

**The Dragon and the (Evening) Stars:
Essays on the Determinants of EU-China Relations**

**I. Arabaev Kyrgyz State University
International Centre for Euroasian Studies
University of Warsaw
Faculty of Journalism and Political Sciences**

**Paweł J. Borkowski
Anna Wróbel
Łukasz Zamecki**

**The Dragon and the (Evening) Stars:
Essays on the Determinants of EU-China
Relations**

Bishkek – Warsaw 2013



Reviewers

Prof. dr hab. Marian Edward Haliżak, WDiNP UW

Prof. Azibek Džusupbekov, Kyrgyz State University

Translation

Anna Wolna

Cover project

Tomasz Kasperczyk

© Copyright by Paweł J. Borkowski, Warszawa 2013

© Copyright by Anna Wróbel, Warszawa 2013

© Copyright by Łukasz Zamęcki, Warszawa 2013

© Copyright by Wydział Dziennikarstwa i Nauk Politycznych
Uniwersytet Warszawski, Warszawa 2013

All rights reserved.

Publishing sheets 10

Publisher:

Faculty of Journalism and Political Science, University of Warsaw

ul. Krakowskie Przedmieście 26/28, 00-046 Warsaw

tel./fax (48-22) 55 22 952

www.wydawnictwo.wdinp.uw.edu.pl

ISBN: 978-83-63183-32-5

Printing: Zakłady Graficzne UW, w zam. 1144/2012

Table of Contents

Introduction	7
-------------------------------	---

Part I – On the Determinants of the European Union–China Relations. Strategic Partners in Search of Their Identity in the International Arena, Paweł J. Borkowski	11
1. Introduction.	11
2. Instruments of International Activity of the Post Lisbon European Union	12
3. A Prehistory of Relations.	17
4. Member States and Their Interests.	20
5. The EU: Program for Asia	26
6. The Evolution of Policy Towards China	28
7. Structures of Dialogue	33
8. The Problem of Value Promotion – Limitations to the Efficiency of Normative Power	36
9. A Summit Canceled: What Next?	44
10. Conclusions	50

Part II – On the Foundations of the Competitiveness of Chinese Economy, Anna Wróbel	53
1. Introduction.	53
2. The Notion of International Competitiveness	53
3. China in the Rankings of International Competitiveness of Economies	59
4. Determinants of the International Competitiveness of Chinese Economy	63
4.1. China's Economic Growth.	64
4.2. The Evolution of China's Position in International Trade	69
4.3. Foreign Direct Investment	80
5. The EU's Competitiveness Growth Policy in View of China's Rising Power	88
6. Conclusions	93

Part III – On the External Energy Policy of the PRC as	
a Determinant in the EU-China Relations, Łukasz Zamecki . .	95
1. Introduction	95
2. Area 1 – Energy Efficiency and Renewable Energy Sources	98
3. Area 2. Lack of Access to Energy Sources.	106
4. Area 3 – Regions Subject to Competition	123
– Africa	123
– Central Asia and Caspian Sea Basin Region.	132
– Middle East.	134
– Russia.	138
– Latin America.	140
5. Conclusions.	143
Conclusions.	144
Calendar.	147
Bibliography	149
Index of geographical and ethnic names	163
Index of persons.	165
Index of maps	167
Index of pictures	168
Index of tables.	169
Index of graphs	170

Introduction

In view of the complexity and variety of different forms of international relations, the attention of scholars was usually drawn to relations between the key actors in the international system. With time, these players started to be referred to as “superpowers”, a term which made its way from the courteous diplomatic language to the hard analysis of the stratification of states, which were definitely not equal in terms of their ability to influence the international environment. In 1919, the fate of the world was decided at the peace conference in Paris by the “Principal Allied and Associated Powers”, which sometimes summoned “states with limited interests” to appear before their panel. Although gradually scholars started to pay some attention to smaller countries, the analysis of superpowers and their mutual relations still holds the central position, especially in the context of the practical usefulness of academic research required in the field of international relations.

The present publication follows this trend. Its authors assume that the relations between the European Union and the People’s Republic of China require a comprehensive examination. At the same time, considering the crucial importance of this task, the authors have decided against providing a comprehensive, seemingly exhaustive account, opting for a gradual discussion of specific facets of the very complex EU-PRC relations. Therefore, the present book is by no means a conclusive overview but should rather encourage scholars to take a closer look at the topic. The aim of the research undertaken in this publication is to analyze contemporary relations between the EU and China in the context of the PRC’s increasing role in various areas of international relations.

The relations between the European Union and China may be perceived in various ways, although first of all they constitute an element of a broader horizon of rivalry between the West, which has held a dominant position in international relations for approximately two hundred and fifty years, and China as an emanation of a competitive civilization, which after two centuries in the background is now challenging the previously hegemonic leader. The EU-China relations may also be interpreted as an interaction between

superpowers in pursuit of building and constructing their own global position. Although both accomplish it in a completely different manner, they have one thing in common: operating in the modern reality of sovereign states is not “natural” for them. The EU as a derivative actor in international relations faces the great challenge of shaping its international identity, while the sheer fact that a non-state presents itself as a superpower testifies to the audacity of the vision and its considerable ambition. The EU strives to build its position within the world of sovereign states, a task in which it is handicapped by the very definition of this polity.

China also does not find it natural to be just one of the superpowers. In the natural order of things, it was supposed to be “the Middle Kingdom”, the center of the world, surrounded by other actors which could only bask in its glory. Throughout the last several decades, the PRC, true to Deng Xiaoping’s program, avoided responsibility and deliberately limited its importance and assets. However, its economy has grown, while the economic crisis has deeply affected the West. This new situation makes China’s power that much more obvious, while the questions of how its decision-makers will use its new resources and how it determines the EU-PRC relations that much more important.

