EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR EXTERNAL POLICIES

POLICY DEPARTMENT

WORKSHOP

THE EU AND CHINA: STRATEGIC PARTNERS OR GLOBAL RIVALS?

AFET

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EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION

DIRECTORATE B

POLICY DEPARTMENT

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THE EU AND CHINA: STRATEGIC PARTNERS OR GLOBAL RIVALS?

THURSDAY, 21 JUNE 2012

Abstract

At the request of the European Parliament's Committee on Foreign Affairs which is preparing an own-initiative report on "EU-China Relations" , the Policy department of DG External Policies has organised a workshop on ***"The EU and China : strategic partners or global rivals?"***. The workshop goal was to analyse, in the context of growing interdependence between the two sides, the impact of China's policies on bilateral relations and on EU interests. Its main objective is to provide a clearer picture of the current state of play of China-EU relations and of their future.

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This workshop was organised by the Policy Department, DG EXPO, at the request of the European Parliament's Committee on Foreign Affairs.

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The EU and China :
strategic partners or global rivals ?
under the chairmanship of Mr Elmar BROK
Co-chair Mr Crescenzio RIVELLINI
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THE EU AND CHINA: STRATEGIC PARTNERS OR GLOBAL RIVALS?

Brussels

Altiero Spinelli Building

Room **ASP 3 G-2**

Thursday, 21 June 2012

(10.00-12.30)

PROGRAMME

10.00 **Welcome and introductory remarks by the Chairperson of the Committee on Foreign Affairs Mr Elmar BROK and the Chairperson of the Delegation for relations with the People's Republic of China Mr Crescenzio RIVELLINI**

10.15 **Presentations** (15 minutes each followed by short Q&A session)

Speakers:

Dr. Hongyi Lai, University of Nottingham, UK
on ***China's domestic politics***

Dr. Valérie Niquet, Fondation pour la Recherche Stratégique (FRS), France
on ***China's foreign policy***

Mr Jonas Parello-Plesner, European Council on Foreign Relations, London, UK
on ***EU-China relations***

11.30 **Exchange of views**

12.15 **Concluding remarks by the co-chairs**

1. INTRODUCTION

This paper summarizes the results of the workshop on "**The EU and China: strategic partners or global rivals?**" which took place at the European Parliament, in Brussels, on 21 June 2012. The workshop was composed of three panels. Each of them started with a presentation followed by a discussion and an exchange of views with the participants.

The first panel reviews ***China's domestic policies*** in the context of the once-in-a-decade leadership change. A next generation of leaders will assume power from early 2013 and this could offer the opportunity for political reforms. There is little chance however that a *"Chinese Jasmine revolution"* will take place as long as the CPC can guarantee sufficient economic growth to deliver the social and financial benefits that form the core of its current legitimacy. Besides reviewing the domestic political debate, other important domestic issues that have a major impact on China's socio-economic development, such as the judicial system, law enforcement, environmental policies and the fight against climate change were discussed as well as Government measures to address income and regional gaps and other inequalities.

The 12th Five Year Plan (2011-2015) for National Economic and Social Development, which is often put in parallel with the EU 2020 strategy, was also discussed. It has for declared goal to shift the economy structure from an export-driven economy towards a more sustainable model of growth based on increased domestic consumption and balanced development while maintaining stable and relatively fast economic growth.

The second panel discusses ***China's foreign policy***: Beijing does not spare efforts to try to convince the international community that its rise is peaceful and not meant to threaten anyone. In that context the country's sovereignty and territorial integrity are core national interests. Nevertheless China's desire to become a military superpower, reflected in its military expenditure which enjoys annual double-digit growth, is a matter for concern as does China's desire to secure its economic interest abroad, particularly with regard to natural resources in developing countries. The crux is therefore for China to build trust and confidence with its partners. The EU is also engaging with China on issues of common concern such as counter-piracy and non-proliferation and encouraging Beijing to play an increasingly constructive role in international politics, particularly on Syria and the Iranian nuclear issue. The new role of China in international global governance issues and in the G20 may open the door for deepening cooperation in foreign relations.

The third panel reviews, within the context of China's policies, the state of play of the ***EU-China Strategic Partnership*** and exchanges views on its future and potential. The level of interdependence between the two economies is indeed growing: China is the EU second largest trading partner and the EU is China first trading partner. However the HR/VP Baroness Ashton has submitted to the EU Council in December 2010 a strategy paper on *"The EU and China"* where she states that the present relationship falls short of its potential. The challenge, she says, is to go beyond periodic tensions (over trade and economic issues) or divergences (on governance concepts) to identify shared interests and benefits. The last EU-China summit held in Beijing on 14 February 2012 is considered as a great success. The main topic of discussions was the current economic and financial crisis in the eurozone. PM Wen Jiabao expressed the view that China is ready to play a bigger part in helping to resolve the European sovereign debt issue. The message of support addressed by China to the EU in those times of crisis was welcomed.

2. SUMMARY REPORT

2.1 Introductory remarks

The workshop was co-chaired by Andrey KOVATCHEV, Vice-chair of the Committee of Foreign Affairs and Crescenzio RIVELLINI, Chair of the Delegation for relations with the People's Republic of China.

Andrey KOVATCHEV started by emphasizing the growing economic, scientific and political influence of China. In line with these developments, EU-China relations have to be reviewed constantly. According to him, a strong reciprocal partnership between the two actors is needed in order to address global challenges such as the financial crisis, climate change, environmental protection, sustainable development, energy resources, raw materials, food and water. The aim of this workshop is to give a clearer picture of the state of play of the EU-China relations based on an overwiew of China's domestic and foreign policies, and assessing their impact on China’s bilateral relations, in particular with the European Union.

Crescenzio RIVELLINI underlined the fact that this workshop is timely given the upcoming 33rd EU-China Interparliamentary meeting scheduled for the 11th of July. Yet, the title of the workshop is interesting and sheds light on how globalised markets have altered the relations between EU and China and between the United States and China. For Crescenzio RIVELLINI, no country remains unaffected by the global crisis. The Congress of the Communist Party of China that will take place in a few months is important with regard to the development of peace, economy and growth as well as social, health and pension policies for Chinese workers. In the recent years, China has made huge progress considering that hundred million citizens have emerged from poverty. However, there are still major problems such as the huge difference between the standards of living of citizens in the main cities and in the countryside. Crescenzio RIVELLINI considered that the title of the workshop is a little provocative and argued that one has to remove the question mark since EU and China are and must remain strategic partners for the sake of peace and economic development in the world. They should further develop a partnership in order to establish a new balance within a globalized world and to avoid the emergence of a G2 between China and the United States.

2.2 China domestic policy

Summary of the intervention presented by Hongyi LAI

While tackling the Chinese leadership transition, Hongyi LAI emphasized the importance of the upcoming 18th Congress of the Communist Party of China (CPC) This Congress will bring important changes as the process of the leadership succession has become more institutionalised since the eighties. The Standing Committee of the Politburo is composed of the most powerful people of the country who set the directions in politics, economy, society, control the media, etc. For now, the names of the new members of the Politburo are still unknown. Nevertheless, the two frontrunners are Xi Jinping, the current Vice-President who is likely to succeed President Hu and Li Keqiang who is likely to replace Premier Wen Jiabo. According to Hongyi LAI, it is certain that these frontrunners will become the new leaders unless something dramatic happens.

Hongyi LAI tackled the question of democratisation in China through three examples. Firstly, the attempts in early 2011 to echo the Arab Springs uprisings by a "Jasmine Revolution" failed. This was due to police arrests and blocking of internet messages, as well as cold public responses to the call for political protests. Secondly, the upcoming leadership transition also offers outsiders hopes for changes in the Chinese authoritarian regime. The most optimistic signs for democratisation have come from Premier Wen but he was followed by few leaders. Hongyi LAI explained that the reformists have dominated the political sphere since 1992 initiating the way towards market economy but without democratisation. Since then, there were interesting developments inside the CPC such as its internal democratization but no democratization of the Chinese regime itself. One last aspect concerning the upcoming succession is the fall of Bo Xilaï in March 2012. This exerted a far greater pressure on the Chinese leaders and did polarize the Chinese society more than the Jasmine Revolution. Bo was a Politburo member and served as the Party Secretary of Chongqing. He was perceived by most members of the Standing Committee of Politburo as a challenge to the established order and to the collective leadership which most likely is the reason for his downfall.

China is also confronted with a social-economic transition. The main issues are questions regarding the growth model and sustainable development. Hongyi LAI underlined that there is unbalance between the three forces of economic growth: there is too much dependence on investments and exports and not enough on domestic consumption. Moreover, according to him, the Chinese growth model is not sustainable. It requires considerable material inputs (18% of the world's energy and around 45% of the world's steel in 2010). China's economic growth is also characterized by regional imbalances and rising inequality. For decades, the coastal provinces have enjoyed robust economic growth on top of an already high level of economic development, while the economy of a number of landlocked provinces in China has been tattering near the range of third world countries. The recent 12th Five Year Plan (FYP) covering 2011-15 is seen to address domestic problems and to cope with the rising collective protests due to social, economic and legal grievances. While the new leadership may have a more liberal vision for the EU-China relations, most likely the current policy towards the EU will remain unchanged. The EU and China can hold dialogues to help China to deal with issues such as climate change, energy, poverty reduction and enhancing the research on these topics.

Debate

A discussion followed starting with interventions from the Australian Ambassador Brendan NELSON and Bastiaan BELDER, Member of the European Parliament.

During the debate, it was reminded that China's top priorities are to maintain high economic growth; to modernise its military capability and to support a stable world order. There was a consensus on the challenges that China needs to tackle.

