



College of Europe
Collège d'Europe



DEPARTMENT OF **EU INTERNATIONAL
RELATIONS AND DIPLOMACY STUDIES**

InBev-Baillet Latour Chair of
European Union-China Relations



Issue 3, 2014

EU-China Observer

www.coleurope.eu



**InBev-Baillet Latour Chair of
European Union-China Relations**



Table of contents

1. **NEW HORIZONS IN EU-CHINA RELATIONS?
PRESIDENT XI'S TRIP TO EUROPE AND THE 2014 POLICY PAPER**
David Scott..... Page 2

2. **PUBLIC-PRIVATE INTERACTION ON SUSTAINABLE URBANISATION: EU-CHINA
'WIN-WIN COOPERATION' IN CHINESE CITIES**
Daniel Elders Page 8

InBev-Baillet Latour Chair of EU-China Relations, College of Europe,
Department of EU International Relations and Diplomacy Studies, Dijver 11,
BE-8000 Bruges, Fax +32-50-477250, www.coleurope.eu

Editorial board:

Professor Jing Men: jing.men@coleurope.eu, Tel. +32-50-477258

Veronika Orbetsova: veronika.orbetsova@coleurope.eu, Tel. +32-50-477257

Views expressed in the *EU-China Observer* are those of the authors only
and do not necessarily reflect positions of either the editors or the College
of Europe.



NEW HORIZONS IN EU-CHINA RELATIONS? PRESIDENT XI'S TRIP TO EUROPE AND THE 2014 POLICY PAPER

David Scott *

Introduction

This paper examines whether two events in May-April 2014 indicated new horizons in EU-China relations. The first event was President Xi Jinping's visit at the end of March 2014 to the Netherlands, France, Germany, and Belgium. This was also the first visit by a Chinese President to the European institutions in Brussels – Xi held talks with EU Council President van Rompuy, the EU Commission President José Manuel Barroso and the EU Parliament President Martin Schulz. The second event came the day after Xi's trip to Europe, when China published a formal Policy Paper on China-EU relations.¹ This invites comparison between the content of the policy paper and President Xi's message during his trip to Europe in the preceding days. It also gives an opportunity to compare with China's first EU Policy Paper published in 2003.² The structure of this comparison is two-fold: the examination of Xi's message at various points of his European itinerary and the analysis of China's 2014 EU Policy Paper.

Xi's Message

President Xi's trip to Europe was a high profile public diplomacy event, if not for the European press, at least for the official Chinese media.³ Further indication of the importance for China of the President's trip was the debate co-organised two months later, on 16 June, by the EU Committee of the Regions and the Madariaga-College of Europe Foundation, which was formally entitled "Was Xi Jinping's Message Received Loud and Clear".⁴ A Chinese delegation headed by GUO Yezhou, Vice-Minister of the International Department of the Chinese Communist Party (CCP), met with various European commentators to review European responses to President Xi's trip.

* Dr. David Scott is Lecturer of Brunel University (David.Scott@brunel.ac.uk).

¹ Ministry of Foreign Affairs of the People's Republic of China (MFA of the PRC), *China's Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-Win Cooperation*, 2 April 2014, retrieved 18 June 2014, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1143406.shtml.

² MFA of the PRC, *China's EU Policy Paper*, 13 October 2003, retrieved 18 June 2014, http://english.peopledaily.com.cn/200310/13/eng20031013_125906.shtml.

³ For instance, "Xi's Tour Lauded as Significant for Promoting China-Europe Ties", *People's Daily*, 3 April 2014, retrieved 18 June 2014, <http://english.peopledaily.com.cn/90883/8587172.html>.

⁴ Madariaga-College of Europe Foundation, *Was Xi Jinping's Message Received Loud and Clear?*, 16 June 2014, retrieved 30 June 2014, <http://www.madariaga.org/events/past-events-2014/947-was-xi-jinpings-message-received-loud-and-clear>.

