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Table of contents

1. CHINA-EU BUSINESS RELATIONS: WORKING TOGETHER TO CREATE A WIN-WIN SITUATION
H.E. Mr. WU Hailong 2

2. CHALLENGES TO THE EU-CHINA STRATEGIC PARTNERSHIP
Jing Men 4

3. THE EU'S ROLE IN PROMOTING THE SOCIAL DIMENSION OF GLOBALISATION IN CHINA
Hang Yuan 10

4. SEMINAR ON "MASS COMMUNICATION AND EU-CHINA RELATIONS" 16

5. CALL FOR PAPERS: INTERNATIONAL CONFERENCE "EU-CHINA SOFT DIPLOMACY"20

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CHINA-EU BUSINESS RELATIONS: WORKING TOGETHER TO CREATE A WIN-WIN SITUATION

H.E. Mr. WU Hailong *

In 2012, China and the European Union maintained the other as the most important trading partner, as evidenced by the strong interdependence and the complementary relationship. The EU remains China's largest trading partner, the largest source of technology transfer, and the fourth largest source of foreign investment. China has become the EU's largest source of imports, the second largest trading partner, and as second largest, China is among the fastest-growing export markets. According to Chinese statistics, from January to November 2012, bilateral trade in goods was registered at \$495.7 billion. In the first ten months, real investment from the EU to China reached \$5.2 billion, and nearly \$6.9 billion worth of deals have been made to transfer technology from Europe to China.

However, our current economic cooperation and trade is not problem-free, and the European sovereign debt crisis has resulted in the decline of bilateral trade and investment between China and Europe. According to Chinese statistics, from January to November, bilateral trade in goods dropped by 4.1 percent year-on-year, and Chinese exports to Europe have fallen by 7 percent. In the first ten months, EU investment in China has also decreased by 5 percent. According to EU statistics, in the first eight months of 2012, EU imports from China recorded zero growth. What is even worse is that since the beginning of the year, China has been increasingly challenged by the deteriorating environment of exports to the EU. There is a particular concern that due to the increasing number and size of trade frictions, protectionist sentiments are clearly on the rise. Since early 2012, the EU has launched seven trade remedy measures against Chinese companies. The antidumping and countervailing investigation into Chinese solar panels amounts to over \$20 billion, accounting for 7.4 percent of total Chinese exports to Europe.

Despite these challenges, both sides have continued to demonstrate a strong desire to cultivate the cooperation. During the 15th China-EU Summit in September 2012, leaders from both sides reached a broad agreement to recommit to the intensification of cooperation in matters of the economy, finance, energy, the environment, and urbanisation, injecting new vigour into China-EU cooperation across industries. Both sides have maintained sound cooperation on the protection of intellectual property rights with fruitful results achieved in the Intellectual Property Rights Dialogue and commitment made to carry out the IPR Phase III Project. Both sides have expressed a strong desire for the early launch of the negotiations for an investment agreement to facilitate two-way investment. Plans have also been made to leverage the High-Tech Trade Working Group to promote the China-EU trade balance

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InBev-Baillet Latour Chair of European Union-China Relations



through enhancing high-tech trade and increasing relevant EU exports to China.

During the recently concluded 18th Congress of the Communist Party of China (CPC), members of the Congress adopted an inspiring development blueprint for the country. China will continue to grow its domestic market, optimise an industrial mix, and promote new industries of strategic significance, advanced manufacturing business, and the service industry. Efforts will also be made to accelerate the upgrade and adjustment of traditional industries. During the 12th Five Year Plan, China aims to maintain an annual economic growth rate of 7 percent, which will help to increase the market size and will result in enormous consumption. It is estimated that the overall retail sales of social consumption products will increase by 15 percent per year, and total Chinese imports are expected to exceed \$10 trillion. While the European brands have successfully established their names among the Chinese consumers, Chinese manufacturing companies have also been successful in bringing the high-quality and low-priced products to European customers. I strongly believe that Europe will continue to keep its edge when it comes to the advanced technologies, innovation capacity, and management expertise in strengthening its business cooperation with China.

For China and Europe, the current situation of the world economy and the European sovereign debt crisis should be viewed as a rare historical opportunity for cooperation. Instead of wasting time and energy by intentionally playing up the differences and disputes, both partners should make the best of the opportunity and nurture bilateral economic cooperation and trade. It is imperative that all forms of protectionism be opposed, mutual market access expanded, and trade disputes resolved through a smooth consultation process. The EU's recent antidumping and countervailing investigation into Chinese solar panel products has not only triggered a strong reaction within China, but has also caught the attention of the international community and caused concern among the business community in Europe.

These developments pose great harm to the overall interests of the relevant industries and businesses in both China and Europe. Such actions by the EU will also inevitably undermine the image of the Union and shake Chinese companies' confidence with regards to doing business in Europe, as it casts doubt on the EU's capacity to properly handle trade frictions. For China, complementarity outweighs rivalry in China-EU business ties, and such complementarity has only been reinforced by the international financial crisis and constitutes a stable and durable basis for cooperation. In the future, China and the EU must uphold the spirit of cooperation in order to withstand the difficulties and remain committed to creating more opportunities for businesses to cooperate and to grow. I am full of confidence that by working together, both partners will be able to boost market confidence, reinvigorate both economies, and set an outstanding example for the rest of the world of a strategic and mutually beneficial partnership.



CHALLENGES TO THE EU-CHINA STRATEGIC PARTNERSHIP

Jing Men*

Ten years have passed since the EU and China established a strategic partnership in 2003. During these years, the two sides have set up three pillars of high-level exchanges: the High-Level Economic and Trade Dialogue (2008), the High-Level Strategic Dialogue (2010), and the High-Level People-to-People Dialogue (2012). Moreover, more than 50 sectoral dialogues have been institutionalised and many of them have led to fruitful results, including, for example, the establishment of the EU-China Climate Change Partnership, the Mayors' Forum, the EU-China Partnership for Urbanisation, and the High-Level Meeting on Energy.