The main Chinese priority consists of ensuring a high economic growth in order to enable millions of Chinese citizens to get out of poverty. In parallel to the sustainability of its economic growth, China faces the rise of inequalities on the distribution of wealth between the Eastern part and the other parts of the country. For instance, there are 150 millions of people below the poverty line and 6 million of them are living without electricity. Additionally, the issues of demography and the viability of the pension systems were also raised as the share of the Chinese population older than 65 years will make up one quarter of the total population by 2020.

At the political level, the debate emphasized various issues concerning the legitimacy of the Chinese regime. The political scene is affected by the negative scandals of corruption. The Bo Xilaï affair has demonstrated the level of corruption as well as the difficulty for the CCP to address corruption within China. It was underlined that this particular case stressed the contradiction between some of the CCP's actions and the communist ideology. The discussion also questioned the Chinese willingness to debate on political matters and their willingness to progressive reform of the CCP in line with the establishment of the rule of law. Chinese citizens have already acquired personal and economic freedoms but they have not been granted real political rights. Some participants recommended that the Chinese government abandon its communist ideology in order to allow the process of democratization to develop. Chinese citizens and intellectuals have not forgotten the sense of democracy and freedom. The debate on the democratization is already taking place within several arena's such as universities. Protests by Chinese citizens are however mostly for socio-economic reasons rather than for political ones. However, considering that there are no opinion polls at the national level on political issues, there is a clear difficulty to assess the current situation.

The energy supply question is also becoming an issue in China and has environmental consequences on climate. Statistics are however either not available or irrelevant considering that there is no independent agency to calculate the real threshold. In the next years, CO2 emissions will be included in the Five year plan which would also include a regional provincial control. If the provincial political leaders fail in achieving the performance index expected, it will damage their reputation. The European Union has a crucial role to play to support China in order to develop a strategic partnership. In order to find appropriate responses, notably to the climate change question, it is important to make sure that the information available to assess these challenges is correct. The EU could help and pressure China in order to come up with reliable and accurate measurements notably on carbon dioxide.

2.3 China Foreign Policy

Summary of the intervention presented by Valerie NIQUET

Valérie NIQUET started by highlighting the title of her presentation "*China not so peaceful rise*". This represents the most important challenge the European Union will have to face in its relations with China in the next few years. The rise of China was considered an inevitable and unstoppable trend that one had to accommodate both at the economic and strategic levels. In economic terms, thanks to China's rise, Asia is indeed today leading the global growth. This has been even more the case since the financial and economic crisis which started in 2008. In strategic terms, China was considered as a factor of stabilization in Asia. The Korean peninsula and the Six-Party talks, the framework of ASEAN +3 as well as the ASEAN-China free trade agreement were perceived as good examples of positive regionalization around the emerging Chinese power.

However, in spite of the official constantly reasserted mantra of peaceful rise, this phenomenon is leading to the paradox of increased insecurity all over Asia. China acts as if it had decided to abandon its long-term relatively prudent neighbourhood strategy for a more assertive and potentially destabilizing policy, particularly at sea. Indeed, since 2009, many incidents have occurred in the South China Sea, involving Vietnam, the Philippines, Indonesia, Japan. Given this situation, the US has adopted a new strategy of "rebalancing" Asia, which is considered by China as the most important element of the degradation of the strategic situation around China. Freedom of navigation is a vital interest and almost all countries welcomed the US intervention to balance the power of China. For Beijing, this evolution is part of a strategy of containment of the legitimate re-emergence of China's leadership in its region which is one of the cornerstones of the legitimacy of the Chinese regime.

All this leads to the most important question linking the nature of the regime with the impressive development of its military capabilities. More than a lack of transparency concerning the objectives of the Chinese military, there is since 2009 a tendency to rely on coercive policies and a threat to use force in order to implement their territorial claims. In that configuration, China's considerable financial capabilities could pose a direct threat to the EU's objectives of better governance and multilateralism on many issues of global importance.

In her conclusion, Valérie NIQUET mentioned that the Chinese Communist Party's choices regarding its foreign policy will have huge consequences on the stability and the security of the region and beyond and pose a direct challenge to the definition of a realistic European Union Asia and China strategy. This will depend mostly on the evolution of the future political balance of power inside China favouring or not the pursuit of policy reforms.

Debate

The discussion on China's foreign policy was rather lively and controversial. It included interventions by the following Members of the European Parliament: Bastiaan BELDER, Tarja CRONBERG, Michael GAHLER, Ana GOMES, Ioannis KASOULIDES, Crescenzio RIVELLINI and Charles TANNOCK.

Australian Ambassador Nelson launched the debate by describing the scene in which China evolves with regard to its foreign policy: over the last twenty years, the geopolitical balance has seen a major power shift towards Asia in particular towards China. This phenomenon has been accelerated by the current financial crisis. The power of the United States cannot be underestimated as they still represent a key actor on the international scene, especially in the Asian-Pacific region. However, the idea is that the world is at the dawn of a new era. The Chinese government, with the support of the other BRICS, is promoting a multipolar world to defuse US power and promote its economic interests.

The debate questioned the nature of the relations between China and other countries such as United States, Russia and Iran, or the Central Asian countries. China has a growing influence in Central Asia and is negotiating with Iran on the nuclear issue through the Shanghai Cooperation Organisation. ,

Another concern was related to the increased confrontation between US and China in the region and how this situation may affect the relation between EU and China on security and defence matters. China has few allies in the region: North Korea and Pakistan (with whom there are still some disagreements on the Xinjiang region). Both India, due to its economic competitiveness, and Japan, because of the Nanking massacre, remain intense rivals to China. During three years, China has blocked the Bangladesh accession to the UN which did not help to improve that bilateral relation. The consequence of this state of play was reported to be that China has huge economic clout but does not win hearts and minds in the region. This point was further illustrated by the China-Brazil relations but also in Africa.

The question of mutual interests and values for the relations between the EU and China was subsequently covered. The fact that China does not share universal values poses problems to the European Union, particularly on the question of human rights. However, the integration of China in the WTO represents an important step. On the long term, it is in the EU's interest that China sticks to the rules set by this international community. It was further questioned whether China was the most strategic partner for the EU or whether the EU should turn to emerging powers from Latin America instead. All the South American countries combined have the same GDP as China, the same growth rate (7-8%), and they (except for Cuba) do share the same values with the EU. The participants questioned the nature of the ideology of China: it seems that the ideology of money now prevails over the human or harmonious rule based world. On one hand it was argued that the EU should focus on the benefit of these relations for the EU citizens instead of Chinese citizens. On the other hand it was stressed that although this would be a long time process, politically speaking China needs to be supported by the EU.

Valérie NIQUET concluded by emphasizing that the Communist Party remains a Leninist Party and wants to obtain impressive results in terms of economic growth. The CCP does not fight for the interest of the country but for its own survival. China is increasingly assertive particularly in the region. According to Valérie NIQUET, it is very difficult to adequately compare the rise of China with other emerging countries considering that there are a lot of differences but also common interests within Asia. A way for the CCP to increase its legitimacy is through nationalism and to adopt a more aggressive position. The regime is fragile but works to reinforce its legitimacy and leadership. China is changing and today's China isn't the China of the future but the political situation will evolve gradually. Therefore the EU needs to be prepared for this change and to cope with future strategic uncertainties. Regarding foreign relations with China, the EU actually is not dealing with a country but with a party.

2.4 EU-China relations

Summary of the intervention presented by Jonas PARELLO-PLESNER

In his presentation, Jonas PARELLO-PLESNER started with commenting on the title of the workshop. Although the EU and China are more likely assimilated as strategic partners than rivals, Jonas PARELLO-PLESNER indicated that there are also key elements of competition with China. The EU is a hybrid construction that implies a multi-governance system on the decision-making procedures whereas China is a unitary state.

He pointed out that the euro crisis has a direct impact on EU foreign policy which is being re-nationalised by some Member States. He provided some policy advice and types of action that the EU could take. The EU was advised to work with China not only through a direct dialogue since the EU could influence Chinese policy also through other partners. For instance, during the Libyan war, the Arab League and the African Union wished an international response and pushed China to react. Actually, China had an interest not be seen as a blocker and voted in favour of the Security Council Resolution 1970 on the condemnation of Gaddafi including a reference to the International Criminal Court. However, China maintained its pragmatic attitude of non-interference in the internal affairs and abstained on the Resolution 1973 related to the military intervention in Libya with the establishment of a no-fly zone.

As for climate change policy, there is room for cooperation. After the Copenhagen syndrome in 2009, the EU managed to re-launch cooperation with Mexico and with Brazil. The EU seized the opportunity to weight on the BRICS but also to agree with smaller partners such as the Caribbean countries, which has made an impression on China. According to Jonas PARELLO-PLESNER, this is the kind of strategic approach the EU could adopt in the context of foreign policy issues.

Jonas PARELLO-PLESNER lastly spoke on the EU-Asia policy According to him, the Asian region is dynamic but volatile considering the territorial conflicts overlapping with nationalism aspects. At the same time, the region is also inclined towards internationalization and globalization which represent a big interest for the EU in developing its trading partnership. Regarding the complexity of its functioning the EU will have to make important and difficult choices in its bilateral relation including on issues such as the arms embargo. Otherwise the United States could be inclined to undermine the EU-China trading relations.

Debate

A discussion followed after this presentation with the interventions of the Australian Ambassador, Brendan NELSON and the Members of the European Parliament Ana GOMES and Charles TANNOCK.

