



EUROPE, US, CHINA THE PAST, THE PRESENT, THE FUTURE WHO WILL BENEFIT FROM THE TRIANGULAR RELATIONSHIP

Wolfgang Deckers¹
Richmond American University, London

Abstract:

This paper will argue that the qualitatively new relationship between the EU, China and the USA can be captured through the use of the concept of hybridization, based on a coming together of different units and in the process the creation of a new reality, a hybrid reality. It will be claimed as a result of my study that China will want to use the biggest market in the world, the EU market, to avoid dependence on the US market for its exports and economic well-being and will claim that the relationship with the EU also fits exactly with its attempt to simultaneously accept and to change international relations – the relationship with the EU is about managing the world of a declining US rather than creating a new world order. In turn, the EU wants more room to manoeuvre for its foreign policy independence and so it can work well with China's criteria for a relationship of 'mutual trust', 'equality' and 'coordination'. In essence, rather than having 'hard power' worth talking about, both have 'soft power'. On the other side of the coin, the US wants to control and incorporate the EU and contain China. In addition, both the EU and China are respectively weak and the US, despite some problems is (still) strong, but both really have the same question: how enduring is the American hegemony? In conclusion, the paper will be the affirmation that the EU-China-US relations are now in flux in a way they have not been since 1949, leading to tectonic shifts. Both the EU and China will benefit from this relationship and the hybridity of their relations will lead to a new quality in their relationship with an important US always looming in the background.

Keywords: Hybridation, trilateral relationship, soft power and American hegemony.

Este artículo afirma que la cualitativamente nueva relación entre la UE, China y los EEUU puede entenderse a través del concepto de hibridación, basado en la sinergia de unidades diferentes y en proceso de creación de una nueva realidad, una realidad híbrida. Como resultado de mi estudio, se defiende que China querrá utilizar el mayor mercado del mundo, la UE, para evitar una excesiva dependencia del mercado de los EEUU para sus exportaciones y su bienestar económico y se afirma igualmente que la relación con la UE encaja perfectamente con su intento simultáneo de aceptar y cambiar las relaciones internacionales; las relaciones con la UE consisten en gran parte en gestionar el declive de los EEUU más que crear un nuevo orden mundial. A su vez, la UE quiere un mayor margen de maniobra para lograr una política exterior independiente, lo cual le sitúa en una posición óptima para entenderse con China en torno a los conceptos de "confianza mutua", "igualdad" y "coordinación". Se trata más que del uso de "hard power", del uso de "soft power". En el reverso de la moneda, los EEUU quieren incorporar a la UE en un intento de contener a China. Al mismo tiempo, tanto la UE como China son débiles frente a los EEUU, que a pesar de sus problemas actuales, es (todavía) un actor poderoso. Sin embargo, ambos países comparten la misma pregunta: cuánto durará la hegemonía de los EEUU? Como conclusión, este artículo afirma que las relaciones UE-China-EEUU están en un proceso de cambio de una forma inaudita desde 1949. Tanto la UE como China se podrán beneficiar en esta situación del carácter híbrido de sus relaciones que llevarán a un cambio cualitativo en sus relaciones, siempre con los EEUU presentes en un segundo plano.

Palabras clave: Hibridación, relación trilateral, "soft power" y hegemonía americana.

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¹ Dr. Wolfgang Deckers is a Professor in International Relations and Political Science at Richmond. His research interests include Chinese and German foreign policy and theories of industrialisation. His publications include articles on self-reliance, Chinese foreign policy and the Green Party in Germany.
E-mail: deckerw@richmond.ac.uk.



1. Introduction: China is Special

In June 2008 Lin Yifu, a Beijing professor, became the chief economist, ‘the number 2 job’ at the World Bank. In addition, China is the largest holder of US Treasury Bills² and Martin Jacques believes that China is a superpower in the making as the citadels of the global economy are yielding to its battering ram³. In Jacques’ view, this heralds the, although not immediate, ‘End of the West’⁴.

China: Indicators	Year	Data
Population, total (thousands)	2008	1327,7
GDP (Euros)	2008	2.992,7
Real Growth IN GDP (%)	2008	9,0
Unemployment	2008	4%
Life expectancy at birth, total (years)	2008	73
Mortality rate, infant (per 1,000 live births)	2008	20
Literacy rate (total population	2008	90.90%
Exports to GDP ratio %	2008	32,7
Imports to GDP ratio%	2008	25,0
Debt Service Ratio %	2008	15%

Table 1. Data retrieved from CIA Fact Book, World Bank, Eurostat

Other details also confirm China’s ‘special’ status. China’s fast-growing economy is transfixing the West, each year it turns out twice as many engineers as the US⁵, has the world’s biggest shopping mall, is the largest consumer of food, energy and industrial commodities⁶ and is an economic powerhouse⁷.

² China’s holdings of US Treasury Bills as of November 17, 2009 amounts to 798.9 Billions of Dollars, accessible at: <http://www.treas.gov/tic/mfh.txt>.

³ Jacques, Martin: “The End of the West”, *The Guardian*, 04 December 2003, at <http://www.guardian.co.uk/world/2003/dec/04/eu.china>.

⁴ *Ibid.*

⁵ Bracey, Gerald W.: “Heard the One About the 600,000 Chinese Engineers?”, *The Washington Post*, 21 May 2006, at <http://www.washingtonpost.com/wp-dyn/content/article/2006/05/19/AR2006051901760.html>.

⁶ Brown, Lester R.: “China Replacing the United States as World’s Leading Consumer “, *Easth Policy Institute*, 16 February 2005, at http://www.earth-policy.org/index.php?plan_b_updates/2004/update45.

⁷ See also Ma, Zhengang: “China-EU Relations in a Changing New World”, Public Lecture, London School of Economics (15 October 2009), at www.2.lse.ac.uk/publicEvents/events/2009_09-12/20091015tl700vOT.aspx, p. 2.



In addition, it has the world's largest foreign exchange reserves in the world, is the world's second largest importer of oil and is about to become the world's biggest exporter of goods⁸.

