls to resolve the Sino-Indian border dispute in eastern Kashmir and promote economic cooperation between China and India (Aljazeera 2013). Therefore, scholars such as Xinning Song argued that China takes a defensive stance in dealing with regional security issues such as the South China Sea issue or the Korean Nuclear threat and it “avoids to initiate trouble with her neighbors” (Song 2014 in The Palgrave Handbook of EU-Asia Relations, p. 474).

In conclusion, the use of specific methodologies and paradigms in research represent a scholar’s individual epistemological and ontological beliefs. However, the complex relationship between the EU and the PRC’s strategic partnership is difficult to sketch within the limits of one paradigm in international relations or theory on European external relations. Given this frustration, Amitav Acharya and Barry Buzan uphold the view that at a time of globalization exclusively Western sources and theories of international relations “fail to correspond to the now global distribution of its subjects” (Acharya and Buzan, p.1). The solution they propose is different to Shapiro and other political philosophers who support scientific realism. Instead, they advocate using the method most appropriate to solve a problem and achieve the best results. This pluralist perspective encourages quantitative and qualitative methods to define how the world can be improved in a systematic fashion.

China and the EU alike can frame their image to fit scholarly debates. For example, the EU’s external action is commonly described within the conceptions of normative power or realist power. Nevertheless, EU external relations “display normative, ethical and realist instincts and feature the self-interested pragmatism of its member states” (Wood 2014, p.256). Thus, one exclusive interpretation will not be enough to comprehend the entirety of the EU’s external action. This observation adds to the conclusion drawn in sub-chapter 1.1, where it was shown that strategic partnerships generally lack a clear objective and definition. If the EU and the PRC are reduced to certain attributions these theories ascribe to it and the objective of their cooperation is not clearly defined. How can they understand each other’s behavior in the first place, let alone cooperate effectively in a strategic partnership? These were two handpicked examples within a vast academic debate overall and it does not imply that no critical research was conducted. Contributions by other scholars recognize the assumption that the role of China



and the EU was framed to a certain extent. However, rather than questioning theory in itself, their conclusion draws upon the premise that more non-western scholarship is needed balance the debate (Van der Harst and Swieringa 2012) (Kerr and Fei 2007). In addition, the EU needs to look beyond one dominant theoretical rhetoric in order to grasp the definition which is, sometimes deliberately, attached to a certain concept by the PRC and vice versa.

## **Chapter 2: The EU-China comprehensive strategic partnership and the newly established EU-China 2020 Agenda**

### **2.1 The development of the EU and the PRC towards ‘strategic partners’**

To understand the dynamics in the current EU-China partnership this chapter will briefly summarize its development. Sub-chapter 2.1 begins by laying out how development of the partnership came into existence, focusing on the 2003 and 2006 policy papers by the Commission. The 2003 and 2014 policy papers issued by the PRC are not thoroughly discussed because of the European policy focus in this dissertation. Lastly, two important developments that shape relations after 2006 are highlighted in order to show what new contemporary issues the EU and the PRC have to incorporate in their joint partnership.

In 1998 the annual EU-China summit was established between European and Chinese government leaders. These annual summits are the only instance, where the EU-China strategic partnership is coordinated between policy makers of the EU and the PRC. Joint statements are issued after the end of each summit to declare policy positions and actions on a wide range of bilateral, regional and international issues. Yet, these statements do not have a legal effect on the member states nor the PRC. The basis of the partnership still forms the 1985 *EEC-China Economic Trade Cooperation Agreement* which had the intention to reduce trade barriers between the EU and the PRC by granting each other MFN status. After 1985 it took the PRC and the EU more than a decade to establish annual government-to-government summits. This relatively late creation can be explained by two developments. Firstly, EU-China relations experienced a set-back as European heads of state used the EC framework to impose sanctions on the PRC in response to the 1989 Tiananmen Square massacre in Beijing (European Council 1989). Yet, trade relations were restored quickly in 1991 with the exception of the arms embargo. After all, one of the PRC's core interests, and a matter of national pride, was to finally

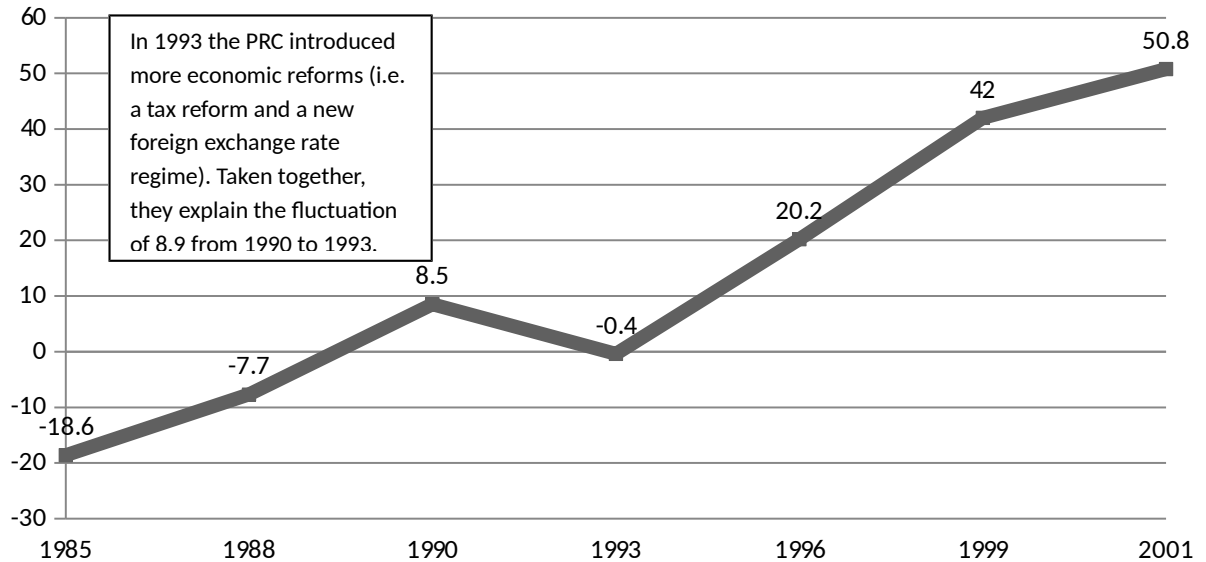
join the GATT following the dissolution of the Soviet Union (Zhao 2004 p. 66-84). In 1986, China officially re-applied to become a member of the GATT in light of the economic reforms under Deng Xiaoping. In order to succeed quickly, negotiations with all European countries had to restart fast. Additionally, the PRC was keen to complete negotiations for GATT membership before the end of the Uruguay Round as it was meant to transform into the WTO by 1995 (Lardy 2002 63-65). The second reason, why the EU-China summit was not established earlier, lies within the EU itself. Only with changes imposed by the treaty of Maastricht in 1993 the EU received the competences to coordinate foreign policy. Later on these powers were enhanced by the treaty of Amsterdam in 1997, the treaty of Nice in 2000 and finally the Lisbon reform in 2009. In summary the Nice reforms created the High Representative for the CFSP, the European Security and Defense Policy (ESDP) and the exclusive competences for the Commission to conduct an EU-wide external trade policy. The Lisbon reforms further increased the powers of the High Representative as well as the ESDP, while emphasizing the solidarity among the member states altogether<sup>4</sup>. Thus, the creation of EU-China summits in 1998, over a decade after the 1985 trade agreement, is not surprising.

China finally entered the WTO in 2001 after more than 15 years of negotiating. Since the 1985 trade agreement, the trade volume between the European Community and China began to rise rapidly by the mid-1990s (figure 2). Consequently, member states established additional bilateral agreements, as the 1993 *Asien-Konzept der Bundesregierung* by the German government (Casarini 2006 p. 10).

**Figure 2: China-EU/EC trade balance 1982 - 2001 in billion ECU/€ (excluding Hong Kong)**

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4 Art. 222 TFEU



Source: Eurostat, *External and intra-European Union trade, Statistical yearbook — Data 1958-2006*

Next, the Commission adopted its 2003 Policy Paper: *A maturing partnership – shared interests and challenges in EU-China relations* to officially manifest its interests by calling for a strategic partnership with China.

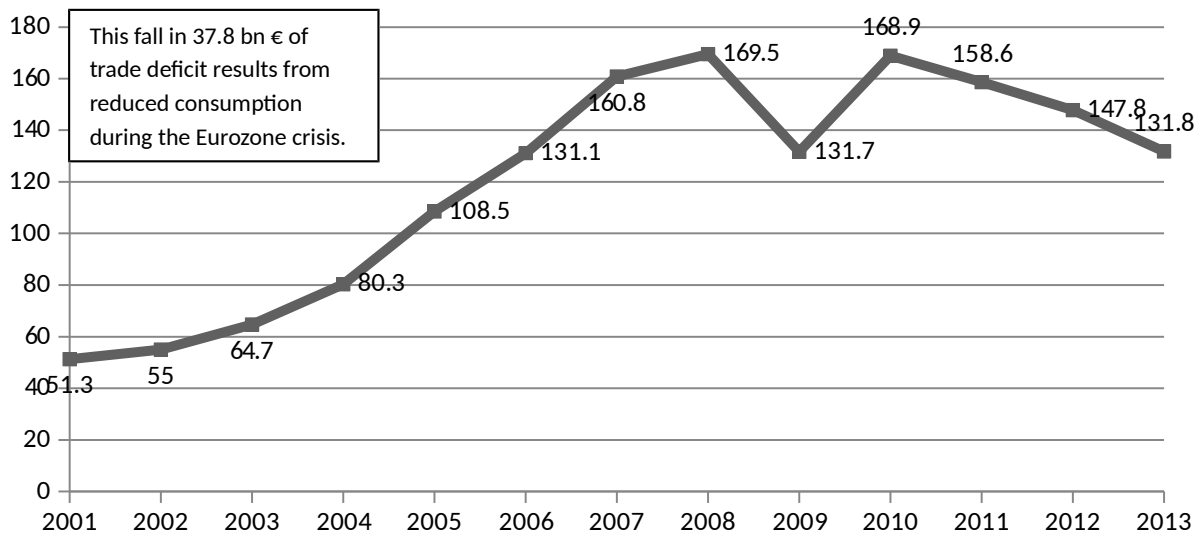
*“It is in the clearest interest of the EU and China to work as strategic partners on the international scene. [...] Through a further reinforcement of their cooperation, the EU and China will be better able to shore up their joint security and other interests in Asia and elsewhere.”*

(European Commission 2003, p. 7).

Simultaneously, the PRC adopted its first EU policy paper in response, reassuring “commitment to a long-term, stable and full partnership with the EU” (China’s EU Policy Paper 2003). During a 2004 speech by then Premier of the State Council Wen Jiabao, the Chinese emphasized the “shared view of both sides to work for a comprehensive strategic partnership” (Wen Jiabao 2004). Hence, both showed interest to cooperate in a strategic partnership. Strikingly, the loose framework which is called the EU-China strategic partnership started with the Commission and the PRC labelling each other as such. After this discourse was established improved relations and trade were anticipated as the PRC was able to enter the WTO in 2001. In 2003, EU-China trade grew more than during the 1990s with a trade deficit of 64.7 billion € (figure 3).