The critiques raised by the US Congress on China's lack of democratic values and on its economic system characterized by dumping and protectionism lead to believe that the US and China are more competitors and potential enemies than strategic partners. This situation opens the door for the EU to develop a coherent and strategic policy towards Asian countries in order to be more effective in its relations with China. It was reminded that it is essential for the EU to be more strongly and regularly engaged in this region. This requires sending high level European representatives and to understand that Asia is more than China. Currently, the EU is poorly represented in the region. There has to be an incentive and to stimulate other partners in the region which are playing a crucial role in considering their own relationship with China. Considering that some EU countries, such as Germany and the UK, have been more focused on their bilateral trading relations with China instead of stimulating the interests of the EU as a whole, there was an impression that the European trade policy does not favour all the EU states.

Despite the euro crisis, the European Commission has developed a clearer and assertive approach towards China. However, there are still issues to be tackled since China has entered in the WTO, such as dumping, subsides and protectionism while the EU is considered relatively open in terms of its economy. The stake for the EU is to consider China as a strategic partner rather than an economy in development. The capacity to develop a coherent EU policy towards Asia and in particular China that favours all EU member states also depends on the ability to clarify the EU's internal decision-making process.

2.5 Closing statement

Crescenzio RIVELLINI closed the workshop by thanking all the participants. He concluded by stating that the debate was really interesting, helped to understand the policy-making and put forward useful insights. The conclusions of this workshop will be useful for the next meeting of the EP Delegation for relations with China.

3. BACKGROUND PAPERS

3.1 China's domestic politics by Dr. Hongyi LAI

Executive Summary

This paper reviews the Chinese politics in the recent few years. It covers the three sets of following issues. The first set is the politics of leadership transition. It discusses the upcoming 18th Congress of the Communist Party of China (CPC) where the Hu-Wen leadership would pass their batons to the new leadership, the much-watched downfall of Bo Xilai, and possibility of political reform in China. The second set is the social-economic transition in China. It involves the challenges and emerging responses regarding China's economy, equalities, environment, social management and legal reform. China's key responses are outlined in the 12th Five Year Plan of 2011-15. The third set is the implications of these two transitions in China for EU-China relations.

An Overview of Domestic Politics in China

In 2012, Chinese politics is undergoing a double transition. On the one hand, the ruling party, that is, the Communist Party of China (CPC), is preparing for a major leadership succession. In the second half of 2012, it will hold the 18th Congress where the current leadership of President and General Secretary of the CPC Hu Jintao and Premier Wen Jiabao (hence the Hu-Wen leadership) will pass their batons to the new leadership. This transition has recently been overshadowed by two controversies. The first one is the downfall of Bo Xilai, a former Politburo member and former Party Secretary of Chongqing. The other one is the call for democratisation, most notably by Premier Wen.

On the other hand, China is undergoing social-economic transition. This transition involves the sustaining of rapid growth, equitable welfare, social stability, social management (that is, management of the society and communities), and legal reform. China tries to sustain its economic growth by addressing a host of issues, including stimulating domestic consumption, upgrading its industries, and coping with slower growth in its exports due to rising labour costs and sluggish external demand. In addition, China tries to make its economic growth sustainable by increasing energy efficiency, developing renewable energy and addressing environmental degradation. Another issue in social-economic development regards social justice and equity, involving balanced growth among regions and equitable welfare among social groups. After decades of rapid and impressive coastal growth, China finds it imperative to accelerate the growth of its inland regions. In addition, it needs to ensure a decent living standard of its population through providing decent public services including education, healthcare, and pension, especially for the low-income groups and areas. Furthermore, in the recent decades stability has been a major concern in China given escalating protests and riots. Finally, China's leaders have perceived the need to develop legal especially social institutions in order to ensure the smooth social-economic transition.

The third set of issues is the implications of these two transitions in China for EU-China relations. Leadership transition may affect the foreign policy orientation of the leadership and hence China's relations with the EU. The possible development in democracy in China will have a fundamental effect on the bilateral ties. In addition, the challenges and policies regarding social-economic transition may have significant implications for bilateral relations over trade, environmental and social issues. This paper will review each of these three sets of issues one by one.

Leadership Transition in China

Leadership Succession

In late 2012, the CPC will hold its 18th Congress and reveals its new leadership. This is the event that would happen every ten years. The members of the Politburo Standing Committee will not be revealed until at the end of the 18th Congress. Nevertheless, since the 17th Congress of 2007, the emerging candidates include the following current members of the Politburo. They are Xi Jinping (Vice President and a Politburo Standing Committee member), Li Keqiang (Vice Premier and a Politburo Standing Committee member), Wang Qishan (Vice Premier), Li Yuanchao (Director of the Organisational Department of the CPC), Zhang Dejiang (the current Party Secretary of Chongqing), Wang Yang (the Party Secretary of Guangdong), Zhang Gaoli (the Party Secretary of Tianjin), Liu Yandong (State Councilor), Yu Zhenxing (the Party Secretary of Shanghai), and Liu Yushan (Director of the Propaganda Department of the CPC)[1].

The two front runners are Xi Jinping who is likely to succeed President Hu and Li Keqiang, who is likely to succeed Premier Wen. The former is the son of former Vice Premier Xi Zhongxun and one of the most prominent members of the Princelings. After serving as the Party Secretary of an economically and politically vibrant Zhejiang and then the economic powerhouse Shanghai, he accomplished well challenging tasks such as the organisation of the 2008 Beijing Olympic Games. Li received a PhD in economics from Beijing University and worked for years at the Communist Youth League under Hu. Both Xi and He understand well the social and economic conditions of China after living for years in China's backward countryside and having served in at least two provinces. Both were educated at the best universities in China, with Xi from Qinghua and Li from Beijing University. Their political views will be discussed below.

Democratisation

The upcoming leadership transition offers outsiders hopes for the change in the authoritarianism in China. The most optimistic signs have come from Premier Wen. In the last two years of his tenure, he has made numerous calls for political reform in public speeches. At the nationally-televised press conference at the annual legislative session in March 2012, he again stated that without political reform especially the changes in the Party-state and the leadership systems the fruits of economic reforms would not be sustained[2]. While his calls have been the most unusual among the top leaders in China since the 1989 Tiananmen movement, his view represents the minority rather than the mainstream view among the leadership.

From 1979 to 1992, the Chinese leadership was divided into three factions over the economic and political reforms. Conservatives led by Chen Yun favored a moderate overhaul of the planned economy, stable economic growth, and the CCP's rule. Orthodox reformists headed by Deng Xiaoping sided with conservatives over the Party's leadership, but increasingly favoured markets as a replacement of the command economy which could best generate economic growth and political legitimacy for the CPC. Moderate reformists such as Hu Yaobang and Zhao Ziyang supported orthodox reformists' embrace of the market economy, saw the need for gradual democratization, but rejected the liberals' call for a

[1] 'The curtains of the 18th Congress were opened: Major ministers voted for the Standing Committee' (shibada weimu lakai, shengbu yaoyuan piaoxuan changwei), posted at http://18.dwnews.com/news/2012-05-11/58731367.html, accessed 11 May 2012.

[2] 'Wen Jiabao: The Party and State Leadership Systems Should Be Reformed' (Wen Jiabao: Yao gaige dang he guojia lingdao zhidu), posted at http://china.dwnews.com/news/2012-03-13/58654326.html on 14 March 2012, accessed on the same day.

western-style democracy. After the suppression of the Tiananmen movement in 1989, moderate reformists were dealt a fatal blow, and orthodox reformists silenced. During 1989-91, the conservatives dominated Chinese politics. In 1992, Deng defeated conservatives through his southern tour. Since 1992, most of the top leaders have embraced Deng's orthodox reformist formula of marketisation without major democratization[3].

Although Wen's calls for accelerated democratization inevitably generate debates within the Party, no other top leaders ostensibly join his calls. Orthodox reformism has remained the Party's open line in the official media. The Party has guarded closely against any challenges for the regime. Early in the year of 2011 the Jasmine Revolution in the Middle East was still unfolding. In February and March attempts to coordinate public walkouts to introduce the revolution in China failed. This was due to the police arrests and blocking of internet messages, as well as cold public responses. As the economic growth remains robust, the public, especially that in the major coastal cities does not favour any revolution.

The open-minded provincial leaders try to accommodate legitimate public demand within the existing constitutional framework without undermining the regime. Since September 2011 thousands of villagers in Wukan Village of Lufeng City in Guangdong Province had staged protests against alleged corruption of elected village officials in land deals with developers. In December the Guangdong government under Wang Yang recognised the village council re-elected by the villagers who exercised their constitutional rights. The protests were resolved peacefully[4].

Furthermore, since 2007 the Party has introduced intra-Party democracy in selecting the new top leaders. In preparing for the list of top leaders at the 17th Congress in 2007, the CPC introduced consultation and allowed the hundreds of members and alternate members of the Central Committee of the CPC as well as influential veteran leaders to express their preferences among a dozen to a score of nominated candidates for the Politburo. On the basis of the consultation, Xi emerged as the successor of Zeng as the Vice President and entered the Politburo Standing Committee at the 17th Congress. It is reported that the CPC followed a similar practice in May 2012 to decide on the choice for the Politburo Standing Committee[5].

The Fall of Bo Xilai

The purge of Bo Xilai in March 2012 exerted far greater pressure on the Chinese leader than the Jasmine Revolution. Bo was a Politburo member and served as the Party Secretary of Chongqing. Son of a veteran Chinese leader Bo Yibo, he was the mayor of Dalian and Minister of Commerce prior to his last post. During his four years of tenure in Chongqing, he created a widely noticed path of development which was coined the Chongqing Model. He prosecuted the gangsters and arrogant and corrupt officials allegedly even through illegal means. He offered very generous social benefits to the residents which critics said to cause trillions of yuan of deficits in the Chongqing budget. He also organised public singings and public television programmes that eulogised Mao's revolutionary ideas. He used the model to aid his bid for a seat at the Politburo Standing Committee at the 18th Congress. His policies and undisguised personal ambition were questioned privately by the orthodox reformists such as Hu and Jiang, advocates of rule of law (likely former legislative chief Qiao Shi), moderate reformists such as Wen, and liberal intellectuals. After his police chief Wang Lijun had a confrontation with him

[3] Lai, H. *Reform and the Non-State Economy in China: The Political Economy of Liberalization Strategies.* Palgrave-Macmillan, New York, 2006, pp. 61-90.

