

# **The European Union and China in the Twenty-first Century**

## **Summary**

The subject of the European Union's (EU) present and future relations with China is of great interest to political scientists, economists, sinologists, historians, Europeanists and experts on contemporary international relations. There are numerous publications around the world on the subject of past and contemporary China and its role in the international arena, including the country's relations with the EU. Nevertheless, we still do not know where China is really going and what goal it wants to achieve. We also do not know what will happen to the EU, particularly after Brexit: will it fall apart in the twenty-first century? There are also doubts about the further hegemony of the United States in the world, particularly under the rule of President Donald Trump, and about the Chinese 'turn towards multilateralism' and 'sustainable development'. According to some researchers and experts, these are only official, completely apparent strategies that hide the long-range goals of China. The People's Republic of China (PRC) has always implemented bilateral strategies more often than multilateral ones in its foreign policy. However, in the twenty-first century, this practice has become particularly evident after 2012, i.e. from the moment when Xi Jinping took over supreme power in China. This applies to both the normative and practical spheres. Xi gave up the 'policy of keeping China in the shadow', inherited from Deng Xiaoping and clearly strives to strengthen its role in the world. In pursuing a global policy, he no longer stresses that the country's goals are 'democratisation of international relations' and 'security of the world'. He emphasises that the goal of the PRC in the international arena is to take a leading position among the great powers. At

the beginning of his rule, Xi stated that China was a global power rather than a 'partial power', as it had been previously called.<sup>1</sup>

Indeed, in the last 30 years, the Chinese economy has undergone radical modernisation and has entered a phase of constant growth. China has become a superpower, achieving a much higher position than before in the international arena. Significant changes have also occurred in Chinese society. What is more, much progress is visible in all areas. Considerable effort has been made to improve national unification with Hong Kong and Macao; a great improvement has also been noted in relations with Taiwan. Historically, no other country, especially such a vast, densely populated, poor and backward country as China, has achieved so much progress in modernisation in such a short time. However, implementation of the Chinese reform and opening-up policy is not over yet, and there are still many difficulties and obstacles on the horizon. They concern, among others, ecology, access to food for an ever-growing number of citizens and the eradication of severe Chinese corruption. Zhang Baijia, a historian and professor at Peking University and Renmin University, writes:

But, the Chinese people have full confidence in the future. China's goals are as follows: first, to build China into a moderately prosperous society at a higher level by the centenary of the founding of the CPC [the Communist Party of China – translator's note] in 2021; and second, to achieve basic modernisation and build China into a prosperous, strong, democratic, culturally advanced and harmonious modern socialist country by the celebrations of the centenary of the founding of the PRC in 2049.<sup>2</sup>

In foreign policy, Xi strives for a strength-based neighbourhood policy, in which China subordinates small countries within its sphere of influence, and to establish 'great power' relations with the United States and Russia. Interestingly, while demanding 'great power' relations with the United States, Xi calls Russia 'the most important strategic partner' of China (China and the United States do not call their relations a 'strategic partnership'). These relations have slightly changed after the recent visit of President Donald Trump to China and his talks with the Chinese leader (8 November 2017). The Chinese

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<sup>1</sup> F. Godement, *Czego chce Chiny? [What Does China Want?]*, Warszawa: Wydawnictwo Akademickie DIALOG, 2016, p. 243.

<sup>2</sup> Z. Baijia, *Interpreting China's Reform and Opening Up*, Foreign Languages Press, 2015, online version; no pagination.

provided him with a welcome that no other leader had ever experienced since the establishment of the PRC in 1949. Trump called the Chinese president ‘a highly respected and powerful representative of his people’ and never mentioned dissidents persecuted in China or violations of human rights and democracy. It was evident that the economy was taking priority over human rights. He said that China and the United States were the two largest economies and drivers of global growth. In turn, President Xi emphasised that China wanted good relations with the United States and described these as strategic. Today, the United States also wants to enter the Chinese market.

