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# Qualitative Changes in the Development of the EU-China Relationships: From one-dimensional, more-limited and one-level cooperation to the all-dimensional, wide-ranging and multi-tiered Strategic Partnership

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**Summary:** EU-China Comprehensive Strategic Partnership from 2003 intensified cooperation between the EU and China and its new dimension was started ten years later (November 2013) after the adoption of “EU-China 2020 Strategic Agenda for Cooperation”. The road to this partnership and to its current developing stage was long and difficult. It highlighted a shift from one-dimensional (trade), to all-dimensional (trade, economic, political and other) from more-limited (covering a few areas) to wide-ranging (covering an extensive range of areas) and from one-level (interstate) to multi-tiered (local, interstate, supranational) cooperation. In an effort to recap almost forty years (1975–2013) of the development of EU-China relations here are this paper’s objectives: to explore the major milestones in the evolution of EU-China cooperation, briefly evaluate this cooperation in different periods, which are defined by the given milestones, and to depict its shift in depth, breadth and quality of EU-China relations. Qualitative changes in the development of the EU-China relationships and reaction of mutual governance led to the current dimension of the EU-China Comprehensive Strategic Partnership, which the authors discuss in the next writings.

**Keywords:** EU, China, Cooperation, Relationship, EU-China relations, Partnership, Comprehensive Partnership, Comprehensive Strategic Partnership

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## 1. Introduction

The emergence of China (1949) and the founding of the European Coal and Steel Community (1951), additionally European Communities (EC) – European Economic Community (EEC) and European Atomic Energy Community (1957) – did not lead by themselves to the establishment and development of mutual relations. Reality of the Cold War and “different political positions and ideological beliefs created animosity between the two sides”<sup>1</sup>. Only after the improvement of relations of Chinese-American relations in the early 70’s created conditions for the establishment of diplomatic relations between China and Member States, respectively China and the EC. EC-China bilateral cooperation did not develop quickly, not even after twenty years, i.e. until about mid 90’s. It was mainly influenced by competition between two superpowers (USA and USSR), but also the subsequent freezing of relations after Chinese political events in the first half of 1989.

The situation in the Euro-Chinese relations have changed since the mid-90s as a result of the massive economic rise of Asia and the growing interest of, by then already, the European Union (EU)<sup>2</sup> in Asia and especially China. That moment it is going through, thanks to the economic and political reforms carried out since the end of the 1970’s, a great economic boom and has established itself as a new force on the international scene. Also, the EU as a result of the remarkable development of European integration and economic power has attracted more and more interest in China. As reported by Jing Men, “China’s changes attract the EU, and the EU’s experience fascinates China”. Since the 1990’s, the mutual attraction of the two sides has brought their bilateral relationship to a new high<sup>3</sup>. Based on a strategic EU’s approach to China and China’s pragmatic approach to the EU, but also the transformation of the EU itself and China and deepening and widening cooperation were created the foundations for the development of EU-China Comprehensive Partnership, which started to be built since 1998. In 2003, this partnership developed into a Comprehensive Strategic Partnership.

Although in the text we will try to make our own definition of a Comprehensive Strategic Partnership, let us state at this point, how the Comprehensive Strategic Partnership is perceived by China and by the EU. According to the concept

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<sup>1</sup> Men, Jing. *The EU-China Strategic Partnership: Achievements and Challenges*. Policy Paper No. 12, November 2007. European Union Centre of Excellence – European Studies Centre University of Pittsburgh, p. 2.

<sup>2</sup> EU was created by the Treaty on European Union (Maastricht Treaty) in 11. 11. 1993

<sup>3</sup> Men, Jing. *The EU-China Strategic Partnership: Achievements and Challenges*, cited work, p. 1.

of Chinese premier Wen Jiabao “Comprehensive” means “all-dimensional, wide-ranging and multi-layered cooperation”. “Strategic” implies “long-term and stable” ... EU-China relations which transcend “the differences in ideology and social system”, and are “not subjected to the impacts of individual events that occur from time to time”. “Partnership” is defined as a cooperation “on an equal footing, mutually beneficial and win-win. The two sides should base themselves on mutual respect and mutual trust, endeavor to expand converging interests and seek common ground on major issues, while shelving differences on minor ones”.<sup>4</sup> The EU did not define Comprehensive Strategic Partnership explicitly, but the Commission’s Policy Paper of 2003 stated that “the EU and China share responsibilities in promoting global governance”<sup>5</sup> Both sides should work together “to safeguard and promote sustainable development, peace and stability.” The Comprehensive Strategic Partnership allows EU-Chinese relations to move forward. In many areas, there are both policy convergence and divergence between the two sides.

This paper proposes three objectives: first, to explore the major milestones in the evolution of EU-China relationship, secondly, briefly evaluate the cooperation in different periods, which are defined by the given milestones, and thirdly, to capture the shift in the depth, breadth and quality of the EU-China relations. The main milestones in the EU’s relations with China will be considered: the establishment of diplomatic relations between the parties in 1975 and the adoption of the fundamental document of the EU<sup>6</sup> in 1994, changing the relationship of the EU towards Asia. Furthermore, adoption of the first long-term strategy for developing relations with China<sup>7</sup> (1995), which initiated the path to a Comprehensive Partnership (it was decided in 1998), and accepting EU strategy<sup>8</sup> (2001), which was to inform about the status of implementation of the priorities of the Comprehensive Partnership and to develop further on this partnership. Country

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<sup>4</sup> Wen stresses importance of developing EU-China Comprehensive Strategic Partnership. People’s Daily Online, 7 May 2004. [2016-11-11] Available at: [http://english.people.com.cn/200405/07/eng20040507\\_142556.html](http://english.people.com.cn/200405/07/eng20040507_142556.html). Cited from Men, Jing. *The EU-China Strategic Partnership: Achievements and Challenges*, cited work, p. 6.

<sup>5</sup> *A maturing partnership – shared interests and challenges in EU-China relations*. Commission Policy Paper for Transmission to the Council and the European Parliament (updating the European Commission’s Communications on EU-China relations of 1998 and 2001). COM(2003) 533 final, Brussels, 10. 9. 2003.

<sup>6</sup> *Towards a New Asia Strategy*. Communication from the Commission to the Council. COM(94) 314 final, 13 July 1994.

<sup>7</sup> *A Long Term Policy for China-Europe Relations*. Communication of the Commission. COM(1995) 279/final. Brussels, 5. 7. 1995.

<sup>8</sup> EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy. Communication from the Commission to the Council and the European Parliament. COM(2001) 265 final, Brussels, 15. 5. 2001.

Strategy Paper: China 2002–2006<sup>9</sup>, which began to be implemented in 2002, reflected a shift of China from traditional developing country to a transitional economy. In 2003, both sides adopted Policy Papers,<sup>10</sup> which created the conditions for the declaration of the EU-China Comprehensive Strategic Partnership. The partnership, incorporated in these documents and in the Communication from the Commission to the Council and the European Parliament (2006)<sup>11</sup>, which objective was a Closer Strategic Partnership between the EU and China, expired in 2013. In that year an essential document was accepted which has laid the foundation for co-operation after year 2013 (until 2020) and the same document is used to govern the current cooperation between the two parties – the “EU-China 2020 Strategic Agenda for Cooperation”.<sup>12</sup> The above clearly shows the periods during which they analysed the mutual EU-China relations: 1975–1994, 1995–2002, and 2003–2013. In the end we will try to evaluate, from where the mutual cooperation had shifted and how its quality had changed.

## **2. Main milestones of the evolution EU-China relations**

### **2.1. The beginnings of relationships EEC/EC and China**

Until 1974, trade relations between the European Economic Community and the People’s Republic of China (PRC), developed on the basis of *bilateral trade agreements between Member States of the EEC and China*. Since 1974 the EC Commission has been the bearer of the common commercial policy and be responsible for States implementing trade relations, sent in November this year to China the Memorandum of readiness of the EEC to conclude a trade agreement. After the two sides in 1975 have established formal diplomatic relations, and China was accredited missions and the first Chinese ambassador by the EEC, began to be negotiated *Trade Agreement*, which entered into force in June 1978. It was a five-year preferential trade agreement, automatically renewable on an

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<sup>9</sup> *Country Strategy Paper – China 2002–2006*. Commission working document. [2016-11-11] Available at: [https://eeas.europa.eu/china/csp/02\\_06\\_en.pdf](https://eeas.europa.eu/china/csp/02_06_en.pdf).

<sup>10</sup> *A maturing partnership – shared interests and challenges in EU-China relations*, cited work; China’s EU Policy Paper. Beijing: Information Office of the State Council of the People’s Republic of China. October 2003. [2016-10-20] Available at: [http://en.people.cn/200310/13/eng20031013\\_125906.shtml](http://en.people.cn/200310/13/eng20031013_125906.shtml).

<sup>11</sup> *EU – China: Closer Partners, growing responsibilities*. Communication from the Commission to the Council and the European Parliament. Brussel, 24. 10. 2006. COM(2006) 632 final.

<sup>12</sup> *EU-China 2020 Strategic Agenda for Cooperation*. [2016-11-14] Available at: [eeas.europa.eu/china/docs/eu-china\\_2020\\_strategic\\_agenda\\_en.pdf](https://eeas.europa.eu/china/docs/eu-china_2020_strategic_agenda_en.pdf).

annual basis that both sides should accord most-favoured-nation treatment. Its part was the Joint Committee. This agreement, however, could not be considered to be too effective due to the then Chinese establishment and direction of the economy.<sup>13</sup>

EC relations with China have affected the transformation of the economic system, launched by the end of 1978, and its conditional changes of orientation of China's economic development. As a result, the (first) Agreement on Textile Trade (1979) was signed, the EEC Generalized System of Preferences (GSP) has been extended on China (1980), the First Inter-Parliamentary Meeting between Delegations of the European Parliament and of the National People's Congress of China (1980) took place and the first Science and Technological Cooperation Program has launched (1983). In 1983, there were also accredited China missions by two other communities – by the European Coal and Steel Community (ECSC) and by the European Atomic Energy Community (EURATOM) and were introduced regular Ministerial-level Meetings to discuss all aspects of EC-China relations. Also first cooperation projects in China were launched. The extensive reform program that led, among other things, to the opening of China to foreign trade, technology and investment, enabled by the end of 1984 to negotiate a new general agreement.