Between the EU and China, economic and trade relations remain the cornerstone. The EU is China's largest trading partner and China is the EU's second largest trading partner. The total trade in goods grew from €101 billion in 2000¹ to €428.3 billion in 2011.² The EU is China's top source of technology imports, while China is the EU's biggest source of imports as well as the fastest-growing export market. The economic interdependence has been significantly strengthened during these years.

Yet, despite all these achievements, the EU-China strategic partnership faces serious challenges. Chinese Premier Wen Jiabao offered a definition of the strategic partnership in 2004: "By 'strategic', it means that the cooperation should be long-term and stable, bearing on the larger picture of China-EU relations. It transcends the differences in ideology and social system and is not subjected to the impacts of individual events that occur from time to time".³ A review of the decade's bilateral ties only indicates that the EU and China failed to transcend their differences in ideology and social systems and that their relations have been troubled by a number of issues. From institutional arrangement to norms, from economic relations to climate change, this paper analyses the challenges in EU-China relations and poses some questions to the European and Chinese leaderships.

The institutional challenge

The EU-China annual summit mechanism was established in 1998. As the highest institutional arrangement between Brussels and Beijing, always held in the last quarter of each year, it summarises the year's achievements in

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¹ European Parliament, *EU-China Trade Relations*, 2011, p. 7.

² European Commission, "Facts and figures on EU-China trade", September 2012, retrieved 1 December 2012, http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144591.pdf.

³ Wen Jiabao, "Vigorously Promoting Comprehensive Strategic Partnership between China and the European Union", May 2004, retrieved 1 December 2012, <http://www.fmprc.gov.cn/ce/cebe/eng/xnyfgk/t101949.htm>.

InBev-Baillet Latour Chair of European Union-China Relations



bilateral relations and sets the tone for further development. Such an important mechanism should have been strictly observed.

Yet, among the 15 EU-China summits held during these years, two were not convened as scheduled. The Tibetan issue is regarded as belonging to domestic affairs, and maintaining territorial integrity as a key national interest by the Chinese leadership. Chinese leader Hu Jintao challenged the mechanism in late 2008 due to a planned meeting between Sarkozy and the Dalai Lama, mainly because Sarkozy was not only the French President, but also held the EU Presidency during the second half of 2008. The French decision led to the Chinese unilateral cancellation of the summit meeting. Interestingly enough, three years later, when the European Union was in the abyss of the Euro crisis, and when all the preparations for the 14th summit in Tianjin were made, President Van Rompuy called his counterpart in China several days before the scheduled summit and cancelled it, using the excuse of being fully occupied with the crisis. While it is known that the euro has been troubled since 2009, it is somehow difficult to convince people of the fact that the summit was cancelled simply because of the emergency arising from the European sovereign debt crisis. While it is unclear whether Brussels used the tit-for-tat approach after China's cancellation of the 2008 summit, it at least indicates that Brussels does not care about bilateral arrangements in face of challenges from inside. From the institutional perspective, while the situation in 2008 was unprecedented and stunned the world, the summit cancellation in 2011 by the Europeans did not trigger any fuss. However, if the highest-level meeting could be easily cancelled by either side, how much respect does each have for this meeting mechanism? In other words, how much importance is given to the EU-China strategic partnership by Brussels and Beijing?

Similar problems exist in the institutional structure at all levels. The High-Level Economic and Trade Dialogue, for example, launched in 2008, was held for three consecutive years until 2010. Although there are expectations on the EU-side to continue this dialogue with China, there has been no consensus between the two as to when to hold the 4th dialogue. During the Chinese leadership transition from the 4th to the 5th generation between 2012 and 2013, China is fully occupied by its domestic political arrangements. It is said that all the important events on the EU-China 2013 calendar will not be settled until the 12th National People's Congress is held in March.

The normative/political challenge

Despite the establishment of the EU-China strategic partnership, the normative/political gap between the two has not been narrowed during these years. China's rapid rise in the 21st century has proved a significant change in the world. The reforms that have been taking place over thirty years have China the world's 2nd largest economy. The Europeans, on the one hand, are amazed by China's economic achievements; on the other hand, are frustrated at the slow political progress in China, overshadowed by its economic reform. According to the Pew Research Centre, in 2012 62 percent in Germany, 50 percent in Britain, 57 percent in France and 57 percent in Spain name China as the world's top economic power. Yet, in

InBev-Baillet Latour Chair of European Union-China Relations



France, China's favourability ratings dropped from 51 percent in 2011 to 40 percent in 2012 and in Britain from 59 percent to 49 percent.⁴

China has always been criticised by the EU for its various human rights problems. The contended issues, such as political dissidents and the death penalty, were raised once in a while, making trouble for bilateral relations. The Sakharov Prize in 2008 was given to the Chinese dissident Hu Jia by the European Parliament, which predictably provoked protests from Beijing.

The EU's arms embargo on China, put into place in 1989, continues to exist today. Although the Chinese urged the Europeans to lift it, and the issue was indeed seriously discussed in the EU between 2003 and 2005, no solution has been found. At his last EU-China summit before handing over power to the next generation, Chinese Premier Wen said in September 2012 in Brussels that "the solution has been elusive over the past 10 years. I deeply regret this."⁵

The challenges in bilateral trade

Behind the picture of an increasingly interdependent EU-China trade relationship and a rapidly rising two-way trade volume, is the EU's annoyance with many issues in its economic and trade relations with China, including the big deficit in trade in goods, the state subsidies given to Chinese enterprises, the IPR issue, the less open Chinese market and lack of a level playing field. Bilateral trade relations have become tense in recent years.

The EU Trade Commissioner Karel De Gucht complained that China subsidises "nearly everything", which distorts competition.⁶ In order to take action against Huawei Technologies Co Ltd and ZTE Corp – the world's second- and fifth-largest makers of wireless telecoms gear – the Commission intended to launch an investigation on its own initiative in May, but decided to suspend the case just before the 15th EU-China summit.

