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# The Role of France and Germany in EU-China Relations



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**Abstract:**

The European China policy cannot be analysed as if the EU were a state with one and the same will: Each decision is the result of a complex search for compromise, which has become even more difficult after the 2004 and 2007 enlargement rounds, raising the number of member states to 27.

This paper focuses attention on two member states, which are especially important for the shaping of EU-China relations: France and Germany. It will be shown how their national China policies influence the overall EU-China policy.

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## **1. Introduction**

When diplomatic relations between the People's Republic of China (PRC) and the European Community were formally established in 1975, all member states of the European Community – except Ireland – already had established bilateral relations with the People's Republic. EU-China relations were brought forth of these bilateral relationships and since then have been greatly shaped by them.

The European China policy cannot be analysed as if the EU were a state with one and the same will: Each decision is the result of a complex search for compromise, which has become even more difficult after the 2004 and 2007 enlargement rounds, raising the number of member states to 27.

In this paper, the attention is focused on two member states, which are especially important for the shaping of EU-China relations: France and Germany.<sup>1</sup> It will be shown how their national China policies influence the overall EU China policy.

## **2. The economic dimension**

At his visit to Beijing in 1975, EC-Commissioner Sir Christopher Soames declared the government of the PRC as the only legitimate Chinese government accepted by the European Community. Three years later, the first trade agreement was signed.<sup>2</sup> Regular contacts between China and the European Community were established and generated a broader agreement on trade and economic cooperation, which was signed in 1985.<sup>3</sup> Since then, the trade between the EU and China has increased enormously. The EU is the biggest trading partner of China and China is the second biggest trading partner to the EU, right after the USA.

However, in its trade with China, the EU has gone from a trade surplus at the beginning of the 1980s to a deficit of 128.4 billion Euros in 2006. This is the EU's largest trade deficit with any partner. In 2006, the EU imported products from China that amounted to 191.8 billion Euros while exports were worth only 63.4 billion Euros.<sup>4</sup> As the trade agreement from 1985 no longer adequately matches the actual importance of the EU-China trade relations, a new Partnership and Cooperation Agreement (PCA) is currently under negotiation. An agreement will not be easy to reach, however, as very heterogeneous interests have to be reconciled: China will try to link the new agreement with its quest for market economy status and the lifting of the arms embargo. The EU, on the other hand, will try to take measures in order to reduce the actual trade deficit.<sup>5</sup>

Within the EU, Germany is by far China's most important trading partner. At the same time, China is Germany's biggest trading partner in Asia. The two-way trade in 2006 was worth 69.8 billion Euros. The two-way trade between France and China, by contrast, came to 23.8 billion Euros for 2006.<sup>6</sup> Economic relations between France and China are dominated by big contracts in areas such as energy and transport while Germany is represented with small and medium-sized businesses. The French government is very aware of the shortfall and very keen on improving its trade figures with China.<sup>7</sup> Germany, as China's trading partner number one in Europe, is functioning as a powerful stimulus in this context.

Due to different structures of their national economies, France and Germany pursue different goals in the European context. A good example for these divergences is the textile dispute in 2005. Millions of Chinese textiles were blocked at European ports because they exceeded import quotas. The backlog stemmed from goods that were already in transit when the two sides had reached an accord to limit imports of Chinese textiles in June 2005. The agreement the EU and China finally came to in August 2005 was the result of very intense discussions. But not only

between the EU and China, also within the EU, there was no consensus how to proceed. Countries with large domestic textile industries, like France, insisted on strict compliance with the import quotas decided in June. Others, like Germany, backed their retailers' cry to let the textiles pass the borders and referred to the costumers' benefit when buying cheap clothes. EU-Commissioner Peter Mandelson did not only have to negotiate with his Chinese counterpart, but first of all, he had to define an own "European" standpoint.<sup>8</sup> Such inter-European disputes weaken the position of the EU in international negotiations and benefit above all the negotiating partner – in this case China.

### **3. The political and security dimension**

After a period of mutual attempts of approaches in the 1980s, the EU-China relations significantly cooled down due to the events in June 1989 at Tiananmen Square. The European Council decided to sanction China, including an arms embargo, which persists until today. Aside from the embargo, however, relations normalized soon. In 1995, the Commission published the first concept paper on China, which stressed not only the trade dimension of EU-China relations but also the relevance of China as a security actor in the Asia-Pacific region.<sup>9</sup> The Commission updated this concept in 1998<sup>10</sup>, 2001<sup>11</sup> and 2003.<sup>12</sup> In the European Security Strategy, which was published in 2003, the EU expressed its will to develop a "strategic partnership" with China<sup>13</sup> and in the same year, China emphasised the importance of EU-China relations by publishing the first "EU policy paper" ever.<sup>14</sup> In October 2006, the Commission stressed in its communication "EU-China: Closer partners, growing responsibilities"<sup>15</sup> that increased responsibilities should go hand in hand with China's stronger influence and position in the world.

