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# **The European Union and China Strategic partnership towards developing countries?**

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European Office of the Konrad-Adenauer-Stiftung  
and the European Institute for Asian Studies*

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*The European Union and China*  
*Strategic partnership towards developing countries?*  
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## **The Konrad-Adenauer-Stiftung**

The Konrad-Adenauer-Stiftung (KAS), founded in 1964, is one of the political foundations of the Federal Republic of Germany. Through its international activities and projects, KAS makes a substantial contribution to international cooperation and understanding. It is named after the first Chancellor of the Federal Republic of Germany, Konrad Adenauer.

Through international partnerships with private organisations and movements, state institutions and think tanks, KAS intensifies global knowledge transfer and promotes civic education. The 65 KAS offices worldwide act as central service and information centres.

Through its projects and activities, KAS contributes to the worldwide promotion of democracy and to strengthening of the rule of law, as well as to peace and social harmony, the fight against poverty and social exclusion, the extension of the concepts of the social market economy, and European Union integration. KAS considers these developments as conditions for the improvement of the political, socio-economic and environmental foundations of life.



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## Abbreviations

ACP	African, Caribbean and Pacific group of states
ASEM	Asia Europe Meeting
DG	Directorate General
EC	European Commission
EIAS	European Institute for Asian Studies
EU	European Union
EUR	Euro (currency)
FDI	Foreign direct investment
GNI	Gross national income
GNP	Gross national product
ICC	International Criminal Court
ICT	Information and communication technologies
ILO	International Labour Organisation
IMF	International Monetary Fund
KAS	Konrad-Adenauer-Stiftung
LDC	Less developed countries
MEP	Member of the European Parliament
MDGs	Millennium Development Goals (UN)
MOFCOM	Chinese Ministry of Commerce
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
PRC	People's Republic of China
UN	United Nations
USA	United States of America
WTO	World Trade Organisation

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## **Introduction**

*Dr Gerhard Wahlers*

### **The European Union and China**

The Konrad-Adenauer-Stiftung believes that developments in Asia have significant implications for the future structuring of the international political system. It is therefore appropriate to talk now of EU-China policies towards the developing world.

Official diplomatic relations were established between the EU and China in 1972. These relations have become steadily stronger and more mature. In 1998, China and the EU launched their annual summit mechanism. In 2001, they established a full partnership comprising political, economic, trade, scientific, cultural and educational cooperation.

At the eighth EU-China summit held in September 2005, several treaties, memoranda, and protocols were signed, covering areas like work, employment and social issues, as well as the exploration and utilisation of space, energy, transport, biodiversity, science and technological development. A joint declaration has also been issued on climate change.

Within this overall positive trend, controversial issues remain on the agenda. These issues include Taiwan, the arms embargo, the protection and promotion of human rights, intellectual property rights and consumer protection.

Chinese foreign policy has undergone a remarkable transformation over the past 15 years, as China seeks a much more active role in international politics. China now participates actively in multilateral and international organisations, has joined regional economic and security alliances and expanded and deepened its bilateral relationships. It would have seemed almost inconceivable 10 or 20 years ago that Chinese and

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European representatives would come together to discuss ways of cooperation toward the developing world, including strategies, objectives and differences in approach.

### **China in Africa**

Chinese development activities in Africa are noteworthy. In January 2006, the Chinese Government issued a study entitled *China's African Policy*. The first summit of the Forum on China-Africa Cooperation and the Forum's third ministerial meeting will take place in Beijing in November 2006 to mark the 50th anniversary of the establishment of formal diplomatic relations between China and Egypt and the start of Sino-African relations.

Premier Wen Jiabao recently visited seven African countries. In April 2006, President Hu Jintao set out a five-point strategy proposal during a tour of three countries:

1. Promoting mutual political trust.
2. The continuation of the economic win-win situation.
3. Learning from one another culturally.
4. Strengthening cooperation in the area of security.
5. Working together in international affairs.

Economic relations have developed impressively thanks to Africa's abundance of natural resources and growing market for Chinese goods. The value of Sino-African trade increased from no more than USD 12 million in 1956, to USD 817 million in 1979 and up to USD 39.7 billion by 2005.

China is also active in development assistance and healthcare. More than 1,000 Chinese doctors work in Africa and African students study at Chinese universities. Prime Minister Wen recently committed to help African countries improve democracy, the rule of law and social justice.

### **Concerns**

There are however concerns over Chinese involvement in Africa, particularly around cooperation with authoritarian regimes in countries such as Sudan and Zimbabwe. African governments resisting internal and external calls for democratization seem to benefit from diplomatic and material support from Beijing. Promoting democracy and rule of law seems to have a rather low priority among the objectives of Chinese foreign policy creating potential conflict with the interests of Western States.

Western donors increasingly link aid with conditions around reform and enhancing

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participation and democracy. The Chinese concept is more of non-interference. This makes China an interesting partner for governments that insist on asserting their sovereignty, often against the interests of their own population.

KAS has been active in development cooperation for more than 40 years and now has 60 offices around the world. In China, KAS supports the process of reform, focusing on the transformation of the economy, reforms related to the rule of law, and Chinese integration into the network of international relations and the global economy.

### **Conclusion**

China has become an economic powerhouse and this entails political influence, not only in the region around China, South-East Asia, or Central Asia, but also in Africa and Latin America. The EU and China have common interests, be they in security, proliferation, international terrorism, the environment, fighting poverty or the stabilisation of the international political system. These common interests should lead to questions on where Europeans and the Chinese can contribute or cooperate on development policy. This workshop can try to identify these areas and develop a constructive dialogue.





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## Introduction

*Dr Willem van der Geest*

The European Institute for Asian Studies and KAS have previously collaborated in the context of East Asia or China. It is interesting now to look at the wider context, in particular relations between China and developing countries in Africa and elsewhere. This subject is interesting because it has not yet received significant attention.

The European Institute for Asian Studies is interested in the way China is building its international profile, to what extent it has become a global player, and whether it is operating by or trying to modify the existing multilateral rules of the game. This is key for EU-China collaboration with developing countries.

Although China has engaged with Africa for 50 years and, for example, Chinese workers built Tanzania's and Zambia's railways in the 1970s, relations really took off around the turn of the millenium. The China-Africa Forum was held in 2000, and 2006 has already seen visits to Africa from the highest-level Chinese leadership: the Prime Minister, the President and the Foreign Minister.

China issued an Africa policy paper, only the second such policy paper issued by the Chinese government, following the EU-China policy paper of November 2003. A core principle of China's work is that it does not seek to interfere in the domestic policies of African governments. Issues of governance or political items more generally are not allowed to be part of the China-Africa relationship.

The IMF and World Bank approach of economic and financial conditionality is not shared by China. There is a keen insistence on equal partnership and China's preferred 'win-win' strategy. It will be interesting to discuss how China takes into account political risks when attempting win-win engagements with Africa, as it does not seem

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to be deterred from engaging with countries assessed as high risk by analysts.

The role of China in Africa has developed dramatically in the past five to ten years. From 1996 to 2005 China moved from being the eleventh to the second largest supplier to Africa.

African exports to China have increased dramatically and China is now the eighth largest trading partner for Africa. Many deals reflect China's need for resources and commodities, for example deals with Angola and Nigeria related to oil, but it will be interesting to consider what the driving or shaping forces behind these developments are. The implications of this change must also be understood.

It is arguably true that China is simply regaining a more natural position in the field. Although China has increased its links significantly, it is still a long way behind Japan in this regard. Angola's biggest trade partner is Korea, while Nigeria has long had stronger links with India than China.

However, it is possible to see great risks to the partnership and economic engagement between the EU and Africa. The rapidly increasing Chinese presence and the manner of its approach could undermine the influence of the EU and its ability to insist on bringing issues of governance into negotiations about economic partnership. This issue, and the extent to which there can be collaboration between the EU and China with regard to Africa, is a key consideration.

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# **The policy of the People's Republic of China towards developing countries: values, objectives, approaches**

*Yuantang Yu*

The Chinese Ministry of Commerce (MOFCOM) is better known internationally for trade and investment portfolios, rather than development assistance to other developing countries. The Ministry's dealings with Brussels also tend to be around the EU's development assistance to China. So it is an exciting opportunity to be able to discuss the important yet very new and sometimes controversial area of potential cooperation between China and the EU.

China, as a developing country, receives a lot of development assistance from multilateral and bilateral donors including the EU. China also provides development assistance, or foreign aid as it is called in China, to other developing countries. MOFCOM has a foreign aid department and there is an executive bureau of international economic cooperation, the implementing agency for foreign aid projects.

## **China and foreign aid**

China is still a developing country needing help from developed countries. However, the differences between the South and the North are getting bigger and providing help to poor countries is part of the development of the whole world. In accordance with the Millennium Development Goals (MDGs), China has helped about 100 other developing countries and established about 2000 projects closely related to the life and work of local people. Those projects concern industry, agriculture, communication, electrical power, energy and transport, and aim to improve the capacity for development.

China has provided materials, training and small amounts of cash aid. Training

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programmes teach technical expertise and have been extended to officials and economic and political issues. 19,000 administration officials and technology specialists have been trained in China.

China has signed debt relief agreements with 45 countries and provided humanitarian aid in cases such as the tsunami in Indonesia, the earthquake in Pakistan, hurricanes in Madagascar and the train explosion in North Korea. This aid, especially in industrial and agricultural projects, has gradually relieved local employment pressures and helped improve living standards.

### **Policy issues for China's foreign aid policy**

China has millions of people living in poverty so the total amount of aid to developing countries is not very large, but there are no conditions for this help. China's aid policy is based on the principles of cooperation for peace and cooperation for development. Aid is not normally provided in cash but through projects on the ground or economic projects to help local people. This strategy has received positive comments from local people.

In September 2005, at a high-level international conference on financing, President Hu set out that China will:

1. Increase its help to foreign countries, within its capability, without any pre-conditions.
2. Help heavily indebted poor countries by finding reasonable means, through friendly negotiation, to help them refund debts.
3. Encourage some companies from foreign countries to invest in local places for economic development.
4. Reinforce cooperation with developing countries, exchange economic development ideas and help them to change administrative and technical persons for local development.
5. Improve cooperation in medical areas and hygiene, helping developing countries solve the most pressing problems with local people.
6. Continue to support the efforts of the international community regarding human rights and disaster assistance in developing countries.
7. Promote international talks between the South and the North.

### **Ideas for cooperation**

Developed countries should increase the scale of both their development assistance and foreign direct investment (FDI) in these countries, and try to reduce their debt levels. Communication and cooperation with developed countries and international

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organisations, in particular multilateral donors, is also crucial in helping developing countries.

In terms of possible cooperation between China and the EU specifically, a dialogue could be established on development policy to discuss areas of mutual interest. This idea was recently raised at a meeting in China between the EU Director General for Trade and a vice minister of MOFCOM.

Furthermore, there could be positive results from combining more effectively the financial capabilities of the EU with China's potential as a bridge between the South and the North. The EU is the largest provider of development assistance; meanwhile China has a lot of experience both in helping other developing countries, through training for example, and in using assistance coming from the EU.

China believes it has something to offer to help developing countries and hopes that by joining forces with the EU, a lot can be done not only on development assistance, but on other areas, like trade.

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# The EU's policy towards developing countries: values, objectives, approaches

*Françoise Moreau*

## **Introduction**

Development policy is an increasingly important component of the EU's external action, which promotes multilateralism. The EU is committed to the achievement of the MDGs and the implementation of the *Paris declaration on aid effectiveness*, which looks to improve cooperation, collaboration and even to promote harmonization between donors. The contribution of Mr. Yu on the willingness to open a dialogue and identify potential areas for cooperation with China are certainly most welcome on the EU side.

Development policy is a shared competence between the 25 EU member states and the European Community. Bilateral cooperation policies continue whilst Community policy increasingly seeks to coordinate and establish more common bases for development policy.

The *European consensus on development* is a major policy document defining the EU's vision on development adopted by the three institutions in December last year. This document commits not only the Commission on behalf of the Community but also the member states for the conduct of their bilateral policies. It reflects three major political considerations:

1. The world has changed recently - issues around security, migration and the social dimension of globalisation impact on the EU political agenda and EU external action.
2. The EU now has 25 member states - the ten countries that acceded in 2004 have less of a tradition of development cooperation, but they have committed to an agenda

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of promoting better coordination, adopting ambitious targets in terms of quantity and quality of EU aid. This cooperation is open to all donors, including the new emerging ones.

3. The commitment to multilateralism – the EU has subscribed to the MDGs, the central objective being the reduction of global poverty by one half between 1990 and 2015.

Multilateralism is at the centre of development cooperation activities, but the EU seeks to link the central objective of the MDGs with complementary political aims such as the fight against terrorism, non-proliferation, the promotion of good governance, the respect of human rights, the respect of democratic principles. There is now a very open dialogue with developing countries on issues such as the fight against terrorism and non-proliferation, which is a sign that development policy is evolving and is increasingly integrating all major political issues. These political elements are not only considered as conditions for development assistance but are considered as being objectives in their own right and part and parcel of the development process.

Mr. Yu commented on the importance attached to developing the capacity of developing countries themselves. Developing their capacities with regard to economic development, social standards, governance and so on is very much in line with EU development policy thinking. Progress in governance means not only progress in fighting corruption, but social governance, the willingness of governments to ensure universal access to essential social services, management of the revenue from natural resources, the transparency of public finance management and so on.

The European consensus identifies the values underlying development policy, common to all EU member states and the Commission, including human rights, democracy, good governance, gender equality, solidarity and social cohesion. It identifies key principles to be implemented, such as that of ownership, which means that cooperation programmes with a country are based on their own development strategy. Europe sees what other donors are doing in a country and then, in dialogue with the country, decides on complementary Community cooperation programme activities.

Dialogue and ownership are important, because the role of external donors is to facilitate the implementation by the developing country of its own development strategy. The importance the EU attaches to the principle of ownership results from 50 years' experience. Sustainable development results can only be achieved if there is a real willingness from the partner country's government, civil society, and private sector to identify and implement a number of priorities themselves.