**Figure 3: Trade Deficit of the EU with China 2001 – 2013 in billion € (excluding Hong Kong)**

## EU trade deficit with China



Source 2001 - 2010: Eurostat Yearbook 2012 - International Trade; Source 2011-2013: European Commission DG Trade 2014

Although trade was flourishing, various disputes overburdened both partners to cooperate beyond a rhetoric commitment in the non-binding policy papers of 2003. Disputes ranging from anti-dumping cases, copyright infringement, and a renegotiation of the arms embargo made cooperation particularly difficult. In 2010, DG Trade claimed that anti-dumping and anti-subsidy measures have thus far been implemented against 50 Chinese products ranging from raw materials, automobile parts and even x-ray security equipment. Meanwhile, the PRC itself initiated only 4 procedures against EU products, among others, solar panels and iron/steel fasteners (WTO) (European Commission 2011). Overall, many disputes can be explained by the PRC's slowdown in liberalization reforms after WTO accession. As it took the PRC 15 years to negotiate its entry, its engagement with the GATT/WTO was twofold since the beginning of their economic reform process in the 1970s.

In order to protect the Chinese economy from the negative effects of globalization but benefit from international trade, the liberalization reforms promoted exports but protected the domestic economy. The export industry was designed to attract foreign investments while products produced in China were mostly sold abroad. Meanwhile, ordinary imports faced protective tariff and non-tariff barriers. These protective measures, on the one hand, aimed to ensure competitiveness of still infant industries, such as automobiles. On the other hand, they protected sectors which were mostly state regulated, such as banking and finance. (Breslin 2013)

p. 83-106) (Lardy 2002 p. 4-9) (Zweig and Zhimin 2007 p. 95-150). This led to whole market sectors which remain almost impossible to access for European businesses because of Chinese state regulation. For example, banking, finance, telecommunication and other services (European Commission 2006a p. 7; 2006b p. 9). It was commonly anticipated that China's economic liberalization will continue and that these sectors will eventually be forced to open its markets, once a member of the WTO. However, China itself saw entrance to the WTO as the final goal and not the starting point of more liberalization, whether economic or political (Breslin 2013). Consequently, non-economic disputes regarding Human Rights and intellectual property rights were an addition to the EU's general frustration about continued difficulty to access the Chinese market.

The next development in EU-China relations was the 2006 policy paper of the Commission *EU-China: closer partners, growing responsibilities*. It had the aim to address these growing disputes. It was not a mere statement to show the willingness to cooperate because the Commission had to incorporate different positions of the European Parliament and the Council on these pressing disputes. Thus, this policy paper represents a compromise between European institutions. On the one hand, Parliament advocated that "the development of trade relations with China must go hand in hand with the development of a genuine, fruitful and effective political dialogue [and] that increased trade relations should go hand in hand with political progress in democracy, human rights and the rule of law" (European Parliament 2006, Art. 4). On the other hand, the Finnish-led Council pictured China differently with a focus on trade benefits and security cooperation in Asia. Accordingly, "for the partnership to develop to its full potential, it must be balanced, reciprocal and mutually beneficial [...] [and] the EU should actively support China's emergence as a successful and responsible member of the international community." (Council of the European Union 2006, p.6). This observation does not imply that the Council was not critical about the PRC's political development. Rather, the language used suggests more tolerance, for example proposing to lift the arms embargo and committing to the One China Policy.

Scholars agree that the 2006 policy paper by the Commission remains the last genuine update of the EU's China policy and it serves two main functions (Smith and Xie 2010 p. 439) (Sajdak 2013 p. 12-13). Firstly, it addressed the rapidly increasing trade deficit and the difficult

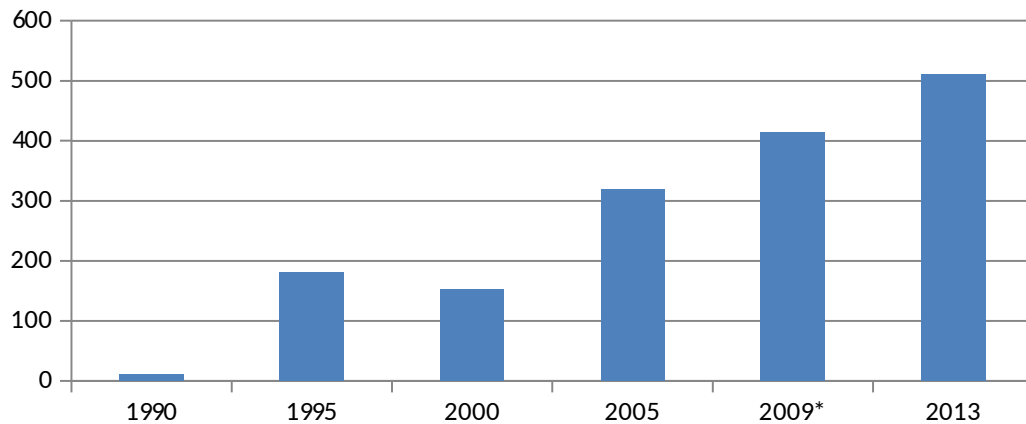
market access issues. As figure 3 shows, the 2010 trade deficit is one of the highest trade deficit in EU-China history which amounts to 168.6 billion €. In order to protect the European market, the Commission had to specify certain remedies against Chinese competition. These include dialogue on intellectual property rights and climate change as well as utilizing the WTO dispute settlement mechanism (European Commission 2006b, p. 13). Secondly, the 2006 policy paper addressed more non-economic issues. Particularly, promoting different dialogues to foster Human Rights promotion, democracy and the rule of law, as well as other key objectives of the EU, such as sustainable energy, climate change, employment, international development in the context of Africa and the arms embargo (European Commission 2006a, p. 4-5). Additionally, the 2006 policy paper proposed a renewal of the 1985 EC-China Trade and Cooperation Agreement with a new Partnership and Cooperation Agreement (European Commission 2006a, p.9).

In summary, before the strategic partnership was announced in 2003, the EU and the PRC conducted their first international trade agreement in 1985 which still represents the official legal base of the EU-China partnership today. One of the three most relevant developments for the EU-China strategic partnership is the 1998 establishment of the EU-China summits. Its dialogues are the most reliable source of information and expression of the EU-China strategic partnership because joint interests and expectations are discussed annually (Holslag 2007 p. 295-296). Further, the 2003 policy paper by the Commissions, followed by Wen Jiabaos confirmation, officially established the partnership and gave the relationship the label. Next, the 2006 policy update by the Commission dealt with the alarming trade deficit next to non-economic disputes on the promotion of Human Rights, democracy and the rule of law.

In light of this development, the political environment in Europe and the PRC has changed noticeable since 2006. Hence, the following section will outline two important and recent developments the EU has to take into account when reforming the EU-China strategic partnership. Firstly, there have been additional liberalization advances in China which are most visible in a rise of registered NGOs. As can be seen in figure 4; around 511.000 NGOs have officially registered in China since 1990 to tackle various national socioeconomic challenges.

#### **Figure 4: Chinese NGO development**

## Registered NGO's in China (in thousand)



Source 1990 - 2009: Gao 2013

Source 2013: China Daily 2014

\*the data for 2009 were measured only in the first quarter of the year

Growing concerns within Chinese civil society are the environment as well as poverty, education, gender equality, urban expansion, an aging society and the disabled. The seriousness of these issues are demonstrated by the example of the recent APEC summit in 2014. Chinese authorities closed all public buildings, banned traffic and closed big manufacturing grounds three days in advance to clear the sky of Beijing<sup>5</sup>. Usually, NGOs in China are not inclined to advocate politically controversial issues. Therefore, it is more beneficial to represent issues which are tolerated by the CCP to receive government funding, for example environment protection (Gao 2013). Another, more radical and top-down movement is the biggest anti-corruption campaign in the history of the CCP. Under the new leadership of Xi Jinping, fighting corruption became a primary goal for the new administration. Samson Yuen claims that, by mid-2013, over 180.000 Chinese officials were punished which is an increase by roughly 40.000 cases compared to 2011 (Yuen 2014, p. 42). Nonetheless, the integrity of this campaign is questionable as critics emphasize that the campaign relies on the party-disciplinary mechanism instead of the legal system and that Xi is abusing the campaign to dispose of his political rivals (Tiezzi 2014) <sup>6</sup>.

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<sup>5</sup> For more information, see: Celia Hatton. "Daily life comes to stand-still in Beijing during Apec". BBC News China Blog. 10.10 2014. [<http://www.bbc.com/news/blogs-china-blog-29983799>] (accessed in April 2015).

Western countries have always been rightfully concerned about Human Rights, the rule of law and the controversial 'one country, two systems' policy vis-à-vis Taiwan and Tibet. However, Chinese society and the CCP alike have recently developed a vastly changing NGO environment and, at least, progressed in other areas such as anti-corruption. A rise in registered NGOs per se does not necessarily imply that those are actually effective in solving socioeconomic problems. Neither does this observation indicate a development towards more autonomy in China because it does not automatically translate into a western-style democratic system (Salmenkari 2014) (Dingding 2014). What it does show is that there are bottom-up movements in Chinese society which tackle various new societal problems resulting from the negative effects of globalization. These developments are worthy to receive more recognition in the EU's China policy papers because they have the potential to yield more success and change towards a "plural Chinese society" than, for example, trying to influence grand political beliefs with a focus on "democracy, human rights and the promotion of common values" (European Commission 2006a).

This observation is in line with a hypothesis by Shaun Breslin. He suggests that the PRC is very confident to defend its core interests, such as their conception of territorial integrity in form of the 'One China Policy'. On these core issues non-Chinese outsiders, as the EU, are not supposed to get involved in or even comment on because it is a "cordon sanitaire". It means that the PRC has a fixed ideological definition which is not allowed to get influenced by outside opinion. Still, beyond these core interests "there is a very lively and very plural debate about the nature of the world order and China's place in it [regarding] what the country should be doing, what its identity should be, where it should be aiming for and what its goal should be for the future" (Breslin 2012).

The second development and changed political environment revolves around the ongoing difficulties in the EU to solve its debt crisis. The PRC, being the EU's largest trade partner, wants the Eurozone crisis to fade. From 2008 to 2009, Chinese exports to the EU fell dramatically, with a new trade deficit 131.7 bn €: a devaluation of 37.8 bn € within one year

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6 Interview with Dietmar Ebert, MA, Fakultät für Ostasienwissenschaften, Ruhruniversität Bochum, Germany.



(figure 3)<sup>7</sup>. To help solve the crisis, China seemed willing to invest in European economies by “[sending] several delegations to Europe to purchase goods and services” (Wu 2011). Hence, for a short moment European economies in need of immediate investment envisaged that the PRC could finance their government debts. Soon, British and French newspapers claimed that Chinese banks purchased 800bn€ worth of Eurozone bonds, out of which 6bn€ to 9bn€ could be Greek debt and 50bn€ Spanish government bonds (Evans-Pritchard 2011) (Rettman 2011). These figures excited the media but also frightened others who proclaimed a ‘scramble for Europe’ because they feared that European financial dependence on the PRC would translate into political influence. Francois Godement coined the debate as following: “A [...] scramble for Europe is now taking place as China purchases European government debt, invests in European companies and exploits Europe’s open market for public procurement” (Godement 2011 p. 1).

