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CHINA ANALYSIS
PLAYING WITH EUROPE'S SOFT AGENDA

CONTENT

Strategic culture, power balances and the analysis of geopolitical shifts are long-standing Chinese obsessions. Academic institutions, think tanks, journals and web-based debate are growing in number and quality in China. They underpin the breadth and depth of Chinese foreign policies.

China Analysis introduces European audiences to the debates inside China's expert and think tank world, and helps the European policy community understand how China's leadership thinks about domestic and foreign policy issues. While freedom of expression and information remain restricted in China's media, these published sources and debates are the only available access we have to understand emerging trends within China.

China Analysis mainly draws on Chinese mainland sources, but also monitors content in Chinese-language publications from Hong Kong and Taiwan. Reports from Hong Kong and Taiwan reflect the diversity of Chinese thinking, with occasional news and analysis unpublished in the mainland.

Each issue of China Analysis in English is focused on a specific theme, and presents policy debates and options which are relevant to Europeans. A French version of China Analysis has existed since 2005, and has been widely distributed in academic and policy circles. For back issues (French and English) or excerpts, please visit www.centreasia.org. **To subscribe or unsubscribe, please send a message to chinaanalysis@centreasia.org.**

Introduction
by François Godement

EU-China relations, described in 2003 as a "strategic partnership in the making" and a "honeymoon", are growing increasingly stormy. As this issue of China Analysis goes to press, Beijing's postponement of December's EU-China Summit in Lyon has provided further evidence of the EU's sliding towards irrelevance in the eyes of China. The overall relationship lacks substance and is strained by political issues such as Tibet. Furthermore, the weakness of the EU seems to be used as a tool by China to address a strong warning to the next American administration on human rights promotion.

The Cooperation and Partnership Agreement (CPA), a traditional element of the EU's relations with like-minded countries, is highly unlikely to move ahead with China. China refuses to enact the reforms Europe requires in human rights and the rule of law, and at the same time tries to scupper any European attempt to develop a common position on Tibet. To back their argument, Chinese policy-makers assert that China should not be treated by Europeans as if it were an accession country.

The Tibet question has haunted the French EU presidency from the beginning. Although not much has been heard lately from Germany's Angela Merkel, who caught so much flak in 2007 for meeting with the Dalai Lama, the UK's Gordon Brown has shown an unprecedented willingness to accommodate Chinese views by disavowing Britain's

stance, held since 1913, on Tibetan "autonomy" and China's suzerainty rather than sovereignty. Britain's change of heart went unrewarded. The Chinese did not adopt a more open attitude towards the Dalai Lama; quite the contrary.

The sources quoted in this issue of China Analysis go a long way toward explaining why China can afford to be such a difficult partner, even as it faces a €170 billion trade surplus with Europe and benefits from a number of European cooperation programs tailored specifically to its needs. Chinese experts make no effort to hide their sometimes harsh perceptions of European weakness. Zhang Jian of CICIR, China's first geopolitical think tank, sees Europe backsliding in the wake of Ireland's "no" vote on the Lisbon Treaty. The absence of leadership, a tendency to look inward and a lack of effective international tools puts Europe in a poor position. In short, Europe is irrelevant and cannot be taken seriously.

Other analysts may pay lip service to Europe's model of governance. Wu Yikang, of Shanghai's main economic policy think tank, recognises Europe's soft power in terms of multilateralism and regionalisation. But despite this, his final conclusion is that Europe simply does not have the wherewithal to sway China when China doesn't wish to be swayed.

Zhang Hua weighs in with a more encouraging CICIR viewpoint, as he explains how China should deal with Europe's human rights clause in negotiations surrounding the CPA. He recommends signing up, because Europe has rewards ready for China – and because Europe has a very poor record of adopting sanctions against violators of the clause. Signing is almost risk-free, and China could use its compliance to bargain for European concessions in other areas. Zhang Hua goes on to say that China could water down the clause even further by limiting its implications. It should emphasise mutual consultation and arbitration before legal recourse, and stress goodwill over rigid legal standards. This argument would be more convincing, of course, if China had not stalled on its human rights dialogue with Europe over the past three years.

Finally, a lucid analysis of the potential for EU-China energy cooperation gives us an idea of what could actually be achieved in the relationship. Both powers are net energy importers with identical interests regarding energy producers, and they have enormous potential for cooperation in achieving energy efficiency and a low-carbon economy. But China's energy lobbies are powerful, and the EU's moves seem unclear. There is no single actor in Europe, like, say, the U.S. Department of Energy, that has the power to exert a strong practical influence today over Chinese policy-making.

Let us not delude ourselves. Indeed, China's leaders can react nastily when criticised over what they consider to be domestic concerns. They retain an acutely realist sense of national interest, and they conduct foreign policy on the basis of perceived strengths and weaknesses. But China is also holding up a mirror to Europeans. Europe is a work in progress, one which requires a lot more unity and effort from us.

1. Challenging Europe's soft power

by Mathieu Duchâtel

Based on:
Wu Yikang, "The soft power of the EU: an assessment of the European model of governance", *Shijie Jingji yu Zhengzhi*, n°7, July 2008, pp. 24-31.