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Promoting civil society participation goes together with the principle of ownership. The best results in development cooperation are generally achieved when the final beneficiaries themselves such as civil society and the private sector have been consulted prior to the establishment of any cooperation programme and the needs and priorities they identify are taken into account.

There are, however, very diverse situations in the different developing countries and it is important to distinguish between countries where there is a real willingness to implement development oriented policies and countries where there is not. Different strategies are needed and the principles are not automatically applicable everywhere.

Where there is willingness sometimes there is not enough institutional capacity. In those countries our focus will mainly be on building institutions. Where the political willingness is not strong enough the EU tries to do more through political dialogue. The EU pays particular attention to develop alternative strategies in ‘fragile states’ or ‘difficult partnerships’ since the dialogue with the partner country is difficult and different challenges are faced than in cases of simple weak capacity.

### **EU contribution to international development assistance**

The EU provides over 50 percent of the total OECD aid effort. Of the total EU aid contribution of about EUR 47 billion in 2005, the European Commission has managed EUR 8 billion on behalf of the Community, whilst the rest is directly managed by individual member states. The EU has made important commitments to nearly double its international development assistance efforts from EUR 34 billion in 2004 to EUR 66 billion by 2010. These intermediate targets are consistent and compatible with the 30-year-old UN objective of reaching a global average of 0.7 percent of GNI by 2015, which has still only been reached by very few countries in practice. The ten member states that joined the EU in 2004 have also subscribed to these commitments, showing they intend to participate very concretely in these efforts.

Also reflected in the consensus is the EU commitment to ensure maximum policy coherence between development cooperation objectives and twelve other policy areas, including trade, agriculture, security, migration and research. Efforts are needed to minimize the negative effects that some of those policies may have, and to maximize the potential synergies between them to strengthen the positive impact development policies can have in helping developing countries reach the MDGs.

The principle of policy coherence has been in the European Community Treaties since 1992, but the Commission is now working together with member states to improve



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working arrangements within the Council to deliver effective and relevant consultations between working groups and departments and ensure policy coherence in practice.

The second part of the consensus concerns the way the EU vision and objectives have to be applied at Community level, with the 20 percent share of EU aid that the Commission manages. The European Community is a distinct type of organisation in the field of development policy. It is not an international organisation as such, like the World Bank, since it also a political institution with trade policy and political dialogue in its competences. Its role in development policy is therefore set out clearly in the consensus.

The EU has cooperation and partnership agreements with nearly all the developing countries and regions in the world. There is the Cotonou Agreement with the African, Caribbean and Pacific (ACP) countries, and cooperation agreements with Latin American, Asian and EU neighborhood countries.

The diverse situations and interests of the different developing countries necessitate a broad menu of possible types of EU intervention. Nine broad areas for Community activities have been identified, from trade and regional economic integration to regional political cooperation and cooperation in environmental areas.

### **Importance of natural resource management**

On the environment, the sustainable management of natural resources is important. Work on governance pays attention to promoting transparency in the revenues from natural resources, which are essential for many developing countries. Developing infrastructure is a key feature of development cooperation, for example of the new strategy with Africa. This is defined in a broad sense to include not only traditional transports but also information and communication technologies (ICTs). Water, energy, rural development, agriculture and food security are key areas when considering that a large proportion of the world's poor lives in rural areas. Whilst donors have tended to ignore these areas in the past ten years, the EU programmes pay more attention to rural development.

EU objectives in the area of governance embrace a broad definition of the term. Although there is a lively international debate on governance in development cooperation, there is a tendency to limit objectives of good governance to fighting corruption. Corruption can be seen a result of bad governance more generally. Anti-corruption strategies will not therefore be successful in a sustainable way without also addressing the other aspects of governance.

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The EU has started a new programming exercise for the next five years with the ACP countries to define new incentive mechanisms. Dialogue with each and every country on governance and institutional reforms is used to assess whether plans are ambitious enough and whether commitments and reforms are credible. Supplementary funding can then be allocated to certain countries.

There is increasing awareness that for both development and security-related reasons, marginalizing countries by the international community can be undesirable. Reconstruction and rebuilding development capacities after a crisis or marginalization phase is very costly. Although it is impossible to develop good practice or standards that would be valid for every country, the EU works with other donors to improve policy approaches in difficult situations on the basis of previous experience.

The social sector, including human development and social cohesion, can also be important in development dialogue and cooperation, particularly in Latin America. The promotion of decent working conditions is increasingly important in development cooperation policies.

In all its development work the EU applies the principles of concentration and complementarity. The principle of concentration dictates that of the broad range of policy options available, cooperation programmes in a country will focus on one or two areas. The complementarity principle means that where other donors are heavily focussed on one area the EU will look to fund work in a different area. If road building is identified as the most urgent need in a country, but other donors are working hard in that area, the EU will invest in another sector even though it may appear to be less of a priority.

This approach relies on working together, taking account of what others are doing and trying to have dialogue before the programming phase is completed. Since the adoption of the European consensus last year, implementation efforts have led to a new strategy of cooperation with Africa. Within this new framework there are many possibilities for a dialogue with China, including efforts to identify areas for cooperation.

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# The EU and China: values, objectives, approaches

## *Questions and comments*

### **Comment from Claire Courteille, International Confederation of Free Trade Unions**

There are great concerns amongst trade unions around the world and many governments about private foreign investment in developing countries and the role of public authorities in regulating these investments. Trade unions are concerned about the potential expansion of a cooperative model in which workers' fundamental rights are repressed. There are increasing reports that Chinese cooperation, particularly in Africa, does not respect workers' rights and in some cases does not even respect the core labour standards of the International Labour Organisation (ILO) or even national legislation. Recently the government of Zambia had to suspend some activities from Chinese companies operating in the copper mines because of issues related to the health and safety and remuneration of workers.

Of course, bad corporate governance is not limited to China and can happen all over the world. Governments need to ensure that their companies are somehow inspired by international instruments such as the OECD Guidelines on Multinationals or the ILO declaration on investment, especially when those companies are operating in a developing country. This is the best contribution governments can make to the development of developing countries and should be a part of the dialogue between the EU and China.

### **Response from Yuantang Yu**

Although a debate is not possible on one specific case and China would not necessarily accept this analysis, the point is noted. The consensus of the World Trade Organisation (WTO) multilateral process, where the developing world was active in the discussions,

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was that the ILO is the right place for discussing core labour standards. However, there is a tendency in the developed world to introduce such issues into discussions of trade and now on development policy. Sometimes, such questions arise because of misunderstanding or misconception. This demonstrates the need for better discussion and dialogue.

### **Comment from Mr Chowdhury, Embassy of Bangladesh**

The Chinese worldview is certainly different from European worldview. Bangladesh has perceived China as a good friend. Chinese assistance is not typically as big as that from the EU or its member states, but certainly as a small nation in terms of international geopolitical clout, Bangladesh has felt more comfortable with China. This is because of China's non-interventionist policy. If a contract is made and then broken between Bangladesh and a Chinese company, China will patiently appeal again and again but will not penalise the government of Bangladesh or the Bangladeshi population. If it is a western country, penalties are almost certain. The EU recently withdrew millions of euros from Bangladesh's quota. Because the Bangladeshi government was not behaving towards one particular NGO, the donor country, an EU member state, suddenly stopped funding. Today the question is whether the EU will be able to influence China or whether China will be able to influence the EU?

### **Response from Yuantang Yu**

China has provided assistance to local manufacturing and other projects in developing countries and this has generated good results. This development approach, although not officially called non-interventionist in China, has been well received by recipient countries over the years.

### **Comment from Xiaokun Song, Free University of Brussels**

The key difference between EU and Chinese development policy seems to be the word 'conditionality'. When development aid is provided to countries aspiring to be future members states with conditions attached, is this interaction multilateralism or is it more unilateralism?

Also, given that it is necessary to have dialogue and coordination with other international donor states, what are the existing mechanisms between the EU and Japan or with the United States?

### **Response from Yuantang Yu**

China does not attach any political conditionality to whatever aid it offers to other developing countries, so no political conditions are attached to it. Finally, China is a

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developing country that has suffered a lot in the past. China knows what is good and what is bad and would not try to impose the woes that it used to suffer on other developing countries.

### **Response from Françoise Moreau**

The questions raised are complex. On conditionality, to what extent compliance with certain elements can be requested of partner countries and to what extent a non-interventionist approach should be applied is a question of finding the right balance. The EU does not want to support whatever kind of development process, but one that is respectful of basic universal values. These are not simply western principles, but common aspirations of all the world's citizens as reflected by many internationally agreed instruments, conventions and statements: to live in peace, to have access to food, to have access to some basic services and to have something to say in the way their region, country, or community is being managed and politically led. Our development policies need to reflect these values.

Finding the best way to promote development which is respectful of these basic freedoms and rights is not straightforward. There is a general recognition that trying to impose institutional, social or political models is never a good idea and does not work in the long term. Yet, it is important to react to, for example, non-respect of core labour standards. This forms part of the EU's approach to governance. Again, it is not possible to talk about the specific case mentioned, but the Commission agrees that dialogue is more productive than sanctions.

Prevention is also important when addressing state fragility, meaning addressing weak capacities in institutional terms before the human rights or social situation deteriorates. Multilateralism is not only by reference to universally agreed principles and development objectives but also the willingness to develop better coordination between donors and with the countries on development strategies. More in-depth dialogue is needed between the EU and China here.

The EU has mechanisms in place for dialogue on development issues with Japan and the US. At every ministerial or summit level meeting, development is on the agenda. There are also less formal meetings, both at high-level in terms of policy-making processes and in the field. There is willingness from the European Community side to promote more dialogue, consultation and collaboration between the different actors, with all the donors present in one country.

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**Response from Yuantang Yu**

Last year in the UN, President Hu said that there is a need to respect diversity in the mode of development and promote the sharing of development experience. The key to successful development lies in a country's independent choice of both the path and mode of its development depending on its national conditions.

On the conditionality debate, President Hu also mentioned the fact that China wishes to strengthen the role of the UN in promoting international development cooperation, guiding consensus building and rule making and stimulating participation.

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# **National interests versus development goals: priorities of the cooperation policies of the People's Republic of China, the EU and EU member states towards developing countries**

*Panel discussion*

## **Panellists:**

- Chair: **Valérie Niquet**, Director and Senior Research Fellow, Asian Department, French Institute of International Relations
- **Dr Stefan Oswald**, Senior Advisor for Development Policy, CDU/CSU Parliamentary Group, German Bundestag
- **Jean-Paul Marthoz**, Editorial Director of the Brussels-based foreign affairs quarterly *Enjeux Internationaux*; columnist for Belgian daily *Le Soir*
- **Professor Guang Yang**, Director General, Institute of West-Asian and African Studies, Chinese Academy of Social Sciences
- **David Mc Farlane**, European Commission, Directorate General External Relations, National Expert: China, Hongkong, Macao

## **Introduction by Valérie Niquet**

Dialogue needs substance and transparency. Coherence is also essential, for example between the textile industry and development policy in Africa. China has a role to play here. A key question is what the real incentive is for China to engage in meaningful dialogue with the EU on development aid when China is seen as an almost counter model to the governance-focused EU approach.

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## **Presentation by Dr Stefan Oswald**

### **What is the current context and rationale for development cooperation?**

Forty years after the first provision of development assistance, the core challenges of development policy - namely the struggle against poverty and the promotion of sustainable development to prevent human suffering, hunger, environmental destruction, international and civil wars, biodiversity loss and climate change - have become even more serious and must now be addressed in the context of a new global situation.

Globalisation has led to a radical transformation that makes itself felt in every country. Rapid expansion of multinational enterprises, changes in social conditions and structures, violations of human rights, the globalisation of organised crime and the emergence of global media networks have generated enormous potential for insecurity among traditional societies, not to mention our own societies.

While globalisation was taken by a number of countries as an opportunity to make economic progress and to combat poverty, there are still around 60 countries whose development is lagging too far behind. Between developing countries, but also within the successful countries there is a widening gulf between winners and losers. These problems pose a challenge that cannot be confined to a specific area but have global repercussions which may affect all of us.

It is therefore in the interest of the EU, its member states and also booming middle income countries like China, India and Brasil to contribute to shape globalisation in a forward-looking, responsible way to ensure social justice, social stability and sustainability, preferably using the instrument of a social and ecological international market economy, a global 'economy of balance'.

### **What is the German response ?**

As the basic document of the current German Government – the coalition agreement - clearly states, Germany's priority is to be a responsible partner in Europe and the world. With regard to our development policy, our primary objectives can be summarized as follows:

- Solidarity with the poor.
- Security for our own country and our partners in the world.
- Strengthening economic growth and prosperity in developing countries and our own country.



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We regard the Millennium Declaration, which represents the broadest consensus ever achieved on the core areas of development policy as our primary reference for development objectives.

We are pursuing the aims and applying the principles of the Millennium Declaration, especially the MDGs for 2015, including the results of the respective events standing in context such as the UN Millennium Review Summit in 2005, the Monterrey Consensus and the Plan of Implementation agreed at the Johannesburg World Summit on Sustainable Development. We regard development cooperation as a task of the international community, to which German development policy makes effective and visible contributions.

Through our development policy we intend to make a central contribution to combating poverty worldwide, safeguarding peace, protecting the environment, preserving the natural resource base, making democracy, the rule of law and human rights reality, and shaping globalisation in a just fashion. To this end, we intend to contribute to create conditions at international and national level which allow globally sustainable development and give people in the developing countries sustainable perspectives in their home countries.

In order to tackle the major global challenges, it's our policy to work jointly with our partners and allies, in particular at the United Nations, the international financial institutions, the Council of Europe and other international institutions. In order to achieve a higher degree of efficiency and effectiveness of aid we also aim for a better division of labour between the various bilateral and multilateral donors alongside comparative advantages.