In early September 2012, the Commission launched an anti-dumping investigation over Chinese photovoltaic (PV) products after the German firm SolarWorld AG filed a complaint in July. According to *Xinhua News Agency*, this is the largest trade dispute involving China in terms of trade volume – the Chinese exports to the EU, valued at \$20.4 billion, would come under fire.⁷ This move came after the US's preliminary ruling, which is to "impose high anti-dumping duties on PV cells and modules imported from China, ranging from 31 percent to 249.96 percent in May 2012, and to impose anti-subsidy duties

⁴ "Global Opinion of Obama Slips, International Policies Faulted", *Pew Research Centre*, 13 June 2012, retrieved 7 December 2012, <http://www.pewglobal.org/2012/06/13/global-opinion-of-obama-slips-international-policies-faulted/>.

⁵ "China premier Wen Jiabao urges end to EU arms embargo", *BBC*, 20 September 2012, retrieved 1 December 2012, <http://www.bbc.co.uk/news/world-asia-19657940>.

⁶ Philip Blenkinsop, "EU holds fire on ZTE, Huawei telecom trade case", *Reuters*, 9 October 2012, retrieved 1 December 2012, <http://mobile.reuters.com/article/idUSBRE89810V20121009?irpc=932>.

⁷ "EU launches anti-dumping probe into China", *Xinhua News Agency*, 7 September, 2012, retrieved 1 December 2012, http://www.china.org.cn/photos/2012-09/07/content_26454576.htm.

InBev-Baillet Latour Chair of European Union-China Relations



ranging from 2.9 percent to 4.73 percent in March 2012.”⁸ If the EU took similar action after investigation, it would put the Chinese photovoltaic industry in a very difficult situation.

The Chinese Ministry of Commerce launched an anti-dumping and anti-subsidy investigation on solar-grade polysilicon imported from the EU on 1 November 2012. In the view of an analyst from Bloomberg New Energy Finance, “[t]he announcement is more a response to the EU probe and the result will be highly dependent [on the decision of the European Commission in its investigation against Chinese products].”⁹ If the tension continues to rise, it will directly affect the general direction of EU-China relations. In order to avoid any possibility of trade wars, the High-Level Economic and Trade Dialogue should be held as soon as possible – which will hopefully help both sides to address their concerns and find solutions.

The EU aviation carbon tax

In the field of climate change, tension has been growing recently between Beijing and Brussels partly due to the EU’s law on the aviation carbon tax. Since 1 January 2012, greenhouse gas emissions from aviation activities have been regulated by the EU Emissions Trading System (ETS) and non-European airlines are requested to comply with the obligations imposed by the EU law. Together with other countries, China strongly opposes the EU law, but compared with other countries, it is one of the most adamant in confronting the EU. The European Commission estimates that the ETS will cost Chinese airlines less than €2.5 million per year,¹⁰ but according to the Chinese calculation, adopting the ETS standards will cost China’s aviation industry Rmb790 million (\$124 million) in 2012 and an estimated Rmb3.7 billion in 2020.¹¹

On 6 February 2012, Beijing announced that its airlines may not participate in the ETS without authorisation from Chinese authority. About three months later, China published a draft climate change law, which mentioned possible “retaliatory approaches” to dealing with the EU’s inclusion of aviation within its ETS. Without specifying the EU, the draft law stated that “China objects to other countries and areas using climate change as an excuse to conduct protectionism in trade, or unilaterally levying carbon taxes or similar taxes on Chinese airlines, ships, etc.”¹²

⁸ Labwu Zengxian, “Domestic Demand Can Save Chinese PV”, 12 December 2012, retrieved 15 December 2012, <http://www.renewableenergyworld.com/rea/news/article/2012/12/the-last-word-can-domestic-demand-save-chinese-pv>.

⁹ “China Probes EU Solar-Silicon Imports for Dumping, Subsidies”, *Bloomberg News*, 1 November 2012, retrieved 15 December 2012, <http://www.businessweek.com/news/2012-10-31/china-probes-eu-solar-polysilicon-imports-for-dumping-subsidies>.

¹⁰ Erin Hale and Damian Carrington, “EU hails airline emissions tax success,” *Guardian*, 15 May 2012, retrieved 15 September 2012, <http://www.guardian.co.uk/environment/2012/may/15/eu-airline-emissions-tax-success>.

¹¹ Dickon Harris, “A European gun to the head,” *Airfinance network*, 7 July 2012, retrieved 15 September 2012, <http://network.airfinancejournal.com/Post/A-European-gun-to-the-head/6588/False>.

¹² Point Carbon, “China’s draft Climate Change Law backs continuation of CDM projects,” 14 May 2012, retrieved 15 September 2012, <http://www.pointcarbon.com/aboutus/pressroom/pressreleases/1.1889835>.

InBev-Baillet Latour Chair of European Union-China Relations



While all airlines from outside the EU oppose to be included in the EU's ETS, they all, except for eight Chinese airlines and two Indian airlines, submitted the required baseline emissions data for 2011 before the end of March 2012, the deadline requested by the EU. Instead of introducing punitive measures immediately, the EU extended the deadlines to mid-June, but the Chinese ignored the offered extension.

China's reasons for challenging the EU law are mainly due to the following considerations. First, the EU is a regional organisation. It has no right to implement a law which includes players outside the Union. In other words, the unilateral action taken by the EU infringes upon the state sovereignty of those which are not member states of this organisation. Secondly, the EU made the policy without acquiring the opinions of other countries. As a rising power that pays increasing attention to its rightful place in the international arena, China feels upset at being put in the position of a rule-taker. In order to better protect both its political and economic interests, China would like to be a rule-maker. The conflict with the EU over the ETS is part of China's struggle to gain influence reflecting its rising power in the world. Thirdly, due to this law, huge costs will be inflicted upon Chinese airlines, deemed unacceptable by China. Fourthly, and most importantly, behind the debate on whether international airlines should be involved in the EU's ETS lies the core difference between the developed and the developing world on who should pay for the costs of mitigating climate change. Regarding itself as the representative of developing countries, China emphasises time and time again that the principle of "common but differentiated responsibilities" should be respected when considering efforts against climate change.

