

EARLY PERCEPTIONS OF CHINA IN THE EUROPEAN UNION³⁷³

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European perceptions of the People's Republic of China (PRC) have not changed much since the mid-nineties. This paper will mainly focus on the period that preceded the launch of the European Union (EU) "Long Term Policy for China-Europe Relations", in 1995. The EU was selected as the most relevant actor for the analysis for being the only European regional organization that develops cooperation efforts to draw up a common comprehensive policy for its members. Dialogue over human rights and bilateral trade shaped early perceptions of the PRC within the EU. This is highlighted by two case studies: the 1989 Tiananmen incident and China's negotiations to join the World Trade Organization (WTO).

Perceptions of China's Human Rights Record

With the open door policy launched by Deng Xiaoping in 1978, the PRC started to show a less hostile attitude towards international negotiations on human rights. From 1985 onwards, it participated in works of the United Nations Commission on Human Rights in Geneva and signed, in 1988, the Universal Declaration of Human Rights and the two Covenants of 1966: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. Because of these positive and recent precedents, the Tiananmen incident was received with great surprise in the West, witnessed by hundreds of journalists that were in Beijing in the spring 1989 to cover the visit of Mikhail Gorbachev during Sino-Soviet reconciliation. The public opinion believed that China under Deng Xiaoping was moving towards democracy, due to wide press coverage given to the liberalization of the

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Chinese regime. However, in June 1989, hopes for a reform in the Chinese legal system and harmonization with international standards were lost.³⁷⁴

Relations between the European Community and the People's Republic of China, established in 1975, suffered a serious breakdown with the events, at a time in which reinforcement of bilateral cooperation was expected. The EC immediately imposed several sanctions on China, including an arms embargo, and the European Parliament passed a number of resolutions. Public statements were supported by extensive private discussions, as European Ministers and commissioners raised the issue of human rights each time they met their Chinese counterparts. China's reaction was immediate, invoking the old Western trend of imposing "unequal treaties" and undermining its sovereignty.³⁷⁵ "it was the sovereign right of the Chinese government to repress, in accordance with its Constitution, the recent rebellion which sought the fall of the People's Republic of China."³⁷⁶ Beijing always refused any interference in its internal affairs.

This period highlighted the difficulties faced by the European Community in defining a common policy towards China. In June 1990, the Foreign Ministers of the twelve member states failed to reach a consensus on lifting the sanctions and the decision was postponed.³⁷⁷ Later, in October, they decided to gradually normalize relations with China, lifting restrictions on ministerial and high-level contacts and cultural, scientific and technical cooperation.³⁷⁸ The argument was that progress on human rights in China, in the short-term, depended more on dialogue than sanctions: contacts would encourage Chinese officials to pursue a policy of reform and openness. The rule by coercion would only change with the evolution of the society and integration into the international (Western) culture. The European Commission confirmed the normalization of relations in March 1992:

The Commission concluded that it is appropriate to resume today the relations with this country and estimates that it is useful to keep an open dialogue with the Chinese authorities. It is in this context that the Community might succeed in making the Chinese authorities become aware of the importance of the protection of human rights. The Commission also expects an improvement in China's situation in Tibet.³⁷⁹

³⁷⁴ Fouquoire-Brillet, Elisabeth, "China: Human Rights and democracy", *Défense Nationale*, October 1995, p. 55 and Brasier, Michel, "The Sino-French relations", *European Economic and Social Committee*, 6 June 1995, p. 17 for the whole paragraph.

³⁷⁵ Boubilil, Alain, *Le siècle des Chinois*, Monaco, Editions du Rocher, 1997, p. 176.

³⁷⁶ *Europe Daily Bulletin*, *Agence Europe*, 29 June 1989.

³⁷⁷ *Ibidem*, 4 July 1990.

³⁷⁸ *General Report on the Activities of the European Communities*, no. 24, 1990, p. 333.

³⁷⁹ *Europe Daily*, *op. cit.*, 13 March 1992.

Bilateral relations improved slowly, as the EC and its member states often expressed to the Chinese authorities concern regarding human rights³⁸⁰ and did not lift the embargo on arms sales and military cooperation. With the collapse of the Soviet Union and the redefinition of the world order, China's strategic position changed and Sino-European relations were framed by a new economic and political configuration. The influence of China's domestic evolution in its foreign policy could not be ignored and the EU perceived that its interests were better served by supporting in China the development of institutions and a civil society based on the rule of law. Human rights were better understood and protected in societies with free movement of goods, investment, people and ideas, and Europe wanted to encourage China's active participation in the international society in political and economic areas.³⁸¹

The EU was concerned, not only by the human rights violations, but also with the adoption of international standards by China, to guarantee political and social stability in the long term. To achieve progress, initiatives were guided by concerns of their effectiveness and impact on the ground, avoiding negative reactions from the Chinese government. Public statements were combined with formal private discussions with Chinese leaders, and practical cooperation — for example, training judges to establish an independent judiciary, promoting the rule of law.³⁸² The European Parliament (EP) proved more demanding. It had not been in favour of lifting the sanctions and expected that human rights abuses were mentioned in all contacts with China and “appropriate measures to promote respect for these rights were taken.”³⁸³ Member states were also invited to closely follow the position adopted by the Council of Ministers of 17 December 1991: new cooperation projects with China depended on the respect for human rights.³⁸⁴ On 17 July 1993, the Parliament adopted the Musso report on “human rights, democracy and development”, acknowledging the absence of “a single model, regarding both development and democracy” and that “democracy must be built within the autonomy and respect for each people's cultural traditions.” However, it considered human rights an essential dimension of the European foreign and development policies.³⁸⁵

The Parliament was, indeed, very active and adopted all sort of actions — for example, asking the Commission to carry out a survey on Chinese imported products made in “re-education” camps or manufactured by children, and declaring to

³⁸⁰ *General Report on the Activities of the European Communities*, no. 23, 1992, p. 315.

³⁸¹ *Europe Daily*, *op. cit.*, 15 October 1995.

³⁸² *Ibidem*, 12 October 1995.

³⁸³ *Europe Daily*, *op. cit.*, 14 June 1991.

³⁸⁴ *Ibidem*, 14 February 1992 and 18 December 1991.