[4] Lai, H. 'Escalating Unrests, No Revolution: Protests in China in 2011,' commentary posted at http://blogs.nottingham.ac.uk/chinapolicyinstitute/2012/02/16/escalating-unrests-no-revolution-protests-in-china-in-2011/, 16 February 2012.

[5] "Party polls 370 members on choice of top leaders," *South China Morning Post*, 8 June 2012.

over the investigation of the possible homicide of Bo's wife Gu Kailai, Bo relieved him of police chieftain. Fearful of his life the latter sought refuge at the U.S. consulate office in Chengdu but was refused. He then turned himself and his knowledge about the wrongdoings of Bo and his family to the central government.

While Bo's downfall earned applauses from the overseas media, liberal intellectuals, and likely many orthodox reformists, it disillusions neo Maoists, many residents in Chongqing who benefited from Bo's leftist new deal, those who are disillusioned with marketisation and official corruption in China, and many members of lower social strata which have not enjoyed much of the fruits from reform. Bo's fall polarises the increasing stratified Chinese society. The leadership has decided to publicise Bo's sins of transgression of laws, instead of his political ones due to the controversial nature. Now Bo is under investigation for his wife's alleged murder of her British business partner Neil Heywood and possibly his corruption[6].

Social-Economic Transition in China

In addition to leadership transition, China also confronts social-economic transition. It is under noticeable pressure to change its extensive and investment- and exports- reliant mode of economic growth, achieve regional and social equity, maintain stability and developing institutional capacity to better manage the society.

Adjusting the Growth Model

For 32 years after the launch of economic reform in late 1978, China's growth of gross domestic product (GDP) averaged nearly 10% a year. This is unparalleled in the world history. As a result of this phenomenally sustained high growth, China overtook Japan to be the world second largest economy in 2010. However, China's growth is based on heavy investment powered by high savings, followed by domestic consumption and exports. In 2010 gross capital formation was responsible for 54% of China's GDP growth, far higher than 36.8% from the final consumption expenditure and the 9.2% from net exports. The contribution share of cross capital formation came down significantly from 91% from 2009, but was still far higher than the 39%-47.5% during 2005-8. The contribution share from net exports recovered from the alarming -38.9% in 2009, but was less than half of the decade-high 23.1%. Meanwhile, the contribution share from final consumption expenditure declined to the lowest point since 2004 and one of the lowest points in the reform era. Furthermore, among the financial consumption expenditure, household consumption accounted for 71.9%, the lowest in the reform era, and government consumption 28.9%, the highest in the reform era [7]. It is clear that slack external markets in the wake of the financial crisis hurt the contribution of exports to China's economic growth. Recent efforts to stimulate domestic consumption have not been very effective. Government consumption has to step in, yet has not been able to lift up the contribution share of the consumption in GDP growth.

In addition, China's growth model has been extensive. It consumes considerable materials inputs. Around 2009, China consumed the world's 18% of energy and around 45% of the world's steel use (2010) in producing 13% of the world's GDP in purchasing power parity (PPP) (or 10% of the world's GDP in exchange rate in 2011)[8]. As over two third of the energy in China comes from coal, which is a

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[6] The aforementioned section on Bo Xilai draws on scores or even hundreds of news reports and commentaries on Bo in overseas Chinese and English news website and scholarly discussions.

[7] National Bureau of Statistics (NBS), *China Statistical Yearbook 2011,* China Statistical Press, Beijing, 2011, Chapter 3.

[8] Computation using data from *the CIA World Factbook* on China, posted at https://www.cia.gov/library/publications/the-world-factbook/; from 'World energy consumption,' posted at

highly polluting source of energy, such an extensive mode of growth has dire environmental consequences, such as high emissions of sulfur dioxide and carbon dioxide. They will result in the hazardous air quality and voluminous green house gas.

Furthermore, China's economic growth is characterised by regional imbalance and rising inequality. For decades, the coastal provinces have enjoyed robust economic growth on top of an already high level of economic development in the nation. Some of the coastal provinces are approaching the level of high-income countries. In contrast, the economy of a number of landlocked provinces in China has been tattering near the range of undeveloped third world countries. In 2011, per capita GDP of Tianjin in the nominal term, was US$13,000 in exchange rate, the highest among the Chinese provinces. It was equivalent to that of Russia. Its level in PPP was equivalent to that of Poland. Guizhou, the poorest province in China, registered a per capita GDP of US$2,500 in the nominal term, equivalent to that of Bolivia, and its level in the PPP term was equivalent to that of Iraq [9]. The ratio of the highest to the lower per capita GDP among the Chinese provinces was about 5:1, which was unusually high. Living standards in the countryside in general are lower than those in the cities. In 2010, per capita annual disposable income of urban households was 3.2 times of that of the rural counterparts[10.] Moreover, in the reform era the income inequality has been rising unabated. The gini coefficient rose from a low 0.288 in 1981, to a high 0.403 in 1998, and further to an alarming 0.48 in 2009[11].

The new responses of China's government to these problems can be seen from the recent 12th Five Year Plan (FYP) covering 2011-15. It was approved by the annual session of the Chinese legislature (the National People's Congress) in March 2012. Its approach to expanding domestic demand is stated in the following section: "Create positive consumption environment by actively yet steadily accelerating urbanization, implementing the strategy of employment as priority, deepening the distribution reform and improving social security system, gradually make the overall size of our domestic market ranks among the largest internationally"[12].

The FYP proclaims that the "fundamental end" of economic transformation is to improve people's lives and to ensure shared prosperity among the people. For this aim, it emphasizes the raising of the proportion of national income distributed to individuals, the creation of jobs, accelerating urbanization, improvement in social welfare system, giving priority to job creation, equalising public services to every citizen across regions and between cities and countryside, and reform of the income distribution system. Correspondingly, the 12th FYP introduces six advisory targets (expected targets or ET). The GDP growth target is lowered to 7% a year (ET1), down from 7.5% annual target from the 11th FYP of 2005-10. In addition, there is an expected target of increasing the urban and rural residents' net income by at least 7% a year (ETs 2-3). Therefore, the residents' income is expected to grow at the same pace of the GDP. Furthermore, the registered urban unemployment rate is expected to stay below 5% (ET4), and 45

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http://en.wikipedia.org/wiki/World_energy_resources_and_consumption ; and from 'Global Steel Production Continues to Grow,' *Ecoal*, Vol 75, August 2011, http://www.worldcoal.org/resources/ecoal/ecoal-current-issue/global-steel-production-continues-to-grow/ accessed on 10 June 2012.

[9] 'List of Chinese administrative divisions by GDP per capita,' posted at http://en.wikipedia.org/wiki/List_of_Chinese_administrative_divisions_by_GDP_per_capita, accessed 10 June 2012.

[10] National Bureau of Statistics (NBS), *China Statistical Yearbook 2011*, Table 10-2.

[11] Data from 1981, 1998 and 2011 come from the following sources respectively: World Bank, *Sharing Rising Incomes*. World Bank, Washington, D.C., 1997, pp. 2, 10; World Bank, World Development Report: Attacking Poverty. Oxford University Press, New York, 2001, p. 282; *CIA World Factbook* on China, posted at https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html, accessed 10 June 2012.

[12] Unless state otherwise, information on the 12th Five-Year Plan comes from the translation version. It is posted at the following website: http://cbi.typepad.com/china_direct/2011/05/chinas-twelfth-five-new-plan-the-full-english-version.html, accessed 10 June 2012. Translation errors are corrected.

million new jobs to be created in the cities for the five years (ET5). It calls for an increase of the share of cities in population from 47.5% in 2010 to 51.5% by 2015 (ET6) (Table 1).

Moreover, for the sake of improving people's living standard and to sustain domestic consumption it proposes three mandatory targets (binding targets, or BTs). The number of urban residents enrolled in the basic pension scheme should increase from 257 million in 2010 to 357 million by 2015, the rate of enrolment in basic medical insurance in urban and rural areas should increase by 3% over 5 years, and 36 million low-income apartments should be built in urban areas over the 5 years (Table 1).

The FYP also envisions the need to upgrade China's industry and technology and expand its innovation capacity. The FYP calls for a breakthrough in emerging strategic industries and increase of the service sector value-added output by 4 percentage points to 47% of GDP. It also stipulates that expenditure on research and development should rise to 2.2% GDP and that every 10,000 people should have 3.3 patents.

Furthermore, in order to ease the regional gap in development the FYP suggests that the western region should undergo a new round of rapid development through key projects of infrastructure construction, water conservation, ecology, energy and resources, and industry, as well as agriculture and tourism. This signals the government's support for a fresh and massive material input for the region after it started to speed up this most backward region in the nation back in 1999. In addition, the FYP also reiterate the support for reviving the northeast with a focus on finance, logistics, tourism, SOE reform, and the building of the national grain strategic base. Furthermore, it emphasizes that the development of the central region should be encouraged through consolidating the national bases for grain production and energy and raw materials and through building modern equipment manufacturing and comprehensive transportation centre there[13].