Despite the excitement, there is actually little evidence to support any of these bond purchases as stated in the media. No official statement has been issued by the EU or the PRC, confirming these numbers. Moreover, neither European member states, nor the European Central Bank track the purchases of government bonds and it is impossible to accurately proof these statements. Ultimately, instead of separately investing into the EU, the PRC contributed financial resources to the IMF, who in turn used it to partake in the European Stability Mechanism (Panckhurst 2012). Thus, it would be naïve to deny Chinese investments in European government bonds and private shares altogether but anxieties of European journalists and the discourse on ‘the scramble for Europe’ lack sufficient evidence and are over exaggerated.

In conclusion, this chapter has previously reviewed two key aspects of the EU approach in the EU-China strategic partnership. Societal developments in China and the Eurozone debt crisis dominated foreign politics and made the 2003 and 2006 policy papers by the Commission become more and more obsolete. Yet, these new issues were not adequately incorporated in the annual EU-China summits either. Vastly changing day-to-day issues in international politics dominated the overall themes without a long-term strategy. For example, in 2011 Herman Van Rompuy had to cancel the EU-China summit given an emergency Eurozone summit. Thus,

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<sup>7</sup> It was stated before that the EU sees the massive trade deficit with China as a problem which has, in part, led to the 2006 Commission policy paper. However, the actual decline of the trade deficit since the crisis in 2009 should not be mistaken with increased competitiveness (an increase in European exports and a decrease in Chinese imports) but less demand by European consumers.

summit agendas were not stable (Sajdak 2013, p. 11-13). Ambassador Viorel Isticioaia Budura, Managing Director for Asia and the Pacific at the EEAS, writes that the high-level political dialogue “continues to play a leading role in the complex process of agenda setting” (Budura 2012, p. 2). The high-level political dialogue, particularly the high-level strategic talks (Annex 1), are chaired by the European High Representative for Foreign Affairs and Security Policy, Federica Mogherini, and State Councilor of the Chinese State Council Yang Jiechi. Both can make a direct contribution to set the annual agenda. However, this structure was altered with the adoption of the ‘EU-China 2020 Strategic Agenda for Cooperation’ (EU-China 2020), announced during the 16<sup>th</sup> annual EU-China summit in Beijing in 2013. It declares joint objectives by combining the targets of the Europe 2020 Agenda of the European Commission and the 12<sup>th</sup> Chinese Five Year Plan by the CCP of 2011. The agenda is meant to serve as guidance to EU-China summit and is to be implemented via its dialogues. Having continuous and joint long-term goals can give the EU-China strategic partnership a desired ‘strategic’ purpose. Therefore, EU-China 2020 has the potential to increase cooperation and make it more effective. This changes the dynamic of the relationship because European policy papers do not reflect these new issues.

## 2.2 The Europe-China 2020 Agenda

Previous studies have thus far only rarely touched upon the recent EU-China 2020 Agenda, which justifies the need to analyze it more thoroughly. For this reason, sub-chapter 2.2 will briefly summarize the EU-China 2020 Agenda and compare it to the goals of the Europe 2020 Agenda and the PRC's 12<sup>th</sup> Five Year Plan. This chapter will conclude to answer the first research question: To what extent is the newly formulated Europe-China 2020 Strategic Agenda of 2013 an improvement of the EU-China strategic partnership? The EU-China 2020 agenda has the potential to improve the EU-China strategic partnership by incorporating more of the EU's and the PRC's immediate challenges and providing long-term goals which can be achieved through joint cooperation. To determine this potential, let's take a closer look at EU-China 2020.

**Figure 5: Priorities of the EU-China 2020 Strategic Agenda for Cooperation**

### 1. Peace and Security

- no sub-objective

### 2. Prosperity

- I. Trade and investment
- II. Industry and information
- III. Agriculture
- IV. Transport and infrastructure

### 3. Sustainable Development

- I. Science, technology and innovation
- II. Space and aerospace
- III. Energy
- IV. Urbanisation
- V. Climate Change and environmental protection
- VI. Ocean
- VII. Regional policy
- VIII. Social progress
- IX. Public policy
- X. Cooperation and global development

### 4. People-to-People Exchanges

- I. Culture, Education and Youth
- II. Facilitation of people-to-people exchanges

The agenda is structured into four different headlines which comprise different subtopics and specific joint objectives (figure 5). Firstly, the peace and security headline mainly advocates the promotion of multilateralism in order to “[coordinate] responses to pressing global challenges” (EU-China 2020, p. 3). This includes cooperation in the UN, the G20, a joint EU-China Cyber Taskforce and minor counter-piracy initiatives in the Indian Sea. Secondly, the prosperity headline covers trade and economic objectives. Given their trade volume (see figure 2 and 3), the EU and PRC are “promoting open, transparent markets and a level playing field” (EU-China 2020, p. 5). The most impactful objective under this headline is the proposed Investment Agreement. It would substitute all 26 bilateral agreements that member states have with China by granting more legal protection for investors and an opening of new markets (European Commission 2014a). Thirdly, the sustainable development headline includes socioeconomic objectives. Lastly, people-to-people exchanges have their own headline covering educational and cultural exchanges. They are supposed to enhance mutual understanding between cultures and societies (EU-China 2020, p. 15). Most remarkably, the EU and PRC recognize in EU-China 2020 that they have to “[achieve] innovative, inclusive and sustainable development”(EU-China 2020, p. 9).

The following segment will compare Europe 2020 and the 12<sup>th</sup> Five Year Plan with the goals formulated in EU-China 2020 in order to determine how these national agendas are reinforced through the new joint agenda. Initially, Europe 2020 was proposed in March 2010 under President Manuel Barroso and is seen as a response to the economic recession by promoting “‘smart, sustainable, inclusive’ growth rooted in greater coordination of national and European policy”(European Commission 2010). The 12<sup>th</sup> Five Year Plan was adopted in 2011 and is meant to be concluded by 2015. Since the first Five Year Plan of 1953, these national strategies by the CCP have been a revised every five years to adjust policies to economic and social development. Five Year Plans were a major tool for central planning at first. Yet, throughout liberalization reforms the plans have gradually evolved from economic planning to public governance planning in order to strategically coordinate macroeconomic and fiscal policies (Hu 2013). The 12<sup>th</sup> Five Year Plan in particular focuses on encouraging domestic consumption, developing the service sector of the Chinese economy and shifting towards more high-value manufacturing as well as energy conservation and environment protection (Casey

and Koleski 2011, p. 1). Generally, the principles of Chinese Communism, strategies for economic development and growth targets form an essential part of each plan.

**Figure 6: Key targets of Europe 2020 and the 12<sup>th</sup> Five Year Plan**

The Europe 2020 Agenda (2010 - 2020)	The 12th Five Year Plan (2011 – 2015)
<p><u>Main Targets:</u></p> <ol style="list-style-type: none"> <li>1. Raise employment from 69% to 75% amongst 20-64 year old citizens</li> <li>2. Invest 3% of GDP in Research and Development</li> <li>3. Reduce greenhouse gas emissions by 20%, increase renewable energy consumption by 20% and achieve 20% energy efficiency</li> <li>4. Reduce share of early school leavers from 15% to 10%</li> <li>5. Reduce European citizens living below national poverty line by 20%</li> </ol>	<p><u>Economic Targets:</u></p> <ol style="list-style-type: none"> <li>1. Annual GDP growth of 7%</li> <li>2. Increase urbanization from 47.5% to 51.5 %</li> <li>3. Increase GDP contribution of the service sector by 4%</li> <li>4. Invest 2.2% of GDP in Research and Development</li> <li>5. Annual Inflation of maximum 4%</li> </ol> <p><u>Non-Economic Targets:</u></p> <ol style="list-style-type: none"> <li>1. 11.4% usage of non-fossil fuel</li> <li>2. Reduce energy use per unit of GDP by 16%</li> <li>3. Reduce greenhouse gas emissions per unit of GDP by 17%</li> <li>4. Reforestation of 21.66%</li> <li>5. Reduce Carbon dioxide and sulfur dioxide pollution by 8% each</li> </ol>
<p>Sources:</p> <ol style="list-style-type: none"> <li>1. Europe 2020 – A strategy for smart, sustainable and inclusive growth</li> <li>2. National People’s Congress (2011)</li> </ol>	

The targets of both initiatives are summarized in figure 6, which immediately illustrates that the EU and the PRC have three common goals. Both want to invest in research and development, reduce greenhouse gas emissions and improve their energy consumption. No article in any of the EU-China 2020 headlines deals specifically with research and development investments as a percentage of GDP. However, ten articles propose joint research programs on, among others, maritime safety and security, agriculture, urbanization, health, renewable energy and regional development. Overall, these projects are business-oriented and aim at producing “win-win” situations by “[collaborating] in fields of strategic interests”(EU-China 2020, p. 9 Art. 2, p. 4 Art. 12; p. 8 Art. 1 & 3; p. 9 Art. 1,3 & 5; p. 12 Art. 6; p. 13 Art. 11, p. 13 Art. 1). Regarding the second common target, a reduction in greenhouse gas emissions, the agenda specifically aims to “reduce global greenhouse gas emissions below 2C above pre-industrial level”

(EU-China 2020, p.12). This target is consistent with the 2009 Copenhagen Accord of the UN Framework Convention on Climate Change. More specifically, EU-China 2020 calls for the development of China's emissions trading market to control greenhouse gas emissions. The third common target, energy, loosely outlines cooperative objectives on energy security, low-carbon energy technology and policy standardization in EU-China 2020.

Apart from the common targets, some EU 2020 targets are not mentioned in the common agenda while Chinese targets all have specific articles or whole sub-sections dedicated to them. Target 1, 4 and 5 of Europe 2020 are not mentioned at all with the exception of the objective to reinforce a dialogue on full and quality employment between the EU and China (EU-China 2020, p. 13). Meanwhile, urbanization, non-fossil fuel usage and reforestation, can be found in EU-China 2020 and the 12<sup>th</sup> Five Year Plan. This observation can be explained by two factors. Firstly, the initial intentions of these national strategies are completely different in the PRC and the EU. On the one hand, the Europe 2020 strategy has to a large extent been taken over from the 2000 Lisbon agenda. It advocates competitiveness, growth, social cohesion and economic convergence in Europe. To a large extent, success depends upon the internal EU structure and economic policy coordination between member states, especially given the ongoing Eurozone debt crisis (Renda 2014) (Hacker and Van Treek 2010). It is therefore not a surprise that the EU-China 2020 agenda only has research and development, climate and energy issues in common with Europe 2020 because unemployment, education and poverty reduction are issues where cooperation with China can achieve only little. Secondly, Europe 2020 and the 12<sup>th</sup> Five Year Plan have diverging and very short-term implementation frames. When EU-China 2020 was issued in November 2013, Europe 2020 was already 3 years old. As the PRC government will draft the 13<sup>th</sup> Five Year Plan in March 2016, it remains uncertain how its goals will represent the EU-China 2020 Agenda. Therefore, even if there are common objectives, to what extent these contribute to the success of the respective national development strategies is highly questionable because of the limited time period.