³⁸⁵ *Ibidem*, 15 July 1993.

the President of the International Olympic Committee that choosing Beijing for the 2000 Olympics would be contrary to the “ideals” of the Games, considering the “continuous human rights violations by PRC leaders”, notably in Tibet.³⁸⁶ Chinese authorities were asked to provide information regarding hundreds of missing persons that had participated in the Tiananmen Square protests of 1989, to release political and religious prisoners in China and Tibet, and to allow the participation of independent observers at the trial of intellectuals accused of “counter-revolutionary propaganda,” warning that continuing such persecution would further deteriorate bilateral relations.³⁸⁷

The Parliament constantly called the Commission to subordinate future economic and trade agreements with China to the respect for human rights,³⁸⁸ considering the Chinese interest in developing trade relations with the European Community and political relations with member states. However, it was difficult for the Commission and European governments to strike a balance between political censorship and economic interests. Faced with the Chinese leaders’ susceptibility, they generally chose quiet diplomacy to avoid confrontation, with the economy taking the upper hand in most cases.³⁸⁹ One of the leading dissidents of Tiananmen presented his view on the weight of economic gains in shaping the European approach towards the human rights issue in China:

After the repression of 4 June 1989, the international community exerted a strong pressure on China, which, to some extent, helped the dissidents: it eased the plight of those who were persecuted; the sentences of a number of imprisoned dissidents were reduced; some people arrested in 1989 escaped conviction. Wei Jingsheng,³⁹⁰ for example, was released six months earlier than expected. Xu Wenli³⁹¹ was also released. International mobilization has, undeniably, helped to “soften” the repression. However, in recent years, no country was willing to take the risk of losing the Chinese market. This is why states have, one by one, resumed their economic and political relations with China. The Chinese authorities demanded as a condition for the resumption of these relations that foreign leaders renounce to any mention of the issue of human rights, particularly the case of the dissidents. Result: democratic

³⁸⁶ *Ibidem*, 15 July 1993 and 20 September 1993.

³⁸⁷ *Bulletin of the European Communities*, 1.4.99, December 1990, p. 147; *Europe Daily*, *op. cit.*, 29 October 1993; and *Bulletin of the European Communities*, 1.3.95, October 1993, pp. 97-98.

³⁸⁸ Resolution adopted on 25 June 1993, *Bulletin of the European Communities*, 25 June 1993.

³⁸⁹ Jossé, Claudie, «China and the European Union», *Politique Étrangère*, no. 4, 1996, p. 876.

³⁹⁰ Wei Jingsheng was a central figure and a symbol of Chinese dissidents, sentenced to 14 years in prison in 1995.

³⁹¹ Xu Wenli was sentenced to fifteen years in prison in 1981 but benefited from an early release in 1993, which led to the renewal of the United States of Most Favoured Nation Clause to China.

governments have ceased worrying about this and now the Chinese government has a free hand to suppress unrestrained.³⁹²

The European Community adopted a less offensive stand towards China than the United States (US), who established at the outset an explicit link between providing economic benefits to China and minimum respect for human rights. For the EC, economic relations should not be politicized: human rights issues should be regularly raised but treated separately from economic negotiations. Quiet diplomacy was used, reinforcing political cooperation and keeping disagreements private, in order to encourage China's open door policy and liberalization efforts. European representatives wanted to avoid confrontation and facilitate dialogue with the Chinese, softening Europe's arrogant image.³⁹³ The 1995 EU Communication on "A Long Term Policy for China-Europe Relations"³⁹⁴ stated that the EU should not avoid the issue of human rights, but it should not be a precondition.

Perceptions of China's Trade Policy

In the 1980s, market mechanisms and foreign capital were introduced in China: collective enterprises grew along state companies and Special Economic Zones were created, before reforms extended to the whole country and the entire state production system in 1991. The economic reform included four dimensions: development of the role of the market and the private sector, tax reform, modernization of the financial system and the gradual opening up to the outside world. The success of the special incentive scheme for foreign investors was one of the main drivers of the Chinese economy, as reduced custom duties for imported equipment were granted to joint ventures in 1979.³⁹⁵

The 14th Congress of the CCP enshrined the victory of the reformist line advocated by Deng Xiaoping and marked a turning point on China's political reform.

³⁹² Courbeville Clélia, "Interview with Liu Qing — The long march of the Chinese dissidents", *Politique Internationale*, no. 75a, spring 1997, pp. 387-398. Sentenced to ten years in prison for protesting against the illegality of the detentions of his friends (including the well-known dissident Wei Jingsheng), Liu Qing was released in 1989. Liu Qing was then the victim of a discrete strategy of the regime for depriving former political prisoners of work, support and means of action. Realizing that his reintegration into the society was impossible, he decided to immigrate to the United States in 1992.

³⁹³ Jousé, *op. cit.*, p. 875.

³⁹⁴ Communication from the Commission, *Com* (1995) 279 of 05.07.1995.

³⁹⁵ "China: Law on joint ventures with Chinese and foreign capital — Law adopted on 1 July 1979 and revised at the 3rd Session of the Seventh NPC on joint ventures (Resolution published in Beijing on 4 April 1990)", *Documents d'actualité internationale*, no. 13, 1 July 1990, p. 262.

The *Financial Times* elected Deng Xiaoping “Man of the Year 1992” for the “fresh push” he gave to the open door policy and reforms. The new Chinese leadership aimed at a “socialist market economy” in which the system was not challenged: the state continued in charge of the overall balance and macro-economic regulation. Deputy Prime Minister Zhu Rongji, one of the main partisans of reforms, joined the Standing Committee of the Politburo,³⁹⁶ which was perceived in the European Community as a “sign of greater economic opening of China to the outside world”.³⁹⁷ Premier Li Peng confirmed these expectations in 1991:

We are continuing our policy of reform and opening up. The international economic and political situation will surely have an impact on China’s development in the coming decade. The old world order was, I believe, destroyed without a new one having taken shape. The global situation is turbulent and this economic and political situation is both favourable and unfavourable to China. China is willing to develop its friendly relations, including economic relations and trade with all countries on the basis of the Five Principles of Peaceful Coexistence.³⁹⁸ We will continue to improve our environment for investments, intensify our economic cooperation and trade with other countries and play an active role in international economic activities. [...] While pursuing the open door policy, we try to be as self-reliant as possible, in the economic field.³⁹⁹

One year later, he made similar public declarations:

By following the fundamental line proposed by Comrade Deng Xiaoping, China regards economic development as its central task, remains faithful to the policy of reform and opening up and advances on the path of a socialism with Chinese characteristics [...]. The reform aims to release and increase the productive forces and the opening up to intensify international cooperation.⁴⁰⁰

As a result of the economic reforms, the Chinese foreign trade was booming, especially with market economy countries. China signed several bilateral agreements with European states to stimulate and protect investments, guaranteeing

³⁹⁶ Ligier, Germain, “China after the XIVth Congress of the Chinese Communist Party”, *Défense Nationale*, January 1993, pp. 46 to 50.