Country	GDP (\$bn)	Av. An. Growth in real GDP
PRC	2.234	9%
United Kingdom	2.199	2.7%
Germany	2.795	1.4%
Japan	4.534	1.3%
United States	12.417	3.4%
India	806	6.3%

Table 2. China's Unprecedented Growth (2008), Pocket World In Figures, London, The Economist

In stark contrast to this however, 30 million of its people live in absolute poverty⁹, another 60 million make less than 0.28 US cents a day and income for rural workers - where 800 million of China's 1.3 billion people live - is 1/3 of those in urban areas. In addition, China has to create 25 million new jobs a year to keep unemployment under control and the government in Beijing has to cope with around 150 million migrant workers coming mainly from the countryside. The one child policy will put additional pressure on the increase in number of senior citizens (projected to be in 2050 in the area of 400 million) and fundamentally although China is rich in aggregate terms, it is poor in per capita terms¹⁰. Essentially, China is a fragile superpower¹¹ with internal tensions and contradictions.

However despite this it is still a formidable competitor for Western style liberal democratic capitalism. The speed and scale of Chinese economic growth and the impact on the global economy and international relations is undoubted.

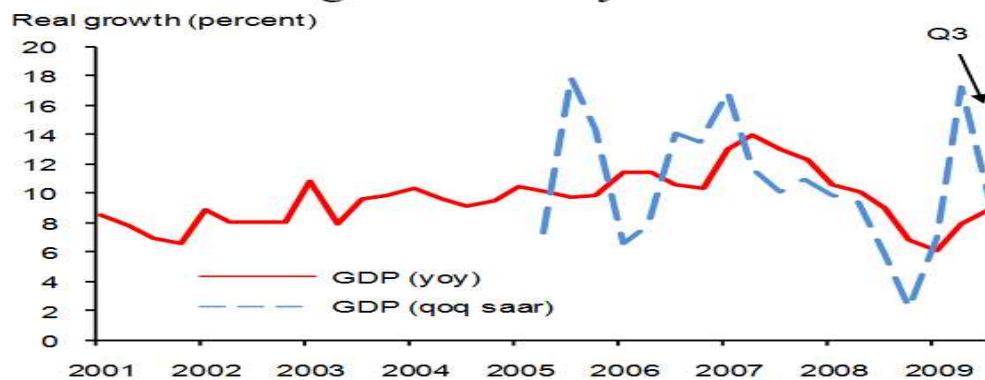
⁸ "China Overtakes Japan as World's Second-largest Oil Importer", *China Briefing*, 26 June 2008, at <http://www.china-briefing.com/news/2008/06/26/china-overtakes-japan-as-worlds-second-largest-oil-importer.html>.

⁹ Defined as not having enough money for food or clothing.

¹⁰ "Country Comparison :: GDP - per capita (PPP)", CIA, *The World Factbook*, at <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html?countryName=China&countryCode=ch®ionCode=eas&rank=133#ch>.

¹¹ See Shirk, Susan (2007): *China: Fragile Superpower*, New York, Oxford University Press,

Figure 1. China's economy has continued to grow robustly



Source: CEIC, World Bank staff estimates.

It does not matter if you see China as a giant low-wage magnet sucking in jobs from abroad (in a similar way to Ross Perot and NAFTA or US jobs outsourced to Mexico) or if you perceive China as a powerful locomotive pulling other economies out of the morass of the present crisis: it should not be doubted that one of the most important events in the world now is the rise of China. In the context of the last 200 years China may be weak, but over the last 2000 years it had been the biggest economic power in the world as Prestowitz claims¹².

The next question then is whether this can continue into the future? And what does all this mean for us, be it in the EU, the US, but also in China? Should Euro-sceptics be concerned with sovereignty moving to Brussels or to Beijing?

It is perhaps important not to simplify or exaggerate things - the US might be in decline, but China is not ready at all to take its place. One should never forget that the US is still the only three dimensional (economic, military, political-cultural) power in the world.

Viewing this phenomenon in historical context, we can see a similar situation with the end of the (British) Gold Standard in 1931. In the inter-war period there was no hegemon, the new hegemony only came about with the Bretton Woods system in July 1944. Are we witnessing the same thing? Not quite as today's China is not the Germany of the inter-war period and China needs a foreign policy context of stability not chaos, conducive to economic growth, success and imported raw materials to overcome the numerous domestic challenges. The CCP's legitimacy rests on its record in making China richer and stronger, to make it into a 'da guo'. Without a strong economy, for example, China will not have a say on the international stage and so this means the need for a highly interventionist CCP economic policy (comparable to Newly Industrializing Countries (NICs))¹³.

For economic and foreign policy reasons and the CCP's legitimacy, China needs a multi-polar world. The role of the EU, in China's perception, is to counterbalance US hegemony. A la Palmerston (Britain has no permanent friends but only permanent interests), China has no permanent friends only permanent interests (national interest of course understood as government/CCP defined). These interests are economic growth for the

¹² Ott, Marvin: "The Great Reverse" Part 2, University of Yale, *Yale Global*, 06 September 2004, at <http://yaleglobal.yale.edu.display.article?id=4459>.

¹³ Wade, Robert, (1992): "Governing the Market", Princeton, Princeton University Press and also Breslin, Shawn (2009): *China and the Global Political Economy*, London, Macmillan, see p. 72.



legitimacy of the ruling party which means using the EU as a counterweight to the US¹⁴. This counterweight approach is also the goal of the EU. However, despite China having interests in developing particular relationships, the same can also be said for the US – it will need to consider the fact that it is dependent on China's culture of spending and debt accumulation.

This all leads to my point that hybridization- a coming together of different units and in this process the creation of a new (mixed) reality, a hybrid reality- helps us to understand relations between the EU-China-US for now and some time to come and although the future is impossible to predict and the final state produced by the hybridization process is unknown I can, and will, attempt to speculate.

2. EU Foreign Policy

Throughout the Cold War, Europe, as so many Euro-centrics thought anyway, was the centre of the world. This was exemplified by the fact that in Berlin, just a few meters apart, the US came face to face with the Soviet Union. However, this balance of power certainly changed in 1989.

It was at this time that the US had its unipolar moment and Europe was no longer important - the EU was not even a junior partner anymore! The relationship was now based on a Europe being supportive only. A shared history, shared values, shared Judeo-Christian culture, and a racial affinity lost their importance, something the decision to go to war in Iraq shows as firstly, it was done unilaterally by the US and secondly, France and Germany 'dared' to disagree.

