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Quotes Of The Month

"I have been talking to all of my European Union colleagues ... to say that [lifting the EU arms embargo on China] is something they really need to give long and hard thought to and not do. But it will be coming back up and we will be pressing our European Union colleagues not to abandon this policy." - **U.S. Secretary of State Colin Powell** before the House International Relations Committee, February 11, 2004

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Trivia

What is the most recognized fast food name among consumers in China today?

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FEATURE ESSAY: THE EU AND CHINA - THE NEED FOR EU-U.S. COORDINATION

BY MICHAEL YAHUDA

As Europe-China relations deepen – EU-China trade is set to exceed U.S.-China trade – and as the EU continues to debate the question of arms sales to China, it is more pressing than ever to deepen the trans-Atlantic dialogue on China and East Asian issues more generally.

EU-China relations continue to progress apace, though in a way which illustrates both the strengths and the weaknesses of the EU as an external actor. The EU has been effective in the conduct of trade relations where it is institutionally well organized to negotiate and speak with one voice on behalf of its member states. In addition, and to its credit, the EU has also been very active in promoting better governance and the enhancement of a rules-bound international community. It is difficult to gauge how much of China's recent growing adherence to the norms and practices of international institutions has been influenced by the steady prodding of the Europeans, but there appears to be a positive effect. However, on political affairs, there remains a well-known gap between European rhetoric and practice, and this is most evident in the area of Chinese human rights and on Tibet, where the process of "dialogue" as opposed to "confrontation" has yielded little or no concrete results.

Trade is where EU-China relations seem to work best. When the EU representative in China welcomed Leon Brittan, the then-Trade Commissioner, to Beijing in 1994, he told him that China was a new empire for him to conquer. In other words, China offered unlimited opportunities for the EU and for its Trade Commissioner to make their own mark in the world. Indeed trade between China and the EU, has grown very rapidly in recent years. For the first nine months of 2003 according to Chinese figures, two-way trade reached \$89 billion, just behind the US and Japanese figures of \$91 and \$96 billion, respectively. Trade with the EU, however, grew at over 40%, which was faster than the 30% reached by the other two. China, which published its first ever White Paper on the EU last October, confidently expected that the EU would soon become China's leading trade and investment partner. That has very great significance as it demonstrates the stake that each has in ensuring stable relations.

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In The News

CHINA Bo Xilai was recently named the new Minister of Commerce, taking over one of China's most important government agencies. Bo was the Governor of Liaoning and former mayor of Dalian, a major city in Liaoning. Liaoning is a major industrial region wracked by corruption scandals, though Bo was never implicated. His father is Bo Yibo, a famous Communist elder cadre.

TAIWAN In a policy turnaround, Taiwan's President Chen Shui-Bian on February 3 proposed to set up special envoys, liaison offices, and a demilitarized zone with China, along with a "framework of interaction for peace and stability." Washington did not immediately express a position, but suggested Taipei and Beijing should talk amongst themselves.

But while the EU-China business and trade relationship is certainly important, beginning in the 1990s the EU and its key states ensured that relations with China were not confined to economics. The EU and China are distant neighbors that do not impinge on each other's vital security interests and most pressing political concerns. Apart from the diminishing legacy of Tiananmen, distance also means that there are no major complications or historical baggage to disrupt the development of good political relations. From a Chinese perspective the EU countries represent important modern markets and sources of advanced technology that unlike those provided by Japan and the US are not complicated by strategic and political conflicts of interest.

In the political sphere, summits and other meetings of senior officials have become regular and institutionalized. Since 1998 annual meetings have been attended by the Chinese Premier and by the three top officials of the EU. On the whole these events have tended to be more notable for their photo opportunities than for their concrete results. But the 6th and most recent summit held in October last year provided an opportunity for the new Premier Wen Jiabao to play the role of an international statesman. At that summit, the two sides also signed the agreement on China's participation in the European Galileo satellite program (rival to the American GPS) and a Memorandum of Understanding about destination status (to facilitate Chinese tourism in Europe). The summits have come to illustrate the importance that both sides attach to the process of consultation and cooperation. In addition, supported by top leaders, individual countries and the EU Commission devoted significant resources to the development and implementation of a raft of programmes designed to assist reform, governance, and civil society in China and encourage China to become better integrated into the international community.

In a wider context, these top-level meetings enable China's leaders to dwell on their favorite themes of multipolarity, the recognition of international diversity, the desirability of democracy in international relations (all euphemisms for accepting the legitimacy of the authoritarian character of the Chinese state), and the enhancement of the role of the United Nations. These implicit challenges to American positions find a ready response in some, but not all, of the European chanceries, and are never openly rebutted by the EU. This point touches on one of the unsolved foreign policy identity issues of the EU: how far the development of an authentic and distinctive European voice in world affairs should be opposed to as well as separate from official views in Washington.