³⁹⁷ *Europe Daily*, *op. cit.*, 12 June 1992.

³⁹⁸ The Five Principles of Peaceful Coexistence are: Mutual respect for each other’s territorial integrity and sovereignty; Mutual non-aggression; Mutual non-interference in each other’s internal affairs; Equality and cooperation for mutual benefit; Peaceful co-existence.

³⁹⁹ “Li Peng’s Press Conference at the end of the 4th session of the National People’s Congress (Beijing, 9 April 1991)”, *Documents d’actualité internationale*, no. 14, 15 July 1991, p. 272.

⁴⁰⁰ China: Speech by Li Peng, Premier of the People’s Republic of China (Beijing, 14 April 1992)”, *Documents d’actualité internationale*, no. 14, 15 July 1992, p. 271.

that it would not expropriate or nationalize joint ventures.⁴⁰¹ The PRC was member of the main international and regional organizations and wanted to be part of the multilateral trading system and guarantee its effective integration into the global economy. This meant joining the General Agreement on Tariffs and Trade (GATT) to expand foreign trade and gain access to the international market and trade information, as bilateral agreements were not enough. Politically, this would reduce unilateral pressures and provide a growing weight in trade policy decision-making.

This process could also bring advantages regarding national reunification, within the framework of the “one country, two systems” formula.⁴⁰² Hong Kong and Macau had already joined the GATT (in April 1986 and January 1991) as special customs territories and Taiwan formally applied for membership in January 1990.⁴⁰³ Beijing would not oppose that Taipei obtained the same status of Hong Kong and Macau if the PRC was previously accepted.⁴⁰⁴ In purely economic terms, the European Commission considered that a financial and economic power as Taiwan should integrate the international trading system and that the political question of diplomatic recognition should not interfere: “the two Chinas will accede together, under an agreement which regulates the issue of the admission of mainland China and Taiwan to the GATT.”⁴⁰⁵

Meetings of the working group for Taiwan’s accession would eventually take place from November 1992 onwards, along with those of the working group for the accession of the PRC. In May 1993 the European Parliament adopted a resolution on Taiwan’s accession to the GATT:

Recognizing the importance of Taiwan in the western Pacific and the steadily increase of trade between this country and the Community, the Parliament considers that the Commission and the Member States should support Taiwan’s application for GATT membership and calls on the Commission and the Council to take the necessary steps to strengthen relations with Taiwan on the basis of a pragmatic approach, without damaging relations with China, in order to encourage administrative, technical and commercial cooperation. It also considers that the applications of the People’s Republic of China and

⁴⁰¹ Law of 4 April 1990. Destais, Christophe, “Structural reforms and economic growth in China”, *Problèmes économiques*, no. 2.500, 25 December 1996, pp. 7-9.

⁴⁰² The “one country, two systems” formula was announced by Deng Xiaoping to frame national reunification with Taiwan, Hong Kong and Macau. See, for example: Mendes, Carmen Amado, *Portugal, China and the Macau Negotiations*, Hong Kong University Press, 2013.

⁴⁰³ Yang, Jianwen, “China’s external economic relations”, *Studia diplomatica*, vol. XLIX, no. 4-5, 1996, pp. 62-63.

⁴⁰⁴ Hagemann, Ernst, “The opening of the Chinese economy: a factor of internal changes?” *Problèmes économiques*, no. 2.297, 28 October 1992, p. 14.

⁴⁰⁵ *Europe Daily*, *op. cit.*, 28 October 1991 and 23 March 1992.

Taiwan should be considered in parallel. [...] Recalling further its support for Taiwan's membership and aware of the political significance of this application, the Parliament considers that the GATT has instruments which allow it to accept Taiwan as a contracting party without prejudice to the current political problem between the People's Republic of China and Taiwan. It also remains convinced that the Community has a great interest in the People's Republic of China and Taiwan joining the GATT and that their accession will help stabilize trade relations in East Asia as well as between this region and Europe.⁴⁰⁶

China's application to the GATT presented benefits but also difficulties to the European Community, including the removal of discriminatory provisions enacted by Western countries against China, which was particularly relevant considering the continued growth of Chinese exports.⁴⁰⁷ Chinese international trade grew very rapidly (both exports and imports) but the domestic market opened slowly⁴⁰⁸ and remained well protected, despite the liberalization measures adopted with the reforms and open door policy and the GATT membership negotiations. Although committed to economic liberalization, Beijing was still far from meeting the conditions required by the GATT. The emergence of this new competitive framework presented domestic challenges, putting more pressure on the local economy. The trade regime eventually became more transparent and effective for locals and foreigners, through the publication of laws, tariffs and other regulations.⁴⁰⁹

With these efforts, China was able to overcome antagonisms with Europe at the economic and commercial levels, as the European Community moved to economic realism, instead of prioritizing moral principles.⁴¹⁰ China's economic situation, perceived as very successful, attracted more and more leaders and businessmen, willing to export as much as possible and ignoring human rights. Beijing's diplomacy adjusted to the increasing importance of China's international economic relations and played with the attraction of its market, as acknowledged by Foreign Minister Qian Qichen in 1991:

⁴⁰⁶ *Bulletin of the European Communities*, 5-1993, point 1.3.76 and 1.3.77, p. 81 and OJ C176 of 28.06.93.

⁴⁰⁷ Zhang, Li, "Legal aspects of China's trade relations with the United States and the EEC", *Revue internationale de droit comparé*, year 44, no. 4, October-December 1992, p. 974. Europeans expected, for instance, that China would take measures to reduce textile trade imbalance — Article 12, point 1 of the EEC/PRC Agreement on trade in textile products (OJ no. L 352 of 15 December 1990).

