

RISE OF CHINA AND THE EU RESPONSES: THE SEARCH OF NEW TRENDS IN CONTEMPORARY HISTORY

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Abstract

This paper contextualizes Chinese economic ascent in the broader framework of multipolarity. Chinese ruling elites have always disdained the vanity of strength. They like to enhance their influence through subtle bargaining and consensus. The communist leadership since the time of Deng Xiaoping has deliberately taken a commercial posture and presented China as a business-friendly power. Recent efforts towards greater connectivity (the One Belt One Road) represent the continuation of that trend. The author holds that the European Union and China support a multipolar and commercially connected world. Therefore, the rise of China augurs peace and material prosperity in its immediate periphery as well as in Eurasia. The emerging trends do not signal confrontation and hostility with the West.

Key Words: China rise, International politics, Multipolar world, EU response, OBOR, CPEC, Asia-Pacific.

Introduction

It is generally believed that the combination of discipline, a visionary leadership, the proficient management of resources and a sophisticated mass of people mold the destiny of any nation. At the moment, China surfaces as the manifestation of these characteristics. Under growing Chinese influence, Asia is emerging as the hub of economic and strategic activities. Strategically, the Chinese initiatives of New Silk Roads shift the pivot of international order towards Eurasia.¹

Asia straddles critical trading routes, both marine and terrestrial. It is home to some of the world's most robust civilizations. Though, living standards in

¹ "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road", NDRC, March 2015, at <http://en.ndrc.gov.cn/newsrelease/.html> (accessed May 17, 2016).

Asia are still below in comparison to Europe and the United States, the speed of development in different regions of the world suggests that Asians are set to surpass Europe and the US in the foreseeable future. Some of the trends include infrastructure development, increase trade volumes and defence spending. Huge Chinese projects like One Belt, One Road (OBOR), China-Pakistan Economic Corridor (CPEC), and Bangladesh-China-India-Myanmar (BCIM) Economic Corridor are set to change the course of history. Aimed at enhancing regional connectivity in Eurasia and Indo-Pacific, these projects are satisfactorily moving towards their completion.²

History of economic geography revealed that after the Second World War, the US emerged as an economy of continental scale. Its size, resources, manpower, scientific advancements, and visionary leadership made the US a center of global geo-economic and geo-political activities. Canada, Mexico and various countries in the Caribbean and South America joined the US-sponsored economic projects to gain benefit from regional economic activities. Within a few decades, the North and South America saw the development of numerous infrastructure and communication networks. Thus, the economic growth uplifted the living standards of millions of people in this region. This phenomenon brought material prosperity at the regional level.

The United States also provided heavy economic assistance to war-torn Europe in the shape of Marshall Plan, which proved pivotal in the revival of vital infrastructure of Western Europe.³ In due course, Germany, France, Britain and Italy emerged as prosperous economic powers. Due to its massive commercial clout, the United States also sought opportunities in the Asia-Pacific region. Japan, South Korea, Taiwan and Singapore sprang up as the most prosperous countries in the Asian continent; and became model economies for other nations, which had suffered due to Soviet-style controlled economy. The formation of the Association of Southeast Asian Nations (ASEAN) facilitated regional economic integration. However, the US' extensive military involvement in different parts of the world

² Ali Salman, "Weighing in on Benefits: Implementing Transit Fee on CPEC Routes", *The Express Tribune*, 15 November 2015, at <http://tribune.com.pk/story/992014/weighing-in-on-benefits-implementing-transit-fee-on-cpec-routes/> (accessed May 30, 2016).

³ Simon Shen, "How China's 'Belt and Road' Compares to the Marshall Plan", *The Diplomat*, 6 February 2016, <http://thediplomat.com/2016/02/how-chinas-belt-and-road-compares-to-the-marshall-plan/>.

overburdened its economy and generated unfavorable public environment for its interests.

China entered the 21st century with significant economic muscle. It has been playing an active role in nearly all multilateral forums. It became an advocate of third world countries in the World Trade Organization. China is the founding member of the Shanghai Cooperation Organization (SCO), which vows to promote security cooperation in the region against extremism and terrorism.⁴ It also established China-ASEAN free trade area in January 2010, which became the largest trading bloc in terms of population and third largest in trade volume.⁵ Chinese approach to foreign affairs is different from the United States. Whereas, the latter has had a moralistic streak in its external policy, the former appears averse to undertake any such venture. China does not want to impose its values abroad. Hence, its rise is not perceived as a threat to national sovereignties and values.