Despite the fact that the EU is the world's largest trading bloc and it has a considerable presence in international affairs it has trouble translating its presence into 'actorness'. Although the EU would like to be considered an equal partner, on all levels with the US, this must be European wishful thinking as it is not powerful at all enough to dominate the US and influence its actions or foreign policy in any way.

However, a rivalry will not occur because of the importance of trade between the two and because of common values such as liberal democracy and human rights. Common interests between the two are stronger than their differences and although one should not forget that 27 different countries make up the EU, meaning that it is difficult to assess if there is a community of values, there is a community of states embracing Western values, and 'the West' also includes the US (after all 'together beats the hell out of separately').

As well as having common values, both are confronted with common issues and problems - terrorism; post-conflict Iraq; present Afghanistan; nuclear proliferation including in Iran and North Korea; Pakistan; China; India; Balkans; the Doha Round; Russia; climate change; international crime; development; peace and stability; international law on pre-emption; the Geneva Convention; the Palestine issue and UN reform. This exhaustive list highlights that isolationism is impossible in a 21st century world of intense economic and security interdependence.

Despite these similar interests and values, the Iraq war brought home to everybody the willingness of the US to be its own prosecutor, judge and jury, deciding on pre-emptive

¹⁴ Clegg, Jennifer (2009): *China's Global Strategy*, London, Pluto.



military action and casting aside international constraints. This lack of adherence to international law brought illegitimacy and exposed the weakness of unilateralism and the US' need for support. The EU in contrast wants multilateral cooperation as the central organising principle of international relations, and has taken on moral and ethical causes and positions on global issues, in ways disliked and even actively opposed by the US.

The Iraq war meant that EU foreign policy became far more relevant: might the EU need a common foreign and security policy so as to deal more effectively with the US? Is there a sense of rivalry developing between the EU and the US? (something the Transatlantic Declaration (1990) and Transatlantic Agenda (1995) were meant to take care of).

So then what has the EU to offer? Essentially, its strength is that it is not a state. The EU, despite 'Foreign Minister' Lady Ashton, does not have a single telephone number¹⁵ but instead networks of power that are united by common policies and goals. The EU's structure as a club has allowed it to preserve the very idea of the balance of power in Europe and as its strength grows, its neighbours want to join it rather than balance it!¹⁶ In addition, despite the fact that US intelligence predicts that the EU will become a 'hobbled giant' by 2025¹⁷, the EU, that is 'EU 27+' (Norway, Switzerland, Turkey) represent a third of the world's economy. The US has 27%, Japan 9%, and China 6% respectively.

The EU offers conclusion of trade agreements, of association agreements, it offers tariff reductions, quota increases, sanctions, aid and loans and it can also enforce the opposite of these economic instruments. In addition to this, the EU also holds soft power, economic clout and cultural appeal - civilian power is non-military, and it includes economic, diplomatic and cultural policy instruments¹⁸. This can be seen as a result of its history and the Cold War in which it devalued purely military power and instead became dedicated to universal values, co-operation and multilateralism and underlying this soft/civilian power, is the attempt by EU members to create more room for themselves to manoeuvre, to increase their impact in foreign policy areas and to reassert their independence. Hard power in such a context appears less necessary and might anyway belong to a different time of international relations¹⁹.

Because of this, the EU is strong in influencing third countries' policies by awarding economic and political support. However, something which is an advantage (lack of domineering power) is of course also a disadvantage: there is a lack of common strategy and lack of coherence - as a matter of fact, the EU might just be a civilian power by default!

Looking back to the 1990s,²⁰ there is an evolution of foreign affairs and security policy with a European Security Strategy in 2003, the Lisbon Treaty, a European Diplomatic Service, and new roles such as the High Representative of the Union for Foreign Affairs and

¹⁵ Kissinger's famous remark when he rhetorically asked where the power in the EU was.

¹⁶ Leonard, Mark (2005): *Why Europe will Run the 21st Century*, New York, PublicAffairs, especially Chapter 9: Brussels and Beijing Consensus, pp. 111-120.

¹⁷ Leigh, Phillip: "Europe a 'Hobbled Giant' by 2025, US Intelligence Report Predicts", *Euobserver*, 21 November 2008, at <http://euobserver.com/9/27158>.

¹⁸ Maull, Hanns: "Germany and Japan: the New Civilian Powers", *Foreign Affairs*, vol 69, no. 5 (1990), especially pp. 92-93.

¹⁹ See Cooper, Robert: "Europe: The Post-Modern State and World Order", *New Perspectives Quarterly*, vol. 14, n° 3 (Summer 1997).

²⁰ The Maastricht Treaty, Pillar II, 'Common Positions' and 'Joint Actions', existence of a Rapid Reaction Force - but no Qualified Majority Voting in and fragmentation of external relations, underperformance in the Balkans and Kosovo.



Security Policy who is also Vice President of the Commission. Earlier socialisation and ‘Brusselisation’ along with new permanent structured co-operation is a development towards an EU foreign policy - even if Qualified Majority Voting still applies. EU Foreign Policy is still inter-governmental rather than supranational because unanimity is still necessary, but there will now be coordinated policy at EU level and there will be a fine line between unanimity and consent. Enlargement is partly a foreign policy tool as is the EU’s Neighbourhood Policy - the European Security Strategy of 2003 for example, is a response to the US Security Strategy, in favour of ‘perceptive engagement’ and multilateralism and against ‘pre-emptive war’ and unilateralism.

Even though the EU is still in the shadow of the US, it wants to have easier access to profits which can be made in the rest of the world, which is too much in thrall to the US. It is believed that the ‘cake’ (of profits) needs to be divided up differently, post-Cold War, post-Iraq invasion and more access to strategic raw materials is needed²¹. Robert Kagan even goes so far as to suggest that we need to stop pretending that Europeans and Americans share common views of the world or even that they occupy the same world and what is needed is a realist world! The EU, according to Kagan, has moved beyond hard power and that the US is still in a Hobbesian world, and in essence ‘Europeans are from Venus and Americans from Mars’.

3. EU-China Relations

China’s EU policy paper from 2003²² starts with the sentence: ‘there is no fundamental conflict of interest between China and the EU and neither poses a threat to the other...’ In essence, common ground outweighs their disagreements.