⁴⁰⁸ Lemoine, Françoise, "The opening of the Chinese economy: appearances and realities", *Problèmes économiques*, no. 2.520, 14 May 1997, p. 25.

⁴⁰⁹ Reforms of China's foreign trade system included: lower tariffs for 225 imported products (January 1992), removal of 16 (of 53) import quotas, abolition in April 1992 of the tax regulating imports (with collection rates that were up to 80%).

⁴¹⁰ *Le Monde*, 19 September 1997.

We believe that as China and Western Europe have no conflict of fundamental interests between them, and each side has an important status in international affairs, the proper handling of our relations not only is in the fundamental interests of our respective countries, but also helps bring about a new international order and secure world peace and stability.⁴¹¹

Strengthening Political Dialogue

By the mid-1990s, the EU perceived China as a cornerstone of its relations with Asia and the rest of the world and realized that statements were not enough to strengthen this relationship: action-oriented policies should be adopted. Political dialogue between the European Union and China had been limited to brief annual meetings on the side-lines of the General Assembly of the United Nations. In 1994, however, both parties agreed to strengthen bilateral relations at the political level, and developed a new mechanism:⁴¹² an ambitious framework for dialogue included regular meetings between senior officials, ministers and high-level political consultations.⁴¹³ The EU gradually intensified political dialogue with China,⁴¹⁴ putting it at the same level of other key partners. This strengthened the EU's image in China and reinforced perceptions of China in Europe. It also gave additional momentum to the negotiating process of some important issues on the agenda of bilateral relations.

In December 1995, the Council of the European Union clarified the guidelines for the EU strategy. China was an emerging economic, political and military power; therefore, the bilateral relationship should reflect "the real weight and potential influence of this country at the global and regional levels."⁴¹⁵ The EU adopted, for the first time, a global approach with a long-term perspective and covering different areas. It included several cooperation programs, not only supporting the development of the Chinese economy and trade with the EU, but also promoting civil society, fighting against poverty and protecting the environment. Besides strengthening trade relations and political dialogue, this long-term strategy aimed at contributing to the development of political, economic and

⁴¹¹ Qian Qichen, "Current international situation and China's relations with Western Europe — speech made by Chinese Foreign Minister at the Centre of Studies of Foreign Policy of Spain, on 26 February 1991", in *Beijing Review*, vol. 34, no. 10, 11-17 March, 1991, p. 12.

⁴¹² "A Long-Term Policy for China-Europe Relations", *Com*, 279, 5 July 1995.

⁴¹³ *General Report EU*, 1994, point 887, p. 335.

⁴¹⁴ *OJ* no. L94/95 of 26.04.95.

⁴¹⁵ Yakemtchouk, Romain, "Europe and the P.R. of China: aspects of their economic cooperation", *Studia diplomatica*, vol. XLIX, no. 4-5, 1996, p. 126.

social structures that respected fundamental freedoms and human rights, helping China to establish a new legal and judicial system.

The “new Asia strategy”, endorsed by the European Council, framed relations with China within the broad strategy for Asia⁴¹⁶ and mentioned the importance of Asian stability in the 1994 assessment of the EU policy towards Asia. The European Commission was worried about China’s intentions to use economic and military power and relied on regional forums and dialogue to promote a responsible and constructive approach in the region, namely regarding territorial disputes:

The EU believes in the peaceful and negotiated handling of such problems, whether in the South China Sea or elsewhere. It is in the interests of Europe, and of the international community as a whole, to engage China in a political dialogue on disarmament and arms control issues. Nuclear Non-Proliferation, the missile technology control regime, the non-proliferation of chemical and biological weapons, conventional weapon sales, and control of trade in dual-use goods, should all be embraced in such a dialogue.⁴¹⁷

The EU considered that China, as a nuclear power and a permanent member of the United Nations Security Council, should engage in a dialogue on major international debates, for instance regarding non-proliferation.⁴¹⁸ China’s arms acquisitions were of great concern to the Association of Southeast Asian Nations (ASEAN)⁴¹⁹ as its strategy in the South China Sea remained unclear, and the West was particularly worried with Chinese arms exports. China was a member of the International Atomic Energy Agency (IAEA) and signed the Nuclear Non-Proliferation Treaty (NPT) in 9 March 1992, officially advocating nuclear disarmament.⁴²⁰ However, the Chinese market for tanks and artillery declined after 1989 (it was the third largest arms exporter at the time), pushing sales of high-tech equipment to developing countries, mainly in the Middle East, and towards contributions to the development of the Iraqi nuclear weapons.⁴²¹

Aiming at encouraging a growing Chinese participation in regional and multilateral initiatives, the EU extended bilateral dialogue to all sort of issues of common interest and global relevance. At China’s regional level, the EU welcomed the

⁴¹⁶ *Europe Daily*, *op. cit.*, 12 October 1995.

⁴¹⁷ “A Long-Term Policy for China-Europe Relations”, *Com*, 279, 5 July 1995.

⁴¹⁸ “Building a Comprehensive Partnership with China”, *Final Com*, 181, 25 March 1998.

⁴¹⁹ The seven ASEAN countries are Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

⁴²⁰ Guilbert, François, “Defense: a proliferation in all directions”, *Politique Internationale*, no. 64, summer 1994, p. 83.

⁴²¹ Domenach, Jean-Luc and Richer, Philippe, *La Chine*, Tome 2, Paris, Imprimerie nationale, 1990, pp. 623 to 625.