China uniting Asia through trade

The advent of cold war in the aftermath of World War II made the newly liberated Asian countries hostages to superpower rivalry. They found it difficult to sustain political stability and economic development. With the demise of Soviet Union, globalization replaced ideological confrontation. Many Asian countries took the path of reforms. Some embraced market economies while others gradually opened themselves under heavy state oversight. These changes led to the emergence of various regional and international economic blocs. It encouraged development cooperation, joint ventures, reduction of trade barriers, interdependency and measures to raise the living standards of millions of people. Earlier, the establishment of international organizations like the World Bank and the International Monetary Fund (IMF), under the aegis of the US and its Western allies, dominated policy making in developing countries.

In February 2001, on China's suggestion, political, commercial, and academic leaders from 26 countries in the Asia-pacific region gathered in Boao, in the Hainan province of China and launched the "Boao Forum" for Asia. It shunned coercion and advocated regional cooperation with the

⁴ Wang Jisi, "China's Search for a Grand Strategy: A Rising Great Power Finds Its Way", *Foreign Affairs*, March-April 2011.

⁵ Andrew Walker, "China and ASEAN Free Trade Deal Begins", *BBC News*, 1 January 2010.

sense of equality. Since then, the Asian countries have been working in the spirit of Boao to promote peace, cooperation, and mutual benefits in the region.

China's entry into the World Trade Organization (WTO) in December 2001 marked the beginning of a new era. Owing to its enormous resources, a vast market, and highly efficient manufacturing abilities, China attracted massive international investment, which ultimately stimulated trade and economic development in Asia. Though ASEAN had been making progress, it was unable to withstand the shocks created once investment from the West began to dry up in the 1990s. Consequently, the economies of "Asian Tigers" were termed as vulnerable. However, in the subsequent years, China emerged as a stabilizing factor for the South East Asian economies. The China-ASEAN free trade framework became a model of cooperation and healthy competition for the developing countries.⁶

For the last couple of years, a series of mutual cooperation pacts in the form of free trade agreements covering investment, financing, monetary mechanisms, and disaster prevention have been taking place in the Asia-pacific region. China has been the major driving force behind these moves. The cooperative projects designed to promote economic development, social progress, and cultural exchanges in the region have led to the birth of a model of cooperation.⁷ This is exclusively Asian-style cooperation model characterized as inclusiveness, diversity, and openness. It helps the region to withstand the impact of the financial crises and maintain a steady growth. Asia has become a new engine, propelling the global economy into an era where the Western world no longer remain unchallenged. Thus, one witnesses a shift of power from the Atlantic region to the Indo-pacific region.⁸ Covering 30 percent of the earth's total geographical area and making up around 60 percent of the world's population, Asia now carries an unprecedented clout in the modern world.

⁶ "APEC Facts Sheets", *APEC* (2 April 2014), available from <http://www.apec.org/About-Us/About-APEC/factsheets> (accessed 11 April 2016).

⁷ C. Fred Bergsten *et al.*, *China's Rise: Challenges and Opportunities* (Institute for International Economics, October 2009), 46-63.

⁸ Rajiv K. Bhatia and Vijay Sakhuja, *Indo-Pacific Region: Political and Strategic Prospects* (New Delhi: Vlj Books India Pvt. Ltd), 43.