InBev-Baillet Latour Chair of European Union-China Relations



There were common themes in the various speeches and media pieces from President Xi. Particularly noticeable as a theme was the pursuit of “win-win economic cooperation”, which included advocacy of an Investment Partnership Agreement (IPA) and a Free Trade Agreement (FTA) between China and the EU. These matters represented a focus on practical economic cooperation reflected in, for instance, the deliberate definition of the China-Netherlands partnership as being a “pragmatic partnership”.⁵

A softer edge was apparent when President Xi addressed “inter-civilisation encounter and dialogue” in his speech at the UNESCO headquarters in Paris, where he emphasised cultural pluralism and, in particular, the diversity, equality and inclusiveness of cultures.⁶ However, in his Bruges speech, where he also touched on the theme of civilisations, a harder edge was apparent when the President referred to ‘constitutional monarchy’, ‘parliamentarianism’, ‘multi-party system’ and ‘presidential government’ only to reject them by emphasising that “nothing really worked [for China]” and that “China cannot copy the political system (...) of other countries, because it would not fit [China]”.⁷ A suggestion of ‘federalism’ being a further political model that could be taken from Europe was similarly rejected as unsuitable at the subsequent debate titled *Was Xi Jinping’s Message Received Loud and Clear?*, held at the European Parliament on 16 June.⁸ The reason given was that within a federal system energy-rich western regions such as Xinjiang could, perhaps, deprive other eastern regions of China of such resources.

The international dimension of President Xi’s message was two-fold. On the one hand, China’s mantra of ‘peaceful development’ (‘heping jueqi’ in Chinese) was presented as China’s continuing path. Nevertheless, the President admitted that “pursuing peaceful development is China’s response to international concerns about the direction of China’s development”, an explanation that gives a somewhat tactical undertone to the adoption of such reassurance language.⁹ Moreover, well-established Chinese formulas were used: “the pursuit of peaceful development represent[s] the peace-loving cultural tradition of the Chinese nation over the past several thousand years”, a statement that Xi then used to reiterate that in the future China “will never seek hegemony or expansion”.¹⁰ However, such well worn claims had

⁵ “[Joint Statement between the People’s Republic of China and the Kingdom of the Netherlands on the Establishment of an Open and Pragmatic Partnership for Comprehensive Cooperation](#)”, 24 March 2014, retrieved 18 June 2014,

http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1145388.shtml.

⁶ J. Xi, President of the People’s Republic of China, speech, Paris, UNESCO Headquarters, 27 March 2014, retrieved 18 June 2014,

http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1142560.shtml.

⁷ J. Xi, President of the People’s Republic of China, speech, Bruges, College of Europe, 1 April 2014, retrieved 18 June 2014,

http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1144230.shtml.

⁸ Madariaga-College of Europe Foundation, *Was Xi Jinping’s Message Received Loud and Clear?*, *op.cit.*

⁹ J. Xi, President of the People’s Republic of China, speech, Berlin, Körber Foundation, 28 March 2014, retrieved 18 June 2014,

http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1148640.shtml.

¹⁰ *Idem.*

InBev-Baillet Latour Chair of European Union-China Relations



the sting in the tail that “China will firmly uphold its sovereignty, security and development interests”.¹¹

President Xi's European trip involved him using the terms 'multipolarity' and 'multilateralism'.¹² The terms are not identical since 'multipolarity' is a measurement of the distribution of power in the international system, whereas 'multilateralism' is dealing with the way foreign policy is conducted and indicates a diplomatic process whereby several countries work together. On the one hand, in his speech and newspaper article in France, Xi made a point of emphasising multipolarity rather than multilateralism, by stressing that “we need to (...) further promote multipolarity [*sic*]”.¹³ On the other hand, in his speech in the Netherlands and in the China-EU Joint Statement (“both sides emphasised multilateralism”), the term 'multipolarity' was absent while that of 'multilateralism' was employed several times.¹⁴ This might suggest that there was a normative use by China of the term 'multipolarity' to its French audience, but that there was a tactical use by China of the term 'multilateralism' to its Dutch and EU audiences. This interpretation is supported by the emphasis given to 'multipolarity' in China's 2014 EU Policy Paper.

A final twist in the President's trip was a renewed focus on the EU. In the previous few years, there had been signs of China perhaps sidelining the EU by moving into greater sub-EU engagement with East European sub-groupings, and with important 'national' actors like Germany. However, Xi made a point of being the first Chinese President to visit EU headquarters in Brussels. The reason for this renewed focus on the EU institutions may be that if China wants any EU-wide investment and free trade agreements, then it has to engage directly with the EU machinery in Brussels.