### **Is there necessarily a contradiction between national interests and development goals?**

As short term gains may most likely result in long term losses, in the long run, there should be no contradiction between national interests and development goals. There is, however, a serious risk that short term political or economic interests may lead to political decisions which have contradictory effects on important development factors such as economic reform and governance.

To minimize those contradictory effects, traditional donors have developed mechanisms within the Development Assistance Committee (DAC) of the OECD and other international forums, to achieve a higher degree of consensus with regard to development policy. Good examples are the DAC consensus on untying aid to less

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developed countries (LDCs), the overarching importance of good governance and the identification of certain priority sectors for development such as education and infrastructure. The most recent consensus was reached on harmonisation of donor practices in the so called Paris Declaration aiming - amongst other themes - at improving the coherence and efficiency of bilateral and multilateral organisational structures and instruments. These international arrangements, which restrict national cooperation policies in the short term, enhance the chances of success of our combined efforts in the long run.

In order to improve cooperation in tackling global challenges, Germany considers it important to advance the further development of international institutions and global regulatory instruments such as the world trade order. We therefore see an urgency to welcome emerging donors like China to join those processes to further advance the international consensus on how to achieve the development goals and to improve the international division of labour in development issues. We also intend to develop new initiatives to forge strategic partnerships with emerging donors aiming at utilising our joint expertise for the benefit of developing countries.

Taking into account the challenges mentioned, we cannot afford an international development competition – not with the traditional donors and of course not with the emerging donors. What we need is a partnership for ‘global responsibility’ for those important challenges such as climate protection.

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### **Presentation by Jean-Paul Marthoz**

The EU cannot pretend to implement its new strategy for Africa’s development without appraising the fundamental changes that the emergence of regional (South Africa, Nigeria) or global powers is bringing about. As the promotion of human rights is a key element in the EU’s foreign, security and development policies, I would like to try to express how the emergence of China as a major global player is seen within the human rights movement.

Traditionally the human rights movement bases its views and actions on at least the four following postulates:

1. The nature of a regime affects the external behavior of a society. “Foreign policy reflects the values of their underlying societies. Regimes that treat their own citizens

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- unjustly are likely to do the same to foreigners” (Francis Fukuyama).
2. Democratic countries should consider the promotion of democracy and human rights in their foreign policy as a key element of their internal legitimacy and therefore are expected to apply active policies towards governments accused of abusive behaviour.
  3. In the human rights movement’s worldview there is no such thing as non-interference. In the face of massive abuses, silence and inaction add up to complicity.
  4. The respect for the most basic human rights is a lever of an equitable and sustainable economic development and not an obstacle.

The current context is not particularly propitious to human rights: the reinforcement or establishment of international institutions or instruments like the International Criminal Court (ICC) or the Human Rights Council, the very welcome reference to human rights in EU or US foreign policy discourse, cannot distract us from more negative trends. The human rights movement is on the defensive. Even in democratic countries that have been considered as natural allies by the human rights movement, narrowly defined national interests often trump human rights. Some, the US in particular, opt out of key provisions of the system of international human rights or international humanitarian law, others are highly selective in their indignation or denunciation. In failed states, armed non-state actors often linked to transnational networks and ‘rogue states’ play a devastating role in the degradation of the human rights situation.

The emergence of new global players has to be seen within that context. It is currently forcing human rights organisations to redraw their research maps and redeploy their advocacy strategies. After having learned, in the 1990s, during the genocide in Rwanda or in Bosnia, that multilateralism is not a panacea, they now discover that multipolarity is not automatically the best corrective to gung-ho unilateralism.

China is certainly the most interesting case to observe. Although it would be unreasonable to deny that China is a more open society today than it was 30 years ago, the persistent authoritarian nature of the regime and the growing global projection of China put this country squarely at the heart of the human rights movement’s attention and concern.

Should there be concern? Yes, because on issues considered crucial to the human rights movement, China is often on the wrong side of the tracks. To be balanced, China has tried to increase its profile as a predictable and active member of the international community. It has sent troops for peacekeeping operations in Africa, refrained from

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hampering the work of the ICC and poured impressive sums of money in development projects.

To be fair again, as Professor Kang (Stanford University) candidly observes, “China’s approach is not significantly different from how any other country pursues its interests. The US is highly selective about who we’re moral about. We support Pakistan, Egypt, Saudi Arabia - huge human rights violators - because we have other strategic interests. China is not unique in cutting deals with bad governments”.

However by adhering to its proclaimed policy of non-interference in other countries’ internal affairs, China often provides abusive governments with alternatives and escape routes that effectively weaken the capacity of the international human rights community to have an impact. This is where the proclaimed EU strategy for development, particularly in Africa, is being undermined by China, a country that in its quest for raw materials, oil especially, and markets, does not consider the respect for human rights as part of the deals it enters into with abusive governments.

“When it comes to human rights, China’s foreign policy is deliberately agnostic,” writes Human Rights Watch executive director Kenneth Roth. “When Western governments try to use economic pressure to secure human rights improvements China’s no-strings rule gives dictators the means to resist. Chinese investment and aid can still sometimes fight poverty, and it is not as if Western governments always have human rights foremost in mind. But as China’s quest for new markets and natural resources spreads around the world, its de facto support for repression has become increasingly common”.

China not only provides alternative sources of investment, like in Sudan where its oil industry filled the void created by the departure of Western companies, but also diplomatic support thanks to its status of permanent member of the UN Security Council and, more ominously, arms sales.

According an Amnesty International report, China accounted for 10 percent of all conventional arms transfers to Africa between 1996 and 2003 and many of these weapons land in the hands of very abusive governments. In Sudan, Chinese helicopter gunships are used to combat rebels and terrorise civilians in Darfur; Zimbabwe has ordered jets, military vehicles, radio jamming equipment, from China; in Equatorial Guinea, China has provided military training and specialists in heavy military equipment. The rewards are not only financial but also diplomatic. Through its relationships based on oil deals and arms sales. China gains important African allies in the UN for

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its own political goals, including the status of Taiwan and diverting attention from its own human rights record.

For development, the question is obvious: from an economic and social rights perspective what is the impact of China's investment in Africa? Most economists highlight the positive aspect of China's emergence for Africa thanks to the impact of China's growth on the price of raw materials (although it does not trickle down to the needy). Others commend the number of projects developed in countries or regions that had been abandoned by most Western companies or governments. Others mention debt cancellations, medical assistance, agricultural projects, and the building of roads and schools.

However, the Chinese government's policy of not "meddling in each other's domestic affairs" has also had very negative consequences on governance, a key ingredient in the respect of economic and social rights. In Angola for instance China's policy of lending without conditions, has allowed the Luanda government to circumvent the accountability requirements required by the international community. From 1997 to 2002, according to a Human Rights Watch report USD 4 billion disappeared from Angola's public coffers, the equivalent of the amount spent on social programmes in that period, a major case of violation of social and economic rights.

As Princeton Lyman of the Council on Foreign Relations said very diplomatically: "China's interest in Africa has both positive and negative effects. It is good for the continent because it brings in a new actor who's willing to invest, but it is bad for Africa if it turns countries away from the hard work of political and economic reforms," the work that the EU precisely pretends to foster in its own development policies in Africa.

Because of China's growing clout, because of risk that its policies undermine efforts at promoting the rule of law, good governance and respect for human rights, the monitoring of China's foreign human rights policy is crucial. How to engage with China's foreign policy-makers will be a major challenge for the global human rights movement.

The promotion of human rights in a particular country or in international relations comes as an interaction between local efforts and international influence. Now, the nature of the Chinese regime is an issue: no independent NGOs are allowed to operate freely in China, freedom of expression is severely restricted and the Internet firmly monitored, hindering therefore the creation of the kind of public pressure that

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affects reputations or share prices. The democratic opening of China is consequently not only of interest to the Chinese people but also to the people in the countries where China exerts its growing economic and diplomatic influence.

China wants to be seen as a responsible stakeholder in the international community and wishes to increase its 'soft power' on the global scene. Beijing has indeed an opportunity to demonstrate its sense of responsibility by taking the lead on issues on which it really can make a difference: the continuing oppression and repression of civilians in the Darfur region or the harassment of the opposition in Zimbabwe. The way China addresses these two key symbols of Africa's tragedy will determine the way that country will be remembered for the next decades. And when it comes to the judgment of history, the defense of human rights is always the best option.

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### **Presentation by Professor Guang Yang**

As economic and trade relations have expanded, China has sought mutual benefits and 'win-win' situations. The value of Chinese trade with developing countries has increased rapidly. The structures of trade and economic cooperation have been upgraded with those countries that have more evident complementarity with China. China is engaged in the process of establishing a free trade zone.

China attaches great importance to the phenomenon of unbalanced trade with developing countries and trying to settle this problem in the spirit of mutual interest. Since the beginning of 2005, China has given zero import duty treatment to 29 of the least developed countries in Africa. The Chinese government also encourages Chinese companies to invest in developing countries and this policy helps the benefitting countries balance their international payments at the capital account level.

China is still a low income developing country with per capita GDP of little more than USD 1,000 per annum. However, China has provided assistance within its capacity to support poor countries in economic development in the form of subsidies, foreign debt relief and training of human resources. During the past half century, China has also sent 16,000 doctors to Africa. In providing assistance, China always respects the needs of the recipient country and never attaches political conditions or imposes development models. Recently, the African countries have formulated the New Partnership Initiative (NEPAD) giving a series of priorities for development, which have become important references for China's economic system to African countries.

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The EU is made up of developed countries, which are promoters, initiators and practitioners of advanced concepts of development. They have succeeded in economic integration and therefore have tremendous economic power and experience with which to help developing countries. European countries also occupy important seats in powerful international organisations, advocating multilateralism, and have significant influence on the formulation of policy towards developing countries.

China is the largest developing country and enjoys long-term friendly relations with other developing countries. During the past two decades, China has accumulated experience in development and has played an increasingly important role on international issues. China's capacity to help developing countries is therefore improving, making potential cooperation with the EU a key issue for discussion. Four areas suggest themselves for cooperation:

1. Promoting shared concepts such as multilateralism and the role of the UN, cultural diversity, the democratisation of international relations and the settling of conflicts according to international laws.
2. Helping developing countries in economic terms by exempting foreign debts, improving market entry conditions, increasing official development assistance and encouraging FDI and the transfer of technology, so the MDGs can be achieved on time.
3. Increasing Chinese participation in international mechanisms. Decisions towards developing countries are no longer limited to the UN and, if the EU wants China to play a greater role in development cooperation, it should help China join the G8 discussions on developing countries and the settlement of the Palestinian issue.
4. Providing intellectual support for developing countries. Experts and scholars need to intensify their joint research on development issues and formulate new theories and new methodologies to contribute to the development of the developing countries.

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### **Presentation by David McFarlane**

The discussion on cooperation between the EU and China is an important one. A cooperation agreement was signed between the EU and China in 1985 to outline their relationship and there is now work to upgrade this and replace it with a framework agreement, setting out a wider partnership and extended cooperation. This shows that the relationship goes beyond trade and economic issues or individual policy

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issues like the arms embargo. The agreement covers the whole range of mature issues that should be discussed between strategic partners.

Looking ahead to the EU-China summit to be held in September in Helsinki, discussions have already begun on the joint statement that will be issued. Two particular areas have been flagged up in this context. Firstly, energy security is a new area of cooperation, with both sides realising that more discussion is needed, and secondly there is a suggestion of a specific dialogue on Africa including a wider Africa policy. Obviously in the second, but also in the first area, there are important development aspects.

The Commission is working on a new communication which will reassess and set out the EU view of how the partnership between the EU and China should move forward. There is likely to be a focus on the comprehensive and strategic nature of the partnership to ensure a more coherent vision and ensure there is no conflict in development activity.

The title of this panel discussion, ‘national interests versus development goals’, is important. One of the key drivers for China’s development policy seems to be the search for national resources. This is understandable and is an important aspect that guides the thinking of many countries. The EU has to accept this and discuss how this conflict of interest could look in the future and the issue of whether or not there will be conditionality.

In the United Kingdom, the former foreign secretary Robin Cook came under a lot of pressure for talking about giving an ‘ethical’ dimension to all the UK government’s foreign policy work. In today’s discussion it is interesting to look at whether there will be an ethical dimension to the work and development assistance that China will provide.

Professor Yang referred to ‘peaceful development’, but is the principle of non-interference merely a good excuse to be able to deal with a number of countries in Africa where China has a real interest in doing so? It can be quite helpful to put aside some of the more problematic ideas from a country’s government.

There are, however, genuine opportunities for some excellent cooperation and collaboration between the EU and China. Professor Yang put forward some good suggestions. China has huge practical experience it can share. There are a number of developing countries who really want to learn from China and what they have done.



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There is a genuine desire and scope on all sides for the EU, the international donor community and China to share knowledge and experiences and work together.

There is a danger of working at cross purposes with no joining of approach between the EU and China. This can lead to waste, as when, for example, EU money was allocated to road building in Angola when this work is being done by China. Money, assistance and development aid would be distributed more effectively with coordination. But there are further risks even with this approach, since what China is doing via its policy of non-interference could undermine the fundamentals of EU policy and the wider international efforts in the area. Increased risks for fragile states could result, leading to greater instability. Competition for development assistance may cause problems in the future and this risk must be avoided.

The growing involvement of China in this area, as in other international areas, is to be welcomed and is not going to go away, but choices need to be made about how to move forward. Dialogue between the EU and Chinese governments is the first practical step in identifying the right route to take. China must also be brought into the international donor community as far as possible. The speed of Chinese development has been atypical and the process of integration needs to be speeded up as Professor Yang suggested.

The EU must be realistic in its dealings with China, and China must engage on the basis that it is in its own best interest to do so, even though it may appear not to be. China has definite benefits to gain from being fully integrated into international cooperation in this area and stable developing countries will help China's economic interests in those countries. Enhancing stability and improving the situation in fragile states will be helpful to these interests.

