Table of contents

1. THE EU AND CHINA: GROWING EXPECTATIONS, GROWING CHALLENGES  
James Moran ........................................................................................................... 2

2. ACHIEVEMENTS AND FUTURE OF CHINA-EU RELATIONS  
Song Zhe ................................................................................................................ 6

3. THE ECONOMIC CRISIS AND A NEW BALANCE OF POWER?  
David Fouquet ....................................................................................................... 10

4. G-20 LONDON SUMMIT: AFTER THE DUST HAS SETTLED  
Stanley Crossick .................................................................................................. 16

5. OPENING SPEECH OF THE INTERNATIONAL WORKSHOP ON EU-CHINA PARTNERSHIP  
Pierre Defraigne ............................................................................................... 22

6. A BRIEF REPORT ON THE INTERNATIONAL WORKSHOP ON EU-CHINA PARTNERSHIP ......................................................................................... 27

7. CALL FOR PAPERS .......................................................................................... 28

The 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

Professor Jing Men: jing.men@coleurope.eu, Tel. +32-50-477258  
Giuseppe Balducci: giuseppe.balducci@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
THE EU AND CHINA: GROWING EXPECTATIONS, GROWING CHALLENGES

James Moran

Europe recognises China as one of its most important partners on the world stage. The EU-China strategic partnership, which helps bolster the multi-lateral system, is rapidly becoming one of Europe’s key relationships. With the strengthening of these ties come growing expectations from both sides and also bilateral and global challenges.

From the standpoint of the EU, the Sino-European relationship, based on shared interests, equality and mutual respect, where possible shared values, and spurred by growing interdependence, is strong. While working to reach common goals it is robust enough to overcome differences due to geography, history, culture and politics. Moreover, with concerted and sustained efforts by both sides the EU and China have a chance to successfully turn challenges such as the recent global economic crisis and environmental concerns into opportunities.

A strong web of political, commercial and increasingly cultural links bind the leaders and citizens of EU and China together.

Political relations

The hallmark of relations between China and the EU continues to be engagement. Just 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.

Over the last two years, both sides have been negotiating a new EU-China Partnership and Cooperation Agreement and while there is still a way to go, significant progress has been made. When it is signed, that Accord, when coupled with the reforms that it is hoped will come with the passage of the Lisbon treaty, should enable both sides to put the relationship on a sound legal basis and take the relationship to a new and higher level.

The postponement of the 11th EU-China summit last November was certainly a setback, but both sides have moved quickly to put this behind them. The successful visit of Premier Wen to European Commission on 30 January reaffirmed the importance of EU-China relationship and was followed by the signature of nine agreements. The EU looks forward to the 11th summit in Prague on 20 May, to be followed by a second summit before the end of 2009 hosted by China. The agenda, which will tackle bilateral as well as global issues, shows that China and the EU need each other as never before.

* Mr. James Moran is the Director for Asia of DG External Relations, European Commission.
Commissioner Ferrero-Waldner’s visit to China on 29-30 March added further momentum to bilateral relations, paving the way for the High Level Economic and Trade Dialogue meeting in Brussels on 7-8 May and the Prague summit. The Commissioner was warmly received by the Chinese leadership, allowing substantive discussions on EU-China relations, the global economic crisis and foreign policy issues.

**Trade**

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 2009 China will remain Europe’s second trading partner, while the EU will be China’s first partner.

In 1999, the sum of imports and exports was €72 billion. By 2008 this figure had more than quadrupled to €326 billion, with Chinese imports into Europe worth €248 billion and European exports to China worth €78 billion. By 2007 the stock of European Foreign Direct Investment in China (including Hong Kong) rose to €125 billion, whilst Chinese investment into Europe, which creates jobs and market opportunities, totalled €20.6 billion.

Above all, Europe sees China as a globalisation success story not a globalisation scare story. When conditions are right, trade with China provides tremendous business opportunities for EU companies and competitive products for European consumers. It is worth recalling that China’s policy of opening up 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 products and services.

That said, what are the immediate common global challenges that the EU and China face? These are threefold, namely the financial crisis, climate change and security threats. 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.

**Financial crisis**

The financial and economic crisis has given a sharp reminder to all of just how interdependent the world has become and the degree to which a coordinated response is needed, not least by the EU and China, who both are key players in the economic and trade field. 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 G-8 and other fora for international cooperation on this crucial matter. 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 586 billion US$, 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.

**Climate change**
This crisis offers an opportunity to find new approaches to development that bring together energy efficiency, pollution reduction and reduced greenhouse 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.

Last year both sides jointly established a centre for clean energy technologies in China. This year China and Europe will conclude joint research, which has been going on for three years, setting the stage for carbon capture and storage demonstration projects.

Both the EU and China want a successful conclusion at the Copenhagen summit scheduled at the end of this year. The EU appreciates China’s constructive approach to the negotiations and hopes to deepen this engagement at the upcoming summit.

**Security threats**
The EU and China are also important emerging foreign policy actors, actively involved in peace keeping operations around the world and hold similar views on the need to fight weapons proliferation, where bilateral and multilateral cooperation has been intensifying. Both are addressing critical regional security challenges such as in Afghanistan/Pakistan, the Middle East and in Africa. The EU is a strong supporter of the six party talks on the DPRK nuclear issue where as the Chair, China has invested much effort in trying to resolve this difficult problem. China is also emerging as a major global investor and donor in its own right, notably in Africa, and the two sides are looking for ways to better collaborate there both in terms of the development agenda and security threats.

**Differences**
It is true that Europe and China may disagree and have different views on some issues. The Strategic Partnership is not about thinking alike on each and every matter; it is more about being able to frankly discuss and wherever possible solve differences. Good friendships are open and honest.

The breadth and depth of exchanges has developed enormously in recent years. Whereas a decade ago there was a large degree of ignorance about where they were coming from now there is far better mutual understanding. That said, 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.
Some issues are based on misunderstandings and are easily solved. Others relate to important principles. Here, there is a need to further deepen the dialogue, and the 27th round of the Human Rights Dialogue which took place in Prague a week before the summit, has contributed to this process.

When China and Europe join forces they carry the aspirations of 500 million Europeans and 1.3 billion Chinese people with them.