*Agreement on Trade and Economic Cooperation*<sup>14</sup>, which was signed in May and came into force in October 1985, was, like the previous Trade Agreement non-preferential character and was automatically renewed on a yearly basis. Nevertheless it was an open agreement, which did not exclude any form of economic cooperation within the competence of the EEC. Economic cooperation covering a range of sectors and industries, which included: industry, mining, agriculture, science and technology, energy, transport and communications and environmental protection. To fulfil the content of economic cooperation, various instruments were introduced, which include among others the realization of joint ventures, exchange of economic information, joint research, cooperation between financial institutions, technical assistance, organizing seminars and symposia, investment promotion and contacts between entrepreneurs, commercial and industrial officials and so on. The content of the agreement formed part of the program of assistance to developing countries in Asia and Latin America. To ensure compliance with the agreement it has been established at the ministerial level (European Commissioner for Trade and Chinese Minister of Commerce) Trade and Economic Joint Committee, whose task was to detect and investigate

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<sup>13</sup> EEC-China Joint Committee. European Commission. Press Releases Database. [2016-10-05] Available at: <[http://europa.eu/rapid/press-release\\_MEMO-87-3\\_en.htm](http://europa.eu/rapid/press-release_MEMO-87-3_en.htm)>.

<sup>14</sup> Agreement on Trade and Economic Cooperation between the European Economic Community and the People's Republic of China. *Official Journal* L 250, 19/9/1985, s. 0002–0007.

new possibilities for the development of trade and economic cooperation and to prepare appropriate recommendations.<sup>15</sup>

In October 1988, the Delegation of the European Commission was opened in Beijing.

During April – June 1989 there was a popular uprising at Tiananmen Square. After suppression of student protests, the relationships of the EC and China were frozen for more than one year (including the imposition of a series of sanctions, including still continuing an arms embargo). Ties were renewed “step by step” during the years 1992–1994. These steps included the launch of an Environmental dialogue and the establishment of a new bilateral Political dialogue on sensitive regional and international affairs.<sup>16</sup> Political dialogue has become the foundation for a complete normalization of relations between the newly formed European Union and China. In 1994, this form of communication was accompanied by an exchange of letters into Agreement on Trade and Economic Cooperation, which confirmed the status of China as an emerging power on the international scene. “Since then, foreign ministers, political directors and experts from both sides are closely involved in a regular and constructive political dialogue. This working mechanism helps maintain an effective and important channel of direct communication between the two sides”.<sup>17</sup>

## **2.2. The New Asian Policy of the EU and EU-China Comprehensive Partnership**

Until the mid-90’s Asia (including Japan) experienced an enormous economic upturn. Its economic potential became stronger, that has changed a proportion of economic forces in the world. Asia began to affect not only the global economy but also world politics. Bilateral relations of the European Union to the Asian countries, which although considerably increased over time, were not adequate to economic power of Asian countries and political interests of the EU on the region. Based mainly on local bonds (ASEAN, SAARC, China) and in terms of proportion of development aid and economic cooperation were very unbalanced. Economic cooperation represented only about 12% of EU’s aid for Asia.<sup>18</sup> The EU was aware that if it did not choose a more coordinated and dynamic

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<sup>15</sup> For more information, see Cihelková Eva (2003). *Vnější ekonomické vztahy Evropské unie*. 1. vyd. Praha: Press C. H. Beck, s. 508. ISBN 80-7179-804-5.

<sup>16</sup> Up until 1994, the EU’s political dialogue with China was limited to short annual meetings in the margins of the United Nation General Assembly.

<sup>17</sup> Men, Jing. *EU-China Relations: from Engagement to Marriage? EU Diplomacy Papers*, 7/2008. College of Europe, Department of EU International Relations and Diplomacy Studies.

<sup>18</sup> *Towards a New Asia Strategy*, cited work. p. 2.

approach to Asia, it would lose the opportunity to participate in the Asian rise and prosperity. European companies would therefore be deprived of part of the profits, which would weaken their competitiveness on a global scale. The EU's interest in Asia did not result only from the growing economic and political power of the continent, but also the efforts to enhance its own influence at the expense of the United States and Japan, had strengthen their relations in Asia since the late 80's under the Asia-Pacific Economic Cooperation (APEC). In July 1994, the European Council adopted a general document entitled *Towards a New Asia Strategy*<sup>19</sup>, which became the basis for a reassessment of the current EC/EU approach towards Asia. This document attempted to show the urgency of formulating the EU's approach to Asia, and encourages the development of a discussion that would lead policy-makers at national and European level to pay Asia a priority attention it deserves. It was the first joint and balanced views on relations between the EU and Asian partners. Formulated general objectives for the development of cooperation between the two sides, specified priorities for action and created an institutional base in the form of an extensive forum within which there is a consultation between European and Asian partners at political and expert level – Asia-Europe Meeting (ASEM).

As a result of the document adopted by the Commission in 1995, the first long-term strategy for the development of relations between the EU and China entitled *a Long Term Policy for China-Europe Relations*<sup>20</sup> which was dedicated to respect the long-term EU relations with China, the country with the global and regional, economic and political influence. In the Communication of the Commission underlined the importance of China for Europe and identified a number of areas of common interest, which is supposed development of closer relations. It was the political relations of constructive engagement, human rights, Hong Kong and Macao matters; in the economic relations of the booming Chinese economy, and the unique Chinese economic system, China membership of the World Trade Organisation; cooperation strategy and policy approach adapted to a changing China. Wherever there is a need for greater mutual understanding, identifying common interests and better cooperation, it is necessary to develop a dialogue. Since 1995 there was a launch of, for instance, specific Dialogue on human rights. Within the EU, it is necessary to strengthen the coordination of individual activities and to support awareness in China about the EU.

In 1998, the Commission adopted a decision on strengthening the EU's relations with China, under which prepared the strategic document *Building*

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<sup>19</sup> *Towards a New Asia Strategy*, cited work.

<sup>20</sup> *A Long Term Policy for China-Europe Relations*, cited work.

*a Comprehensive Partnership with China*<sup>21</sup>. Taken into account the political and economic development of China and its transformation into a regional and global dimensions, especially after 1995, and in accordance to which new priorities were set for the so-called EU-China Comprehensive Partnership. This Comprehensive Partnership in principle meant more intensive involvement of China into the international community through enhanced political dialogue; to support China's transition to an open society based on the rule of law and respect for human rights; deeper integration of China into the world economy through its increased integration into the world trading system and to support economic and social reforms in the country; continued development of the Chinese due to EU funding and to increase an awareness of the EU in China.<sup>22</sup> The progress in the implementation of the Comprehensive Partnership has informed the European Commission of the EU Council and the European Parliament in 2000 the adoption of the *Report on the Implementation of the Communication Building a Comprehensive Partnership with China*.<sup>23</sup> The programme's priorities and contents was reviewed in order to keep up with the pace of constant change, as well as to improve the impact and visibility of EU assistance to China.<sup>24</sup> The condition for achieving the objectives of the partnership was to improve the Political dialogue, which began to be realized based on regular annual EU-China Summits, held alternately in Beijing and in selected EU Member State.<sup>25</sup> The result of the first four Summits (1998–2001) was the signing of the sectoral Agreement on Scientific and Technological Cooperation (1998) and the Bilateral Agreement on China's WTO Accession (2000). In September 2001, was established by the New Information Society Working Group, December 11, 2001 China becomes the 143<sup>rd</sup> member of the World Trade Organisation.<sup>26</sup>

In May 2001, the Commission decided on the basis of relevant reports on the adoption of the *EU Strategy towards China: Implementation of the 1998*

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<sup>21</sup> *Building a Comprehensive Partnership with China*. Communication from the Commission. COM(1998) 181 final, Brussels, 25. 3. 1998.

<sup>22</sup> Ibid, p. 4.

<sup>23</sup> *Report from the Commission to the Council and the European Parliament on the Implementation of the Communication – Building a Comprehensive Partnership with China*. COM(2000) 552 final. Brussels, 8. 9. 2000.

<sup>24</sup> Ibid, p. 2.

<sup>25</sup> The overall framework for the political dialogue was first formalised in 1994 through an Exchange of letters; the first-ever EU-China Summit, at heads of government level, took place on 2 April 1998 in London.

<sup>26</sup> Fojtíková, Lenka. China's External Trade after Its Entrance into the WTO with the Impact on the EU. *Proceedings of the 1st International Conference on European Integration 2012*. Ostrava: VŠB – Technical University of Ostrava, 17th – 18th May 2012, p. 56–65. ISBN 978-80-248-2685-1.



*Communication and Future Steps for a More Effective EU Policy*<sup>27</sup> The aim was to develop a decision, not to change the strategy adopted in 1998. Furthermore, the present development of the EU and China since the last few years and especially the new setting for EU-China relations and to report on the status of implementation of the Comprehensive Partnership priorities. The document clarified the future development of EU-China relations that define concrete and practical short and medium term activities in order to achieve long-term goals of 1998.<sup>28</sup>

Following the intention to deepen the comprehensive partnership *Country Strategy Paper (CSP) – China 2002–2006* was published in March 2002, which pushed development aid, heading from the EU to China, from funding infrastructure and rural development to finance various aspects of the reform process in the country, with emphasis of human resources development. This policy reflects a shift of China from traditional developing country to a transition economy.