A pointed example of such divergence could involve the issue of ending the EU embargo on arms sales to China. This brought to the surface a dilemma in the EU's policy not only toward the United States, but toward China as well. On the one hand, the EU treats China as a significant international partner that plays a responsible and important role in world affairs. But on the other, as EU Foreign Affairs Commissioner Chris Patten has pointed out, in the context of arms sales, China is placed in the same category as states such as Iran and North Korea.

It is important to point out that at issue is not China's status, but the credibility of the EU's own Code of Conduct on arms sales issued in 1998, which supersedes the Tiananmen-influenced 1989 arms embargo. The Code of Conduct specifically rules out arms sales to states whose governments systematically violate the human rights of citizens and/or minorities, or states that threaten to use force in pursuit of territorial claims. The German Chancellor and the French President in particular have pressed for the resumption of arms sales. A preliminary meeting of the EU failed to provide the necessary unanimity and a meeting of foreign ministers is due to be held next month to determine the EU response. The Netherlands and some Scandinavian countries are known to be opposed on human rights grounds. Now that the US Secretary of State has publicly called on EU members to desist, it is difficult to see how unanimity can be found to override the Code of Conduct restrictions.

This issue involving EU-China and EU-U.S. relations - as well as questions over trade, business, and political relations - keenly demonstrates the need for improved dialogue between the EU and the United States over their respective China policies. It is natural and expected that EU-US differences over China will exist. But Europe and the United States can begin from already-shared understandings on the kind of China they are encouraging to emerge, and the understanding that neither the EU nor the United States benefits when China can play one off the other. Regularized senior-level dialogue will help avoid unnecessary surprises and rifts and sustain mutual trans-Atlantic interests regarding China.

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Quotes of the Month

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"U.S. continued imposition of arms embargo is of no substantive meaning. Without U.S.-made military equipment and technologies, China has all the same sent manned spacecraft to space, and China's ballistic missiles are by no means inferior to those of any country. China has also made its own computer chips. All these are the best reply to the West's military sanctions against China." **People's Daily Online**, defending against the U.S. insistence on maintaining the arms embargo, February 9, 2004

PUBLICATIONS

On February 6, **Andrew Yang (Yang Wei-Chih)**, Research Assistant with the Freeman Chair, published an article, *“Taiwan’s Communication Problem”* in the PacNet newsletter of the CSIS Pacific Forum. He noted that owing to a poor communications strategy, Taipei unnecessarily exacerbated opposition to the March 20 referendum and damaged Taiwan’s credibility in Washington. This article was reprinted as *“Time to Mend Fences”* in the February 11 edition of the South China Morning Post.

CONFERENCES AND EVENTS

February 18, *“The Health of China’s Economy”* Professor **Hu Angang**, Professor at Tsinghua University analyzed the influence of SARS on China’s economy, the reasons why China can maintain high growth notwithstanding the shock of SARS, and the direction of China’s socio-economic development in the post-SARS period. Professor Hu’s presentation can be found on the Freeman Chair website.

February 23, *“Taiwan Elections 2004”* the CSIS Freeman Chair together with the Brookings Institution and the Asia Society, hosted a panel session featuring experts on Taiwan, elections and democratization to discuss the prospects and implications of Taiwan’s March 20th elections. **Larry Diamond**, **Shelly Rigger** and **Richard Bush** gave presentations, with **Bates Gill** serving as moderator.

WHAT’S NEW

We would like to welcome our new Research Intern, **Amy Phariss**. A recent M.A graduate from the University of British Columbia, Amy also served as a Peace Corps Volunteer in China from 1999- 2001, teaching English in Sichuan province and working on projects related to women’s education and development.

TRIVIA ANSWER

Kentucky Fried Chicken (KFC). Since opening its first mainland outlet in Beijing in 1987, the fried-chicken chain has gone on to become the most recognized global brand among urban consumers in China. They open 250 stores a year in China. The company made some early missteps: for example, KFC’s advertising slogan “finger-lickin’ good” was mistranslated into Chinese characters that meant “eat your fingers off.”

Source: “Colonel Sander’s March on Asia”, TIME Asia Magazine. November 24, 2003.

FREEMAN FACTS

Road Accidents in China

Number of people killed in road accidents, (January - November 2003)	95,479
Growth of auto sales in China, 2002 to 2003	76%
Av. annual growth rate of road accidents, 1986-2002	6.3%
(2002)	
% of deaths in total number of road accidents (U.S.)	0.6%
% of deaths in total number of road accidents (China)	14%

Sources: People’s Daily, December 9, 2003 United States Bureau of Transportation Statiscs, National Transportation Statistics 2003

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