It is apt to recall a Chinese phrase 共克时艰 gong(4) ke(4) shi(2) jian(1), which means “to overcome difficult times together.” The 11th EU-China summit will be an opportunity to put these words into practice and respond to our citizens’ fears, and hopes. Knowing the stakes involved, I am confident that both sides will ensure that it is an opportunity that will not be missed.
ACHIEVEMENTS AND FUTURE OF CHINA-EU RELATIONS

SONG Zhe*

China-EU relations represent an important and unique bilateral relationship in contemporary international relations. As the biggest developing country and the biggest group of developed countries, each representing the East and the West civilization, China-EU relations serve as a fine example of the development of relations between countries that have different social systems, development models and different stages of development.

Review of the past is guide to the future. Taking stock of China-EU relations and its achievements over the past decades will help us usher in an even better future.

This year marks the 60th anniversary of the founding of the People’s Republic of China. During this period, relations between China and Europe have gone through 4 stages. The first stage went from the early days of new China to 1963. At that time, the iron curtain of the cold war divided the world into two opposing blocs. The development of China and Europe went along the Eastern and Western tracks. As a result, their relations were subject to the two Superpowers. The second stage started from 1964, when China and France established diplomatic relations, till the middle and late 1970s. By resisting hegemony, China and Europe identified opportunities of cooperation. China established diplomatic relations or normalized relations with most Western European countries during this period. The third stage started in 1975, when China and the European Communities established official relationship, and lasted through the late 1990s. China’s adoption of reform and opening up in 1978 ushered its relations with Europe into an active stage of growth. At the same time, differences over human rights and values began to emerge. After the political disturbance in Beijing in 1989, China-EU relations experienced serious twists and turns. The 4th stage went from 1998 till the present time. China and the EU have established an annual summit mechanism. China-EU relations have achieved jumpstart development, moving from a constructive partnership of long-term stability for the 21st century, to a comprehensive partnership, then to the present comprehensive and strategic partnership, with all-dimensional, wide-ranging, and multi-level cooperation of mutual benefit. Thus, China-EU relations have entered a most extensive and fruitful stage of development in history.

Looking back at the course of the China-EU relations, one can easily come to the conclusion: China-EU relations are driven by the trend of the times and their respective needs for economic and social development, it is also the natural requirement for maintaining world peace and development.

* Mr. SONG Zhe is the Ambassador of the Chinese Mission to the EU.
The political foundation of China-EU relations has grown in strength. From the entry into diplomatic relations between China and Bulgaria, the earliest in East Europe, and with Sweden, the earliest in West Europe, to the full relations with the European Communities, and then to the comprehensive and strategic partnership, China-EU relations have always received the serious attention and efforts by generations of leaders and people on both sides. China and the EU have always drawn on each other's strength and been important political partners of each other. Chinese leaders always view and handle China-EU relations from a strategic perspective, support European integration, and welcome a more active and constructive role of the EU in international affairs. Many European leaders, on their part, have strategic vision on the important position and role of China on world stage and support China’s reform and opening up. China and the EU have common or similar views on many key issues concerning the outlook on world order and security. Both stand for a multi-polar world and multilateralism. Both want to maintain and strengthen the authority of the UN. Both support diplomatic and peaceful settlement of international disputes and oppose the use of force. All these constitute the firm political basis for China-EU relations, while representing a major positive factor for world’s peace and development.

The common interests have been expanding. Economic cooperation and trade was a major policy consideration for European countries, including the European Communities, when they took decisions on diplomatic relations with China. That has also continued to be an important driver of China-EU relations. Since China’s reform and opening up, China-EU trade and economic cooperation has grown rapidly and continuously. China has provided huge markets and labour resources for Europe, whereas the EU has provided a great deal of capital, technology and management experience valuable to China’s reform and opening up and economic construction. In 1975, China-EU bilateral trade volume was only 2.4 billion US dollars. In 2008, it reached 425.6 billion, increasing by 177 fold, and up by 19.5% than the previous year. Today, the EU is China’s biggest trading partner, export market, technology supplier and the fourth biggest investor. China is the EU’s second largest trading partner. Since January this year, the EU has, for the first time, replaced Japan as China’s biggest source of import. This is remarkable against the backdrop of the international financial crisis.

With their respective development and changing international situation, China and the EU are seeing their common interests growing beyond trade and business. From bilateral to multilateral, from politics to security, from hot-spot regional issues such as middle east and North Korea to global challenges including anti-terrorism, WMD, climate change and Financial crises, China-EU cooperation is everywhere. It’s fair to say that the common interests between China and the EU have never been so extensive and the foundation for China-EU cooperation has never been so strong.
The basis of public opinion has been consolidating. As the cradles of two brilliant and ancient civilizations, there is a long history of mutual admiration, mutual learning and exchange between Chinese and European peoples. The huge economic success and social progress made by China, as well as the EU, have increased the desire on both sides to know more about each other and get closer to each other. The good momentum of growth in relations, particularly the ADS agreement signed in 2004 made people-to-people contacts much easier and more convenient. Each year, about 1 million Chinese travel to Europe and more than 6 million European citizens visit China for tourism, business, study or work. The scale and intensity of people-to-people exchange have reached an unprecedented level. China has set up cultural centres in France, Malta, Germany and Spain and more than 60 Institute of Confucius in Europe. The EU has partnered with 10 cities and 20 universities and research institutes in China to establish European centres. The two sides have launched China-EU language, cultural and educational exchange programs. Since 2007, the Chinese government has begun to provide full scholarship to 100 young students from EU countries each year for five consecutive years. The National People’s Congress of China and the European Parliament have regular mechanisms of visits and exchange. The exchange between the think tanks of the two sides is increasingly active.

Frankly speaking, the development of China-EU relations is not always smooth-sailing. Due to differences in history, culture, tradition, social system and economic development level, there are at times frictions, twists and turns in bilateral relations. But facts have proven that China and EU have far more common interests and shared needs than differences or disagreements. The two sides have already established a series of effective dialog and consultation mechanisms. Through these mechanisms, and based on the principle of equality, the two sides can enhance mutual understanding and trust, properly handle differences and contradictions and ensure the healthy and stable development of their relationship.