### **2.3. EU-China Comprehensive Strategic Partnership**

EU-China relationship between years 2002/2003 was partly influenced by developments in the EU, and development in China, but also a new quality of relations, which took the form of a Comprehensive Partnership. In 1999, the European Council concluded that the fundamental rights applicable at the EU level should summarize the EU Charter on Fundamental Rights to facilitate their promotion and enforcement. The Charter was formally<sup>29</sup> proclaimed in Nice in December 2000 by the European Parliament, the Council and the Commission. In February 2003 the Treaty of Nice came to force, which was primarily institutionally preparing the European Union for expansion by ten new countries and to ensure its functioning in the future. This agreement has also strengthened the EU's Common Foreign and Security Policy (CFSP) and European Security and Defence Policy (ESDP) and the Justice and Home Affairs (JHA) policy and other policy areas. This consolidation of European integration allows the EU to better integrate China into an increasingly wider range of areas of mutual relations.

China at that time already become the seventh largest trading partner in the world and the second largest recipient of foreign direct investment (FDI) in the world and a major player in several key economic sectors (telecoms,

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<sup>27</sup> *EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy*, cited work.

<sup>28</sup> *Ibid*, p. 3.

<sup>29</sup> The Charter is legally binding for the EU in December 2009 when the Lisbon Treaty came into force, and now has the same legal status as the EU treaties.

information society, energy). Its acceptance into the WTO was another impulse for acceleration of economic and social reforms, with particular emphasis on coping with the growing urban and rural unemployment, continuing pressure on the social security system and the emerging tensions in society. The political situation in China was affected by upcoming changes leadership (16<sup>th</sup> Communist Party Congress in autumn 2002) and continued issue of Taiwan. EU-China relations have been strengthened in many ways and increased importance of China not only as an economic actor in the world, created new opportunities for European businesses. Moreover, the political role of China in the world increased. Opening of the Chinese economy and entry into the international environment, however, involves some problems and the political system in China remains different in comparison with other countries with which the EU is developing its partnerships. The EU therefore decided in the next period to focus on China's long-term strategic plans (in line with China's Two Centenary Goals<sup>30</sup> and the 12<sup>th</sup> Five Year Plan) and to develop their Comprehensive Strategic Partnership. Relations between the EU and China in 2003, thus reflecting the strategic mission and spirit of cooperation, the possibility to focus on the development and mutual benefits of all-dimensional, multi-tiered, and wide ranging manner.

The prerequisite of the EU-China Comprehensive Strategic Partnership in order to be declared was the adoption of two policy papers. The first was the Policy Paper *a maturing partnership – shared interests and challenges in EU-China relations*<sup>31</sup>, which was adopted by the European Commission in September 10<sup>th</sup>, 2003 basically as its fifth Communication. The second was a *Policy Paper on the EU*<sup>32</sup>, adopted by the Chinese Government in 13<sup>th</sup> October 2003. While EU policy paper included the evaluation of a new maturity in EU-China relations, and suggestions, updating the EU's approach to China, the China's Policy Paper takes a different approach. This is not peculiar to communities in many states with the Common Foreign and Security Policy, mostly interstate

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<sup>30</sup> The institutional version was adopted in 2012. It is firstly a doubling of GDP and GDP/p. by 2021 (compared to 2010) and to transform China to “moderately prosperous society”, and secondly, the increase in GDP/p. at the level of modern developed countries (about 55.500 USD) until 2049 in constant dollars in 2014. Cited from: Ding, Lu. China's “Two Centenary Goals”: progress and challenges. EAI Background Brief No. 1072. 22 October 2015.

<sup>31</sup> Commission Policy Paper for Transmission to the Council and the European Parliament *a maturing partnership – shared interests and challenges in EU-China relations* (updating the European Commission's Communications on EU-China relations of 1998 and 2001). COM(2003) 533 final, Brussels, 10. 9. 2003.

<sup>32</sup> China's EU Policy Paper. Beijing: Information Office of the State Council of the People's Republic of China. October 2003. [2016-10-20] Available at: [http://en.people.cn/200310/13/eng20031013\\_125906.shtml](http://en.people.cn/200310/13/eng20031013_125906.shtml).

type,<sup>33</sup> but instead for the common foreign and security policy of the national state. Based on China's foreign policy, on the one hand, that shares common interests with the EU, but on the other hand insists on applying the principles which are rooted in differing historical and cultural background, political system and level of economic development. Therefore, for example it clearly defines strict adherence to the principle of one China access not only to Hong Kong and Macao, but also and especially to Tibet and especially to Taiwan. EU proposals should help steer policy and adopt measures in the EU over the next 2–3 years, China's proposals are less developed, but clearly defined by individual areas of cooperation. But since there is no fundamental conflict of interest between the EU and China and both documents are commensurate and compatible.

Based on these documents the EU-China Comprehensive Strategic Partnership was announced during the 6<sup>th</sup> EU-China Summit at the end of October 2003.<sup>34</sup> EU and China defined their mutual relationships as “maturing” and “more strategic”. The EU's Policy Paper on China<sup>35</sup> notes that “the EU and China have an ever-greater interest to work together as strategic partners to safeguard and promote sustainable development, peace and stability ... the importance both attach to the role of the UN in physical and environmental security and [to gain from] further trade liberalisation.” The China's Policy Paper on EU<sup>36</sup> notes that “EU will play an increasingly important role in both regional and international affairs.” ... “The Chinese Government appreciates the importance the EU and its members attach to developing relations with China”. Moreover, it says that in EU-China relations predominate agreements over disagreements, and emphasis, that China's next objective is “to enhance China-EU all-round cooperation and promote a long-term, stable and full partnership with the EU. China's EU policy objectives are: to promote a sound and steady development of China-EU political relations under the principle of mutual respect, mutual trust and seeking common ground while reserving differences, and contribute to world peace and stability; to deepen China-EU economic cooperation and trade under the principles of mutual benefit, reciprocity and consultation on an equal basis, and promote common development; to expand China-EU cultural and

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<sup>33</sup> Within the CFSP, the EU Member States to reach a decision almost always unanimously. Influence Commission is severely limited, the European Parliament has virtually no influence and the European Court of CFSP is completely excluded. Also, the implementation of specific decisions is a general largely on the shoulders of the Member States.

<sup>34</sup> Zhou, Hong (ed.) (2016). *China-EU Relations: Reassessing the China-EU Comprehensive Strategic Partnership*. London: London: Springer. ISBN 978-981-10-1144-3.

<sup>35</sup> Commission Policy Paper for Transmission to the Council and the European Parliament *a maturing partnership – shared interests and challenges in EU-China relations*, cited work, p. 3.

<sup>36</sup> China's EU Policy Paper, cited work, p. 1–2.

people-to-people exchanges under the principle of mutual emulation, common prosperity and complementarity, and promote cultural harmony and progress between the East and the West”.

The Sixth China-EU Summit Joint Press Statement<sup>37</sup> brought a review of existing relations in various fields, it suggested direction for future development of EU-China relations, and included discussion of the various views and concerns of both sides. The strategic nature of the partnership can be seen not only in the above-mentioned declarations of both parties, but also in the instruments through which subsequent cooperation should be realized. It was on such an agreement, as were agreements on Cooperation in the Galileo Satellite Navigation Program (2003), Industrial Policy Dialogue, Dialogue on Intellectual Property Rights (2003); the signing of the Memorandum of Understanding on Approved Destination Status and the Tourism Agreement (2004). On the basis of defined guidelines for the future development of EU-China relations were in late 2004 signed a Joint Declaration on Non-proliferation and Arms Control; the EU-China Customs Cooperation Agreement, Agreement on R&D Cooperation on the Peaceful Use of Nuclear Energy; and in 2005 a Memorandum of Understanding on Labour, Employment and Social Affairs; a Joint Statement on Cooperation in Space Exploitation; Science & Technology Development and Joint Declaration on Climate Change. In late 2005 was also in London held 1<sup>st</sup> EU-China Strategic dialogue. In 2006 followed the signing of the Memorandum of Understanding on Food Safety and Memorandum of Understanding on Cooperation on Near-Zero Emissions Power Generation Technology (on that occasion, held the first consultations under the Climate Change Partnership), was initiated by the EU-China Dialogue on regional cooperation and established the Dialog on Africa’s peace, stability and sustainable development. From the Joint Press Statement showed that Sino-European Strategic Partnership should be not only clear and distinct issues, but also on issues that have a negative impact on the development of mutual relations. For instance, an arms embargo on China, the position of the market economy in China under the anti-dumping investigation, respect for international human rights standards, etc.

Since the Strategic Partnership is not only equivalent and mutually beneficial cooperation between the partners, but also common solutions to the challenges that arise from changing conditions of bilateral, regional and global scale, and sharing responsibility for the solution of the Strategic Partnership between the EU and China witnessed a number joint experiments on mutual

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<sup>37</sup> Sixth China-EU Summit (Beijing, 30 October 2003). Joint Press Statement. Brussels, 30 October 2003, 13424/03 (Press 298).

cooperation on global issues, including joint strengthening of the United Nation's role in promoting world peace, security and sustainable development, strengthening of cooperation in human rights, coping with trans-national challenges in the field of justice and home affairs, in working towards progress Chinese reforms, to develop dialogues in key sectors droughts as energy, environment, regulatory and industrial policy, the information society, competition, intellectual property rights, macro-economic questions, health, employment and education. An insight to this whole issue is discussed by for instance Hong Zhou (ed.).<sup>38</sup>

China as a world power and its growing political influence led the EU Commission in 2006 to accepting new *Communication to the Council and the European Parliament*<sup>39</sup>, whose main goal was a Closer Strategic Partnership between the EU and China, which will bring greater accountability for both sides and strengthen their cooperation with a view to six main areas: political support China's transition to democracy (dialogue on human rights, protection of minorities and strengthening the rule of law); promote energy efficiency and environmental protection (improve transparency and regulatory environment for the energy sector, exchange of technology and information resource efficiency and renewable energy sources, promotion of investment and closure of government procurement, promoting the use of international standards); balance economic and social development (implementation of balanced monetary and fiscal policies, solving problems – undignified labour standards, health and aging); improving trade and economic relations (support opening Chinese markets, investment and exports, the setting of fair trade rules, resolve trade disputes through dialogue or through WTO mechanisms); strengthening cooperation in key sectors (science and technology, immigration, cultural exchange and education); promote safety and international cooperation (dialogue on peace and security in different parts of the world, particularly in East Asia, transparency in military expenditure, nuclear non-proliferation and the phasing-out of the EU arms embargo). Improving trade and economic relations should help *Policy Paper on Trade and Investment*<sup>40</sup>, with its emphasis on competition, market access, openness, support European firms and dialogue.