Zhang Jian, "European unification: problems, perspectives and the international standing of the EU", *Xiandai Guoji Guanxi*, n°7, July 2008, pp. 36-41.

Will the EU be able to rely on its "soft power" to persuade China to adopt policies in line with European interests? Chinese academics respond to this crucial question with a categorical "no." Wu Yikang[1] uses a well-known early 20th century debate to make his point on Europe: Chinese values have to be at the core of the Chinese development model, but useful features from the West should be used to bolster the efficiency of the model (中体西用, *zhongti xiyong*)[2]. Although he praises the European model of governance, he denies the EU's capacity to manipulate China while noting that Beijing could actually use Europe's soft power as a means to attain its own goals. Zhang Jian[3], on the other hand, doesn't mince his words as he paints a picture of Europe in the wake of the failure of the Lisbon treaty's steadily sliding towards ever greater marginalisation in the management of international affairs.

Although the two articles differ in their perceptions of the EU's power, they do agree on one point: any attempt by the EU to promote its model abroad is bound to fail. This is because Europe commits the sin of arrogance, rooted in its long-established conviction of its civilisation's superiority (洲文明优势论, *ouzhou wenming youshi lun*). In negotiations with their partners, Europeans have a hard time concealing their unshakeable belief in the universality of their ideas. In developing countries, the backlash to this

[1] Wu Yikang is a researcher at the Institute for International Economics at the Shanghai Academy of Social Sciences.
[2] As opposed to a radical transformation of China, in line with Western norms, that would make merely superficial use of Chinese culture and history. The debate over these two approaches runs through the whole of Chinese intellectual history from the end of the Qing dynasty to the 1930s.
[3] Zhang Jian is a researcher at the Institute for European Studies, which is part of the Chinese Institute for Contemporary International Relations (CICIR) in Beijing.

heavy-handed approach is a rejection of European standards and values. This arrogance is all the more apparent when the EU indirectly interferes in the internal affairs of other countries. Wu Yikang quotes a 2006 European Council document declaring the "worldwide promotion of a European lifestyle in an age of globalisation" to be a major plank of its common foreign policy[4]. Zhang Jian argues throughout his article that the EU's view of itself as a model of good governance and regulation in international relations is in fact grounded in a superiority complex that weakens the impact of its message overseas.

Europeans have a hard time concealing their unshakeable belief in the universality of their ideas.

Chinese strategists recognise the crucial importance of soft power in international relations. They see it as a fundamental ingredient of *comprehensive national power* (綜合國力, *zonghe guoli*)[5]. This index, compiled by Chinese academics, is composed of three main elements: material capacity, attractiveness of the model, and degree of international influence. In certain international situations, soft power produces better results than coercion. Wu Yikang notes that European soft power has achieved more than European hard power in the evolution of the international system, particularly in Eastern Europe and the Balkans.

Neither author questions the proposition that the EU's soft power is real. According to Wu Yikang, the EU's soft power derives from three achievements: the EU's model of governance, regulation of strategic competition between states, and the consolidation of sovereignty through shared sovereignty. The democratic transitions in Spain, Greece and Eastern Europe, and the adoption of a market economy in these countries, demonstrate the powerful attraction of the European model. Wu Yikang observes that if the EU were to expand to include Turkey, it would acquire considerable influence over the balance of power in the Islamic world.

But for countries across the globe, and especially for China, European soft power should be seen as a common good (公共产品, *gonggong chanpin*), a toolbox of which any government might avail itself as it sees fit. From this perspective, Wu Yikang points out several things worthy of China's attention.

One of the tools in this box is at the core of European soft power: Europe's ability to build institutions capable of "resolving regional contradictions" (化解区域内各种矛盾，*huajie quyu nei gezhong maodun*) through mechanisms for assigning responsibility and profit distribution. The European model of "common governance" (共同治理, *gongtong zhili*) undermines the sovereign state and changes the nature of international relations. Europe's institutions protect the continent as a whole from domination by any of the regional powers. The territorial integrity of each state is thus protected from any conflict of interest between them, both institutionally and through the essentially interlocking nature of these interests.

Thus, Wu Yikang sees the EU as a model for regulating inter-state relations. Through sharing certain elements of sovereignty, this model ends up paradoxically consolidating the sovereignty of each of its members. Furthermore, shielded by the EU's institutions, member states can pursue strategic objectives that their own national resources would never have enabled them to attain. Also, united, Europeans are able to adopt common responses to regional and international problems that they would not be powerful enough to formulate on their own. Constructing a united Europe therefore appears to be an effective strategy to meet the challenge of ever-tougher international competition. In managing globalisation, regulating problems on a European level turns out to be more effective than governance on a global scale.

Denying that the EU is at all capable of actively promoting its model to serve its own interests — while simultaneously recognising the attractiveness of Europe — leads to the following question: can China use European influence to promote its own interests? If so, Europe's soft power, if it sways third-party states in directions favourable to China's interests, could serve as a resource for Chinese foreign policy.