Under pressure, the Commission decided to suspend the enforcement of its controversial aviation tax for one year. Yet this decision will only set aside the differences between the EU and China temporarily. As development remains the top priority for China, it is unlikely that China will allow other objectives to interfere with its economic growth. Economic performance is linked to employment and social stability, which are closely related to government legitimacy. Although ecological progress was included in the Communist Party Congress Report released in November 2012 for the first time, China's basic policy on climate change will not be changed.

Prospects for the coming decade

There is a bottleneck in the development of the EU-China strategic partnership. There is a lack of trust and mutual understanding between the two sides. More importantly, some fundamental differences between the EU and China, including the differences between a bloc of liberal democratic states and an authoritarian state and between a developed group and a developing country, make it difficult for the two to always find converging interests in their relations. The question is: in face of often divergent positions in many fields, is there a feasible way to dismiss mistrust and enhance mutual understanding? At the 10th anniversary of the establishment of the EU-China strategic partnership, the year 2013 will be a good moment for the two sides to reflect upon the nature of their relations and ask themselves: how to add



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InBev-Baillet Latour Chair of
European Union-China Relations



more substance to their strategic partnership on the basis of all the established platforms of communication?



THE EU'S ROLE IN PROMOTING THE SOCIAL DIMENSION OF GLOBALIZATION IN CHINA

Hang Yuan*

Introduction

Discussions of the social dimension of globalisation have been taking place all over the world for almost two decades.¹ The European Union (EU) has been actively participating in this debate and developed a broad international social agenda to endorse the key initiatives advocated by the International Labour Organization (ILO), such as core labour standards (CLS), a decent work agenda, and corporate social responsibility (CSR).² While the EU has also been promoting these initiatives in the context of EU-China relations for over a decade, the academic research in this field is far less burgeoning.³ The few existing studies on the EU's diffusion of international norms towards China concentrate on civil and political rights.⁴ As the social dimension of globalisation involves human rights, social cohesion and sustainable

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¹ The social dimension of globalisation refers to the impact of globalisation on the life and work of people, on their families, and the societies. The issues concerned include the impact on work, income, social protection, security, culture and identity, inclusion or exclusion as well as the cohesiveness of families and communities. The discussions on this topic at the global level were first stimulated by a series of meetings, including the 1995 World Summit for Social Development in Copenhagen and the 2000 World Summit in New York identifying the UN Millennium Goals. In 2004, the World Commission on the Social Dimension of Globalization (WCSDG)'s Report called for global leadership to "build a fair and inclusive process of globalization". See World Commission on the Social Dimension of Globalization, *A Fair Globalization: Creating opportunities for all*, Geneva, International Labour Office, 2004; B. Gunter & R. Hoeven, "The Social Dimension of Globalization: A Review of the Literature", *International Labour Review*, vol. 143, No. 1-2, 2004, pp. 7-43.

² J. Orbie & L. Tortell, "Exporting the European Social Model: Broadening Ambitions, Increasing Coherence?", in J. Orbie & L. Tortell (eds.), *Symposium on 'The European Union's Global Social Role'*, *Journal of European Social Policy*, vol.19, no. 2, 2009, pp.99-104.

³ The social dimension of globalisation is much less discussed than the economic, political and security issues involved in EU-China relations. See, for example, F. Austermann, "The European Model of CSR and Labour Standards in China", in J. Men & G. Balducci (eds.), *Prospects and Challenges for EU-China Relations in the 21st Century: the Partnership and Cooperation Agreement*, Brussels, Peter Lang Pub Inc., 2010, pp. 81-102.

⁴ W. Shen, "Imperialistic Endeavour or Empty Rhetoric? Analysing the EU's Promotion of Human Rights in China Since 1989 through a 'Normative Power' Perspective", in J. Wetzel (ed.), *The EU as a 'Global Player' in Human Rights?*, Routledge, 2011; R. Balme, "The European Union, China and Human Rights", in Z. Laidi (ed.), *EU Foreign Policy in A Globalized World: Normative Power and Social Preferences*, London, Routledge, 2008, pp. 143-173; G. Balducci, "The Limits of Normative Power Europe in Asia: the Case of Human Rights in China", *East Asia*, vol. 27, 2010, pp.35-55; M. Mattlin, "Dead on Arrival: Normative EU Policy Towards China", *Asia Europe Journal*, no.10, 2012, pp. 181-198.

InBev-Baillet Latour Chair of European Union-China Relations



development, the research on this topic has the potential to yield a more comprehensive understanding of the relations between the EU and China.

This paper aims to explore the EU's role in promoting the social dimension of globalisation when engaging China. A popular analytical framework, developed by Ian Manners on the EU's role in diffusing norms in the world, will be employed.⁵ This framework examines three related aspects of EU efforts: the principles, actions and impact of its external policies. Specifically, the application of this framework involves a tripartite analysis: whether the EU acts through "living by example" in principles, "being reasonable" in actions and "doing least harm" consequentially to China.⁶

The norms promoted

First of all, the EU actively promotes the CLS, which cover four fundamental rights.⁷ Connecting civil and political rights with social and economic ones, the CLS are in accordance with the well-established texts of international law and their objectives.⁸ Decent work is one of the UN Millennium Development Goals (MDG) and the decent work agenda is a policy instrument used to achieve the CLS.⁹ In addition, CSR involves initiatives encouraging companies' voluntary efforts to improve the labour rights and benefits of their employees.

The EU's lasting commitment to these initiatives is embodied and reaffirmed in its own legal and policy documents. The Charter of Fundamental Rights of the European Union in the Lisbon Treaty is the EU's basic legal basis for the CLS.¹⁰ The EU policy papers also make explicit references to the abovementioned initiatives by the ILO.¹¹

⁵ Ian Manners developed the approach of Normative Power Europe. Its central assumption is that the EU can be viewed as a normative power if it acts normatively when promoting norms. See I. Manners, "Normative Power Europe: A Contradiction in Terms?", *Journal of Common Market Studies*, vol. 40, no. 2, 2002, pp. 234–58; I. Manners, "The Normative Ethics of the European Union", *International Affairs*, vol. 84, no.1, 2008, pp. 45–60.