Manila declaration of July 1992, which committed China and the countries of the ASEAN to peacefully resolve their disputes in the South China Sea.⁴²²

The Union reaffirms once again its support for the principles embodied in the Manila declaration. It calls upon all parties concerned to show restraint and to abstain from any measure which may make its implementation more difficult.⁴²³

Willing to develop dialogue in a regional context, as well as focusing on the links established with the ASEAN Regional Forum, the EU used the Asia-Europe Meeting (Asia-Europe Meeting) to discuss with China mutual interests in the region. Launched in Bangkok in 1996, the ASEM Process became a major forum for in-depth consultations between European and Asian partners, leading to many co-operation initiatives. Due to its informal nature and the variety of topics discussed, ASEM added a new dimension to the EU-China relationship and China adopted a constructive approach, being particularly active in all economic cooperation initiatives. The European Union wanted to ensure China's commitment to take an active part in the ASEM monitoring process and several issues including: sustainable development, maritime security, drug trafficking, arms control, non-proliferation and the Asian financial crisis.⁴²⁴

At the Asia-Europe Summit in Bangkok on 2 March 1996, in order to achieve consensus, Europeans were less demanding than many of them would have preferred regarding the defence of human rights. This was the most sensitive issue of the agenda, carefully addressed by Europeans not to offend their Asian counterparts.⁴²⁵ However, formal dialogue on human rights was interrupted in the spring of 1996, as the EU refused China's request not to present a human rights resolution in Geneva but the EU did not accept. The EU sought to present a UN resolution on human rights in China after Tiananmen and proposed it every year, but the resolution was never voted. The Chinese intimidation manoeuvres proved effective and managed to block the project until 1995, when the EU presented to the UN Subcommittee on Human Rights a European resolution on the release of the dissidents (the total number was estimated at 10,700 people), the malfunction of justice and the situation in Tibet; but it was rejected by one vote. Another resolution

⁴²² On 25 February 1992, the Chinese Parliament adopted a maritime law that placed most of the South China Sea area under China's sovereignty; an area of great strategic importance for three reasons: it has significant hydrocarbon resources, it is located in the path of major international shipping lanes and it is claimed by other states — Indonesia, Malaysia, Brunei, Philippines and Taiwan.

⁴²³ *Bulletin of the European Union*, 3-1995, point 1.4.10, p. 67. See also: "Ministerial meeting European Union-ASEAN", Bull. EU, 9-1994, points 1.3.18 and 2.2.1.

⁴²⁴ *Final Com* (1998) 181 of 25.03.1998.

⁴²⁵ *Le Monde*, 4-5 March 1996.

condemning human rights violations in China was introduced by Denmark, with the support of nine other EU countries, in April 1997 in Geneva. However, China has succeeded in passing a “no-action motion” in the UN Commission on Human Rights, avoiding debate and vote on the resolution.⁴²⁶

In September 1997, the EU proposed China cooperation on human rights on the sidelines of the UN General Assembly in New York, and it was announced that bilateral dialogue on human rights should resume in Brussels in October. Both parties avoided attaching conditions and the EU proposed a “constructive” dialogue, based on specific cooperation projects. The Chinese mission in Brussels also declared that China “no longer required the EU to take a commitment on its attitude to the Commission on Human Rights in Geneva” to resume dialogue on human rights:

China always believes that differences on questions regarding human rights must be settled through dialogues based on equality and mutual respect. It is therefore prepared to resume dialogue without preconditions, replacing confrontation with cooperation.⁴²⁷

After resumption of dialogue in November 1997, China showed willingness to invest in a serious dialogue. The exposure to the outside world had a gradual but profound impact, in terms of social change and better mutual understanding. The recovery of the EU/China dialogue on human rights gave new impetus to a process of constructive settlement of disputes between the two partners and allowed the EU to offer practical assistance on human rights. Two priorities were identified: the promotion of the rule of law (the EU should encourage China’s efforts to develop a society based on the rule of law) and the strengthening of civil society through initiatives that promoted civil and political rights. China agreed in principle on a cooperation program to strengthen the rule of law and promote the civil, political, economic and social rights.⁴²⁸ Ultimately, defending human rights was a matter of

⁴²⁶ Two days after avoiding the United Nations Commission on Human Rights by one vote in the resolution presented by Denmark, China accepted answering to questions of the Members of the European Parliament. A delegation of China’s National People’s Congress met with its European counterparts on the occasion of the 14th EU/China Interparliamentary Meeting. The President of the EP delegation, the Swedish Per Gahrton, believed he had found a more conciliatory attitude on the part of the Chinese: “We have stressed the principle of universality of human rights, underlining that we were not leading a campaign against China but in favour of the respect of human rights and the Chinese listened to us (I did not say they approved!)” he declared. Europeans perceived that developments taking place in China “will determine, to a large extent”, those throughout the world in the next century, for we live in “one world”, as Gahrton stated in the opening of the proceedings, adding that he believed it was in this context that the resolutions and declarations of the European Parliament on China should be analysed. *Europe Daily, op. cit.*, 9 February and 16 and 17 April 1997.

⁴²⁷ *Europe Daily, op. cit.*, 25 September and 7 October 1997.

⁴²⁸ *Final Com* (98) 181 of 25.03.1998.

principle, and not about interfering in internal affairs: after all, China had signed several international conventions. In order to put an end to its isolation and integrate the world market, it had to respect the rules.⁴²⁹

In the late 1990s, the European Commission believed that Beijing's growing involvement in multilateral negotiations on global issues should be supported and constantly encouraged:

The EC should endeavour to raise issues related to China more regularly during G7/8 meetings. It should also work to intensify the increasingly substantial dialogue with China launched by the Organisation for Economic Co-operation and Development (OECD) in 1995.⁴³⁰

China was integrated in the global economic and security systems in a period of great economic interdependence, in which global issues required a coordinated effort from all governments. Member of the International Monetary Fund (IMF) and the World Bank since the early 1980s, China participated in several trans-regional and regional forums, including Asia-Pacific Economic Cooperation (APEC). It became a great military, political and economic power, fully integrated in international structures and playing a leading role at the world stage.

Reinforcing Economic Cooperation

In 1995, the EU considered that the pillars of Sino-European relations were political dialogue, market access and technical cooperation. After strengthening political dialogue with China, including on human rights, the EU engaged in reinforcing economic cooperation to ensure a better mutual understanding⁴³¹ and help China in the difficult transition process. Practical cooperation included training and technical assistance in the legal and judicial system, supporting China's efforts towards reform while increasing European knowledge of the Chinese economy. The evolution of the Chinese economy had a major impact on bilateral trade,⁴³² making China the third largest non-European trading partner of the EU and bringing unprecedented opportunities for European trade and investment in China. The European Union explored different channels, including bilateral negotiations to open the Chinese economy and remove market access barriers, and China's negotia-

⁴²⁹ Holzman, Marie, "China: requiem for Human Rights", *Politique Internationale*, no. 75a, spring 1997, p. 383.

⁴³⁰ Building a Comprehensive Partnership with China", Communication from the Commission, *Final Com* (1998) 181 of 25/03/1998.

⁴³¹ *Europe Daily*, *op. cit.*, 18 April 1995.