The perception of China as an important foreign policy partner has emerged only recently in Europe. Prior to 1989, China was perceived as a second rate regional actor and only since the late 1990s has Europe’s interest in closer political cooperation grown²³. This interest can be seen as steaming from the following factors:

- China’s economic power has grown in recent years
- Europe is concerned about potential protectionism in China
- China has become important as a massive importer of raw materials and has become a competitor for the EU
- The EU is concerned that the CCP keeps a grip on domestic contradictions

²¹ See Kagan, Robert: “Power and Weakness”, *Policy Review*, no.113 (June-July 2002).

²² “China’s EU Policy Paper”, *Chinese Ministry of Foreign Affairs* (October 2003), at <http://www.fmprc.gov.cn/eng/zxxx/t27708.htm>.

²³ First phase of relations (1975-1988): limited strategic relations due to China’s domestic ‘two-line’ struggle and fading SU ‘hegemonism’.

Second phase (1989-1992): Tiananmen Massacre

Third phase (1992-1996): Single European Act, lure of the Chinese Market and Human Rights

Fourth phase (1996-2000): Strategic Partnership

Fifth phase (2001-2008): Constructive or Competitive Engagement, Multipolarity, Peaceful Rise/Peaceful Development

Sixth phase (2008-...): Partners and Rivals, China Fever.



- The EU is interested in multilateral arrangements for an increasingly ‘global risk world’²⁴
- Environmental issues can only be addressed with Chinese constructive engagement
- There is a need for the protection of property rights, prize dumping and compliance with environmental standards
- Deng’s 24 character policy of non-interference might signify a lack of shared global responsibility (see footnote 25)
- China’s monumental size gives its domestic policies global significance

EU-China Relations	
EU services exports to China 2008	€20.1 billion
EU services imports from China 2008	€14.4 billion
EU inward investment to China 2008	€4.5 billion
China inward investment to EU 2008	€0.1 billion
EU Aid to China	EU Aid programme has allocated over € 128 million Euros to aid China over a 4 year span until 2013

Table 3: http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/china/index_en.htm

²⁴ See Beck, Ulrich (2008): *World at Risk*, Cambridge, Polity Press.



EU27 trade in goods with China by product (Million Euro)

	Exports		Imports		Balance	
	Jan-Jun 2008	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2009
Total	39 495	37 418	112 215	102 735	-72 720	-65 317
Primary goods:	3 724	3 368	3 690	2 887	34	481
<i>Food & drink</i>	598	658	1 721	1 675	-1 123	-1 016
<i>Raw materials</i>	3 009	2 602	1 532	1 011	1 476	1 591
<i>Energy</i>	118	108	437	202	-319	-94
Manufactured goods:	34 697	33 134	108 031	99 368	-73 334	-66 233
<i>Chemicals</i>	4 464	4 651	4 287	3 962	177	688
<i>Machinery & vehicles³</i>	22 923	21 678	52 759	47 502	-29 836	-25 823
<i>Other manuf'd goods³</i>	7 311	6 805	50 985	47 903	-43 674	-41 098
Other	1 073	915	493	480	579	435

Table 4:

<http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/09/167&format=HTML&aged=0&language=EN&guiLanguage=en>.



EU27 trade in goods with China (Million Euro)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
China									
Exports	25 863	30 665	35 099	41 473	48 371	51 825	63 794	71 928	78 430
Imports	74 632	82 000	90 148	106 220	128 590	160 327	194 932	232 620	247 916
Balance	-48 768	-51 335	-55 049	-64 747	-80 219	-108 502	-131 138	-160 692	-169 487
Total Extra-EU27									
Exports	849 739	884 707	891 898	869 236	952 723	1 052 719	1 160 100	1 241 498	1 306 549
Imports	992 698	979 145	936 972	935 245	1 026 709	1 179 569	1 352 787	1 434 009	1 565 034
Balance	-142 959	-94 438	-45 073	-66 010	-73 986	-126 849	-192 686	-192 512	-258 485
China / Total									
Exports	3.0%	3.5%	3.9%	4.8%	5.1%	4.9%	5.5%	5.8%	6.0%
Imports	7.5%	8.4%	9.6%	11.4%	12.5%	13.6%	14.4%	16.2%	15.8%

Table 5:

<http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/09/167&format=HTML&aged=0&language=EN&guiLanguage=en>

Thus the EU sees an increasingly important China not merely in East Asia but the world. It sees a China as having a high saving rate and export capacity plus as an exporter of capital and labour. Despite some minor disagreements such as China's co-operation with repressive regimes in Sudan and Zimbabwe for example, there is no burning conflict of interest between China and the EU: neither is a threat for the other.

There is a solid common social fabric which includes the key values of dignity of human life, of the rule of law - without of course forgetting the different interpretations, political or socio-economic, of human rights and in general differences over democratisation, pluralisation and multilateralism. Both support multilateral organisations, such as the UN and both want all countries, including the great powers, to abide by international law. Both are weary of the dominance of the US in global politics. Both care about sustainable development, the threat of terrorism and the spread of Weapons of Mass Destruction (WMDs). Both are also basically secular, non-traditional and emphasize quality of life.

China wants the EU to be a counter-weight to the US and the EU-China Security Cooperation²⁵ shows both as partners comprehensively cooperating as a necessity in a context

²⁵ Stumbaum, Mary-Britt: "Opportunities and Limits of EU-China Security Cooperation", *International Spectator*, vol 41, no. 3 (September 2007).



where the US continues to attempt to create a world in its image, a world where it is predominant. Both also have other converging interests.²⁶

This also highlights the fact that the US and EU can be seen as taking different paths. The US appears to still think in the context of the Hobbesian world and the previously planned US missile defence system in Eastern Europe, differences over the Kyoto Protocol limiting global warming and the wars in Iraq and Afghanistan are rifts rooted in the EU's and US' rivalry to re-divide the world's strategic resources after the Cold War and shows that the EU does not need the US in the same way anymore and instead is attempting to align itself more closely with China.