In view of the above, the analysis of the EU-PRC relations may bear fruit not only as a *case study* of bilateral relations but also as a way to understand which instruments the two actors have chosen and deemed as key for the construction of their international identity as well as to assess their potential to preserve or change the makeup of today’s international relations. While the United States, previously an undisputed hegemonic leader, is obviously a conservative factor, it seems worthwhile to start exploring the issue of how its main ally and its main competitor will behave towards each other. Interestingly enough, it was Japan that represented Asia at the Paris peace conference organized by the Principal Allied Powers, while China was merely one of the countries with limited interests. Today, Chinese interests are as important as its export of industrial commodities.

The EU-PRC relations may be examined on various levels and with various research methods. This publication presents a selection of topics chosen by the authors and at the same time constitutes a first step towards a better understanding of these complex network. Paweł J. Borkowski examines the European vision of cooperation and the offer presented to China, asking whether it is realistic enough. Anna Wróbel studies the issue of China’s competitiveness. By basing her analysis on a wide set of data, the author has been able to either confirm or falsify the common understanding of the competitive advantages of the PRC. At the same time, she illustrates how the increasing role of China in the international economy affects the situation of the EU. Finally, Łukasz Zamecki presents an in-depth study of the way in which energy resources become an instrument in the PRC’s policy.

China is moving towards the center of global economy not only as a provider of cheap industrial goods but also as an important player that shapes the development opportunities of entire branches of industry and other countries' economies. The author also examines how this situation may affect the behavior of the EU.

The publication of this work would not have been possible without the support of many people, first of all the Vice-Dean for Scientific Research and International Cooperation, professor Wojciech Jakubowski, who by offering financial support enabled the authors to conduct their research and write this book.

On the Determinants of the European Union – China Relations. Strategic Partners in Search of Their Identity in the International Arena

1. Introduction

In order to avoid a purely chronicle-like manner when analyzing the foreign policy of any actor in international relations, one needs to adopt a suitable model that combines both theory and methodology. The international relations as a discipline has at its disposal some appropriate analytic tools, elaborated, for the most part, by the American school of thought. In Polish political sciences, the output of foreign policy theorists was adapted in a great part by Józef Kukulka, Ryszard Stemplowski and Ryszard Zięba.¹ However, one needs to be aware of the shortcomings of their selected method of analysis. When we assume the task of studying the relations between the European Union and China, we need to bear in mind that we are dealing with a specific type of international organization – a structure of integration and a superpower shaped by a civilization that is quite different than that of the West, which also shaped the analytic models applied. In this way, one can say that both sides of this equation are problematic. The European Union is a secondary actor in international relations, and its ability to conduct a foreign policy is neither “natural” nor self-evident, but rather stems from a pursuit of a certain political choice made jointly by its member states.² The People’s Republic of China, for its part, is an heir to 4 thousand years of Chinese statehood, an institutional expression of a civilization that is not only much older than the Western one, but also based on completely divergent values, not only in terms of politics, but also when it comes to ontology and epistemology. This

¹ J. Kukulka, R. Zięba (ed.), *Polityka zagraniczna państwa*, Warsaw 1992; R. Zięba (ed.), *Wstęp do teorii polityki zagranicznej*, Toruń 2007; R. Stemplowski, *Wprowadzenie do analizy polityki zagranicznej państwa*, Warsaw 2007.

² Ch. Hill, M. Smith (eds.), *International Relations and the European Union*, Oxford 2005, especially the first two chapters; Ch. Hill, “The Capability-Expectations Gap or Conceptualizing Europe’s International Role”, in: S. Bulmer, D. Scott (eds.), *Economic and Political Integration in Europe: Internal Dynamics and Global Context*, Oxford 1994, p. 103-126.

is why a Western tool, and such is the entire science of international relations, the most American of disciplines, may yet fail a researcher or prove to be only partially useful.

In view of these two remarks, it seems only reasonable to simplify the adopted model as far as possible and focus on some key categories to analyze the behavior of an international relations actor, rather than use sophisticated constructions conceived to better structure the description of a Western nation-state. Therefore, this chapter will be based on a statement produced by one of the key disputes in modern political science: when pursuing outward-oriented activities, any actor in international relations follows and defines its own interests, and also seeks to confirm its identity. Therefore the rationalist and the constructivist element are combined in the area of perception, whereas identity and interests may clash, which can be observed for instance on the example of the behaviors of United States during World War I. The isolationist identity springing from the historic heritage of keeping a distance from Europe remained at odds with the USA's interests as such, notably the genetically and operationally British principle of the freedom of the sea and commerce, threatened by the possible victory of Wilhelm's Germany. Finally, America tried to reconcile both of these arguments by choosing the path of intervention and entering the war with a civilization-based mission, run by President Thomas W. Wilson in the name of the "homeland of liberty".³ As we can see, clashes between interests and identity are not rare. In the case of the European Union one should consider if such tension has a creative, innovative nature, or if it constitutes a barrier for efficient policy.

2. Instruments of International Activity of the Post Lisbon European Union

When trying to systematize the instruments of European influence in the international context, we need to remember about its specific, non-schematic nature. Jacques Delors's comment that the EU is an unidentified political object prove quite accurate especially with regard to its role in the international arena. Therefore, one should not expect to find a set of tools characteristic of a state, but rather set for a detailed identification and description of the numerous ways in which the EU participates in international relations.