Finally, the FYP institutes a number of targets in order to reduce the environmental side-effects in the course of growth in the coming years. The following binding targets are worth attention. Following the steps of 20% reduction in the 11th FYP, the 12th FYP stipulated a 16% decrease in energy consumption per unit of GDP, an increase of non-fossil fuel usage in primary energy consumption from 8.3% in 2010 to 11.4% in 2015, a decrease by 17% in CO2 emissions per unit of GDP, and an increase in forest coverage rate from 20.36% in 2010 to 21.66% by 2015. This set of compulsory targets will serve to contain China's rising energy demand, reduce China's reliance on fossil fuel chiefly coal and oil, and contain the CO2 emissions into the atmosphere and absorb the emitted CO2 through forests in the coming years. The aim is to ensure energy security and stabilize energy price, as well as combating global warming. Moreover, the FYP mandates 8% reduction in emissions of sulphur dioxide (SO2), which aims to enhance the air quality and reduce respiratory disease. Finally, it mandates 30% decrease in water consumption per unit of value-added industrial output, the same target in the 11th FYP. This target addresses the growing concerns with water shortage in the north (Table 2).

Maintaining Social Stability and Developing Institutions

In the recent two decades social instability has become a growing headache for the state. Collective protests continue to expand in number and an average protest tends to involve more people over the

[13] For a discussion of China's programmes to develop the western, northeastern and central regions, refer to Lai, H. H., 'China's Western Development Program,' *Modern China,* Vol. 28, No. 4, October 2002: 432-466. Chung, J. H, Lai, H, and Joo, J.H., 'Assessing the "Revive the Northeast" (zhenxing dongbei) Program,' *China Quarterly*, March 2009, No. 197, pp. 108-125; Lai, H., 'Developing Central China,' *China: An International Journal,* Vol. 5, No. 1, March 2007: 109-28.

years[14]. What is only reassuring for the state is that the overwhelming majority of these protests are based on social, economic and legal grievances, not political discontent. In particular, the FYP singles out the prevention of protests arising from labour disputes, land expropriation and house demolition, environmental protection, food and drug safety, business restructuring and bankruptcy. In addition, in the recent years migrants have protested in a large scale against the facts that their employers failed to pay wages in time and that they are discriminated against by the local government. The state's responses have been multi-facet. First, it introduces economic remedies. The 12th FYP pledges to increase the proportion of wages in the primary distribution of income and reverse the trend of a widening income gap gradually. Specifically, it states that worker insurance including work injury insurance should be strengthened, that minimum wage standard should increase by at least 13% on average each year[15], and that medium- and small-sized cities migrants who have a stable job for multiple years should become urban citizens.

Second, the FYP calls to improve social management, especially the management of the urban and rural communities. The basic principle has been in line with that on social management proposed by the Party: The Party should maintain its leadership; the administration should play a primary role and strengthen its social management and public services; the people's organizations, grassroots autonomous organizations, various social organizations and enterprises should play the coordination role; the standardization, profession, socialization and legalization of social management should be promoted; the public should be educated and encouraged to participate the social management and services orderly and voluntarily. The FYP also emphasizes three aspects of social management. The first is to address the sources of conflict. The second aspect is dynamic management through equal communication and consultation, responding to lawful and reasonable appeals from the public and timely resolution of conflict. The third aspect is effective crisis management. Specifically, the FYP set a target that 10 percent of all residents will be registered as community volunteers and introduces a plan of recruiting 500,000 university students to serve in urban and rural communities.

Third, the FYP calls to improve the institutions that protect public interests and channel public concerns. These institutions include public hearing, expert consultation, petitions, office of handling letters and visits from citizens, social organisations, trade unions, media, collection of public opinion and feedback, and administrative and judicial mediation. In particular, it mandates the setup of a social risk assessment mechanism in key projects and major policies.

Fourth, legal reform also receives attention, though the attention seems to be very brief. The FYP stresses that the unity, dignity and authority of the legal system should be honoured, that just and incorruptible enforcement of the Constitution and law should be observed, that the judicial system reform can be deepened, that the legal education of the public should be promoted, that human rights should be guaranteed, and that the overall development of human rights should be advanced.

Fifth, public security is given an important role in preventing and managing social incidents, ranging from food and drugs security, work safety, and public safety. Public security is urged to combines proactive prevention and control with crisis management and to integrate traditional with modern approaches through enhancing intelligence gathering. It is also asked to establish a national basic information database of population.

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[14] For a discussion on the topic, refer to Chung, J.H., Lai, H. and Xia, M. "Mounting Challenges to Governance in China: Surveying Collective Protestors, Religious Sects, and Criminal Organizations," *China Journal,* July 2006, No. 56, pp. 1-30.

[15] 'Key targets of China's 12th five-year plan,' posted at http://www.gov.cn/english/2011-03/05/content_1816822.htm, accessed 10 June 2012.

Nevertheless, the recent case of Chen Guangcheng suggests that the treatment of protesters in China is prone to official transgression of laws. Chen is a blind activist from China. He was under close surveillance in Shandong due to his active efforts to protest official failures to comply with the law in their work. He miraculously escaped to the U.S. embassy in Beijing in April 2012, forcing Beijing to allow him to go to the U.S. It is not unusual that local officials resort to illegal means if the former regard the latter too assertive in defending their rights and challenging the former's efforts to perform their official duties (such as family planning).

Implications for EU-China Relations

Implications of Domestic Politics on China's Diplomacy

In China's reform era the state strives to preserve the post-Mao pragmatic and collective leadership of the CPC through sustaining rapid economic growth and a rise in the living standard of the population in exchange for the latter's support for the rule of the CPC. Bo Xilai was ousted from power due to his blatant challenge to the pragmatic and collective leadership through populist, and individualistic leadership, and neo-Maoist policies. Other than this collective and pro-market leadership, leadership transition and style, the decision making process, as well as unexpected domestic crises and strong domestic reaction to the external crises, may become the major domestic inputs on China's foreign policy[16]. The following sections will contain analyses of the implications of the leadership and social-economic transition for EU-China relations.

Implications of Leadership Transition

While the new leadership may have a new vision for EU-China relations, it is not visible at this point. The new Chinese leadership seems to continue the current policy toward the EU. Both Xi Jinping and Li Keqiang were quite familiar with the economic and social conditions in China's localities given their past local work and living experience. Both have probably received more modern education than their predecessors. Li is probably much influenced by western economics due to his doctoral training in economics.

There is no sign so far that Xi and Li will deviate from orthodox reformism. The CPC will continue to oppose any attempt to dilute its leadership. Over the international events whereby Western intervention may result in overthrow of a government, China will be reluctant to endorse the intervention for the sake of the legitimacy of the CPC regime.

On the other hand, the new leadership can be open minded toward initiatives to introduce measured political reform in order to reduce power abuses and to select the best qualified officials. Therefore, the intra-Party democracy is likely to continue and even expand. Li Yuanchao, a promising candidate for the Politburo Standing Committee, championed the most noticeable experiments in Jiangsu Province when he served as the Party Secretary. There multiple candidates for local official posts were interviewed and assessed by dozens of local elites. Li might favour the expansion of the experiments nationwide. Xi, when he was the Party Secretary of Zhejiang, tolerated some of the most noticeable political experiments in local democracy in China, including consultations with representatives of citizens on local policies.

In Xi's trip to the United States in early 2012, Xi spoke confidently and honestly, and admitted room for improvement in human rights in China. He also warned the U.S. not to sells advanced weaponry to

[16] For a comprehensive treatise on the topic, refer to Lai, H. *The Domestic Sources of China's Foreign Policy*. Routledge, London and New York, 2010.

Taiwan. He also displayed his personal touch with Americans. This straight but subtle style earned him positive publicity in the U.S. media. It is likely that he may bring this calculated but straight-talking style in his handling of relations with the EU. In addition, the new leaders may be preoccupied with leadership succession and consolidating their positions at home from now till the first two years. They may not have the luxury of charting a brand new course in foreign policy.

Implications of Social Economic Transition

China's leaders will devote much of their energy and attention to a host of challenging issues in the transition. China's leaders may be reluctant to give in over critical issues in its ties with the EU if the concessions have a detrimental effect. For example, China will not forgo its opportunities for economic growth simply for the sake of cutting its carbon emissions. Nor will it forgo chances to promote exports simply for the sake of defusing trade frictions. On the other hand, China has recognised the need for greener technology in order to contain the growth in carbon emissions. It has also strived to expand domestic consumptions in order to reduce dependence on exports and trade frictions.

Over the major issues in China's social-economic transition, both the EU and China can hold dialogues, further the European understanding of the Chinese perspective on these issues, and help China to improve its management of these issues. One is the issue of sustainable growth. Both China and the EU have pronounced their goals concerning poverty reduction, job creations, education, climate change and energy. The EU does so through the Euro 2020 Strategy. Both can benefit from their experience over these issues. Over climate change and energy the EU will have much to offer in terms of generating public awareness about the issue and directing the academic community toward research on technical solutions. Over social welfare provisions, protection of labour rights, management of social conflict, social organisation and communities, development of the judicial system, and protections of human rights, the EU has considerably different views than China. It also has much to offer to China in these areas by sharing its successful experience and help China to develop the appropriate institutional capacity.