⁶ *Ibid.* As a normative power, the EU is expected to act normatively in three ways: living in line with the norms it advocates; mainly using dialogue and persuasion in diffusing those norms; and avoiding harmful consequences in the diffusion.

⁷ These rights are coded in 8 ILO Conventions: N°s 87 and 98 on freedom of association and the right to collective bargaining; N°s 29 and 105 on the elimination of forced or compulsory labour; N°s 138 and 182 on the effective abolition of child labour; and N°s 100 and 111 on the elimination of discrimination in employment and occupation. See International Labour Organization, International Labour Conference, *ILO Declaration on Fundamental Principles and Rights at Work*, Geneva, June 1998; International Labour Office, *The International Labour Organization's Fundamental Conventions*, Geneva, 2002.

⁸ The related international laws include the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social and Cultural Rights (ICESCR). International objectives refer to the goals highlighted in the UN Millennium Development Goals.

⁹ International Labour Organization, *Fundamental Declaration on Social Justice for a Fair Globalization*, Geneva, 2008.

¹⁰ European Union, "The Charter of Fundamental Rights of the European Union in the Lisbon Treaty in "Information and Notices", *Official Journal of the European Union*, C83, vol. 53, 30 March 2010, art. 5, 10, 11, 12, 15, 20, 21, 23, 24, 27– 32, 34.

¹¹ See for example, Commission of the European Communities, *Communication from the Commission: the Social Dimension of Globalization - the EU's policy contribution on extending*,

InBev-Baillet Latour Chair of European Union-China Relations



EU actions

The EU promotes these norms towards China on bilateral and multilateral occasions such as the Asia Europe Meeting (ASEM). Of the current three pillars in the EU-China ties,¹² the bilateral political dialogue is a basic channel through which the EU diffuses the CLS and related norms.¹³ The framework of this dialogue comprises bilateral Summits, Human Rights Dialogue, sectoral cooperation and dialogues for closer policy co-ordination on issues including employment and social affairs. The EU also sponsors or co-sponsors various bilateral academic seminars on issues such as employment, working conditions and CSR.

Since 1995 the EU has issued a series of official papers to push and improve the dialogue.¹⁴ In these documents, it made increasing references to the international human rights norms including those from the ILO. The EU urged its supranational authorities and Member States to continue pressuring China to ratify and implement the CLS conventions while supporting China's reform to follow those initiatives.¹⁵

EU officials generally raise these issues when making contact with Chinese authorities. For instance, the issue of forced labour in China, such as the system of 're-education through labour' (RTL), was raised by EU representatives at the EU-China Human Rights Dialogue.¹⁶ In EU-China bilateral Summits, the CLS were often mentioned under the title of human rights. At these Summits, both sides pledged to respect these recognised

COM (2004) 383 final, Brussels, 18 May 2004; Commission of the European Communities, *Communication from the Commission: Promoting decent work for all: the EU contribution to the implementation of the decent work agenda in the world*, COM(2006) 249 final, Brussels, 24 May 2006; Commission of the European Communities, *Communication from the Commission: Renewed social agenda: opportunities, access and solidarity in 21st century Europe*, COM(2008) 412 final, Brussels, 2 July 2008; Commission of the European Communities, *Communication from the Commission: a renewed EU Strategy 2011-14 for Corporate Social Responsibility*, COM(2011) 681, Brussels, 25 October 2011.

¹² The three pillars refer to political dialogue, trade and economic ties, and quite recently the people-to-people ties.

¹³ The framework of the structured EU-China political dialogue was established in 1994 and gradually upgraded in 1998, 2002 and 2010.

¹⁴ Commission of the European Communities, *Communication from the Commission: a long term policy for China-Europe relations*, COM (95)279 final; Commission of the European Communities, *Communication from the Commission: building a comprehensive partnership with China*, COM (98) 181 final, Brussels, 25 March 1998; Commission of the European Communities, *Communication from the Commission: EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy*, COM(2001) 265 final, 15 May 2001; Commission of the European Communities, *Communication from the Commission: a maturing partnership - shared interests and challenges in EU-China relations*, COM(2003)533 final, Brussels, 10 September 2003; Commission of the European Communities, *Communication from the Commission: EU - China: Closer partners, growing responsibilities*, COM(2006) 632 final, Brussels, 24 October 2006.

¹⁵ Ibid.

¹⁶ This system is also called "laodong jiaoyang" in China. See "EU and China Hold Human Rights Dialogue (01/06/2012)", Delegation of the European Union to China, retrieved 10 September 2012,

http://eeas.europa.eu/delegations/china/press_corner/all_news/news/2012/20120601_en.htm.

InBev-Baillet Latour Chair of European Union-China Relations



international norms, at least rhetorically in the joint statements.¹⁷ The issues of decent work and CSR were also mentioned in the EU-China Summit of the year 2007.¹⁸ The concrete results of the EU-China political dialogue in this field include the Memorandums of Understanding (MoU) signed in 2005 and 2009 respectively.¹⁹ The two MoUs led to a series of seminars, round table talks and cooperation projects covering employment, labour and social protection issues.

However, it is interesting to note that the joint statements of the recent four consecutive Summits (from 11th in 2009 to 14th in 2012) did not make mention of EU-China engagement in this field. One possible explanation for this is that, as bilateral cooperation in the field of health and safety at work had already been in operation, neither side needed to offer any further political push.²⁰ Nevertheless, this interpretation cannot justify why these issues reappeared in the 15th Summit.²¹

The development cooperation programmes and trade policy are other instruments that the EU employs.²² The EU once considered imposing import controls on goods in order to force China to take positive actions. For instance, in 2002 the European Parliament clearly signalled that products from forced labour camps in China should be rejected by the EU.²³ It should be pointed out that, to date, the EU has not taken legal action to support its rhetorical objections to these products, in spite of years of internal discussions on this topic.²⁴

In addition, the EU highlights the role of multilateral organisations in diffusing those norms. The ASEM is viewed by the EU as providing "a new dimension to the EU-China relationship".²⁵ Compared with the EU-China bilateral dialogue, the ASEM process seems to attach more importance to the social dimension of globalisation. Since 2006 the ASEM Summits have

¹⁷ *The Joint Statement of the 4th EU-China Summit*, Brussels, 5 September 2001; *The Joint Statement of the 9th EU-China Summit*, Helsinki, 9 September 2006, p 9.