Furthermore, it can be observed that the focus of the three common objectives in EU-China 2020 (investment in research and development, reduction in greenhouse gas

emissions and energy) mostly have an underlying economic motivation. The proposed scientific research projects are meant to facilitate business interests. For example, the control of greenhouse gas emissions is meant to be supported by an “emissions trading market and use of market mechanisms in addressing climate change”(EU-China 2020, p. 12). Whether market mechanisms are the most appropriate measure to tackle climate change is not part of this dissertation. However, this observation is in line with a suggestion by David Scott. Accordingly, the strategic partnership has recently become more pragmatic by focusing mainly on economic, financial and environmental issues (Scott 2014, p. 7). This is what scholars have been calling for all along: a reorientation of the EU policy from norm promotion, towards a more constructive approach, focusing on economic synergies (Men, J. 2014 p. 16) (Geeraerts, G in Christiansen et.al 2013, p. 502-503) (Godement, F. 2010 p. 9) (Wood, S. 2014, p. 253) (Fallon 2014). As a result, disputes over values on Human Rights and democracy receive less attention and are sidelined in the EU-China 2020 agenda. This development is also visible in the PRC’s overall foreign policy approach as it started to actively oppose foreign criticism of Chinese politics. For instance, during the visits of Xi Jinping to Bruges in 2014, he rejected for China to simply copy the development of other (western) countries<sup>8</sup>. In addition, the renewed policy paper by China on the EU of 2014 specifically demands the acceptance of the One China Policy and respect for Human Rights in China. This implies greater confidence of the PRC by openly opposing European demands on changing its foreign policy norms.

In conclusion, to what extent is the newly formulated Europe-China 2020 Strategic Agenda an improvement of the EU-China strategic partnership? For the first time the EU-China 2020 Agenda identified common long-term objectives which are not determined solely by individual policy papers or annual summit statements. The EU-China strategic partnership has therefore aimed to respond more realistically to new global challenges such as the Eurozone crisis or the socioeconomic development in China. In the context of the overall development of the EU-China strategic partnership,

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8 Speech by Xi Jinping, President of the People’s Republic of China at the College of Europe in Bruges (Belgium). 1. 04.2014, accessed in April 2015, via:

[[http://www.china.org.cn/world/2014-04/04/content\\_32004856.htm](http://www.china.org.cn/world/2014-04/04/content_32004856.htm)]

this is remarkable. The EU and PRC commit to cooperate more closely in the long-term by trying to merge their on economic agendas while avoiding political disputes. Chapter one concluded that strategic partnerships usually lack purpose and definition. For this reason, scholars have been calling for a more 'comprehensive' and 'pragmatic' strategic partnership with a clear vision (Men, J. 2014 p. 16) (Geeraerts, G in Christiansen et.al 2013, p. 502-503) (Godement, F. 2010 p. 9) (Wood, S. 2014, p. 253) (Fallon 2014). The EU-China 2020 Strategic Agenda has the potential to fill this gap by providing a long-term agenda. After the 2014 EU-China summit, the EU and the PRC have "reaffirmed their commitment to comprehensively implement the EU-China 2020 Agenda" with a review due in 2015 (Commission 2014b).

However, whether EU-China 2020 can contribute successfully to the targets of Europe 2020 and the 12<sup>th</sup> Five Year Plan is doubtful. To begin with, the initial purpose of Europe 2020 and the 12<sup>th</sup> Five Year Plan is mostly domestic and both have diverging and very short time frames for to implement. Accomplishing these national objectives depends to a large extent on internal coordination and structure within China and the EU separately and not on international cooperation via the EU-China strategic partnership. Although, the EU did broaden its view towards different socioeconomic issues in the PRC through this agenda, the common targets on energy, the reduction of greenhouse gas emissions and research and development, are dominated by an economic rationale. This is largely the result of a more pragmatic focus on economic, financial and environmental issues as China is more confident to defend its own policies. The willingness of the EU to follow up and implement the results of the strategic partnership still depends to a large extent on the member states. Unfortunately, the Agenda is too young to sufficiently analyze whether its complete implementation will be achieved through the EU as it is an ongoing process. This also holds for the EU-China 2020 because, for the objectives to have an impact, member states must implement them.



### **Chapter 3: A comparative analysis of The Sino-German Partnership and the Sino-UK Partnership**

European external policy depends overall on the willingness of the member states. In that regard, bigger member states have a bigger capacity to push towards a European approach. The positions of Germany and the UK are particularly important given the formation of the 2014 Sino-German comprehensive strategic partnership and the 2014 Sino-British comprehensive strategic partnership. Hence, the third chapter approaches the second research question: *Are British and German national foreign policies vis-à-vis China competing with each other, which ultimately hamper the effectiveness of the EU-China strategic partnership?* To provide an adequate answer, this chapter will highlight one study which tried to map the attitudes of different member states. Secondly, the Sino-German and the Sino-UK partnerships will be compared in light of the recent 2014 bilateral partnerships to reveal eventual rivalries.

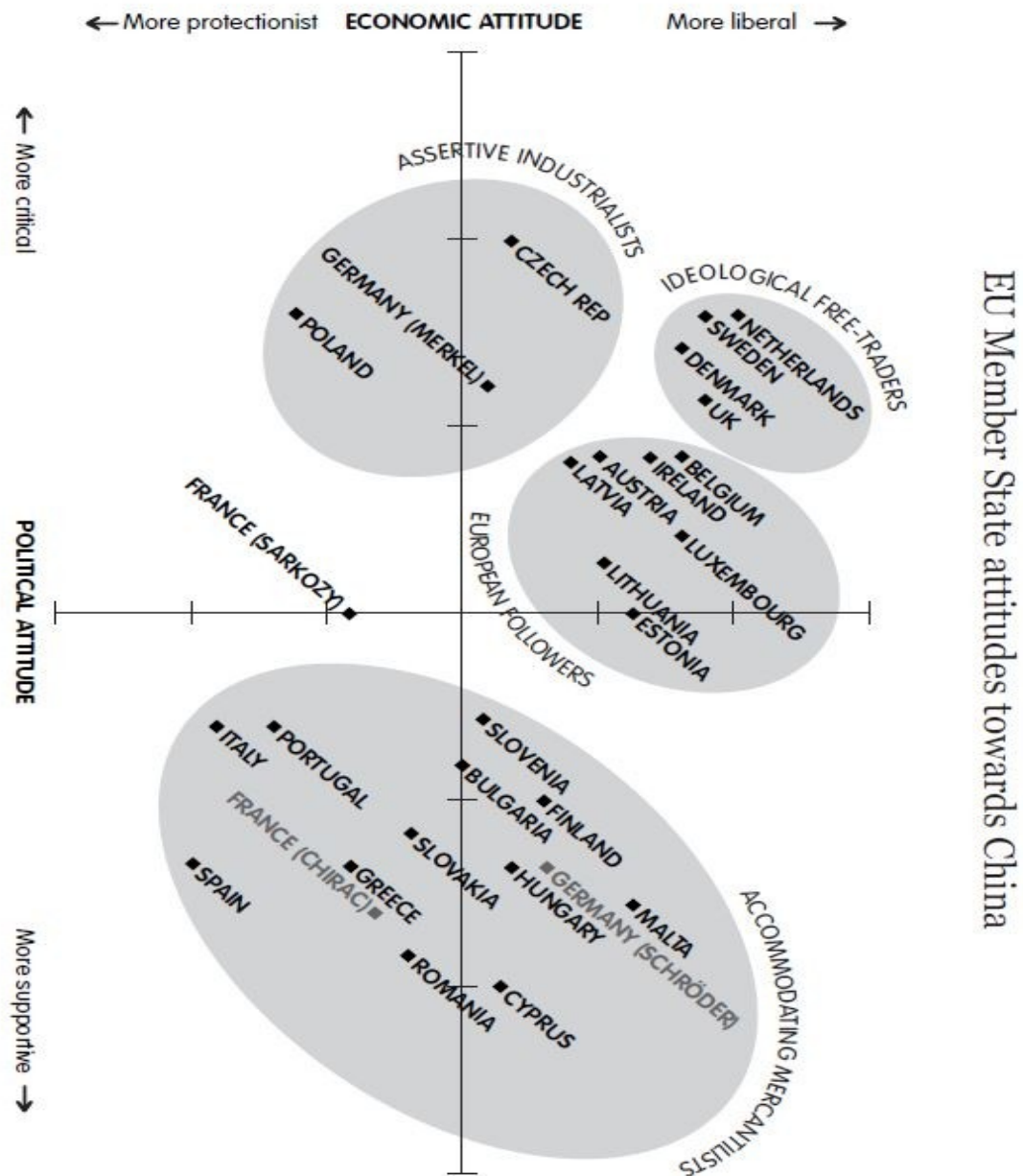
Scholars have argued before that the PRC is actually utilizing weak institutional European mechanisms for its own benefits by pitting different member states against each other through bilateral bargaining. (Jenny 2014) (Jing Men 2009) (Fox and Godement 2009). This is a problem when individual interests of member states hinder a common EU decision, such as a vote to lift the arms embargo. Yet, the fact that China is much rather engaged with individual member states was not always the case. Shaun Breslin argues that, after the end of the Cold War, China has been in favor of a strong European Community. Dealing with one, powerful supranational institution rather than different national states was more desirable (Breslin 2012). Still, recently the EU came to be known as a 'disorganized foreign actor and unreliable partner in world politics'. For this reason, together with other EU members, China has established 11 additional bilateral strategic partnerships (Shambaugh 2012, p. 90)<sup>9</sup>. Thus, member states are naturally competing for a better relationship vis-à-vis China while it is also utilizing the weak institutional European mechanisms for its own benefit. Member states should be

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<sup>9</sup> These include: Germany, the United Kingdom, France, Poland, Spain, Italy, Portugal, Czech Republic, Serbia, Greece and Denmark.

more conscious of how and on what they compete with each other economically, so that it does not prevent the formation of a more coherent EU approach towards China.

**Figure 7: Attitudes of EU member states towards the PRC**



Source: Fox and Godement (2009). p. 23.

Within the literature a few studies tried to map the attitudes of different member states towards China (Sandschneider 2002) (Holslag 2006). However, the most recent study was conducted by John Fox and Françoise Godement for the European Council of

Foreign Relations think tank in 2009 (figure 7). The study mapped different attitudes of EU member states towards the PRC. They classified member states into four broad groups based on their political attitude regarding China's Human Rights record and the economic impact of China in Europe:

1. *Assertive Industrialists*, prone to criticize China and protect their economic interests.
2. *Ideological Free-Traders*, who want Chinese imports to flow freely.
3. *Accommodating Mercantilists*, vulnerable to the economic consequences of increased trade with China and see good political relations as a prerequisite to economic goals.
4. *European Followers*, who adjust their position according to the EU.