The world today is going through historic changes and readjustments. The financial crisis, once in a century, has hit hard the world economy, including that of China and EU, and is exerting profound impacts on the world’s political, economic and security configuration. Together, China and EU account for one third of the world’s GDP and one fourth of global trade. The new situation has increased the necessity and urgency to expand and deepen China-EU cooperation, highlighting the global and strategic significance of that relationship.

The successful visit by Premier Wen Jiabao to Europe in January this year, not only demonstrated the firm resolve of China to cooperate with the world, ferry the same boat and jointly tackle the financial crisis, but also showed the strong desire to work hand in hand to continue to advance China-EU comprehensive and strategic partnership. In the first half of this year, there will be a series of major events including the 11th China-EU Summit and the 2nd China-EU high-level economic and trade dialog. We will continue to
view and handle China-EU relations from a strategic and long-term perspective, conduct effective communication and coordination and expand mutually beneficial cooperation. We’re ready to work with the EU to consolidate and deepen China-EU comprehensive and strategic partnership in the process of going through difficult times. This not only meets the interests of China and the EU, but will also contribute to world peace and development.
THE ECONOMIC CRISIS AND A NEW BALANCE OF POWER?

David Fouquet∗

In the more than six months since the near-collapse of the established world economic order, frantic efforts by all major powers have aimed to restore their own systems and maintain stability, but attention should also focus on whether the future positions and roles of these powers and whether the global economy will ever be the same.

Europe, China, the USA, Japan, Russia, India, most of ASEAN and others have all been seriously affected by the plunge in many of the former drivers of their past economies (production, consumption, sales, trade, credit, profits, FDI and jobs have plummeted virtually everywhere) and have adopted plans and measures aimed reversing this historic recession. Questions and forecasts have tended to concentrate on when these individual and collective actions will correct the course.

But fundamental uncertainty remains concerning, not only the timing in all cases, but also whether all these economies will be able to revert to their previous economic and political rank in the world hierarchy, an already inexact science in the past. Speculation and doubt abounds about whether the crisis and questioning of previous economic models presents an opportunity for reforms and more sustainable development. Another uncertainty must also focus on whether global economic patterns will be restored as before, or whether “globalisation” will be tempered, undermined or replaced by new emphasis on national, regional or other forms of coordination, cooperation or rivalry.

A closer analysis of the recent interaction between Europe and China, as well as others in this drama, is both instructive and perhaps illustrative of patterns to come. A preliminary conclusion, involving not only the impact of the economic crisis, but also of other sometimes internal factors, could be the rise of China, accompanied by the equally well-documented stagnation or even decline of Europe, and the consequence for their bilateral relations.

Some outlines of this adjustment seem evident in recent relations, with some analyses suggesting a new type of bipolar world of two superpowers in Washington and Beijing, while other visualise a role for Europe in a new triumvirate, or others point only to China and the so-called “Beijing consensus” emerging as dominant.

China seemed to have adopted a multi-faceted response to the crisis and both domestic and international appeals. On the one hand it adopted a domestic stimulus which, although widely criticised and discounted as mostly composed of previous plans, nevertheless seemed to

∗ Mr. David Fouquet is the Director of the Asia-Europe Project.
go much of the way toward pacifying its public and the economic community. In April some economic indicators even began suggesting more improvement in its economy. In addition, it also reached out, first to the Asia region, then to other partners, including the US and Europe. At another level, it also began showing an interest and playing a role in the debate over the future of global economic governance in the international financial institutions and systems. And many public figures throughout the world and China itself have also strenuously appealed for China to change its past model of export-driven economic growth for a more domestic demand-driven pattern of development.

In October, shortly after the global financial and economic storm was ignited by the failure of Lehman Brothers bank in the US, a quirk of the international diplomatic calendar found 45 heads of state and government from Europe and Asia meeting for their seventh such ASEM summit in Beijing. Europeans were quick to pointedly suggest to their Chinese hosts the urgent need for international solidarity, cooperation and action to cope with what was instantly recognized as an economic conflagration the likes of which the world had not witnessed for decades and lifetimes. The intended message was that China, as probably the main beneficiary of the recent decades of globalization and the holder of a vast treasure-trove of foreign exchange reserves resulting from its trade surpluses, had a special responsibility and role to play in aiding the rest of the world.

Chinese declarations at the ASEM meeting and subsequently at the first G-20 summit and finance ministers’ meetings put Beijing’s emphasis on the need for China to maintain its own economy and recovery as the most important contribution to the rest of the region and international community. During this new crisis period, China’s role in the international economy again became a focal point of global attention, much as it was during the previous financial and economic crisis that gripped Asia in 1997-98. Then, as now, the dominant, if not the biggest, economy of the region was transformed into the possible motor of a desired recovery and the potential leader of Asia’s new status in the global political economy.

Once it became apparent in late 2008 that China would also be a victim in this economic crash, the country’s leadership, both at the national and provincial level, rapidly announced massive stimulus plans. While Beijing aimed at longer-term public benefits through social, educational and health spending, most provincial authorities seemed to seek more rapid payoff through infrastructure and construction, rushing approval for projects foreseen in previous or forthcoming master-plans, sometimes contested by public or environmental pressure.