China's approach towards integration in the globalization process

Chinese foreign policy adjusts according to the requirements of time. For years, China has been promoting its interests through constructive involvement with the United Nations (UN) in its global endeavours namely, peacekeeping, conflict resolution and natural disaster management.⁹ International community is appreciative of China's efforts to expand and diversify its role and activities for peace and development. In order to further facilitate China for promoting connectivity and prosperity at regional and global level, the international community needs to positively respond to the initiatives, being taken up by the Chinese leadership. During the last two decades, Asia has emerged as the preferred destination for business and investment. Backed by the combination of international capital and rich human resources, most of the coastal areas in the Asia-Pacific region, have become major manufacturing workshops. The year 2002 was a watershed moment when China overtook the US as the main attraction for foreign investment.¹⁰ The flow of investment in Asia has been rising with the passage of time. China, being the largest trading partner of many countries, has sought to internationalize Renminbi (RMB) to the level of a global reserve currency. Numerous emerging markets and developing countries signed currency swaps agreements with Beijing especially after the US financial crisis in 2008. More recently, Chinese government began to use RMB for cross-border trade settlement, foreign direct investment and financial transactions.¹¹ Symbolically, it could be viewed as a challenge to the dollar monopoly in the world market. Society for Worldwide Interbank Financial Telecommunication (SWIFT) recently, acknowledged that around 101 countries used the RMB for some of their payments with China, making an average of 12.9 percent of their overall transactions.¹²

⁹ Lihuan Zhou and Denise Leung, "China's Overseas Investments, Explained in 10 Graphics", *World Resource Institute*, 28 January 2015, available at <http://www.wri.org/blog/2015/01/china-overseas-investments-explained-10-graphics> (accessed September 4, 2016).

¹⁰ "China Ahead in Foreign Direct Investment", *OECD Observer*, May 2003, available at [oecdobserver.org/news/archivestory.php/aid/1037/china ahead in foreign direct investment.html](http://oecdobserver.org/news/archivestory.php/aid/1037/china%20ahead%20in%20foreign%20direct%20investment.html).

¹¹ *ADB Working Paper Series*, No.481 (May 2014), available from <https://www.adb.org/sites/default/files/publication/156336/adb-wp481.pdf>.

¹² "Nations Embrace RMB as Trading Currency", *China Daily*, October 28, 2016, http://www.chinadaily.com.cn/business/2016-10/28/content_27208065.htm (accessed November 8, 2016).

China's integration into the world economy is positively impacting global prosperity. Millions of consumers have been enjoying a flurry of inexpensive imports. The increased global competition has brought big investments and employment opportunities for a large number of people in many parts of the world. Much of the credit for these developments goes to Long Yongtu, China's former Vice-Minister of Foreign Trade and Economic Cooperation and one of the main architects of the economic policies of present-day China. Some economists from China claim that the story of globalization and the new economic order was largely initiated in China under Deng Xiaoping in 1977.¹³ His new policy signaled a changing face of China. He adopted a pragmatic approach to open up the country as a consumer market for the world. Initially, special economic zones were created in large cities, like Shanghai and Beijing to create small and medium size enterprises (SMEs) to generate money and received foreign direct investment for development projects. Subsequently, efficient mobilization of resources made investments more fruitful. The incremental capital output ratio improved significantly, leading to widespread prosperity and social mobility. Moreover, multitudes have been lifted out of poverty. During the visit in 1984, US President Ronald Reagan had acknowledged China as a courageous country which did not fear change.¹⁴

China's political and soft power strategy

China's giant economy and its military power are the driving forces behind its political influence in the international arena. During the 1960s and 70s, China was considered a pariah. However, after its recognition by the US and its entry into the UN in 1971, China acquired a respectable position in the international community. Thereafter, through conventional diplomacy, it cultivated commercial ties abroad. China's international prestige grew as Deng Xiaoping introduced modernization and economic restructuring during his tenure in the 1980s which transformed the country. Nevertheless, the "Tiananmen Square" episode in 1989 strained relations with the West for a brief period.¹⁵ The Chinese leadership continued its

¹³ Herbert Oberhänsli, "The Shape of Globalization: China's Remarkable Role", *International Trade Centre* (1 December 2011). Visit at <http://www.intracen.org/The-shape-of-globalization-Chinas-remarkable-role/> (accessed June 9, 2016).

¹⁴ Ronald Reagan Presidential Library, *Remarks to Chinese Community Leaders in Beijing*, 27 April 1984, available at www.reagan.utexas.edu/archives/speeches/1984/42784a.htm.

¹⁵ James Miles, *The Legacy of Tiananmen: China in Disarray* (Ann Arbor: University of Michigan, 1996), 47-53.

policy of rapid economic growth that helped it dispel the negative image of China, generated following the Tiananmen event.