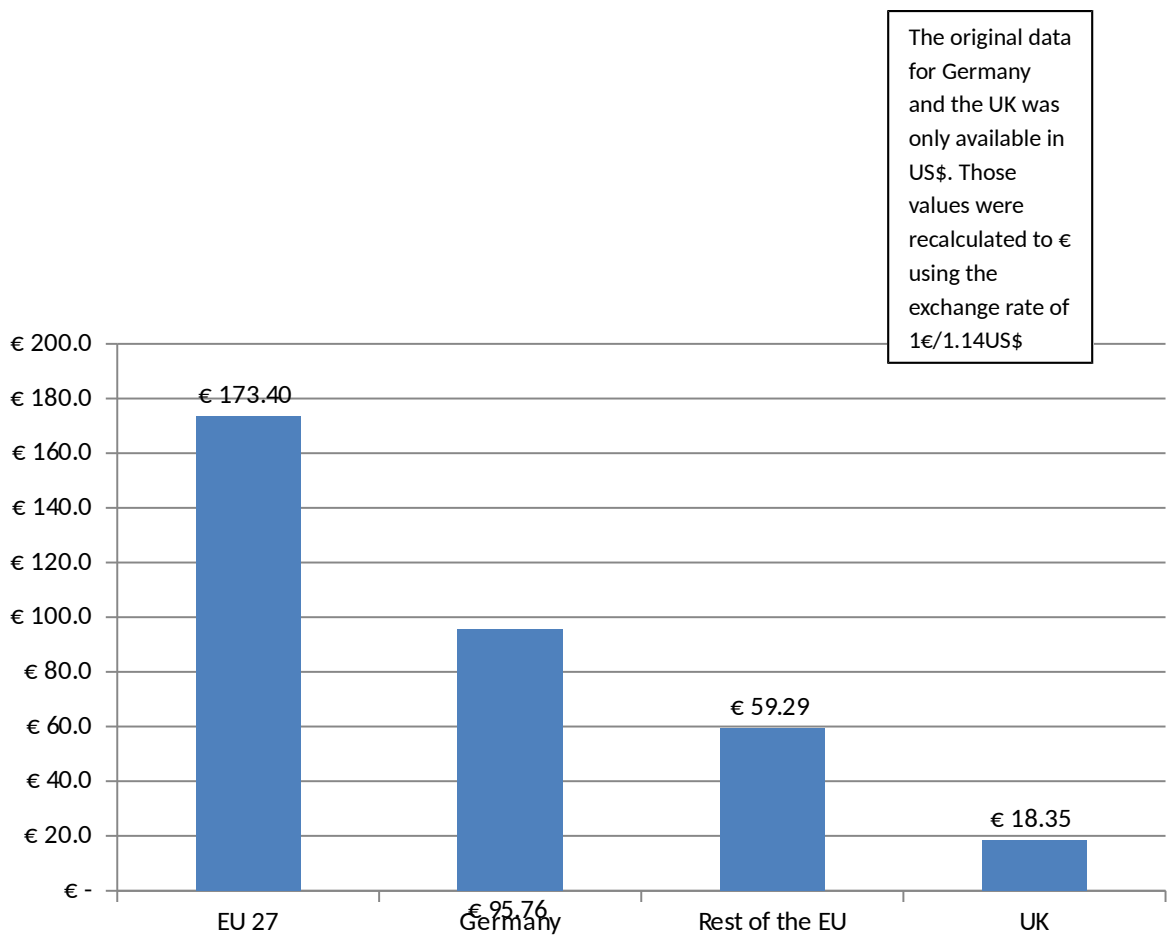
They conclude that everyone is “[undermining] each other and any serious attempt at a common EU approach fails”(Fox and Godement 2009, p. 13). The authors claim that the negligence by the ‘big three’ (Germany, France, the UK) towards a European approach as being too protectionist or too liberal undermines the position of the Commission in China as a whole. For this reason, there exists a lack of enthusiasm by the member states to develop the EU-China strategic partnership.

Taking this outcome as a starting point, the next section will take a closer look at the bilateral policies of Germany and the United Kingdom to clarify whether these two member states are likely to cooperate for a more coherent EU-China policy. In March 2014, Germany officially announced its ‘comprehensive strategic partnership’ with China which is seen as an update of the previous ‘strategic partnership in global responsibility’ from 2004. The United Kingdom has had a comparable ‘comprehensive partnership’ since 1998, after Hong Kong’s sovereignty has been successfully transferred back. Similar to the developments in Germany, the UK and the PRC updated their relationship in June 2014. Moreover, David Cameron and Angela Merkel had additional meetings with Li Keqiang in June 2014 in Beijing and during Keqiang’s trip to Europe in October 2014. During these meetings several trade deals were signed. In order to answer the second research question, it is therefore necessary to take a closer look at these new agreements. This comparison can determine the level of policy similarity on the one hand, or, pinpoint at issues where Germany and the UK have different interests vis-à-vis the PRC on the other. Thus, this section will provide a summary of Angela Merkel’s and

David Cameron's China policy approach before comparing the new 2014 partnerships. Joint statements are the best source in this case because they provide that the PRC has already agreed and a higher level of implementation is possible. This includes not only the overall statements by both governments on their respective partnership but also the additional trade deals, whose inclusion will help to determine specific business interests.

Germany was among the first member states to initiate a coherent policy approach towards China during the 1990s. However, "economic relations have [...] been at the heart of Germany's post-Cold War relations with [...] China" (Heiduk 2014a, p. 6). In 2012 Germany alone owned 55% of all EU exports to China, which amounts to 95,76 billion € (figure 8).

**Figure 8: 2012 EU exports to China (in billion €)**



Sources: Observatory of Economic Complexity (OEC) and the European Commission

In 2005, Germany's China policy seemed to have changed with the election of Angela Merkel. For the first time, she received the Dalai Lama in 2007 and criticized China openly in national media. For example, during her famous 2006 'Mut zu kritischen Tönen' (courage to raise critical topics) interview in Beijing with German broadcaster ZDF. Accordingly, she emphasized the need to protect freedom of religion, intellectual property rights and Human Rights<sup>10</sup>.

These observations led to the assumption that Merkel puts an emphasis on non-economic and ethical issues in the German-China partnership because her critical rhetoric was in line with German public discourse. It portrayed an overly negative image of China as a threat. A discourse analysis study of China's portrayal in German media in 2008 by the Heinrich Böll Stiftung reveals that, the PRC's image at the time was either that of an 'history-rich' and 'exotic' foreign country or a "threatening adversary to our social order" (Richter and Gebauer 2011, p. 2-3).

However, Felix Heiduk concluded that Merkel's rhetoric of a more norm focused foreign policy vis-à-vis China does not translate into actual policies. "One-fifth of the time that Merkel describes Germany's China policy is spent on stressing the need to incorporate Human Rights aspects [...but] these remarks are primarily directed at Merkel's domestic audience [...] rather than being an indicator of a value-driven [policy]" (Heiduk 2014b, p. 129). By analyzing speeches and behavior of Angela Merkel, Heiduk suggests that under her chancellorship China is an economic partner to Germany rather than a target of norm driven foreign policy. Normative differences are voiced if necessary in a national context but are not an obstacle for a German-China strategic partnership and remain symbolic. Unsurprisingly, Germany's export-driven economy holds a lot of potential on the Chinese market. Contrary to Merkel's own statements during her early days, she sees China as "a key partner, an economic powerhouse with central importance to the German economy and with rising influence in the international system" (Heiduk 2014b, p. 130).

Meanwhile, Britain has had more difficult and much longer relations with China. The UK referred Hong Kong back to China in 1997 after their long colonial history. A year later both forged their strategic partnership. Generally, "official UK policy towards China

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<sup>10</sup> "China: Mut zu kritischen Tönen", interview with Angela Merkel, ZDF 23.05.06. For more information: [<http://www.faz.net/aktuell/politik/ausland/merkel-in-china-mut-zu-kritischen-toenen-1327483.html>]

has had two main aims: to develop commercial opportunities for UK companies and to promote 'positive' and political change in China" (Breslin 2004, p. 409). However, since the 2010 election of David Cameron, diplomatic controversies continue to cool down relations. After the 2009 execution of British citizen Akmal Shaikh in China, both countries started to pledge for the better in 2010 as they prepared to 'intensify the Sino-UK partnership'<sup>11</sup>. These efforts were soon to be disappointed as David Cameron hosted a meeting with the Dalai Lama in 2013. China immediately cancelled all planned meetings between premier Li and Cameron as well as threatened to stop trade with Britain overall (Moore 2013). The latest disagreement occurred during the 2014 Hong Kong protests. Members of the British parliament's Foreign Affairs Committee were meant to visit Hong Kong as part of an investigation 30 years after the former colony was handed back to China. Unfortunately, they were banned from entering Hong Kong as they were about to meet pro-democracy activists (Wright and Legge 2014). Other than with Germany, the PRC is particularly sensitive if the UK is commenting on their core national interests because of their colonial history.

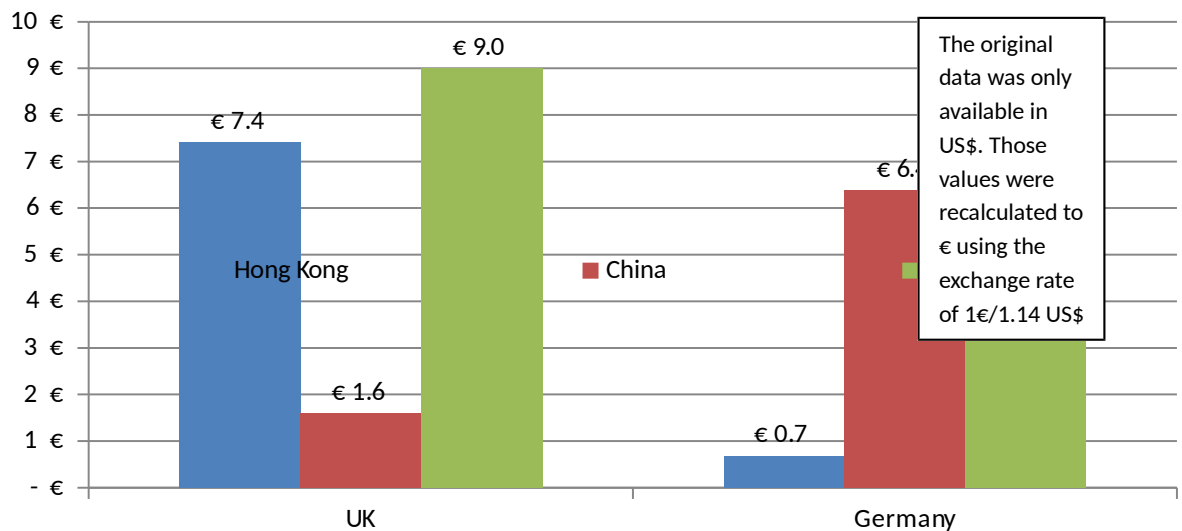
Interestingly, an assessment of the UK-China relationship by Shaun Breslin reveals that Britain's economic interests abroad are increasingly conducted by private economic actors and specialized agencies in the country. In the case of China, the China-Britain Business Council (CBBC) and the British embassy became very important actors and are crucial to conduct the UK's policies. This development is unsurprising given that UK companies have the tendency to "locate in the market and sell in that market rather than sell to that market from abroad" (Breslin 2004, p. 421). Consequently, the UK's economic relations with China differ from that of Germany because British companies favor government assistance 'on location'. This explains why British exports in Figure 8 are comparatively low because if a subsidiary is established in China, there is no need to export from the UK anymore. Moreover, manufacturing in general is not a priority sector of the British economy but financial services. Figure 9 demonstrates that FDI flows are relatively high with 7.4 bn € out of 9 bn € having flown to Hong Kong in 2012 (figure 9). In

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11 Speech by Le Kequiang, Chinese Vice Premier. China-Britain Business Council Banquet. London 11.01.2011. [[http://www.gov.cn/misc/2011-01/12/content\\_1783208.htm](http://www.gov.cn/misc/2011-01/12/content_1783208.htm)] (accessed in January 2015)

contrast to Germany, Britain has a traditionally strong financial service sector while economic policies are mainly conducted by agencies and private actors in China. At the same time, David Cameron and his government vividly expressed their opinion on political issues which directly provoked the Chinese leadership and lead to political scandals.

