

## China and Europe since 1978: An Introduction

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This issue brings together an outstanding group of European scholars interested in China who recently presented at a conference the European perspective on the development of Chinese-European relations since China embarked on its open policy and the European Union evolved into the major economic and political force in Europe. The conference, held 17–19 May 2000, was hosted by the *Instituto do Oriente*, in the *Instituto Superior de Ciências Sociais e Políticas* at the *Universidade Técnica de Lisboa*. *The China Quarterly* wishes to warmly thank the head of the Institute, Prof. Narana Sinai Coissoró and his assistant, Sra. Ana Cristina Dias Alves, as well as Sra. Andrea Sofia da Cruz Valente and Sr. André Filipe Reynolds Castel-Branco da Silveira. The papers also benefited from the participation of Hugh Baker, Kjeld Erik Brødsgaard, Ana Maria Gonzalo Castellanos, Stefan Friedrich, Wolfgang Pape, Klaus Rupprecht, and the rapporteur's report done by John Ingerson. The contributions in this volume largely are the revised versions of the conference papers.

Few early histories of cultural contact conjure up more romanticism than the relationship between China and Europe. The interaction along the so-called silk road has often been perceived in the main as being between Europe and China. The sea voyages of the Ming eunuchs Zheng He and Wang Jinghong never brought them to the Cape of Good Hope although they came close. Rather it was the likes of Bartolomeu Dias and Afonso de Albuquerque who ventured out from Portugal to round the Cape and sail on to India and then to Malacca where they first came into direct contact with Chinese trading in South East Asian waters. Later it was Jorge Álvares who became the first European to reach China by sea when he landed in the Guangdong area in the early 16th century.

From that time on, maritime contact increased with the Portuguese settlement at Macau followed by some Dutch and Spanish activity along the coast and on Taiwan. In the 19th century, key events included the British take-over of Hong Kong, as well as the construction of the whole treaty port system, and China entered the period often referred to as the "century of humiliation" when the country suffered exploitation at the hands of the Western (largely European) powers and Japan.

In Europe during these centuries, China, at times, was conceived of as offering worthy alternatives to what some Europeans perceived to be the evils and decadence of their own societies. This enthusiastic view was further strengthened for some with the founding of the People's Republic in 1949 and the phrase that "the Chinese people had stood up." By the 1980s, that image of China had largely been shattered amongst Europeans. Concurrently, Europe was beginning to look inward and rebuild itself through the European Union, thereby keeping China from the top of the agenda for Europe.

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Thus, by the 1980s, the geographical distance between Europe and China came to be matched by a psychological distance. North America, especially the USA, was much “closer” to China both in the American terms of US national interests and in terms of a Chinese search for new models to emulate within their development programme. Into the 1990s, Europe continued to look across the Atlantic on the one hand and, on the other, toward integrating the two camps into which the cold war had split the sub-continent itself. China, somehow, remained relatively remote although not ignored as European interests in East Asia continued to expand.

Overall, in diplomatic terms, European developments with the People’s Republic were always secondary to what was going on with the United States and in the collapsing and then collapsed Soviet block. The United Kingdom and Portugal had their relations with China further complicated by the transition of Hong Kong and Macau respectively to the PRC in 1997 and 1999. As the EU’s China policy emerged, the nation states of Europe generally adopted a clever policy of avoiding or reducing their discussions of tough issues such as human rights, leaving the European Union to deal with those matters so as to not interfere with bilateral trade and other types of diplomacy.

Europe’s relations with the PRC have been complicated by contact with the Republic of China on Taiwan. Nevertheless, relations with Taiwan for the majority of European states are even more complicated by the reality of diplomatic ties with mainland China. As we began the 21st century only the Vatican and Macedonia recognized the Republic of China on Taiwan. Macedonia was soon to switch when civil war meant that political needs from Beijing outweighed economic ones from Taipei. The Vatican’s case remains special but even the Holy See has been talking with Beijing. Despite these setbacks, Taiwan’s ability to manoeuvre in Europe has been increased and Taipei has come to see Europe in much the same way as Beijing does: it is a place to turn to when dealing with the USA and Japan becomes difficult.