It's true that the EU does defend some of the values that China itself would like to promote, including inter-state "harmony", the "democratisation of international relations" (际关系民主化, *guoji guanxi minzhu hua*), cooperation, non-zero (i.e., positive) sum games, and more just relative power arrangements.[6] The EU's defence of multilateralism quite clearly serves Chinese interests; the EU is already acting as a counterbalance to American domination (制衡, *zhiheng*). In international institutions like the WTO, the IMF and the World Bank, Europe's influence is consistent with China's desire to "democratise international relations". In a number of hotspots throughout the world, the EU is playing a positive role by promoting negotiation as a means of resolving crises. Finally, China benefits from Europe's efforts to solve the global challenges of climate change, competition for energy sources, and reconstructing the international security system.

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[4] Council of the European Union, *Revised version of the Presidency Conclusions of the Brussels European Council (15/16 June 2006)*, 17 July 2006.

[5] *Comprehensive National Power* (CNP) includes military might, economic power, territory, natural resources, social stability, governance, international influence, diplomacy, the capacity for technological innovation, and a certain level of scientific development. Using these elements, Chinese academics have created an index that measures the position of each state in the international system. Through this index they aim to model the future development of power relations according to whether a state's CNP increases or declines. Michael Pillsbury, *China Debates the Future Security Environment*, Washington DC, National Defense University Press, 2000.

[6] Yu Keping, "We must work to create an harmonious world", China Daily, 10 May 2007.

But according to Wu Yikang, we are currently going through a period of intense international competition. In contemporary global politics, the search for power is more important than a willingness to cooperate within regional or global institutions. Zhang Jian harshly condemns the EU's inability to promote its values and interests in real-world situations. He notes that although the EU has made considerable diplomatic efforts in recent years (非常活跃, *feichang huoyue*), it has produced precious few concrete results. Zhang Jian cites as examples EU policies in the Middle East, Latin America, Kosovo and Russia, as well as the Iranian nuclear question and climate change. In his view, the next few years will confirm Europe's basic weakness. At the same time, the people of Europe refuse to support either armed interventions outside of Europe or the creation of a common army. Their reasons for doing so are cultural — rooted in the appeal of soft power, as well as a contempt for traditional militaristic power after the wars of the 20th century — but nonetheless, it means that the EU is falling behind. According to Zhang Jian, Europe's pacifist tendencies rob it of the means to exercise its own soft power.

Moreover, according to Zhang Jian, the EU's attractiveness took a beating after Ireland's rejection of the modified Lisbon treaty on June 12, 2008. This shocking defeat will have a lasting effect on the Union's ability to use soft power to promote its interests, because the EU now appears to the outside world to be eroded by contradictions. Yawning gaps have suddenly appeared: between the perceptions of Europe's political elite and those of its citizens, between EU policies and the population's expectations, and between the various member states within Europe. Without a charismatic leader capable of uniting Europeans behind a common goal, and without a model guaranteeing strong economic growth, European soft power will become useless as a lever for a common foreign policy.

With Europe's weakness exposed, foreign observers could see that the EU no longer had any consensual vision of its future, and that its diplomatic energy was being consumed by internal strife (耗于内斗, *haoyu neidou*). The Common Foreign and Security Policy (CFSP) no longer appeared to be a priority for Europe's 27 member states, with the result that the EU's diplomatic ambitions "run the risk once again of amounting to no more than rhetoric." Zhang Jian asks how the EU could possibly have time to effectively deal with the economic and social challenges of globalisation while it is focused on unblocking its own decision-making processes? Under these circumstances, the EU will never be able to occupy a strong position at the negotiating table. Zhang Jian even doubts its ability to adopt an equal footing in negotiations with its partners. Why would any other state take it seriously?

Europe's power is being eroded even further by the fact that the EU is in the process of eliminating its traditional levers of foreign policy: development assistance, external trade and immigration. Slashed aid budgets, new trade barriers and tighter controls on immigrants all contribute to Europeans' inability to build a world that reflects their values and is favourable to their interests.

Compounding the problem is the fact that the EU is compromising the independence of its external policy. After the Cold War, the EU was able to wield substantial influence in world affairs as the voice of a "benevolent power" (仁爱力量, *ren'ai liliang*). Europe's positions on international questions were keenly anticipated and taken into serious consideration by many states precisely because Europe offered a real alternative to the US. But according to Zhang Jian, European foreign policy over the past few years has become much more closely aligned with American policy. If Europe no longer has anything original to say, states will do as China does and deal directly with the Americans.

The EU's diplomatic ambitions run the risk once again of amounting to no more than rhetoric.

However, Wu Yikang demonstrates that European soft power could still influence China. He recommends his government take note of Europe's experiences in pursuing certain aspects of its foreign policy. Regulating strategic competition in Asia will clearly involve a process of regionalisation, for instance, and not only to reassure China's neighbours of its intentions. Although regionalisation will constrain China, Wu Yikang points out that it will also allow the country to emerge peacefully by giving it no other options.