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<sup>38</sup> Zhou, Hong (ed.). *China-EU Relations: Reassessing the China-EU Comprehensive Strategic Partnership*, cited work.

<sup>39</sup> Communication from the Commission to the Council and the European Parliament *EU – China: Closer Partners, growing responsibilities*. Brussels, 24. 10. 2006. COM(2006) 632 final.

<sup>40</sup> *Global Europe. EU-China Trade and Investment. Competition and Partnership*. European Commission. External Trade. [2016-10-31] Available at: [http://trade.ec.europa.eu/doclib/docs/2006/november/tradoc\\_131234.pdf](http://trade.ec.europa.eu/doclib/docs/2006/november/tradoc_131234.pdf).

In addition to the 9<sup>th</sup> EU-China Summit in 2006, the EU and China in 2007 decided to launch negotiations on *Partnership and Co-operation Agreement* (PCA) as a foundation for a Comprehensive Strategic Partnership. PCA supposed to “reflect the full breadth and depth of today’s Comprehensive Strategic Partnership between the EU and China ... encompass the full scope of their bilateral relationship, including enhanced cooperation and political matter”.<sup>41</sup> It thus was supposed to replace the current Trade and Economic Cooperation Agreement, which has long disregards the nature of the mutual relationship. Efforts to develop of the base of the EU-China relationship on a more comprehensive legal framework motivate both sides to reach positive outcomes in the negotiation. After early successful negotiations in 2009, “the negotiation turns out to be less than straightforward and has been deadlocked for years.”<sup>42</sup> Answers to the question why these negotiations have frozen, see in 3.3.

During the negotiation of the PCA and even after discontinuation has developed other instruments such as the Macroeconomic dialogue (2006); EU-China Civil Society Round Table (2007); High level economic and trade dialogue (2007); Agreement between the EAEC and the Government of the PRC for R&D Cooperation in the Peaceful Uses of Nuclear Energy (2008); High level people-to-people dialogue (2012); Partnership on Sustainable Urbanization (2012); Join Declaration on the EU-China Innovation Cooperation Dialogue (2012), EU-China Higher Education Platform for Cooperation and Exchanges (2013) and others.

For financing the promotion of China’s reforms in areas that are covered by sectoral dialogues, as well as help China to cope with global challenges, including the environment, energy and climate change, and human resources development in China, the EU adopted a *Country Strategy Paper – China*<sup>43</sup> for the years 2007–2013. For the indicative funding for seven years, EU had earmarked 224 million EUR.<sup>44</sup> The amount of assistance is increasing due to support cross-cutting activities (Democracy and Human Rights, NGOs Co-financing, Gender, Health and Population) and the existence of various thematic and regional budget lines (Asia Pro Eco – environment, Asia Urbs – urban development, Asia Invest – business cooperation).

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<sup>41</sup> Council of the European Union. Joint statement of 9th EU-China Summit, 12642/06 (Press 249), Brussels, 11 September 2006.

<sup>42</sup> Shaohua, Yan. *The EU-China Partnership and Cooperation Agreement Negotiation Deadlock*. April 23 2015. [2016-10-31] Available at: <http://www.e-ir.info/2015/04/23/the-eu-china-partnership-and-cooperation-agreement>.

<sup>43</sup> *Country Strategy Paper – China 2007–2013*. European Commission, 1. 1. 2013. [2016-10-20] Available at: [https://ec.europa.eu/europeaid/country-strategy-paper-china-2007-2013\\_en](https://ec.europa.eu/europeaid/country-strategy-paper-china-2007-2013_en).

<sup>44</sup> *Ibid*, p. 2.

### 3. Deepened and broadened EU-China cooperation

#### 3.1. Period 1975–1994

Initially, relations between the EEC and China developed particularly in the commercial area. EEC export volume to China in 1975 amounted to 1.154 billion ECU, the volume of imports from China, then it was 668 mil ECU<sup>45</sup>. When the third plenum of the Communist Party of China at its 11<sup>th</sup> session in December 1978 decided to follow reforms in Chinese society and economy, its creator Deng Xiaoping said China on the path of an ambitious reform process that has significantly changed the economic system of the country, as well as its position in the world economy. This process was not the result of directive central plan, but neither was unproblematic and straightforward. Instead, it was the process that led a number of initiatives at different levels (central, local, individual) and implemented on the basis of trial and error. However, the reforms did bring significant economic recovery in China and improved the living standards of its population and booming Chinese trade.

In parallel to the boom in Chinese trade grew and the volume of bilateral trade relations in the EEC (since November 1993 EC<sup>46</sup>) and China. While in 1978 (EEC-9), its volume was only 2.4 billion ECU<sup>47</sup>, in 1993 (EC-12), it was already 30.8 billion. This means that since the beginning of China's reforms increased trade between roughly 13 times. Between years 1983–1987 achieved EEC even a positive trade balance, which reached its peak in 1985 (3.2 bn. ECU). Since 1988, the situation has changed; Europe's trade deficit reached 1.2 billion ECU that year and in 1994 already represented 10 billion ECU. The commodities in 1993, EU exports mainly included machinery, transport equipment and nuclear reactors (65%); EU imports consisted mainly of textiles and garments, toys, electrical material, leather goods and footwear (57%). Although during the 80s EEC had recorded, as well as the USA and Japan, the decline in the relative share of total Chinese imports (from 12% in 1980 to 11% in 1990) in

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<sup>45</sup> EEC-China Joint Committee. European Commission. Press Releases Database. [2016-10-05] Available at: <[http://europa.eu/rapid/press-release\\_MEMO-87-3\\_en.htm](http://europa.eu/rapid/press-release_MEMO-87-3_en.htm)>.

<sup>46</sup> European Community.

<sup>47</sup> ECU (European Currency Unit) was the basket currency unit and the European Communities serving for the settlement of international transactions. It was also used in the European monetary system, where each of the Member States obliged to maintain the exchange rate of its currency within a certain range (+/- 2.5% initially, and later +/- 15%) against the ECU. ECU arose 13. 3. 1979 1st 1, 1999 has been replaced by the euro (EUR). At ECU followed in a symbolic EUR exchange rate of 1 EUR = 1 ECU. Default external value of the euro against the US dollar amounted to EUR 1 = \$ 1.1789 and a calculation based on the USD / ECU in the last trading day before the euro (31. 12. 1998).

the early 90s has renewed its relative position (around 15%) more successfully than its competitors.<sup>48</sup>

Positive factors that affected China's exports to the EU include the signing of the first commodity agreement on trade in textile goods (1979) and the extension of the GSP to China (1980). Textile Agreement specified the quotas of textiles, which could be delivered to the European market by 31 December 1988. To guarantee the agreed quotas for the goods market to Chinese authorities forced it to maintain the balance of trade in textiles between the two sides and deliver minimum quantities of certain textile materials for European manufacturers (silk, angora, cashmere), which will be in accordance with the clause on price. It contains a mechanism against the tide of goods and against fraudulent actions. In 90 years, China has become the biggest beneficiary of the EU's GSP. Advantages of China increased from 2.1 bn. ECU in 1988 to 6.6 bn. ECU in 1992, and China's share of total benefits accruing from the EU's GSP increased from 13.7% to 22.2%, hence it was pumping three times larger than the second largest recipient. The range of goods for which China gained duty free access to the European Community market, was constantly expanding.<sup>49</sup>

Since the beginning of the reforms foreign loans grew very quickly as well as foreign direct investment in China mainland. In the period 1979–1992 accounted for foreign loans in China to more than 75 billion USD and foreign companies had established nearly 91 joint ventures (totalling 36 bn. USD). FDI grew even faster in China in the subsequent year 1993, while in 1994 the number of projects and the amount actually invested capital fell. For the entire period 1979–1994 in China more than 221 thousand joint ventures worth more than 95 billion USD were established. These companies employed more than 12 mil Chinese workers and represent about 40% of the total foreign trade of China. The largest investors in China in the years 1979–1993 were Hong Kong and Macao companies with 114 147 projects and 50 billion of invested capital. The next largest investor was Taiwan. Together, these countries represent around 2/3 projects and 3/4 of applied foreign capital. To the rest of the projects and applied foreign capital belonged to the EU, USA and Japan, which had cumulatively invested around 13 billion USD. Furthermore, EU investments lagged behind its main competitors, since it reached 2.5 billion USD. The US and Japan have invested a similar amount of capital (around 5 bn. USD). Also, Taiwanese investments were more than twice higher than EU investments. The largest investors from European countries were France, Great Britain, Germany and Italy.<sup>50</sup>

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<sup>48</sup> *A Long Term Policy for China-Europe Relations*, cited work.