**Figure 9: 2012 outward FDI flows to China and Hong Kong (in billion €)**



Source: OECD Stat Extracts 2012

The developments of Germany's and Britain's strategic partnerships happened almost simultaneously but Merkel's and Cameron's different leadership styles had an impact on their success. Nonetheless, comparing the 2014 updates of their respective partnerships reveal how similar German and British national interests actually are despite the difference in leadership of Cameron and Merkel. Only a few key issues diverge between the two vis-à-vis China.

Figure 10 compares all major topics of the joint statements of 2014 between the PRC and either Germany or the UK. Both EU members share 9 similar policy approaches ranging from cooperation in the UN over the importance of the EU-China strategic

partnership to the promotion of cultural education and climate change. Meanwhile, three policy differences can be observed. To begin with, the comparison reveals that Germany enjoys a ‘trusting’ relationship with the PRC while the relationship with the UK is still in ‘development’. This observation is unsurprising, due to Merkel’s and Cameron’s policy and behavior. The former as polite and not officially challenging China’s while the latter openly opposes Chinese views. Given Germany’s role in the Eurozone crisis, other scholars have claimed before that it has a ‘special’ relationship with the PRC which other member states still lack. Particularly, the perception that Germany is “the most powerful member in the EU [...] having a stronger ‘real economy’ [...] than other member states, such as the United Kingdom that has largely abandoned manufacturing” (Kudani and Parello-Plesner 2012, p. 2).

**Figure 10: Summarized comparison between the Joint Declarations**

The 2014 Sino-German Comprehensive Strategic Partnership (Joint Declaration)	The 2014 Sino-UK Comprehensive Strategic Partnership (Joint Statement)
<b><i>Similarities:</i></b>	
<ol style="list-style-type: none"> <li>1. Closer cooperation in the UN and the G20 with a focus on Ukraine, Afghanistan, Syria and Iran’s nuclear program</li> <li>2. Recognition of the One China Policy</li> <li>3. Importance of the EU-China strategic partnership, particularly the EU-China 2020 Agenda, the proposed EU-China Investment agreement and a possible Free Trade Agreement.</li> <li>4. Climate change and environment efforts to reduce carbon dioxide levels, control pollution,</li> <li>5. Promotion of Cultural Exchanges and language education</li> <li>6. Commitment to an open and global economy via the WTO framework</li> <li>7. Establishment of a Renminbi (RMB) clearing in Frankfurt and London</li> <li>8. Commitment to Human Rights based on mutual respect for one another</li> <li>9. Support for economic reforms in China via Germany making China CeBIT(the world’s largest computer fair) Partner 2015 and the UK establishing an Scientific Innovation Fund.</li> </ol>	
<b><i>Differences:</i></b>	<b><i>Differences:</i></b>
<p><b>1. A ‘trusting’ relationship:</b></p> <p>Germany and China are long-term strategic partners based on political trust which is deepened by over 60 permanent dialogue and cooperation formats.</p>	<p><b>1. A ‘developing’ relationship:</b></p> <p>The UK and China agree to increase high-level visits to guide the development of bilateral relations.</p>



<p><b>2. Finance and Investment:</b></p> <p>Jointly coordinate responsible financial and fiscal policies, which contribute to reform the international monetary system.</p>	<p><b>2. Finance and Investment:</b></p> <p>Continued Chinese investment in infrastructure.</p> <p>Energy collaboration for China to build and invest in new nuclear energy plants, and offshore wind power plants in Britain.</p> <p>Substantive cooperation between the UK and China regarding rail.</p> <p>Encourage two way investment.</p>
<p><b>3. Economy and Trade</b></p> <p>Resolve anti-dumping and anti-subsidy disputes and cooperation on product safety and standardization.</p> <p>Intensify comprehensive economic relations and equal fair treatment to German and Chinese businesses (specifically in public procurement and market access).</p> <p>New bilateral double taxation agreement.</p>	<p><b>3. Economy and Trade</b></p> <p>Continue and deepen cooperation in the promotion of free trade, specifically strengthen cooperation on the China (Shanghai) free trade zone.</p> <p>Facilitate high-tech trade.</p>

Regardless whether the PRC favors one member state over the other, a stronger European partnership instead of bilateral agreements can lessen the importance of individual relations. Therefore, according to the joint statements, the biggest two inconsistencies between the UK and Germany which have the potential to create obstacles for an EU-wide policy, occur on finance and investment issues on the one hand, and the economy and trade issues on the other. Firstly, collaboration on finance and investment is phrased very broadly by Germany. Together with the PRC it agreed to contribute to reform the international monetary system with their national fiscal policies. Presumably, China was very keen on these issues as it is one of their main national interests to create a more level playing field in international financial institutions, especially the IMF. Yet, Germany's strategic partnership does not particularly focus on specific investment projects as does the UK. Britain emphasizes investment projects on infrastructure and energy. More specifically, these include Chinese plans to invest and build a nuclear power plant at Hinckley Point in Somerset (UK) in order to fulfill 'climate change obligations' (World Nuclear News)<sup>12</sup>. In addition, continued infrastructure investments, such as a 10% share in Heathrow Airport or the £800 mn investment in

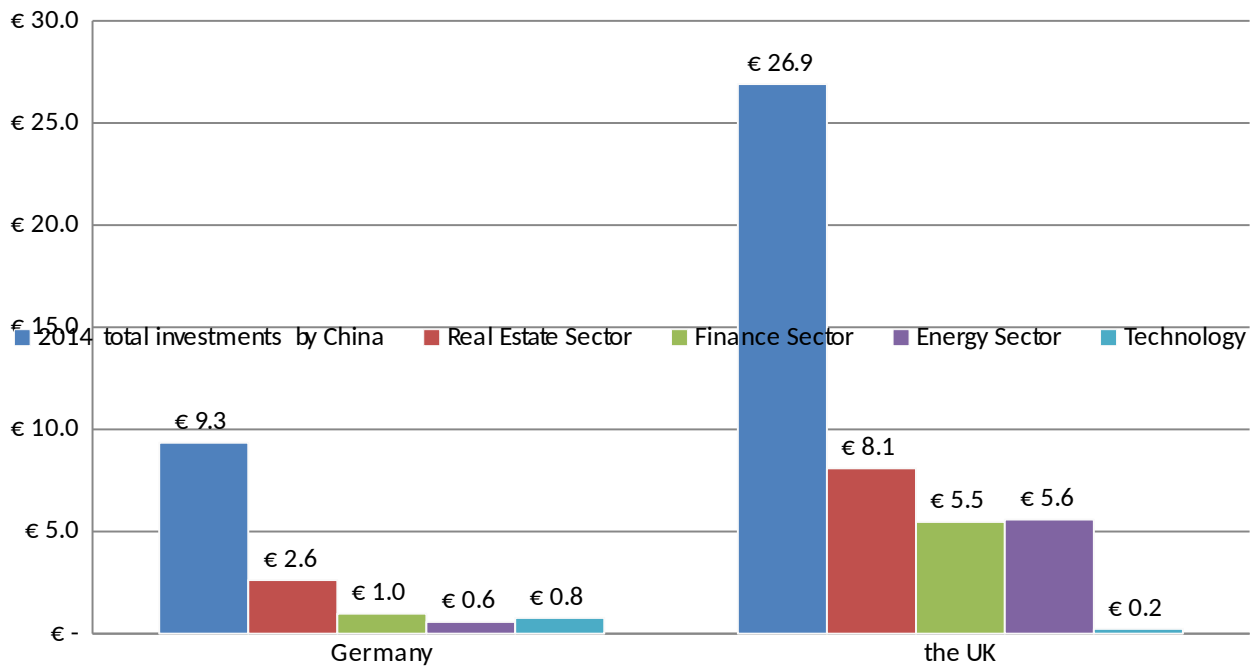
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12 The debate about how investments in a nuclear plant are appropriate to foster climate change obligations has been avoided deliberately because that is beyond the scope of this work.

Manchester Airport (Plimmer and Hornby 2014). Lastly, ‘cooperation regarding rail’ most likely refers to plans to get Chinese investors involved in a high speed rail project, aiming to connect London, Birmingham and Manchester (Hughes 2014). Moreover, Britain was the number one target of Chinese investments to Europe in 2014 worth 26.9 bn € (figure 11). Thus, because of the fact that the British economy has a much bigger financial sector and is recipient of the largest share of Chinese investments, this specific focus on investments is not surprising.

**Figure 11: 2014 Chinese investments (in billion €)<sup>13</sup>**

The original data was only available in US\$. Those values were recalculated to € using the exchange rate of 1€/1.14US\$



Source: The Heritage Foundation

<sup>13</sup>The China Global Investment Tracker of the The Heritage Foundation is a publicly available dataset of large Chinese investments and contracts worldwide (excluding bonds). It does not resemble sole FDI flows.

Given the specific focus of Britain on investments, it is important to understand why sovereign governments are competing for them and not individual businesses under free market conditions. Generally, Chinese outward foreign direct investment (OFDI) can be categorized by the different motives it has. For example, OFDI can be characterized as 'resource-seeking', to secure the supply of natural resources and fossil fuels (Taylor 2002). Other uses of OFDI are to obtain new markets or to acquire important strategic assets, such as new technology (Wang et. al. 2011). In order to determine the level of competition for Chinese investments between different states, it is therefore important to realize what purpose is ascribed to them in the first place. If Chinese investors are seeking new automobile technology and acquire strategic assets, or, if Chinese investors want to establish themselves on the British energy market should be answered first. Chinese investments have different motives and depend on the extent to which certain economic sectors can satisfy that. The notion that Germany and Britain, as sovereign member states of the EU in a liberal market economy are competing for Chinese investments, stems from the fact that bigger companies in China remain state-owned. Wang (et. al) and Robins found out that government support from the PRC as well as state-owned enterprises, financed by state-owned financial institutions, are usually more likely to engage in big OFDI initiatives (Robins 2011) (Wang et. al. 2011). Therefore, it is easier to secure big investment and trade deals in government consultations rather than between private companies. Chinese investments do depend on the negotiation skills of the current government in Britain and Germany but, the economic motive China attaches to its investment is just as important. Accordingly, figure 11 reveals that the total of 26,9 bn € in Chinese investments to the UK were mostly dedicated to the real estate sector, the energy sector and the infrastructure sector. At the same time, Germany received, overall, more investment in technology than Britain. This illustrates that, in addition to the government's ability to negotiate, the purpose of investments are different in both countries because China is seeking technology in Germany but wants to establish itself in several economic sectors in Britain, such as energy and real estate.