Many believe EU-China relations and European-Chinese influence are only just beginning to take off. The EU is the leading supplier of technology to China and China's investment of 200 million Euros in the development of a competitor to the US Global Positioning System (GPS), the Galileo navigation satellite system, gives China access to advanced technology for its space programme development.²⁷ For the EU, as for China, it is the politics of economics which is crucial. However, it is unlikely that China will divide the Atlantic and up until now EU policy towards China has focused mainly on domestic issues: opening up China's economy, protecting intellectual property, and improving respect for human rights. In addition, many Chinese believe that the period of Europe's greatness has peaked as that period can be explained by expansionary conditions which no longer exist and that China is inevitably becoming a new world leader through a 'silent' transformation.²⁸

Despite the common interests and values highlighted so far, a one party state led by the CCP clashes with democracy. China has not agreed to any humanitarian intervention and China's understanding of human rights as socio-economic rights, rather than merely liberal civil liberties has led to clashes. This means that EU relations with China are not without problems.

In addition, the EU suffers from internal discord. Its unity vis-à-vis China is fragile. The EU is not united in its commercial dealings with China and each country in the EU, especially the big three (Germany, France, and the UK) are reluctant to work through the EU and they compete against each other for this new market.

It is also vital to state that China has seen the EU in the past through the prism of the US or the SU only. As a collective, the EU is not taken seriously by China, only individual countries are²⁹.

²⁶ For other points of an action agenda for China and the EU see "A Compact Between China and the EU", *Centre for European Reform, DGAP, Asia Center, The Foreign Policy Center*, at http://www.cer.org.uk/pdf/eu_china_compact_sept06_5.pdf.

²⁷ Casarini, Nicola: *The Evolution of the China Relationship: From Constructive Engagement to Strategic Partnership*, *European Union Institute for Security Studies*, no. 64 (October 2006), p. 22; see also Ma, *op.cit.*, p.11.

²⁸ See Deng's Foreign Policy Principles of Twenty-Four Characters, "observe calmly, secure our position, cope with affairs calmly, bide our time and conceal our capabilities, be good at maintaining a low profile, never claim leadership, make some contributions": "Speech at the Special Session of the U.N", *United Nations, General Assembly* (10 April 1974), at <http://www.marxists.org/reference/archive/deng-xiaoping/1974/04/10.htm>.

²⁹ See China's ranking of other countries according to technological power, individual power capital, capital power, information power, natural resources, military power, GDP, foreign policy power and governmental dynamism, see Shambaugh, David: "China Eyes Europe in the World", in Shambaugh, D.; Sandschneider, E. and Shou, H. (eds.) (2008): *China-Europe Relations*, London, Routledge, p. 130.



On top of this, China is shifting from victim of imperialist aggression to responsible great power in a multipolar world which is exactly what the EU wants. However, for Beijing, being a responsible global player means accepting the ‘status-quo’ - not invading other countries, not trying to overthrow regimes, and above all not interfering in the internal affairs of sovereign countries. European policy makers on the other hand, influenced by genocide in Rwanda, terrorist camps in Afghanistan, and nuclear proliferation in Iran feel a responsibility to intervene in countries that ‘threaten’ human rights and international security.

As indicated above there are European and Chinese differences and the EU foreign policy cannot in any way be called cohesive, effective or rapid. This means one must not exaggerate EU-China similarities. The EU and the US are competitive concerning China and thus they want to exploit and use China.

4. Chinese Foreign Policy

China’s international vision for itself is as a country which is economically successful domestically and keeps ‘chaos’ away. This means taking a different approach to international involvement – essentially the idea is to be involved without losing control of the system at home. This model is in contrast to the Western model, or more precisely the neo-liberal Anglo-Saxon model, which China has actively sought not to copy. One might want to call its international economic model the ‘Beijing Consensus’,³⁰ and its domestic model ‘authoritarian’ or Confucian capitalism. This hybridization of the Chinese economic model means that the outcome of involvement in the domestic and world economy is unwittingly a new one, like grafting a new species onto another plant - the result of the new plant being qualitatively different, a third, hybrid species. In this context the concept ‘Tianxia’ (‘all-under-heaven’) is very important in understanding the Chinese model of world order.³¹ ‘Tianxia’ presents a new hegemony that reproduces China’s hierarchical empire for the 21st century.

Even Beijing’s proposal for a new international reserve currency reflects not only concerns about future US inflation eroding the value of its Dollar holdings, but indicates China’s greater confidence in playing a global role. However, China’s understanding of multipolarity should not be seen as power balancing in the classic sense, but as an ‘essentially domestic discourse that is designed primarily to soothe nationalist pressures, rather than as a foreign policy prescription.’³² This is the idea that multipolarity can be understood in two different ways - one competitive, the other cooperative, one based on the assertion on national power and sovereignty, the other on multilateral rules and organisations.

This shows that rather than taking the concept of ‘Tianxia’ literally or in absolute terms, a more realistic view of the future is one that sees China having *joint* power and the ability to *co-influence* world affairs in the coming years. This is not to dismiss the concept - indeed as former Prime Minister Wilson in Britain said ‘a week is a long time in politics’, and therefore it is likely that the future world order will be a hybridized one and the concept of

³⁰ See Ramo, Joshua Cooper (2005): *The Beijing Consensus*, London, Foreign Policy Centre.

³¹ William A. Callahan: “Chinese Vision of World Order: Post-Hegemonic or a New Hegemony?”, *International Studies Review*, vol. 10, no. 4, 2008, pp. 749-761, see especially page 750.

³² Hughes, Christopher R.: “Nationalism and Multilateralism in China’s Foreign Policy: Implications for South East Asia”, *The Pacific Review*, vol. 18, no. 1 (March 2005), pp. 119-135, here p.124.



'Tianxia' may play some role here, as much as an existing Westphalian system or as much as the increasing influence of the 'Brazils, Russias, and Indias' of the world.

In advocating a multipolar world, China is seeking direct relations with the EU which can offer a buffer between China and the US and in essence, is pursuing no more than the EU, simply an equal partnership with the US. As both China and the EU lack the military means to pursue their interests globally, they share the need for a rules-based negotiated world order.

Fundamentally then, the EU is wanted by China for what one can only assume are genuine anti-hegemonic reasons and the US is wanted as part of its attempt to become a superpower. The outcome of all these developments is a superpower China which is not a copy of the Anglo-Saxon model but which is a stakeholder in the global system on its own terms, and on terms which have to be taken seriously by others.

