

**Inaugural Conference of Europe China Research and Advice Network (ECRAN)**

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The Europe China Research and Advice Network ([ECRAN](#)) is a three-year project, funded by the European Commission and a four-member consortium, to provide advice on China to European policy makers. It is designed to further enhance the capacity of European policy-makers to monitor and assess current developments in China, their potential impact on the EU and consequently on EU-China relations. The project aims to establish a network of European researchers and research institutions specialised in China and EU-China relations. Dr Kerry Brown, head of the Asia Programme at Chatham House, is the team leader for ECRAN.

The first six months of 2011 saw an increase of approximately 22 percent in trade between China and the EU. Indirectly, this also indicates that the EU-China relationship is still increasing in significance, as more interests get established and the existing ones grows in importance. However, the partnership between the EU and China is far from a simple or easy relationship. China can be a rather complicated partner for the EU, being difficult to influence, especially with reference to EU's neighbours for instance. China is generally considered, from EU's perspective, to be an unwilling "listener". Overall, two factors play a huge obstacle to the EU-China relationship, first, the refusal to grant, China Market Economy Status (MES) and the second, EU's arms embargo against China.

The EU's refusal to grant MES to China is still of major concern to Beijing. The EU has acknowledged that they will grant it – eventually – but has yet to determine either a specific date or a deadline. Many factors indicate that Beijing is already qualified in many ways. In comparison, Russia was granted MES in 2002, although it is still not a member of the World Trade Organisation (WTO) to this date. 80 countries in the world have already granted MES to China. When considering this comprehensive acknowledgment, the EU should also account the differences between a developed and developing market. Beijing has acknowledged that upon its entry in the WTO, it would still be considered as a market in transition. The perception from China is that the EU's unwillingness to grant the MES status to China is due to inter-political reasons in the EU. It is generally considered as an anti-dumping mechanism in the EU, basically a covert form of protectionism. The EU's continued arms embargo against China is another major obstacle concerning EU-China relationship. The arms embargo was initiated in 1989, after the Tiananmen Square incident. The purpose of the arms embargo is not entirely clear yet, making it arguable whether the embargo is worth the cause of friction.

Additionally, it has been proven that it has not been that [efficient](#) so far. Therefore, a more intelligent approach, focussing on a hardedge approach, taking into account the EU-China double identity, both on a developing and regional level, would be advisable. China's growing role in International Politics is causing issues considering the expected role of Beijing and the current reality of its relations with international actors. There is a clear difference between delivery and promise, mistaking cooperation with dialogue and shared goals versus approach. From a European perspective, there is a difference concerning the China policy in theory and its implementation. Especially the problems of the EU's 27 member states to talk with "one voice" is causing difficulties.

Another widespread problem is the misperception in European media concerning news on China,

which is often applied mistakenly with a particular emphasis on negative aspects or with a prejudice often derived from misunderstandings. This is often due to cultural misunderstandings and, not least, due to the media taking a “populistic” approach, having to sell as many products as possible. Instead of focusing on “negative” stories, such as the currency issue or the trade deficit, the media should focus on more concrete matters, for example, on how well known Poland’s, the current head of EU council, policy on China is.

Another central topic at the conference was the effect of Chinese migration towards the European Union. One key aspect concerning the report, recently released by ECRAN, was the shared experience concerning Chinese migration, which varies deeply from one country to the other. Factors, such as the individual country’s history and its economy all play a contributing role. Although there is a tendency to compare the different Chinese communities in Europe with each other, there is actually a significant difference regarding the level of integration of these communities in the societies, as well as with regards to the level of contribution of this community to the host society as a whole. Generally, European societies tend to see Chinese minorities in a rather positive light. The perception is that Chinese immigrants hardly cause any problems in their communities and generally do not attract much attention. In certain countries, however, they may encounter problems, integrating into society. The economic crisis since 2009 has altered many countries’ migration policies, notably in Britain, where student visas have been refused to international students. The crisis also increased economic cooperation, which will most likely lead to augmented Chinese migration to Europe. A central aspect of Chinese migration to Europe is Chinese students, travelling to Europe to study for a semester or even a longer period of time. The Chinese communities and migration to Europe is a key dimension and is directly related to the EU-China relationship. As its dynamic is constantly changing, we must, therefore, be careful about not generalising.

Social stability in China was one of the additional topics mentioned during the conference. A new form of social contract is being created between the political leaders and the Chinese population. Instead of having charismatic leaders as Mao Zedong, the new political emphasis has increasingly been shifted towards a technocratic leadership since the reforms in the 1970s. As long as the leaders have provided continual economic growth, the population has remained more or less satisfied with its government. However, promises have been introduced about the concept of development “for the people,” more especially statements based on communist values, directed towards a more technocratic view of politics. However, some factors also indicate an increasing awareness amongst the politicians of an intensifying demand to “sell” their policies to the population, a need enhanced by the increased role of social media in China. Currently, around 200 million users are connected to the internet in China, exchanging opinions and discussing the situation in China. Arguably, the internet is a great way for the Chinese population to strengthen their demand towards the government in order to secure their rights. An indication is observed in even the smallest of villages and cities in China now having monitoring centres. It is a clear example that the government is aware of the risks of the internet reaching a wider section of the Chinese population. In contrast, the internet offers great possibilities for the government to influence its population, thereby maintaining the required social stability that ensures China’s continued economic development.

Moreover, the release of Beijing’s 12<sup>th</sup> five year plan should not only be considered as a political rhetoric, as it carries great indication about the path of development, sought by Beijing. Although the five year plan may contain certain marks of political rhetoric, it may also indicate Beijing’s priorities and the subject they wish to emphasise. In addition, a conflict of interest is arising between the central government in Beijing and the regional governments, particularly their ambition concerning GDP

growth. Beijing is, especially in the new five-year plan, trying to address one of the few points that the previous five-year plan failed to fulfil. One of the central ambitions of the new five-year plan is to increase domestic consumption, which is of a particular focus in rural areas in China. Moreover, the agriculture and land issues, as well as implementation of energy politics, are a conflict dealt with at the top political level in the central government and is of paramount importance to Chinese policy makers.

Foreign Direct Investments (FDIs) between the two giant economies of China and the EU are first and foremost a relationship between individual countries within the EU and China. The combined EU market is a competitive edge for the Chinese investors, which first invest in one EU country as a means for market access, entering a larger market in the long-term. China generally sees the EU market as segmented. In 2010, China's FDI consisted of approximately €53 billion, almost exceeding that of the leading EU countries. Analysis has indicated that EU countries with a structured approach, have attracted the most FDI. It also indicated that the "quality" of Chinese FDI is just as important as the quantity. The biggest obstacles to the Chinese firms is their lack of knowledge in the area of economics, work permit issues and a general lack of experience in investing and managing at the international level. Generally, data is missing and the existing data often proves to be inaccurate concerning FDI opportunities in Europe.

*This article was written by the author, who attended the ECRAN meeting as a representative for EIAS*