The common trade policy has the longest history in terms of European instruments. It was first formulated by the EEC, then by the EC, and today it is pursued by the EU by virtue of the exclusive competence granted in

³ W. Dobrzycki, *Historia stosunków międzynarodowych 1815-1945*, Warsaw 2003, p. 266-269; R. S. Baker, *Woodrow Wilson and World Settlement*, Garden City-New York 1922, 2 vols.

the EEC Treaty.⁴ Decades of practice have led to, first of all, the elaboration of a whole array of instruments of this policy, secondly, they have allowed it to position itself as the first among the EU's "natural", almost habitual methods of reaction. The main instruments of the common trade policy are implemented by the European Commission and the Council: customs tariff, system of trade preferences, anti-dumping and anti-subsidy measures etc. This policy also provides for special measures applied in the event of a sudden increase of import levels in order to protect European manufacturers. The community has also concluded many trade agreements and hence it has become the world's most elaborate system of economic links and rules of market access.⁵ Of course, apart from the common trade policy, the EU may also shape the rules of international order in a more general manner. At the turn of the centuries, the European Union was perceived as a promoter of free trade in global economy. Today, the situation is no longer that clear, although it does not negate the significance of widely-used trade instruments. In this respect, the European Union shapes the geoeconomic space in a model way through enabling enterprises to pursue their goals, opening markets and establishing global trade rules, which serves its best interest as the biggest shareholder in international commerce.

The European Communities, previously the first pillar of the EU, are also associated with development policy, which arguably is one of the distinguishing elements of the European presence in the international arena. Summing up the activities of the Communities and its member states, Europe provides ca. 50% of total official development aid.⁶ Although especially after its expansion to the east it does not attain the 0.7% GDP benchmark promoted by in the United Nations System, its input is quite remarkable when compared to other donors, especially the United States. The total amount of aid extended by members states and the EC every year equals over EUR 40 billion, of which 20% is financed from Community budget. There are various forms and target groups of beneficiaries. Member states support mostly their former colonies, while the EC has elaborated a system of regional programs such as TACIS, MEDA, assistance to ACP countries established in the Cotonou Agreement, or lately the European Neighborhood and Partnership Instrument ENPI. Of course, development donations depend on the acceptance of basic axiological assumptions of cooperation and are accompanied by some specific activities to promote Europe in the outside world and build its image as a trustworthy partner. Thus,

⁴ Cf. K. Bajan, *Polityka handlowa Unii Europejskiej: wybrane zagadnienia*, Warsaw 2010; B. Mucha-Leszko, *Polityka handlowa Unii Europejskiej wobec krajów trzecich*, Rzeszów 1999.

⁵ List of currently binding agreements http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_111588.pdf, a parallel list of current negotiations http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf.

⁶ M. Carbone, "The EU and the Developing World", in: Ch. Hill, M. Smith (eds.), op. cit., ch. 14.

the European Union is a perfect example of implementing the principle of the so-called soft power, a useful analytic category formulated by Josepha Nye.⁷

Europe is aware of the force of globalization, which helps it appreciate the importance of development aid as a crucial element of tackling the challenges of our times. EU's aspiration to be a global leader stimulates a natural engagement in solving global problems, including under-development. Thanks to its own structure, various national views and experience in integrating Europe, the EU has a more profound awareness of development problems, although attempting to apply European solutions to other countries shaped by other continents (civilizations) may prove problematic. This is why Europe needs to differentiate the schemes of its assistance programs, taking into account local determinants. Programs such as TACIS or MEDA adopt a regional approach which combines European interests with the particular needs of its beneficiary countries. Currently, this solution is limited to areas of special interest and shows the borders of European active engagement, but it should become a model for subsequent programs.

Apart from the two policies described above, economic in nature and specifically directed towards the international environment, we can indicate also other channels through which the EU affects the international environment. Almost all of EU's policies have a parallel international aspect, which stems from the Community's legal principle that every internal competence may give rise to an analogous external competence to pursue goals listed in the treaty. This dimension may be easily noticed for instance in the case of the CAP, whose principles, and in particular the minimum price policy, has a major effect on access to the EU agricultural market. Also the environmental protection policy has an important international dimension, especially in the context of sea basins, with a good example found in the system of regulations springing from the Barcelona Convention. Furthermore, the fishing policy would not be possible to pursue without international regulations, especially when it comes to access to fisheries.

The CFSP constitutes a crucial instrument of setting and strengthening the EU's international identity. While its structures have evolved ever since its conception in 1993⁸, its virtually intergovernmental nature has not been altered. As a successor to the European Political Cooperation (EPC) established in 1970, it constitutes the main forum for coordination of foreign poli-

⁷ J. S. Nye Jr., *Soft Power. The Means to Success in Worlds Politics*, New York 2004.

⁸ P. de Schoutheete de Tervarent, "The Creation of the Common Foreign and Security Policy", in: P. de Schoutheete de Tervarent, W. Wessels, E. Regelsberger (eds.), *Foreign Policy of the European Union. From EPC to CFSP and Beyond*, Boulder 1996; W. M. Góralski, "Koncepcja ustrojowa i instytucjonalna II filara Unii Europejskiej", in: W. M. Góralski (ed.), *Unia Europejska*, vol. II, p. 103-122. J. Peterson, H. Sjursen (eds.), *A Common Foreign and Security Policy for Europe? Competing Vision of CFSP*, London 1998; J. Starzyk, *Wspólna Polityka Zagraniczna i Bezpieczeństwa Unii Europejskiej*, Warsaw 2001.