If we stand back from the details of President Xi's varied speeches and media pieces, what seems apparent was a readiness for Xi to push China's position in a stronger and more confident fashion. This explains Cohen's comments on Xi's European tour. On the one hand, Cohen argued, that “there has been little change in China's 'peaceful development' messaging, which disavows military ambitions and participation in 'great game'-style geopolitics in favour of 'win-win cooperation'” with Europe. On the other hand, he stressed that “at the same time, Xi believes that China is ready to carve out a space of its own in which it can dictate the terms of its relationships”.¹⁵

¹¹ *Idem*.

¹² D. Scott, “Multipolarity, Multilateralism and Beyond ...? EU– China Understandings of the International System”, *International Relations*, vol. 27, no. 1, 2013, pp. 30-51.

¹³ J. Xi, President of the People's Republic of China, speech, Meeting Commemorating the 50th Anniversary of the Establishment of China-France Diplomatic Relations, Paris, 27 March 2014, retrieved 18 June 2014,

http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1147894.shtml. Also J. Xi, “[Special Friends, Win-win Partners](#)”, *Le Figaro*, 26 March 2014, retrieved 18 June 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1140966.shtml.

¹⁴ The European Union and the government of People's Republic of China, *Joint Statement Deepening the China-EU Comprehensive Strategic Partnership for Mutual Benefit*, point 4, 31 March 2014, retrieved 18 June 2014,

http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1145387.shtml.

¹⁵ *Ibid*, p. 3.

InBev-Baillet Latour Chair of European Union-China Relations



China's 2014 EU Policy Paper

President Xi's last speech on his European tour, delivered in Bruges on 1 April, referred to an imminent release of a new policy paper by China on China-EU relations. The next day Beijing released its 2014 Policy Paper, subtitled *Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-Win Cooperation*. The themes in that new policy paper can be compared to the themes expounded by Xi in his trip to Europe in March-April 2014. The 2014 Policy Paper may also be compared with its predecessor – the 2003 Policy Paper on China-EU relations, in terms of content and in terms of the “language politics” in play with how China's public diplomacy language continues to be carefully crafted with regard to image-shaping soft power considerations.¹⁶ Elements of continuity, of continuity and change, and of change can be discerned in comparing the two Papers.

Continuity vis-à-vis the 2003 Policy Paper was shown by the 2014 Paper's reiterated assertion of “no fundamental conflict of interests”, “win win cooperation” in the economic arena, “environmental-climate change cooperation”, and “counter-terrorism cooperation”.¹⁷ As in 2003, the 2014 Policy Paper also stated that “the EU should lift its arms embargo on China at an early date”, and that “China will continue to urge the EU to ease its restrictions on and facilitate high-tech product and technology export to China”.¹⁸

Continuity but also change vis-à-vis the 2003 Policy Paper was shown in various areas by the 2014 Policy Paper, with regard to multipolarity, trade and finance, human rights and Tibet.

Whereas the 2003 Paper mentioned multipolarity once, in terms of multipolarity being a structural change in the international system, the 2014 Paper used the term four times, and referred to it both as a policy by China, and as a structural process in the international system. Hence, the assertions in the 2014 Paper that “the EU is China's important strategic partner in China's efforts to pursue peaceful development and multipolarity [sic] of the world”, and that the EU and China “share important strategic consensus on building a multi-polar world”.¹⁹ The problem with this renewed emphasis by China on the importance of multipolarity in the EU-China partnership (which can imply counterbalancing US unipolarity) is that the EU has generally not seen the relationship in such balancing terms, and has stressed multilateralism instead.

Concerning economic and financial matters, the 2014 Paper suggested immediate and longer term hopes. First, it expressed hope that the EU would “actively advance negotiations of an investment agreement between China and the EU and strive to achieve an agreement as soon as possible to facilitate two-way investment”.²⁰ Second, it hoped that the two

¹⁶ W. Callahan, “Future Imperfect: The European Union's Encounter with China (and the United States)”, *Journal of Strategic Studies*, vol. 30, nos. 4-5, p. 787.