The European model could also help to resolve the question of Taiwan. It suggests an indirect response to Taiwanese proposals for a confederation between the island and the mainland, a response based a sharing certain elements of sovereignty. Such a move would imply Chinese acceptance of Taiwanese sovereignty, something that Beijing is refusing to countenance. But for Wu Yikang, this is more a matter of promoting unification through the dynamics of regional construction, and the end results would be stability, peaceful interaction and the development of exchanges. Regionalisation could make Taiwan less cold to the idea of unification, and Wu Yikang thinks that Taiwan could even be persuaded to accept the creation of a "Chinese community" (中华共同体, *zhonghua gongtong ti*). Europe's experience is thus helping to shape Chinese thinking on the nature of sovereignty and regional order... could the European model be creeping in after all?

2. Gaining soft power : China's post-Olympic foreign policy priority

By Mathieu Duchâtel

Based on selected articles from a special issue on "China and the World after the Olympic Games", *Xiandai Guoji Guanxi*, no. 9, September 2008, pp. 1-35:
- Li Yonghui, "Traditional wisdom and Chinese diplomacy after the Olympic Games"
- Zhu Feng, "Seek a balance between hiding our capabilities and contributing towards international order"
- Xhou Suyan, "Continue to refuse world leadership in order to rebuild a new international order"

In the early 1990s, Deng Xiaoping summed up Chinese foreign policy in just 24 characters: "Observe calmly, secure our position, cope with affairs coolly, hide our capabilities and bide our time, be good at maintaining a low profile, and never claim leadership"(冷静观察、稳住阵脚、沉着应付、韬光养晦、善于守拙、决不当头, *lengjing guancha, wenzhu zhenjiao, chenzhe yingfu, taoguang yanghui, shanyu shoutuo, buyao dangtou*). Then, in the mid-1990s he added, "make a positive contribution from time to time" (有所作为, *yousuo zuowei*). With China caught between its tendency to mask its intentions and its desire to make a bigger contribution towards the maintenance of international order, it's hard to tell which way the country's foreign policy might sway. Even today Deng's doctrine still serves as a compass guiding both China's foreign policy practitioners and those trying to analyse its direction. Should this compass be tweaked to adapt to a changing strategic environment and rapidly evolving practices within China itself?

A recent special issue of the leading strategic review *Xiandai Guoji Guanxi* focuses on exactly these questions, and its articles reveal two distinct trends. On the one hand is the desire to resist the internal forces pushing China into a more assertive role on the world stage. On the other is an attempt to use elements of traditional Chinese culture to construct a foreign policy strategy that allows China to develop its own soft power by taking two concepts as a point of departure: "peace is the most precious value" (以和为贵, *yihe weigui*), and the need for "harmony between heaven and mankind" (天人合一, *tianren heyi*).

For nearly seven years, Olympic preparations influenced every public step the Chinese government took, particularly in diplomacy. China was forced to act with restraint and to adopt a low profile in certain areas, in order not to compromise the delicate organisation of the event. But as the dust settles on the Olympics' dazzling success, isn't it appropriate to "return step by step to a more normal approach"? In Li Yonghui's[7] view, China should be wary of voices urging it to "settle accounts after the Autumn" (秋后算账, *qiuhou suanzhang*). He claims there are already those calling for a "striking act" (大动作 , *da dongzuo*) to showcase China's might. But they should be ignored, Li Yonghui argues, in order to keep China on the path of peaceful development. Decision-makers must be shielded from these negative influences, which only serve to disrupt China's projects.

But at the same time, China must confront states calling for their own "settling of accounts" (秋后讨账, *qiuhou taozhang*). Those who calculate that they provided valuable support to Beijing during the run-up to the Games will demand a certain *quid pro quo*. Others opted to defer certain matters until after the Games, such as the United States regarding its arms sales to Taiwan.[8] In this post-Olympic context, Li Yonghui and many of his peers stress that China must shoulder greater responsibility in international affairs. Yet he notes that such new responsibilities would inevitably limit the country's strategic options. China would find itself exposed to the kind of criticism of its international activity from which it has long been shielded by its own discretion and restraint. The ideal is to strike a balance between making a greater contribution and prioritising China's immediate interests.

In this new period of Chinese diplomacy, the main challenge is the increasing number of "non-traditional threats." The most significant of these is neither terrorism nor cross-border crime, but non-governmental organisations. The more globally influential China becomes, the more vulnerable Beijing is to criticism from NGOs, particularly since the Chinese government has never learnt how to communicate with them. Another threat is the mounting international pressure to take steps to combat global warming. By accepting the need to put considerable effort into making the Games ecologically friendly, China has already changed its environmental standards, and it will become increasingly difficult to reverse them. Li Yonghui cites two organisations putting environmental pressure on China: the G8 and APEC (he does not mention the EU).

In order to confront this new international pressure, Li Yonghui recommends turning to traditional wisdom, and advocates four measures in particular. First, soft power should be prioritised, and to accomplish this China must "cultivate its virtues and practice the way of the Prince" (内修其德，外行王道, *neixiu qide, waixing wangdao*) by adopting a magnanimous and irreproachable foreign policy. Second, China must borrow from its

[7] Director of the Institute of International Relations at the Foreign Languages University in Beijing.