cies adopted by member states. It needs to be underlined however, that it is not intended to substitute but merely complete their strategies, although the Treaty's general clause of loyalty stated in Article 27 obligates all countries to reject any actions that would undermine the CFSP goals. By leaving the second pillar structurally separate, the European Union elaborated yet another specific set of legal instruments which encompassed common strategies, common activities, adopting common positions and general guidelines, as well as coordinating the step undertaken by member states within international organizations. The CFSP also has several specific auxiliary bodies: the Political and Security Committee, the European Union Military Staff and Committee, or the policy planning and early warning unit. The inter-governmental nature of the "second pillar" was enhanced by the principle of unanimity in the decision-making process (save for exceptions defined in the treaty). It is within the CFSP framework that member states make decisions on sanctions towards third countries or EU missions (be it military or civilian), of which there is currently several dozen.⁹ Ever since 1999, the EU has been working on the Common Security and Defense Policy, with its crucial task of organizing an EU-managed army trained to run rescue missions, humanitarian interventions etc. This new idea for politics, compliant with the principles of the 1998 Franco-British Saint-Malo Declaration and the general provisions of the NATO summit in Washington was confirmed in the decisions made by the European Council during its meeting in Cologne, June 3-4, 1999.¹⁰ This summit marks the date on which the official documents of the European Union started referring to the Common European Security and Defence Policy. The next stage in elaborating the CSDP principles took place during the European Council meeting in Helsinki in December 1999. On December 10-11, the Council reached an agreement that provided more substance to the general postulates for constructing the CSDP formulated in Cologne. First of all, the Council decided to enhance European military capacity. Therefore, member states agreed that starting from 2003, they would be prepared to raise within 60 days and maintain for a minimum period of one year military forces of between 50 to 60 thousand soldiers, able to pursue all types of Petersberg tasks. These forces were to be self-sufficient in terms of military needs, equipped with necessary capacities in the area of command, control and reconnaissance, have access to an essential logistic base, and also, if need be, to naval and aviation support. They were supposed to reach full functionality by the end of 2003.

The European Union, true to its military ambitions, embarked upon a closer cooperation with NATO pursuant to the arrangement made in Berlin

⁹ J. Starzyk, „Implementacja Europejskiej Polityki Bezpieczeństwa i Obrony”, in: W. M. Góralski (ed.), *op. cit.*, vol. II, p. 171-181.

¹⁰ Key documents available for instance in: *From Saint-Malo to Nice. European defence: core documents*, Chaillot Paper nr 47, Institute for Security Studies, Paris 2001.

(the so-called “Berlin Plus” arrangement) in December 2002 and formalized in the agreement concluded in March 2003.¹¹ However, the reality proved disappointing. Despite the decisions made in Cologne and Helsinki and many postponed deadlines, the EU’s military power is still not operational, and the plans that caused the public opinion to question its status of a purely civilian power have yet to come to fruition.

The EU was also endowed with military capacities when the European Defense Agency was founded by way of Council Joint Action (EU 2004/551/CFSP) of 12th July 2004. The functions of this body were further defined in the Treaty of Lisbon, which introduced relevant provisions in the TEU. The Agency takes as its aim to develop defense capabilities such as crisis management, supporting and improving European armaments cooperation, enhancing European military industry and technological base. The Agency also supports research that aims to secure European leadership in terms of strategic technologies for future defense and security capabilities, thereby strengthening the EU’s industry potential in this respect.

Yet another important tool, albeit still not fully developed, lies in migration and asylum policy. It combines the aspect of internal security, reasonable management of migration flows with regard to the European labor market, and relations with neighboring countries. The foundations of this policy were laid at the Tampere European Council in 1999.

The European Union’s normative policy does not result exclusively from its ability to use an extensive set of economic instruments, but also from the efficiency and quality of the solutions it road-tested. The EU is a typical example of a soft power, also in the sense that even hard economic instruments such as embargo could not compete in terms of impact with its ever-attractive model of regulating relations between countries and tackling globalization challenges. Therefore, whether the EU can be an effective player in the international arena depends largely on its general economic and political condition, which is also the reason why the euro crisis cast such a blow to Europe’s credibility. It was not all about the fact that the EU had to look for a potential buyer for its members’ bonds (for instance the PRC), but mostly because the very idea and infallibility of its project was put into question, as the common currency may potentially prove the first ever dead end from which the community will be forced to withdraw. Any actor with such a disputable status should therefore pay twice as much attention to their efficiency as the basic source of legitimacy.

¹¹ On 16th December 2002 the EU and NATO concluded a framework agreement on strategic partnership with regard to crisis management and strengthening mutual relations. On 14th March 2003, the two organizations also signed an agreement regulating the rules according to which the EU may use NATO’s classified information. In practice, this enabled the EU to form its first missions. Cf. “European Union–NATO Declaration on ESDP”, in: *From Laeken to Copenhagen. European Defence: Core Documents*, vol. III, Chaillot Paper 57, February 2003, p. 178–179.

However, we need to ask a more accurate question – does the European Union have appropriate tools to be able to deal with a partner such as China? In general terms, we may notice that the EU feels more comfortable and is more likely to take initiative when it comes to groups of countries with an average potential (such as ASEAN, GCC), than with regard to superpowers.¹² In comparison to the latter group characterized by a clearly set identity stemming from centuries of experience and well-defined, long-term interests, the EU seems particularly immature. Its weakness in terms of decision-making, but most of all in terms of confidence in its own interests, is clearly visible. This phenomenon may be perceived even in its relations with the Atlantic community, i.e. with the USA, as well as Russia, China and India.¹³ These determined, strategy-oriented, centralized partners are confronted with a hesitant entity, full of the EU-specific “uncertain determination”, which can be deemed as its original input into diplomatic relations. In this context, relations with China, a country that is growing in economy-driven self-confidence, become a most difficult test, especially when one considers that the European model of political relations based on subjective rights and rule of law is faced not with, as it often happens elsewhere, a lacuna that may be patched according to the EU’s own vision, but competitive values grounded in the centuries-long history of the Chinese state. In general terms, Chinese power resembles the European, as it also derives its strength from representing a civilization in the political arena, as well as from a certain dose of appeal and cultural advantage, illustrated by the prompt sinification of invaders who tried to conquer China or the Western-based model of modernization adopted on many continents. However, China enjoys a major advantage in the form of centralized representation, whereas the European civilization produced a number of competing polities that struggle to maintain a common policy, and its effectiveness and duration are limited, be it with regard to crusades or the cause of promoting human rights in Africa.

