

**Benita Ferrero-Waldner**

European Commissioner for External Relations and European Neighbourhood Policy

## **Europe and China: A Strategic Dialogue**

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Organised by *Friends of Europe* and the *Security and Defence Agenda*, Bibliotheque Solvay:

**Brussels, 19 May 2009**

Distinguished members of Parliament, Ambassadors, dear guests, Dear Giles, Ladies and Gentlemen,

It is with great pleasure that I welcome you to this high level seminar which will explore the strategic dialogue between Europe and China. It is opportune that this meeting, which brings together senior diplomats, policy makers and China watchers from think-tanks and universities around Europe and Asia takes place one day before the 11<sup>th</sup> EU-China summit in Prague. EU-China relations are certainly a key issue of discussion in the EU and I certainly read with interest the latest studies on the subject.

Never has the world confronted such a complex and interlinked set of security, economic and environmental challenges as we witness today. We live in an age where global threats require global solutions.

China is one of our most important partners to meet the challenges of today and of tomorrow.

We are now witnessing the historic re-emergence of China as a major actor on the international stage. For two thousand years, until the nineteenth century, China had the largest economy in the world.

With globalisation, despite current set backs, it is predicted that, by 2060, China and India are likely to account for 50% of the world's GDP. They did so in 1820.

Historically the rise of powers has led to heightened tensions and in some cases frequently been the cause of conflict. Ancient Greek historian Thucydides cited the fear of the rise of Athens as a cause for the Peloponnesian Wars.

However history does not need to repeat itself. We are now witnessing the peaceful rise of two important foreign policy actors, Europe and China. We are both global citizens who are actively involved in peace keeping operations around the globe. We share the view that there can be no sustainable development without peace and security, and no sustainable peace without development and poverty eradication.

As good global citizens we share the twin foreign policy objectives of preserving peace and strengthening international security. We are both addressing critical regional security and development challenges such as increasing instability in Afghanistan/Pakistan, threats of possible nuclear proliferation in the Middle East and governance needs in Africa.

The EU is strongly attached to global non-proliferation and regional stability and wishes to strengthen cooperation, with like minded partners, on crisis prevention and management. We welcome the rising contribution of China to UN civilian and military operations around the globe, including fighting piracy off the Somali coast.

We also support the six party talks on the DPRK nuclear issue and the key role played by China. We hope that the current stalemate will be overcome in the near future.

Let me take this opportunity to record how saddened I am by the on going humanitarian plight in Sri Lanka and the recent imprisonment of Aung San Suu Kyi.

Ladies and Gentlemen, I believe that the Euro-China strategic partnership, based on economic interests, equality and mutual respect, and where possible shared values, is strong.

Our relationship is strong enough to overcome differences due to distance, history, culture and even politics.

I believe that as we jointly weather the economic storm buffeting the world economy and face the environmental challenges, both the EU and China will be brought closer together.

As Kennedy remarked, when written in Chinese, the word "crisis" is composed of two characters. One represents danger and the other represents opportunity. Together we will successfully turn challenges into opportunities.

Increasingly strong political, commercial and increasingly cultural ties bind us together.

The hallmark of relations between China and the EU is engagement. A year ago, President Barroso headed the biggest Commission delegation ever to go abroad to strengthen EU-China cooperation on sustainable development and trade. That was a clear sign of the importance that the EU attaches to China and it was impressive to see Tian An Men Square flying hundreds of EU flags.

The successful visit of Premier Wen to the European Commission on 30 January reaffirmed the importance of the EU-China relationship and was followed by the signature of nine agreements.

My visit to China on 29-30 March added further momentum to bilateral relations, together with the High Level Economic and Trade Dialogue meeting in Brussels 7-8 May and the Prague summit tomorrow.

One of the most effective means of EU-China cooperation includes the creation of joint institutions. We are justifiably proud of the performance of China-EU International Business School and more recently of the China School of Law.

In addition we are investing in developing human resources by providing opportunities for sharing best practice and people-to-people exchanges, such as under the Erasmus-Mundus programme.

Through our sustained reciprocal engagement we will both strengthen and deepen our political, cultural and economic relationship.