¹⁷ MFA of the PRC, *China's Policy Paper on the EU*, *op.cit.*.

¹⁸ *Ibid.*

¹⁹ *Ibid.*

²⁰ *Ibid.*

InBev-Baillet Latour Chair of European Union-China Relations



sides would “start as soon as possible joint feasibility study on a China-EU FTA”.²¹

With regard to human rights, the 2003 Policy Paper talked rather blandly of how “the Chinese side appreciates the EU's persistent position for dialogue and against confrontation and stands ready to continue dialogue, exchange and cooperation”.²² In contrast, there was a rather harder edge to the 2014 Policy Paper. The latter held that “the EU side should attach equal importance to all forms of human rights, including civil, political, economic, social and cultural rights and the right to development”, and should “view China's human rights situation in an objective and fair manner, stop using individual cases to interfere in China's judicial sovereignty and internal affairs”.²³ The 2014 Paper's talk of “judicial reform” as an acceptable administrative area of cooperation with the EU can be interpreted as China's signal for the EU not to push for unacceptable political reform, such as liberal democracy, in China.²⁴

Regarding Tibet, the calls in the 2003 Paper for the EU to refrain from any official contacts were elaborated more fully and forcefully in the 2014 Paper. Four prescriptive demands on what the EU should and should not do were now laid down. First, “the EU side should properly handle Tibet-related issues based on the principle of respecting China's sovereignty, independence and territorial integrity and non-interference in China's internal affairs”. Second, the EU should “not allow leaders of the Dalai group to visit the EU or its member states under any capacity or pretext to engage in separatist activities”. Third, the EU should “not arrange any form of contact with officials of the EU or its member states”.²⁵ Fourth, the EU should “not provide any facilitation or support for anti-China separatist activities for ‘Tibet independence’”.²⁶

Change vis-à-vis the 2003 Paper was shown in the 2014 Paper, through the appearance of new issues and areas for EU-China cooperation, such as “cyber-security”, the Arctic, “space science and civil navigation satellite systems”, or urbanisation.²⁷ The first suggested area for cooperation – “cyber-security”, although aimed at cyber-crime, is perhaps questionable in the light of China's own domestic restrictions on access to the internet, and in the light of European allegations of systematic Chinese cyber-hacking of European defence establishments. A second area – the Arctic, is a testimony to the ongoing effects of climate change in the Arctic, where global warming is melting glaciers and ice floes, opening new shipping routes. The third area for cooperation built on China's earlier involvement with the EU's Galileo satellite navigation system. A fourth area is the China-EU Urbanisation Partnership,

²¹ *Ibid.*

²² Ministry of Foreign Affairs of the People's Republic of China, *China's EU Policy Paper*, 13 October 2003, retrieved 18 June 2014, http://english.peopledaily.com.cn/200310/13/eng20031013_125906.shtml.

²³ MFA of the PRC, *China's Policy Paper on the EU*, *op.cit.*, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1143406.shtml.

²⁴ *Ibid.*

²⁵ *Ibid.*

²⁶ *Ibid.*

²⁷ *Ibid.*



InBev-Baillet Latour Chair of European Union-China Relations



which included a mention of “green buildings” and “smart transport”.²⁸ Such city-to-city transnational links add a further dimension to the already multi-level nature of EU-China links.

Conclusion

This paper started by asking to what extent President Xi's European trip and the 2014 Policy Paper on China-EU relations that immediately followed his trip, indicated new horizons in EU-China relations. It is clear that in some areas neither Xi's trip nor the 2014 Policy Paper pointed to new horizons. It was noticeable that there was no mention of a China-EU Partnership and Cooperation Agreement (PCA), neither during Xi's trip nor in the 2014 Policy Paper, despite the fact that PCA negotiations started in 2007.