From the above, it follows that President Xi intends to combine nineteenth-century geopolitics with twentieth-century Leninist politics to gain an advantage in the globalised world in the twenty-first century. Numerous questions arise here, including that of whether President Xi considers the EU to be a ‘strategic partner’ for China, or whether the EU will have a secondary role, e.g. that of a market for Chinese industry and trade. China today is the second largest trading partner of the EU. However, by mid-2016, it was predicted that if the PRC was considered to be a market economy (according to the provisions of China’s Accession to the World Trade Organization (WTO) of 2001), several hundred thousand workers in the EU might lose their jobs. In December 2016, the United States, the EU, Canada and Japan denied the existence of market solutions in the PRC, which resulted in a serious diplomatic clash. The EU does not talk about a possible trade agreement with China and has also postponed the vision of cooperation with Beijing. There is also a political conflict with Russia, and the economic sanctions imposed by Brussels on this country after the annexation of the Crimean peninsula in 2014 are still in force. Meanwhile, Moscow has already concluded negotiations on the conclusion of a trade agreement between the Eurasian Economic Union (EEU) and the PRC. This is another step towards intensifying the strategic economic partnership of the EEU and Beijing. Between 2008 and 2014, cumulative Chinese investments in the EEU countries more than doubled – from USD 11 billion to USD 27.1 billion. The assumed liberalisation of Eurasian trade will accelerate the expansion of Chinese capital even more. However, the conclusion of the Moscow agreement with Beijing gives rise to the escalation of tension between Brussels, Moscow and Beijing in the face of tangible economic losses for the EU.

The above-mentioned problems, including the direction of China’s further development and its internal and international policy were discussed in Beijing

during the 19<sup>th</sup> National Congress of the Communist Party of China (CCP) on 18–30 October 2017. In China, where the communist party still rules with a firm hand, such congresses review the previous five years and set the rhythm of political and socio-economic life for the next five years. In the opening speech of the Congress, which lasted for three and a half hours, Xi Jinping, the Secretary General of the CCP, spoke about the bright perspectives and difficult challenges for China. He assured the Congress that China would be more active in the international arena. In his ambitious vision, China will occupy its rightful place among the world's superpowers by the centenary of the founding of the PRC in 2049. The 'Chinese dream', the embodiment of which is to be a great renaissance of the Chinese nation, will come true. By 2035, they will become a global innovation power, move to the category of middle-income countries and income differences will decrease. He repeated several times that the 19th National Congress of the CCP was opening a new, global era in China's history. The tasks and goals set for China by the Secretary General Xi Jinping, elected for the next five years, were accepted by the Congress and recorded in its resolutions. However, as Professor Bogdan Góralczyk, an eminent sinologist, writes:

... this does not mean that fulfilling the outlined and defined dreams and goals for the centenary will be easy to achieve. Goals alone are not enough. China still needs common sense, prudence and pragmatism, qualities which have been imposed on them by the sober and practical Deng Xiaoping. It has rarely neglected them so far, thanks to which, over the last four decades, it has become a second world economy with open aspirations to being number one. Will it continue like that?<sup>3</sup>

As the Russian proverb says, 'we will live, we will see'.

Today, however, everything indicates that the twenty-first century for China will be marked by a growing involvement in global economy and politics and, consequently, an increased and effective impact on radical changes first on a regional and then global scale. The financial and economic crisis, which began in 2008 and seriously weakened the United States and the EU, accelerated this process, making both Beijing and all its partners aware that the PRC was on a straight path to achieving superpower status.