Undoubtedly, China's seat as a permanent member of the UN Security Council has been a great leverage for Beijing in global politics. Since then, it has been using its veto power to facilitate the smooth running of international affairs. During the 1990-91 Gulf crisis, for example, Beijing voted in favor of the UN resolutions sanctioning Iraq and calling for its withdrawal from Kuwait. While voicing its concerns about the two resolutions, which authorized the use of force by NATO and its Arab allies against Iraq, Beijing did not veto but merely abstained. Similarly, in the diplomatic maneuvering preceding the 2003 Iraq War, China threw its weight behind France, Germany, and Russia in their opposition to the UNSC resolutions, which explicitly authorized a US-led force against Saddam regime in Iraq.¹⁶ Interestingly, China usually uses its veto power with Moscow. For instance, they both vetoed a resolution against Myanmar in 2007, against Zimbabwe and Syria in 2008 and 2011 respectively,¹⁷ and they also exercised their power to veto, in 2012, to block a draft resolution calling for foreign military intervention in Syria.¹⁸

China preaches multipolarity in international politics. It seeks to promote strategic partnerships to resist unilateral hegemony of the US. Its influence and soft power is on the rise. Internationally, it advocates the policy of accommodation, while, domestically, it strives for reforms and strength. Since the end of the cold war, China has successfully developed friendly relations with the rest of the world by collaborating in the socio-economic sphere. However, China often complains that the international community, particularly the West does not appreciate the contributions Beijing has made over the years in pulling humanity out of poverty in the third world.¹⁹

According to Harvard Professor Joseph S. Nye, "soft power is the ability to get what you want through attraction rather than coercion or payments". Nye cites three ways to affect the behaviour of others: First, coercing with

¹⁶ Shannon Tiezzi, "Iraq Crisis Tests China's Foreign Policy", *The Diplomat*, 17 June 2014.

¹⁷ "Russia-China Veto UN Sanctions on Zimbabwe", *CNN*, 7 December 2008; see also "Russia and China Veto UN Resolution against Syria Regime", *The Guardian*, 5 October 2011,

¹⁸ "Russia and China Veto Resolution on Syria at UN", *BBC News*, 4 February, 2012.

¹⁹ Firoze Manji and Stephen Marks (eds.), *African Perspectives on China In Africa* (Cape Town: Fahamu, 2007), 108.

threats (using military power); second, inducing them with payments (using economic clout); and third, attract and co-opt them (using culture, diplomacy, educational scholarships etc.).²⁰ The latter is a soft power measure that is, “getting others to appreciate to the extent that their behavior is modified”.²¹ One of the elements of soft power is culture. Chinese culture has fascinated the world, including Europe and the US, for centuries.²²

The growth of China’s economic and military might is on the rise. Prof. Nye opined that the military build-up of the People’s Liberation Army spread fear in its neighbourhood, which in turn, invited US military presence. This development has contributed to its hard power. On the other hand, Nye believed that soft power lessens the need to indulge in the politics of balance of power. For instance, Canada and Mexico do not need alliances with China to balance the US.²³

Emphasizing the need to counter western criticism, the former Chinese President Hu Jintao reiterated the leaderships commitment to build a friendly image of the country by investing in aid and development programmes in Africa and Latin America. The focus has been on people-to-people contact made possible through scholarship schemes and assistance in building stadiums, cultural, educational and medical centers etc.

China has also established several hundred “Confucius Institutes” around the world to enlighten people about Chinese language and culture.²⁴ Its “Radio International” broadcasts programmes in English language round the clock. In 2009-10, the government of China spent US\$ 8.9 billion for the purpose of international publicity, which included 24-hour cable news

²⁰ Joseph S. Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004), 34- 47.

²¹ Ibid.

²² Te-Ping Chen and Miriam Jordan, “Why So Many Chinese Students Come to the U.S.”, *Wall Street Journal* (1 May 2016), at <http://www.wsj.com/articles/why-so-many-chinese-students-come-to-the-u-s-1462123552> (accessed November 9, 2016).

²³ Joseph S. Nye Jr., “Why China is Weak on Soft Power”, *New York Times*, 17 January 2012, <http://www.nytimes.com/2012/01/18/opinion/why-china-is-weak-on-soft-power.html> (accessed March 4, 2016).