⁴³² *Com* (95) 279 of 05.07.1995.

tions with the WTO.⁴³³ In economic terms, helping China to join the WTO was the greatest European contribution to the success of the reforms:

Despite the uncertainties, both economic and political, my confident scenario is that China continues to reform and becomes more open to the world, although the pace of reform may falter. The more we and China's other partners are present, the more sustainable the current positive trends are likely to be.⁴³⁴

The European Union was one of the greatest defenders of an early accession of China to the WTO, which ensured the implementation of the GATT after 1995. Membership had to be accompanied by conditions that guaranteed China's ability to fulfil many obligations and the integrity of the system, stimulating economic reforms and consolidated its role in the global economy.⁴³⁵ The European Union sought to improve the compatibility of Chinese trade rules with the WTO, i.e. internationally accepted business principles.⁴³⁶ China underwent a gradual transition with outstanding results in terms of growth and financial balances, but lacked a functional market economy.⁴³⁷

Upon leaving for his official trip to Beijing, from 18 to 23 April 1995, Sir Leon Brittan, Vice-President of the European Commission, said that "the time has come for a fresh start in relations between Europe and China", ensuring that "the European will to see China a WTO member is as strong as ever", but also noting that this would only be possible if there was "an equally strong political commitment from the Chinese side to implement and respect WTO rules". "I hope that China will join its partners in further talks soon", added the European Commissioner, also referring to problem of China being classified as a developed country in some sectors and a developing country in others.⁴³⁸ "This accession to the WTO is very important and we want it", said Sir Leon, inviting China to show flexibility: "we, for our part, are ready to be flexible". The controversial issue of China's status in the WTO (developing or developed country) was deemed as secondary by Sir Leon, "the important thing is to identify what the WTO can provide China and what China is willing to offer to the WTO."⁴³⁹

⁴³³ Final Com (98) 181 of 25.03.98.

⁴³⁴ *Europe Daily*, *op. cit.*, 26 May 1995.

⁴³⁵ Final Com (98) 181 of 25.03.1998.

⁴³⁶ *Bulletin of the European Union*, 718-1995, point 1.4.98.

⁴³⁷ Destais, Christophe, "Structural reforms and economic growth in China", *Problèmes économiques*, no. 2.500, 25 December 1996, p. 12.

⁴³⁸ *Europe Daily*, *op. cit.*, 18 and 19 April 1995.

⁴³⁹ *Ibidem*, 5 July 1995.

To break the deadlock, China had to present in Geneva pragmatic suggestions on how to progress on those issues.⁴⁴⁰ Less than six months after the conclusion of the Uruguay Round and the establishment of the WTO, at the end of the quadrilateral meeting (bringing together trade officials from the EU, US, Canada and Japan), Sir Leon Brittan said:

It is in the extreme interest of both China and the world economy that China becomes a member of the WTO as soon as possible... I very much hope that China realizes that we are ready to show understanding for the status of the transition of the Chinese economy. [...] China does not need to do everything at once, but it needs to do more than in last December. However, we should allow China to move forward at a politically acceptable pace.

The four members were against the idea of granting special conditions to China, fearing that it would set a precedent for other developing countries. However, at the end of the quadrilateral informal meeting in late October 1995, all four agreed that China's accession was an important goal to be achieved, depending on the acceptance of WTO fundamental rules.⁴⁴¹

Before the opening of the Bangkok Summit in March 1996, European Commission President Jacques Santer met with Chinese Premier Li Peng and expressed his strong support for China's entry into the WTO, but under certain conditions. The EU, he said, "will maintain an independent line in the negotiations on China's accession, providing the necessary time and conditions for it to adapt to WTO rules through transitional protocols." The EU remained, in principle, in favour of China's accession to WTO membership but this had to be done in strict compliance with the conditions that apply to all new WTO members. "What the WTO member states need from the new candidate countries is a clear indication of the commitment of all candidates to respect WTO rules, all rules", said Sir Leon in May.⁴⁴²

The agenda of the EU-China Joint Committee meeting of November 1996, in Beijing, focused on China's accession to the WTO and European difficulties in accessing the Chinese market, particularly in the areas of financial services, maritime transport and intellectual property.⁴⁴³ After complying with the fundamental rules and principles of the multilateral trading system, China could join WTO and benefit from transitional periods for specific rules: "It was necessary to confirm whether the Chinese authorities support the idea of a gradual acceptance of

⁴⁴⁰ *Ibidem*, 24 April 1995.

⁴⁴¹ *Ibidem*, 8 May and 23 October 1995.

⁴⁴² *Ibidem*, 1 March and 7 May 1996.

⁴⁴³ *Bull. UE*, 11-1996, point 1.4.102 and *General report on the EU's activities*, point 907, p. 352.

WTO obligations. This was confirmed to me very strongly”, said Sir Leon after a meeting with the Deputy Prime Minister Zhu Rongji and the Minister for Foreign Trade and Economic Cooperation Wu Yi. “I will rapidly contact US authorities, including Secretary of State Warren Christopher, to encourage them to speed up preparations in view of China’s participation in the WTO”, he stated.⁴⁴⁴

However, this issue was precisely the main bottleneck between the EU and the United States in the multilateral discussions regarding China’s accession to GATT. For Beijing, the stakes were high since an agreement would significantly increase its exports, but Washington required a clear shift in the Chinese policy in order to rebalance Sino-American trade. The United States accused Beijing of maintaining the tariffs too high and increasing its export subsidies. Several Sino-American agreements on these practices were signed to limit Chinese exports and facilitate US imports, but without much success. Many US manufacturers protested against the non-compliance with intellectual property rights and the proliferation of trademark infringement.⁴⁴⁵

Since September 1994, the US and the EU had held different positions.⁴⁴⁶ Leon Brittan said the EU was ready to be flexible, particularly in providing China with transition periods for compliance with certain economic and trade conditions,⁴⁴⁷ but the United States opposed this principle, defending that Beijing should fulfil all conditions upon accession to the WTO.⁴⁴⁸ The US Trade Representative Mickey Kantor recalled, following the informal quadrilateral meeting of October 1995, that China’s accession to the WTO should be made on “a pragmatic, practical and commercially reasonable basis. [...] So far, Chinese bids were not really impressive.”⁴⁴⁹ China believed that it was the United States that prevented it from joining the WTO and felt the victim of a very real political exclusion. During his speech to the French Business Community in Paris on 12 April 1996, Li Peng firmly expressed:

Without China, the WTO is not an international organization but a regional organization [...], and if China is not a member of the WTO, this occurs for several reasons, particularly for one political reason: in the world there is one superpower which does not want China in the WTO.