<sup>49</sup> *Ibid.*

<sup>50</sup> *Ibid.*



Increase trade and investment flows have also allowed a series of reforms introduced by the impact but also the consequences of bilateral and multilateral pressure from Chinese business partners. These improvements included: adoption of the Foreign Trade Law, which was adopted in May 1994 and entered into force in July (although some provisions seem not fully GATT compatible); lowering of certain customs duties; reduction in the number of products subject to import licences or quotas; elimination of the import regulatory tax, direct export subsidies and the import substitution policy; elimination of the official Exchange rate (as of 1 January 1994) and unification of China's exchange rate at the swaps market rate, whose floating is controlled; introduction of VAT, a uniform corporate tax and improved budget accounting rules; conversion of some state owned enterprises to shareholding or limited liability companies, subcontracting of management of some remaining state owned enterprises, creation of a bankruptcy law. According to "A Long Term Policy for China-Europe Relations" "although these measures represent important steps forward, they are clearly insufficient to make the Chinese trade system compatible with internationally accepted rules." Among the problems were mainly: absence of transparency, certainty and uniformity; trade planning (plans are often secret); trade monopolies and other privileges of foreign trade corporations; foreign currency controls; very high customs tariffs; licensing system, quotas, tendering and other import restrictions; tendering restrictions on imports; technical, veterinary and phytosanitary measures used not always in accordance with international rules; export subsidies (mostly indirect); export taxes and restrictions; industrial policies which can have a severe impact on trade and investment conditions (automobile sector).<sup>51</sup>

Further problems were especially for the bilateral trade relations between the EU and China. Their foundation was a growing trade imbalance, which has fluctuated at around 8–10 billion ECU. This imbalance has become a problem not of itself, but especially in the context that reflected the structures and practices that were not compatible with free and fair trade rules. Examples are ferrous metals, which were China exported at abnormally low prices and led to the introduction of a number of anti-dumping procedures, or products of silk, which were sold by Chinese at lower prices than a price of raw material. Moreover, it was also restrictions on financial services, which limited the activities of foreign banks and insurance companies, enforcement of legislation on the protection of intellectual property rights, existing technical barriers that create obstacles, especially for the trade in chemical products, discrimination against foreign companies and the like. In order to eliminate these problems Joint Committee has gradually established

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<sup>51</sup> Ibid.

a Trade Expert's Meeting (which met since 1991), Working Group on Economic and Trade Matters (1993) and three sectoral Meetings on Financial Services, Intellectual Property Rights and Agriculture. Their goal was to create the basis for institutionalized dialogue, increase mutual understanding, to find solutions for specific problems and avoid discrimination between entities on both sides.

Along with business and capital collaboration to develop financial and technical assistance, economic cooperation, science and technology cooperation, and other cooperation.

The first development project funded by the EEC originated from the year 1984. Although, the development aid program for China developed after signing of the Trade and Cooperation Agreement. In late 1994, the EC has already funded in China in terms of financial and technical assistance to 25 development projects. Projects focused on professional consultancy on site, training of Chinese workers in EU, support of modernisation of various facilities. Primarily focused on rural provinces (soil improvement, water conservation, processing and storage of foods, improving crop yields). The largest project was the Dairy Development Project, which aim was to improve nutrition standards in China through supporting the dairy sector. Great attention was paid by EC also to support and to strengthen institutions and to develop primary policies. For this purpose, was established in Beijing the China-EC Centre for Agricultural Technology (CECAT). CECAT was set up to encourage the transfer of technology between the EC and China, and to spread the benefits to as wide an audience as possible through seminars, special papers and audio-visual material. EC also supported the minority population in China.

In parallel with the financial and technical assistance an economic cooperation has developed, which combined actions at the local level with institutional strengthening at the centre. The largest project at the micro level was a programme to support the modernisation of Chinese enterprises. To meet these objectives, EC provided in forms such as consultation, expertise, etc. Strengthening institutions of the city was provided mainly in the form of management education. For this purpose since 1985 the China-Europe Management Institute (CEMI) was established. In 1993, the EC with the European Patent Office launched an industrial property training program in China. The institution put an effort to bring Chinese legislation into line with international norms, but also to assist the institutions by implementing the laws. EC also helped in educating of Chinese officials. Relevant programs covered knowledges about the functioning of the EU and the world trading system. In 1994, management training in China has developed into a new phase, when the China-Europe International Business School (CEIBS) was founded in Shanghai. CEIBS is the first business school in China, offering international-level MBA and other courses to Chinese students.

Many activities were also developed in support of business-to-business contact. The idea was to promote cooperation between entrepreneurs from China and Europe within the European Community Investment Partners (ECIP) facility. Already in 1981 and 1985 there were organized the first EEC-China Business Weeks. Moreover, various business meetings and seminars were also organized. ECIP was mainly the support for developing joint ventures. It provided a variety of grants and loans to encourage European firms to establish joint ventures in several Asian countries, including China (more than 100 companies or organizations received benefits).

Scientific cooperation between the two parties began to develop in 1984. After several years it focused on short-term activities including seminars and training. Within a few years, this cooperation has shifted to the implementation of joint research activities with a high added value scientific content and involving research institutes on topics of mutual interest, funded by more than 70 research joint projects in various fields. One of the key areas was the biotechnology; to coordinate research in this field the EC-China Biotechnology Centre (1991) has been established as an information bureau and a catalyst for EU-China interaction. New possibilities have introduced the onset of the Fourth Framework Programme (1994–1998).

Among forms of other cooperation included especially an economic cooperation in various sectors. Developing the industrial cooperation (direct industrial projects, research cooperation in the industrial environment), telecommunications cooperation (information network, mobile communications, digital audio and video) and energy cooperation. But cooperation has not been limited to areas of interest to business. Since 1986 it has also developed contacts between European and Chinese universities (the Chinese Society for EC Studies, creation of European Documentation Centres). In 1994, an initiative was also launched in the context of the EU's worldwide programme to combat AIDS/HIV and sexually transmitted diseases.

### **3.2. Period 1995–2002**

In 1992, the European Communities completed their Single market. Along with this, they realized that additional stimulus for the development of the European economy must be sought to strengthen their trade relations and economic cooperation with other parts of the world. At that time a great economic expansion, as noted in 2.2, spread through Asia. The centre of the EU's New Asia Strategy was located by the European Commission in China.

China has experienced over the past nearly twenty years of significant internal transformation from a centrally planned economy and very closed country

to the world towards an increasingly market-driven and engaged in global commerce one. These reforms accelerated after 1997. It was among other things a response to the Asian crisis (1997), which has also affected China, thus promoting further reform and liberalization. At that time, China's foreign policy has become more assertive and more responsible. The Commission of the European Communities in 1998 stated that "An unprecedented series of summits between China and some of its key world partners over the last year have demonstrated China's wish to be recognised as a world power".<sup>52</sup> EU at that time stood not only at the threshold of a common currency and preparation for eastern enlargement, but also faced the challenge of integrating China into the international community and to maintaining a stable and peaceful international environment. All these facts were a challenge to change EU policy towards China, especially on long-term vision, active engagement and defining priorities for a new, EU-China Comprehensive Partnership.

Since 1995, when the EU adopted its first China Policy Paper "A Long Term Policy for China-Europe Relations", by the end of 2002, when it implemented a Comprehensive Partnership with China and began to create steps for the future and effective policy towards China, it established an institutional basis for the development of EU-China partnerships and develop co-operation on a wide range of issue at both multilateral and bilateral levels. In subsequent communications and policy papers approached the European Commission to evaluate the systemic and substantive EU-China relations from a position of fulfilling the five main objectives of the Comprehensive Partnership, namely<sup>53</sup>:

- engaging China further, through an upgraded political dialogue, in the international community;
- supporting China's transition to an open society based upon the rule of law and the respect for human rights;
- integrating China further in the world economy by bringing it more fully into the world trading system and by supporting the process of economic and social reform underway in the country;
- making Europe's funding go further;
- raising EU's profile in China.

First objective – engaging China further in the international community – supposed to be achieved through a renewed and upgraded EU-China bilateral Political dialogue, as well as through the greater involvement of China in both regional and multilateral initiatives of global interest.

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<sup>52</sup> *Building a Comprehensive Partnership with China*, cited work, p. 3.

<sup>53</sup> *Ibid*, p. 4.

The EU has steadily intensified Political dialogue, following an exchange of letters in 1994. In 1998, together with the new status of their relationship it also promoted Political dialogue. Annual Summit meetings at Head of State and Government level, encouraging regular contacts at foreign ministers level, and by holding meetings between ambassadors and senior officials in a similar vein to contacts with other key partners took place. In parallel, regular meetings at expert level on selected issues (i.e. CFSP Troika Working Groups). On the basis of an exchange of letters Political dialogue has been further strengthened in 2002. With all these developments, bilateral relations were noticeably institutionalized, widened and deepened.

Dialogue with China was upgraded in the context of the EU's broader regional strategy towards Asia as embodied in ASEM. EU has contributed to the fact that China has become an active part in the ASEM follow-up process, which focused "on sustainable development in the Asia region, addressing the issue of maritime security in the Asia region, combatting illegal drugs trafficking, coping with the effects of the Asian financial crisis and addressing the issue of arms control and non-proliferation."<sup>54</sup> China is also actively participating in the ASEM Trust Fund, and contributes 500 thousand USD.<sup>55</sup> In order to ensure the stability of the Asian region, China was drawn in a multilateral security dialogue on Asia regional issues, such as the peaceful Resolution of the Korean questions, dialogue on other countries in the region (Cambodia, Vietnam and Burma), where China has strong influence, ensuring stability in the Central Asia countries and improvement in relations across the Taiwan Straits. The EU will continue to take an active interest in the two territories – Hong Kong and Macao. The main platform for the development of this dialogue is the ASEAN Regional Forum (ARF), which was founded in 1994. The EU and China have here (along with other countries) the status of "dialogue partners". a proactive and responsible role of China in global issues is manifested e. g. in dialogue on major UN Development (UN reform), in dialogues during G7-8 and OECD meetings.

Regarding the second objective – supporting China's transition to an open society based upon the rule of law and the respect for human rights, the situation in China has improved during the reporting period. As stated by the Commission of the European Communities, "Economic reform has introduced greater freedom of choice in education, employment, housing, travel and other areas of social activity. China has passed new civil and criminal laws to protect citizen's rights and has signed several key instruments bringing the country closer to

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<sup>54</sup> Ibid, p. 6.

<sup>55</sup> *Report from the Commission to the Council and the European Parliament on the Implementation of the Communication "Building a Comprehensive Partnership with China"*, cited work, p. 4.

international norms. It has also taken steps to develop the electoral process at local level, allowing villagers to designate their local authorities”. It also added that “China is still far from meeting internationally accepted standards on human rights.”<sup>56</sup> As a consequence, the EU continues to exploit all possible channels and tools to the promote human rights in China.