²⁴ Ying Ma, “Making Sense of China’s Confucius Institutes”, *National Interest*, 5 August 2015, <http://nationalinterest.org/feature/making-sense-chinas-confucius-institutes-13490> (accessed October 3, 2016).

channels.²⁵ Different surveys, carried out by international organizations including the *BBC*, show that China enjoys a positive image in the Middle East, Central Asia, Pakistan, Africa and Latin America. On contrary, it is predominantly negative in the US, Europe, India, Japan, and South Korea.²⁶ Thus, China would have to further its diplomatic efforts to promote its non-confrontational image in these regions.

Great powers use culture and narratives to promote their national interests. However, it is not a straight forward task for China, for it has limited and strictly state-controlled propaganda tools of television channels, news agencies and think tanks. Though, the 2008 Olympics games was a success, China's alleged domestic crackdown on the protests of factory workers and human rights activists undercut the gains from soft-power. The "Shanghai Expo" was also a great achievement, but it was followed by the jailing of Nobel Peace Laureate Liu Xiaobo, who is considered a pro-American figure in China. His empty chair at the Oslo ceremony was fully exploited by Western media as a severe violation of fundamental rights. For all the efforts to turn *Xinhua* and China Central Television to compete with the media giants like the *CNN* and the *BBC*, there is a relatively small international audience for the Chinese narrative. The Western media houses propagated that in the aftermath of the Middle East revolutions, authorities in China also suppressed freedom of speech and expression, clamping down on the Internet and detaining human rights lawyers. It seems that such efforts aimed at scuttling Chinese efforts to promote its soft power abroad. Yet, in the wake of proliferation of social media, China has gradually been overcoming western-sponsored propaganda.

China striving for harmony and peace

The transition of power is a lengthy and risky process. Growing Chinese power in the Asia-pacific region has alerted US and its allies. Still, the emerging scenario suggests that despite sensitive differences, direct confrontation is a distant prospect. The core issues such as the US arms

²⁵ David Shambaugh, "China's Soft-Power Push", *Foreign Affairs*, July 2015.

²⁶ BBC Polls, "Attitude towards Countries", (March 2006), at http://www.globescan.com/news_archives/bbc06-3/. See also, "Views of Europe Slide Sharply in Global Poll, While Views of China Improve", *Globe Scan*, available from <http://www.globescan.com/84-press-releases-2012/186-views-of-europe-slide-sharply-in-global-poll-while-views-of-china-improve.html> (accessed August 5, 2016).

sales to Taiwan, tension in the South China Sea (SCS) and cyber security have gradually stabilized or cooled down.²⁷ China is engaged with India to amicably resolve outstanding border disputes. Similarly, China appears eager to resolve the territorial disputes in the South China Sea through peaceful means. The international community is aware of the fact that neither country can afford a full estrangement with China. Besides, China has been advocating reforms in international bodies to facilitate a voice for developing countries in the international system. Beijing has never showed inclination to challenge the prevalent world order, but it would welcome necessary reforms in international laws so that global governance provides justice and equal opportunities to the developing nations. To achieve this goal, China directed its grand strategy to promote the socio-cultural harmony along with the projection of its economic stability and military might.²⁸

There have been growing speculations that China, supported by Russia, has planned to strengthen the Shanghai Co-operation Organization (SCO) to counter the North Atlantic Treaty Organization (NATO). But, the SCO leadership has oftenly reiterated that this organization is not a military alliance. Time and again, China has highlighted that the SCO will continue to pursue mutual trust and respect for diverse societies.²⁹ These developments meant to facilitate regional countries, especially the SCO members, to respond to the challenges like terrorism and separatism that threaten regional peace and stability.

China, Russia and other SCO states have also conducted joint military exercises and joint patrolling in problematic border areas such as the one undertaken by Tajik and Kyrgyz forces.³⁰ Simultaneously, with the help of

²⁷ Charles Wolf, Jr., Eric V. Larson, and Marlon Graf, "Convergent and Divergent US-China Interests and Designing 'Win-Win' Alternatives: Test of Concept", *RAND International Security and Defense Policy Center*, (February 2016), at https://www.rand.org/content/dam/rand/pubs/working_papers/WR1100_/WR1139/RAND_WR1139.pdf (accessed November 8, 2016).