Beyond this, Chinese foreign policy is being guided more by the realisation that it wants to be a respected and active international actor, which is something the EU and the international community want to see. The former US Deputy Secretary of State, Robert Zellick, talked about China as a responsible stakeholder, but more than this China should be an active partner and even a leader in a number of areas. It will be important to future perceptions of China that they are not seen to be collaborating with inappropriate individuals, whether President Mugabe of Zimbabwe or someone else, in parts of Africa without a sound ethical basis to help that engagement move forward.

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## Discussion

### **Contribution from Prianti Gagarin Djatmiko-Singgih, Deputy Chief of Mission of the Indonesian Embassy, Brussels**

Experience of three rounds of discussion with the EU on the framework agreement on partnership cooperation with Indonesia has shown that developing countries' national interest and EU development goals should be complementary. Cooperation can be well identified, but how can the principles, values, objectives and goals be translated into practical action? As two examples, how can cooperation be developed on the issue of migration given the different perspectives of the countries of origin, transit and destination, and how can the notion of the imposition of certain international commitments on countries that are not party to those conventions be avoided? The principles of development, peace, and ownership can be agreed with, but the implementation is faced with these practical difficulties.

### **Contribution from David McFarlane**

This is one of the fundamental challenges for EU cooperation with Indonesia or China. It is easiest to start with areas where there is already convergence on the basic principles and policy approaches and look at practical cooperation in a specific area, whether it's exchanging officials, cooperating on the ground or discussing how different views can be brought closer together. It is always possible to find ideas when there is some cohesion of views and basic principles even though there will always be areas of divergence. Discussion on something like a partnership or cooperation agreement can be difficult because agreement needs to be reached on all areas. However, in a specific area like development cooperation there is so much fertile common ground and more to do than anyone can manage, and there is great scope for some really positive collaboration. Whether cooperation focuses on separating areas for each partner to focus on or working together in a specific country, both sides have good experience that should be shared.

### **Contribution from Hui Gu, Deputy Director and Director of EU Division, Chinese Ministry of Foreign Affairs**

Mr Marthoz's presentation revealed his background in Human Rights Watch and, without wishing to be confrontational, there is much to disagree with in what he said. He suggested that China is often on the 'wrong' side. It is not clear what the 'right' side is, but China is on the side of the African people and is very much welcomed by most African countries. Unlike some other countries, China has never colonised a single African country and does not currently force African countries to adopt Chinese ideas. This seems to be the 'right' side.

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Mr McFarlane suggested that China uses the non-interference principle as a good excuse. This is not true, rather it is one of the very important principles of China's independence and a peaceful foreign policy. It is a different point of view to the European one, but the importance of this seminar is to sit together and express different points of views.

**Contribution from Tianling Wang, Deputy Director, Office for Economic Affairs, Department of Policy Planning, Chinese Ministry of Foreign Affairs**

The topic of this conference is strategic relations between China and the EU towards the developing countries and to do this it is important to find common ground and principles. Only by the principles set out in the Bandung Conference in 1955 could China and the EU cooperate in this field. However, it is also important to preserve differences in approach. China has been acknowledged as a positive element in Africa strategically and practically in fighting imperialism and apartheid and now as a development partner.

Certain speakers tended to be looking for perfect relationships in development cooperation, but this kind of relationship does not exist in the world. It is only by engaging in imperfect relations that good things can be done. China is aware that problems exist in some countries, but believes that by engaging in a process people can be helped. Finally, China has a history, which means that its civilization and its relations with other countries are not based on nothing. Although people talk about the oil, mining and other factors, China has maintained good relations with countries like Sudan and Zimbabwe in the past decade. Relations in those specific fields have developed naturally and the projects China is involved in are not concentrated on the regimes but on the majority of the people.

**Contribution from Robert Hull, EIAS Board Member**

It is true that Europe does not have much to boast about in its dealings with Africa. Professor Yang's proposition to do some common research to avoid wasting money on contradictory or duplicate work is a good one. A lot of money has been wasted in Africa over the decades and it would be good not to waste any more.

In the case of Zambia where a contract with Chinese companies had been cancelled because they broke the conditions of the contract, this was because of the national legislation in place. Collective agreements have to be negotiated with trade unions, and the miners union is very strong, demanding payment for the workers according to national agreements and not on the basis of the cheaper Chinese labour contracts. This was the initial reason why the contract had to be cancelled and it is a question of

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investors respecting labour rights. This is an interesting area concerning both European and Chinese enterprises.

### **Contribution from Jean-Paul Marthoz**

Firstly, there are very few countries in the world that are on the ‘right’ side when it comes to human rights in Africa. In this case, the discussion is about China, but similarly critical judgements would have been made if analysing the policies of some western European countries or the US in Africa. The reaction to the Darfur crisis has been pathetic from everyone.

Secondly, many African journalists, trade unionists and democratic militants are critical of the position taken by China in their countries. The Editor in Chief of the *Daily News*, which was banned by Mugabe in Zimbabwe, is not very positive about Chinese policy towards Zimbabwe. These people, these militants and activists may well become the next leaders of those countries and they will remember the policies of foreign countries as they remember the policies of former colonial powers. Politics of human rights is not just about idealism. Protecting human rights can be the best way for any country to increase its capacity to be a positive and credible actor in the international scene in the long run.

### **Contribution from Dr Stefan Oswald**

The impression can be given that bad Europeans and bad westerners are imposing nonsensical conditions just to annoy developing countries, but western governments have a responsibility towards their taxpayers. European donors are not forcing money on people, but have to enhance the probability that money is spent in ways that taxpayers want. There are lessons to be gained from past experiences, such as the realisation in Germany that paying African countries for not recognising the former German Democratic Republic did not help, but instead probably served to stabilise regimes and prolong the suffering of the people; indeed, the people of Zimbabwe probably do not regard China as being on their side. However, donor governments do need to ask certain questions and if basic factors are not in place, then aid should not be given; taxpayers’ money cannot be spent in hopeless conditions.

### **Contribution from Albert R Chimbindi, Embassy of the Republic of Zimbabwe, Deputy Head of Mission**

From the point of view of Zimbabwe, there seem to have been too many self-serving comments about our country from at least two of the panellists. It was stated that the EU imposed sanctions against Zimbabwe because Zimbabwe distributed land. If the discussion is about the distribution of land and how it is not positive, then Zimbabwe

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has no business at this meeting.

It is not true that China established relations with Zimbabwe because the Western states imposed sanctions against it. Zimbabwe had to fight for independence from some of the same people who are making statements here. It was at that time that the Chinese started helping Zimbabwe with materials and diplomatic support. What China does is nothing new, but the continuation of what they were doing.

It is astounding to hear that the West believes it is using a standard that is much better and superior than the Chinese. A shared sense of responsibility is needed for what colonialism has done to Africa and what some of the countries or companies from Europe are still doing. It is not China that is abusing workers in Africa, but companies from Europe.

A lot of care is needed when starting to generalize as there is nothing extraordinary about the standards being applied. Europe's strategic interests are in oil, which is maybe the real reason why this conference has been organised. The EU, and the British in particular, have imposed travel bans on people and tried to block the IMF and other bodies from giving money. Yet, despite all the rhetoric, most of the foreign companies operating now in the newly discovered mines, in the diamond and uranium sectors in Zimbabwe, are British. When Europe stands up to say that China is acting inappropriately, it does not have anything to do with any morality or standard but fear of competition. China, like the EU or other European countries, will probably come to a place where they try to get something and if the competition becomes too hot, then the only advice is to get out of the kitchen rather than complain. It is not clear what the Chinese have to do with the banning of a daily newspaper. The EU decided to impose sanctions, but these sanctions are now causing suffering to the people. It seems strange to hear the argument that people are happier with those sanctions than with China investing in sectors in Zimbabwe that create employment.

Zimbabwe is committed to engaging with other members of the international community, but it has to be on the basis of mutual respect and sovereign equality.

### **Contribution from Jing Men, Free University of Brussels**

The viewpoints of both sides and the different aspects and approaches of China and the EU in Africa are understandable. The fundamental difference between the EU and China is that they are at different stages of development. The EU, as a group of developed countries, has a history of colonisation in Africa. China is in the process of development and was a kind of semi-colony itself in the past, giving it a kind of

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shared past with the African countries.

Due to the different stages of development, the EU seems to pay more attention to political values whilst China is more pragmatic, paying more attention to social and economic development. It takes the view that although economic values are important, the most crucial issue for developing countries is to feed and clothe the people.

There is also a difference in approach to the concept of sovereignty. Whilst the EU states have already given certain supranational powers to the European institutions, China and the other developing countries still attach great importance to their national sovereignty.

Mr McFarlane suggested that China's interest in Africa is purely material, for oil and raw materials, but economics is always related to politics. Without the support of the African countries China would have struggled to get its UN seat in 1971 or to achieve the influence it has in the UN and international society in general. It seems realistic to say the EU and Chinese operations in Africa represent a form of competition for influence.

There are crucial gaps in understanding and perception between the two sides, showing the need for them to exchange views more frequently to better understand each other.

### **Contribution from David Fouquet of the Asia-Europe Project**

Looking away from Africa towards Asia, there are some concrete areas where cooperation between China and Europe is possible, despite any differences in approach over non-interference. China is engaged in both North Korea and Myanmar where the EU has not had a great deal of success in either achieving the MDGs or changing policy. China is both engaged and has some influence in these countries because they are in their neighborhood. This could be an interesting area for cooperation and the development of common approaches to dealing with countries that are problematic for China, the EU and the international community as a whole. The EU is not as engaged as it used to be in North Korea and no longer exercises the role it used to play as a member of KEDO (the Korean Peninsula Energy Development Organisation). China, however, has been involved quite extensively and this could provide opportunities for an exploration of possible cooperation.

### **Contribution from Professor Guang Yang**

On the issue of non-intervention, it is a misunderstanding to think that China only focuses on economic interest. Democracy and democratisation are good values not

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only for westerners but also for China and African countries. The issue is rather how to achieve democracy and democratisation. China has carried out a kind of gradualism, reforming and opening up its policy. On democratisation, many Chinese colleagues believe that economic development is fundamental to achieving sustainable democracy; without it democracy cannot last and with it, democracy is inevitable. China only began economic reform a quarter of century ago and reform is now one of the priorities of the Chinese political agenda, so China cannot do more than it has experienced.

Non-interference does not mean that China is not responsible. With greater economic interest in a country comes greater responsibility and it is against Chinese interests to work against the wishes of the international community. In the case of Sudan, Chinese interests in the country have led to pressure on the Sudanese government to carry out a more flexible policy on the Darfur issue. China does not stay there without doing anything, but helps promote solutions to the problem. Furthermore, within the human resources training programmes that China offers in Africa, many courses are related to the rule of law and democratisation. It is not that China does not care about democracy; it is just there is a difference of opinion between China and the European countries on how to carry out and promote this democracy.

#### **Contribution from Uwe Wissenbach, European Commission.**

With experience of working in China for five years and now in DG Development, it is interesting to see the different perspectives and the passions flaring up in this debate.

Sometimes it seems there is an official Chinese discourse of non-intervention, but they also acknowledge there are problems with some of the positions taken in public. In the Zimbabwean case, it emerged in a meeting with the Director General of the Ministry of Foreign Affairs that President Mugabe was being pressured by the Chinese government to change some of his policies. Some of the passion in this debate perhaps arises from a lack of trust in each other's real intentions.

There are clear ideological positions, but each side exhibits double standards to a certain extent. The Chinese know very well that when they are talking about non-interference but giving aid to a particular country, rather than to another, or more to a country that has oil rather to another that does not, they are having double standards. As our Zimbabwean colleague pointed out, Europe also has companies actively involved in Zimbabwe and, for example, Total involved in Myanmar even though they should not be there according to European principles. As Mr Wang said very clearly, it is not possible to have perfect relationships, perfect approaches and perfect policies.

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The key in this discussion is to acknowledge the different attitudes and build a little more trust and transparency to explain the positions better. Flexibility is needed. Most politicians will not make the effort to read between the lines or study in very much depth the discussions that are going on in the other country, although the Chinese are better at studying European discussions than the other way around.

There does not seem to be much point in working more on the positions. Before going public with all sorts of statements on how the world should be and how relations between Africa, China and Europe should be organised, the people who actually make the decisions need to come together in an open dialogue to build trust and understanding. Expectations should not be too high. Both sides should accept that a dialogue has started, but Europe neither needs China to accept their basis for work nor needs to accept the first proposal made by the Chinese.

Both sides will have elements that they like and do not like. It is too simple to claim that we are engaged in a democratisation of international relations and that unilateralism coming from Washington should therefore be rejected. At the same time accepting ILO standards and aspects of good governance means something to Europeans and is not perceived as interference. There needs to be more research and discussion on the terms of the debate and then politicians need to be better reached by the researchers and academics who do the real thinking.

### **Contribution from Yuantang Yu**

It is surprising that so much attention has so narrowly focused on Africa while talking about the European countries. Although discussions about Africa are interesting, this discussion is supposed to be about the developing world at large. Talking about Africa alone raises suspicions that this is about economics and economic competition rather than development policy. The discussions should focus on what China and the EU can do to help developing countries with their development policy.

It is also important to remember that the aim of this meeting is to talk about the possibility of establishing a strategic development policy partnership by sharing work programmes, experience and expertise. Better understanding by both sides of what the other is doing can help build trust and lead to reflections on how to work together. In this way, the objectives of this meeting can be achieved. There is no point both sides accusing the other of wrongdoing; no country or arrangement is perfect.

### **Contribution from Jean-Paul Marthoz**

The role of a human rights activist in these kinds of fora is to bring a different



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perspective and open up the debate. Democracy is about having open debates and pushing governments to adapt and take responsibility. It is important to remember that the human rights movement is not a question of the West versus the rest of the world; it is a question of believing that everyone in the world has the right to be respected according to the standards contained in the Universal Declaration of Human Rights, which most countries have signed and ratified. Even if mention has been made of criticisms of China, there is no unique focus on China and it is not unique in any good or bad governance. A look at the reports of human rights organisations will show that all countries are criticised, including those of the EU, and the US. That is the role of human rights activism in any country.