Table 1.Key indicators of economic and social development in the 12th Five-Year Plan

(Excerpt on people's livelihood)

Indicator	**2010**	**2015**	**Average annual growth rate**	
Economic development				
- GDP (trillion yuan)	39.8	55.8	7%	Expected
- Urbanisation rate (%)	47.5%	51.5%	4% (accumulative figure over 5 years)	Expected
People's livelihood				
- Per capita disposable income of urban residents (yuan)	19109	> 26810	> 7%	Expected
- Per capita net income of rural residents (yuan)	5919	> 8310	> 7%	Expected
- Registered urban unemployment rate (%)	4.1%	< 5%		Expected
- Number of new jobs in urban areas			45,000,000 (accumulative over 5 years)	Expected

- Number of urban residents enrolled in basic pension scheme	257 million people	357 million people	1% (accumulative over 5 years)	Binding
- Rate of enrolment in basic medical insurance in urban and rural areas (%)			3% (accumulative over 5 years)	Binding
- Number of low-income apartments built in urban areas (units)			36 million units (accumulative over 5 years)	Binding
- Total population	1.341 billion	< 1.39 billion	< 7.2‰	Binding
- Average life expectancy (years of age)	73.5	74.5	1 year (accumulative over 5 years)	Expected

** Target is set to increase the income of urban and rural residents at a rate no lower than that of the GDP growth. During implementation, we should strive to achieve the same pace of growth with economic development.*

Table 2.Targets on Environmental Protection in the 12th Five Year Plan

Target		2010	2015	Change over 5 years (%)	Forecast or Binding
Farmland reserves (billion mu)		1.818	1.818	0	binding
Decrease in water consumption per unit of value-added industrial output (%)				30	binding
Increase of water efficiency coefficient in agricultural irrigation		0.5	0.53	0.03	forecast
Increase of non-fossil fuel usage in primary energy consumption (%)		8.3	11.4	3.1	binding
Decrease in energy consumption per unit of GDP (%)				16	binding
Decrease in CO2 emissions per unit of GDP (%)				17	binding
Total decrease in emissions of major pollutants (%)	Chemical Oxygen Demand (COD)			8	binding
	Sulphur Dioxide (SO2)			8	
	Ammonia Nitrogen			10	
	Nitrous Oxides			10	
Forest Increase	Forest coverage rate (%)	20.36	21.66	1.3	binding
	Forest stock (m^3)	137	143	6	

Sources of Tables: 'China's Twelfth Five Year Plan (2011-2015) - the Full English Version,' posted at http://cbi.typepad.com/china_direct/2011/05/chinas-twelfth-five-new-plan-the-full-english-version.html, accessed 10 June 2012. Translation errors are corrected.

Dr. Hongyi LAI- Curriculum Vitae

Associate Professor, PhD Programme Director, Contemporary Chinese Studies, Faculty of Social Sciences

Biography

Dr. Lai's research covers China's domestic political economy (reform strategies, national-local relations, regional development and ethnic areas), governance (including protests, state-societal relations and institutional development), and foreign policy (domestic linkage, energy security and soft power). He has published eight books, twenty book chapters, as well as produced nineteen refereed journal articles.

His research has been published in leading or major journals in the field such as China Quarterly, China Journal, and Modern China, Eurasian Geography and Economics, Third World Quarterly, as well as established journals such as Journal of Contemporary China and Asian Perspective. His article on China's western development (2002) is one of the most frequently cited on the topic. His co-authored article on protests (Chung, Lai and Xia 2006) has been included in a collection of seminal works on Chinese politics (Routledge, 2009). His other often-cited articles cover China's energy security and diplomacy and religious activities. His publications become readings for leading universities in the US, Europe and Asia.

His single-authored books in English appear in established or leading presses in Asian and political studies. They include Reform and the Non-state Economy in China: The Political Economy of Liberalization Strategies (Palgrave Macmillan, 2006) and The Domestic Sources of China's Foreign Policy (Routledge, 2010). The former book has been praised by leading scholars in the fields as an important contribution to the literature on economic transition. The latter book is the first monograph on that important topic. In this book he criticizes the mainstream theories in international relations and develops a new framework to account for external conduct of nation-states especially China. His co-edited book China into the Hu-Wen Era: (World Scientific, 2006) is an earliest systemic assessment of the Chinese Hu-Wen leadership. His edited book Asian Energy Security: The Maritime Dimension (Palgrave Macmillan, 2009) explores energy and maritime security from the perspective of global public goods. His Chinese books include China under Scrutiny (Toushi Zhongguo, in Chinese) (2007), Hu-Wen under Full Scrutiny (Hu Wen Quan Toushi, in Chinese, 2005, reprinted), and A Study of Fame (Yiming Jingren, 1999).

Dr. Lai is also a prolific media commentator on China. His opinions and analyses appear in influential outlets including the Financial Times, China Daily, Far Eastern Economic Review, the International Economy magazine, the Straits Times and the Lianhe Zaobao (in Singapore). Some of his ideas have found echoes in China's subsequent management of domestic and external crises, foreign affairs, macro-economic and major local issues.

Expertise Summary

Governance; Protests and religious activities; Elite politics and leadership; Central-local relations; Democratisation and political reform; Ethnic policy; Religious policy; Economic reform and transition; Regional developmental programmes; Domestic sources of foreign policy; Economic diplomacy; China's soft power and international relations.

Research Summary

Topics related to China: Economic reform and transition; regional developmental programs, especially western development and central regional development; governance and institutional renewal; energy… read more

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3.2 China's foreign policy: China’s not so peaceful rise by Ms Valérie NIQUET

China is rising, at least for the time being. However, in spite of the official mantra of peaceful rise this phenomenon is leading to a feeling of increased insecurity all over Asia. This feeling of insecurity is nurtured by the two elements of uncertainty and instability, in contrast to the situation that prevailed until the end of the years 2000. This evolution of the PRC’s foreign policy poses a direct challenge to the definition of the European Union Asia and China strategy.

From opportunity to uneasiness

China has been constantly rising for more than 30 years with very impressive results in terms of growth, well-being and, until recently, in terms of integration to the global scene. For a long time China’s rise has been considered, particularly in Asia, as an opportunity. The more so as other big players in the region, starting with the United States, were focused first on the post-cold war delusion of the end of history, then on other pressing issues like the war against terror in Iraq and Afghanistan. In that context, the opportunities offered by the PRC in terms of economic gains were tempting enough to leave out the more disturbing specificities of the regime. Moreover, for some analysts at least, the rise of the PRC was also considered an inevitable and unstoppable trend that one had to accommodate both at the economic and strategic level.

In spite of its limitations, and because of its rise, the PRC was considered a factor of stabilization in Asia. The Korean peninsula and the six party talks launched in 2003 were often cited as an example of the role of China as a “responsible stakeholder”. The framework of ASEAN +3 as well as the ASEAN-China free trade agreement were perceived perfect examples of positive regionalization around a benign emerging Chinese power. In terms of stabilization, the most significant example has been the free trade agreement (ECFA) signed between Taiwan and the PRC in 2012 even though this agreement, and the reelection of President Ma Ying-Jeou to the presidency in February 2012 never led to a real reduction of the military pressure exerted on Taiwan with the deployment of hundreds of short range ballistic missiles and precision weapons targeting the island from the coastal provinces of the PRC.

In Economic terms, thanks to China’s rise, Asia is indeed leading the world growth and this has been more the case since the financial and economic crisis of 2008. However In spite of this very positive image at both the regional and the global level of a benevolent China’s rise we witnessed since 2009 a growing assertiveness of the PRC particularly felt in its region.

A change of policy?

The PRC acted as if it had decided to abandon its long-term relatively prudent neighborhood strategy for a more systematically aggressive and potentially destabilizing policy of constant gesticulations, particularly at sea. One can mention many examples of this negative evolution. Concerning proliferation and stability in the Korean peninsula, the six-party talks have clearly demonstrated their limitations. They have indeed allowed North Korea to save time and increase the credibility of its nuclear capabilities and North Korea continues to develop its missile capabilities. In 2010, before the death of Kim Jong-Il, the North Korean regime launched two direct attacks against South Korea. The first took place in March against the South Korean corvette Cheonan and killed 46 South Korean sailors. The second took place in November 2010 with the bombing of the small island of Yeongpyeong, in South Korean territory, which killed four people. In contradiction with the role of "responsible stakeholder" that the PRC was supposed to play, this strategy of provocation seems to have been endorsed, at least tacitly, by the PRC, which has followed closely the transmission of power and the transition period after the death of Kim Jong-Il in December 2011. China is now the largest trading partner and investor in North Korea de facto reducing the efficiency of sanctions adopted by the international community. For the PRC, North Korea – in spite of its unpredictability – still constitutes a strategic asset that cannot be abandoned. The threat posed by a nuclear North Korea comes second only after the threat of a total collapse of the regime interpreted by Beijing, in a zero sum game, as a strategic gain for the United States and its allies in the region.

Since 2009, numerous incidents also occurred in the South and East China Sea, involving Vietnam and the Philippines, Indonesia, Japan South Korea but also the United States with the impeccable incident in 2009. More disturbingly, in spite of further denegation, the concept of "core interest" usually applied by the PRC to Tibet, Xinjiang and of course the Taiwan issue, has been extended to the maritime territory claimed by the PRC and Beijing has been constantly trying to impose its own interpretation of the law of the seas concerning the right of innocent passage in its EEZ in opposition to the US concept of "global commons" of vital interest to Washington and its allies in Asia.

During the last session of the National People's Congress (NPC) in March 2012, a report was published to emphasize the necessity for the PRC to "defend its national interests, assert and defend its maritime territory". Moreover, all strategic publications in China do stress the fact that the threats surrounding the PRC are more pressing, that the global strategic situation is less stable and less favorable to the PRC's interests, largely thanks to the fact that, contrary to the trend favored by the strategic community in the PRC after the economic crisis of 2008, the US were not less present but more present in Asia.