⁴⁴⁴ *Europe Daily, op. cit.*, 15 November 1996.

⁴⁴⁵ De Beer, Patrice and Rocca, Jean-Louis, *La Chine à la fin de l’ère Deng Xiaoping*, Brussels, Le Monde Editions, 1995, p. 169.

⁴⁴⁶ *Europe Daily, op. cit.* 8 September 1994.

⁴⁴⁷ Transitional periods should vary according to the specificity and importance of the criteria to which they referred. The EU called for the establishment of an accurate and reliable schedule while China demanded that the transitional periods related to the evolution and timing of on-going economic reforms, with all the uncertainties this would entail.

⁴⁴⁸ *Europe Daily, op. cit.*, 11 October 1995.

⁴⁴⁹ *Ibidem*, 23 October 1995.

Stating that his country was reducing its tariffs at the requested rate, the Chinese Premier said that the United States “require that we fulfil the conditions of developed countries, which we cannot accept.”⁴⁵⁰ During a speech on the extension of the Most Favoured Nation clause to China President Clinton considered that:

Much remains to be done. Our bilateral trade deficit with China is too high and China’s trade barriers should be lowered. [...] That is why we will use the full weight of our law to ensure that China meets its obligations to protect intellectual property. That is why we are insisting that China meet the same standard of openness applied to other countries seeking to enter the WTO — no more, no less.⁴⁵¹

The Chinese Minister of Foreign Trade, Yi Wu, reacted during a speech on trade with the United States:

Further study of the problem reveals a striking aspect of Chinese exports to the United States, namely that they are mainly goods manufactured by foreign-owned companies operating in China and repatriated to the United States via Hong Kong. [...] Apparently, the United States have seriously over-estimated their trade deficit and the huge deficit in their trade with China is simply inexistent.⁴⁵²

In November 1996, Leon Brittan informed the Ministers of the General Affairs Council of the EU of the positive Chinese reaction to his proposal of a gradual entry (phasing-in) of China in the WTO and the contacts he made, while in Beijing, with US Secretary of State Warren Christopher to obtain the support of the United States. The concept of “phasing-in” included the commitment to respect WTO basic conditions, such as a reasonable reduction of tariffs and the end of the state monopoly on foreign trade, allowing transitional periods to implement other provisions more difficult to be fulfilled by a developing country. The EU did not become less demanding but adopted a more appropriate diplomatic and political position in order to integrate it more effectively in the global trade structure.⁴⁵³

In September 1997, Washington concluded that it was possible to reach a commercially viable agreement with the Europeans regarding, for example, the transi-

⁴⁵⁰ *Le Monde*, 15 April 1996.

⁴⁵¹ “United States: President William Clinton speech on the prorogation of the Most Favoured Nation clause (Washington, 20 May 1996), *Documents d’actualité internationale*, no. 14, 15 July 1996, p. 569.

⁴⁵² “China: article of Foreign Trade Minister, Mme Yi Wu, on trade with the United States (Beijing, 10 June 1996)”, *Documents d’actualité internationale*, no. 14, 15 July 1996, p. 571.

⁴⁵³ *Europe Daily*, *op. cit.*, 25 November 1996.

tion periods: “It is important that China does not create a division in the WTO, between the United States and the EU, regarding the terms of accession.”⁴⁵⁴ They could send a common message: the EU and the United States welcomed China’s integration into the international trading community as soon as possible but on the basis of “objective, clear and legally binding” criteria, including access to the Chinese market and the removal of tariff and non-tariff barriers, as well as respect of the WTO Protocol — anti-dumping and intellectual property.

China had already presented, in November 1996, a slight improvement in services but EU officials estimated that China should make greater efforts in this area and provide much better access to the services market, particularly in the financial and banking services, insurance (including those accessible to the general public), basic telecommunications, maritime transport, accounting, tourism, news agencies and information, etc. As for telecommunications, the EU called on China to open the infrastructure market to competition, that no service or technology was excluded from Chinese commitments and that an independent regulatory and supervisory body was established in China to ensure compliance with competition rules.

In October 1997, in a speech to the “Foreign Correspondents Club” of Beijing, Sir Leon Brittan stressed that the EU supported China’s accession to the WTO, but that its support was not unconditional; the key issue was market access, both for products and services. Regarding products, it was essential that China brought its tariffs (including the highest, the “peak tariffs”) to the average of OECD countries and to the general level applied in WTO countries. As for services (one of EU’s priorities “without which no agreement would be acceptable”), China had to open its market to foreign competitors without waiting for it to be fully developed (which was still far from being the case).

Finally, the EU and agreed on common principles for China’s WTO accession:⁴⁵⁵ “I understand that the implementation of these principles may take time; we might therefore consider transitional periods but only if, in the meantime, European companies are not discriminated in terms of licensing”, said Brittan. During this visit to China, he signed a “Memorandum of Understanding” with Chinese Trade Minister Wu Yi, on the future of the China-EU cooperation programme, placing “economic and trade cooperation between the EU and China on a new practical basis”.⁴⁵⁶

⁴⁵⁴ *Ibidem*, 11 September 1997.

⁴⁵⁵ *Ibidem*, 14 October 1997.

