

# China-EU Relations: The Status Quo and the Future

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## *Abstract*

Hubungan Cina dengan negara-negara Eropa telah berlangsung sejak lama melalui jalur perdagangan. Setelah Cina membuka hubungan diplomatik dengan Masyarakat Ekonomi Eropa pada tahun 1975, hubungan tersebut kian meningkat dan kerjasama antara dua pihak diperluas ke bidang ilmu pengetahuan dan teknologi, budaya dan pendidikan. Cina dan Uni Eropa juga terlibat aktif dalam penanganan masalah-masalah internasional. Artikel ini memaparkan berbagai kerjasama bilateral yang telah dan sedang dilakukan oleh Cina dan Uni Eropa, berbagai kendala yang dihadapi serta pencapaian dan prospek kerjasama tersebut di masa yang akan datang.

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*Keywords:* China, European Union, bilateral relations, cooperation, interests

China's exchanges with European countries date back to more than 2000 years ago. The trans-continental "Silk Road" that lasted for several hundred years linked the great ancient civilizations of China and European countries and served as highways for commercial, cultural and technical exchanges between the East and the West. However, when European countries became stronger through the "First Industrial Revolution" in the 18th century, they engaged themselves in bullying and colonizing China.

The founding of the People's Republic of China laid down the foundation for the development of equal and mutually-beneficial relations between China and the EU. On May 6, 1975, China established diplomatic relations with the European Economic Community

(EEC), opening a new chapter of bilateral relations. Over the past 30 years, despite their twists and turns, China-EU relations as a whole have been growing stronger and more mature and are now on the track of a comprehensive and sound development. China and the EU have developed an ever closer consultation and fruitful cooperation in the political, economic, trade, scientific, cultural and educational fields. China-EU relations now are better than any time in history.

The rapid development of China-EU relations are one of the major events in international affairs. China is the most populous and largest developing country and the EU is now a strong and the most integrated community in the world, taking up 25 and 35 percent of the world's economy and trade respectively and ranking high on the world's list of per capita income and foreign investment. The relationship between the two major forces, as an important part of post-Cold-War era international relations, is a new cooperative mode of relations. It demonstrates that countries with different historical background, cultural heritage, political system and economic development level, can establish partnership and cooperate rather than confront with each other. The China-EU Strategic Partnership is a new type of international relation mode and "it will be a decisive factor for peace

and security in the new century.<sup>1</sup>

## Part I: Rapid Development of China-EU Relation

### *(I) In Political Aspect, Bilateral Relations are Adjusted and Elevated.*

Political relations between China and the EU experienced a transformation process from cold to hot, from low to high and from partial contact to comprehensive development. Back in the 1970s, when China's relations with the West just started to thaw, China and the EU knew little about each other. China's reform and opening up starting at the end of 1970s injected new energy into the bilateral ties. However, at the end of the 1980s China-EU relations experienced a short period of twists and turns. In a sense, before the 1990s, since China-EU relations were largely influenced by their respective relations with super powers, namely, the US and the USSR, neither China nor the EU saw the imminence of promoting bilateral relations based on their independent strength and through their own efforts. It was not until the mid 1990s that China-EU relations had resumed and developed continuously and climbed three steps: in 1998 China and the EU established the long-

<sup>1</sup> Far East Review, July 26, 2001. Chris Patten, former EU External Affairs Commissioner

term stable and constructive partnership oriented towards the 21<sup>st</sup> century, in 2001 the two sides built the all-round partnership and in 2003 decided to set up the all-round strategic partnership.