There are different ways of seeing the world, but in the dialogue, it is important not to avoid big issues by saying they are just a question of perception. It is interesting to hear that China uses its influence on the Sudanese government to promote a more flexible policy towards its population in Darfur and puts pressure on the Mugabe government. Human rights organisations would be delighted to check this as it would be a very important element in the appreciation of China's policy towards those governments.

The human rights movement does not want to erase the responsibilities of other countries either, but the same standards have to be applied to every country, North or South, big or small. Representing a watchdog organisation is different to representing a government. Like the media, the role is the crucial one of triggering governments into action and reaction through critical investigations and information.

### **Contribution from Dr Stefan Oswald**

One of the functions of KAS is to open up a forum where one can discuss different perceptions freely without too much emotion.

China has much experience of contributing effectively to the decolonisation movement and is seen as something of a role model by a number of countries in the process of development, meaning it has a lot to offer in this field. The traditional donor community also has extensive experience that can be useful in the development process.

The challenges ahead are very big. It is important to find common ground and identify areas where trust can be built between the EU and China. The EU is ready to start such a joint effort and believes it is better to start small and get something going than to aim big and get nowhere.

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### **Contribution from Professor Guang Yang**

The comments from delegates are helpful in showing potential areas for future research and study. It is especially pleasing to have heard some positive response to the proposal of joint research. If this could be achieved then it could contribute in the future to better understanding between the Europeans and Chinese to the benefit of developing countries.

### **Concluding remarks from Dr Willem van der Geest**

The first big achievement of this discussion has been to drop the question mark from the title “EU-China strategic partnership towards developing countries?”. There have been several clear statements that yes, there is scope for such a strategic relationship.

However, other questions have been raised around the issues of trust, approach, scope and the practical realities of any possible collaboration. It is clear that development policy is a potentially controversial area of cooperation.

China has been involved in Africa and other developing countries for fifty years or more. Its foreign aid policy has similar modalities to that of the EU or its member states, but is less based on cash and more on technical assistance to develop capabilities, debt relief in the high debt countries and work in fields like public health. An example given was the large numbers of medical doctors operating in Africa.

It seems that the EU and China should establish a dialogue on development policy and perhaps the complementarity of China’s experiences and the EU’s resources could be fully exploited.

The EU development consensus is an interesting document, which shows that such a dialogue with China is most welcome. It covers both the member states and the European institutions, which is not always the case. There are political considerations in the EU’s approach to development policy; mostly, these focus on issues of good governance. Poor governance leads to vast corruption, which is why it is so high on the agenda. There must be a legitimisation and rationale for the EU taxpayers’ money that is spent.

There are common values of human rights, democratisation and good governance, but also wider common values in terms of rights: solidarity, gender equality and social cohesion. Ownership is a key principle of the EU. There are attempts at linking development assistance with the development strategy of the countries concerned and facilitating the implementation of civil society partnerships.

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Although coherence is written into the EU treaties, there is still divergence, for example, between finance and agriculture ministries as shown by the loss of impetus of the Doha development round.

Concerning the Chinese approach, questions were asked about whether the motivation is primarily raw materials and whether they are on the ‘wrong’ side, looking in particular at Chinese involvement in Sudan, Zimbabwe, and Angola. It was asked, rather provocatively, whether non-interference was some sort of alibi to continue making deals with poorly governed countries or areas. If it is, coordination and strategic partnership can lead to better outcomes. However, it was argued that non-interference is a basic principle which China holds as key to its international position. There is an emotional attachment between China and a number of other developing countries, which have had experiences of being colonised by the British and other EU powers. China's approach is based on building capacities, providing technical assistance and debt relief with no political conditionality. There can be political motivation to China's involvement in developing countries, however, for example when it was aiming to regain its UN seat back in 1971.

Some interventions found it important to remind China that it has major soft power in its involvement in developing countries worldwide and it should be using this to push issues of governance, democratisation and human rights.

The development policy of China seeks to deal with imbalanced trade between China and developing countries, for example through development support in the form of zero import duties, which reminds one of the Growth and Stability Pact and Economic Partnership Agreement initiatives of the EU.

China has vast experience to offer and four key areas for work with the EU were identified: a shared multilateral approach, cultural diversity, democratisation of international relations and cancellation of foreign debt.

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# Good governance and Millennium Development Goals – relevance for the policies of the EU and the People’s Republic of China towards developing countries

*Panel discussion*

## **Panellists:**

- Chair: **Dr Stefan Friedrich**, Director, Asia Department, Konrad-Adenauer-Stiftung
- **Michael Gahler MEP**, Vice Chairman, European Parliament Development Committee
- **Professor Dr Dingjian Cai**, Director, Constitution Study Institute, China University of Political Science and Law
- **Professor Dongyan Li**, Department of International Politics, Institute of World Economics and Politics, Chinese Academy of Social Sciences
- **Tianling Wang**, Deputy Director, Office for Economic Affairs, Department of Policy Planning, Chinese Ministry of Foreign Affairs

## **Introduction by Dr Stefan Friedrich**

A Chinese slogan in foreign policy used extensively in the mid-1950s, around the time of the Bandung conference, translates as “see common bases, preserve differences”. Several common points were identified in the previous discussions: the necessity to support less developed countries; the value of long-term stability; and the importance of dialogue to see whether the EU and China can join forces to help developing countries. There might also be agreement that donor competition will not be helpful in the long run.

The second part of this slogan might need redefining as it would also be good to

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overcome some differences. The first step of this process is to identify the areas of difference. This is a good starting point from which to achieve meaningful conclusions. Conditionality is a key word, together with the related concept of non-interference, whether or not it is a value in itself. Human rights issues are linked to these questions.

It might be that both sides agree on the common long-term goal of improving the situation of people in developing countries, but disagree on the best ways to achieve this goal. It will be interesting to take these ideas forward in the context of today's discussions on *Good governance and Millennium Development Goals, relevance for the policies of the EU and the PRC towards developing countries*.

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### **Presentation by Michael Gahler MEP**

As major players in third-world countries, EU countries should have an interest in having strategic partnerships with emerging major players.

In the context of the ACP countries, there is the framework of the Cotonou Accord, which contains multiple references to topics like good governance. To quote three phrases of one article of the Cotonou Accord: “in the context of a political and institutional environment that are human rights, democratic principles and the rule of law, good governance is the transparent and accountable management of human natural economic and financial resources for the purpose of equitable and sustainable development. Good governance, which underpins the ACP-EU partnership, should underpin the domestic and international policies of the parties, and constitutes the fundamental element of this agreement. The partnership shall actively support the promotion of human rights, processes of democratisation, consolidation of the rule of law and good governance”. ‘Good governance’ is referred to three times in this short citation and is the key to development.

If there is not good governance and the potential wealth of African and other developing countries is appropriated by a corrupt elite, development efforts will never be successful. After centuries of colonialism in large parts of the world, Europeans do not have a good record in governance in third world countries, but it is perhaps an obligation to do better now as compensation for the lost time and to ensure a better future for these countries.

Europe has made a lot of mistakes from which it and China can learn. When Europe

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was split between East and West, cooperation with Africa was not based on whether there was good governance, democracy and the rule of law, but which side an African country was on. This was a very unhealthy form of competition and profited certain elites more than the people on the ground in these countries. Even though we are now a long way from such a situation, any hint that this kind of unhealthy competition might arise between the EU and China must be avoided.

European parliamentarians can be the most outspoken European politicians and they are expressing great concerns about developments in Africa, where access to resources seems to be driving policies.

The Cotonou framework gives the possibility, under Article 96, of interference, in that the market access and development cooperation privileges can be suspended if there is no good governance. There is multiple interference in Africa of international companies, which sometimes ‘buy’ government ministers, officials, or local autocrats to have access to resources there.

China is active in Africa and doing good work in reestablishing railways lines and contributing to infrastructure development, from which all the people benefit. However, there is also evidence of presidential palaces being built by the Chinese or North Koreans in Africa. This might symbolise the approach, perhaps followed previously by Europe, of buying elites to get access to countries.

In Zimbabwe, Europe has imposed Article 96 of Cotonou on Mr Mugabe and a travel ban because there is no good governance. However, they received hundreds of millions from China in return for the right to dig everything that is below the surface in the country. Europe has problems with this approach which is not a sustainable way to develop the country.

A recent article on Chinese involvement in Angola said that infrastructure investment, such as a new airport for Luanda and new railway lines, was positive, but that the result of the investment was that Angola was independent of IMF credits and therefore free to ignore issues like good governance. Beijing does not demand any transparency and they get the credits without the promise of democracy. There is an assessment that the Chinese presence endangers Angola’s efforts to limit the behaviour of a selfish elite.

It is to be hoped that one day the EU and China will be able to look at each other and say that together they are improving the lives of people in developing countries by applying the MDGs, by contributing to good governance and by avoiding the mistakes

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of the past. This would be to the benefit of people in Africa and other developing countries, but also to the EU and China since no one will benefit in the long-term from a failure to implement the MDGs and sustained lack of development.

**Comment from Albert R Chimbindi, Embassy of the Republic of Zimbabwe, Deputy Head of Mission**

Zimbabwe now has a 96 percent literacy rate, which is one of the highest in the world, comparing to any country's record. In some rural areas before independence there were only one hospital and one secondary school per district; now there are many more hospitals and schools. Improving people's lives is more important than some of the more abstract debates people want to have and Zimbabwe has been making progress. It is important to acknowledge some of these positive elements so that when criticisms are made it can be seen that they are constructive rather than simply condemning everything a government does, which is not helpful.

**Response from Michael Gahler MEP**

There is indeed a high literacy rate in Zimbabwe, which is one of the reasons why those at the top have so many problems with their people, because they are so intelligent.

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**Presentation by Professor Dr Dingjian Cai**

Current constitutional reform in China is both caused by the market reforms and is part of its transformation and is resulting in the emergence of Chinese civil society. Chinese citizens are starting to ask more in terms of the protection and expression of their rights through legal channels and the media. This entails bottom up calls for human rights, democratisation and constitutionalisation in the Chinese political system.

Political participation of citizens is increasing. 'Normal' citizens are asking to be appointed as representatives in the Congress. According to studies, it is members of the rising middle class, enjoying a certain level of economic prosperity who are asking to represent the interests of the people in this way. Their motivation to engage in the political process is to better protect their activities in the professional economic sphere. There are changes in the existing national people's congress with standing members of the Congress assuming more responsibilities. Rather than being there as a status symbol, some are really expressing the interests of different groups in the meetings and conferences and there is increasing demand for new regulations and laws.

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Public participation in the legal process through public hearings has developed significantly. Five years ago, the average Chinese person probably would not have known what a public hearing was, but there have been a number of significant cases involving public hearings in recent years. Public opinion also has much more influence, including through the media. In 2003, a Chinese university student was detained because he did not have his ID card with him, which was contrary to the state council directive in force. He was severely injured and nearly died in the incident, which caused a widespread reaction, with scholars and the media requesting the abolition of such directives. Public opinion was able to bring about the abolition of the directive.

Increasingly, academics are interacting actively with the media to uncover mistakes and abuse by local government in, for example, land use. It is something very new in Chinese society to have this kind of independent force at work.

More and more citizens are using the constitution to protect their rights with legal experts. They are pushing for the effective application of the constitution on the ground, by challenging existing directives or regulations on the basis that they do not conform with the constitution. As an example, a company's rule that employees must be at least 1.68 metres tall is a violation of the principle of equality written in the constitution. The whole process is one of spontaneous transformation and request for reform initiated locally and autonomously.

There are also top-down initiatives for reform with the Beijing government developing more limited government and increased government transparency, with better availability of information.

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### **Presentation by Professor Dongyan Li**

The 1997 UN work report includes a clear explanation of the concept of good governance: “good governance comprises the rule of law, effective state institutions, transparency and accountability in the management of public affairs, respect for human rights, and the meaningful participation of all citizens in the political processes of their countries and in decisions affecting their lives.”

There are some interest conflicts and value conflicts between China and the EU on their views on the concept of good governance and the policies toward developing countries.



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EU countries are strong advocates of good governance, regarding good governance as necessary consideration of their policies toward developing countries. For example, the Development Assistance Committee (DAC) of the OECD believes that democratisation and good governance are central to the achievement of the development goals for the 21st century. The EU standards of good governance include the rule of law, strengthening public sector management and transparency/accountability by improving accounting practices and budgeting and public expenditure management; and combating corruption.

China, as both recipient country and donor country, is not opposed to the main principles of good governance. The difference is that China does not want to make those standards of human rights linked to its policies toward developing countries. Instead China insists on the principle of mutual respect, equality, mutual benefit and non-interference. The EU puts a lot of emphasis on multilateral development aid, but China emphasises the strengthening of its traditional bilateral relationship with developing countries.

The EU countries are worried that China might contravene the established OECD standards and obtain more influence with less cost. They are concerned that China might obtain resources in developing countries with little regard for the environment or the human rights records of the governments it deals with. European donors also worry that their commitment of resources to UN agencies produces limited national benefits, whilst China furthers its political and economic interests through expanding its bilateral relations with developing countries.

These are conflicts between a rising developing country and existing developed countries because of the different interests, different national priorities, and different political cultures.

Beside the consideration of national interests, the belief of the EU in good governance comes from its traditional political culture, and from a strong inclination towards ideas such as global democracy, multilateralism, and international rule of law. The experiences of building an integrated EU lead the EU countries to strongly prefer international institutions and international constitutionalism.

Notwithstanding recent change, China's policy toward developing countries is still rooted in its traditional political culture. The eight principles of foreign aid and the five principles of peaceful coexistence are heritages of China's policy toward developing countries. Chinese premier Wen Jiabao said during his visit to Africa countries, "The

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same historical experience links China and Africa closely. No matter whether in the fight for national liberation or in the process of nation building, the Chinese and African people have extended sympathy and support to each other and established profound friendship.” This reflects the special traditional complexity of China’s policy towards developing countries.