The new American strategy of "rebalancing" or "pivot" to Asia constitutes indeed for the PRC the most important element of the degradation of the strategic situation around China. In July 2010 at the ARF meeting in Hanoi, Secretary of State Hillary Clinton, reaffirmed – in direct opposition to China's position – that the freedom of circulation on the seas was a vital interest of the Unites States. In December 2011, at the APEC summit in Honolulu, President Obama launched the idea of Trans Pacific partnership (TPP) based on common values de facto excluding the PRC. In June 2012, after increased tensions in the South China Sea, which could be interpreted as a strategy of "testing" the United States will and capability to act in Asia, the secretary of defense Leon Panetta confirmed in a speech made at the Shangri La dialogue in Singapore the strategic importance of the region for the United States. For Beijing, this evolution is part of a strategy of containment of the legitimate reemergence of China's leadership in its region.

In South-East Asia, largely thanks to the more assertive strategy followed by the PRC since 2010, China's most entrenched positions have been challenged in spite of its recognized positive role in terms of economic regionalization and dynamism. Almost all countries if maritime Southeast Asia, from Singapore to the Philippines and Vietnam welcome an increased security role for the US in the region as a way to "balance" a perceived China threat. More preoccupying for the PRC, after the cancellation of the Myitsoe Dam Project, Burma launched a remarkable strategy of overture and rapprochement with the United States, culminating with the visit of Hillary Clinton in December 2011. These evolutions have also been analyzed in the PRC in terms of strategic loss. At the same time, the PRC's interests in Cambodia and Laos could also be threatened by a degradation of the bilateral relations in spite of – or because of – the formidable economic influence of the PRC in the region. Here again, the role played by the United States in Mekong Basin countries has been noted with preoccupation by Beijing.

China's rising military capabilities and the nature of the regime

All this leads us to the most important question, which is the question of the nature of the regime linked to the development of its military capabilities and the role of the PLA in the foreign policy decision-making process. China's military capabilities are rising impressively. The military budget (106 billion dollars for 2012) is now way above the individual budgets of all of China's neighbors including Japan, India and of course Russia. These capabilities indeed gave support to China's military aggressiveness towards all of its major neighbors except – for the time being at least –Russia.

For a few years now, the PRC's military budget is second only to the United States and far before the budgets of major European military powers, including nuclear powers like Great-Britain or France, and the resources attributed to the defense budget are still increasing, taking advantage of a symbiosis between civilian and military research and development. The most important question however] is not how much, but what for and this question is directly linked to the specificities of the Chinese regime which are at the core of the increased threat perception among China's neighbors.

The regime is opaque; its institutionalization process is obviously limited and the lack of check and balances is felt at all level: political but also economic, and strategic. More than a lack of transparency concerning the objectives of the Chinese military, which are openly focused on restoring the PRC's predominance in Asia and giving credibility to the PRC's threat to use force in a Taiwan contingencies, what is more disturbing since 2009 is the growing assertiveness and a lack of restraints concerning the PRC's territorial claims. These territorial claims are particularly destabilizing and threatening for China's neighbors as, apart from the purely territorial issue, they demonstrate the ambitions of the Chinese regime to impose unilaterally its own criteria of legitimacy. Far from the "non interference" and "win-win" policy defended by the PRC at the global level, China's claims are also backed by a constant threat to use force. This evolution has been particularly evident concerning the latest developments near Scarborough Shoal (Panatag Shoal/Huangyan island) incident in May 2012 where, after accepting a one year moratorium on fishing, the PRC one again launched a flotilla of fishing boats supported by armed vessels of the Fisheries administration leading once again to an increased climate of tensions and confrontation in the region at the eve of an important strategic forum on Asia security in Singapore.

China's rise is even more perturbing as it is more difficult to understand who determines the PRC's foreign strategy in a context where extreme nationalist feelings are encouraged at the highest level of the leadership, particularly in the military, and risks of misperceptions cannot be ruled out. The PRC is at the eve of its next Party Congress, which should take place this autumn. Confronted with huge challenges, both internal and external, at the economic, social, political, ideological and strategic level, the facade of unity of the leadership is cracking and nobody really knows if and for how long the Party will be able to patch it up.

The Bo Xilai scandal unveiled the scope of divisions at the top, in spite of the official institutionalization of the process of leadership succession, and preoccupying links of allegiance between civilian and military leaders along geographical lines of divide in a resurgence of warlordism. At a more ideational level, it also unveiled a struggle at work between at least two lines divided on the scope of reforms and more generally, on the best strategy to guarantee that the party stays in power.

The PRC, is at a very significant crossroad and its choices will be of huge consequences for the stability and security of the region and beyond and of tremendous importance for EU's policy vis a vis

Asia. Thus focused on its own survival strategy China may present a difficult mixture of non-engagement on global issues of governance and adventurism at the regional level with a high risk of misperception of the risks of escalation. This will defend for a large part of the evolution of the future political balance of power inside the PRC.

A tale of two factions

Either a hardliner mixture of military and party men, the one who are obviously behind the change of policy witnessed in Asia since 2009, prevails. In that case, this faction will most certainly favor the rejection of political reforms at home, a more aggressive kind of revanchist nationalism, the multiplication of incidents at sea, a growing competition with Japan and India and a lack of cooperation to solve the North Korean issue.

For this group, well represented inside institutes linked to the military and security apparatus, the "return to Asia" strategy followed by the United States, even if it is largely the result of the PRC’s own doing, is denounced as a strategy of destabilization and regime change linking "outside threat” with «internal disorder" as was the case, according to Beijing strategic community, during the Arab spring or today in Syria where the PRC’s main objective is to limit the risks of foreign interventions.

To answer this “new cold war”, the PRC would like to build its own model of foreign relations where the concept of shared universal values is replaced by a more traditional balance of power and interests. In spite of its successes, notably through the strategic partnership between Russia and China, the Shanghai cooperation organization (SCO) and the growing Chinese influence in Africa, central Asia or Latin American, these successes do not go without strong undercurrents of distrust between the PRC and its partners. These undercurrents are still stronger among the BRICS where strategic tensions between China and India far exceed the scope of common positions on some issues of global interest. In that configuration, China’s considerable financial capabilities could pose a direct threat to the EU’s objectives of better governance and multilateralism on many issues of global importance.

On the other hand, the possibility that a more benign faction, favoring the pursuit of a prudent policy of reforms, including a certain level of political reforms, and opening up to the outside world cannot be excluded. In that case, tensions in the region could diminish as well as the necessity for the regional players to turn exclusively towards the United States as the sole guarantor of stability in the region in a context where the necessity for hard power far exceed the seductions of soft power.

Conclusion

In the middle term, the result of this struggle between two lines is far from certain. The weight of the most radical members of the military and security apparatus is very difficult to evaluate, particularly if one add to the equation the factor of the corruption networks involving the highest ranks of the army and the party. These internal uncertainties will shape China’s foreign policy in the near future and the security landscape in Asia from the Korean peninsula to the South China Sea and the borders of India. In contradictions with hopes often expressed concerning the positive role played by the PRC at the global level, tensions which have arisen in Asia since 2010 have instead acted as revealer of a Chinese power whose mode of action or interaction with the international system is becoming more confrontational, posing a real challenge to the definition of a realistic European Union Asia’s policy.

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  - - 1980 : Maîtrise de Sciences politiques, Université de Paris 1 Sorbonne.

Sélection de publications

- **Ouvrages**
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3.3 EU-China relations: China and Europe in the eurocrisis by Mr Jonas PARELLO-PLESNER

The relationship between the EU and China is multi-*faceted stretching from trade and financial matters to security policy and questions of values. In the following, the relationship will mostly be covered on EU-China economic relations during the on-going eurocrisis.*

At the conference talks, other areas such as foreign policy cooperation based on the yearly Scorecard for European Foreign policy undertaken by ECFR can also be addressed as well as the question of how to addresses the value question with China based on my article for EU-China Observer on this.

Summary: China and the EU are economically tightly linked. The eurocrisis thus has an impact on China since the EU its largest trade partner and export destination. This analysis suggests that China so far has stayed with public commitments to helping Europe but hasn't purchased huge amount – or game-changing amounts - of indebted European countries' public debt. China seems like other investors to have followed a risk-averse strategy. Rumblings by some about a financial 'Munich-agreement' with China are thus overblown. Yet when it comes to direct investments in Europe, China and Chinese companies have perceived the eurocrisis as an opportunity to buy European companies. Here there is a huge growth in Chinese investments inflows. This fits with a new phase of the Chinese going-out strategy and the Chinese ambition of moving up the value chain. The eurocrisis has led China to entertain tighter relations with individual member states where investment deals are brokered. This has in some cases reinforced China's influence with some member states and reinforced the existing structural splits inside the EU hampering the development of a coherent policy on China. Yet EU's policy on China is multi-faceted and in some areas particularly on trade and climate change, the EU is presenting a tougher negotiation stance than previously.

China has a fundamental interest in seeing the euro crisis recede as it is dependent on the EU for the largest part of its exports. All through the eurocrisis, China has been consistent in voicing support for the euro and for individual countries in distress; for example through numerous visits of its top leaders to Europe such as:

Premier Wen visited Greece in October 2010 and explained that "China will undertake a great effort to support euro zone countries and Greece to overcome the crisis.". The amount of public debt bought at that and later occasions is uncertain but major investment deals notably in the port of Piraeus were also concluded during the visit.

President Hu Jintao visited Portugal in November 2010 and voiced the readiness for "concrete measures to help Portugal overcome the global financial crisis". The news coverage assumed this translated into purchases of Portuguese bonds.

Vice-Premier Li Keqiang visited Spain in January 2011, with similar news of confidence and according to news sources a willingness to buy-up Spanish sovereign debt.