In July 1994, the EU issued the report *Toward A New Asia Strategy* in which an overall strategy to strengthen its relations with Asia and hence with major Asian countries. In the next 8 years from 1995 to 2003, the EU issued 5 policy papers on China.<sup>2</sup> In March 1998, the European Commission issued a strategic Communication paper on its relations with China: *1998 Communication Building a Comprehensive Partnership with China*. The Communication aiming at

upgrading the China-EU Political relations to the same level of EU-US and EU-Japan relations, also proposed a China-EU Summit mechanism. Five aims listed on the Communication were to engage China further in the international community, to support China's transition to an open society and to integrate China further into the global economy. Since the Communication was adopted, China-EU relationship has greatly intensified. The first-ever China-EU Summit, at heads of government level, took place on April 2nd, 1998 in London. The second China-EU Summit took place on 21 December 1999, when President Prodi visited Beijing. These summits have provided a platform to give added momentum to the China-EU relationship, and to exchange views and raise issues of concern on political, human rights, economic and trade issues, including WTO accession; bilateral co-operation; and regional developments. These annual China-EU summits also laid the groundwork for a more broadly based political dialogue. At the same time, an increasing succession of meetings and dialogues at all levels, and in numerous areas of concern both to China and to the EU, improved communication and promoted mutual understanding. In May 2000, China and the EU conclude bilateral negotiations on China's accession to the World

<sup>2</sup> (Communication: A Long Term Policy for China-EU Relations, COM(1995)279; Communication: Building a Comprehensive Partnership with China, COM(1998) 181; Report on the Implementation of the (1998) Communication "Building a Comprehensive Partnership with China", CON(2000) 552; Communication: EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy, COM (2001) 265; Working Document: Country Strategy Paper: China, IP/02/349; Commission Policy Paper for Transmission to the Council and the European Parliament: A Maturing Partnership-shared Interests and Challenges in China-eu Relations (Updating the European Commission's Communications on China-EU Relations of 1998 and 2001), COM (2003) 533.)

Trade Organization. In June 2001, the European Commission released a Communication entitled "EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy." The EU issued another Commission Policy Paper in October 2003, "A Maturing Partnership-shared Interests and Challenges in China-EU Relations", which outlined guidelines of EU policy towards China in the next 3 years. In the above-mentioned documents, the definition of China-EU relations was changed first from "long-term partnership" to "all-round partnership", and then to "all-round strategic partnership". It was not merely a change of words, but more importantly, it demonstrated the rapid upgrading of China-EU relations. Since 1998, nearly every year the EU issued a report of evaluation on implementation of its China strategy and also proposed new measures. It was really a rare case both in the EU history and in contemporary history of international relations in that the EU so fluently readjusted its policy and so rapidly upgraded its political relations with a single country.

In response to the EU's willingness to forge an all-round strategic partnership with China, the Chinese Government simultaneously in October 2003 issued its EU Policy Paper. The Paper pointed out that "to

strengthen and enhance China-EU relations is an important component of China's foreign policy. China is committed to a long-term, stable and full partnership with the EU." Also listed in the Paper are China's EU policy objectives, namely, to promote a sound and steady development of China-EU political relations under the principles of mutual respect, mutual trust and seeking common ground while reserving differences, and contribute to world peace and stability; to deepen China-EU economic cooperation and trade under the principles of mutual benefit, reciprocity and consultation on an equal basis, and promote common development; and to expand China-EU cultural and people-to-people exchanges under the principle of mutual emulation, common prosperity and complementarities, and promote cultural harmony and progress between the East and the West. It should be pointed out that the Paper was not only the first EU policy paper but also its first policy paper towards a certain country or region. It demonstrated the great importance that China attached to China-EU relations.

The year 2004 was a mile-stone in China-EU relations. Chinese President Hu Jintao, Premier Wen Jiabao and other Chinese leaders visited Europe one after another, pushing bilateral ties to a new height. In May 2004, when the EU

realized its largest enlargement ever in its history, Premier Wen Jiabao visited 5 European countries as well as the EU headquarters in Brussels. During the visit, Premier Wen delivered a speech titled "Vigorously Promoting Comprehensive Strategic Partnership between China and the European Union"<sup>3</sup> at the China-EU Investment and Trade Forum in Brussels. In his speech, Premier Wen hailed China-EU relationship as a mature, sound, and comprehensive strategic partnership. He also explained the meaning of "comprehensive", "strategic" and "partnership". By "comprehensive", it means that the cooperation should be all-dimensional, wide-ranging and multi-layered. It covers economic, scientific, technological, political and cultural fields, contains both bilateral and multilateral levels, and is conducted by both governments and non-governmental groups. By "strategic", it means that the cooperation should be long-term and stable, bearing on the larger picture of China-EU relations. It transcends the differences in ideology and social system and is not subjected to the impacts of individual events that occur from time to time. By "partnership", it means that the cooperation should be equal-footed, mutually beneficial

and win-win. The two sides should base themselves on mutual respect and mutual trust, endeavor to expand converging interests and seek common ground on the major issues while shelving differences on the minor ones.