The EU-China trade relationship is of the highest importance to both sides. The formal trade relationship, agreed more than 20 years ago in the 1985 Trade and Cooperation agreement, has come a long way since then. In 2008 China was Europe's second trading partner, after the U.S. with imports and exports totalling €326 billion, while the EU is China's first trading partner since 2004. China is the largest source of imports at €248 billion and is our fourth largest export market at €78 billion.

The Chinese development model, which has achieved more in 30 years than have been achieved in two centuries, is a globalisation success story not a globalisation scare story.

China's policy of opening up its economy has lifted hundred millions out of poverty and helped the world progress toward the Millennium Development Goals. China's burgeoning middle-class is an attractive market for European goods and services.

That said, what are the immediate common global challenges that the EU and China face? These are twofold, namely the economic crisis and climate change.

## **1. ECONOMIC CRISIS**

The financial and economic crisis reminds us of how interdependent we are and the degree to which a coordinated response is needed, not least by the EU and China. 'Coordination' is the catchword.

China hosted a very successful Asia-Europe (ASEM) summit in Beijing last October, when European and Asian leaders were able to find common cause on a number of concerns that have since enriched the dialogue at the G20, the G8 and other international fora.

Among other things, Europe and China have a strong interest in resisting calls for protectionism.

It is also very much in Europe's interest that the Chinese government's stimulus package [amounting to some €430 billion, equalling 14 percent of its 2008 GDP] succeeds. Likewise, China has a strong interest in the EU's own efforts in this regard and in the related rapid recovery of the European market.

## **2. CLIMATE CHANGE**

This crisis offers an opportunity to find new approaches to development that bring together energy efficiency, pollution reduction and reduced green house gas emissions. Investment in better technology should also help to provide the seeds of future economic growth and ease our dependence on fossil fuel production and imports.

As part of its Country Strategy for 2007-2013, which has an overall financial envelope of €224 m, the Commission is supporting China in protecting the environment, saving energy and combating climate change. Europe is sharing its know-how in particular on clean coal and carbon capture and storage. In addition we are supporting environmental governance, such as public access to information and participation in decision making. I would like to highlight two flagship environmental projects that were launched this year, namely the Europe-China Clean Energy Centre (EC<sup>2</sup>), signed in Brussels in January 2009 and the China-EU Institute for Clean and Renewable Energy (ICARE), signed in Beijing in March 2009. We have high expectations.

Both the EU and China look forward to a very successful conclusion at the Copenhagen summit scheduled at the end of this year. We appreciate China's constructive approach to the negotiations and hope to deepen this engagement at the upcoming summit. Of course not only the EU and China are involved. We are encouraged by the new stance taken by the Obama administration.

The current Chinese year of the Ox celebrates diligence and hard work. These qualities and more will be needed to face up to these problems to make Copenhagen a success.

The Strategic Partnership is not about thinking alike on each and every matter. It is true that Europe and China may disagree and have different views on some issues. Good friendships are based on openness and honesty.

From time to time there are bound to be issues where Europe and China take different views, such as on trade or human rights and democracy.

These differences should of course be respected, but given above all the strategic need that each side has of the other they should not be allowed to undermine the overall direction of the relationship.

The strength of our relationship allows us to discuss matters frankly and wherever and whenever possible overcome differences.

I believe that we can draw on our ancient cultures and modern technologies and know-how to reach a common destiny of a safer, more prosperous world for everyone.

I believe that when the leaders of China and Europe meet and join forces we will carry the aspirations of 500 million Europeans and 1.3 billion Chinese people with us. We will learn from each other and turn challenges into opportunities for change and transformation.

Ladies and Gentlemen, as I draw to the conclusion, I recall Carl Jung who said  
*'The meeting of two personalities is like the contact of two chemical substances: if there is any reaction, both are transformed'.*

This conference will examine the challenges facing our citizens today, namely how to arrive at new global order, ways to tackle the global recession, promote peace and hopefully contribute to saving the planet.

I wish you a successful conference and look forward to the 11<sup>th</sup> EU-China summit in Prague which will be a milestone of our common journey to help achieving these goals.

Thank you for your attention.