3. A Prehistory of Relations

The PRC and the European Communities established formal relations in 1975.¹⁴ At this time the Soviet Union and the entire eastern bloc did not recognize the Communities as a worthwhile entity to maintain contacts with;

¹² P. Borkowski, „Budowanie tożsamości międzynarodowej wyzwaniem dla Unii Europejskiej – płaszczyzna dialogu międzyregionalnego”, in: B. Jagusiak (ed.), *Współczesne wyzwania europejskie*, Warsaw 2008.

¹³ S. Parzymies (ed.), *Dyplomacja czy siła? Unia Europejska w stosunkach międzynarodowych*, Warsaw 2009, ch. VI and VII.

¹⁴ J. Rowiński, „Stosunki Unii Europejskiej z Chinami”, in: S. Parzymies (ed.), op. cit., p. 338-340.

only particular member states mattered. Interestingly enough, China did not decide to establish the relations as a reaction to European proposals. Actually, its motivation resulted from a shift in global balance of power. The PRC had already normalized its relations with the United States, although its contacts with the Soviet Union were still more than tense. The government decided to establish ties with the second pillar of the “imperial bloc” of nations hostile to Moscow – the Western Europe. By so doing, it had to overcome its traditional aversion towards multilateral cooperation structures and historical resentments rooted in the 19th century quasi-colonial exploitation of China. In other words, it was China that initiated the process of establishing direct ties with the Communities. Its decision was motivated by politics, which is quite surprising in view of the contemporary state of these relations. For the very same reason, the contacts were initially of a low quality. Within the framework of the EEC, the Communities pursued the Common Trade Policy, but the post-Mao PRC was underdeveloped and poor, which hardly made for a significant partner for Western Europe. At the same time, the Communities had virtually no political competences, so the act of establishing relations with China was rather symbolic.

However, in 1979 the PRC entered upon a path of reform to introduce elements of free market, which finally provided some perspective that these relations may yet gain some substance. The word “perspective” is used deliberately, as the People’s Republic of China was still reluctant to accept any curbs on its sovereignty which inevitably accompanied all international agreements, and so one concluded with the EEC in 1985 is to a large extent limited. Its text is short and mentions only the parties’ intentions and plans rather than stating mutual obligations. Its implementation, which could have been dynamic enough to make up for the lacks in the agreement itself, also proved exceptionally problematic in consequence of the June 1989 events at the Tiananmen Square. In other words, when the PRC was gradually introducing economic reforms but had yet to become an important player, its relations with the Communities remained low profile.

The agreement itself constitutes a sort of a fossil, a testament to an era long gone, both when it comes to the confrontation logic of the Cold War and the specific language used, as well as the limited character and scope of the text itself, although this stems also from quite modest competences that the EEC enjoyed at the time.¹⁵ Currently, most of the agreements of this sort are no longer in force. Therefore, the arrangement concluded with China is a textbook document illustrating the history of international economic policy of the Communities.

¹⁵ Trade and Economic Cooperation Agreement between the European Economic Community and the People’s Republic of China, OJ 1985 L250, p. 2 and subsequent, <http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=341>.

As was indicated above, the vague nature of this agreement need not necessarily have a material impact on its efficient implementation based on the growing mutual trust. However, this scenario was shattered by the Tiananmen Square massacre. For the West, the events were particularly shocking, seeing that at the same time Europe saw the virtually peaceful fall of the eastern bloc (Poland organized so-called contract elections), and started actually believing that democracy was the way to go for the entire globe. The rift created by the Communist Party of China's decision to use force aggravated the conflict of values between the "free world" and non-Western civilizations, although it took some time before both sides acknowledged the existence of major cultural differences. The June 1989 events in China had one permanent effect, i.e. the embargo on selling weapons, which, although bypassed in every possible manner, remained in force until today, both for Europe and the United States. The Communities also decided to temporarily suspend all contacts with the PRC, resuming them in 1991, although it was not until 1994 that these relations acquired some substance.

The fact that the relations were reestablished even though China introduced virtually no changes in civil rights and maintained its repressions with regard to opposition may, from the perspective of the EU's forming identity as a normative power, be perceived as a lack of consistency at best, while some commentators might even opt for terms such as failure and humiliation. However, one should avoid ideological stubbornness. Accepting the fact that China is the core of a completely different civilization with different values, understanding of humanity, society, power and their mutual relationship, is necessary to be innovative as far as influence is concerned. The global context proved crucial to the revitalization of ties. In these times, the international community was full of hope that enduring peace may be established by way of cooperation between superpowers, i.e. permanent members of the Security Council, which found its expression for instance in the "Desert Storm" operation. Therefore, maintaining strained relations was inconvenient for China and for the United States, which was then struggling to find a path to effectiveness for the post Cold War world, let alone for the European Union, an actor in search of its own place in the international order. In 1993, China participated in the World Conference on Human Rights in Vienna, and its input was considered constructive, which gave rise to hopes that Asia may yet see democratic reforms. Therefore, the Tiananmen Square massacre was cast away as a mistake from the previous era, which should not hinder a new opening. The international community decided that China should be gradually involved in various forms of cooperation, in a way undergoing a "civilizing" process, which in long term should bring about some political changes. In contrast to the previous period, Chinese authorities seemed to be open for debate, which set the stage for the policies pursued at the turn of the 20th and 21st century.