Later that year, Premier Wen flew to Europe again and this time he visited the Netherlands and attended the Seventh China-EU Leaders' Meeting. Although Premier Wen stayed in the Hague for just 48 hours, he attended a number of activities with fruitful achievements. The Joint Declaration of the Seventh China-EU Leaders' Meeting was finalized after repeated consultations of both sides and outlined China-EU cooperation in more than 30 fields including politics, economy, society, science and technology, culture, education, environmental protection and international affairs, containing both grand objectives and down-to-earth measures. The Joint Declaration issued after the Summit drew high attention of the international community in that China-EU relations were stepping into a new development stage. The China-EU Joint Declaration on Non-proliferation and Arms Control made it clear that China and the EU are important strategic partners of each other in non-proliferation and arms control, showing that bilateral strategic consensus is increasing. China and the EU enjoy great

<sup>3</sup> <http://www.chinamission.be/eng/zt/t101949.htm>

cooperation potential in science and technology, customs and peaceful use of nuclear energy.

When China and the EU celebrated their 30 anniversary of the establishment of diplomatic ties, the 8th China-EU Summit was held in Beijing in September 2005. The EU foreign policy Chief Javier Solana hailed the summit as injecting "important impetus" into the development of the all-around strategic partnership between the two sides. During the summit, China and the EU also agreed to set up another regular political dialogue mechanism -- vice ministerial-level strategic dialogue to discuss and exchange views on major regional and international issues. The two sides also agreed to move towards early negotiations on a new China-EU Framework Agreement. The leaders instructed their respective services to expedite preparatory work with a view to concluding at an early date an agreement that will reflect the full breadth and depth of the strategic partnership between China and the EU. In December, Chinese vice Foreign Minister Zhang Yesui visited London to hold the first such strategic dialogue with the EU president. Apart from regular political dialogues, leaders from China and the EU have exchanged frequent visits this year. Chinese President Hu Jintao attended the Group of Eight (G8) summit in Scotland in July and also visited

Britain, Germany and Spain in October. In December, Premier Wen made a tour of four EU member states; France, Slovakia, the Czech Republic and Portugal, and signed many agreements of cooperation. China and Portugal announced the establishment of an all-round strategic partnership. For the EU, besides leaders from its member states, eight commissioners from the EC, including Barroso himself, visited China this year, which was described within the EU headquarters as a "China year." In addition, scholars from China and the EU also conducted a series of symposiums, increasing communications and exchanges among academic circles of the two sides.

***(II) Economic and Trade Cooperation  
Enjoyed Robust and Rapid  
Development***

Strong political support plays an important role in achieving rapid economic and trade relations between China and the EU. 30 years ago when China and the EU just established their relations, due to lack of political trust and Cold-War influence, economic and trade co-operations were confined to a very limited level. Since the mid-1990s, with the improvement and upgrading of political ties, the economic and trade relationship between China and the EU has entered an unprecedented "best period"<sup>4</sup>, which is not only a

manifestation of the expanded scale and improving quality of China-EU economic and trade exchanges, but also the necessary result of the effective political and legal support of the two parties.