One of the ways is the EU-China specific Dialogue on human rights, which was launched in 1995 and interrupted in the spring of 1996. Approximately after a year and a half (November 1997) has been newly established the “regular, serious and he and cooperation programme designed” dialogue with an objective to strengthen the role of law and promote civil, political, economic and social rights. Human rights dialogue is held roughly twice a year and is complemented by special workshops. a series of human rights-related assistance programmes are supported by funding from the EU. The small circle includes initiatives such as Human Rights Small Projects Facility.<sup>57</sup> In 2001, China as a result of this dialogue has ratified the UN International Covenant on Economic, Social and Cultural Rights (ICESCR) and also noted that it has an appreciation for the UN Covenant on Civil and Political Rights.

The second way is cooperation in the framework that relates especially to promoting the role of law and strengthening civil society. For the first area the EU adopts ambitious program of legal and judicial cooperation (The EU-China Legal and Judicial Programme), which has been discussed and implemented by autumn 1998. The second area is focused on support for a training centre in China and officials for that implement of the village governance law. Assistance is provided to different social groups, including ethnic minorities, women and children, consumers and non-governmental organizations.

As far as the third objective is concerned – integrating China further in the world economy by bringing it more fully into the world trading system and by supporting the process of economic and social reform underway in the country, it can be said that China has integrated in the world economy apace. China has become the global economic player due to its ability to cope with common rules based on a combination of trade discussions and targeted cooperation initiatives. The EU used all available channels to create an open Chinese economy and to improve the climate for European investment in China. These channels included: support of China’s WTO accession process, strengthening of the bilateral trade agenda, including the promotion of investments, development of bilateral sectoral agreements, concurrent financial liberalization and regulation and support for the euro.

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<sup>56</sup> *Building a Comprehensive Partnership with China*, cited work, p. 9.

<sup>57</sup> *Report from the Commission to the Council and the European Parliament on the Implementation of the Communication “Building a Comprehensive Partnership with China”*, cited work, p. 7.

China's integration into the global trading system was under considerable support from the EU. At that time, China was the third largest extra-EU's trading partner and an important potential for European investment there. The EU's trade deficit with China reached 20 bn. ECU in 1997<sup>58</sup>, reflecting China's growing export capacity as well as the obstructive effect of market barriers in China itself. A bilateral EU-China agreement on China's accession to the WTO entry had been signed on 19. May 2000, paving the way for China's accession to the WTO. The technical assistance programme in support of WTO accession was about to begin. China has become the new (143<sup>th</sup>) WTO member after fifteen years of negotiations on December 11, 2001. Currently, both sides share an interest in strengthening the rule-based multilateral trading system. China's accession to the WTO "will lead to significant further market opening and it will ensure that China can actively participate as the world trading system prepares for further trade liberalisation in a forthcoming new Round".<sup>59</sup>

The essential legal document for the development of bilateral trade and capital partnership remained EC-China Trade and Cooperation Agreement and the EC-China Joint Committee meetings. Developing bilateral dialogue reflecting the EU's Market Access Strategy, adopted by the EU in 1996, and through it is focused on removing barriers to European exports and investments on a global scale. In 1997, China was the main beneficiary of the EU's GSP, with more than 30% of the value of all beneficiary imports. As some Chinese industries began to compete with domestic EU's sectors, it was necessary to reduce advantages previously enjoyed by China. The new GSP arrangements will allow beneficiary countries to obtain an additional preferential margin, if it respected the international standards of labour rights and environmental protection. The Commission has proposed to change the EC anti-dumping legislation, concerning China, which takes into account market reforms underway in the country. New legislation proposal removed the existing designation of China as a "non-market economy", and implemented anti-dumping proceedings in the new case-by-case approach. This approach will guarantee market economic treatment only to the Chinese exporters who will be able to operate on the European market under clearly defined conditions of market economy. This means that domestic prices and expenses of such exporters would be the basis to determine the regular value of goods in the market and, therefore, not based on information from the third country market analogue. The proposal also introduced a more systematic approach to individual treatment of individual companies

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<sup>58</sup> Ibid, p. 11.

<sup>59</sup> *EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy*, cited work, p. 12.

with regard to their specific conduct and operating conditions. This approach began also to act as an incentive for Chinese companies to reform themselves. The elementary condition for the effectiveness of the bilateral dialogue has become a regular coordination and exchange of detailed information on updating commercial laws and administrative procedures governing trade in goods and services of the other party. The EU has also sought to improve the investment environment for European companies in China. As an example was an effort to establish a clear and transparent regulatory framework for investment and intellectual property rights. The EU is interested to create the conditions for entry into such sectors as telecommunications, energy, environmental technology and services, transport and financial services, where it has comparative advantages. On the other hand, the EU creates conditions for Chinese investment, particularly through the European Community Investment Partners (ECIP) program, which promotes the creation of joint ventures between European and Chinese companies in China and the Asia-Invest program, which helped European small and medium-sized enterprises to identify potential partners in China.<sup>60</sup> In this context, the Commission and the Chinese Council for the Promotion of International Trade (CCPIT) established an EU-China Business dialogue (1998) in order to fostering links between the European and Chinese business communities. To support European companies in China, the EC Delegation in China founded the EU Chamber of Commerce in Beijing (1999).<sup>61</sup> To deepen bilateral trade and economic cooperation, as a follow-up to the meeting of the EU-China Joint Committee in 2000 a Dialogue on enterprise policy and regulation was introduced.

The result of the EU-China Business dialogue has become conclusions regarding the specific sectoral bilateral agreements in areas of common interest. Especially science and technology, trade and nuclear safety, maritime transport, air transport and customs. Signed in 1998 and in 2000 came into force – the Agreement on Scientific and Technological Cooperation. This specific agreement should be concluded in order to enhance and expand cooperation in fields of drought and energy, environment, life sciences etc. In this context, the Commission proposed in 2000 to transform the existing Telecoms Working Group into an Information Society Working Group. In the year 2000 we were also initiated talks on a potential China-EURATOM Cooperation Agreement on the Peaceful Use of Nuclear Energy safety in the framework of the EURATOM Treaty. In 2002 EU-China Maritime Transport Agreement was signed, which

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<sup>60</sup> *Building a Comprehensive Partnership with China*, cited work, p. 16.

<sup>61</sup> *Report from the Commission to the Council and the European Parliament on the Implementation of the Communication “Building a Comprehensive Partnership with China”*, cited work, p. 10.



would improve market access conditions for European operators in China. The Memorandum of Understanding between the Commission, China and the European Association of Aeronautical Industry on Industrial Cooperation in the Aeronautical Sector initiated cooperation in the field of air safety, environment and infrastructure; negotiations were launched with regards to China's participation in Galileo Satellite Navigation Program. The Commission was also entrusted to negotiate an Agreement on Customs Cooperation and Mutual Administrative Assistance. This agreement should provide the basis for trade facilitation and the fight against customs fraud.<sup>62</sup>

For businesses and investors is important that China has a well-functioning financial and banking system. China has therefore decided together with the reform of its state-owned enterprises as well as to reform of its financial system. This system should be solid, transparent and open. The EU supports these efforts through cooperation projects, its own expertise in financial regulation and prudential supervision. At the same time putting pressure on China to liberalize access to their financial markets for foreign financial service providers in banking, insurance and securities. For Chinese entities is, in contrary, important to be informed about developments in the European Monetary Union, which effects development in the whole EU and has ties to the international monetary system. China now represents the second largest to the world's reserves of foreign currency. The EU has therefore decided to establish a regular EU-China Macroeconomic dialogue, which should, among other things. Inform China about the potential of the euro as a stable reserve currency.<sup>63</sup>

Since it is necessary for the existing impressive transformation process in China to integrate the concept of sustainable economic growth and social development, the EU was helping China with the successful implementation of a series of reform projects. In 1997, both parties signed the EC-China Memorandum of Understanding on the Programming of EC-China Cooperation Projects. The EU-China Cooperation Programme in the implementation of China's reforms is based on the following priorities. Restructuring of state-owned enterprises, implementation of financial reform, defining common norms, standards and certification procedures in the context of industrial cooperation, develop a business dialogue in order to increase awareness of China's transition process and provide expertise on market reform, modernize legal and administrative framework of its economy, strengthen its own training capacities, use scientific and technological cooperation to strengthen European companies' position on the Chinese market and supporting China's economic development, to help China integrate

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<sup>62</sup> *Building a Comprehensive Partnership with China*, cited work, p. 16–17.

<sup>63</sup> *Ibid*, p. 17–18.

environmental priorities, develop efficient industries, and accelerate the prosperity across the country and improve regional and social cohesion.<sup>64</sup>

Implementation of a Comprehensive Partnership on the part of China requires extraordinary financial resources that are provided by the EU. Until 2001, these resources were provided from the budget lines B7-300, B7-301 and B7-707. Compared to the average annual expenses, which were provided to China in the period 1991–1994, the annual EU budget spending in 1999 more than tripled, up to about 70 mil ECU. For example, some funded programs: EU-China Legal and Judicial Cooperation Programme, Junior Managers Programme, the EU-China Vocational Training Programme, Euro-China Academic Network (ECAN), the EU-China Scholarship 2000 Project, Scientific and Technological Cooperation Programme, Programme on Economic Planning and Environmental Protection etc.<sup>65</sup> To ensure better coordination between projects and between the participating donors, as well as to accelerate the implementation of projects should serve change in the existing project management. It was transported from EU DG Relex to the Europe Aid Cooperation Office and partly on the management of EU Delegations in third countries, including Beijing.

Already in 1996, the European Commission and the Chinese Government agreed to aid flows from the EU to China shifts from infrastructure financing and rural development to finance various aspects of the reform process in the country with an emphasis on human resource development. This policy reflects a shift from traditional China as a developing country to a transition economy. Publication of the Country Strategy Paper (CSP) – China 2002–2006<sup>66</sup> supported this policy. CSP highlighted three priority areas of support for the EU's cooperation with China for a five-year period: economic and social reform (50%); sustainable development (30%) and good governance (20%). The first area focused on building capacity and strengthening institutions so China would be able to cope with WTO obligations; it was also supported by the reform of China's social system. In the second area, it was mainly to establish a better balance between environmental protection, social development and economic growth. In the third area, funds are directed to support's initiatives to promote the rule of law, speeding up democracy and civil society, as well as protection of economic, social, political and civic rights. The total budget was planned in the amount of EUR 250 mil.; 150 mil. EUR for the first National Indicative Programme (NIP) for the years 2002 to 2004 and 100 mil EUR for the second NIP (2005–2006). The EU has become the most important grant donors in China. Compared with the

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<sup>64</sup> Ibid, p. 19–21.