The second difference between Germany and Britain in the joint declarations relates to economy and trade. Other than with investments, Germany gets very specific

and Britain keeps it very broad. The PRC and Germany signed a new bilateral double taxation agreement, which aims to prevent double taxation and prevent additional barriers to trade in either country as of January 2015. Moreover, Germany is focusing on anti-dumping/subsidy disputes, standardization and 'equal and fair treatment to German and Chinese businesses'. This relates to trade and market access barriers for German companies due to government procurement in China. This development, and the taxation agreement in particular, put the German economy in a more competitive market position as other European members. Less taxes have to be paid in Germany as double taxation is avoided which means that conducting business is cheaper. A more deregulated German economy provides it with a comparative advantage next to other EU members. On the other hand, the UK wants to promote the Shanghai Free Trade Area as well as facilitate high-tech trade. As was suggested by Shaun Breslin, the UK's businesses rather set up a joint venture in China itself than export because the manufacturing sector in Britain is comparatively small. Hence, supporting the Shanghai Free Trade Area is a general stance for a more liberal economy in China. It came into existence in 2013 as a less regulated "testing ground for economic reforms in the country" (Deutsche Welle 2013).

Furthermore, the German and British agreements on trade in the comprehensive strategic partnerships were complementary to additional specific trade deals. Throughout 2014, Germany negotiated at least nine impactful trade deals with the Chinese government. The focus lies upon supporting manufacturing, specifically in the automobile industry and telecommunications. The UK on the other hand, negotiated four important trade deals focusing on energy, investment and security. All of the deals are summarized in figure 12. It demonstrates that Germany has by far outnumbered the UK in terms of trade deals. Yet, Germany is the only EU member which has established broad government-to-government consultations with the PRC with the complete German and Chinese cabinet. Hence, it might have been easier to negotiate those deals in the first place. The trade deals of the UK are largely intended to establish ventures in the UK itself whereas German deals are focusing on cooperation between German companies and China in manufacturing and telecommunications. Overall the trade deals are

intended for completely different economic sectors and have a different purpose in Germany and the UK.

**Figure 12: Major trade deals in Germany and the UK with China in 2014**

**Germany**

**United Kingdom**

<ol style="list-style-type: none"> <li>1. NDRC (Chinese) orders A320 airplanes from Airbus (German)</li> <li>2. Volkswagen (German) and FAW (Chinese) extended joint venture until 2041</li> <li>3. Volkswagen and SAIC (Chinese) construct new joint testing ground in Xinjiang</li> <li>4. Daimler (German) and BAIC (Chinese) continue to invest into Benz Automotive Company in Beijing</li> <li>5. Deutsche Telekom and China Mobile cooperative venture</li> <li>6. AVIC Electromechanical Systems (Chinese) buys Hilite International Inc. (German)</li> <li>7. China Mobile supplies Nokia with network equipment</li> <li>8. The Chinese city of Zhuhai will consult Siemens (German) on sustainable city planning</li> <li>9. Soccer club Schalke04 receives Wi-Fi equipment from Huawei Technologies in their soccer stadium</li> </ol>	<ol style="list-style-type: none"> <li>1. BP (British) and China National Offshore Oil Company: annual supply of 1.5 million tons of liquid gas to the UK for 20 years as of 2019</li> <li>2. China Minsheng Investment Cooperation: open a European HQ in London</li> <li>3. MAP Environmental Ltd and Z N Shine Solar: joint venture to purchase, develop, construct and manage UK solar assets</li> <li>4. China Merchant Securities opened an HQ in London</li> </ol>
<p>Source: Bundesregierung 2014b</p>	<p>Source: UK.GOV 2014</p>

This final chapter had the aim to answer the second research question: *Are British and German national foreign policies vis-à-vis China competing with each other, which ultimately hampers the effectiveness of the EU-China strategic partnership?* In summary it started by briefly recapturing earlier approaches towards mapping EU

member's attitudes vis-à-vis China. Earlier studies came to the conclusion that bigger member states have the responsibility to be the forerunners of a European approach. However, this can only happen if they align their national interests which are generally distributed into 4 broad categories: Assertive Industrialists, Ideological Free-Traders, Accommodating Mercantilists and European Followers. Given the relatively recent establishment of the 2014 Sino-German and Sino-UK partnerships, it was taken up as a comparative case to deduce issues which can lead to competition and therefore hamper the formation of a European policy.

Despite slight differences on how their relationship is formally addressed, the analysis concludes that Britain's and Germany's strategic partnerships are not opposing each other's success on paper. The different China approaches by David Cameron and Angela Merkel showed that non-economic issues are usually symbolically mentioned in a domestic setting by the latter whereas the former, by being critical on the PRC's core interests such as Human Rights and democracy, damaged relations. Further, the comparison showed two possible areas where Germany and Britain diverge. On the one hand, Germany has a lot of trade deals with China while Britain receives the most investment. In light of the EU-China strategic partnership, scholars widely uphold that member states compete for these type of Chinese investments and trade deals (Fox and Godement 2009, p. 30) (Sandschneider 2002) (Holslag 2006). Yet, comparing figure 8, 9, 11 and 12 acknowledges a gap between high investments in the UK on the one hand and high exports in Germany on the other which are dependent on different economic sectors. Scholars have disregarded the fact that Chinese investments have their own motive. It might flow into different sectors of the economy because it can have different purposes. Depending on what China wants to achieve, acquire technology or establish itself in the European market also determines where its investment and trade deals are conducted. Hence, the biggest obstacle for a more effective EU-China strategic partnership is to guarantee these sector specific interests of national businesses in Germany and the UK.

Notwithstanding these differences, what is disregarded in the literature are the numerous similarities the UK and Germany share, including a commitment to the EU. As chapter one has shown, the European policy leaves a lot of room for interpretation which

makes it easy for member states to comply with that standard. Yet, German and British commitments in their bilateral agreements do not go against what has been negotiated in the EU-China 2020 Agenda or the strategic partnership. This analysis compares only two cases among all 28 member states and it is not generalizable to other members. Therefore, institutions such as the European Parliament continue to uphold the view that “the striving of Member States to attract Chinese FDI creates the danger of a regulatory ‘race to the bottom’ with respect to tax advantages or even labor-market conditions in order to put in place the most appealing environment for Chinese investment” (European Parliament 2014, p.2). However, future research should focus on what Chinese investment and trade deals want to achieve in order to assess how different economic sectors in the member states compete with each other and China.



## Conclusion

In 2014 EU-China relations have been substantially reformed with a new comprehensive strategic partnership agreement. It is ever more important for the EU to have a coherent EU-wide policy approach towards China as it creates greater mutual benefits for all member states. With a trade volume of 428 billion€ in 2013 and annual trade growth rate of 6.8% since 2009, the PRC is one of the EU's most significant partner in trade and vice versa. Moreover, both regions could potentially impact international relations altogether by jointly challenging conventional norms and US hegemony via international institutions. Yet, various disputes have previously hampered the success of the strategic partnership. These include uncertainty within the EU to what direction the partnership should take, and, the weak institutional mechanism of annual summits with no clear objective. The goal of this dissertation was therefore, to find out what has to change in the EU strategy and member states interest accumulation and perception of China that can make the relationship more effective. Accordingly, the following research questions were addressed:

*How can the EU-China strategic partnership be more effective and constructive in foreign policy making?*

1. To what extent is the newly formulated Europe-China 2020 Strategic Agenda of 2013 an improvement of the EU-China strategic partnership?
2. Are British and German national foreign policies vis-à-vis China competing with each other, which ultimately hampers the effectiveness of the EU-China strategic partnership?

In order to give a coherent answer, the dissertation was structured into 3 chapters. Chapter one discussed the policy instrument of a strategic partnership in the EU's external policy and the overall EU-China relationship in the greater context of international relations theory. Firstly, the EU and its institutions are themselves uncertain about defining the actual policy strategy of a strategic partnership. Since the introduction of the concept by Javier Solana, support for an 'effective multilateral system' and 'joint

solutions to global problems' usually coin the term (European Commission 2006a). At the same time, a strategic partnership is a contested concept among academics where some favor its vagueness and flexibility (Grevi and Khandekar 2011) and others deem it a "mere catalogue of policy domains"(Keukeleire and Bruyninckx 2011, p. 389) (Renard 2010). As there is no clear definition, strategic partnerships create different expectations in China and the EU alike. A false rhetorical illusion of a clear plan and objective is created because the EU leaves too much space for interpretation. Since the EU does not have exclusive competences in foreign policy, it has to remain flexible to allow for policy coordination between different national foreign policies of the member states. Yet, it leaves little to no room for bargaining with the actual 'strategic partner' because a common European stance in itself is already a compromise between 28 national policies (Maihold 2010).

Secondly, based on the lack of definition of the concept of a strategic partnership and the different cultural, historical and political backgrounds of the EU and China, both can come up with completely different definitions and objectives thereof. Generally, research by Zonqui Pan showed that the EU and China have a different understanding about how they should behave in international relations. For example, the concepts of territorial integrity, sovereignty and Human Rights are defined completely differently. As for the strategic partnership, the EU and China have a varying understanding of what can be defined as 'strategic'. Moreover, China and the EU sometimes assume different roles in international relations altogether. On the one hand, China occasionally challenges conventional international norms, for example with a call to abolish the dollar as an international currency in the IMF. On the other hand, Europe is torn between internal divisions among member states or its transatlantic alliances. This makes it difficult to reach a common position, as was demonstrated by the failed 2004 vote on lifting the arms embargo.

Nevertheless, states themselves have the ability to define a concept according to their own perception. Thus, China claiming universal Human Rights to have an underlying western value and being incompatible with Chinese culture gives them a chance to avoid dealing with their Human Rights record in the first place. Therefore, if these differences are not analyzed accurately, general paradigmatic assumptions put the EU and the PRC

into a context which only aims to verify a theory rather than solve the actual problems they face in their partnership. Particularly, putting the EU in the role of 'the liberalist' and the PRC in the role of 'the realist'. Depending on the actual competences of the EU, the power of the member states and its self-perception, normative power Europe and realist power Europe can provide valuable insights on how the EU behaves in certain cases. Yet, they do not justify to label EU behavior vis-à-vis China as 'liberalist' because their complex relationship is difficult to understand within the limits of one paradigm in international relations theory. Accordingly, the lack of a proper definition and purpose of strategic partnerships as a policy tool reinforces certain universal theories in international relations that ascribe general attributions to them which might not fit the context properly.