[8] In early October 2008, the Pentagon informed Congress of a sale of arms to Taiwan worth 6 billion dollars. This package includes PAC-3 anti-missile defence systems, Apache helicopter gunships, Javelin and Harpoon missiles, and an update of the E2-T Hawkeye surveillance aircraft. The announcement of this sale had been expected since Ma Ying-jeou's inauguration in May 2008.

internationalist tradition in order to resist nationalism. Third, Beijing must not flaunt the prestige it won through the Olympic Games, and must keep in mind the dangers of arrogance (慎大忌满, 中庸适度, *shenda jiman, zhongyong shidu*). Last, environmental protection must be given priority in China's foreign policy. While Li Yonghui advocates using soft power as a response to international pressure, he also points out its advantages in terms of the international respect China would gain by cooperating with the demands of other powers. Soft power is a strategic goal in its own right, a concrete benefit worth making new sacrifices for.

The Olympic Games have clearly presented Chinese diplomacy with an unprecedented opportunity. The Games brought out national qualities previously unappreciated by the Chinese themselves (such as their ability to take on board concerns about the environment, peace, or advanced technology), and the Olympics' aftermath offers the country the chance to hold onto these qualities and develop them further. By cultivating its soft power, China "will reinforce the positive effects of the path already taken in international relations."

Zhu Feng[9] believes that in the period after the Olympic Games, every host country should use the opportunities provided by such favourable international exposure to open up a new period of positive diplomatic engagement. The West expects no less from China, and foreign commentators generally foresee two possible scenarios: new self-assertion by a China confident of its own power, or the exacerbation of Chinese nationalism. To Zhu Feng, such analyses are simply emotional reactions without rational justification. He finds them offensive, and points out how impartial the Chinese media were in their radio and TV coverage, devoting as much airtime to foreign as to Chinese medal winners. Moreover, official Chinese pronouncements constantly reiterated the message that the Games' success was a victory for the whole world, and proof that China keeps her promises to the international community.

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The striking success of the Games must lead China to rethink its overall strategy and to clearly identify which resources best serve its interests. In the past, "not claiming leadership" (不当头, *bu dangtou*) allowed China to concentrate on its own internal development, without wasting resources in pursuit of an international agenda. Keeping a low profile allowed China to minimise "the pressure towards external aid" and to attract considerable development assistance from its partners. But nowadays China has become an indispensable player on the world stage. In Zhou Suyuan's[10] opinion, "many states" would wish to see China become a counterweight to the United States in the international system. Although "assuming leadership" may be an irrational choice whose costs would outweigh its benefits, the call for strategic restraint is problematic, because China must also work to transform the international order. Zhou Suyuan presents an increasingly popular argument among Chinese strategists: that China must create conditions in which its power can grow peacefully. This implies moulding the international order in such as way as to make military adventurism impossible. Zhou Suyuan lays out the notion of a "democratisation of international relations": the international order must allow the most deserving to lead, but it must also provide enough safeguards to prevent a dictator from taking over completely.

If the development of soft power is to become a priority, Chinese foreign policy must abandon certain traditional practices. Given the current global situation, with China's relative power on the rise, it is less and less appropriate to describe it as "a developing country" or a "new great power" (新兴大国, *xinxing daguo*). For the same reason, China must stop basing its foreign policy on exploiting the contradictions of its partners, and its diplomacy must become more sophisticated. The country can no longer think that active participation in the international system is sufficient proof to its partners of its commitment to multilateralism, or of its responsibility as a stakeholder. Although it may still be too early for China to start shaping values and institutions abroad, the post-Olympic period is an ideal time to shift Chinese foreign policy towards playing a greater international role and making contributions more suited to the country's status as a global power. But as Zhu Feng remarks, it is now more important than ever for China to "hide its capabilities and bide its time". This was the philosophy espoused by Hu Jintao at Dushanbe (August 27, 2008) when the only position he took on the Russo-Georgian conflict was to call for a resolution of the issue through dialogue.[11] This evolution may be as modest as it is pragmatic, but for China it marks a real turning point.

[9] Zhu Feng lectures in the department of international relations at Beijing University.

[10] Chief editor of *Qiushi*, official journal of the Central Committee of the Chinese Communist Party.

[11] This analysis agrees with that of Huang Jing, who considers that China gained a substantial advantage in its relations with Russia by keeping its own views of the conflict opaque, and by not clearly taking sides. See Huang Jing, "Beijing's Perceptions on the Russo-Georgian Conflict: Dilemma and Choices", *China Brief*, vol. 8, issue 17, September 8th 2008.

3. The human rights clause in China-Europe negotiations

By Mathieu Duchâtel

Based on:
Zhang Hua, "The problem of the human rights clause and the China-Europe partnership agreement", *Xiandai Guoji Guanxi*, n°8, August 2008, pp. 40-47.

For the European Union, concluding a Cooperation and Partnership Agreement (CPA) with China hinges upon whether a human rights clause is included in the final text. The European Commission has made it clear that any new foreign agreement entered into by the EU will have to link the progress of economic and trade relations to a respect for human rights. Such a clause would authorise the EU to suspend the preferential treatment given to its partners in the event of a blatant human rights violation.[12] So far, China and Europe's different perspectives on human rights have delayed the signing of a CPA. But negotiations on this new framework agreement — intended to replace the 1985 economic and trade cooperation agreement — have been ongoing since early 2007[13] and it seems that these days China is prepared to be more flexible. In a recent article, Zhang Hua calls for the Chinese government to accept the human rights clause, but with enough reservations to limit its authority and to make it difficult for the EU to use it to force through civil rights reform in China. It is certainly not a coincidence that this piece appeared in China's leading strategic review, published by China's Institute of Contemporary International Relations (a think tank under the Ministry of Public Security), a few months before the planned (but now cancelled) EU-China summit in Lyon.