Yet the actual numbers on bond purchases are shrouded in uncertainty by both China and Europe. China does only publish the total amount not the exact composition of its foreign exchange reserves. In accordance with that policy, it has never officially provided figures for its stake in public debt financing in Europe. The European Central Bank does not – in contrast to the US Treasury (the TIC data) - keep a public tracking of the nationality of foreign investors in the debt market.

Furthermore, there is a difference between the Chinese announcement at high-level visit and the actual purchasing of sovereign debt from the country. A visit does not necessarily coincide with the issuing of bonds. The Chinese statements can thus be seen as general pledges. As a result of both opacity on the Chinese side and the EU's own lack monitoring of European bond purchases, it is hard to know how present China really is in Europe's debt. The opacity of the exact scale of buy-ups will continue to be employed by China to its advantage.

So the following is based on assumptions through some of the scant data available. The European rescue fund, EFSF has geographical indicators with Asia as a separate category of purchasers. In 2011, Asian investors bought 40 percent of the issuances. Japan, which is transparent on its purchases, makes of 50 percent of this. The assumption is then that China takes up around 40 percent. This would be roughly a net purchase of euro 5.6 billion in the EFSF. The Spanish Treasury, as the only one in Europe to this author's knowledge, also provides geographical indicators where China is lumped together with Asia and a host of other countries. If China acquired 40 percent (in line with its estimated EFSF-ratio of purchase) of the Spanish debt in 2011 in its regional category then it amounts to 2 billion euro. And look at the Greek negotiations with major creditors on its debt restructuring, China wasn't to be found at the table thus also limiting the amount of Greek debt that China could feasibly hold.

Still, it also has to be taken into account that market estimates, again based on assumptions, put Chinese holdings of European bonds at 25 percent of its currency reserves. Just to maintain that level, would mean that China at least purchased around 80 billion euro of bonds in 2011. Yet these purchases are more likely to have been directed towards triple AAA-rated countries like Germany than towards the highly indebted and higher risk countries. Thus, what can be inferred is that China hasn't been the red knight or game-changer in the eurocrisis by massively purchasing Europe's debt either at national level or in the joint rescue fund (EFSF), where the initial ambition in the late fall of 2011 was to leverage the facility up to a trillion with outside financial assistance including China. This never materialized.

This is because the top priority for China is risk-aversion. Beijing is seeking stable and secure returns on foreign currency reserves; it burnt its fingers by investing in Wall Street in 2007 through its sovereign wealth fund (China Investment Corporation) and some would argue also by holding a too large portion of dollars relative to other currencies in a period when the US is employing quantitative easing as part of its monetary policy leading to dwindling returns. Also, with Chinese public awareness on the rise and the country's wealth colloquially baptised the 'blood and sweat' of the Chinese people, many Chinese citizens are questioning why China has to bail out 'lazy' Europeans at a time when social inequality is rampant in China. Wen Jiabao's remarks that helping Europe is in China's best interest are partly meant to placate this Chinese blog-fuelled dissatisfaction that would rather see Wenzhou than Ouzhou saved[17].

An additional complicating factor for China is that its currency reserves are leveling out for the first time in years, and 2012 could turn out to be a bumpy year economically. China might need to draw on its reserves to pull up growth to the magical 8 per cent that will help ensure a smooth political transition at the end of the year.

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[17] Ouzhou is the Chinese word for Europe and Wenzhou is the home of venture capital in China where financing has become tighter.

This helps explain the tight balancing act to which Chinese leaders have committed, showing some public support for the EU's currency ills while showing an equal dose of risk-averse reluctance at throwing too much money into the EU's piecemeal solutions. For example, the head of China's central bank, Governor Zhou, stated that China's helping hand to Europe amounted to not reducing 'the proportion of euro exposure in its reserves' — hardly the same as a massive purchase.

Yet this doesn't rule out additional Chinese financial support. China is likely to support IMF action and potential additional resources through this international channel where Chinese support is also contingent of discussion with other stakeholders in that organization.

Even though China seems to favour risk-aversion when it comes to buying euros and bonds, it is more than willing to accept a stake in Europe's crisis by buying up companies. Rather, it saw the euro crisis as an opportunity for investments and mergers and acquisitions. In particular, Lou Jiwei, the head of China's sovereign wealth fund, is keen on boosting Chinese investment in infrastructure as China's contribution to Europe's future growth. Chen Deming, China's minister of commerce, also sees an opportunity: "European countries are facing a debt crisis and hope to convert their assets to cash and would like foreign capital to acquire their enterprises".

China at the end of last year purchased a large stake in Portugal's formerly state-owned energy company, which was sold off because of austerity cuts. Rover and Volvo are now Chinese-owned car companies. The largest British public water utility, Thames water, was sprinkled with Chinese money. Poland is - even after the unsuccessful highway project with Chinese state-owned company, COVEC- expanding cooperation with China Investment Cooperation on proposing assets that the Chinese side could invest in. The head of the Polish investmen agency remarked on the size of investments that 'the sky is the limit'. This rapid move into European acquisitions could well be the most startling change in the relationship between the EU and China in recent years. The level of investments surged past 10 billion in 2011 and was China's fastest growing FDI-destination. In comparison, the US is at half that yet also with a rising trend.

What does China's move into Europe mean for EU cohesion on China policy?

Europe faces a structural disadvantage in dealing with China. The EU is divided between member states with different economic interests and decision making involves various actors such as the Commission, European Parliament and the European Central Bank, not to mention new institutions such as the recently created rescue funds for the euro, EFSF and ESM. China, on the other hand, is still a unitary actor that can mobilise banks, wealth funds, money, and diplomacy to pursue its foreign-policy goals.

Even before the eurocrisis, China knew how to employ the EU's multi-level governance to its advantage based on differences between member states within the EU. For example, China knows that southern European countries aren't likely to be frontrunners on EU's human rights policy, and that free-traders in the north, spearheaded by the UK, Netherlands, Denmark and Sweden, will work to block strong retaliatory moves on trade that smack of protectionism. The EU's policy often ends up in a lowest common denominator which is comfortable for China. The eurocrisis and China's growing bonds with individual member states can reinforce that trend.

Still, greater Chinese influence on some member states is unlikely to fundamentally change EU's calculus. The lifting of the EU' arms embargo has been mentioned in the press as a possible concession following Chinese purchases. This is unlikely.

Actually, and paradoxically, the eurocrisis comes as the same time as the EU is working to sharpen its tool box with strategic partners including China.

The EU has moved towards a policy of more reciprocity with China on the basis that China is no longer just a developing economy but also the world's second largest economy. Now, Europeans want trade and investment to be a "two-way street", as European Council President Herman Van Rompuy put it during his visit to China in May 2011– that is, they want equal market access and an improvement in economic imbalances in the relationship where intellectual property rights, markets access and technology transfer loom high on the agenda – just as these dominate the agenda for the US.

That can be seen in several cases of friction.

Chinese restrictions on the exports of rare earths are a source of concern for the EU and especially Germany, whose high-tech manufacturing sector is particularly dependent on the minerals. In July 2011, the WTO ruled that Chinese restrictions on the export of raw materials such as bauxite, coke and magnesium were unlawful following a joint complaint by the EU, Mexico and the US. This year, the EU joined the US in filing a suit against China's export restrictions on rare earths.

A second dispute between the EU and China was around anti-subsidy tariffs, with the first case ever by the EU on glossy paper in May 2011. This followed anti-dumping cases and was potentially less divisive among member states since anti-subsidies directly target acknowledged parts of the Chinese state-driven economic model like cheap loans, discounted allocation of land and tax incentives. This is a new tool to enforce free trade and new cases are likely, according to the EU's Trade Commissioner.

The EU is also proposing an instrument for greater reciprocity in public procurement such as infrastructure where China and other partners aren't as open as the European Union. The proposal is still under discussion in a draft version.

Lately, the emissions trading scheme for foreign airlines flying into the EU has been added to the list. The EU has put in place new legislation that makes foreign airlines liable to pay for CO2 emissions when entering European airports. This is part of the European Union's determination to meet climate change targets. Both China and the US have complained to the EU about these new rules. China has reacted with public denouncement yet also seems to have taken it to another level by blocking deals in China by Airbus, the European aircraft manufacturer.

Jonas PARELLO-PLESNER - Curriculum Vitae

He joined ECFR as Senior Policy Fellow in 2010 directly from a position as Executive Director of a Danish development NGO. Prior to that he pursued a diplomatic career.

He served as Denmark's Senior Advisor on China and North East Asia from 2005-2009 and has engaged in numerous diplomatic exchanges with China including the negotiations for a Strategic Partnership between Denmark and China in 2008. He was also one of the chief architects in elaborating a Danish Strategy on China as a whole-of-government exercise.

Jonas also knows the EU-machinery from the inside with four years' experience as Denmark's Capital representative on Asia affairs (COASI) in the EU's Council of Ministers.

He has been posted to Paris as a Danish diplomat in 2003-2005 but was also working in the French diplomatic service, in the MFA's think tank. Here he was engaged in the early thinking about blueprints for what much, much later became the European diplomatic service (EEAS).

In 2002, he was working on the Danish EU Presidency working on economic and budgetary issues.

He has been selected for young leaders programs both Nordic-American and in Korea.

On new brand names for emerging powers, Jonas coined KIA (Korea, Australia and Indonesia), Asia's Middle powers with a seat at the G-20. He is a regular commentator on developments in Asia and China and appears frequently on European radios and broadcast. He is on the editorial board of RÆSON, a Danish magazine on international affairs.

Jonas Parello-Plesner holds a Msc from London School of Economics as well as Copenhagen University and graduated from the Ecole nationale d'administration (ENA) in Paris. He speaks fluent Danish, English and French, and proficient German, Spanish, and basic Mandarin.

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