<sup>65</sup> *Report from the Commission to the Council and the European Parliament on the Implementation of the Communication "Building a Comprehensive Partnership with China"*, cited work, p. 10–11.

<sup>66</sup> *Country Strategy Paper – China 2002–2006*, cited work.

previous period basis for the provision of financial resources have become the aforementioned cooperation and assistance programmes, which should increase the efficiency of the resources.

Since 2000, European Investment Bank (EIB) also won a mandate for intervention in Asia, which largely began to engage in China. For the EIB to be able to provide loans for projects of common interest, the Commission contributes partly from the budget resources to contribute into EIB funds. Other funds are drawn by China from EU regional cooperation projects in Asia.

Both EU and China make efforts to become visible on the territory of the other party, it means that effectively influenced the local public opinion. This requires close cooperation between the two parties. To increase awareness about the partners not only help to annual summits and high-level meetings, as well as mutual information policy and strategy that identifies key target groups in business, government, the academic community, non-governmental organizations, media and other areas that have spread information on EU-China relations.

### **3.3. Period 2002–2013**

Since the main objective of this paper is to notice a shift in the depth, breadth and quality of EU-China relations, and consequently it is prepared to become “China-EU 2020 Strategic Agenda for Cooperation: a new dimension, or the elusive concept of the EU-China Strategic Partnership?”, which main purpose is to examine the EU-China cooperation in the stage of Comprehensive Strategic Partnership, especially in its final stage, i.e. in the years 2013–2016 (until the year 2020), this section will be focused rather on just some partial delineation of important attributes partnerships than on a comprehensive evaluation of the results of the Strategic Partnerships. The forthcoming essay will aim on compliance/variance fundamental characteristics of both partners and their shared values; compliance/differentiation of their strategic interests and priorities; and therefore common goals, obligations and procedures, eventually different, conflicting and controversial area. And these moments are in this part are discussed briefly.

The word “Partnership” said the first time the European Commission in its Communication “Building a Comprehensive Partnership with China” in 1998.<sup>67</sup> In 2003 it was said that this partnership was reaching maturity.<sup>68</sup> Promote the Comprehensive Strategic Partnership in the next decade, both parties undertook to 6<sup>th</sup> EU-China Summit, which was held in late October 2003. The determination

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<sup>67</sup> *Building a Comprehensive Partnership with China*, cited work, p. 4.

<sup>68</sup> Commission Policy Paper for Transmission to the Council and the European Parliament *a maturing partnership – shared interests and challenges in EU-China relations* (updating the European Commission’s Communications on EU-China relations of 1998 and 2001), cited work, p. 6.

to develop mutual relations into a long-term and stable cooperative relationship, these relationships further institutionalize and strengthen their interdependence in the early years (2003–2004) mainly reflecting the intensification of exchanges not only at the level of top leaders, but also officials.

Mutual relations continue to rely on still valid Agreement on Trade and Economic Cooperation, which was signed in 1985, although the current development of EU-China bilateral relationship requires a comprehensive agreement that would cover “all-dimensional, wide-ranging and multi-layered cooperation”. For this reason, the parties to the 9<sup>th</sup> EU-China Summit decided to launch negotiations on a new contractual basis – Partnership and Cooperation Agreement, which would create the base of EU-China relations for the 21<sup>st</sup> century. As we mentioned in section 2.3, in the negotiation of this agreement was not successful so far. The answer to the question, why the new agreement has not been negotiated, brings Yan Shaohua<sup>69</sup>, that the main reason of this condition identified in factors “that restrain the win-sets of the two parties”.

On the EU side, there are several obstacles. In particular, that the PCA should be a mixed agreement, negotiated and ratified by both the EU Institutions (Commission negotiates, Council approves unanimously and the European Parliament by an absolute majority) and EU Member States Institutions, each of which has veto power. This means that the process of adopting the PCA is significantly restricted by the EU of decision rules. Furthermore, the EU has different preferences than China. EU “favours for a single comprehensive agreement that will upgrade the 1985 Trade and Economic Cooperation Agreement (TECA) and encompass both the commercial and political dimensions of the relations.” However, its commercial and political interests are different from Chinese. Regarding trade and commerce, “the major interest of the EU is to press China to fulfil the WTO obligations, and protect its trade and investment in China.” The EU would like to deal with the “trade deficit, exchange rates, export’s restrictions on raw materials, market access, Intellectual Property Rights, service, investment, subsidies, government procurement, norms and standards.” As regards the political dimension, there are also some very sensitive issues regarding “democracy, human rights, rule of law, Taiwan, the arms embargo, non-proliferation, disarmament, and the International Criminal Court”. EU trade also unites with political matters of human rights and democracy. All these issues are not among the priorities of China, China accesses to these issues moderately and with a different emphasis. All these factors reduce the EU’s win-set.<sup>70</sup>

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<sup>69</sup> Shaohua, Yan. *The EU-China Partnership and Cooperation Agreement Negotiation Deadlock*, cited work.

<sup>70</sup> Ibid.

Also on the side of China, there are factors that limit negotiations. Rather than making a comprehensive, legally-binding bilateral agreement on China's favourable current structure of the EU-China relationship. They achieved a high degree of institutionalization, among others, in the form of multi-level dialogues, various bilateral agreements and policy documents. The cost of creating a new institutional framework would thus be for China higher than the cost of no-agreement. Due to the sensitivity of many above mentioned issues, China is trying to separate trade and economic issues from the political agreement. It would therefore create two agreements, the PCA and an updated TECA<sup>71</sup> where the nature of TECA would be incorporated into the chapters of PCA. This approach is obviously not in line with the European one, but even if China would managed to convince the EU to negotiate a separate economic and political agreement, there are major obstacles related to agreements in both areas. China is mainly engaged in the "EU's anti-dumping measures, anti-subsidy, safeguards, technical barrier to trade and other restrictions." In particular, China seeks the EU to grant Market Economy Status (MES) and the removal of the arms embargo. "The EU refuses to the grant MES to China due to political considerations and the large trade deficit with China." The EU does not consider either a removal of the arms embargo, which relates to the question of human rights. In the political area, China issues are sensitive especially those associated with the "sovereignty issues" regarding Taiwan and Tibet.<sup>72</sup>

The main obstacle of PCA negotiations are therefore different priorities and preferences relating to the form and content of the agreement. Negotiations itself create obstacles due to complexity of the nature of the agreement, which includes many actors and a broad range of mixed issues. Moreover, some external factors also contributed to frozen negotiations in 2009. Those were: the Tibet disturbance in the spring of 2008, Europe's call of boycott of the 2008 Olympic Games in Beijing and President Sarkozy's meeting with Dalai Lama in, 2008.

Nevertheless, some progress has been made, when at the 16<sup>th</sup> EU-China Summit held on 21 November 2013 agreed on "the EU and China, EU-China 2020 Strategic Agenda", which is currently the key document underpinning the development of mutual relations. After introduction of this document mutual cooperation became more institutionalized and developed, more and more areas of interest were added. The Strategic Agenda provides a list of key initiatives

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<sup>71</sup> In this case, the negotiations included the one hand, trade and economic relations between the EU and China (EU DG Trade – Chinese Ministry of Commerce) as well as political relations, essential for Strategic Partnership (EU DG Relex – Chinese Ministry of Foreign Affairs). See: Men, Jing. *EU-China Relations: From Engagement to Marriage ?*, cited work, p. 18 to 19

<sup>72</sup> Shaohua, Yan. *The EU-China Partnership and Cooperation Agreement Negotiation Deadlock*, cited work.

which should be achieved. It covers every possible aspect of cooperation: human rights, trade, oceans security, agriculture, space and aerospace and many other areas. Strategic Partnership gradually included foreign affairs, security issues and international challenges such as climate change and global economic governance. Generally speaking, the basic elements of a Comprehensive Strategic Partnership are both shared interests in global and regional affairs, partly common and diversified approaches in the context of mutual ties.

In 2003, the launch of negotiations of a comprehensive EU-China Investment Agreement was announced. Actual negotiations on a bilateral Investment Agreement were initiated in January 2014. The agreement will provide for progressive liberalization of investment and the elimination of restrictions for investors to each other's market. It will provide a simpler and more secure legal framework to investors of both sides by securing predictable long-term access to EU and Chinese markets respectively and providing for strong protection to investors and their investments. This agreement is supposed to replace 26 existing bilateral Investment Treaties between the 27 EU Member States and China.<sup>73,74</sup>

The 17<sup>th</sup> EU-China Summit took place on June 29, 2015, raised bilateral relations between the EU and China to a new level and sent a signal for closer political cooperation, leading to a coordinated strategic approach to solve global challenges and threats. Both sides agreed on priorities for strengthening bilateral cooperation and deepening of the global dimension of their Strategic Partnership. Coordination between the EU and China should be strengthened especially in areas such as the G20, security and defence, the fight against terrorism, illegal migration, transnational crime, nuclear non-proliferation, global and regional security, cyber security, weapons of mass destruction, energy security, global regulation of the financial sector and markets, climate change and urban development, development and assistance programs and sustainable development.

In the case of development programs and assistance programs and sustainable development, at the very beginning of the season it was clear that China has shifted from the status of a traditional recipient of the Official Development Assistance (ODA) to a strategic partner, i.e. a partner, who itself becomes an important source of ODA for other developing countries, which requires coordination and cooperation on a wide range of policy issues. China therefore could be characterized by certain contradictions in its nature. On the one hand, in terms of traditional indicators China was still a developing country, on the other hand,

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<sup>73</sup> Overview of FTA and other trade negotiations. Updated October 2016 – For latest updates check highlighted countries or regions. . [2016-10-20] Available at: [http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc\\_118238.pdf](http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf).