Zhang Hua sees in the human rights clause a potential source of serious dispute between Europe and China, more so than in the embargo on arms sales, China's market economy status, Europe's trade deficit or Chinese illegal immigration. Zhang Hua provides a historical overview of the human rights clause in European diplomacy[14], noting that it has long been an essential instrument of EU foreign policy. The clause has been added to more than fifty agreements on a wide range of subjects, signed with over 120 partners. Furthermore, although it has not yet been inserted into agreements relating to certain sectors (textiles and agricultural produce, for example), it is quite possible that in the future, the human rights clause could play a role in these types of agreements as well.

Yet the EU's human rights diplomacy cannot be compared to the brutal methods, including military interventions and embargos, of the Americans. Including a human rights clause in bilateral agreements is much easier for developing countries to accept, particularly since, as Zhang Hua reminds us, the EU does not apply a double standard to developing and developed countries. In 1997, Europe-Australia negotiations surrounding a CPA ground to a halt when Canberra refused to sign a document including the human rights clause, and both parties had to be content with a joint communiqué. Negotiations between the EU and New Zealand encountered the same roadblock in 1999. If the human rights clause is not respected, the EU reserves the right to suspend application of its agreements. This was the case with Belarus in 2001, for example, and Zimbabwe in 2002. The EU also employs a number of positive incentives to encourage respect for human rights among its partners, which, according to Zhang Hua, are even more effective than sanctions.

Another advantage of the human rights clause is that, unlike unilateral sanctions, it is consistent with the rules of international law. In respecting the freedom principle of treaties, the clause attempts to promote human rights by consensus. It thereby precludes the need to meddle in the internal affairs of sovereign states, since each state voluntarily links human rights to partnership with the EU. Zhang Hua claims that the acceptance of a human rights clause is a sign of the EU's soft power, through which Europe has created its own special identity in the international system.

There has already been considerable discussion between China and EU over the issue of human rights. In addition to the dialogue taking place during the EU-China Summits, the Asia-Europe Meeting (ASEM) and the UN Security Council, the two sides held a discourse specifically on human rights in 1996. Through the European Instrument for Democracy and Human Rights (EIDHR), the EU is able to support a number of NGOs, civil society institutions and individuals in China defending the cause of human rights. Zhang Hua believes that as the protection of these rights develops in China, the EU's influence is already being felt.

But despite increasingly diverse bilateral channels of communication, Zhang Hua acknowledges that there is still frustration in Europe over the lack of real advances on human rights in China. This explains the EU's request, at the 10th EU-China Summit in November 2007, for more substantial cooperation on this issue between the two powers; China accepted.

[12] "This commitment to human rights and a legal framework are reflected in the Union's common foreign and security policy provisions and in its development cooperation programme. Every new agreement between the EU and a third country includes a human rights clause allowing for trade benefits and development cooperation to be suspended if abuses are established." European Commission, *Europe and the World, Europe on the Move*, Brussels 2001.

[13] Zhang Hua is a Ph.D candidate in international public law at the University of Wuhan, with a particular focus on European Union law.

[14] Readers interested in this point should refer to the following expert's report: Vaughne Miller, *The Human Rights Clause in the EU's External Agreements*, research paper 4/33, House of Commons Library, 16 April 2004. www.parliament.uk/commons/lib/research/rp2004/rp04-033.pdf

When the CPA negotiations kicked off in early 2007, it became clear that bilateral relations between China and the EU faced a serious roadblock. On the one hand, growing interactions, shared projects and commercial exchanges between the two parties made an "upgrade" (级， *shengji*) of China-EU relations perfectly justified. But on the other, while Beijing regarded the human rights clause as an unacceptable intrusion into China's internal affairs, the EU had no intention of removing it. According to Zhang Hua, trying to sway the EU through rational argument, and convince it that it would be illusory to seek to have China accept the human rights clause, was a lost cause right from the start. He argues that China decided to make concessions when it realised how firm Europe was on the issue.

For China, however, accepting the human rights clause carries obvious legal risks. While the two powers had previously negotiated political and economic matters separately, a CPA is an overarching agreement that includes both under the same umbrella. This means that EU member states or the European Parliament could use this agreement to pressure the EU into squeezing human rights concessions out of China.

Yet Zhang Hua calls on China to accept the clause, with reservations (有限度地接受, *you xiandu di jieshou*), because in some respects it actually represents one of the benefits of the CPA. For one thing, signing it merely institutionalises the existing dialogue surrounding the question of human rights. Since it makes no substantive difference, it would be worthwhile for China to strengthen this dialogue as a demonstration of political goodwill towards the EU. The EU itself is also putting more emphasis on rewards for signatories of the clause than on sanctions against those who do not respect it, so signing on could in fact be advantageous for China.