Economically, European trade with China has grown, but the USA and Japan remain much greater players both with mainland China and Taiwan. China has also been rapidly developing trade within the East and South-East Asian areas. Thus, European/Chinese relations have come a long way, yet for both they remain secondary to other economic ties. Our papers portray these developments in far greater detail.

Kay Möller traces out the history of relations between the European Community (EC) and then the European Union (EU) since the beginning of the open policy. The paper suggests that EC/EU relations have been somewhat of a sideshow reacting to American, and to a lesser degree, to Soviet policy toward China. As time went on China saw the EU less as a “bulwark against ‘Soviet hegemonism’ ” and more as a power in a multi-power world in its own right. Economic and technical co-operation led the way but after Tiananmen in 1989, issues became much more political for the EU side. We also see that EU policy becomes entangled with bilateral policy as various European countries seem to go

their own way, especially in the 1990s. Human rights issues compete with a strong desire to get into the China market and in general, the market wins out. After 1997, Möller suggests that relations have become more positive – at least on a verbal level – but China clearly prefers dealing with “Europe” rather than the EU, and with the EU rather than NATO. Möller sees the EU’s China policy as containing three major elements: the economy, world order and East Asian security. The EU has been most positive on the economy and weakest on East Asian security matters.

In conclusion Möller suggests that for the future, Europe figures predominantly for China as a key point in a multi-polar world, another regional power like itself. The Chinese have no interest in seeing Europe’s vision extend beyond the Mediterranean. Europe seems to respond to China in terms of events. On world order issues, Europe seems to be passive in relation to China, letting the Americans take the lead. It appears that Europe is happy with America taking the lead.

Eberhard Sandschneider focuses on relations of selected European states with the PRC. First he outlines and contrasts the policies of three large EU member states: Germany, France and the United Kingdom. The United Kingdom’s diplomacy is characterized by a striving for a comprehensive partnership with China and a continuing concern for Hong Kong. British ties with China appear deeper and more far reaching than French or German. France concentrates on economic relations and most other areas seem to be of minor importance. Germany’s policy seems broadly compatible with the EU approach to China. The government concentrates on deepening economic ties, yet stresses human rights and environmental protection while trying not to anger China too much.

Next Sandschneider looks at the relations of some smaller EU member states: Denmark and Portugal. These examples demonstrate that smaller EU countries follow the bigger member states in improving relations with China on all levels of co-operation and try to stay within the EU’s overall policy of constructive engagement. Like the United Kingdom and Hong Kong, Portugal’s policies have been affected by negotiations over the return of Macau while like France, the Netherlands had difficulties over the sale of military equipment to Taiwan.

Finally, Sandschneider looks at the cases of two East European countries: Poland and Hungary. As members of COMECON, these states recognized the PRC very early on and followed in the footsteps of the Soviet Union in terms of their China policies. China was deeply influenced by the fall of communist parties in Eastern Europe with obvious concern about the possible impacts on its own political development. After 1989, bilateral relations entered a new stage and basically followed the paths of other European nations in continuously building better relations with China. After a slow-down in official relations between 1989 and 1991, both Hungary and Poland have established working relations with China on all levels of diplomacy and co-operation.

Sandschneider finds that various EU member states take advantage of the existence of the EU to bypass certain difficult issues in dealing with

China. China, on the other hand, seems to prefer dealing with individual nations as it can play them off against each other.

Philip Baker tackles the sensitive issue of Europe's relations with the PRC in terms of human rights. Baker clearly has his own stand, having been an advocate of a more active UK and EU role in advocating human rights issues with China. The role that human rights played in relations between China and EU member states prior to the Tiananmen massacre in June 1989 was minimal. From that time the leaders of the then twelve EU countries began to adopt measures aimed at reducing human rights violations in China. That said, Baker notes that there was already disagreement among the member states as to what measures should be taken.

Baker also describes the European-influenced activities of the Geneva-based UN Commission on Human Rights and its Sub-Commission on Prevention of Discrimination and Protection of Minorities. Basically the proposals to censure China have consistently failed. By 1996, the resolutions no longer received support from all member countries with France, Germany, Italy, Spain and Greece declining to co-sponsor that year's resolution. By 1998, no EU countries would co-sponsor resolutions on China's human rights record.