China continued to highlight multipolarity in Xi's presentations to French audiences and in the 2014 Policy Paper. Nevertheless, there seem to be no signs of adoption by the EU of multipolar language. Reassurance rhetoric of win-win pragmatic cooperation continued to be emphasised by China. New horizons are suggested in some other areas as China pushes for deeper economic cooperation in the future through the signature of an Investment Partnership Agreement and a Free Trade Agreement. However, China would also seem to be now showing a greater confidence and assertiveness in dealing with European criticisms of Chinese politics. China's unwillingness to go down the road of EU-fostered political changes in China's system is not new. What was new was China's readiness to directly, explicitly and bluntly express this unwillingness, and challenge EU criticisms of China. President Xi did this by rejecting Western political systems in his speech in Bruges, while the 2014 Policy Paper did this in its prescriptive demands over what the EU should and should not do with regard to issues like Taiwan, Tibet and human rights.

To conclude, China-EU relations may then be developing in greater pragmatically-driven economic, financial, and environmental directions, even while their political directions encounter problems given their divergence over human rights and democratisation.

²⁸ D. Cohen, “‘A Peaceful, Friendly and Civilized Lion’: Xi Explains China's Rise in Europe”, *China Brief*, vol. 14, no. 7, 9 April 2014, pp. 2-3.



PUBLIC-PRIVATE INTERACTION ON SUSTAINABLE URBANISATION: EU-CHINA 'WIN-WIN COOPERATION' IN CHINESE CITIES?

Daniel Elders *

Introduction

The Chinese leadership has recognised urbanisation as a key trend for the next ten years.¹ The way this trend is managed will determine China's growth and environmental impact. How the EU contributes to this process will therefore affect, to a large degree, EU-China relations.

That a growing part of China's citizens will live in cities and towns poses several energy-related challenges. It puts additional pressure on existing grids and supply corridors, necessitating smart and interconnected energy networks, and an increase in energy efficiency. Furthermore, city growth puts strain on the environment and there should be a need to respond to growing public discontent. Yet urbanisation has much broader implications. It incorporates aspects related to internal migration, infrastructure, housing, water management, social equality and urban governance. It thus requires efforts from a broad variety of actors: governments, companies and institutions.

While EU-China relations are characterised by certain irritants, ranging from human rights and governance concerns to trade disputes, cooperation on the multi-issue theme of urbanisation may represent an area that can truly be mutually beneficial.² ZHA Daojiong states that "between China and Europe there exist two streams of interactions: one government-to-government and the other industry-led".³ This paper is an attempt to analyse the extent to which both streams of interactions have been able to maximise the impact of EU-China cooperation on urbanisation. First, we will look at the potential offered by cooperation on urbanisation. Second, we will provide a brief and preliminary assessment of its success. Third, we will analyse the relationship of the two streams of interactions. We argue that the multi-issue character of urbanisation fosters public-private synergy by giving the EU commercial leverage to bring a broader array of more sensitive issues to the table.

* Mr. Daniel Elders is a graduate of the EU International Relations and Diplomacy Programme at the College of Europe, Bruges.

¹ "Premier Li Pledges to Actively, Prudently Advance Urbanization", *Xinhua News*, 1 March 2013.

² *Ibid.*

³ D. Zha, "Energy Security in China-EU Relations; Framing Further Efforts of Collaboration", *China Institute of International Studies*, 6 December 2013, p. 16. Acknowledging the importance of public-private cooperation, we speak of 'government-led' initiatives.

InBev-Baillet Latour Chair of European Union-China Relations



Potential of cooperation on urbanisation

China's city-dwelling population will increase from 54 percent now to 70 percent in 2030, with as much as 1 billion people living in urban areas.⁴ In March 2014, the Chinese Communist Party revealed its ambitious urbanisation plan "to steer the country's urbanisation onto a human-centred and environmentally friendly path".⁵ The plan reflects a view of city-dwelling as a possible driver for economic development as China's growth model moves from one based on investment and exports to one based on domestic demand.⁶ While the focus is on social equality and urban governance, it reiterates that "[g]reen production and green consumption will become the mainstream of city economic life".⁷ Consequently, for the Chinese, technological know-how is an important aspect in bilateral cooperation on urbanisation. The Chairman of the National Development and Reform Commission (NDRC) ZHANG Xiaoqiang stated that urbanisation "needs to reflect green, intensive, smart, and low-carbon concepts".⁸ According to *The Economist*, "about a third of China's 600-plus municipalities has announced plans to turn themselves into eco-cities".⁹

It is thus with reason that the EU and China have recognised urbanisation an area of unprecedented potential for cooperation. A report by the EU-China Trade Project states that "[d]eepening cooperation on urbanisation and energy security offers the golden opportunity to maximise the value of the EU-China strategic partnership and create a truly win-win situation".¹⁰ One European External Action Service (EEAS) official calls it a chance "to get engaged in a process that offers a lot of opportunities".¹¹ Cooperation on urbanisation offers both parties five distinct advantages.