²⁸ "Hu Jintao Calls for Building Harmonious World: Special Report 17th CPC National Congress", (October 15, 2007), available from http://news.xinhuanet.com/english/2007-10/15/content_6884160.htm (accessed September 26, 2016).

²⁹ Liu Zhen, "Shanghai Spirit to Deepen Cooperation", *China Daily*, 5 November 2016, at http://www.chinadaily.com.cn/opinion/2016-11/05/content_27282298.htm (accessed December 9, 2016).

³⁰ "Tajikistan and Kyrgyzstan to Jointly Patrol Disputed Borders", *Radio Free Europe* online, 8 January 2014.

economic assistance packages, China launched several projects for poverty alleviation in member countries to improve living standards of millions of people in the region.³¹ It is in accordance with the “Chinese Dream”, a concept of building a moderately prosperous society.³² Following its guiding principles, China claimed remarkable progress in different spheres like state governance, economic reforms, and human resource development. The country’s leadership bears all the hallmarks of an efficient and well-oiled working group.

EU responses to the rising China

During the cold war era, Peoples Republic of China (PRC) kept away to develop closer relations with Western European nations as the latter had joined the US-led capitalist bloc. China, being an authoritarian communist state considered an outcast for the capitalist Europe though it had economic and political ties with Eastern European countries. China established bilateral relations with Western world in late 1960s, when Sino-Soviet border disputes and regional security matters brought a shift in the Chinese foreign policy. Using Islamabad as a liaison, the United States and China established formal diplomatic relations in the early 1970’s in return of Chinese help to pull out the US forces from Vietnam. This environment facilitated the acceptance of People’s Republic in the West. Thereafter, the European Community and China established diplomatic relations in 1975.³³

These interactions gained momentum with the introduction of economic and political reforms by Deng Xiaoping in the 1980s. Consequently, the opening up of China attracted global interest. This spurred trade, investment, and transfer of technology from Europe to China. After the demise of the Soviet Union, the European Union leadership enhanced its relations with China to promote multilateralism in the world. The EU appreciated China’s role at the international fora, including Chinese participation in the UN peace keeping operations in different parts of the world. It fully supported Beijing’s entry into the World Trade Organization

³¹ Y. Shimomura and H. Ohashi, *A Study of China’s Foreign Aid: An Asian Perspective* (Hampshire: Palgrave Mac Millan, 2013).

³² Zhai Kun, “The Xi Jinping Doctrine of Chinese Diplomacy”, *China US Focus*, 25 March, 2014, visit at <http://www.chinausfocus.com/political-social-development/the-xi-jinping-doctrine-of-chinese-diplomacy/> (accessed May 27, 2016).

³³ Robert Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War* (Plymouth: Rowman & Littlefield, 2010).

despite having strong reservations about political governance, human rights, intellectual property rights disputes, trade deficit, environment, and arms embargo. The two sides appear determined to broaden the horizon of their relationship.³⁴

The EU-China relations are governed by the 1985 “EU-China Trade and Cooperation Agreement”. Both sides have been engaged in high level exchanges, which have engendered mutual trust and cooperation on political, strategic, and economic issues. In the 1990s, China’s fast growing economy emerged as a major attraction for European business community. Chinese exporters have been frequenting Europe to strike lucrative commercial deals. The EU-Chinese trade increased faster than the Chinese economy itself, tripling in ten years from US\$ 14.3 billion in 1985 to US\$ 45.6 billion in 1994.³⁵ Economic cooperation further increased with developments like the EU’s “New Asia Strategy” in 1994, the first Asia-Europe Meeting (ASEM) in 1996, the 1998 EU-China Summit, and certain policy documents desiring a closer partnership with China played a key role in promoting mutual understanding and cooperation.³⁶ China became Europe’s fourth largest trading partner in the mid-1990s. Currently, the EU is China’s largest trading partner, while China is the second largest trading partner of the EU after the US. Most of this trade is in industrial and manufactured goods. During 2015, the EU exports to China increased by 38 percent and China’s exports to the EU increased by 31 percent.³⁷

During the debt crisis in 2011, some European countries sought bailout packages from international community, including the EU and the IMF. China assisted Europe by buying billions of Euros worth of junk “Eurozone” bonds in particular from Greece, Ireland, Italy, Portugal, and Spain. It symbolized a stable China standing as an economic power house at the global level. Chinese leadership maintains that their country is forging strong commercial ties and supporting the European economy so that

³⁴ “Guidelines on the EU’s Foreign and Security Policy in East Asia”, *Council of the European Union*, 15 June 2012, available at http://eeas.europa.eu/asia/docs/guidelines_eu_foreign_sec_pol_east_asia_en.pdf.