It needs to be remarked that between 1975-1993, the policy of the Community was virtually a derivative of global politics, and especially American ideas. In this respect, Europe still did not have any conceptual or practical independence. The idea to make China more involved was also inspired by the Americans, although it did suit the character of the then forming EU, which chose to adopt soft power oriented instruments. The effects of the American factor did not end with the period described in this section, but instead became a crucial determinant for the EU-China relations along with the interests of particular member states.

4. Member States and Their Interests

Various approaches to the problems indicated above, the level of political engagement, foreign policy priorities and, finally, interests in China, enable researchers to group EU member states into 4 circles in a relatively accurate and comprehensive manner. This task was undertaken by François Godement and John Fox, members of the largest European think-tank, i.e. the European Council on Foreign Relations, publishing the results of their work in *A Power Audit of EU-China Relations*.¹⁶

EU member states were thus divided into 4 groups: Assertive Industrialists, Accommodating Mercantilists, Ideological Free-Traders and European Followers. However, it needs to be noted that this model has three basic flaws. First of all, as contemporary history has taught us, foreign policy may change practically overnight, which could be seen in 2005 in Germany, when Angela Merkel replaced Gerhard Schröder as Chancellor. The second problem lies in incoherent policies pursued within one country, which makes it impossible to ascribe it to any given circle (compare, for instance, France's policy under President Sarkozy). Thirdly, in some respects this model has already become outdated, for the most part as a result of the global crisis with its threat of European financial system crunch. However, this grid does provide a basic overview of tendencies characteristic of the old continent, while the current situation may be studied thoroughly thanks to the "diplomatic marathon" that China's high-ranking representatives embarked on in mid 2010.

The smallest group, Assertive Industrialists, includes Poland, Czech Republic and Germany (under Chancellor Angela Merkel). These countries are staunchly opposed to China both on the political and economic level. They persistently refer to the topic of Tibet and human rights ignored by the PRC, and their leaders express their willingness to meet with the Dalai Lama. In terms of economy, they are against Chinese dumping and unjust treatment of European enterprises in the Middle Kingdom. Domestic lobbying

¹⁶ F. Godement, J. Fox, *A Power Audit of EU-China Relations*, ECFR, Brussels 2008.

groups and non-governmental organization are often very open about their criticism towards China and try to protect their local markets. Only a handful of Polish and Czech companies actually managed to survive on the Chinese market, so these two countries concentrate on their trade partnerships with Japan and South Korea. Therefore, they are not tempted to “trade” better economic conditions for political short-sightedness. Both countries also have an experience of communism, which makes their attitude towards this regime steady and immutable.

The second and most populous group was dubbed Accommodating Mercantilists, where the word “accommodating” should be understood as willing to adjust to the Chinese vision of the ideal partner. Bulgaria, Cyprus, Finland, Greece, Italy, Hungary, Malta, Portugal, Romania, Slovakia, Slovenia and Spain are among the countries which decided that better political relations could translate into tangible economic profits. In consequence, in their contacts with China they never mention controversial topics, they are reluctant to the idea of meeting the Dalai Lama, they support Chinese claims to Taiwan, and quite often go as far as to criticize other countries for referring to these issues in official summits. In the case of embargo, they distance themselves from the problem, leaving the final decision to the European Union. They assume that politics should serve economic ends, which in a way makes them spokescountries for Chinese interests in Europe. They are ready to support the Middle Kingdom on many levels. This tactic serves as a key to help their companies access the Chinese market and to attract Chinese investors and trade partners. This group is also largely dependent on political and economic decisions made by Beijing. For instance, China decided to cash in on the euro zone crisis in the second half of 2010, offering Greece to invest in its sea and airborne transport, pumping 0.5 billion euro into its market. The country that would have gone bankrupt if not for the rescue package granted by the EU and the IMF can hardly decline any assistance. Relations between China and Greece are more than neutral, which is testified to by the animated cooperation and exchange of experiences in the organization stage of the Beijing Olympics. Interestingly enough, the year of 2008 was declared the “Hellenic Year in China” in order to encourage Chinese tourists to visit Greece and leave millions of euro in this crisis-stricken country. At the same time, a thousand kilometers to the west, Portugal was also losing credibility on global financial markets. For some time now, there has been speculations that China is thinking about buying the high-yield bonds issued by this debt-ridden country, although so far no official decisions have been made. In any case, for Portugal, as well as for Slovakia and Italy, relations with the PRC are hardly a priority in foreign policy.

The third group of countries, the Ideological Free-Traders, includes Denmark, the Netherlands, Sweden and the United Kingdom. These countries allow for a curb-free import of Chinese goods. Their economies are for

the most part oriented towards the use of modern technologies and development of the service sector, so they do not fear that their markets could become flooded with cheap Chinese products. Furthermore, they criticize Southern Europe's opposition to free import from China. As trade with the PRC is not crucial to them, they may voice their opinion in the area of human rights etc. freely; they also receive the Dalai Lama. This attitude gives the political leaders in these countries relative leeway in their contacts with Beijing. Also, a large role in economic and political ties with China is played by the media and business representatives, while all four countries are against lifting the weapons embargo due to the PRC's consistent disrespect towards human rights.