The "E3/EU+3 Initiative" can be cited as just one example to illustrate the growing weight of China on the international parquet: During the German

EU Presidency, the German, French and British foreign ministers and the EU High Representative Javier Solana worked together with their colleagues from the USA, Russia and China in order to find a solution to the Iranian nuclear problem.<sup>16</sup>

Aside from topics that can be viewed as “standard” in the EU’s dialog with third countries, like environmental problems, non-proliferation, the fight against organized crime and the future of the United Nations, the following issues have always been on the top of the European agenda in its relations with China: Human rights, the status of Hong Kong and Macao and the stability of the Asia-Pacific region. China for its part aims at a multipolar world and sees the cooperation with the EU as an important feature of this concept.<sup>17</sup>

Within the EU, it is more the idea of multilateralism than of multipolarity, which is prominent. Most European states, especially the newly accessed eastern European countries, see no need to counterbalance the United States. There is one exception, however: France. Traditionally sceptical against an American superpower, France would like to see the EU as a counterweight to the United States. In that respect, it is very much in line with China. On 16. May 1997, Jiang Zemin and Jacques Chirac signed a Sino-French Declaration for a Global Partnership.<sup>18</sup> Recalling their specific responsibilities as permanent members of the UN Security Council and their common concern for independence, France and China committed themselves to the goal of a multipolar world. On 27 January 2004, Hu Jintao and Jacques Chirac signed again a common declaration,<sup>19</sup> recognizing the achievements since 1997 and identifying new fields of cooperation. It is remarkable that this time the notion of “multipolarity” is not in the text. In line with the EU mainstream, the importance of “multilateralism” is stressed instead. Nevertheless, France can still be considered as sympathizing with the idea of a multipolar world. In the 2007 presidential elections campaign, for example, the socialist candidate

Ségolène Royal revived the notion of “multipolarity” and underlined her support of this concept during her visit in Beijing.<sup>20</sup>

The relations between France and the PRC have not always been as harmonic as today. In the beginning of the 1990s, two large arm deals between France and Taiwan caused serious tensions. The French naval construction authority took part in a Taiwanese tender for six light frigates. Following Chinese protest, the bid was withdrawn one week later to be nonetheless realized in 1992. As a reaction to the sale of sixty Mirage-2000 fighter aircraft to the island republic by France’s Dassault, Beijing decreed the closure of the French consulate-general in Canton and started discriminating French bidders for major export and investment contracts. One year later, relations between France and the People’s Republic became even worse when the French government authorised negotiations with Taiwan on fitting the frigates with missiles and electronic warfare equipment.<sup>21</sup> In the second half of the 1990s, under the newly elected government of Edouard Balladur, French priorities shifted back in favour to the PRC. In January 1994, France and China reached an agreement in which the French government announced that it would authorize no further arms sales to Taiwan. Furthermore, Paris reaffirmed its acknowledgement of the PRC as the sole legal government of China, and of Taiwan as an integral part of China.<sup>22</sup> Today, the extraordinary frequent high-level meetings between France and China<sup>23</sup> are an indicator for the great political value, which is attributed to the Sino-French partnership by both sides.

Germany, in contrast to France and many other states, never held diplomatic relations with the Republic of China. The degree of cooperation just below the level of diplomatic recognition is considerable, but Germany always regarded the PRC as economically and politically more important and therefore did not want to risk its good relations to Beijing by undermining the One-China principle. In this context, it is illuminating that

the German government refused a financially very attractive sale of submarines to Taiwan in 1993.<sup>24</sup> Temporarily, relations between Germany and the PRC cooled down in 1996 in the aftermath of an all-party Bundestag resolution on Tibet. A planned visit to China by Foreign Minister Klaus Kinkel was postponed and the matter was not resolved until late September, when Kinkel and his Chinese counterpart Qian Qichen met in New York and agreed on four principles to guide future relations.<sup>25</sup>

In 2005, Germany together with France was one of the major proponents for lifting the EU arms embargo against China. The Chinese government has repeatedly expressed its call for a lifting of the embargo. France and Germany backed this call mainly for economic reasons, but they also declared political motivations. Their main argument was that a revision of the code of conduct could be set up as a precondition of the lifting. The EU could not, however, reach an agreement on this matter. Again, this was due to different strategies of the member states. In this case, France and Germany were pushing in the same direction, but Great Britain was supporting the position of the United States and therefore opposing a lifting of the arms embargo. Great Britain found support from the Scandinavian countries whose publics were against a lifting, and by Italy, that shared the British motive not to offend the United States.