Baker also discusses attempts at dialogue which began in the early 1990s with France and the UK sending missions to China. The EU began its own human rights dialogue in 1995. For Baker, this attempt at dialogue was a way for Europe to appear to be doing something about human rights in China instead of coming up with a unified policy. In any case, the dialogue has failed to produce tangible results.

Franco Algieri uses an institutionalist, non-quantitative approach to analyse and describe the development of the European Community, European Commission and European Union economic relations with China. For Algieri, economic relations since the first trade agreement with the EEC in 1978 have always been tied to the political setting but generally have moved faster than political developments between the EU and China over the last two decades. For example, the Tiananmen suppression did not really cause a major disturbance in EU/China economic relations. Again in part this was because of differing views on economic sanctions amongst the various EU member states, with Italy and Germany championing the speedy recovery of economic links.

From the Chinese side, there are institutional constraints caused by factional divides within the power structure, with reformers calling for more open trading policies and traditionalists trying to hold the line on socialist principles. However, the Trade and Co-operation Agreement of 1985 opened the way for economic co-operation in industry and mining, agriculture, energy, transport and communications, as well as science and technology. Further communications from the EU in 1995, 1998 and 2001 advanced economic ties but also brought along political constraints and tried to make the best use of European resources in economic ties with China.

Algieri notes that, even with expansion, China is predicted to remain

the European Union's third most important trading partner after the USA and Japan and the one set for the most likely expansion of trade. Thus within the framework of developing ties with Asia and the incoherent aspects of the EU's external economic policies, China remains the most important single Asian country for the European Union.

Markus Taube uses a more statistical approach to analyse the changes in trade between various European countries and China since 1978. This bilateral analysis looks both at countries of Western Europe (primarily France, Germany, the UK and Italy) and those of Eastern Europe (Hungary, Poland and Romania). In general, European countries' trade with China has been rather disappointing. Structural rigidities and politically induced constraints to trade in China and Europe have for a long time prevented the full realization of existing complementarities in factor endowments.

Taube points out that there was considerable variation within those patterns. For one, France was both stymied by arms sales to Taiwan which upset the PRC and also dependent upon large-scale contract projects which politicized French trade with China. France's trade picked up considerably with Airbus deals from the mid-1990s. In contrast, United Kingdom trade was heavily influenced by the Hong Kong negotiations up to 1997. Exports to China, however, did pick up after that date. In contrast, Germany did well until Chinese dissidents' attendance at a cultural festival and a conference on Tibet led to a downturn. Overall, Western Europe's trade imbalance with China was caused by several factors: the export orientation of the Chinese economy, European investment in China which led to the creation of Europe-directed Chinese exports, Asian restructuring with more export protection for inland China, EU-based assistance measures, and Chinese protectionism.

East European countries showed a very different trade pattern. Trade has generally been much smaller and displayed a pattern where China was the more important trade partner for East European countries than the reverse. In the 1980s, a structural rigidity for the countries of the COMECON group restricted trade. These countries, however, found Chinese goods desirable as they could be purchased without the hard currency necessary for trading with the West. After the fall of Communism in Europe, East European exports to China deteriorated whereas imports from China rose considerably. Taube's examples show some divergence, however, with Poland and Hungary regaining some importance in the China trade after 1990/91 whereas Romania has remained a weaker trading partner with China than during the 1980s.

Taube goes on to analyse foreign direct investment which he describes as "moderate" from West European countries and "virtually not represented" by East European countries. Taube feels the relatively weak presence of Europe is due to the restructuring which has taken place within Europe in recent decades. Foreign credit is provided most strongly by France, with the UK, Germany, Italy and Spain also playing significant roles. Finally Taube notes that China's World Trade Organization entry is going to change all these patterns, with increasing relocation

of West European industries' production bases to China. He feels the economic relations between the industrialized economies of Western Europe and China will dramatically intensify in the near future. The East European economies, however, will hardly be able to improve their economic relations with China, but will rather have to face the rise of a new formidable competitor in their traditional West European markets.