China embarked on a series of innovative initiatives that have not only addressed some of its own domestic challenges and deficiencies, but quietly and firmly illustrated its possible new role on the regional and global financial and economic order. Even with the increased attention on China, some of these have been under-reported and acknowledged.
The period between the first G-20 crisis meeting in Washington in November 2008 and the second in London in April 2009, witnessed China playing a key role in the agreement for enhanced Asian currency swap arrangements that had their origin in the first crisis a decade earlier. A Chinese loan to Russia for a pipeline and energy deliveries was another method that combined with obvious self-interest. It also offered special funds amounting to $19 billion for Taiwanese firms present in mainland China, negotiated bilateral currency swaps totalling $95 billion with several countries ranging from Indonesia and South Korea nearby to Argentina and Belarus, that could result in more trade being conducted with these partners in the Chinese currency. The World Bank in April said that in addition to the total of $700 billion recovery plans adopted by Asian governments, China’s possible domestic recovery should aid the region in general. Internationally, perhaps first and foremost, China confirmed its established status as a key partner and primary lender of the US by continuing to purchase vast amounts of US Treasury and other debts. But it was accompanied by Premier Wen’s strong signal about US economic policy March 14 at the close of the National People’s Congress meeting in Beijing. “We have lent a huge amount of money to the United States,” he remarked, referring to the estimated 70% of China’s €1.5 trillion foreign exchange reserves invested in US securities, “To be honest, I am a little bit worried. I request the US to maintain its good credit, to honour its promises and to guarantee the safety of China’s assets.” China also pledged a loan of $40 billion to the International Monetary Fund as part of the Fund’s larger role in assisting the numerous countries victim of the new crisis. As part of the overarching quid-pro-quo in this new relationship, Chinese leaders have also been taking a more active and even leadership role in the discourse on the possible future world economic order. Chinese Central Bank Governor Zhou Xiaochuan suggested the use of the IMF’s Special Drawing Rights (SDR) as a possible new world reserve currency to replace the US dollar.

The relationship between China and Europe in this phase has been largely unrecognized but significant for the two and possibly also instructive as an example of inter-regional cooperation between the two shores of the Euro-Asian continent. Prime Minister Wen’s high-profile visit to the Davos Economic Forum in Switzerland, as well as elsewhere in Europe represented strong signals of China willingness to engage with Europe. Commerce Minister Chen De Ming’s leadership of a large delegation to four European countries to negotiate and place orders estimated at some $14 billion in total turned the previous expressions of good will into concrete terms that generated jobs and revenue for European enterprises ranging from Airbus and Mercedes to others.

And Chinese leaders and diplomats also announced plans for another voyage by Chinese interests soon aimed at negotiating possible investments, mergers or acquisitions in Europe.
On the downside, the EU has earned a reputation, even to Nobel laureate Paul Krugman, for inadequate, fragmented and protectionist responses to the crisis. It was also widely noted that virtually all measures were taken at the national level, and the EU rebuffed Iceland, Ukraine, Hungary and sent them to the IMF or elsewhere for rescues. UK demonstrations against foreign workers reinforced this image even in Europe. Ireland has also suffered and been reconsidering its own once-prized model of openness and growth. The difficulties in navigating amid the cross-currents were evident, especially as British Prime Minister Gordon Brown on March 25 made what was said to be his most pro-European speech ever in Strasbourg, saying Europe was “uniquely placed to lead the world” at the same time that British Central Bank Governor Melvyn King was stating that England itself could not afford a new stimulus plan. And, of course, a constant theme in the month preceding the European and G-20 summit was the German reluctance to indulge in comparable stimulus measures for fear such vast outlays could increase debt and inflation.

As a related consequence of the crisis and new balance of power relations between China and the EU, it could be expected that Beijing will be more insistent over some issues in dispute, such as the EU’s long refusal to grant Market Economy Status to China and the related issue of what Beijing regards as the EU’s excessive use of anti-dumping and other trade-defence mechanisms against Chinese imports and policies. Removal of the long-standing EU arms embargo on China may also figure prominently in Chinese economic demands and negotiation of a new bilateral Partnership and Cooperation Agreement.

The preoccupation with the crisis has interrupted, if not completely cancelled out the irritation and accusations between the EU and China, as well as the US and others, over allegations of unfair trade practices, currency manipulations, discrimination or subsidies.

Such issues have been to a large extent held in abeyance, pending a more complete evaluation of the effects and damage across the globe. Although the data and statistics of the catastrophe cascade daily, it is still insufficient and unclear how each country, industry or enterprise will finally be affected. Some could be irremediably reduced, others could benefit from the consolidation, while other struggle to recover while avoiding social or political instability. Some observers also suggest that the future of capitalism is at stake, with other models, emerging from Beijing or elsewhere, in ascendance.

This situation and the possible geo-strategic shift in the balance of power it may presage, have either been preceded or followed by considerable debate and attention on the path and strategies to be adopted by China.

A new best-selling book in China, entitled “Unhappy China,” a collection of essays by five Chinese scholars, has provoked controversy and attention, both inside the country and internationally, with a message that is seen as nationalist and assertive as it urges the country to lead the world.
“From looking at the history of human civilization, we are most qualified to lead this world; Westerners should be second,” the book says.

Although attacked by official media as running counter to the policies of peaceful and harmonious development and relations, it has not been censored and its rhetoric coincides with a period of increased involvement by China as a rising presence in international affairs both politically and in reaction to the global financial and economic crisis. But various Chinese scholars and analysts have recently adopted a more nuanced opinion regarding China’s power and interests.

As part of this discourse, other voices have gone so far as to point to a new alignment of “G-2” illustrated by the first brief summit encounter by Chinese President Hu Jintao and the new US President Barack Obama before the G-20 gathering of world powers in London. A corollary debate has also surfaced within China about whether China should seek a fundamental remodelling of the world order or accept a process of co-management with the US.

The Economist magazine of London, in its April 11, 2009 issue, gave some insight, remarking “For China the purpose of the G-20 summit in London on April 2nd was as much about nudging into place a new alignment of global power as it was about solving the world’s economic problems.”

The elevation of China as a new leader of a rising Asia has also been tempered, for example, by Shaun Breslin of Warwick University in the Asian Journal of Public Policy, March 2008, “Why Growth Equals Power, and why it shouldn’t: Constructing Visions of China,” underlines that while the country’s growth and Gross Domestic Product rate it as a leading power, its per capital GDP place it as 107th or 128th in the world, “below Kazakhstan, Namibia, Tonga, Iran, Equatorial Guinea, Thailand, Costa Rica and many others.” Breslin adds that “Whilst what China might become at some point in the future is the focus for some, there is already a school of thought that conceives of China as already having great power in the global political economy, and a larger school that suggests that the assumption of power is inevitable.”

Against this background and the evident period of global uncertainty and challenge, these phenomena give rise to questions and analysis of the interplay of the rising and past powers.

The current global crisis has indeed called into question the previous models and power-centres of economic and political development in the West and raises the issue of what new order and relations will emerge between China and its Asian neighbours and with the US and Europe. There is reason to also question whether the previous period of globalization may be redefined or even terminated, to be replaced by either consolidation into regional or national introversion or a new phase of interdependence and solidarity.