Robust and rapid development of the economic and Trade cooperation can be seen in the following aspects:

1. China-EU economic and trade relations were secured by a series of important agreements. On April 3, 1978, China and the European Commission signed a Trade Agreement in Brussels which gave China Most Favored Nation Treatment. This Agreement also included the creation of an China-China Joint Committee. In 1985, "China-EC Trade and Cooperation Agreement" was signed to replace the earlier version of 1978, and the new agreement covered economic and trade relations, as well as the China-EU co-operation program in such field as industry, agriculture, science and technology, energy, transportation, environmental protection and others. In the following years, especially during 1995 and 2003, the EU issued five policy papers on China and in all these papers economic and trade cooperation were stressed once and again. An

important agreement on customs co-operation, which further facilitates trade and the fight against piracy and counterfeiting, was concluded in 2004. New dialogues in the fields of intellectual property rights, competition policy, enterprise policy, textiles, macroeconomic and financial issues, civil aviation as well as education and culture have also been initiated recently, and will be completed by a new initiative on labor and social issues. The first ever EU Policy Paper issued by China also enhance the legal and institutional support of China-EU economic and trade relations.

2. Trade volume soared over the years. In 1975, bilateral trade was a mere 2.4 billion USD. When the first trade agreement was signed in 1978, that year register a two-way trade of 4.689 billion, accounting for only 0.6% of EU's foreign trade. China's rapid economic development in the past twenty odd years has had a significant impact upon China-EU trade and economic relations. During the 1980s and 1990s, trade volume doubled every 5 years and in 1999, it reached 55.7 billion, making EU China's 4th largest trade partner. At the beginning of the new century, the growth of bilateral trade was quickened with trade volume doubled every 3 years. In

<sup>4</sup> Former EU Ambassador to China, Klaus Ebermann

2003 it exceeded 100 billion USD and the following 2004 saw a 177.3 billion USD record high, which was 74 times that of 1975. After the biggest-ever enlargement, the EU has become the largest trading partner of China, and China the second largest trading partner of the EU. In 2005, trade between the two sides remained robust and hit a record high of 217.3 billion USD, accounting for 20% of China's total foreign trade. During Premier Wen's four-day official visit to France early December, China and France signed a deal on purchasing 150 mid-range Airbus A-320 jets worth nearly US\$10 billion, the biggest single deal in the history of Airbus.

3. The EU has become China's major investor and largest technology supplier. With the improvement of investment environment and the rise of China economic status, the EU companies, especially major multi-national enterprises have invested considerably in China (new annual flows of utilized Foreign Direct Investment(FDI) of around USD 4.2 billion on average in the last 5 years), bringing stocks of EU FDI to over USD 35 billion. Airbus, Volkswagen AG, Nokia, Ericsson are all successful examples of the EU companies investing in China. Until November 2005, a total of 22360 EU companies are investing in

**Table: China-EU Trade Statistics in Recent Years <sup>5</sup>**  
(In million USD - Source: Ministry of Commerce P.R.China)

YEAR	TWO-WAY TRADE VOLUME	EXPORT	IMPORT	ANNUAL INCREASE
2002	11,265.2	5,922.6	5,342.6	15.4%
2003	12,521.7	7,215.5	5,306.2	44.4%
2004	17,728.6	10,716.2	7,012.4	33.4%
2005	21,730.7	14,371.1	7,359.5	22.6%

<sup>5</sup> Source: <http://www.mofcom.com>



China with a contract USD 86.14 billion. The EU now ranks as the 4th largest overseas investor only after Hong Kong SAR, US and Japan. The EU has also become China's largest technology and equipment supplier with total projects of 21511 and a contract value of over USD 90 billion. In 2005 among China-EU trade, mechanical and electrical products accounts for 60% percent of total volume while high-tech products accounting for 30%. At the same time, China starts to invest in the EU, with investment reaching USD 2 billion so far. Huawei, ZTE, Haier, TCL and other leading Chinese enterprises have already established their reputations in the EU.<sup>6</sup>

### *(III) Cooperation and Exchanges in Science, Technology, Education, Cultural, and Other Fields Are Booming*

In science and technology cooperation, China-EU co-operation programs in operation now reached 400 with a fund of over Euro 300 million. Highlighting the 2005 China-European high-tech

cooperation is China's active participation in the Galileo satellite navigation system, a major European project. In July, the two sides signed three application contracts, making China the first country outside Europe to join the Galileo Project. China is to fund the project with more than Euro 200 million. Moreover, China and the EU, together with four other partners, decided in June to locate a USD12 billion project for International Thermonuclear Experimental Reactor at Cadarache in southern France, a site proposed by the EU and backed by China.