Brian Hook and Miguel Santos Neves portray the role of the Hong Kong and Macau Special Autonomous Regions in the development of future European-Chinese relations as potentially immense. First they trace factors affecting the territories' role in European and Chinese integration concentrating on the 20th century. By 1978, with China's open policy emerging, the function of the territories can be said to have moved away from one of being places where a Maoist China "could practise capitalism" to return to entrepôt functions leading the way for European and other capitalist penetration of "the China market." From this time, the relationship between Hong Kong and Macau also changed as Macau increasingly became a place of rest and recreation for a more prosperous Hong Kong population. Hong Kong capital also stimulated major growth of Macau tourism and manufacturing. The authors note how the PRC attempted to extend the economic prosperity of these British and Portuguese administered areas into Shenzhen and Zhuhai respectively.

In general, problems surrounding Hong Kong's and Macau's position between Europe and China have been dealt with largely as bilateral issues between China and the United Kingdom and between China and Portugal. Thus the EU can approach the Hong Kong Special Autonomous Region and the Macau SAR without the baggage the British and Portuguese colonial legacies have had for bilateral relations.

Hong Kong and Macau also figure prominently in Europe's relations with the PRC in terms of religion, since the Catholic Church and the Anglican Church play major roles in the two territories. Hong Kong and Macau also serve special roles in PRC-ROC on Taiwan relations. The populations of both SARs, but particularly Hong Kong, are well educated with many professionals educated in Europe. Macau has a relatively large Eurasian population and uses common law: the authors see the latter as having special significance for China's legal reforms. While the UK is still relatively important in Hong Kong trade, the role of Portugal in Macau's trade is very little. The EU as a whole is smaller than inland China and the USA as a trading partner for Hong Kong and Macau.

In conclusion the authors propose several scenarios for the future of Hong Kong and Macau in Sino-European relations. The optimistic scenario depends upon the agreements over the two SARs remaining in place and tension between the PRC and Taiwan being reduced. In this case, the authors see Hong Kong as playing a major financial role in the continued opening up of interior China and Macau, possibly aiding in the linking of small European and Chinese enterprises. Some Hong Kong and Macau companies will also become new multinationals with holdings in China, Europe and elsewhere.

Policy for the various states of Europe towards the Republic of China on Taiwan offers greater difficulties than resolution of matters surrounding Hong Kong and Macau as the Holy See is the only polity in Europe formally to recognize the ROC. Françoise Mengin points out that growing economic exchanges between Europe and Taiwan have, from time to time, exceeded the limits implicitly or explicitly set by the PRC. Many West European nation states recognized the PRC in 1950. Others recognized the PRC during the 1970s after the ROC's removal from the United Nations. Since then, all these countries have abided by a one-China policy and adopted a low profile when dealing with Taiwan.

Relations with the European Community were also blocked, even though in 1961, Taipei did ask to establish diplomatic relations with the EC when four of the six member-states – France, Belgium, Luxembourg and Italy – had diplomatic relations with the ROC. According to Mengin, it was France's recognition of Beijing that scuttled Taipei's plan to dispatch one of its diplomats to Brussels. However, an early sign that economic relations would be satisfactory occurred when the ROC succeeded in signing a textile agreement with the EC in 1970. The European Commission extended diplomatic recognition to the PRC in 1975 which interrupted all dialogue with Taiwan.

From the end of the 1970s, Europeans were attracted by the success of Taiwan's economy, while Taipei wanted to compensate for its growing isolation through diversification of commercial relations. Exchanges between West European countries and Taiwan expanded during the 1980s and according to Mengin this gave rise to the need for an institutional framework which has been an incremental process. Since the 1990s, a similar trend could be seen with East European and former Soviet republics. As throughout the world where the ROC does not have diplomatic recognition, a network of non-official representative offices developed in Taipei and in respective European capitals. Generally offices have been different in different countries but most were upgraded throughout the 1980s and 1990s. Thus, along with arm sales mentioned in other contributions, the representative offices have come to exceed what Beijing wanted to permit. Mengin sees France as playing a crucial role in this incremental process, both being one of the major European seller of arms to the ROC, along with the Netherlands, and in implementing a creative way of issuing visas shortly after Belgium and sending serving ministers to Taipei.