There is no doubt that both China and the EU today play, in addition to the United States, the main roles in the international arena. In their mutual relations,

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<sup>3</sup> B. Góralczyk, *XIX zjazd KPCh – podsumowania i plany* [*The 19<sup>th</sup> National Congress of the Communist Party of China: Summaries and Plans*], in: *Obserwator finansowy.pl*, [www.obserwatorfinansowy.pl/tematyka/makroekonomia/dzis](http://www.obserwatorfinansowy.pl/tematyka/makroekonomia/dzis), accessed on: 2 February 2018.

they have the status of strategic partners and try to develop cooperation in all areas, but they also have different opinions and positions on a number of important issues. For example, there are very large differences in the perception of the role of the state in the economy in the EU and in China. In the Chinese economic system, state-owned enterprises play a major role and the areas of their activity are protected by the local authorities. The economic models of both powers are unlikely to converge in the foreseeable future. The future will, however, be shaped by other models based on sustainable development, openness, innovation, inclusive growth and ecological development. It seems that the leaders on both sides of the eastern hemisphere are aware of this.

In the long term, improving relations between the EU and China will depend on a greater mutual opening and liberalisation of markets. Studies carried out in China show that if a free trade agreement is signed in 2020, EU exports to China may increase by one third by 2025, and Chinese exports to the EU in the same period may increase by 20%. This does not change the fact that common steps will need to be taken to eliminate the current trade deficit of the EU with China, which amounted to EUR 175 billion in 2016 according to Eurostat data.

Cooperation between China and the EU must become strategic in the future. Respecting the differences in the political, social and economic systems, new common areas need to be sought for mutual cooperation. Many experts and researchers rightly point out that it is necessary to quickly conclude an investment agreement to replace the existing bilateral agreements between China and the member states of the EU. The purpose of this agreement should be to create a more open, transparent and secure investment environment. The key issue is to expand free market access. This requires revising existing strategies, introducing institutional and legislative changes, strengthening intellectual property protection, introducing corporate governance principles by Chinese companies and increasing the opening of the service sector both in the EU and in China.

Today, the situation in China and the EU and their roles in the world are already different than a few years ago. The international atmosphere has also changed becoming more or less conducive to cooperation between China and the EU. The world is constantly evolving and changing its face dynamically. Thus, in international practice, the theory of the hegemonic cycle by Georg Modelski, Immanuel M. Wallerstein's world-systems theory and the theory of change in the international system by Robert Gilpin find their justification.

Over the last three decades, the position and role of China in the modern world has greatly strengthened. This is connected with the dynamic development of the Chinese economy, its significant modernisation and a significant increase in defence forces. In turn, the EU is experiencing a deep political, economic and immigration crisis, as well as many other problems that limit its role in world politics. In the EU, all options, in opposition to which the idea of European integration was defined, such as: nationalism, brutal power game, zero-sum games and the primacy of power over law, etc. have been delegitimised. The EU's position in the world has faded. The hope that a united Europe will occupy one of the central places in the new global order that is being shaped before our eyes is also disappearing. As Pierre Buhler, a French political scientist and diplomat, writes:

This does not mean that Europe is doomed to paralysis. The relations between states and the EU are flexible enough to enable reaction to situations requiring a different rhythm than the rhythm of European reconciliation procedures. The mobilisation of the whole EU is a question of leadership, but the initiative must come from EU members who have sufficient resources and influence to conduct a specific operation or policy which is binding in the eyes of the world. Only large countries, namely Great Britain, France, Germany, Italy and, increasingly, Poland meet these criteria.<sup>4</sup>

Improving relations between the EU and China is also very popular in Poland, particularly after Chinese President XI Jinping visited Poland on 19–21 June 2016. The Chinese want Poland to open all European markets for them, and the Poles want China to help them build infrastructure and provide capital for investments when EU funds run out after 2020. Poland is treated by the Chinese as a market and also – in the context of the construction of the New Silk Road – as a step towards building China's business relations with the EU.

In subsequent chapters of this publication, individual authors try to show the premises, opportunities and threats for the EU and China in the international arena and their mutual present-day and past relations. Furthermore, they try to verify the controversial hypothesis, promoted by many researchers, that the twenty-first century will be the age of Asia or, in fact, China.

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<sup>4</sup> P. Buhler, *O potęgę w XXI wieku...* [*The Power of the Twenty-First Century...*], pp. 490–491.