In humanities and social science field, China Academy of Social Science alone have so far signed more than 30 cooperation agreements with a wide range of academic institutions in the EU and its member countries. Today, more than 160 thousand Chinese students are currently studying in EU and over 10 thousand students from EU are studying in China. Across the Europe, tens of thousands of Europeans are learning Chinese. In recent years, it has become a custom that before the China-EU Summit meeting, experts and scholars of a number of Chinese and EU research institutes held the think tank round-table to discuss ideas and measures on strengthening cooperation between China and the EU.

In environmental protection and cultural exchanges, a series of

<sup>6</sup> <http://www.fmprc.gov.cn/chn/wjb/zjzg/xos/gjlb/EuropeanUnion/default.htm>

environmental protection projects are currently in operation, among which are "Biodiversity Program", "River Basin management Program", to name just a few. China has already established Chinese cultural centers in France, Germany, and Italy etc. In people-to-people contact, the entry into force in May 2004 of a major agreement granting the EU "Approved Destination Status" now enables more Chinese tourists to benefit from facilitated procedures to visit Europe. Chinese tourists in the EU continued to rise since the EU introduced a streamlined visa processing system in September 2004. The number of European visitors in China is also growing rapidly. The personal connections and friendships that result from these people-to-people contact are an invaluable part of the relationship between China and the EU. Activities to celebrate the 30th anniversary in 2005 were also based on the principle of bringing people together and the activities gave the people of the EU and China a better understanding of their rich cultures.

***(IV) Cooperation in International and Multi-lateral Arena Strengthened***

Both sides agreed to enhance their consultation and coordination on major international and regional hotspot issues. China and the EU have been working together to uphold the UN's authority, promote

its leading role in safeguarding world peace and facilitating economic and social development, particularly in helping developing countries eliminate poverty, improving global environment and drug control. They also joined hands to advance the process of Asia-Europe cooperation, trying to make ASEM a role model for inter-continental cooperation on the basis of equality, a channel for exchange between the oriental and occidental civilizations. The two sides jointly combat terrorism and the both are opposed to any linkage between terrorism and any particular country, nation, ethnic group or religion. China and EU also are working together in safeguarding the international arms control, disarmament and non-proliferation regimes.

**Part II: Reasons Underlying the Rapid Development of China-EU relations**

***(I) International situation under economic globalization and world structure change gives the background of China-EU relations.***

The international situation has been undergoing profound changes since the end of Cold War. The trend towards world multipolarity and economic globalization is developing amid twists and turns. Peace and development remain the themes of our era. The world is hardly a

tranquil place and mankind is still confronted with many serious challenges. However, preserving world peace, promoting development and strengthening cooperation, which is vital to the well-being of all nations, represents the common aspiration of all peoples and is an irreversible trend of history. Against this background, China and the EU found their common task and interests, and therefore are committed to all-round cooperation and promote a long-term and stable development of China-EU relations.

*(II) The common interests are the foundation of China-EU relations*

EU's decision to build an all-round strategic partnership is not from a single country like UK, France or Germany but the 25-country bloc. It is the common interests and wide consensus that bring China and EU ever closer. China's development need EU and vice versa.

To begin with, there is no fundamental conflict of interest between China and the EU and neither side poses a threat to the other. The common ground between China and the EU far outweighs their disagreements. China and EU share wide consensus on international issues. Both China and the EU stand for multi-polarization in international relations and an enhanced role of the UN. Both are

against hegemony and power politics. Moreover, both are committed to combating international terrorism and promoting sustainable development through poverty elimination and environmental protection endeavors. China and EU both have their willingness to strengthen the exchange of high-level visits and political dialogue. The China-EU annual summit and mechanisms of regular and irregular consultations at all levels provide both side platforms of not only exchanging ideas but also discovering common position.

Secondly, China and the EU are highly complementary economically thanks to their respective advantages. The EU has a developed economy, advanced technologies and strong financial resources while China maintains steady economic growth, a huge market and abundant labor force. There is a broad prospect for bilateral trade and economic and technological cooperation.