A desire to land deals for nationals in Taiwan's Six-Year Plan also was a contributing factor to upgraded ties during the 1990s. Taipei has become more flexible in its diplomatic relations as Beijing has tightened the reins, but Mengin sees limited room for manoeuvring by the ROC in Europe. Taiwan diplomats' travel in Europe has been an up and down affair with visits sometimes going ahead and sometimes being cancelled. The ROC's last attempt to gain a foothold in a European country aside from the Vatican ended in 2001, as Skopje recognized Beijing to secure its Security Council vote on the conflict in Macedonia. The outlook for further diplomatic recognition in

Europe for Taipei remains gloomy. As Beijing's irredentism continues to grow, the diplomatic benefits Taipei can gain from political extension of its relationships with Europe are limited as this process aims primarily to uphold the status quo in the Taiwan Straits.

The contribution of Robert Ash portrays a relatively positive view of Taiwan and Europe's economic interaction for the future, while demonstrating that some developments in the past have been rather modest. Ash first places the relations between Taiwan and Europe in a global context which demonstrates that Europe has played a modest role when compared to Japan, the USA and Hong Kong. In particular Asia's share in Taiwan's trade grew during the 1980s and 1990s.

Ash presents statistical data demonstrating the trends of Europe which have fluctuated between buoyant and stagnant depending upon the vagaries of Taiwan's relationship with East Asia and North America, as well as upon fluctuations in the Euro exchange rate and the opening of Eastern Europe to Western Europe investment. In general Western Europe and in particular countries of the EU have been the most significant partners – notably the UK, Germany, the Netherlands, France and Italy. Ash also traces the trade in various economic sectors. Analysis of Taiwan's investment in Europe shows a modest development over the years, although with the absence of any clear trend.

Ash wisely does not make a specific predictions about the economic relations of Taiwan with Europe but notes that the island's location in Asia, its existing strong trade with EU member states, the role of the PRC in future European trade, the enlargement of the EU, and Taiwan's recent membership of the World Trade Organization will all be factors that will affect the future.

For Werner Meissner, cultural relations between Europe and the PRC have always had a political and an economic dimension. His contribution is a study of cultural policy and diplomacy between selected European countries as well as the European Union and China. Meissner notes that Western cultural policy began with the nation states of 19th-century Europe and evolved from there. For the PRC, cultural policy is at the core of Communist Party policies. China attempts to use cultural exchange to portray itself as a great and a unified nation. For China, cultural exchange from Europe should focus on inbound development of human resources and technology transfer.

Meissner takes us through the development of cultural relations between China and some of the larger West European countries (the UK, France and Germany) as well as noting the number of student exchanges between other EU member states and the PRC. Today there are over 17 times more Chinese students in Europe than European students in China. Cultural and artistic exchanges between European countries increased greatly after 1978, although certain events such as the Tiananmen shooting in 1989 and in the case of France, the sale of Mirage fighter jets to Taiwan in 1993 were to have negative impacts on exchanges. It appears that China has been interested in language-learning and in traditional European culture, both of which were seen as having less political



impact, as opposed to avant-garde cultural events which were perceived as threatening the Party.

While the EU has launched many cultural programmes in diverse fields such as higher education and business, management, vocational, and government employee training, most cultural exchanges remain on the bilateral level. That said, the EU is funding European studies in Inland China, Hong Kong, Macau and Taiwan.

Meissner also points out that there is considerable translation of European philosophical works into Chinese, although sadly, much of the non-English language philosophy is being translated from English language translations of the original, which can distort the contents but also demonstrates the importance of English as a medium for transmitting European culture to China. For the future there is a need to employ the Internet as Chinese appear to be jumping beyond books to the net for access to things European.

In conclusion, Meissner offers his own suggestions for future European cultural exchanges with China. For a start he feels there is a need for a unified cultural policy. The EU member states, however, will continue to have to be the ones to deliver. He feels that there also is need for Europe to partner itself with the various local governments of China rather than have all exchange go through Beijing. Internet-based European studies courses available in Chinese and in English should increasingly be improved. Finally, he would like to see a European Cultural Institute established in China.

Of course, no volume can ever do full justice to a topic and this one is no exception. As stated at the outset, the interpretation of European and Chinese relations in this compilation is entirely and intentionally European. With that as a starting point, more emphasis is placed on Western Europe than on Eastern Europe. Within Western Europe more emphasis is placed upon the countries of the European Union and within the European Union more emphasis has been placed upon Germany, France and the UK than other member states. From the examples presented, however, the big picture of relations today between these two great civilizations becomes clear and there is every reason to expect that these relations will become more important as the EU forges its identity and as China continues to open up to foreign contact.