<sup>74</sup> 13th round of negotiations is scheduled for December 2016.

it has become a major player worldwide in term of its commercial weight, FDI flows, consumption of natural resources and contribution to global warming.<sup>75</sup>

Chinese President Xi Jinping have started to fulfil the “Chinese Dream” that is presented as a concept and a vision of striving for national revival and building a prosperous society in a wide range of economic, social, cultural and political areas and that China would become a fully developed country by the year 2049. The EU supports the call to shift the Chinese economy on a truly sustainable path of development. Moreover, China’s integration into international economic organizations such as the International Monetary Fund could contribute positively to achieving sustainable and balanced economy on both the Chinese and global level, and help reform these organizations. This approach takes into account the launch of the “One Belt, One Road”, focused on the construction of large-scale interconnection of energy and communication networks across the central, western and southern Asia to Europe. Considering the geo-strategic importance of this initiative, the implementation should be multilateral. The EU and China should use all opportunities provided by close links between the two partners, including cooperation in the field of infrastructure investments in the countries, through which leads the “New Silk Road” and “New Maritime Silk Road”.

#### **4. Conclusion: The shift in the depth, breadth and quality of EU-China relations**

Due to the large internal changes of the European Community/European Union and China, as well as by developments in external conditions, especially increasing globalization, global competition and changed global situation in the world, change of its nature, forms and tools of relations between the two actors. Until 1974, these relations develop at international level and should mainly take the form of business cooperation based on bilateral agreements between Member States of the EC and China. Business cooperation was complemented by humanitarian assistance. The first major milestone was the establishment of diplomatic relations between the EC and China, which was, among other things, the result of the transfer of competencies in the area of trade policy on Institutions of the EC. Establishment of diplomatic relations and the reforms in China, which led to further economic development in the country, as a result of the nature of the first stage of mutual EC-China relations.

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<sup>75</sup> *Country Strategy Paper China 2007–2013*. [2016-10-20] Available at: [https://ec.europa.eu/europeaid/country-strategy-paper-china-2007-2013\\_en](https://ec.europa.eu/europeaid/country-strategy-paper-china-2007-2013_en), p. 2 a 3.

In the years 1975–1994, basic institutional, political and legal foundation for the development of mutual relations EC and China were created. Besides of establishing of representative offices, an inter-parliamentary dimension of EC-China cooperation is also formed. Adoption of (still in force) Agreement on Trade and Economic Cooperation and the formation of the Trade and Economic Joint Committee created conditions for the approval of other instruments, which led to an increase in trade, economic and other cooperation.

With increasing trade and investment also increased imbalance in bilateral relations, which reflected the structure and practices that were not in compliance with free and fair trade rules. It was not just the classic intimidation by high tariffs and import license requirements. Exporters from third countries also had to cope with an uncertainty about the existing rules of the market, which often was not published, and it was therefore essential for the implementation of ad hoc operations. Secret business plans and import substitution policies of sectoral ministries, as well as control the amount of foreign currency flowing into the economy, lacked transparency and did not provide certainty.<sup>76</sup> The acceptance of TECA conditioned development of financial and technical assistance. Development projects focused especially on specialized guidance and training, development of rural provinces and strengthening of institutions and policy development. The strengthening of institutions at the central as well as local level, was also trying to develop the economic cooperation. But its centre of gravity lay in creating favourable conditions for the business sector and promoting cooperation between entrepreneurs from Europe and China. It also included cooperation in various sectors, especially industries such as telecommunications and energy. Scientific and technical cooperation within a few years has moved from joint seminars and training to joint research activities.

All these areas of cooperation were accompanied by the creation of the first working groups, expert and sectoral dialogues and meetings, as well as public institutions and programs, organizing joint short- and long-term activities. EC cooperation activities which complemented the activities of Member States had gradually accelerated and diversified. They included both traditional methods, such as trade promotion, technical assistance in agriculture and training of entrepreneurs, as well as new activities relating to information technology, energy, science and technology, business management and biotechnology. The way to overcome the crisis, which had been brought by the Chinese event in 1989 into good EC/EU-China relations, was the first formalized Political dialogue at ministerial level in 1994.

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<sup>76</sup> *A Long Term Policy for China-Europe Relations*, cited work.



In the years 1995–2002 the individual approach of the EU to China improved – under the influence of great economic rise of Asia and its political emancipation in the world – a multilateral approach to the Asian continent in the framework of ASEM. The emphasis on developing long-term relationships has led the EU to adopt four strategic documents. Already, due to the first, bilateral EU-China relations were given a three-dimensional character – besides trade and economic relations, Political dialogue (including Dialogue on human rights) began to develop. Shift into new areas of cooperation and further development of political and economic dialogues, as well as the emergence of new cooperation instruments, in particular sectoral agreements, moving synergies between the two parties from the initial more or less diversified relations to a Comprehensive Partnership.

The evaluation of systemic and substantive relations, the European Commission approached from a position of fulfilling the five main objectives of the Comprehensive Partnership, namely: to further integrate China into the international community; support China's transition, which should lead to an open society based on the rule of law and respect for human rights; further integration of China into the world economy; strengthening China's development assistance and raise awareness of the EU in China. The first objective should be achieved in particular by strengthening Political dialogue, in which the greatest importance was the establishment of regular annual EU-China Summits, due to which, China has become an active part of ASEM, as part of a multilateral security dialogue on Asia regional issues and multilateral dialogue about the global issues. In the second objective, although the transformation in China to open society is very advanced, EU remains committed to using all the instruments to support especially the human rights of local inhabitants. This tool includes especially financially supported Dialogue on human rights newly introduced by the EU that encouraged China into signing of several international agreements. Furthermore, this includes the implementation of the EU-China Legal and Juridical Programme and support civil society development. The main instrument for the integration of China into the world economy, thus fulfilling the third objective, had become a support for China's entry into WTO, strengthening mutual bilateral trade agenda and the promotion of investments, development of bilateral sectoral agreements, financial liberalization and regulation and support for the euro. The purpose of these instruments is to strengthen the rule-based multilateral trading system, removing barriers to access businesses on the markets of the other parties to create the conditions in sectors such as energy, environment or services, including maritime and air transport, financial and banking services, insurance and securities. During the implementation of the fourth objective of the EU helps China to implement a series of reform projects that aim to integrate the

concept of sustainable economic growth and social development in the transformation process of the country. According to present priorities financial resources are allocated to these projects. Those in 2001 flowed from the relevant budget lines. Since 2002 they are provided on the basis of the indicative programming which makes the EU the largest donor in China. To achieve the fifth goal, i.e. to raise awareness of the EU in China not only contribute to the Political dialogue, but also information policies and strategic plans of both parties.

Stage 2003–2013 was determined by the fact that China has moved from the traditional developing countries to transforming economy and the consolidation of European integration, associated with the preparation of the EU's eastern enlargement in 2004. This consolidation allowed involving China in a still wider circle of mutual relations. But since the opening of the Chinese economy and its access to the international environment was accompanied not only with the “agreements” but also “disagreements” and the political system in China remains different in comparison with countries which the EU is developing partnerships with, the both sides decided to proceed the mutual relations in terms of their long-term plans and develop a Comprehensive Strategic Partnership. This basically meant continue to develop partnerships on an equal, mutually beneficial and mutually respecting the conditions, further extending dimensions, area and level of mutual relations and, moreover, that new long-term and stable relationships, providing and supporting sustainable development, peace and stability, and leading parties to share responsibility in promoting global governance.

Crucial role in defining priorities, areas and instruments of Strategic Partnership were Policy Papers, adopted by both the EU and China, as well as the conclusion of the 6<sup>th</sup> EU-China Summit, which suggested direction and new instruments for the future development of EU-China relations. It was a new sectoral dialogues (e.g. on the Industrial Policy; Intellectual Property Rights, Innovation, International Development; Sustainable Tourism etc.). Furthermore, a new sectoral agreements (e.g. on Tourism, Custom Cooperation; Peaceful Use of Nuclear Energy, Regional Cooperation, Africa's Peace, Stability and Sustainable Development), joint declarations, memoranda and round tables (e.g. on Non-proliferation and Arm Control; Cooperation in Space Exploitation, Labour, Employment and Social Affairs, Food Safety, Chinese Change Civil Society; Innovation cooperation dialogue) and partial partnerships (e.g. on Sustainable Urbanization). a number of new areas of cooperation is highlighted. a year 2009 brought consolidation of previous agreements, since then cooperation has been gradually transforming to three pillars structure. The first pillar is High level economic and trade dialogue, the second one (High level strategic dialogue) enhanced political dialogue on bilateral and global issues. Last pillar emerged in 2012 with the official name EU-China High level people-to-people dialogue.

One of the most important instruments should be the new Partnership and Cooperation Agreement, which should replace TECA, which its content has long been lagging behind the real state of cooperation. PCA, however, so far has not been negotiated between the EU and China because of their varying preferences and priorities regarding the form and content. Adopted from EU-China 2020 Strategic Agenda for Cooperation, as well as negotiations on a comprehensive EU-China Investment Agreement shows clearly in which strategic areas they should continue to deepen mutual cooperation. These include: liberalizing the business environment (especially in China), political, strategic and security issues, including the fight against terrorism, issues of sustainable development and climate change, strengthening the role of multilateral financial institutions and global governance.

From this summary, it is clear that the development of EU-China relations for more than 40 years has undergone significant qualitative changes which resulted essentially in a shift from the one-dimensional (trade) to the all-dimensional (trade, economic, political and other) cooperation, from the more-limited (covering a few areas) to the wide-ranging (covering an extensive range of areas) cooperation and from the one-level (interstate) to the multi-tiered (local, interstate, supranational) cooperation. Comprehensive Strategic Partnership, as stated H. Zhou, was identified as the beginning of a new stage of acceleration of all-dimensional, wide-ranging and multi-tiered relationship between the EU and China.<sup>77</sup>

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<sup>77</sup> Zhou, Hong (ed.). *China-EU Relations: Reassessing the China-EU Comprehensive Strategic Partnership*, cited work.