Chapter two looked at the development of the EU and China as strategic partners and analyzed the EU-China 2020 agenda and its potential to provide the EU-China strategic partnership with a more comprehensive and long-term agenda. In 2003 the official EU-China strategic partnership was established by the Commission, who introduced their approach in a new policy paper which was later confirmed by Wen Jiabao in 2004. Within 4 years the EU-China trade deficit grew from 64.7bn € in 2003 to 131.1 bn € in 2006 (figure 4). Disputes arose, ranging from anti-dumping disputes, a renegotiation of the arms embargo to the issue of difficult market access for European companies on the Chinese market. These disputes were meant to be addressed by the 2006 Commission policy paper in addition to the vastly growing trade deficit.

In 2015, after more than eight years since the last coherent policy update by the Commission, new developments have to be taken into account when the EU is considering to revise its approach towards the PRC. Firstly, after the PRC entered the WTO in 2001, it was commonly anticipated that its economic liberalization will continue. However, China itself saw entrance to the WTO as the final goal and not the starting point of opening its market. Thus, western countries continue to be concerned about China's Human Rights record and the sovereignty of Taiwan and Tibet because little development has been made. As the PRC defines these core national interests with a 'cordon sanitaire', western outsiders are not allowed to influence. Nonetheless, Chinese civil society is changing. This was illustrated examining recent developments in China and

Europe alike. In particular, the growing numbers of NGOs on socioeconomic issues in China as well as Xi Jinping's anti-corruption campaign were highlighted. Despite valid criticism, there is an ongoing and lively debate in China about how it should develop and what measures it should take to reform, which should receive more recognition from the EU. Further, the ongoing Eurozone debt crisis continues to be a concern for China and the EU alike. The slowdown in consumer demand has also led to fewer imports from China to Europe. For this reason, China contributed financial investments to the European Stability Mechanism via the IMF. Fears on a 'scramble for Europe', where China buys up private shares and government bonds are over-exaggerated.

In light of these newly arisen challenges, the EU and China both updated their relationship in 2013 with the EU-China 2020 agenda. It serves as a long-term strategy for the strategic partnership to support the combined goals of the Europe 2020 agenda and the 12<sup>th</sup> Five Year Plan and is meant to be implemented via the annual EU-China summits. The agenda has 4 general headlines: peace and security, prosperity, sustainable development and people-to-people exchanges (figure 6). Each comprise a vast majority of subthemes whose success can be debated in its own terms in future research. To judge whether the agenda improves the strategic partnership by giving it a long-term guideline, the chapter looked at how EU-China 2020 reinforced the national objectives as formulated in Europe 2020 and the 12<sup>th</sup> Five Year Plan.

The comparison showed three commonalities: investment in research and development, reduction in greenhouse gases, and, improvement of energy consumption. In these areas, objectives in EU-China 2020 enforce the national agendas. However, projects mainly facilitate business interests. Whether these are adequate to tackle climate change, research and development as well as energy issues should be debated in further research. Still, a more pragmatic, business-oriented rational is a general trend in EU-China relations altogether. As of recently, China became more confident to defend its core national interests and openly rejects to solely copy the development of other (western) countries which led to a shift on pragmatic economic and business interests. Besides these commonalities, the EU-China 2020 agenda will most likely not have a significant impact in tackling the domestic problems which Europe 2020 was meant to address. It is a European plan which advocates competitiveness, growth, social cohesion

and economic convergence in Europe, all of which mostly depend upon internal coordination between member states and not upon trade with China. Moreover, the 12<sup>th</sup> Five Year Plan is meant to be implemented by 2015, which decreases the impact of EU-China 2020 on the PRC's agenda given the short time frame. Despite these setbacks, the EU-China 2020 is a step forward as it presents a long-term agenda which can give the strategic partnership more coherence and it adheres to calls by scholars who want to make the partnership more constructive by focusing on economic cooperation. As a result, in EU-China 2020 political disputes are sidelined while partners focus on economic issues instead.

Chapter three focused on a specific case study between Germany and the UK in order to determine the level of competition between these two member states. According to a 2009 study by John Fox and Françoise Godement, the reason why member states cannot agree on one common EU China approach are differences between member states attitudes in addition to the negligence by bigger member state to facilitate a common EU approach. Thus, the formation of the 2014 Sino-German comprehensive strategic partnership and the 2014 Sino-British comprehensive strategic partnership provides a unique chance to compare the updated national China policies of two bigger member states. Overall, the different China approaches by David Cameron and Angela Merkel show that the former had a much more critical attitude towards China whereas the latter addressed non-economic issues rather symbolically to a domestic audience. The comparison between the different policies showed two possible areas where Germany and Britain diverge, namely investments and trade deals. A gap between high investments in the UK and high exports in Germany on the other depend upon the structure of the economy as well as the initial intention of Chinese investors and business owners. Scholars and European Institutions uphold that EU members are competing for these types of deals and investments which prevent a more coherent EU policy. However, the comparison showed that Germany and the UK do not challenge each other with their bilateral partnerships and do not go what has been negotiated at the European level. Both share more commonalities in their statements than they oppose each other.

In conclusion: *How can the EU-China strategic partnership be more effective and constructive in foreign policy making?* Until recently, scholars have been criticizing the

strategic partnerships incomplete nature and lack of clear strategy. Calls to “downplay [the] political-strategic rhetoric [in the EU-China relationship] and instead work towards more pragmatic immediate short-term ongoing dialogues” (Scott 2014 p. 31) and to take a more realistic and constructive approach in their relationship were common (Men 2014 p. 16) (Geeraerts, G in Christiansen et.al 2013, p. 502-503) (Godement 2010 p. 9) (Wood 2014 p. 253) (Ludlow 2007). This dissertation partly disagrees with this proposition. The EU itself cannot develop a coherent external policy if it is not given the competence to do so by the member states. Therefore, the EU-China strategic partnership has the potential to be a guideline to member states own national policies, especially as it leaves enough room to interpret individual interests into the EU’s partnerships. However, empty phrases such as ‘effective multilateral system’ and ‘joint solutions to global problems’ leave too much room for the member states as well as the PRC because both interpret and perceive differently. Therefore, the EU and PRC have to jointly come up with a common vocabulary upon which they define the outlines and concepts their partnership is based on in the long term. This especially holds in the field of territorial integrity, effective multilateralism or development assistance. At the same time, it has to be recognized that the partnership has come a long way since its establishment in 2003 and, besides several controversies, recent developments such as the EU-China 2020 agenda and the upcoming investment agreement demonstrate renewed efforts to strengthen cooperation between the two partners. The common trend has been to sideline political issues and to deal with primarily, more popular and fruitful economic cooperation. As scholars have been calling for a more pragmatic partnership and the PRC itself has become more confident to defend its core interests internationally, this observation is not surprising. However, rather than limiting EU policies on the “cordon sanitaire” of Chinese national interests, the EU should include upcoming challenges such as newly arisen socioeconomic issues China faces. If the debate is to be moved forward in future research, a better understanding of all member states interests and fears in cooperating with China needs to be developed in addition to a common EU-China vocabulary.

In the introduction, it was made clear that this dissertation only analyzes the strategic partnership from a European perspective. Therefore, any proposals or problems the PRC

has where not thoroughly discussed. For example, the 2003 and 2014 policy proposals on the PRC's official foreign policy, vis-a-vis the EU were deliberately left out from the discussion in Chapter 2 because the aim was to analyze how the EU's structure should develop. In addition, next to a language barrier in Chinese, including them would have been beyond the scope of this dissertation. While theories of international relations have been criticized, it was not the goal to disprove any of them, but to convince the reader that, in certain contexts, it is necessary to keep a pluralist attitude to efficiently solve the problem at hand.

EU-CHINA DIALOGUE ARCHITECTURE

SUMMIT  
(Presidents of the European Council & Commission)  
Annual

I Pillar – Political Dialogue

High-Level Strategic Dialogue  
(High Representative for Foreign Affairs & Security Policy/VP)  
Annual

Regular Contacts Between HR/VP & PRC Minister of Foreign Affairs & PRC Minister of Defence

Political Directors' Dialogue

EU-HoMs – PRC Minister of Foreign Affairs Meetings

EU-SR & Special Envoy Meetings

Political Dialogue on Asia

Human Rights Dialogue

Political Dialogue on Central Asia

Security & Defence Dialogue

Political Dialogue on Africa

Cyber Security Taskforce

Political Dialogue on Latin America

Non-Proliferation & Disarmament Dialogue

Informal Dialogue on Middle East & North Africa

II Pillar – Economic & Sectoral Dialogue

High-level Economic & Trade Dialogue  
Annual

Joint Committee  
Ministerial/Senior Officials' Meeting  
Annual

Joint Customs Cooperation Committee

Macroeconomic Dialogue

Trade & Investment Policy Dialogue

Industrial products & WTO/TBT Consultation

Industrial Sectors Dialogue & Consultation Mechanism

Economic & Trade WG

Intellectual Property Rights Dialogue/WG

Economic & Financial Dialogue

Competition Policy Dialogue

Trade Defence Instruments Best Practice WG

Market Economy Status WG

Joint Customs Cooperation Committee Steering Group

Drug Precursors Joint Follow-Up Group

High-level Transport Dialogue + Subdialogues (I-IV)

(I) Maritime Transport Agreement Implementation

(II) Aviation Relations Dialogue

(III) Urban Mobility Dialogue

(IV) Railway Working Group

Space Technology Cooperation

Innovation Cooperation Dialogue

Science & Technology Steering Committee

Nuclear Energy Cooperation Steering Committee

ICT Research Dialogue

Information Technology, Telecoms & Informatisation

Dialogue on Energy (Inc. HIME)

Declaration on Energy Security WG

Electricity Markets Dialogue

Climate Change Partnership & BCM on Climate Change

Environment Policy Dialogue

Water Platform Dialogue/WG

Cooperation Mechanism on Forests

Sustainable Tourism Dialogue

Urbanisation Partnership

Agriculture Dialogue

Integrated Approach to Ocean Management

Fisheries Dialogue

Regional Policy Dialogue

Migration & Mobility High Level Dialogue

Labour, Employment & Social Affairs Dialogue

Health & Safety At Work Dialogue

Health Dialogue

Employment & Social Policies Dialogue

Product Safety Dialogue

Consumer Health & Safety Consultation & Cooperation

Animal Health Cooperation MoU

Pharmaceuticals WG

Dialogue on Development

Disaster Risk Management Project (not a regular dialogue)

III Pillar – People-to-People Dialogue

High-level People-to-People Dialogue  
(Commissioner for Education, Culture, Youth and Sport)  
Biennial

Policy Dialogue on Higher Education & Vocational Training, Inc. Dialogue of Multilingualism

Policy Dialogue on Cultural Affairs

Policy Dialogue on Youth Affairs

European Economic and Social Committee

Pillars II & III  
EESC-China Economic and Social Committee Roundtable

European Parliament

All 3 Pillars  
Delegation for Relations with the People's Republic of China

Euro Area Troika  
(Eurogroup Chair, ECB, Commissioner for Economic & Monetary Affairs)  
Pillar II

China Dialogue  
(with PRC Min. of Finance, NDRC, People's Bank of China)

December 2014  
Source: European External Action Service  
This diagram is not exhaustive. The scope, nature and number of dialogues changes regularly.



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