The United Kingdom, following the German example in view of its economic interests, has slightly tempered its policy towards China, deciding for instance to recognize its sovereignty over the territory of Tibet. The United Kingdom was one of three countries visited by the Chinese Premier during his trip to Europe in June 2012. Just like in Germany, the visit was characterized as pure business-related, and by resigning from press conferences it was possible to avoid sensitive topics. The meeting led to the conclusion of 12 economic agreements of a total value of USD 4.3 billion, among others in relation to the import of Chinese pork and poultry, and on financing British energy projects in China. Officials also expressed their intention to double the trade volume by 2015.

The last group of countries are referred to as European Followers. It includes Belgium, Luxemburg, Ireland, Austria, Lithuania, Latvia and Estonia. In this case, the justification seems quite straightforward. This group is composed of small countries with low international significance, unable to maintain an independent policy with regard to such a powerful partner. Also, their relations with China are not that crucial to their foreign strategy, so they readily devolve this task onto the European Union, subscribing to its decisions in matters such as Tibet or Taiwan. What they want from the EU is support and protection of the common market and financial sector. It needs to be noted that over a quarter of all EU members are either only slightly interested or not interested at all in China, which provides a certain picture of the EU itself – to what extent are all the questionable internal and external steps undertaken by China relevant to it, and how often do the European Council and other closed summits refer to these issues, if 7 European leaders prefer other member states to think in their stead?

Meanwhile, including France in any of the groups described has proved problematic, first of all in view of the completely divergent political models pursued by Jacques Chirac and Nicolas Sarkozy, and second of all due to the noticeable ambivalence in the approach of the latter. China's contacts with France are much less intense than in the case of its eastern neighbor, however, there is still a lot at stake: although France has gained only 1.4% of

the Chinese market, the Middle Kingdom is currently its first non-European import partner, while for China, France is the third biggest market on the old continent, preceded only by Germany and the United Kingdom. At the end of 2010, French companies signed over 20 contracts with Chinese partners, with a total worth of 14-16 billion euro. The largest agreements pertained to the sale of Airbuses. Ever since 1995, China and France have cooperated with regard to supplying airplanes to the Chinese market. The scale of this undertaking is truly enormous – the statistics kept by Airbus quote that by May 2011, Chinese airlines flew on as many as 575 French machines. However, the European plans to impose taxes on CO₂ emissions in air transport had initially thwarted the finalization of the following contract: during air shows in Paris, Chinese partners decided to protest by refusing to sign their part of the deal. The negotiations were resumed after four days, during Premier Wen's visit in Berlin, and finally the transaction did close. According to its provisions, Airbus will manufacture a further set of 88 airplanes for Asian carriers. The document also provides for the transfer of the wing production technology to the Middle Kingdom. The December 2010 agreements also resulted in a memorandum of understanding on uranium deliveries to China, conducted by Areva, a manufacturer of nuclear reactors from France. However, the European and Chinese cooperation agenda has yet another facet. As the largest European seller of weapons and military equipment, France is a staunch proponent of the idea of lifting the European embargo on export to China. Only once did it withdraw from its lobbying position, when in March 2005 China issued an "Anti-Secession Law", allowing it to pursue a military intervention if Taiwan ever wanted to declare independence. In other words, although for pragmatic reasons France should maintain its activity in Asia, this task is complicated by various marginal problems between the two countries.

Africa definitely presents a point of contention, since Chinese economy is gaining ground where once France was the main power. Most of new projects are run by the Middle Kingdom, with Chinese contractors winning an ever larger number of commissions. However, France can only blame itself and its ineffectual policy towards its former colonies. The strategy deployed by Chirac and his predecessors proved to be erroneous. Its main tenet lay in the assumption that the United States was France's main competitor on the Black Continent, while it later turned out that the US did not have neither an adequate vision of their role in Africa, nor even any ambitions to undertake any consistent projects in this area of the world. At the same time, China did not fail to profit from France's indolence and wrong estimates, thanks to its demographic resources and, as it seems, inexhaustible capital. All of this leads to a slow but inevitable transformation of *la FranceAfrique* into *la ChinAfrique*, which French decision-makers are acutely aware of.

The analysis was prepared in 2008 and reflects the division lines of its time. To a large extent, these divisions are still true today, although in the

era of a financial and economic crisis, even countries of the first group are much less inclined to raise difficult questions, such as Tibet and human rights, in their contacts with China. Moreover, the European development model and its solutions to globalization challenges have lost some of their attraction. As it turns out, Asia deals a lot better with shocks affecting the foreign exchange market, and mercantilism is no longer considered a relic of the past that could not possibly belong to the 21st century.¹⁷ It also needs to be noted that trade levels, and especially current account deficits are not proportionally distributed among member states, which strongly impacts their position in EU discussions on the most appropriate policy towards the PRC. The following table presents relevant data.

Table 1. Volume of trade between member states and China between 2005-2008
(in million euro)

EU Country	Export			Import		
	2000	2004	2008	2000	2004	2008
Belgium	1 340	2 355	3 424	4 011	6 758	13 402
Bulgaria	12	30	110	74	377	756
Czech Republic	72	221	548	755	1 881	4 721
Demark	424	802	1 490	1 429	2 160	4 294
Germany	9 459	20 991	34 037	17 126	28 533	51 461
Estonia	7	29	54	164	257	293
Ireland	166	639	1 594	741	1 293	1 879
Greece	33	60	104	523	1 423	3 347
Spain	553	1 158	2 132	4 136	7 158	17 108
France	3 424	5 360	8 979	8 158	11 652	19 165
Italy	2 380	4 448	6 444	7 028	11 828	23 600
Cyprus	1	2	7	129	180	386
Latvia	0	9	19	26	72	250
Lithuania	2	9	19	89	237	542
Luxemburg	68	97	158	89	2 022	4 087

¹⁷ Such opinions were voiced during an academic seminar organized by the Institute of International Relations, Faculty of Journalism and Political Science, University of Warsaw, in Kazimierz Dolny, November 2011, within the framework of a research project "Geoeconomics", among others by Professor Edward M. Haliżak.