⁴⁵⁶ *General report on the EU’s activities, 1997.*

Conclusion

The emergence of China in the international system since the introduction of economic reforms by Deng Xiaoping after 1978 brought great benefits but also challenges to the EU. On the domestic front, it radically changed the economic and social landscape in China and results exceeded expectations, with a remarkable macroeconomic performance. The evolution of EU-China relations had ups and downs and 1989 was certainly a turning point, leading to the cooling of relations: following the Tiananmen events, Europe imposed a series of sanctions against China, including an embargo on arms sales. A few months later, the fall of the Berlin Wall, followed by the dissolution of the Soviet Union in December 1991, opened a period of radical changes in the European communist world. The PRC remained the only major communist country in a period of general collapse of this ideology,⁴⁵⁷ which contributed to the international isolation of the Chinese Communist Party.⁴⁵⁸ Since 1989, Beijing faced a double challenge: to break the isolation imposed by the West and find a place in the new world order.⁴⁵⁹

However, the months of international boycott after Tiananmen were quickly forgotten: China benefited from a favourable economic environment and rapidly reduced international isolation. After several years of reluctance and caution, a gradual resumption of Sino-European dialogue took place. The change in EU policy was justified by several reasons, seeking a constructive engagement to integrate China into the international community and lead her in the global trend towards trade liberalization and democracy. Dialogue with China was thus perceived as a priority, not only on political and security issues but also regarding human rights. Europeans always perceived respect for freedoms and human rights as core values of a market economy and the creation of a strong civil society, along with a sustainable entrance into the world economy, were amongst the main objectives of their China policy. Therefore, the importance attached to human rights was a constant trend in the EU policy towards China, although the resumption of bilateral contacts after Tiananmen highlighted different perceptions from member states. This is one of the reasons that explains why the ban on arms sales is still in force today, despite the gradual lift of post-Tiananmen sanctions.

The EU always showed concern on China's stability due to its political and economic importance, considering that its growing influence in the international arena should result in shared responsibilities and cooperation, both in Asia and

⁴⁵⁷ Joyaux, François, *La tentation impériale*, Paris, Imprimerie Nationale, 1994, p. 85.

⁴⁵⁸ Gipeleux, François and Svartzman, Jorge, "China: opening without reforming?", *Problèmes Politiques et Sociaux*, no. 630, 13 April 1990, p. 4.

⁴⁵⁹ Joyaux, François, *op. cit.*, p. 85.

around the world. In the mid-1990s, the EU constantly repeated that China had to play a key role in international affairs, concerning security, political, environmental, social and economic issues.⁴⁶⁰ The idea was intensifying contacts at all levels and increasing trade and cooperation, in order to integrate China in the international political and economic spheres. There was significant progress in bilateral cooperation and Europe decided to develop its long-term relationship with China in accordance with the country's economic and political influence, both regionally and worldwide. Bilateral trade, investment and cooperation developed and a new mechanism was created to strengthen Sino-European political dialogue.

When Deng Xiaoping died, in February 1997, European Commission President Jacques Santer wished that his legacy would result in increasing economic and social freedom that would benefit not only China but also its regional partners and the world:

The whole world will remember in the twenty-first century of the mark he has printed in twentieth century China. Having made an immense contribution to the modernization and economic reform of the China that he opened to the world, Deng Xiaoping started a process of market reform which is now irreversible and that allowed the EU to engage with China in fruitful relationships in commerce and investment, as well as strengthen political ties.⁴⁶¹

From the start, Deng Xiaoping demonstrated his confidence:

The reform and opening up to the outside world are still in their early stages, we have before us difficult tasks and we will have ups and downs in our march forward. But I am firmly convinced we will prove ourselves capable of overcoming the many difficulties and continue to fight for the cause that inspired our ancestors from generation to generation. As the Chinese have demonstrated that they could stand up, they will certainly be able to firmly take their place in the world.⁴⁶²

Subsequent leaders inherited challenging tasks: to continue the economic reform along with political modernization and deal with the painful memory of Tiananmen, while restoring China's relationship with the world. Beijing claimed the status of a stakeholder but raised suspicions in its neighbourhood, mainly due to the conflicts on the Taiwan Strait and South China Sea.⁴⁶³ For strategic reasons

⁴⁶⁰ *Europe Daily*, *op. cit.*, 12 October 1995.

⁴⁶¹ *Ibidem*, 20 February 1997.

⁴⁶² "Communiqué of the 5th Plenary Session of the Thirteenth CCP Central Committee (Beijing, 9 November 1989)", *Documents d'actualité internationale*, no. 1, 1 January 1990, p. 18.

⁴⁶³ *Le Monde*, 10 January 1998.

and technological proliferation concerns, and mainly due to US pressure, the EU did not lift the arms embargo on China.⁴⁶⁴ Several factors caused the postponement of a European decision regarding the embargo, such as different national interests, but the official stand of the European Commission and the European Parliament points out strategic and human rights concerns.⁴⁶⁵ It remains to be seen whether the arms ban truly enables progress on human rights in China and what are the security implications of lifting it.⁴⁶⁶ It is easier to identify the impact that a change of policy would have in Europe: opening a new arms market for European companies in the context of European defence budget reduction, preferential treatment in trading with China, spread member states' political responsibility regarding human rights and counterbalance American hegemony.⁴⁶⁷

In 2001 the People's Republic of China considered the EU a strategic partner, arguably for two reasons: it joined the WTO, after fifteen years of negotiations that started within the GATT, increasing the appeal of the European market; and the US unilateral actions after 9/11, revealing the importance of reinforcing relations with other actors of the multipolar system. The EU gave a positive reply and a strategic partnership was established in 2003. Europeans were interested in China's continuous growth and expected that full participation in the WTO guarantee access to the Chinese market, placing it among the major players in the global economic system. However, the EU maintains the arms embargo on her strategic partner and continues to have many unresolved trade disputes. These two issues highlight how difficult it is to achieve greater coordination between member states. While some see in this country a market with unlimited potential, including for the arms industry, others are more cautious.

The re-emergence of China had a significant effect on European perceptions as its growing international role made a strong impression in the public opinion. Most believe that China's development is a positive phenomenon that the European Union is expected to address with assertiveness and visibility, in order to strengthen its position towards one of its biggest and most important partners.⁴⁶⁸ Annual summits and other high-level meetings with Chinese leaders frame bilateral dialogue, highlighting EU actions. Giving them better media coverage would help to reinforce the image of the EU in China. Political differences aside, the European Union must never lose sight of its strategic interests in China.

⁴⁶⁴ Saalman, Lora and Yuan, Jing-dong, "The European Union and the Arms Ban on China", Centre for Non-proliferation Studies, July 2004, p. 6.

⁴⁶⁵ *Ibidem*.

⁴⁶⁶ Saalman and Yuan, *op.cit.*, p. 1.

⁴⁶⁷ Brookes, Peter, *The Lifting of the EU Arms Embargo on China: An American Perspective*, Heritage Foundation, Washington, D.C., 2005, p. 5.

⁴⁶⁸ *Final Com (98)* 181 of 25.03.1998.