> It would be difficult for Europe to apply sanctions against China even if it fails to respect the human rights clause.

Furthermore, Zhang Hua demonstrates that it would be difficult for Europe to apply sanctions against China even if it fails to respect the clause. Historically, the EU has applied sanctions only to ACP states (Africa, the Caribbean and the Pacific), primarily in response to UN Security Council resolutions. Moreover, the EU systematically gives precedence to political dialogue as a solution to human rights disputes. In promoting human rights and democracy in China, Europe's strategy has been mostly that of encouragement when progress is made.The EU is obliged to think carefully before contemplating sanctions; consultations must first be held between all European institutions and member states before such a move can even be considered. So even though Zhang Hua recognises that Europe is changing, he concludes that, in the short term, China has little to fear from sanctions.

He also points out that the human rights clause is bilateral. Therefore, China could theoretically use it as well to denounce human rights abuses in Europe, even though such a move would be unprecedented. So long as the protection of the rights of immigrants and minorities remains a problem in Europe, the clause is a legal weapon in China's hands. The EU used the argument of reciprocity to convince Mexico to sign a CPA in 1997. Therefore, the EU will most likely use the clause as the legal basis for a flexible partnership with China, doing its best to offer encouragement and rewards.

In exchange for its signature, China may well require other concessions, such as lifting the embargo on arms sales or being granted the status of a market economy. It may also be able to deflect EU pressure concerning the absence of reciprocity in China-Europe trade relations. Through a combination of diplomatic flexibility and goodwill over the question of human rights, China may succeed in consolidating its soft power, this avoiding misunderstandings and scepticism in the West over China's commitment to "peaceful emergence".

Admittedly, the human rights clause will intensify China's "legal burden" (*falü fudan*). But China can also limit such pressures, and this is the sense in which the expression "with reservations" should be understood. The key is to reject any textual references to international agreements not yet in effect, particularly the International Covenant on Civil and Political Rights, signed by China in 1998 but not yet ratified. Citing the covenant in the CPA would commit China to making important changes to its domestic laws, as would any mention of the Universal Declaration of Human Rights. According to Zhang Hua, Beijing should insist on limiting the text to the usual references to democracy, the rule of law and human rights. It should allow mention only of agreements it has already signed, the five principles of peaceful coexistence and the major principles of the UN Charter; otherwise, Europeans would be given a lever (*shouren yibing*) to exert pressure on China.

On a procedural level, Zhang Hua argues that China must insist on a point similar to article 96 of the Cotonou agreement, necessitating extensive bilateral discussions if one party fails to fulfil its obligations, and only allowing sanctions proportional to the violation. Chinese negotiators must also convince the Europeans to accept a process of arbitration. Finally, Zhang Hua writes that it is vital to release a communiqué outlining the points of commonality and contention between the two powers, stressing that encouragement is preferable to sanctions, and advocating a gradual expansion of cooperation in the area of human rights. For China, the human rights clause could thus be transformed into a declaration of goodwill.

4. Energy and climate cooperation: seeking common ground

Thibaud Voïta

Based on:
Bernice Lee, Pan Jiahua, Jiang Kejun et al, "The Interdependence of China and the European Union in terms of energy and climate security", *Shijie Jingji yu Zhengzhi*, issue 8, August 2008, pp. 24-32.

Energy and climate security are central to China-EU relations. Chinese analysts acknowledge that Europe has the technology China lacks to provide for its energy needs and to combat climate change, but the Chinese market is very highly regulated. In the name of energy security, foreign investments are heavily restricted and subject to approval, and a handful of large state enterprises enjoy a virtual monopoly in China's energy sector[15].

In this article seeking to find positive ground for the EU-China relationship, several eminent Chinese energy experts[16] stress the need for cooperation in solving the problems of energy and climate change. They advocate free trade, with government intervention limited to supporting innovation and low-emission technology. China and the EU are confronted with similar challenges regarding the climate and energy consumption, and their combined land mass alone would justify increased cooperation in fighting climate change and mitigating the risks of an energy supply shortage. But while these powers may share a common interest in energy and climate security, the two concepts do not necessarily go hand in hand. In China, energy security is still given priority over any commitment to combating climate change.

When it comes to CO_2 emissions, China might have other interests to consider. One must keep in mind that Europe buys CER (*Certified Emission Reduction*) units from China as part of its Clean Development Mechanism program. On 18 July 2007, Beijing and Brussels signed an agreement for the purchase of 873.6 million tonnes of CO_2. The European Commission estimates that the EU will face a shortfall of 2.07 to 3.27 billion tonnes of CO_2 by 2012. Therefore, China could hypothetically receive some $9.52 billion from the EU for its CERs over the next four years.