First, the EU's urbanisation is partly driven by commercial interest. Li Tie, Director General of the China Centre for Urban Development under the NDRC states that "China's mass urbanisation means a huge market, with about nine hundred million people to be urbanised within the next decade".¹² European companies are eager to offer expertise in construction, sustainable development, city planning, green transport, energy efficiency and smart grids.¹³

Second, this interest is mutual. Chinese are interested in exchanging know-how, both in terms of technologies and of best practices related to

⁴ "Building the Dream", *The Economist*, 19 April 2014.

⁵ "China Unveils Landmark Urbanization Plan", *Xinhua News*, 16 March 2014.

⁶ A. Tyner, "Can China's New Urbanization Plan Work?", *The Diplomat*, 17 April 2014.

⁷ "China Plans Investment and Reform to Ease Urbanization Drive", *Reuters*, 16 March 2014.

⁸ V. Ruan, "Li Keqiang to Focus on Smart and Green Urbanisation", *South China Morning Post*, 13 September 2013.

⁹ "Let Us Breathe", *The Economist*, 19 April 2014.

¹⁰ EU-China Trade Project (II), "EU-China Strategic Partnership on Energy Security and Urbanisation, 2010-2020: Towards a Low Carbon Economy", Beijing, 2013, p. 33.

¹¹ Interview with an official, European External Action Service, Brussels, 11 April 2014.

¹² "China Focus: China, EU Tap Market In Urbanization Partnership", *Global Times*, 24 November 2013.

¹³ "EU-China Workshop: Towards Innovative Joint Solutions for Common Urbanisation: EU-China Joint Recommendations", Foshan, 31 May 2013, retrieved 15 April 2014, http://eeas.europa.eu/delegations/china/documents/news/0-1_foshan_report.doc.

InBev-Baillet Latour Chair of European Union-China Relations



planning and governance.¹⁴ XU Shaoshi, director of the NDRC, states that “China expects more EU countries and cities as well as enterprises and organisations to establish close and practical partnership with their Chinese counterparts”.¹⁵

Third, whatever is done in Europe to counter climate change “is peanuts if we do not help China reduce its [energy consumption and greenhouse gas emissions]”.¹⁶ Tackling urbanisation is a crucial way of doing this – buildings, for instance, constitutes more than 30 percent of China’s energy consumption.¹⁷ Similarly, ZHANG Lijun, Vice Minister of Environmental Protection, states that “[t]he development of green and low-carbon cities to ensure environmental sustainability and pollution control is a common task for global sustainable development”.¹⁸

Fourth, rural-urban migration has the potential to cause social upheaval. Urbanisation is thus not an exclusively technological transition, but requires reforms concerning stronger local governance, effective law enforcement and financial structures to support capital intensive technologies.¹⁹ For Beijing, smart urbanisation is a way of curbing the side effects of rapid modernisation.²⁰ For Brussels, guaranteeing China’s political stability while increasing socio-economic equality is a key objective of government-led cooperation.²¹

Impact of cooperation on urbanisation

A top Chinese official reiterates that urbanisation is “the area where the greatest potential for EU-China energy cooperation lies”.²² To what extent has this been translated into tangible results?

A broad array of initiatives relating to urbanisation has been launched, of which the 2012 Partnership for Sustainable Urbanisation is the most important. A European Commission official lists five pillars: intergovernmental cooperation, intercity cooperation, cooperation on science and technology, cooperation in business and finance and cooperation in public participation.²³ Initiatives predominantly consist of seminars, matchmakings and joint initiatives, and are thus mostly indirect ways of linking European

¹⁴ “Premier Li Pledges to Actively, Prudently Advance Urbanization”, *Xinhua News*, 1 March 2013.

¹⁵ “China Focus”, *op. cit.*

¹⁶ Interview with official 2, DG Energy, European Commission, Brussels, 14 April 2014.