¹⁸ *The Joint Statement of the 10th EU-China Summit*, Beijing, 28 November 2007.

¹⁹ The first is the Memorandum of Understanding on Labour, Employment and Social Affairs, signed by Commissioner Vladimir Špidla with the Chinese Minister of Labour and Social Security, Tian Chengping on 5 September 2005, at the EU-China Summit in Beijing. The MoU, signed in 2009 by the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission and the State Administration of Work Safety of the People's Republic of China, was to set up a policy dialogue and cooperate in the field of health and safety at work.

²⁰ This view is based on the author's interview with some EU officials in October 2012. The bilateral policy dialogue and cooperation in the field of health and safety at work was established according to the Memorandum of Understanding between the EU and China authorities signed in Brussels in January 2009.

²¹ See *The Joint Statement of the 15th EU-China Summit*, Brussels, 20 September 2012, p 4. It stated that the EU and China "supported the promotion of the decent work agenda within the framework of ILO".

²² The EU sponsored numerous development projects to encourage China's economic and social reform towards the rule of law and democracy. For more details, see the EU's China policy papers mentioned above.

²³ European Parliament, *EU strategy towards China*, P5_TA (2002) 0719, Brussels, 2002, Human rights section, point 37.

²⁴ A. Willis, "EU considers ban on Chinese labour-camp goods", *EUObserver*, 23 September 2010, retrieved 10 December 2012, <http://euobserver.com/china/30878>.

²⁵ COM(98)181 final.

InBev-Baillet Latour Chair of European Union-China Relations



been paying an increasing amount of attention to this issue. The ASEM Labour and Employment Ministers' Conference (LEMC) has already gathered four times to discuss it in more detail.²⁶ Both summits and ministerial meetings make a clear reference to the ILO initiatives such as the CLS, the recommendations for decent work and CSR.²⁷ Notably, while European representatives stressed the significance of these ILO initiatives, Chinese officials emphasised technical cooperation in order to create job opportunities.²⁸

The impact?

It is difficult to evaluate the impact of the EU's effort in norm diffusion to China, as other international actors like the ILO are also imposing varying pressure on China.²⁹ Still, it is useful to analyse China's mixed responses.³⁰ On the one hand, China's position on the freedom of expression and association remain unchanged.³¹ Recently, it downplayed the EU-China Human Rights Dialogue by reducing its frequency.³² Little visible achievement in this subfield makes EU officials disappointed and frustrated.³³ Furthermore, the Chinese recently raised human rights issues in Europe in a more offensive manner than they did in 1990s when China was preoccupied with defending its stance in the UN.

On the other hand, China shows certain flexibility on the low sensitivity issues. China signed (in October 1997) and ratified (in March 2001) the International Covenant on Economic, Social and Cultural Rights (ICESCR).³⁴ It also took steps in abolishing child labour and eliminating discrimination in employment and occupation.³⁵ The discussion of reforming its RTL system is

²⁶ In Germany (2006), Indonesia (2008), the Netherlands (2010) and Vietnam (2012).

²⁷ See the in *the Chairman's Statement of the 4th-8th ASEM Summits and the Chairman's Conclusions of 1st-4rd ASEM LEMC*.

²⁸ *The Second ASEM LEMC Chairman's Summary*, Bali, Indonesia, 14-15 October 2008.

²⁹ The ILO has already established a relationship with China. In 2001 the ILO signed a MoU with China and in 2007 three parties in China signed the *Decent Work Country Programme (2006-2010)*.

³⁰ See Chinese government, *China's EU Policy Paper*, 13 October 2003.

³¹ To date China has not ratified the ILO Conventions N^os 87 and 98 on the rights to association and collective bargaining, and N^os 29 and 105 on the prohibition of forced labour. Nor has China ratified the International Covenant on Civil and Political Rights (ICCPR). In the official documents of the bilateral and multilateral dialogues mentioned in this paper, there is no explicit language showing that China has changed its position.

³² The EU was disappointed by the fact that "China had not agreed to a second session of the dialogue in 2010 and 2011". See "EU and China Hold Human Rights Dialogue (01/06/2012)", http://eeas.europa.eu/delegations/china/press_corner/all_news/news/2012/20120601_en.htm.

³³ This observation is based on the author's interviews with some EU officers who are familiar with the dialogue with China on human rights. Also see "China: EU Rights Talks Sliding toward Irrelevance - Empty Rhetoric Betrays Lack of Strategy", Human Rights Watch, May 25, 2012, retrieved 9 December 2012, <http://www.hrw.org/news/2012/05/25/china-eu-rights-talks-sliding-toward-irrelevance>.

³⁴ China placed reservations, however, on the application of Article 8.1 (a) which is on freedom of association and trade union membership. See "Status of Treaties, Chapter IV", Treaty Collection(databases), United Nations, retrieved 10 December 2012, http://treaties.un.org/Pages/ViewDetails.aspx?chapter=4&lang=en&mtdsg_no=IV-3&src=TREATY#EndDec.

³⁵ China ratified the ILO Conventions on child labour (N^os 138 in 1999 and N^os 182 in 2002) and elimination of discrimination at work (N^os 100 in 1990 and N^os 111 in 2005).

InBev-Baillet Latour Chair of European Union-China Relations



also ongoing.³⁶ By issuing its two human rights action plans and its first decent work country programme, China has recently been seeking to improve its image with regards to human rights.³⁷ In addition, China shows much interest in the EU's experience and technical assistance with issues relating to decent work, migrant workers' rights and interests, social cohesion, social security and employment³⁸.