#### **4. Conclusion**

In the past, Germany has mainly played the economic card in its relations with China, but it is increasingly realizing the importance of the political dimension of Sino-German relations. The German-Chinese Rule of Law Dialogue, which was established in 1999, can be cited as one example for this. Chancellor Merkel's visits to Beijing in 2005 and 2006 seemed to underline this trend. Many analysts evaluated these visits as less economically driven than the past high level visits.<sup>26</sup> Even though



chancellor Merkel was travelling like her predecessors with a large delegation of German business people, she was paying considerably more attention to political issues such as human rights.<sup>27</sup>

France, on the other hand, has always had the ambition to be a “grande nation”. Today, it needs the European framework in order to exert influence effectively but it still has more political weight than Germany in its relations with China. Its main goal for the future is to elevate the economic dimension of the Sino-French partnership to a level as high as the political dimension.<sup>28</sup>

We can conclude that France is still politically and Germany economically more important to China – event though they both have ambitions to become China’s number one in the respective other dimension. Seen from a European viewpoint, it is of great interest to deepen the relations to China economically as well as politically. But to reach this aim the EU’s politics have to be coherent and clear. A competition between member states, driven by egoistic national interests, will considerably damage the EU’s coherency. Only if the member states succeed to bridge internal divisions and to push in the same direction, the EU has a chance to be taken serious on the international scene.

## References

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<sup>3</sup> See Official Journal of the European Community, L 250, 19 June 1985.

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<sup>5</sup> Eu Trade Commissioner Mandelson remarks to journalists after meeting with Chinese Commerce Minister Bo Xilai, Brussels, 12 June 2007.

<sup>6</sup> See Eurostat, External and intra-European Union trade, 7/2007, p. 166-174.

<sup>7</sup> See [http://www.diplomatie.gouv.fr/fr/pays-zones-geo\\_833/chine\\_567/france-chine\\_1123/rerelations-economiques\\_4428/index.html](http://www.diplomatie.gouv.fr/fr/pays-zones-geo_833/chine_567/france-chine_1123/rerelations-economiques_4428/index.html) [26 May 06].

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<sup>17</sup> See Franco Algieri: Die Europäische Union und China. In: Werner Weidenfeld (Ed.): Europa-Handbuch, 3rd ed, Gütersloh, 2004, p. 574-595.

<sup>18</sup> Jiang Zemin, Jacques Chirac: Déclaration conjointe pour un partenariat global. Beijing, 16 May 1997. See: <http://www.doc.diplomatie.gouv.fr/BASIS/epic/www/doc/DDW?W=CLE=966393857> [26 May 06].

<sup>19</sup> Hu Jintao, Jacques Chirac: Déclaration conjointe Sino-Française. 24 January 2004. See: <http://www.doc.diplomatie.fr/BASIS/epic/www/doc/DDW?M=2&K=926302210&W=DATE+%3D+'27.01.2004'+ORDER+BY+DATE/Descend> [26 May 06].

<sup>20</sup> "Nous partageons avec la Chine la même vision du monde. Nous ne

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voulons pas de la domination d'une seule hyper-puissance, qui a fait beaucoup de dégâts récemment. C'est dans un monde multipolaire (...) que nous pouvons construire une harmonie à l'échelle de la planète." Ségolène Royal, cited in *Le Monde*, 9 January 2007, p. 12.

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<sup>22</sup> See Jean-Pierre Cabestan: *France's Taiwan policy: A case of shopkeeper diplomacy*. Paper presented at the International Conference "The Role of France and Germany in Sino-European Relations" organised by the French Centre for Research on Contemporary China and the Europe-China Centre, Department of Government and International Studies, Hong Kong Baptist University, 22-23 June 2001, p. 8.

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<sup>28</sup> "Des efforts restent cependant à faire pour amener les relations économiques franco-chinoises à la hauteur des échanges politiques entre les deux pays." See: [http://www.diplomatie.gouv.fr/fr/pays-zones-geo\\_833/chine\\_567/index.html](http://www.diplomatie.gouv.fr/fr/pays-zones-geo_833/chine_567/index.html) [26 May 06].