One virtual certainty is that EU-China economic relations have been and will continue to be radically affected by this crisis and its aftermath. Bilateral trade will undoubtedly plunge significantly from the €400 billion figure...
it registered in recent years and European foreign direct investment will also probably be nowhere near its recent levels. Supply chains and demand patterns will be curtailed or in some cases broken altogether.

One stern evaluation of the current state of EU-China relations was issued by the European Council on Foreign Relations April 17. The latest Council report, written by Francois Godement and John Fox, experienced academics and diplomats respectively, says “China is exploiting the EU’s divisions and treating the 27-state bloc with ‘diplomatic contempt’ on issues ranging from trade to the Dalai Lama. Following the failure of the EU to put united demands to China at the G20, it is essential that the EU strikes tougher bargains with Beijing and uses the levers at its disposal- otherwise it will be outmanoeuvred at next month’s EU-China summit in Prague.”
G-20 LONDON SUMMIT: AFTER THE DUST HAS SETTLED

Stanley Crossick∗

Now that the dust has settled, the results of the much heralded G-20 summit in London on 2 April can be reviewed.

There is consensus that there are grave, linked economic and financial crises. There is no consensus on their causes nor on their breadth or depth. And if there is no agreement on the problem, it is not surprising that there is a diversity of views as to solutions.

There are differences in overall approach, ranging from the US throwing large sums of money at the problems which it hopes will stimulate the economy; to the cautious approach of Germany, not increasing the stimulus package until it sees whether the earlier package is working. Developed and developing countries obviously have different priorities, which makes it significant that they could all agree the final communiqué.

The most important result of the summit that there was eventual agreement. Failure would have led to more loss of confidence, a vital factor in ending the crises. Indeed, the symbolism of the occasion may well have been more important than the substance.

The meeting did not result in any fundamental changes, but the financial and stock markets rallied and some of the gloom has dissipated. Fears of a financial collapse in a euro member country (in particular, Greece and Ireland) or the falling apart of the euro zone itself have almost disappeared. The decision to increase the capital of the International Monetary Fund (IMF) by $500 billion has given hope to a number of countries in Central Europe and elsewhere. Finally, the action being taken by the US to assist their banks in disposing of their toxic assets and obtaining unlimited liquidity from the Federal Reserve, has calmed down the financial markets.

Most importantly, there has not been any serious social and political unrest. Industrialised countries have increased the collaboration between their social partners. However, unemployment continues to rise. China and some other developing countries will increase their GDP in 2009, but most developed and developing countries will register declines.

Critically important financial reforms have not yet been put into place. The G-20 has so far only managed to identify the issues.

London effectively marked the end of the G-8 and the beginning of a new era in country relationships, with the G-20 coming into its own. Brazil, China and India at last have seats at the top table.

∗ Mr. Stanley Crossick is Senior Fellow of Brussels Institute of Contemporary China Studies, VUB and the Founding Chairman of the European Policy Centre.
Any impact of the London Summit on the global economy in the short term is unlikely. No major improvement is foreseen before the G-20 meeting (technically an expanded G-8 summit) to be held in Italy in mid-July. When eventually the recovery takes place, it will not be possible to assign the progress to a single meeting or policy.

**Winners & losers**

China came out of the summit well, as symbolised by President Hu Jintao standing in the official photograph immediately to the right of the host, Gordon Brown. It has risen in influence: without China little can be achieved. Beijing has changed from a passive observer to an active global power. The country is seen as a key player, having regard to its size and rising share in the global economy, and three decades of economic reform. It will contribute $40 billion towards the IMF’s capital increase and rightly seeks an increased share of voting rights.

The extent to which China will be able to drive the financial markets in the future depends on how profound the affect of the crises and how it copes with it.

The proposal by Governor Zhou of the People Bank of China to switch the basis of the international monetary system based on the U.S. dollar to one based on SDRs (special drawing rights) was very interesting.

Russia, on the other hand, loses its privileged position as the only ‘unqualified’ member of the G-8. Its influence is likely to be far less in the G20. The country also suffers from a failure to diversify from the energy field, inefficient financial institutions and a corrupt judicial system.

The European Union achieved in London agreement on strengthening the international financial institutions and the governing regulations. However, it will lose some influence in the IMF because of the increased participation of China. Unless the EU gets its own act together, speaks with a single voice, shows solidarity between old and new Member States and avoids protectionism, it will continue to lose influence.

The US has lost some influence as the crises began there, but President Obama played a highly responsible role in London and did not browbeat the Europeans on the size of their incentive packages and their refusal to increase IMF’s resources by the amount Washington wanted.

The final communiqué combines the European, American and Asian voices. The European influence is to be seen in the decision to establish the new Financial Stability Board to ensure that the problem of inadequate regulation and supervision of the financial sector is resolved. The US was behind the emphasis on together restoring global growth. The decision to expedite the giving to developing countries more voting power in the IMF at the same time as tripling IMF resources was very much due to the Asian voice. Above all, the mix of voices reflected in the London Summit communiqué represents substantial progress compared to the pre-crisis pattern where the
voices of the G-7 countries, or more narrowly the United States and Europe, crowded out others.

**Hope springs eternal**

President Obama US President and the Federal Reserve’s chairman, Ben Bemanke have both recently stated that they saw signs of progress towards economic revival in the US. Whether or not this is solely “coordinated optimism” cannot be judged, although it would be surprising if Obama unnecessarily put in question his credibility. On the other hand, hope and confidence are badly needed and are, in themselves, driving forces.

Very recent data from China indicate that heavy government spending has already improved the economy. GDP growth of “only” 6.1% was recorded in the first quarter of 2009. The worst period appears to be at an end, but this cannot be assured yet.

**EU-China cooperation**

To what extent is there greater cooperation between the EU and China in facing the economic and financial problems? What will the effect of the current crisis be on EU-China relations?

The subject will clearly be on the agenda of the High Level Economic & Trade Dialogue in Brussels in May and the EU-China summit in May in Prague. However, neither meeting involves the Member States as a group and none of the big Member States will be present. This weakens the prospect of strong cooperation in the light of the failure of the EU27 to speak with one voice, and the competition between, in particular France, Germany and the UK for closer bilateral relations with China.