Like the EU, China is highly dependent on foreign countries for its oil supplies,[17] being the world's second biggest consumer of oil (after the United States) and its third largest importer. In 2005 China was responsible for 19% of global CO_2 emissions, a figure likely to rise to 27% by 2030. While these figures may be alarming, China's per capita emissions are three times lower than the EU's and six times lower than those of the United States. Therefore, cutting these emissions – or at least containing their growth — is in the interest of the EU and China both. Brussels and Beijing have separately committed to ambitious programs for reducing carbon emissions and making use of new energies. Bilateral cooperation programs have revolved so far around efforts to reduce energy intensity (per capita energy consumption). This has not been a question of slowing down construction of infrastructure projects like factories and buildings, but rather of improving their energy efficiency in order to minimise "carbon lock-in".[18] The authors claim that cooperation needs to be strengthened in three areas — electricity, construction and transport — for which Europe can provide support by helping to define standards and transferring technologies.

The most daunting challenge is that of electricity production; in 2030, China will consume an additional 12.6 billion KW of electricity, 70% of which will most likely come from coal. During the same period, the EU is projected to increase its production by 8.5 billion KW. This will mean new factories, each with a lifespan of 50 years, and it is crucial to limit their emissions as much as possible.

By 2020, China will have also built more housing blocks than all 15 EU member countries combined, and even now residential areas in northern China alone consume 130 million tonnes of raw coal each year. Because energy efficiency standards for buildings are much stricter in Europe than they are in China, European technology could allow for considerable energy savings in this sector, and toughening Chinese standards could mean savings of up to 45% in daily energy consumption.

Finally, in the transport sector, Europe and China are much more interdependent than they think. China sold 76,000 cars on the European market in 2006 and its exports are likely to increase with time. On the other hand, 80% of vehicles sold on the Chinese market are produced through joint ventures with foreigners. Therefore, the writers stress the importance of cooperation between the two powers in reducing transport emissions.

[15] This concerns consortia under the banner of the State-Owned Assets Supervision and Administration Commission (SASAC): for oil, see Sinopec, Petrochina, CNOOC; for coal, etc., Shenhua and China National Coal Group Corp. The other enterprises in the sector are not in a position to compete with these major consortia.

[16] This article is based on a cooperation program between the Chinese Academy of Social Sciences and Chatham House. Bernice Lee is a researcher at Chatham House (United Kingdom). Pan Jiahua is one of the leading experts on the question of climate change and a member of the Chinese Academy of Social Sciences. Jiang Kejun is a member of the prestigious Energy Research Institute.

[17] According to the European Commission, the EU is dependent on Russia for 50% of its imports. This figure should climb to 70% within 20 to 30 years. http://www.senat.fr/rap/r06-307/r06-30714.html

[18] *Carbon lock-in* describes here the length of time during which high-emitting installations will be in operation, because once an installation is up and running it is difficult to reduce its emission level.

In all three sectors, the authors argue that cooperation should focus on R&D and innovation, which means opening up access to technologies already available. More widespread use of pre-existing technologies can produce considerably more gains in energy efficiency than the perennial quest to find something more advanced. With €66 million invested in framework agreements, China and the EU are already working together, but there is still room for improvement. The two sides could promote innovation through business-friendly policies, for example, and renewable energies like solar and wind power should be clearly identified as priorities.

Liberalisation of trade between Europe and China could also accelerate the transition to a low-carbon economy. For example, the export of low energy-consuming Chinese light bulbs could allow Europeans to save energy. But China's tendency to keep tight national control over its energy market is a serious barrier to increased free-market cooperation. For example, China dictates that joint ventures in wind-powered energy production have to be at least 70% under Chinese control -- probably a violation of the rules of the World Trade Organisation.

Because of the monopoly enjoyed by China's national firms,[19] reducing emissions would require a complete institutional overhaul.[20] It would mean transforming the very structure of Chinese industry. Although they do not say so directly, the writers implicitly urge liberalisation of the energy sector in order to put an end to the blockages caused by bureaucracies and state enterprises. As for industrial energy consumption, it remains a huge problem, especially in sectors like steel that consume natural resources.[21] But this is an issue that is certainly too sensitive to be tackled head on.

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Some major players, such as the United States and Japan, have not been discussed here. However, Beijing is actively collaborating with the US Department of Energy (DoE), particularly on technical questions. From the Chinese standpoint, the question arises as to what Europe can contribute, since it does not have a centralised institution like the DoE to deal with energy questions. Energy and climate issues are of global significance, and China and the EU are not alone in having to face these problems. It seems that Europe can help China in its efforts to develop a carbon market. Europe also employes mature technologies in areas such as nuclear energy. Sooner than we expect, China might also discuss with Europe the possibility of a carbon tax, based on weight, volume and distances — something that could harm EU-China trade.[22] The potential for cooperation is huge, but underestimated in Europe.

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[19] Most energy sectors are dominated by state enterprises under the umbrella of the State-Owned Assets Supervision and Administration Commission. See Sinopec, Petrochina, CNOOC for oil; Shenhua and the China National Coal Group Corp., for coal, etc. The other enterprises in the sector are not in a position to compete with these major groups.

[20] Notable here is the absence of any mention of local governments which are often reluctant to apply measures aimed at environmental protection.

[21] Many polluting industries are supported by local governments or by lobbies representing state-owned enterprises. Such is the case with steel, for example. See Weina Li, ''Steel prices are up again'', *Caijing*, n°113, Aug. 5th 2004, p. 14 – 15.

[22] We express thanks to Prof. Hyafil for his suggestions on those points.

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