The differences and conflicts cannot be eliminated in a short period, but we have enough reasons to believe that the gap between the two sides is narrowing and international society is increasingly sharing common values and principles.

Internally, since the beginning of the process of reform and opening up in China, the objective of China’s policy toward developing countries has shifted from overthrow of the Western system to coexistence and cooperation with Western countries.

Chinese leaders and the government promote the concept of harmonious societies and a harmonious world, saying that harmonious societies should be based on democracy, the rule of law, equity, justice, sincerity, amity and vitality. The key principles of the concept of harmonious society include:

- Sustained, rapid and coordinated economic growth.
- Socialist democracy.
- The principle of rule of law actively enforced.
- Strong ideological and ethical buildup.
- Social equity and justice.
- A fine-tuned social management system capable of handling the people's internal contradictions.
- Enhanced environmental protection.

These principles are consistent with the nation of good governance.

Chinese policy towards developing countries is based on three major needs: the need for security, the need for development, and the need for international responsibilities. It is true that China considers its national interests and prefers bilateral relations, and it is also true that China is putting more emphasis on its international responsibilities and international institutions.

With economic development and political reform, China will make more progress in good governance. With China’s integration into the world, China’s international behaviour, including its activities in developing countries, cannot escape the constraints

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of international institutions. To abide by international rules and norms has become one important part of Chinese national interests.

The following conclusions can also be drawn:

First, China's domestic development has made a great contribution to the MDGs. The development of China is an important part of the development of the world. China will continue to improve its environment both as a recipient country and as a donor country.

Second, there should be some universal standards of good governance as guidance for development, but we should realize that neither the World Bank nor other UN agencies are able to set up a single model of good governance for developing countries. Good governance is an ideal of international community, but not a reality. It can be regarded as a direction of development, but not a fixed model. It is still necessary to seek different models of development and development assistance for different recipient countries and donor countries.

Third, it is likely that the EU and China can resolve their disputes on development through negotiations and international institutions.

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### **Presentation by Tianling Wang**

China is in a period of transition in all fields, including its foreign policy. There are legitimate concerns about donor competition, yet China is somewhat reluctant to be defined as a donor in the classical way. Given the enormous development challenges faced by China, it is still a developing country in all the classical terms.

Rather than talk about 'conditionality', the Chinese talk about 'responsibility'. The Ministry of Foreign Affairs recently received a letter from a British Parliamentary Commission checking the follow up of some loans by Chinese banks to the Angolan government. In reply, the Chinese bank was able to detail the procedures that the loan will follow to ensure that all the money is used in a responsible way, to make concrete and visible progress in terms of infrastructure and other projects. China does not just give money with conditions, it only funds responsible projects.

Even though they are faced with enormous challenges, both China and the EU are

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growing in terms of their strength and influence, and are bound to play a more significant role with greater responsibilities in global affairs including development policy. Exploring China-EU cooperation and a strategic partnership towards developing countries must be seen in this context. Both sides need to look at the following issues:

1. The possibility of putting development cooperation into the framework of the China-EU comprehensive strategic partnership. Development policy is so far little mentioned in the main documents published by China and the EU, yet it is in the interests of both China and the EU to work together to ensure stable development. It is important to adopt a strategic approach and the forthcoming EU-China Summit should look to tackle some of these topics.
2. Africa could be taken as a starting point and focus of cooperation, since Africa presents the largest number of countries facing the greatest difficulties, and represents the most challenging element of the world's development. Both China and the Europeans have been pushing development cooperation with African countries and although they are at different development stages and have different approaches, strengthening the systematic cooperation dialogue on Africa would be beneficial and meaningful for both sides.
3. Capacity building cooperation: China has begun to execute a three-year programme to train 30,000 people to promote the quality of medium and low-level management in developing countries. Taking advantage of technologies, this project was warmly welcomed by African and other developing country partners. China and the EU could strengthen their cooperation in this field by sharing their positive experiences. This would not only help the realisation of the MDGs, but also enrich China-EU relations.
4. Infrastructure development in developing countries: many developing countries are focusing on developing their internal infrastructure with the help of the international community. A new wave of infrastructure construction is on the way in many developing countries, and China is contributing its own strengths to become of the most important partners. China-EU cooperation could help the developing countries with more stable, continual infrastructure development.

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## Discussion

### **Contribution from Prianti Gagarin Djatmiko-Singgih, Deputy Chief of Mission of the Indonesian Embassy**

There have been tremendous development efforts by China to achieve the MDGs. When Indonesia was chairing the G77 group of developing countries in 1998, the term ‘good governance’ was introduced by the EU, but was still a kind of taboo and China was strongly against it being introduced into the UN framework. China felt that ‘good governance’ should take into account values and norms in developing countries and so fixed models of good governance are not appropriate. Would it be prudent to say that China has finally accepted the concept of good governance, especially in relations with the EU? If so, how did the internal debate on this issue evolve amongst Chinese policymakers? This is interesting since good governance is not a panacea and there is not yet universal acceptance of this concept. Key questions involve the practical interpretation of ‘good governance’: does transparency mean total transparency, does opening up mean welcoming interference in domestic affairs, and does democracy mean allowing continuing instability?

### **Question from Uwe Wissenbach, European Commission**

There have been constitutional and legal developments in China leading to good governance, even if it is termed differently in China and the EU still interprets the glass as being half empty.

One interesting case was the repeal of the law against migrants, vagrants and beggars. Some lawyers wanted to apply the provision in the Chinese constitution for constitutional review to that case, but the law was repealed so quickly following the media campaign that the review was not started. This came very close to being a precedent as the constitutional review provisions had never been used before. Does Professor Cai feel that the concept of public accountability and the use of the constitutional provisions by the people themselves rather than just the authorities will develop soon?

China’s foreign policy has developed significantly in the past few years and China has experienced a peaceful rise and development. However, this can hide the weaknesses of China’s foreign policy, the little means that China has to promote its interests and the lack of priority given to reform of foreign policy. Like other policy areas, China’s foreign policy also needs reform to modernise and narrow the gap between the Chinese agenda and the mainstream international agenda, for China to become a mainstream player. Although there are historical and internal constraints, what is the official Chinese

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position on this and what kind of research trends might help shape a modernisation of China's foreign policy?

### **Contribution from Dr Stefan Oswald**

A strategic development cooperation partnership would be a big step forward and should reflect the two strands of Europe's development landscape: Community development cooperation represented by the European Commission and member states' development cooperation. There is good experience of bilateral cooperation between China and Germany on the protection of national resources, forestry and reforestation. This could be an area of cooperation, as could the energy sector, energy efficiency and carbon dioxide reduction.

On standards of governance, it is correct that there is no 'one size fits all' model of governance; there are many models of democracy within the EU, including a more centralist model in France and a more federalist model in Germany. However, there is already a framework in place within the Millennium Declaration that the international community understands as expressing the main factors of good governance. Participation of people in the political process can have certain different forms but there are clear guidelines showing what good governance means and this could be discussed in more detail. The problem is not so much of definitions, but of implementation. The Cotonou Agreement could be used as a reference here as it is jointly negotiated between the EU and the ACP countries.

### **Question from the floor**

When Professor Li said that good governance is an ideal but not a reality and that there are different models, what does this mean in the context of, for example, Angola and Zimbabwe?

### **Response from Tianling Wang**

Eight years have passed since the concept of good governance was first proposed at the G7 summit in 1998. China has experienced a great domestic transition since then. China has accepted many new ideas and aspires to be a country ruled by law. The key for China is not about acceptance or not of the concept of 'good governance' as an abstract concept, but is rather becoming in practice a country ruled by law. China neither wants to impose on others when it comes to supplying assistance to developing countries nor be imposed on by others.

On the transition of Chinese foreign policy, there have been great changes in recent years based on principles the Chinese government is now advocating. The key concept

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is scientific development. Although foreign policy comes low down in the list of policy areas in the five-year plan this is because foreign policy is a continuation of the domestic policy and sometimes comes a little bit behind internal political development. However, there is considerable interaction between China and the international community as a consequence of the impact of Chinese development and globalisation. The principle of 'peaceful rise' was followed, but now the concept of 'peaceful development' is used because the word 'rise' seems to provoke surprising reactions.

For those people who reproach China for not acting responsibly in its development policy, Premier Jiabao gave a ten-point speech in Australia in March 2006 on why and how China acts responsibly. This speech is available for everyone to read on the website of China's Ministry for Foreign Affairs. China is behaving responsibly and also trying to bridge the gap of understanding between China and our international friends.

### **Response from Professor Dr Dingjian Cai**

The importance of the role of Chinese lawyers and the media in constitutional reform in China today is that they contribute a bottom-up approach. The legal experts are applying the constitution to the protection of individual rights and have been active in many fields in the past few years. Local governments have set up many obstacles, but legal experts have been persistent in their endeavours to help individuals and have been good at using legal means to interact with local authorities and companies. The activity of legal experts actually leads to the transformation of the legal system, such as the abolition of certain regulations, and fosters the development of a more legal culture. Both of these are significant. The role and influence of the media has increased substantially in just a few years and can now facilitate cases and lead to more legal settlements.

### **Response from Professor Dongyan Li**

Good governance is an ideal notion, but the path to realise this ideal still remains an individual practice. There needs to be a long process of dialogue, communication, integration and mutual understanding between different civilizations and different countries. The standard criteria and best practice in terms of good governance are still debatable. At the lowest level of the family, one can see that it is possible for different families to live differently, but live happily. In one Chinese family everybody might enjoy individual liberty, but the neighbouring family might have a more traditional approach where the husband absolutely controls the family affairs, giving the wife few rights. The neighbour's wife is quite happy with her own situation and finds the situation in the other household difficult to comprehend. Just like every family, every country has to choose how to manage its affairs in practice.

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China has difficult choices to make in the context of the challenge of globalization, and for the promotion of national interests. As a bigger country China must think globally as well as being concerned about its domestic situation and it is trying hard to balance the two objectives and responsibilities. There are many different opinions on the best way forward for China coming from scholars and policymakers. Opinions often depend on whether one is looking at China from abroad or talking about the rise, the threat or the peaceful development of China. It must also be remembered that many Chinese scholars see threats from outside and warn the government that terms like ‘good governance’ are being used by other governments or bodies to contain China and set obstacles in the path of its development. So views on this subject will tend to depend on how one is looking at the question, but overall the differences between the EU and China are reducing.

The topic of Angola has been raised many times, which is to be expected. In principle, even if not explicitly, China has already adopted notions of good governance. However, the Chinese perspective differs significantly from the European perspective on the issue of conditionality and how to generate good governance. China stresses more the interaction between the donor and the recipient countries. In practice China will be seen to enhance its action and promote further change in that direction.

### **Contribution from Dr Stefan Friedrich**

Despite not talking very much about the great Chinese contribution to achieving the MDGs in terms of poverty reduction, and concentrating very much on differences in terms of definitions of ‘good governance’, there is some progress in defining the common ground between the EU and China and finding ways to overcome differences.



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# Fields of cooperation and ways of communication between the EU and the People's Republic of China in developing and transition countries

*Panel discussion*

## **Panellists:**

- Chair: **Dr Willem van der Geest**, Director, European Institute for Asian Studies
- **Hui Gu**, Deputy Director and Director of EU Division, Chinese Ministry of Foreign Affairs, European Department
- **Professor Xinning Guo**, Research Fellow, Institute for Strategic Studies, National Defence University
- **Antonio Tanca**, General Secretariat of the Council of the European Union, Sector Asia, Directorate-General E - External economic relations, Political-Military Affairs, Directorate - Asia/Oceania
- **Anders Wijkman MEP**, Member of the European Parliament Development Committee

## **Presentation by Hui Gu**

China and the EU both attach importance to their relations and much has happened. Just as reference has been made to China's increasing engagement with African countries with the policy paper, high-level visits and increasing trade volume, so the relations between China and the EU are getting stronger. In 2003, during the sixth EU-China Summit, the leaders decided that the EU and China should build up a comprehensive strategic partnership. The Chinese government had published its first policy paper on relations with the EU to prepare that summit. In 2005 China and the EU celebrated the 30th anniversary of the establishment of diplomatic relations. In the past two

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years, the top Chinese leadership (President, Chairman of the Municipal Peoples' Congress and Premier) have visited 22 EU member states and more than 20 heads of EU states have visited China. The EU is the largest trade partner of China and China is the second largest trade partner of EU, with trade volume up to USD 217 billion in 2005.

Effective and comprehensive political consultation mechanisms are in place at various levels, including the summit and between foreign ministries. The first round of strategic dialogue was launched in 2005. China and the EU consult politically on specific issues such as human rights, fighting illegal immigration, climate change and non-proliferation. Four consultations take place on regional affairs at DG level: Asian affairs, the Middle East, Africa - with the first consultation in 2005 - and Middle Asia. Communication is becoming strong and the political willingness is clear so there is great potential to find ways of cooperating successfully towards developing countries.

The common ground between the EU and China far outweighs the disagreements as both sides stand for democracy in international relations with an enhanced role for the UN, and are committed to combating international terrorism, promoting sustainable development, eliminating poverty and protecting the environment. The EU and China complement each other economically thanks to their respective advantages. The EU has a developed economy, advanced technologies and large financial resources whilst China boasts economic growth, a huge market and an abundant labour force. There is a broad prospect for bilateral trade and technological cooperation.

China and the EU member states have long histories and rich cultures, believing in more cultural exchanges and mutual learning. The political, economic and cultural understanding and interaction between China and the EU offer a solid foundation for the continued growth of China-EU relations as recognised by the 2003 policy paper. Building a comprehensive strategic partnership means there is no reason not to become strategic partners towards developing countries.

Some developing countries face difficult times and decisions have to be taken on how best to help them. Isolation, sanctions and confrontation will lead nowhere. External partners have to increase dialogue, enhance cooperation and reduce misunderstandings. The issue of human rights in China is an interesting example. In the early 1990s it was almost a taboo and the Chinese reaction to foreign visitors raising the issue was typically to be very defensive. From 1998, the EU changed its human right strategy, dialogue improved and much has been gained from that dialogue. The issue is no longer taboo and discussions are open and in-depth. Although the EU and China do

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not agree on everything, much has been learned and the human rights condition in China has improved rapidly.