³⁵ “The Planetary Knowledge”, *Infogalactic*, available at http://infogalactic.com/info/foreign_relations_of_the_European_Union (accessed December 15, 2016).

³⁶ Jonathan Holslag, “The Elusive Axis: Assessing the EU-China Strategic Partnership”, *Journal of Common Market Studies* 49, no. 2 (2011): 293-313.

³⁷ Visit <http://ec.europa.eu/trade/policy/countries-and-regions/countries/china/> (accessed on June 16, 2016).

trade issues can move ahead smoothly. The “Horizon 2020 Initiative”, taken by the European Commission, is a move forward to take trade issues to the strategic level. ³⁸

The EU announced a Comprehensive Strategic Partnership with China in 2003, to elevate the relationship from trade and investment dealings to political and security cooperation.³⁹ Regular EU-China summits discuss global issues such as climate change, nuclear proliferation, terrorism and global economic governance. In 2013, the EU-China 2020 Strategic Agenda for Cooperation was signed. It was based on the three-pillared set of summits on strategic dialogues: the annual summit on high level strategic dialogue; the annual high level economic and trade dialogue; and the biannual people-to-people dialogue.⁴⁰

Although the EU and China sorted out various issues, there are avenues yet to be explored. Some European scholars foresee clashing political views, diverging geo-political interests and competing gestures of economic world order of these two powerful entities. It caused a limited scope and depth of the strategic partnership.⁴¹ For them, it is hard to accept the privileged position of rising China, which the EU once enjoyed.⁴²

Many European leaders, mostly liberals, see in the rising of China an opportunity to increase businesses and investment so that it would help in re-energize the stagnant European economy.⁴³ The EU Foreign Affairs Chief Federica Mogherini opined that a lot more could be done to connect the EU with China:

Our citizens, industries, and organizations can all benefit from a closer, improved, and better-defined EU-China relationship based on shared responsibility. The joint

³⁸ “What is Horizon 2020?”, available from <https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020> (accessed on February 3, 2016.)

³⁹ Richard Maher, “The Elusive EU-China Strategic Partnership”, *International Affairs* 92, no.4 (July 2016).

⁴⁰ EU External Action, “EU-China 2020 Strategic Agenda for Cooperation”, available at eeas.europa.eu/archives/docs/china/docs/eu-china_2020_strategic_agenda_en.pdf.

⁴¹ Maher, “The Elusive EU-China Strategic Partnership.”

⁴² “What Next for the EU-China Strategic Partnership?”, *Friends of Europe*, 14 July 2016.

⁴³ *Ibid.*

communication that we have adopted today will, I am sure, enable our relationship to fulfill its clear potential.⁴⁴

European scholars and policy makers suggest that China's One Belt - One Road initiative, aiming to improve connectivity between Asia, Africa, Europe and Australasia, will lead to enhancement in transportation infrastructure, economic development and resource management. It will make global trade easy and cheaper. Furthermore, analysts believe that this Chinese initiative is not merely a revival of a historical legacy but also a project to carry major strategic, economic and geopolitical calibrations. Beijing put its financial strength behind the recently established Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund and OBOR's multiple (nearly 1,700) projects worth \$ 5 trillion (estimated) which include the China-Pakistan Economic Corridor, China-Singapore high-speed railway and a freight train route connecting China to Britain. It is held that OBOR would increase China's political weight globally.