The notion of a G2 (US and China) exists but not a G3 (plus EU). However, suggestions that a “Chimerican” G2 “running the world” is over the top. EU’s voice cannot be ignored: it is China’s largest trading partner with bilateral trade worth a €300 billion. And, in any case, China is more likely to keep its options open.

This having been said, the American voice is much stronger and Beijing is likely to work more closely with Washington than Brussels. This is evidenced by the Obama-Hu summit, which was the most important among all the bilateral meetings at the G-20 in London.

The former Strategic Dialogue and biennial Strategic Economic Dialogue will be upgraded. US Secretary of State Hillary Clinton and Chinese State Councillor Dai Bingguo will chair the “Strategic Track” and U.S. Secretary of the Treasury Timothy Geithner and Chinese Vice Premier Wang Qishan will chair the “Economic Track” of the dialogue.

The first of the new dialogues will take place Washington this summer. President Obama will visit China later this year. The US-China relationship is becoming the most important bilateral relationship in the world.
It will be interesting to compare the outcome of the next US-China Strategic Economic Dialogue with that of the EU-China High Level Economic & Trade Dialogue.

**G-20 London communiqué**

The Global Plan for Recovery and Reform begins with a pledge to do whatever is necessary to:

- restore confidence, growth, and jobs;
- repair the financial system to restore lending;
- strengthen financial regulation to rebuild trust;
- fund and reform our international financial institutions to overcome this crisis and prevent future ones;
- promote global trade and investment and reject protectionism, to underpin prosperity; and
- build an inclusive, green, and sustainable recovery.

The more important of the provisions of the plan are set out below:

- IMF resources will be tripled to $750 billion, a new SDR allocation of $250 billion to be supported together with at least $100 billion of additional lending by the multilateral development banks (MDBs), $250 billion of support for trade finance to be ensured, and the additional resources from agreed IMF gold sales to be used for concessional finance of the poorest countries.
- An unprecedented and concerted fiscal expansion, amounting to $5 trillion by the end of 2009, will save or create millions of jobs. A commitment was made to deliver the scale of sustained fiscal effort necessary to restore growth.
- G-20 central banks have pledged to maintain expansionary policies for as long as needed and to use the full range of monetary policy instruments, including unconventional instruments, consistent with price stability.
- Actions to restore growth cannot be effective until domestic lending and international capital flows are restored.
- The G-20 member countries are confident that the agreed actions, and their unshakeable commitment to work together to restore growth and jobs, while preserving long-term fiscal sustainability, will accelerate the return to growth.
- They are resolved to ensure long-term fiscal sustainability and price stability and to put in place credible exit strategies from the measures that need to be taken now to support the financial sector and restore global demand.
• All economic policies will be conducted cooperatively and responsibly with regard to the impact on other countries, and the competitive devaluation of currencies will be eschewed.
• Action will be taken to build a stronger, more globally consistent, supervisory and regulatory framework for the financial sector.
• There was agreement to ensure that domestic regulatory systems are strong and, at the same time, much greater consistency and systematic cooperation between countries will be maintained.
• Strengthened regulation and supervision must promote propriety, integrity and transparency; guard against risk across the financial system; dampen rather than amplify the financial and economic cycle; reduce reliance on inappropriately risky sources of financing; and discourage excessive risk-taking. Regulators and supervisors must protect consumers and investors, support market discipline, avoid adverse impacts on other countries, reduce the scope for regulatory arbitrage, support competition and dynamism, and keep pace with innovation in the marketplace.
• To this end the agreed Action Plan will be implemented as set out in the progress report attached to the communiqué. A Declaration, Strengthening the Financial System, has also been issued. In particular it was agreed:

- that a new Financial Stability Board (FSB), with a strengthened mandate, will be established as a successor to the Financial Stability Forum (FSF), including all G-20 countries, FSF members, Spain, and the European Commission;
- that the FSB should collaborate with the IMF to provide early warning of macroeconomic and financial risks and the actions needed to address them;
- to reshape the regulatory systems so that national authorities are able to identify and take account of macro-prudential risks;
- to extend regulation and oversight to all systemically important financial institutions, instruments and markets. This will include, for the first time, systemically important hedge funds;
- to endorse and implement the FSB’s tough new principles on pay and compensation and to support sustainable compensation schemes and the corporate social responsibility of all firms;
- to take action against non-cooperative jurisdictions, including tax havens;
- to call on the accounting standard setters to work urgently with supervisors and regulators to improve standards on valuation and provisioning, and to achieve a single set of high-quality global accounting standards; and
- to extend regulatory oversight and registration to credit rating agencies to ensure that they meet the international code of...
good practice, particularly to prevent unacceptable conflicts of interest.

- Emerging markets and developing countries, which have been the engine of recent world growth, are also now facing challenges which are adding to the current downturn in the global economy. It is imperative for global confidence and economic recovery that capital continues to flow to them. This will require a substantial strengthening of the international financial institutions, particularly the IMF. Therefore an additional $850 billion of resources through the global financial institutions will be made available to support growth in emerging market and developing countries.

- The financial institutions must be strengthened in order to ensure their longer term relevance, effectiveness and legitimacy.

- Falling world trade demand is exacerbated by growing protectionist pressures and a withdrawal of trade credit. Reinvigorating world trade and investment is essential for restoring global growth. To this end, the commitment made in Washington to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organisation (WTO) inconsistent measures to stimulate exports, was reaffirmed.

- The human dimension to the crisis was recognized. A commitment was made to support those affected by the crisis by creating employment opportunities and through income support measures.

- Determination was expressed not only to restore growth but to lay the foundation for a fair and sustainable world economy. The current crisis has a disproportionate impact on the vulnerable in the poorest countries, and collective responsibility was recognized to mitigate the social impact of the crisis and long-lasting damage to global potential.

- It was agreed to make the best possible use of investment funded by fiscal stimulus programmes towards the goal of building a resilient, sustainable, and green recovery.

- The commitment to address the threat of irreversible climate change, based on the principle of common but differentiated responsibilities, was reaffirmed.