Increasing dialogue and enhancing cooperation can also lead to progress in the field of development policy. However, strategic partnership cannot be a slogan used for political announcements. Both sides must make efforts to give substance to the words and follow up some of the suggestions made at this event for practical cooperation.

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### **Presentation by Professor Xinning Guo**

Globalization and the increasing interdependence of independent states is generating demand for enhanced interaction and international cooperation. This is true of EU-China relations and there has been significant progress in almost all areas in the past decade. New areas of cooperation are needed to preserve the current momentum. The Konrad-Adenauer-Stiftung and the European Institute for Asian Studies have been quick to explore new areas as reflected in their efforts to hold this conference. The potential for cooperation between the EU and China in developing and transition countries is vast. Economic development and poverty reduction are the priority for many developing countries and the EU and China can make valuable contributions to achieving these objectives.

China is still a developing country facing numerous economic challenges and problems, but is nevertheless making efforts to provide as much development assistance to other developing countries as it can, even if this is relatively little compared to the EU. With rapid economic development, China will be able to contribute more to the economic development of other developing countries in the future.

Until now there has been only sporadic interaction and cooperation in development assistance between the EU and China. This can weaken the potential benefits of the development assistance provided by both sides. Since the resources for development assistance are limited, they should be used as effectively as possible, which means that some coordination is needed. The UN and regional organisations such as the African Union can play a role, but direct coordination through a formal or informal coordination body would be highly desirable.

There have been some good suggestions for specific areas of cooperation:

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1. Sharing experiences: China and particularly the EU have both gained experience of carrying out development assistance that has helped countries come out of extreme poverty, and development assistance that has failed to reach its objectives. There are lessons to be learned in planning future programmes from the successes and failures of past assistance programmes.
  2. Human resources development: most developing countries are rich in human resources and yet the lack of basic education and training for ordinary workers, and the general underdevelopment of human resources, significantly hampers the ability of some countries to develop economically. This can be a more important factor than the lack of financial support. China and the EU are both making efforts in this field. China has established human resources development funds for both African and Asian countries and this area could benefit from future cooperation between the EU and China.
  3. Infrastructure construction: infrastructure such as power plants, railways and roads are critical for economic development and many developing countries are limited by very poor infrastructure. Developing countries need both financial and technological assistance to support what are often painstaking efforts by the country to construct infrastructure. The EU and China both have a comparative advantages which would make cooperation in this field very advantageous.
  4. Disaster relief: some developing countries are severely handicapped by frequent natural disasters inhibiting normal economic development. The earthquake and subsequent tsunami of December 2004 caused more than 200,000 deaths and the economic losses exceeded USD 10 billion, in countries like Indonesia. The EU and China try their best to help disaster-affected countries restore social and economic order, but enhanced cooperation could make those efforts more effective.
  5. Conflict resolution and peacekeeping: although this is not directly an issue of economic development, the constant shadow of war and armed conflicts in some countries has made it effectively impossible to achieve economic growth. In some cases external help is needed to establish the peace that is a pre-condition of economic development. Although most EU member states and, increasingly, China have been active in conflict resolution and UN peacekeeping operations in developing countries, the necessity to enhance direct cooperation is urgent. China could learn from the greater experience of the EU to become more active and effective.

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## **Presentation by Antonio Tanca**

It is interesting to see the extent to which the EU's vision converges with the suggestions made by the Chinese speakers.

China is a leading member of the international community and a country which defines its interests broadly as being served through the sustained integrity of the international system rather than through narrow and short-term bilateral advantages. It is therefore important for the EU to look at China's approach to global issues and compare notes and have a dialogue on that. Specifically, the EU should engage with China systematically on its growing activities in the developing world to see where there are commonalities and where there are barriers to working towards mutually reinforcing approaches. Dialogue with China on the developing world and Africa in particular would be a useful component in building the strategic relationship.

The Chinese white paper adopted in 2005 and the EU strategy adopted at the end of the same year show the increased interest both sides have in the developing world and Africa in particular. The goals of these papers reveal that the two sides have much in common, including the objective of effective multilateralism. Meanwhile there have been positive recent experiences of good cooperation with China leading to advantageous results, such as over Iran, Nepal or North Korea. To improve the conditions of the African continent, both sides believe that African countries should have a bigger say at the UN and that there can be benefits from sharing respective experience of poverty reduction and sustainable development. Issues that could profitably be discussed together include: conflict prevention; peace and security, including the fight against the smuggling of small arms and light weapons and the support of peacekeeping operations in Africa; human rights; democracy; good governance; migration; and development cooperation.

Structures are already in place for bilateral political dialogue. There is the Summit, as well as twice-yearly ministerial meetings and yearly meetings at the political director level, which allow political leaders to exchange views on key issues around bilateral relations and regional and international questions. There are also lower-level meetings between experts, allowing both sides to go much more into depth on specific issues such as human rights, Asian issues, the Middle East, disarmament and arms control. The strategic dialogue is more on the higher level, since it is at vice-ministerial level.

Although there is a wide range of sectorial dialogue between the Commission and China, the situation regarding the developing world is a little bit uneven. On Asia,

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there is a specific dialogue with Asian partners within the Asia-Europe Meeting (ASEM) process and bilateral discussions with China. However, the situation is much less advanced and developed regarding Africa. One meeting was held, which was a good start and recognised China's increasing interest in Africa, but this needs to become a more regular event. A dedicated dialogue would identify key areas for cooperation, such as the ones mentioned at this conference, and allow objectives to be set, along with the methods for achieving them, including a detailed agenda for regular follow-up and monitoring of objectives. The dialogue should be between people who are experts on the subject, able to have a frank and open dialogue on the key issues. More stable contact should be created between the relevant departments in Brussels, in the European capitals, and in Beijing.

Progress on the development policy component of the strategic partnership is to be welcomed and a crucial step towards that is the establishment of a regular dialogue. Discussions with China on the best modalities to set this up would be the first step for the attainment of the common goals for the African continent.

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### **Presentation by Anders Wijkman MEP**

In this globalised world and in the context of the rapid growth of China over the past 25 years, the concept of strategic partnership between the EU and China is vital. This is true in general and in the specific context of development policy. Confrontation will lead nowhere; close cooperation is needed to strengthen the multilateral system and dialogue is the only way forward.

There is some ambivalence towards China in Europe. Whilst some are impressed by the rapidly growing economy and rising living standards, others fear this development. People raise concerns about human rights, environmental pollution, and climate change, and these concerns can only be dealt with through close cooperation. It is in the interests of the EU and its member states that China succeeds. There has been thirty years of contact, deepening cooperation and increasing trade and both sides need each other on critical issues on the UN Security Council agenda from non-proliferation to North Korea.

The human rights dialogue is important and should be broadened. European consumers are currently benefiting from cheap Chinese imports, which serve to keep inflation down, but serious problems for the workers and human rights-related

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problems exist in the factories producing these goods. The ‘guest worker phenomenon’ in China is a colossal problem and requires an open and constructive debate that should also involve European consumers and companies. Corporate social responsibility should extend to producers in China, and multinationals have responsibilities in this respect. Bidding for lowest possible prices and costs can have damaging effects on the people concerned.

On development cooperation, there is now a very promising debate on aid effectiveness, trying to generate better coordination and complementarity between different donors and using a bottom-up approach with as much responsibility as possible in the hands of the developing country. For too long, even the EU and its member states have been working with little harmonisation or complementarity. This is changing and not just within the EU, but also with regard to other donors like the World Bank and contributors like Japan, Canada, the US and China. This aim of complementarity was agreed in Paris a few years ago and should be taken seriously.

The EU has much to learn from China on poverty reduction and China may have something to learn from the EU’s experiences in other parts of the world. Capacity building is a critical area, including within China. A recent McKinsey study concluded that China will need tens of thousands of skilled people to manage its developing economy in this new globalised world. Infrastructure development is essential and China could benefit a lot from the environmental impact assessment model, which is mandatory within EU development cooperation. Although the implementation is not perfect, the model should be used as a guide whenever infrastructure investment is planned in the developing world.

The overriding challenge of the coming decade will perhaps be energy and climate security. Energy has been overlooked in development cooperation in the past, yet it is vital for the modernisation of economies and is a critical component in poverty reduction schemes in rural areas. This does not necessarily mean large-scale electrification, but also very simple means to improve living conditions for people. Poverty reduction without access to modern energy supplies is a non-starter. There is a general lack of appreciation of how fast economies are growing and what affect this has on energy demand and greenhouse gas emissions.

Growth in India and China combined is generating about 100 gigawatts of new electricity capacity each year, which is roughly three times the total electricity capacity of Sweden. This is leading to a desperate search for gas and oil reserves in different parts of the world; meanwhile increases in oil prices are provoking a renaissance of coal as an

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energy source. Unfortunately, coal leads to large-scale local and regional air pollution, health problems and contributes to climate change. Meeting these growing energy demands via coal power plants will add between one and two percent to the total gas emissions in the world every year, even assuming that these plants run efficiently. Over a ten-year period, this will render efforts in other parts of the world to curb emissions all but irrelevant. Without immediate action, the goal of climate stabilisation can be forgotten.

The energy debate is also crucial in that most developing countries face similar challenges. When the price of oil is USD 70 per barrel, all of their foreign revenues are spent on oil. This is a decisive factor in the development progress of many of the poorest and lowest-income countries of the world. China has done a lot in recognising the need for energy efficiency, research, capacity building and new and better sources of energy, but they will need a lot of help. The EU launched technology cooperation agreements with China and with India in September 2005. The agreement with China is the more specific of the two and includes all the right things, from capacity building and research and development, particularly on carbon capture and storage, to the development of energy efficiency and renewables. The problem is that there is very little money set aside for this agenda.

The recent “G8 plus five legislators’ climate dialogue” brought together legislators from the G8 countries, the European Parliament, China, India, South Africa, Mexico and Brazil, with representatives of some of the largest corporations in the world and key scientists for open and constructive discussions. Hopefully this will come up with more innovative suggestions than the government discussions are able to generate. Those discussions estimated that between USD 250 and 300 billion will be invested in new energy production per year over the next 30 years in developing countries, mostly in India and China. Ensuring that this investment goes to clean energy and low carbon projects would require an additional USD 50 billion, which is not available. The little money in the global environment facility and resources in the clean development mechanism will take time to deliver any results.

Energy is thus a strategic issue of permanent concern and should be one of the key priorities for cooperation in the years to come, both in the context of the direct EU-China relationship and in the wider context of poverty reduction and development cooperation. China and the EU could join forces on energy and climate change to bring benefits to many parts of the world through joint research and pilot projects. If this is not done now, it could well be too late in ten years time.



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## **Discussion**

### **Question from the floor**

Fighting poverty and achieving the MDGs is not only an issue for bilateral dialogue, but requires dialogue in international organisations bringing together not only donors, but all participating bodies. The Development Assistance Committee (DAC) of the OECD recently approved a document on strengthening the relationship with all the important players in the area of development, including China, to help achieve the MDGs. Up to now China has been reluctant to approach the DAC, but will it now reconsider this in light of the new strategy, and how could the EU help China come closer to dialogue at this level?

### **Contribution from David Fouquet of the Asia-Europe Project**

To reinforce the comments about energy, there is a lot of interest in this issue in Asian governments, including at recent conferences in Jakarta and Beijing. The Chinese government in particular is active and can be a big part of the solution to this problem. Currently, 1.5 to 2 billion people have no connection to electricity grids, mostly in poor countries. Alternative energy sources are part of the MDGs. If China goes into sustainable energy in a significant way, as the eleventh five-year plan proposes, they can drive the costs of producing solar, wind, bio-fuel and bio-gas energy down considerably, as they have for other products.

### **Contribution from Bo Johnsson, EIAS board member**

China has enormous experiences in how investment and trade can reduce poverty and this could be an area of research cooperation as previously suggested. People refer to the limited funding available for development work and a big question is therefore how to create cooperation with big companies that are making huge profits to allocate resources for research and new investment. As well as government and civil society cooperation, businesses need to be included to see how corporate social responsibility can contribute to the development goals of countries. The EU and China could identify case studies or broader areas for cooperation.

### **Question from the floor**

The discussions here have covered what strategic partnership is, but if the objective is to find out what strategic partnership exists between the EU and China towards developing countries, why is China being distinguished from the other developing countries?

As well as identifying areas of cooperation and ways of communication, it is crucial to

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look at the differences that could undermine the process of negotiation of the partnership cooperation framework. There will be specific issues such as the respect for human rights, the principle of non-intervention, the arms embargo, or energy security. Experiences of similar processes with other countries tell us that potential differences could wreck the process of negotiation.

### **Contribution from Albert R Chimbindi, Embassy of the Republic of Zimbabwe, Deputy Head of Mission**

Where are the developing and transition countries in this debate? Development assistance policies often suffer because the countries that are being talked about are not present to contribute their views. There is a danger that bureaucrats sit down somewhere far away from the places where assistance is required and imagine what sort of assistance is required. When the assistance is delivered, maybe it is totally irrelevant to the needs of the people there. The interests and concerns of the developing countries must be taken on board rather than simply talking about them in an abstract way.

### **Response from Hui Gu**

The EU and China can discuss and cooperate extensively in the fight against poverty. China is still a developing country, although not everybody agrees with this analysis. Ten years ago, almost 100 million people lived in poverty. Thanks to the efforts of the Chinese people and government that figure has been reduced to 28 million. China has a lot of experience from these years, which can be used in cooperation with the EU to better work on poverty elimination in developing countries.