¹⁷ EU-China Trade Project (II), *op. cit.*, p. 18.

¹⁸ “EU Conference Organised by the National Development and Reform Commission (NDRC) and the Europe-China Partnership for Sustainable Urbanisation: Report of the High-Level n Commission Directorate General for Energy”, *Friends of Europe*, Brussels, Summer 2012, p. 17.

¹⁹ Shin Wei NG and N. Mabey, “China’s New 2020 Reform Agenda: What it Means for Europe”, *E3G*, 17 December 2013, retrieved 12 April 2014, <http://www.e3g.org/library/chinas-new-2020-reform-agenda-what-it-means-for-europe>.

²⁰ Interview with an official, External Action Service, *op. cit.*

²¹ Interview with official 2, DG Energy, European Commission, Brussels, 14 April 2014.

²² Interview with official 1, Mission of the People’s Republic of China to the European Union, Bruges, 24 April 2014.

²³ Interview with official 2, DG Energy, *op. cit.*

InBev-Baillet Latour Chair of European Union-China Relations



companies to Chinese counterparts in order to make profitable partnerships where entering the market would otherwise have been difficult.²⁴

EU officials report a very positive and cooperative atmosphere.²⁵ A Commission official states the EU is the chief international actor on the ground working on cities, while an EEAS official argues that the EU has functioned as a model for sustainable urbanisation.²⁶ The Chinese Communist Party has issued a roadmap for comprehensive reforms that reflects a shift in from focusing predominantly on technical quantitative measures – large-scale relocation of citizens and construction of new buildings – to a more comprehensive approach that takes into account the qualitative aspects of urbanisation. These include city planning, transport, waste management, urban facilities and even governance.²⁷ Although this rhymes with a broader shift in policy focus and cannot be seen as only the merit of the EU, officials argue that this model for urbanisation is essentially a European mould.²⁸

Still, several issues continue to complicate cooperation. On the European side, a multiplicity of Member States and institutions are “hiding info, openly competing and giving an overall bad impression”.²⁹ Duplication of Union-level initiatives by Member States has led to a colourful patchwork of urbanisation agreements and economic missions, some of which may be incoherent and others without sufficient follow-up.³⁰ Similarly, there seems to be little coherence and a considerable amount of intra-institutional rivalry on the Chinese side.³¹ “We are weak, but the Chinese are often weaker”, says one EU official.³² Furthermore, Chinese officials still frequently ask for financial compensation, insisting on their status as a developing country. This does not coincide with the frequent repetition of a partnership based on equality and mutual benefit.³³

Despite friction, however, the ability of urbanisation-related initiatives to mobilise both public and private sector actors has been surprisingly successful. The multi-issue nature of the theme has allowed the government-led and industry-led streams of interactions to strengthen each other. In the words of Markus Ederer, former EU Ambassador to China:

All levels of governance: EU institutions, Member States, provinces and cities will be mobilised. In parallel with governments, other stakeholders:

²⁴ Interview with official 1, DG Energy, *op. cit.*

²⁵ Interview with an official, European External Action Service, Brussels, 11 April 2014.

²⁶ *Ibid.*

²⁷ *Ibid.*

²⁸ *Ibid.*

²⁹ Interview with an official, External Action Service, *op. cit.*

³⁰ “Li’s German Tour Promotes Strategic Partnership, Co-Op”, *China.org.cn*, 28 May 2013, retrieved 5 April 2014, http://www.china.org.cn/world/2013-05/28/content_28949145.htm.

³¹ *Ibid.*

³² Interview with official 1, DG Energy, *op. cit.*

³³ Interview with official 2, DG Energy, *op. cit.*

InBev-Baillet Latour Chair of European Union-China Relations



the business sector, researchers and academics, civil society are all invited to contribute.³⁴

Creating linkages: synergy between two streams of interaction

While industry-led initiatives pursue technology-based projects such as eco-cities and smart grids, government-led exchanges stress social and governance-related challenges. It is thus important to unravel this ambiguity and clarify the connections between both streams of interaction.