From this we can see that China has key goals in the 21st century with regards to its foreign policy all to be understood from a perspective of primarily domestic developments³³. These can be summarised by the following objectives:

1. Continuation of rapid economic development which will solve other political problems, such as human rights and Taiwan.
2. Increase in soft and hard power (economy, military, high scientific level, attractiveness of history and culture, the arts, Chinese economic model).
3. Acceptance of legitimate international obligations (when it comes to reform elements of global governance, UN, IMF, WTO) and support for a multipolar international order, where medium sized countries have a more important role, where power moves from Western to non-Western countries and power moves from Washington to capital cities of other great powers.

This shows that there is nothing much progressive in China's relation with African states, such relationships are simply functional – in essence, raw materials for a fair price. At best, China offers an alternative to US unipolarity. Similarly, this arrangement also applies to the EU-China relationship. Essentially, all relationships must serve the above goals and exist only to satisfy specific interests.

We can see that the Chinese foreign policy model which values multipolarity and control of the domestic system is the outcome of globalisation, a phenomenon which although broadly speaking was seen very positively in China in the first half of the 1990s³⁴ was also assessed within the context of the Asian financial economic crisis as a 'double-edged sword'. The problems with globalisation were viewed as, amongst others, creating threats to the economy and to sovereignty. Advantages of economic globalisation would have meant acceptance of Western norms and values, which although it might undermine sovereignty and make the Chinese economy a victim of manipulation of international capital, it might also give access to raw materials internationally and increase international cooperation for the improvement of science, technology and information.

³³ Ma, *op.cit.* esp. pp 8, 9, 10.

³⁴ Knight, Nick: "Reflecting on the Paradox of Globalization: China's Search for Cultural Identity and Coherence", *China: An International Journal*, vol.4, no. 1 (March 2006), pp. 1-31.



Globalisation may also end up strengthening the already predominant capitalist countries with an increase of financial crises, North-South inequality and a possible increase in an easier manipulation of the economies of Less Developed Countries by international capital.³⁵ It is essential that China therefore decides to play an active role in solving some of the current global problems such as pollution, thinning of the ozone layer, global drug trafficking, smuggling, illegal migration and so forth in order to uphold its nationalist sentiment – this being the desire for foreign policy to be an instrument to safeguard the country's sovereignty and territorial integrity. There is truth in the view that a peaceful environment is needed to continue economic growth as this is also a precondition for social instability at home, in this sense foreign policy is regarded as an extension of and backing for domestic politics. Participation and cooperation in international organisations are meant to safeguard China's interest and are vital to China's long term foreign policy goals.

5. US-China Relations: Is Chinese Foreign Policy about Anything More than Relations with the US?

'What a hoot. The Chinese Communists invaded Washington on Monday (July 2009, W.D.) demanding not that we sacrifice our freedom but rather that we balance our budget!'³⁶

This is how much things have changed since the 1940s. The US paid a heavy price for continuingly supporting Chiang Kai-Shek's KMT and for taking its own fantasy of having 'lost China' seriously – as if it had ever owned it! Relations up until 1972 with Nixon's visit to China had been very limited and the 1999 bombings of the Chinese Embassy in Belgrade by NATO forces and the 2001 US reconnaissance aircraft incident near Hainan, amongst other examples, show US-China relations to still be quite unique and tense. In the campaign in 2000 for the White House, Bush talked about China as a 'strategic competitor' rather than a 'strategic partner'. If it is true that Mao's policy of self-reliance is now seen as an aberration, one should not forget that Mao was driven into deeper isolation because of the US.

Today, the key point is, as Perkowski expresses³⁷, that anybody who misses out on the Chinese market is doomed to a second class future. China's main card today is the economic card - it is a rising economic power. However, how powerful it might come to be is as yet unsure as this economic position is of course connected to the security structure of Asia, to the global economic system, to the competition for scarce resources and to the global promotion of human rights.

It is true to say that the 20th century was the century of world wars, de-colonization and the Bretton Woods System, and it is also true to say that the US was a willing and able hegemon of this Bretton Woods System – the 21st century was the 'American Century'³⁸. However, the US is declining economically, militarily and politically. Who will take over? This is not quite clear. The EU and China are in the running, but China is not politically

³⁵ Zhang, Zangzang; Zhang, Xiaobo; Song, Qiang; Tang, Zhengyu; Qiao, Bian and Gu, Qingsheng (1996): *The China which Can Say No*, Beijing. The background to this nationalist book is that the US allegedly was going to stop China's rise to great power status.

³⁶ Scheer, Robert: "The Chinese Come Calling", *Truthdig*, 28 July 2009, at http://www.truthdig.com/report/item/20090729_the_chinese_come_calling/.

³⁷ Perkowski, Jack (2008): *Managing the Dragon: How I'm Building a Billion Dollar Business in China*, New York, Crown Business.

³⁸ Henry Luce in 1941.



stable, strikes for example are increasing year by year³⁹ and China's relations in the region are also an issue. Many border conflicts were sorted out, but problems persist over Taiwan and Japan.

The future could therefore be an anarchic one or a multipolar one or one in which some alternative system to the US is created, a country which cannot quite do the job on its own anymore - something highlighted by the G20 meeting in London in Spring 2009, which was really a G2 meeting- of the US and China. Does this mean that while the EU may not need to fear Bush's unilateralism it may need to fear a duopoly of the US and China, after all Zbigniew Brzezinski, the former US Presidential Advisor, 'would like to see this cooperation between Washington and Beijing at the same level as the meeting of the eight most significant industrial nations ('G8') dubbing it 'G2' ('Group of Two')⁴⁰.

This is unlikely to happen. China accepts the supremacy of the US because good relations with Washington have strategic value for its general transformation process. Particularly important has been the ability of the US to absorb Chinese exports (which the US has only been able to do because of its ability to borrow ever increasing amounts of Dollars from the rest of the world, especially Asia, especially China)⁴¹.

Under Bush Senior, the 'American Grand Strategy for the Post-Cold War Order' (1992), defined the central US strategic goal as, "discouraging the advanced industrialized nations from even aspiring to a larger global or regional role"⁴². However, Brzezinski talks in his 'Grand Chess Board' study of a 'Geo-Strategic Triad' made up of the US, Europe and China⁴³ and Kissinger had argued that in order to maintain US authority, the other two powers must both be accommodated and at the same time kept under control. This 'comprehensive engagement' did not lead to any real results, thus the US' threats of sanctions.