In terms of corporate social responsibility, China encourages its companies to invest in foreign countries including developing countries. The most important requirement is that they abide by the local law and by international standards. When things happen which the Chinese government does not like to see, as they sometimes do, the government applies pressure on the company to behave correctly

### **Response from Antonio Tanca**

Even a quick look at development policy shows issues between the EU and China around questions of requiring certain standards and human rights in relation to the more abstract principle of non-interference in internal affairs. However, the reason why dialogue is needed on the differences of approach is because the EU and China actually have so much in common in the goals they strive for. The Chinese government does not have a straightforward policy of total non-interference as such and so these are issues which the sides need to discuss. When launching a dialogue, some abstract areas for the dialogue to focus on should be identified. Then, if the dialogue is carried

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out at a level which is sufficiently close to those who know the subject, the exchange can be on specific points which can then be followed up.

**Response from Anders Wijkman MEP**

Whenever embarking on a development programme, the country, region or community concerned should be very much involved. However, that does not take away the importance of meetings like this one, which take place on a more generic or abstract level to explore areas of possible cooperation.

On energy policy, government to government or Commission to government relationships are not sufficient. The range of protagonists need to be involved, including the private sector. However, most of the current investment in China does not come from the large multinationals, but from Chinese companies and local initiatives. Regions of China face frequent blackouts and brownouts, or dips in voltage, and many local communities are taking the initiative of establishing small and medium-size power plants. If those plants are below the capacity of 50 megawatts, they do not have to comply with all the standards.

It is not easy for the government to enforce its policies at the local and regional level and maintain control over the different initiatives. This concerns the implementation of standards in the power plants and the effective implementation of Chinese labour laws in which field multinationals who use these Chinese companies as suppliers should act more responsibly. The people of the EU should also not just accept this, because as consumers who benefit from the low prices in the shops, they also share the responsibility.

China provides an enormous opportunity to increase efficiency and bring down costs in new energy sources. Intelligent partnerships and shared learning are needed to pursue this agenda and the last policy statement gives reason for hope here. However, European countries were able to modernise their economies with cheap oil for decades without worrying about the environment and it does not seem fair to now ask China, India and the other developing countries to take all the burden of the additional costs without the developed countries making any contribution.

**Response from Xinning Guo**

To agree with Mr Wijkman, China is suffering a lot from air pollution and other environmental problems and needs help and cooperation with EU and other developed countries on this crucial and urgent issue.

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### **Contribution from Dr Stefan Oswald**

Strategic partnerships are not exclusive in their operation but look to develop their work in partnership with beneficiary countries. The Rome and Paris Declarations looking at issues of aid effectiveness did not emerge from discussion between donors alone; developing countries were involved in the whole dialogue. In the context of strategic partnership discussions with China, India or Brazil, those countries have been involved in the debate as recipients. However, China's role and experience as a donor also needs to be reflected in the discussions. Sharing experiences between donors is beneficial and is an important feature of the DAC, which it would be good for China and the other emerging donors to engage with.

### **Contribution from Yuantang Yu**

Within the Chinese Ministry of Commerce there is a department of international economic and trade relations, which has a division in charge of China's strategy with the OECD. There are ongoing discussions and good cooperation, particularly in terms of studies with the OECD, but China is not yet a member. The Ministry might not be well informed about the DAC document, but this information will be passed on to them.

China is carrying out a major review of its development assistance activities looking at how foreign aid is distributed. Good practices of development assistance have been identified and the Ministry is looking for the best way to formalise these within legislation. The Commission and the EU member states could help by sharing their long experience of delivering development assistance, particularly any formal documents. The establishment of formal or informal structures of dialogue and communication would be to the benefit of both sides.

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## Conclusions

*Dr Peter Köppinger*

It is important to draw some conclusions from this workshop. Not only does the Konrad-Adenauer-Stiftung expect some conclusions, but participants from China and Europe expect an outcome.

Dr Wahlers commented in his introduction that it is remarkable in itself that we have been able to organise such a dialogue on the topic of Chinese and European objectives, motivations and approaches in their policy towards developing countries. It is remarkable because until now this issue has been considered a sensitive one. It would not have been possible 20 years ago and it would not have been possible even five years ago.

One of general problems for a potential partnership between EU and China has been addressed repeatedly in this workshop. Many participants have said that there is a lack of trust on both sides regarding the true motives of the other. However, trust needs transparency. In order to build trust you have to sit together and communicate openly. This workshop has been one of the first events where this has been the case: a dialogue, open discussions between Chinese and European experts and stakeholders in the field of policy towards developing countries. The workshop should not be considered a one-off, but a starting-point for an intensive and regular dialogue on this topic. The Konrad-Adenauer-Stiftung will do its best to contribute to the continuation of this dialogue.

Some of the main statements made by Chinese and European contributors are as follows:

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## **Key statements and messages from Chinese contributors**

Chinese contributors have stated:

1. That the approach of the PRC in policy towards developing countries is an approach of helping the people in these countries through cooperation to improve their living conditions.
2. That the PRC - though it is itself still a developing country - considers it necessary to provide assistance to other developing countries in order to contribute to the improvement and stabilisation of the global situation.
3. That they consider the principle of non-interference into the politics of other countries a cornerstone of their approach, arising from their own historic experience of suffering because of the interference of other countries.
4. That they believe that during recent decades, they have collected a lot of very valuable experience in how to develop a poor country and they want to transfer this experience to other countries.
5. With regard to the policy of Western countries towards developing countries, they have stated that in their opinion the development cooperation of these countries is often very inefficient and often has not led to visible results.

## **Key statements and messages from European contributors**

European contributors have stated:

1. That the core objectives of the EU and its member states in their policy towards developing countries are the alleviation and reduction of poverty and the achievement of the Millennium Development Goals.
2. That on the other hand, human rights, good governance and democracy development are similarly important objectives and that experience shows that economic development and poverty reduction cannot be achieved without good governance.
3. They have explained that European policy towards developing countries builds on some key principals such as:
  - “Political will as precondition for sustainable development”,
  - “Ownership of the development programmes and processes on the side of the partner countries” and
  - “Civil society development as a precondition for efficient and socially justifiable development”.
4. With regard to China’s policy towards developing countries European contributors said:
  - That in general, they very much welcome the increasing engagement of China to support the developing countries in their economic development and in solving

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- humanitarian and social problems;
- That on the other hand, there are serious indications that in many countries Chinese aid is used as a tool for gaining privileged access to natural resources, and
  - That the principal of non-interference in Chinese policy towards developing countries, combined with China's continuation of and often even increasing cooperation with countries whose leaders are oppressing and expropriating their people, leads to undermining the efforts of the international community for respect of human rights, good governance and democratic development.

### **Reactions, justifications, explanations**

The views expressed on China's policy towards developing countries by European contributors have been answered by the Chinese contributors in the following way:

1. They have stated that the suggestion that they are not in favour of democracy is not true - just the opposite: according to the Chinese contributors, democracy and the rule of law form part of China's training of young people from developing countries. However, they believe that sustainable democracies can only be developed on the basis of successful economic development.
2. They rejected the view presented by European contributors that their policy towards developing countries is dominated by their - understandable and somehow justified - intention to secure natural resources, such as oil and other energy sources, which they need for the development of their country with its huge population.
3. They have similarly rejected the view that they simply take advantage of the situation and benefit economically after the international community ceases cooperation with a particular country because of bad governance and unacceptable actions and behaviour from the rulers. The Chinese speakers have explained that they are aware of the problems in some of the countries where they continue to cooperate even after the international community ceased its cooperation, but that they nonetheless want to help the gravely suffering populations of such countries and try to influence their leaders - for example in Zimbabwe and in Sudan - so as to make them change their policy.

European contributors, responding to the views expressed by Chinese contributors on the failures of European development policy:

1. Have admitted that many mistakes were made in the past in their policy towards developing countries, and that even today many projects and programmes are implemented with low efficiency and sometimes even counterproductive effects.

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2. Furthermore, they admitted that coherence is still a serious problem of European policy towards developing countries and that this problem needs to be addressed over the next few years with regard to the impact of trade, agricultural and fishery policies, just to mention some of the policy fields that often conflict with the priorities of development cooperation.
  3. However, they insisted that the high importance given by them to good governance is exactly one of the key lessons learned from past mistakes and that therefore conditionality of aid and cooperation are a must in the policy towards developing countries - not only because of the universal validity of basic human rights acknowledged by the international community and nearly all countries worldwide including China, but also because good governance is an absolute precondition for sustainable development.

**Evaluation of the different concepts and approaches with regard to the possibility of a strategic partnership between the EU and China in their policies towards developing countries**

Several contributors expressed the opinion that considering the huge challenges of poverty, security, energy consumption and environmental problems in a globalising world, a strategic partnership between the EU and China in their policies towards developing countries would be absolutely necessary in order to prevent global disasters. Many other Chinese and European contributors agreed that competition between the donors in their development cooperation programmes should be avoided.

However, the question remains: are the differences between the two sides too big to realistically envisage working on a strategic partnership? To answer this question, four issues must be considered:

1. First is the fundamental question of whether the overall EU and Chinese visions and understanding of development and its objectives are similar enough to allow partnership. As regards the economic model and the objectives stated in the MDGs, this question has been answered positively during the last two decades - the Chinese economic development approach is even considered to be an interesting model for poor countries by many Western experts. But how about the other elements of development? When Europeans raise this question they remember that the Chinese model of social and political development and the Chinese concepts of society and political structures for many years appeared to blatantly contradict the European concept of the state with its respect for human rights and its principles of the rule of law and democratic participation. However, during this conference it has been stated several times by the Chinese speakers that democracy, the rule of law and



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good governance have become objectives in China's internal development as well. The organisers of this conference invited Professor Cai from the Constitution Study Institute of the China University of Political Science and Law exactly for this reason: to get an expert's opinion and evaluation of this topic. It was very interesting to hear his comments on China's internal developments in the fields of rule of law and participation of the people, and how he evaluated these developments. Many however will agree with Professor Li's opinion that there still exist significant differences between the EU's and China's understanding of and view on these issues, though there is a process of continually coming closer to each other.

2. The second issue is what priority the support for the socio-economic development of developing countries has in the foreign policy of the EU and China. During this workshop, serious doubts as to the motives behind China's engagement in many developing countries have been raised. Chinese speakers here have spoken of a 'win-win' situation with regard to their parallel engagement in development assistance and in Chinese investments securing access to energy and other natural resources. For many, the Chinese approach is not fundamentally different from the EU approach. We have heard about the lack of coherence in European policy towards developing countries which reflects similar problems with regard to the priority of development goals in foreign policy. It will be a question of balance between these sometimes contradicting national interests and engagement for developing countries which also is - in the long run - in the national interest of all countries and the world as a whole. This balance needs to be achieved on both sides. In the long run, there can be no positive outcome if one of the two sides adopts a free rider's position - as is said in economic theory - benefiting from the other side's efforts in developing poor countries whilst not making development assistance a high priority in its own foreign policy. Giving priority to national economic or political interests at any price - be it on the EU's or China's side - without respect for the interests of the other side or for the concrete impact on the development of partner countries, would make a strategic partnership between the EU and China in their policies towards developing countries impossible.
3. The third issue is that of the approaches to, methods of, development cooperation applied by the two sides. There are important differences, caused partly by the fact that China - in view of its own huge development needs - is generally not in favour of cash transfers but instead focuses on assistance provided through Chinese experts and on projects implemented by Chinese companies. But it seems that these differences at the end would not create serious obstacles for a strategic partnership in the policy towards developing countries between the EU and China.

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4. The fourth issue is that of non-interference and conditionality. Here, looking at the statements and views expressed during this workshop, we obviously are faced with a serious obstacle to a strategic partnership. However, the Chinese contributors have tried to make clear, that for them, good governance, the rule of law and democratic development are important objectives too, and they have stated that in countries like Sudan and Zimbabwe they have tried to use their influence to change the policy of these countries' regimes with regard to these objectives. I think that if at the end, both sides really would seriously orientate their efforts in the same direction - even if sometimes using different approaches and instruments - this difference would not necessarily pose an insurmountable obstacle to a strategic partnership. However, if there really is serious commitment on the Chinese side to the promotion of human rights, the rule of law, good governance and democratic participation in problematic countries, then this needs to be clearly and in detail proven in each case.

### **Recommendations from this workshop**

A strategic partnership is not something that can be installed the day after you decide on it. It needs to be developed over the years in a careful and committed manner. What can be concluded from this workshop on how to develop such a strategic partnership between the EU and China in their respective policies towards developing countries?

1. One of the representatives of the Chinese Ministry of Foreign Affairs suggested that the policy towards developing countries should become one of the issues formally included in the framework of the EU-China Strategic Partnership Mechanism with its regular dialogue meetings and action plans. This is a very important recommendation: to establish a continuous, result-oriented formal dialogue between the two sides.
2. It was also suggested by the Chinese contributors to establish close cooperation between the EU and China in some crucial fields of development assistance like capacity-building for local experts in developing countries and infrastructure development. This could be one of the first steps to be taken in a strategic partnership mechanism.
3. A third Chinese recommendation is to start joint research on development processes, development strategies and development cooperation between the EU and China. This would really help to create common ground. Partnership needs substance and substance could be provided through such common research. The Konrad-Adenauer-Stiftung is ready to immediately start such common research in China and in Europe with some of its Chinese partners - for example the Chinese Academy of Social Sciences, represented at this workshop by Professor Yang and Professor

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Li, or the Institute for Strategic Studies at the National Defence University, represented at this workshop by Professor Guo.

4. Finally, it is important to return to the initial observation of a widespread lack of trust and confidence on both sides regarding the motives of the other. This lack of trust cannot be tackled solely through communication and dialogue on the policy towards developing countries. It will only lessen - and this is another very important conclusion from this workshop - if China is included and includes itself in the coordinating mechanisms of the international community in each of the partner countries, specifically in the so-called difficult states. It would be extremely helpful if two or three pilot countries could be selected by the two sides in which to carry out joint case studies on common visions and potential development paths and strategies, and in which to gather and evaluate first experiences on how to cooperate and how to fill this words 'strategic partnership' with real life.

Finally the organisers would like to thank all the participants for their valuable contributions. The workshop has been an important and encouraging starting point for further dialogue and cooperation in the field of the policy towards developing countries.