- A meeting will take place before the end of 2008 to review progress on the commitments.
OPENING SPEECH OF THE INTERNATIONAL WORKSHOP ON EU-CHINA PARTNERSHIP

Pierre Defraigne

It's my pleasure to welcome you in the name of the College of Europe’s Chairman, Jean-Luc Dehaene and Rector Demaret who would have liked very much to open up himself this International Workshop dedicated to the EU China Partnership and Cooperation Agreement. The College has indeed now put China among its main fields of research and teaching. But unfortunately rector Demaret is today in Natolin, the Polish branch of the College and he has explicitly asked to express his greetings to you.

First of all, I want to thank InBev-Baillet Latour for ensuring the funding of this initiative and to Professor Jing MEN who has given a strong impulse to our China activities from the day she took on her assignment here in Bruges. The excellent lecture given on March 25th at the College by the Chinese Ambassador to the EU, H.E. Mr SONG ZHE, launched the series of the InBev-Baillet Latour extracurricular activities here at the College in close cooperation with the Foundation. This seminar marks therefore already the second initiative.

The focus of your proceedings will be the EU-China relationship in view of the PCA. Although the postponement of the Lyon China-EU Summit, a sad end for the Rat Year has been the focus of much interest over the last months, I will rather focus on the sea change which is taking place with regard to the context of our relationship, namely the drastic turn taken by the world economic crisis, yet more so since we’ve heard that yesterday France and China had eventually buried the hatchet, relieving an obstacle on the way to a Strategic Partnership Agreement.

To me the most serious hurdle to building such a genuine partnership is the very fact that the EU, for all its impressive accomplishments, is still not from a Chinese perspective a true strategic player, since

• it is not yet a full-fledged civilian or soft power, see yesterday at the G20: Obama was standing alone with a population of 350 millions and the largest GDP, HU Jintao was also the only representative of China with 1,3 bn people and the third world GDP (in ppp) while the EU, with half a billion inhabitants and a GDP of the same size as the US one, was represented by no less than 6 Heads of State and Government: too many European leaders and not enough EU leadership.

* Mr. Pierre Defraigne is the Executive Director of the Madariaga-College of Europe Foundation. He retired as Deputy Director-General in DG Trade, European Commission, in 2005.
The EU is still in the limbo with regard to the building up of a hard power: the EU hard power is broken down in three pieces, i.e. EU-3 (the Big Three), NATO rank and file, and the emerging defence and security pillar with the European Defence Agency and the peace-keeping, peace enforcing missions on several outside operations theatres.

But circumstances might change this, for better or for worse. Being an optimist and considering the lessons of the EU integration, I think that optimism about its future course is well founded. Those circumstances are:

- the crisis as embodied by two figures: the first global recession ever over the last 60 years (between -0.5 and -2% for the world output in 2009) and the expected contraction of international trade (-9%);
- and its most recent development, namely yesterday’s successful G-20 meeting which does not yet ring the end of the crisis, but gives us the first ray of light at the end of the tunnel, while securing the basis for a new governance which would replace the Bretton Woods (BW) order.

When you come to think of it, the rise of China since 1979, has been made possible by several dysfunctions of the global economic governance:

- the collapse of the BW system on August 15th 1971 with the decoupling dollar/gold, the floating rates and the quick liberalization of capital flows in a mere decade have created the conditions for capital to move to China;
- the historical decision taken by a communist country to adopt market capitalism under a new brand, the socialist market economy, epitomized by China’s entry 20 years later in the WTO, but preceded by 14 years of negotiations;
- the building up of massive structural external imbalances between America and Asia, because of the US over consumption which, from my standpoint, is directly connected with the severe aggravation of income and wealth inequalities in the US. They forced a massive over-indebtedness of the average and poor American households translating in a structural trade deficit for the US and a trade surplus for China.

What we have been witnessing since September 15 with the Lehman Brothers bankruptcy -a 9/15 which might overshadow 9/11 in History books-is actually the beginning of the unscrambling of a world economic disorder which was neither fair, nor sustainable and eventually proved fundamentally unstable mainly because of the structural imbalances and, against that backdrop,
because of the drift of global market capitalism towards an unregulated hyper-financialisation.

The abrupt turn taken by the world economic globalization after the Wall Street tsunami, means that since last September policy is taking over from markets, regulation from deregulation.

This might come as a relief for those who never put their faith in the neo-classical economic theory and yet less in neoliberal doctrines. The latter are from now on left orphan by the incredible about face of most right-wing politicians in the West. Yesterday they were still praising the superiority of market answers to almost any problem, and overnight they converted to neo- or hyper Keynesianism coupled with a heavy-hand from Governments in the banking sector and several key industrial sectors.

The sheer danger of this U-turn is all too blatant: swinging from global under-regulated markets to national interventions is exposing the global economy to the risk of protectionism and market fragmentation. Global governance based on multilateral rules and cooperation is part of the answer.

Yet the structural changes that are required by the abrupt fall of global demand are such that only governments can mobilize the resources to complete them in a reasonable span of time.

America and China are the countries which will have to adjust most: the first will have to get rid of its propensity to go into heavy debt while China whose export sector is severely hit by the world recession will have to change its growth model in three respects: from export-driven to domestic demand-driven growth, more egalitarian growth, more sustainable growth. Fortunately, China’s prudent financial policy, despite of all solicitations and pressure from its partners and even for defensive reasons, has spared the Chinese economy from the financial dire straits the EU was pulled in. This will dispense China from cleaning up the banks’ cupboards on top of having to reallocate massively resources across sectors and across regions.

The Chinese political system will be put seriously to the test in carrying out this Herculean task of switching from exports to domestic consumption and green investment which amounts to a Revolution, the third one since the birth of the People’s Republic of China. If it proves successful, then its output-legitimacy will be strengthened as will be bolstered its international authority not only in Asia and in the South, but in the West and particularly in Europe despite the fact that Europeans, rightly or wrongly, have always put the legitimacy of the process over the legitimacy of the outcome.