Clinton's neo-liberal approach did not quite work either: the hope had been that by nurturing trade to strengthen the more moderate elements in the Chinese bureaucracy and by promoting internal social, political and economic changes, democratic reforms would occur and China would become more and more under the sway of international institutions and emerging forces in China would become more supportive of the international status-quo. This policy was called 'Strategic Partnership' and seen as a middle way between containment and reliance on purely developing trade relations and commercial ties. However, this approach was interrupted by the crisis over Taiwan (1996).

Following on from this Bush Junior and his neo-conservative allies used the term, 'Strategic Competitor' but the 'War on Terror' improved US-China relations as did the lobbying of the US business community.

³⁹ See Divjak, Carol: "Chinese Labour Reports Points to Rising Discontent", *World Socialist Web Site*, 14 August 2009, at <http://www.wsws.org/articles/2009/aug2009/chin-a14.shtml>.

⁴⁰ "Fear of Demotion", *German Foreign Policy*, 03 July 2010, at http://www.ocnus.net/artman2/publish/Analyses_12/Fear-of-Demotion.shtml. President Obama would also like to tie China into a network of rules and regulations.

⁴¹ See <http://www.ustr.gov/countries-regions/china>, (see also footnote 2)

⁴² See Gowan, Peter: "Contemporary Intra-Core Relations and World Systems Theory", *Journal of World-Systems Review*, vol. 10, no. 2 (Spring 2004), at <http://jwsr.ucr.edu/archive/vol10/number2/pdf/jwsr-v10n2gs-gowan.pdf>, pp. 471-500.

⁴³ Brzezinski, Zbigniew (1997): *The Grand Chessboard*, New York, Basic Book.



Realist John Mearsheimer fears that with “unbalanced multipolarity as this was the situation before World War I and today, China plays the part Germany did from 1871 onwards and the US plays the role of Britain”⁴⁴. This scenario is denied by Joseph Nye, who argues that whereas in 1900 Germany had surpassed Britain in industrial power, China lags far behind the US⁴⁵. Will Hutton once stated ‘Is the American century drawing to a close? Not a chance’⁴⁶ and argued that China does not possess the legacy of the Enlightenment and essentially, 2/3 of American imports come from affiliates of American companies which keep most of the value added in the US. Therefore, maybe one should take the term ‘Chimerica’⁴⁷ coined by Niall Ferguson more seriously.

Considering the peculiar economic, financial ties between the US and China, one will have to wait and see if the US will repeat the same pattern with China, as Britain had done originally in the 19th century with the US. Britain directed most of its foreign investment into the hugely profitable and developing American market in the 19th century and early 20th century only to see this emerging country usurp Britain’s role as the world’s dominant power in the 20th century. However, the threat of China to the US is essentially exaggerated⁴⁸ and the end of the Cold War and China’s usefulness to the US as a Cold War ally leading to an era characterized more by conflict between these two powers.

The US is seen by China as potentially the most able disruptor of China’s foreign environment, which China needs to be peaceful for the CCP to reap the benefits of an improving economy inside China, which then can also be used to safeguard its own and ‘national interest’. The US-China relations therefore have a somewhat paradoxical nature. Interconnection is deep, interest and concerns are shared (stability in Asia-Pacific, security of energy supplies and access to resources, weapons of mass destruction, nuclear proliferation) but mistrust continues to be high. “They (The United States, W.D.) failed or denied to see the world trends towards multi-polarity and the development of globalisation, and announced arrogantly that the US could ‘go it alone’”⁴⁹.

6. The EU-US-China Triangular Relationship

Prior to the 1990s, Europe’s relations with China and vice-versa were largely derivative of each side’s relationship with Washington and Moscow. Neither side viewed the development of a relationship with the other as a worthwhile pursuit in its own right: it was seen in the context of relations with the superpowers. Thus, the relationship never developed its own independent dynamic but was reactive to changes in US-Soviet relations.

However, soon after the EU began to fashion a China strategy in 1994, the relationship took off and President Hu announced that 2004 was to become ‘the year of Europe’. In the absence of a ‘Taiwan factor’ and without military interest in Asia, the EU and China might be able to fashion a ‘Strategic Partnership’. Similarities were found - China and the EU share a

⁴⁴ Mearsheimer, John (2001): *The Tragedy of Great Power Politics*, New York, W. W. Norton, p. 6.

⁴⁵ Joseph Nye Jr.(2002): *The Paradox of American Power. Why the World’s Only Superpower Can’t Go At It Alone*, New York, Oxford University Press, pp. 18-19.

⁴⁶ See also Fareed Zakaria (2008): *The Rise of the Rest, the Post American Age*, New York, W. W. Norton.

⁴⁷ Meaning the unique interconnectedness between US and China.

⁴⁸ See Qin, Hui: “Dividing the Big Family Assets”, *New Left Review*, vol. 20 (March-April 2003), at <http://newleftreview.org/?page=article&view=2441>.

⁴⁹ Ma, *op. cit.*, p. 3.



convergence of views about the US, both seek ways to constrain American power and hegemony, whether through the creation of a multipolar world or through multilateral institutional constraints.

For Europe, China offers a significant low-cost manufacturing base, a nearly inexhaustible market for exports and in-country sales and therefore China is a useful 'pole' in a wished for multipolar world. China and the EU's relationship will continue to grow and develop and what this new hybrid relation means for us all will have to be assessed in the future⁵⁰.

Since the fall of the Berlin Wall in 1989, the EU's collaborative relationship has changed. It is obvious that the EU cannot offset US power - and this is where the relationship with China comes in. Underlying all this 'Hybridity/Hybridization' which was defined and discussed in the Introduction and then explored in subsequent parts, is an outcome which sees a closer relationship between the EU and China.

Since this time as well as a closer relationship between the EU and China, a more distant relationship has emerged between the EU and the US with increasing alienation (even after the brief interlude of 9-11)⁵¹. The EU and the US disagree over how to fight terrorism, and what a future world order should be like. The EU has a different perception of power, force, war⁵² and increasingly deals with issues of human security, soft security issues (such as illegal immigration, international crime, contagious diseases, energy, environment) and problems of poor governance whilst the US turns to the Pacific.⁵³

Taken individually, the European states are not able to compete economically with the US, however, as a single highly integrated entity, the EU can. In short, with the expansion and consolidation of the EU, the US now faces a large and formidable industrial, financial and politicized centre⁵⁴.