Last but not the least, both China and the EU member states have a long history and splendid culture each and stand for more cultural exchanges and mutual emulation. The political, economic and cultural common understanding and interaction between China and the EU offer a solid foundation for the

continued growth of China-EU relations.

*(III) China's rising economically and hence politically as a newly-emerged global player put much weight on China-EU relations.*

Meanwhile, China's role in local and global affairs is increasing. Since the policies of reform and opening-up were introduced at the end of the 1970s, China has successfully embarked on a road of peaceful development compatible with its national conditions and characteristics of the times. Statistics show that from 1978 to 2005, China's GDP has increased from about USD 147 billion to about USD 2230 billion with an average growth rate of over 9.5 percent per annum. Today, China has become world 4th largest economy and 3rd largest trading country. Although the EU holds that there is still uncertainty and instability in China's future development, not many people there believe the theory of "China threat" or "China collapse". On the contrary, they believe that the momentum of China's growth is irresistible. China's development and its rich culture began to exert impact on the world. The scale of China's economy is of vital importance to the global sustainable development. As Former EU External Affairs Commissioner Chris Patten put it, "In Europe no serious-minded man

will take China's development as a threat." "China's recent unprecedented growth indicates that she will become a world-level political, military and economic power." The EU shows much less political wariness of China's rise than the United States, and Japan. It holds that the peaceful rise of China as a global force is in its interests. EU also believe that as a new rising big power, China can play an important role in helping to balance the interests between developing countries and developed countries. To establish a type of relationship with China that is compatible with its current and potential international influence has become a priority of EU's policy consideration.

**Part III: The Existing Problems**

The current sound momentum of China-EU relations is hard-won and deserves to be cherished. Reviewing the development of China-EU relations over the past 30 years, both sides have accumulated many valuable experiences: to understand and develop China-EU relations from a strategic height, actively and properly handle differences and push China-EU relations towards the road of sustainable development. However, we must be realistic about the future development of China-EU relations because there still exist some differences and contradictions in the economic and political

bilateral relations. Both China and the EU should consider how to strengthen the symmetry and complementarities between the two sides so that they will continue to get along well in the future.

The major problems and obstacles are: first, EU's arms embargo on China, second, the EU's granting China of market economy status (MES) and third, trade frictions.

The current EU arms ban was imposed on China in 1989 after Tiananmen Square incident when the US and its European allies were in agreement about the rationale and the necessity of preventing China from acquiring high technology weapons that China could use against its own people. Over the years, in the context of improved relations between the EU and China, as well as China's peaceful development economically and socially, the ban on weapons sales to China was anachronistic.<sup>7</sup> China views the arms embargo as a kind of political discrimination. The lift of the ban means much more in political sense rather than in military sense. China knows it well that even if the EU's ban on weapons sales to China is lifted, the EU Code of Conduct would intensify its control on arms sales. China is concentrating all its efforts on economic

development to ensure its 1.3 billion people a well-off life in an all-round way and therefore has no intention and reason to purchase large quantity of arms. What China demands is equal treatment rather weapons. China sincerely hopes that the EU could make a right decision to lift the ban on an early date to fulfill its willingness and sincerity to forge strategic partnership with China.

The EU has not yet to recognize China's status as a market economy, instead it currently regards China as a country that is transforming itself into a market economy rather than a country that already has a market economy. The definition that the EU gives to a country's economy affects the value that the EU puts on that country's goods in anti-dumping investigations. However, the fact is, with more than two decades of reform and opening-up, China has transformed its planned economy into an open and market-oriented economy. Especially since its accession to WTO, China is strictly carrying out its commitments. However, the EU has not yet recognized China's status as a market economy, which is unfair and has severely hindered the development of bilateral trade. The recognition that China has a market economy will be beneficial to both sides. The EU should appraise the great achievements made by China in developing its market-oriented

<sup>7</sup> Jacques Chirac, French President

economy and take concrete moves to recognize on an early date that China has already established a market economy.