Tentative conclusion

Based on the above examination of the three aspects of the EU efforts in promoting the social dimension of globalisation in China, a tentative conclusion is that the EU acts in a normative way only to a limited extent. The EU has been making efforts to diffuse those norms to China through 'living by example' in principles and 'being reasonable' in actions (dialogue and persuasion). However, its policy coherence and impact of norm diffusion are inevitably undermined by its limited leverage and determination in dealing with China. Meanwhile, its efforts are also challenged by China's selective attitude to those norms. While the EU believes the universality of international norms, China takes a cautious and suspicious look at them and strongly defends its own traditional positions, particularly on highly sensitive issues. In a broader sense, interactions between the EU and China represent the lasting international debate about the nature of international norms: are they universal or relative? The current global power shift including the rise of China, the extending European debt crisis and the international economic recession, makes this debate more complicated than ever. All of the abovementioned issues pose great challenges for EU normative efforts. What proper role the EU can play in the future EU-China relationship and in global governance in general deserves deep contemplation.

³⁶ J. FlorCruz, "Reforming China's Controversial Labor Camps ", CNN, October 19, 2012, retrieved 17 December 2012, <http://edition.cnn.com/2012/10/18/world/asia/china-forced-labor-camps/index.html>.

³⁷ China, The Information Office of the State Council, *National Human Rights Action Plan of China (2009-2010)*, Beijing, 2009; *National Human Rights Action Plan of China (2012-2015)*, Beijing, 2012; China, contributing to realising decent work: *ILO Decent Work Country Programme in the People's Republic of China 2006 – 2010*, 2007.

³⁸ See the joint statements of the 10th (2007) and 15th (2012) EU-China Summit.



SEMINAR ON “MASS COMMUNICATION AND EU-CHINA RELATIONS”

On 18 December 2012 the InBev-Baillet Latour Chair of European Union-China Relations of the College of Europe, together with the *Xinhua News Agency* Europe Regional Bureau, and the Madariaga-College of Europe Foundation, organised a seminar on “Mass Communication and EU-China Relations” at the Madariaga-College of Europe Foundation in Brussels. The seminar gathered European and Chinese officials, journalists, scholars and representatives of civil society who engaged in a lively, thought-provoking and constructive discussion. Participants expressed their interest in the topic and their support to the organisers for more such events in the future.

The seminar on “Mass Communication and EU-China Relations” was introduced in the context of the tenth anniversary of the EU-China Strategic partnership and the efforts made to enhance people-to-people exchanges. The EU-China partnership has come a long way since 2003: the trade volume exchanged between the two parties has increased fourfold and the volume of investments is forty times larger than in 2003. The two partners are becoming more interdependent than they were ten years ago. On the one hand, China is able to provide the market that will enable Europe to recover from the economic crisis. On the other hand, as China is trying to boost innovation productivity and transform its production model, the EU is seen as one of its top partners. Participants stressed that issues of global scale cannot be solved without collaboration between the EU and China.

The seminar was chaired by Prof. Jing Men, the InBev-Baillet Latour Chair of EU-China Relations at the College of Europe. Six speakers, three Europeans and three Chinese, discussed, in a warm and friendly atmosphere, a large array of issues relating to the development of mass communication and its impact on EU-China relations.

Exchanges between the Chinese and European media

One important issue addressed at the seminar was that mass communication needs to face the challenge presented by the speedy evolution of the financial markets and tackle the complexity of our globalised world. The media have to find a way to deal with the high velocity of decision-making. In order to ensure a break-through in a competitive world, most media and mass communication agencies focus on results. At a time when the Western media is suffering a tremendous crisis, Chinese media is thriving. European media should get used to different non-European perspectives, in order to be able to keep up the pace with the rapidly changing world.

China's soft power is growing very fast, but nonetheless China has an image of a hard power. Building trust in the relations with its partners is a true challenge. Against this backdrop, the presence of Chinese journalists in Brussels has rapidly increased from five in 2001 to 19 in 2006, and 43 today.

InBev-Baillet Latour Chair of European Union-China Relations



China pays more and more attention to European events. Chinese stories focus mostly on the Euro crisis, security and trade issues. The Chinese media have secured a very good follow-up of events and provide high-quality and consistent reporting. As part of their strategy, they employ foreign experts on European issues. The European counterparts to Chinese journalists confirmed that the work of the latter is excellent as they are proactive, accurate with quoting and quick in reaction.

The impressive number of Chinese journalists in Brussels and other European capitals helps to project a more sophisticated picture of China. For example, the Chinese national news agency – *Xinhua* would like to become “one of the most important bridges between the EU and China”, while the *China Daily* newspaper has a mission to report “European-tailored China stories”.

Xinhua News Agency, established in 1931, has 172 bureaus worldwide, 33 in China alone, and releases stories in eight languages: Chinese, English, French, Spanish, Portuguese, Russian, Arabic and Japanese. Its regional bureau based in Brussels is responsible for coordinating 42 subordinate offices across Europe. *Xinhua*'s offices in Europe work in 25 different languages, and it actively competes with other major media groups in Europe. As was introduced at the seminar, *Xinhua* was the first foreign media agency to cover the tragic bus accident (in which a group of Belgian students were killed) in Switzerland that occurred in March 2012. The video shot on the spot was later projected by BBC. It was also the first to report the success of Hollande in his Presidential election in France, several seconds faster than the local French media.

China Daily, founded thirty years ago, is also expanding its presence globally. It already has four offices in Europe and Africa, among which are London and Brussels. In order to establish itself in the global mass communication landscape, *China Daily* is practising co-branding with other global media. *China Daily* provides stories about political meetings and decisions taken in China, Chinese economic and social events and other stories of interest for the European public.

In a highly competitive environment it is very important to find a niche of need for information targeted to a specific group. The German Press Agency, Deutsche Presse-Agentur (DPA), has created a special platform called “Insight EU”. This initiative aims at providing in-depth understanding of EU decisions by integrating analysis and approaches both from the EU level and the Member States level. Since the articles start by giving a general understanding of the adopted legislation and then go more into detail, they are suitable not only for the general public but also for decision-makers.