A key goal of Chinese Foreign Policy is to establish multipolarity (US, EU, Russia, India, Brazil, et al) which means a shift of power from developed countries (DCs) to Less Developed Countries (LDCs), from Western to non-Western countries, from Washington to capital cities of other great powers. In particular, US military domination has to be reduced, as well as US economic exploitation of the 'Rest of the World', which occurs in an indirect, neo-colonial, way. At the same time, the EU also has its own plans for its own economy - and China fits into these very well⁵⁵.

⁵⁰ See Shambaugh, David: *European and American Approaches to China: Different Beds, Same Dreams*, Washington, D.C., George Washington University and see also Shambaugh, David: "China and Europe: The Emerging Axis", *Current History*, no. 103 (September 2004).

⁵¹ See the famous article: Colombani, Jean Marie: "Nous Tous Sommes Américains", *Le Monde* (13 September 2001), at http://www.lemonde.fr/idees/article/2007/05/23/nous-sommes-tous-americains_913706_3232.html.

⁵² See Kagan, Robert: "Power and Weakness", *Policy Review*, no. 113, (June-July 2002), at <http://www.policyreview.org/JUN02/Kagan.html>.

⁵³ See Lemann, Nicolaus: "The New World Order", *The New Yorker*, 01 April 2002, at http://www.newyorker.com/archive/2002/04/01/020401fa_FACT1.

⁵⁴ See Bertram, Christopher: "Europe's Interests: Staying Close to Number One", Friedrich-Ebert-Foundation, *Internationale Politik und Gesellschaft* (January 2003), at http://www.fes.de/ipg/IPG1_2003/ARTBERTRAM.HTM.

⁵⁵ See Rogoff, Kenneth: "Europe's Quiet Leap Forward, the United States and China Should Watch Their Backs- A New Economic Juggernaut May Dominate the 21st century", *Foreign Policy*, no. 143, (July-August 2004).



China's assessment of the risks facing its international dealings focuses on the US – China seeks 'strategic partnerships' with other countries as a counter-weight to current powers. This is where the EU comes in: China will want a strengthening of relations with the EU. However, how feasible this is is debateable, there might now be a 'EU Foreign Minister' but the Common Foreign and Security Policy (CFSP) is virtually non-existing.

Out of the hybrid EU-China relations, a new qualitative relationship will emerge affecting the US greatly and will enforce China's functionalist relationship with the EU, which it sees as synonymous with its stronger members (Germany, France, Britain). China will collaborate with the EU and relations will be relatively harmonious. Nowadays, 1/3 of China's overall trade volume is done with the EU⁵⁶ and the EU and China share similar views on the reform of the international system as a well ordered system of states as decisive actors. China and the EU share views for a global peace policy and both accept national development paths rather than a 'One-Policy-Fits-All' approach.

At the same time, despite highlighting the conflicts between the EU and US, one must not forget that they also share similar views in many areas. In his 'Cooperation Among Democracies: Europe's Influence on US Foreign Policy'⁵⁷, Thomas Risse-Kappan uses four case studies (the Korean War, the 1956 Suez Crisis, the 1958-63 Negotiations on the Test Ban Treaty and the Cuban Missile Crisis), to demonstrate that Europeans influenced US policy in significant ways. Essentially, there will be hybridity in the EU-US relationship as well. The EU and the US have an interest in Chinese economic success and thus political stability, because both hope that China will become a stakeholder in the Westphalian System and that China will become a status-quo power whose interests are served by the maintenance of an open global economy.

As Nick Knight⁵⁸ established, growing engagement (in his case globalisation) translates into vulnerability, not greater power and translates into new risks from the outside and inside. The concern for liberal human rights among the US and the EU⁵⁹ also remains very strong. However, EU-US tensions will persist, not only because the US split Europe into 'Old' and 'New' Europe, but also because the EU does not want to be subordinate. If EU integration continues there will be multipolarity and strengthening of global governance, if it does not, separation from the US will be limited. At the moment however, the EU and China are gaining global influence.

The three power centres will dominate international affairs for many years to come, especially with the hybridization of EU-China relations. However, one must not forget Ferguson's concept of 'Chimerica', a term expressing the unique interdependence between US and China.

⁵⁶ See link at: "EU - China Summit The share of China in EU27 trade in goods continued to rise in the first six months of 2009 EU27 deficit fell in the first half of 2009", *Eurostat*, at <http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/09/167&format=HTML&aged=0&language=EN&guiLanguage=en>.

⁵⁷ Risse-Kappan, Thomas (1995): *Cooperation Among Democracies: Europe's Influence on US Foreign Policy*, New Jersey, University of Princeton.

⁵⁸ Knight, Nick: "Reflecting on the Paradox of Globalization: China's Search for Cultural Identity and Coherence", *China: An International Journal*, vol. 4, no.1, (March 2006), pp. 1-31.

⁵⁹ For these shared values see Garton Ash, Timothy (2004): *Free World: America, Europe and the Surprising Future of the West*, New York, Random House.



After hybridity of EU and China relations, the triangular relations of the EU, US and China will lead to more subtle manoeuvring. In the past, the bi-polar world was clear, extremely black and white. Nowadays there are more actors and a far greater variety of benefits and disadvantages for all concerned⁶⁰.

While China will not become the new hegemon it could become the core power of a system of regional blocs, with others led by the US and the EU. Whilst the 21st century will not be a Chinese century, where McDonald's is replaced by *mantou* (steamed buns) as the world's favourite fast food, CNN is subordinate to CCTV, or Hollywood is subordinate to the Chinese New Wave, China will join the US and EU as a shaper of world order, challenging Western influence in Africa, Asia, the Middle East, Latin America and the former Soviet Union with a different model of globalisation⁶¹. Fundamentally though, China's eventual strength will depend on the ultimate outcome of hybridization.

⁶⁰ Shambaugh, David: "The New Strategic Triangle: US and European Reactions to China's Rise", *Washington Quarterly*, vol. 28, no. 3 (November 2005), p. 22.

⁶¹ Leonard, Mark (2008): *What Does China Think?*, London, Fourth Estate, see p. 133.