The Chinese Communist Party has already, last fall, with the design of a massive stimulus package, clearly reflected these new orientations for the Chinese economy: the gradual putting in place of a social safety net will pave the way for an increase in households consumption; the huge infrastructure program – mainly the impressive railroad plan- will contribute to strengthen the economic and political unity of China as well as to the regional rebalancing of China from East to West and South to North, throwing
the basis for the expansion of China’s potentially giant home market; important investments will contribute to the greening of China, for example in water treatment plants.

The challenge is enormous and has been made yet more difficult by the prospect of social unrest entailed by the severe strains imposed on the workers by bankruptcies and job losses in the export sector. But the Chinese leadership has proved its ability to cope with extremely difficult if only because the development of China, with its very tough geographical and physical constraints, has always been a tremendous challenge. So as I told you about my optimism with regard to EU’s future, I’ll also make the assumption that China will be once again up to the job however difficult.

It seems therefore clear to me that this dramatic change of tack with respect to China’s development model, will transform the relationship of China to the world—and to the EU—both in economic terms and in political terms in several respects:

- its relative economic weight will increase further as a result of the increase in the relative growth rate differential between China and the West while the world geopolitical balance will be tilting more Eastwards;
- China’s success might become a benchmark while the credibility of the Anglo-Saxon model has been severely undermined;
- China will not anymore be mainly a powerful export house but more and more an attractive market and a landing place for more technology and services advanced FDI;
- regional integration in East Asia should deepen, allowing for political developments though;
- China’s further needs in energy and commodity will make it a yet more important buyer from and investor in the Southern Hemisphere;
- But first and foremost China will have to deepen and widen its technological capacity, which is key to a more autonomous development as well as to better terms of trade with the rest of the world.

China is becoming a full-fledged economic power and is acting as a responsible power. China is a reliable Member of the WTO. It has played an important and very constructive role in the success of the London G-20 Summit. It still has to commit more in the post Kyoto pre-Copenhagen climate negotiations, but the greening of its model at home is a positive omen for the future.

Ladies and Gentlemen, your role here today is extremely useful and important for the consolidation of the EU-China relationship after the last end of the year incident. Academics have indeed a key responsibility in this relationship: tearing down, not the Chinese Wall but the European Wall of sheer ignorance about the reality and the potential of China today and
therefore of the quality of the partnership we have to build up together. But the EU has also a difficult homework to perform.
A BRIEF REPORT ON THE INTERNATIONAL WORKSHOP ON EU-CHINA PARTNERSHIP

On April 3 and 4, the InBev-Baillet Latour Chair of European Union-China relations organised the first international workshop on “Prospects and Challenges for EU-China Relations in the 21st Century: The Partnership and Cooperation Agreement” at the College of Europe in Bruges. During the two days, more than 70 participants from more than 15 countries attended the workshop, 24 papers from 8 sessions were presented and discussed. The workshop examined the following issues: the strategic partnership and political relations, security cooperation, the normative aspect and human rights, economic cooperation and trade relations, legal aspects and investment, environmental and technological cooperation between the EU and China. All these issues will be in one way or another addressed in the coming EU-China Partnership and Cooperation Agreement (PCA). However, due to a lot of differences on these issues between Beijing and Brussels, the participants agreed that it would take some time for the PCA to be concluded.
CALL FOR PAPERS

The EU and China: Partners or Competitors in Africa?

International Conference to be organised by the InBev-Baillet Latour Chair of European Union-China Relations, Department of EU International Relations and Diplomacy Studies, at the College of Europe in Bruges, Belgium, on Thursday and Friday, 4-5 February 2010.

China’s growing presence and influence in Africa has caught wide attention by scholars, media and NGOs, which in 2008 translated into the European Commission’s Communication “The EU, Africa and China: Towards Trilateral Dialogue and Cooperation.” However, the Commission’s proposal for a trilateral dialogue and cooperation has only been met with lukewarm interest in China and Africa and its effectiveness is far from warranted. This raises some significant questions: are the EU and China rivals or partners in Africa? To what extent does China’s rising influence in Africa affect the EU’s core interests and values? How can the EU meet the challenge from China? And what is the impact of EU-Chinese cooperation or competition on Africa?

In order to address these questions, the InBev-Baillet Latour Chair of European Union-China Relations at the College of Europe will on 4-5 February 2010 organise a two-day international conference on the prospects for EU-China cooperation or competition in Africa. It is open to European, Chinese and African scholars, journalists, policy practitioners and representatives of NGOs. This International Conference will offer an opportunity to enhance the understanding of the EU’s role in Africa, to assess the prospects for EU-China cooperation or competition in Africa and to reflect on its impact on the continent. The diversity of the participants will contribute to establish multidisciplinary and transnational channels of dialogue among Europeans, Chinese and Africans.

We therefore call for papers on the development of EU-China relations in Africa that contribute to the debate with original research from European, Chinese or African perspectives. Contributions will be presented in plenary and parallel panel sessions and should cover one or more of the following dimensions from the perspective of EU-China relations in Africa:

- Global Governance
- Economic Cooperation and Competition
- Humanitarian Intervention and National Sovereignty
- Competition for Resources
- Models of Social Economic Development
- Liberal Democracy vs. Authoritarian System
- The Role and Influence of Culture
The organisers will select three papers for each dimension ideally presenting European, Chinese and African perspectives respectively. There is no participation fee and the College will cover the meals during the Conference.

The conference aims at producing two edited books - one in English and one in Chinese. Apart from the paper contributors, key-note speakers will address the trilateral relationship from European, Chinese and African points of view.

Please submit paper proposals of approximately 500 words along with a brief CV to both Professor Jing Men (jing.men@coleurope.eu) and Giuseppe Balducci (giuseppe.balducci@coleurope.eu) no later than 30 June 2009. All proposals will be reviewed and the organisers will confirm acceptance by 10 September 2009. Participants are expected to provide complete copies of their papers, which should be around 7,000 words, in electronic form by 15 January 2010.

Contact:
InBev-Baillet Latour Chair of European Union-China Relations
EU International Relations and Diplomacy Studies
College of Europe, Dijver 11
BE-8000 Bruges, Belgium
Fax: +32-50-477250
Tel. +32-50-477.258 / 257
jing.men@coleurope.eu
giuseppe.balducci@coleurope.eu