At first sight, the focus of the initiatives appears puzzlingly broad. One Commission official states that the EU focuses predominantly on energy-related business opportunities.³⁵ Another emphasises the importance of governance, stating that energy is much less important – the main problem is the migration of 50 million people in need of minimum governance assistance, clean air and drinking water.³⁶ A third official states that, from a European perspective, urbanisation cooperation is about governance, but adds that industry-led initiatives overwhelmingly focus on commercial opportunities related to smart cities and new energy. As a result, whereas technology might not be at the basis of the urbanisation problem, the largest part of bilateral interactions is based on technological, rather governmental best practices. Chinese counterparts are interested especially in doing business.³⁷

The urbanisation theme thus combines a myriad of issues. Most importantly, by providing the fundamental drive to EU-China cooperation, industry-led exchange on a relatively uncontroversial topic as urbanisation puts governments in a stronger position to talk about more sensitive, non-energy-related issues, such as systems of management, governance, civil participation and the rule of law. In other words, the EU is able to create linkages that allow it to discuss a broader array of issues from a strictly functional point of view.

Urbanisation thus enables the EU to include its prized governance-related norms in a relatively non-politicised environment. It functions as a useful slippery slope: since focus on the qualitative aspects of urbanisation means how to manage cities, initiatives thus include exchanges on regulation. Next, the EU may incorporate more delicate policy areas. Attempts to establish a dialogue on the rule of law have even been linked to urbanisation.³⁸ Does the EU then create goodwill for tackling more sensitive issues through win-win cooperation? “We hope”, says one EEAS official.³⁹

EU-China cooperation on urbanisation has the potential to grow into an engagement in which both parties truly have equal interest. This represents

³⁴ M. Ederer, “Keynote address by EU Ambassador to China, Markus Ederer: China Goes Urban: Opportunities in Urbanisation”, Speech, Conference Co-Organised by EUCCC and Danish EU Presidency 2012, Beijing, 27 June 2012.

³⁵ Interview with official 1, DG Energy, *op. cit.*

³⁶ Interview with official 2, DG Energy, *op. cit.*

³⁷ Interview with an official, European Commission, Brussels, 14 April 2014.

³⁸ Interview with an official, External Action Service, *op. cit.*

³⁹ *Ibid.*

InBev-Baillet Latour Chair of European Union-China Relations



a landmark shift in EU-China relations.⁴⁰ The EU is “entering in a system where [it is] getting influence”.⁴¹ An official at DG Energy comments that “[n]ever before has China accepted such a high-level partnership on how things are organised”.⁴² Moreover, we can expect the trend of integrating governance-related issues in areas of commercial win-win cooperation to continue. Shin Wei NG and Nick Mabey state that the growing importance of China's domestic market will “reinforce the current shift in the focus of relations with the EU away from trade and towards broader political and economic governance issues”.⁴³

Conclusion

China's urbanisation represents unparalleled opportunities to generate a public-private symbiosis that helps both sides to see eye to eye. On the one hand, China's urbanising efforts present a vast amount of opportunities for industry-led exchange. These include the smart cities, alternative energy sources, smart grids, green transport, waste management and energy efficiency that Chinese local governments and private enterprises have shown interest in. On the other hand, urbanisation presents challenges related to a broad variety of subjects to be discussed at a governmental level. Examples include local law enforcement, civil participation, city management, urban-rural social equality – and even the rule of law.

The EU could be able to use goodwill created by commerce and the exchange of technological know-how to discuss more sensitive issues related to governance. Initiatives have succeeded in mobilising a broad array of different actors, ranging from EU institutions and Member State governments to cities, research institutes and companies.

Urbanisation projects thus have high potential to foster synergy between government exchange and industry trade. This concerted public-private effort could facilitate low-cost deployment of clean energy, reduction of scarcity-related friction and an adequate response to environmental pollution. This will serve to deepen EU-China trust, provide economic opportunities and combine efforts to combat climate change. If there is one place where EU-China cooperation can truly be ‘win-win’, it is in China's cities.

⁴⁰ Interview with official 2, DG Energy, *op. cit.*

⁴¹ *Ibid.*

⁴² Interview with official 1, DG Energy, *op. cit.*

⁴³ Shin Wei Ng and Mabey, “China's New 2020 Reform Agenda”, *op. cit.*