Other related initiatives indicate that China is actively engaging in regional peace, economic connectivity, and global governance. On the issue of terrorism and extremism, China has emerged as an advocate for joint efforts to counter such menaces. China is actively pursuing peace in Afghanistan. China was a driving force behind the quadrilateral dialogue to resolve the Afghan crisis in 2015. Besides, China along with Russia and Pakistan, arranged a regional level dialogue process in 2016 to counter security threats emanating out of Afghanistan. The expanding role of the Islamic State (IS) in the Eurasian region was also on the agenda.⁴⁵ The SCO, led by China and Russia, is playing a crucial role to counter terrorism and extremism in Eurasia. This is widely appreciated by the EU, which is seriously threatened by trans-national extremist and terrorist elements. German leadership has widely appreciated China's role in the said regard. Thus, the EU considers the rise of China as a source of stability and prosperity. Chinese interaction remains important for almost every

⁴⁴ "EU Maps out Closer Relationship with China", *EU Business*, 22 June 2016, visit at <http://www.eubusiness.com/news-eu/china-eu.221tf> (accessed on August 27, 2016).

⁴⁵ Indrani Bagchi, "Russia, China and Pakistan for Flexible Ties with Taliban, India Ignored", *Times of India*, 29 December 2016, see <http://timesofindia.indiatimes.com/india/russia-china-and-pakistan-for-flexible-ties-with-taliban-india-ignored/articleshow/56228906.cms> (accessed January 1, 2017).

country.⁴⁶ In order to pursue its larger economic interests and security concerns in the Eurasian region, the EU is forging engagement with China through bilateral and multilateral forums. The Europeans welcomed Chinese efforts to develop land-based routes that would ease the movement of goods and capital.

The EU and China have shared the multipolar views of the international system, wherein, the two powers have granted an equal opportunity to fulfill the responsibility of promoting peace, prosperity, and sustainable development in the world. In pursuit of this, the EU reaffirms its respect for Chinese sovereignty and territorial integrity, whereas China extends its support for EU integration.⁴⁷ The economic cooperation between China and the EU is complementary instead of one that is in constant competition. Both sides are pursuing strategic development plans, which present potential for synergies to enhance cooperation for promoting the “EU-China Comprehensive Strategic Partnership” in the next decade. China has not expressed any desire to change the international status-quo. It is trying to adjust itself with the existing rules and norms while advocating necessary reforms to satisfy the needs of the developing world.

The US military presence in the Asia-Pacific compels Beijing to respond likewise. China has communicated its displeasure through diplomatic as well as military channels. Since the EU member countries have not expressed their aspirations to take a military stance in Asia,⁴⁸ China’s relationship with the EU will remain mutually beneficial.

Conclusion

Change is in the essence of nature. It brings new opportunities, novel trends, and daunting challenges. The transition of power at international level is a lengthy process and takes decades to stabilize. The One Belt-One Road initiatives by China for greater connectivity with Pakistan, Bangladesh, Sri Lanka, and Nepal indicate a long term strategy. China is collaborating with other emerging economies to shore up new financial

⁴⁶ Axel Berkofsky, “The EU-China Strategic Partnership: Rhetoric versus Reality”, in Marcin Zaborowski (ed.), *Facing China’s Rise: Guidelines for an EU Strategy*, Chaillot Paper No. 94 (Paris: EU Institute for Security Studies, 2006), 103-114.

⁴⁷ “What Next for the EU-China Strategic Partnership?”, *Friends of Europe*.

⁴⁸ Axel Berkofsky, “The European Union in Asian Security: Actor with a Punch or Distant Bystander?”, *Asia-Pacific Review* 21, no. 2 (2014): 61-85.

institutions and multilateral forums, which are likely to deprive the US of its regional influence. The US has recently disassociated itself from the Trans-Pacific Partnership (TPP). The field is now open for China to strengthen the Regional Comprehensive Economic Partnership (RCEP), an Asia-wide economic and trade cooperation platform.

The EU is not in favour involving itself in the territorial disputes between China and its neighbouring countries in the South China Sea. The EU is pursuing its strategic and economic interests at international level by interacting with Asian countries, especially China through various platforms including the ASEM. It desires the regional countries in the South China Sea to resolve their territorial differences through dialogue. The study suggests that the emerging geo-strategic and geo-economic scenarios are likely to favour international peace and harmony as China abhors the vanity of strength and, therefore, might not pursue any sort of hegemony at regional or global level.