Country image and perceptions

Three competing narratives on China seem to exist in the EU. Firstly, China's status creates confusion as it fits neither in the category of developed countries (mostly OECD countries), nor in the category of developing countries. Secondly, China is admired for its great achievements in combating poverty and modernising the country. The EU sees China as a responsible power and recognises that it has challenges to face. Thirdly, there

InBev-Baillet Latour Chair of European Union-China Relations



is a general suspicion linked to a certain 'communist stigma'. China's unwillingness to be involved in human rights discussions and sanction measures against third parties together with the military assertiveness is perceived as a threat to peace.

Although China is often portrayed as being a communist country with a strong economy and a regime which is opposed to democracy, from a Chinese perspective, China is not a communist country. Currently, it is at the preliminary stage of socialism. In other words, the Chinese government has the important task of improving the economic productivity and living conditions of the whole society. Even though China's GDP is growing quite quickly, as the second largest economy in the world, the country is facing big imbalances. The richest 10 percent of the population earn 60 times more than the poorest 10 percent. China strives to reduce production costs and energy consumption and improve efficiency. It is also important to note that China and Chinese leaders are not, in principle, opposed to democracy because it is seen as a means to achieving a decent life. This being said, participants clarified that democracy, as it is understood in the West (i.e. closely linked to the separation of power vertically, horizontally and the balance between political and civil forces), is unlikely to be implemented in China since the Chinese reality is different. China is, however, constantly changing and Chinese leaders are becoming more liberal and down-to-earth. It is very likely that the new generation of Chinese growing up now will become a driving force for even bigger and faster reforms.

Lack of mutual trust in EU-China relations

From a Chinese perspective, the European media working on the topic of China is both provocative and visionary. However, even though think-tanks have greatly contributed to the development of EU-China relations, much more has yet to be done.

Despite the increased presence of Chinese journalists, perceptions of China and the Chinese media are often marked by unclear relations between the Chinese government and Chinese policy-makers and Chinese media. Moreover, EU-China relations, as often pointed out by officials from both sides, are undermined by an overall lack of mutual trust, which resurfaces in diverse trade-related disputes such as the Huawei issue or the solar panel issue.

The lack of trust is enhanced by misunderstandings concerning media ownership and freedom of expression in China. These issues, coupled with the lack of transparency and understanding of the Chinese and European decision-making processes, lead to the fundamental problem of the lack of trust. Participants argued that a more open approach toward foreign media, in particular when it comes to press conferences after major events on EU-China relations, will be rather beneficial for China. This can be an opportunity to explain the Chinese stance to the European public and thus avoid country-labelling and, to a certain extent, help reshape the image of China. In the same line, it was suggested that China pays more attention to the large variety of media and to the necessity to treat all media in an equal manner.



InBev-Baillet Latour Chair of
European Union-China Relations



Conclusion

Despite the fact that huge differences exist between the EU and China, speakers at the seminar all agreed that they share many common challenges and they need each other. In a globalised world and one which experiences a rapid development of informatisation, media communication plays an important role in bringing information to people, increasing either mutual understanding or misunderstanding between different societies. In the field of EU-China relations, it is necessary to pay due attention to the role of the media, and a greater number of seminars and conferences should be organised to address such an issue.

InBev-Baillet Latour Chair of
European Union-China Relations



CALL FOR PAPERS

INTERNATIONAL CONFERENCE

EU-CHINA SOFT DIPLOMACY

Thursday & Friday, 18-19 April 2013, Brussels

The Inbev-Baillet Latour Chair of European Union-China Relations at the College of Europe invites experts to contribute papers which focus on EU-China soft diplomacy. The papers will be presented at the International Conference on 18-19 April 2013 at the EU Committee of the Regions, 99-101 Rue Belliard, 1040 Brussels.

Deadline for submission of paper proposals: 15 January 2013 (extended to 31 January 2013)

Context

In a globalised world where a variety of state and non-state actors are involved in the art and practice of conducting negotiations, the classical definition of diplomacy is insufficient to encompass the existing interactions. Culture plays a crucial role in the relations between nations and in the definition of identities. Increasingly, foreign relations on both bilateral and multilateral levels are driven by public diplomacy, cultural and environmental cooperation. This is why 'soft diplomacy', a new angle of examining diplomacy, which involves new and non-governmental actors, becomes more and more relevant to bridge the gap between different cultures.

The relationship between two of the most prominent world actors - the European Union (EU) and China - is no exception to this trend. Enhancing trust and mutual understanding by promoting people-to-people exchanges between the EU and China have thus become the leitmotif for policy-makers on both sides. In this regard, 2012 was a landmark year for EU-China relations as it saw the establishment of the third pillar of the EU-China strategic partnership – the High Level People-to-People Dialogue.

The aim of this two-day international conference is to foster research on different topics related to EU-China soft diplomacy. It will bring together European and Chinese policy practitioners, scholars, representatives of NGOs and of the business community, to examine the role and impact of soft diplomacy on the bilateral interaction between the EU and China. The conference will offer the opportunity for debate on a large array of issues of common interest in a spirit of enhanced people-to-people contacts.

The working language of the conference is English. Selected papers will be edited and published either in a special issue of an international academic journal or in a book with an international publisher.



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Proposed topics

The InBev Baillet-Latour Chair of EU-China Relations would like to solicit experts to contribute papers on soft diplomacy in the context of EU-China relations. Contributions should cover one or more of the following dimensions of EU-China relations:

- Public diplomacy and communication
- Cultural diplomacy
- Environmental (and climate change) diplomacy
- Educational Diplomacy

Participation in the conference is free of charge and meals during the conference will be provided.

Submission of proposals

Please submit paper proposals of approximately 500 words along with a brief CV to both Professor Jing Men (jing.men@coleurope.eu) and Veronika Orbetsova (veronika.orbetsova@coleurope.eu) **no later than 15 January 2013 (extended to 31 January 2013)**. All proposals will be reviewed and the organisers will confirm acceptance by 5 February 2012. Participants are expected to provide complete copies of their papers, which should be around 7,000 words, in electronic form **by 30 March 2013**.

Contact

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