In recent years, trade frictions between China and the EU have increased by a big margin. With China's economic expansion and greater dependence on the outside world, the contention between China and the developed countries including the EU in market, energy and raw materials is becoming more intense. Thus, it becomes inevitable that trade frictions between the two sides are on the increase. The reason behind the trade frictions between China and the EU are numerous and complicated. Trade friction sometimes is an economic problem, but sometimes it may be a political one. Therefore, the settlement requires not only technical measures but sometimes political willingness. One case is the textile trade dispute between China and the EU, which were finally resolved through constructive dialogue. As Chinese Premier Wen Jiabao put it, "it is inevitable that there will be more frictions as trade increases, but these can be resolved through constructive dialog and consultation rather than trade war". British Prime Minister Tony Blair also agreed that there would be more trade frictions ahead but he pointed out that "USD 200 billion worth of trade between the EU and China had created thousands of

European jobs", and "this relationship is going in only one direction and that's towards more trade."

#### Part VI: Prospects of China-EU relations

With the establishment of the "China-EU Comprehensive Strategic Partnership" at the turning point of 2003 and 2004, China-EU relations have ushered in a new era of development, which will definitely have a great impact on the future. We have full confidence that China-EU relations have a bright and broad future.

Chinese Premier Wen Jiabao once made a comment<sup>8</sup> on the future of China-EU relations. He pointed out that the future of comprehensive strategic partnership between China and the EU enjoys a solid foundation. First, peace and development being the theme of the times offers a favorable international environment for the substantial expansion of China-EU relations. Second, both China and the EU follow courses of development suited to their characteristics and circumstances. The EU has continuously pushed for integration through union; while China, thanks to reform and opening-up, has moved into a new stage of building a well-off society in an all-round

<sup>8</sup> <http://www.chinamission.be/eng/zt/t101949.htm>

way. The two sides had no conflict of fundamental interest, and rather see their common interests growing steadily. After the return of Hongkong and Macao to China, there exists no historical problem between the two sides. Third, China and the EU are highly complementary economically. As the world's largest developing country, China enjoys huge market potential and abundant human resources, and is advantageously placed in receiving international transfers of industries and technologies. The EU, on the other hand, is the world largest developed economy with ample capital, advanced science and technology and a high degree of internationalization. Such a complementarity prepares a solid groundwork for mutually beneficial cooperation between the two sides. Fourth, both China and the EU have long ancient histories and brilliant civilizations. The two civilizations once influenced each other in history and nowadays are increasingly learning from each other and getting constantly integrated. Recognizing each other's cultural identity and conducting cultural exchanges of various forms provide a significant bridge for closer bond of China-EU relations. Fifth, the two sides have already accumulated sufficient experience in properly handling the disputes and ironing out their differences. Opting for dialogue and resisting confrontation not only

reflects the existing maturity of the relationship but ensures its further healthy development in the days ahead.

Premier Wen also raised the following principles of developing China-EU relations: first, respecting and trusting each other. Both sides should respect the development road of each other; strengthen dialogue and exchanges and increase understanding and trust beyond the differences of ideology and social systems; second, equality and mutual benefit. In the process of equal participation and fair competition, both sides should give mutual accommodations to protect their own interest while paying attention to the concerns of each other; third, seeking common ground while putting aside difference. The two sides should face and properly handle the differences, recognize that there exists the foundation of cooperation besides those differences and should refrain from interrupting the cooperation trend due to any single event at any particular moment; fourth, win-win cooperation. The two sides should use their respective advantages and learn from each other to realize common prosperity. These principles serve as good guidelines for further strengthening China-EU relations.

All in all, the development of China-EU relations is not only in the fundamental interest of both sides but also conducive to world peace,

stability and development. Reviewing the past and looking into the future, we have ample reasons to believe that so long as both sides always treat China-EU relations from the strategic and long-term perspectives and keep committed to

the all-round cooperation and common development on the basis of mutual respect, equality and mutual benefit, China-EU relations will continue to show endless energy and vigor and stride toward another 30 years with firm steps. ■