Hungary	44	321	762	1 031	3 661	5 586
Malta	2	16	25	61	66	105
The Netherlands	1 116	2 347	3 965	8 705	18 998	40 382
Austria	586	1 153	1 945	842	1 518	3 203
Poland	107	453	867	1 500	2 331	6 276
Portugal	53	101	184	382	459	1 342
Romania	93	158	160	189	852	2,397
Slovenia	16	30	121	149	141	616
Slovakia	10	62	419	191	387	2 077
Finland	1 462	1 971	2 060	935	1 373	3 168
Sweden	2 043	2 073	2 696	1 859	2 558	4 765
The United Kingdom	2 391	3 483	6 107	14 077	20 540	32 706

Source: *External and Intra Union Trade*. Statistical Yearbook 1958-2008.

It seems that in the face of a global crisis, Europe started to need China more than ever. And so since mid 2010, Chinese politicians, profiting from the tensions caused by the situation in Greece, have intensified their visits on the old continent. Continuing the “diplomatic marathon”, in 2011 the Vice-Premier Li Keqiang made his first foreign visit in Europe to express his support and will to cooperate with crisis-stricken countries. He stopped over in Berlin to offer profuse praise of German economy and finalize cooperation agreements with representatives of companies such as Volkswagen and Daimler-Benz. However, major European dailies were quick to pick up the true intentions of this Chinese envoy, deeming his “diplomatic rescue campaign” nothing more than an attempt to buy favor. Their agenda was supposed to be focused on encouraging key policy-makers in Western Europe to take political decisions that would be beneficial to China, especially in terms of such important issues as recognizing the PRC as a market economy or lifting the arms embargo, which already started to attract criticism in Europe itself. Beijing counts on the support of Germany and the United Kingdom, since their discrete pressure on EU institutions could prove much more effective than any summits. Chinese offensive continued in July 2011, although this time the presence of the head of Chinese government himself portended the conclusion of concrete deals, and not only an exchange of diplomatic, oblique suggestions like before. In mid 2011, Wen Jiabao, the Premier, finished his successful European tournée, once again visiting the German capital. Even before the meeting, Chancellor Merkel reassured him

that she would not raise the topic of human rights. The meeting did turn out to assume a strictly business-related nature, although the Chancellor's attitude was visibly passive, while Premier Wen kept mentioning the recognition of the market economy status. Nevertheless, the meeting resulted in the conclusion of 20 trade agreements with Russia, with a total value of USD 15 billion, and a memorandum of understanding, pursuant to which the total volume of trade between the two countries should increase from EUR 130 billion to 200 billion no later than by 2015.¹⁸

5. The EU: Program for Asia

The establishment of the EU did not only trigger the necessity to operationalize the CFSP conceived in 1991, but also to determine the entire European program, from the international arena as such to relations with particular countries. In this way, starting from 1993 to 1996, the European Commission prepared a considerable number of program documents, usually announced in the form of communications. They seem particularly useful to assess the starting point and the "opening" program towards particular countries. The fact that these documents were prepared by the Commission and not the Presidency is also important, since member states were aware both of the heritage and experience of their common foreign economic policy, as well as the need to formulate general goals so that they could be pursued by separate structures of each of the "pillars" within the framework of one, shared program. By analyzing these papers, we may draw a number of conclusions, first of all with regard to the EU's own vision of its role in the international arena, as well as its projected identity. The documents also present European interests as perceived by the European Commission, although member states may have a quite divergent vision in this respect. When it comes to China, it is worthwhile noticing that the EU first formulated a set of principles dubbed, albeit prematurely and purely because of the lack of a better term, an "strategy for Asia". However, this strategy, weak as it may have seen, gave rise to bilateral and sub-regional programs.

Europe's growing independence with regard to foreign policy and security opened the door to becoming one of the centers of international order in terms of politics and economy. At the same time, the dynamic development of China and India presented itself as a chance for the EU, although first of all it was a challenge of many dimensions. These problems were summed up in the 13th July 1994 Communication from the European Commission

¹⁸ On the crucial visit of the Chinese Premier in Germany in June 2011 see, among others: <http://www.spiegel.de/international/world/0,1518,771165,00.html>, retrieved November 2011.

entitled “Towards a New Asia Strategy”¹⁹, which prepared a first step in defining the EU’s stance in the face of the problems of the world’s biggest continent. The document presents four basic objectives of the EU policy:

- to strengthen the Union’s economic presence in Asia;
- to promote stability in the region;
- to support the economic development of less prosperous countries in the region;
- to contribute to the development of democracy, the rule of law and human rights in Asia.

As can be seen, these objectives remain quite general, however it is significant that economic presence was put on the first position. The burgeoning Asian market was becoming more and more important for the EC’s position in global economy, so problems of trade balance, projects and local variegations in the level of economic development became the center of attention for European diplomacy.

This document served as a basis for the EU’s Asian strategy for 8 years. Political intentions were defined in more details in further subject-matter communications or announcement devoted to particular countries.²⁰ In this vein, the Commission prepared a working document “Perspectives and Priorities for the ASEM Process”, dated 26th June 1997. It was the first such study published after the process had been initiated. The Commission looked for a comprehensive description and indication of functions that ASEM should perform in broader strategy towards Asia. Its findings were redefined, or rather updated and set out in more detail in 2001, when the Commission published a subsequent document entitled “Europe and Asia: A Strategic Framework for Enhanced Partnership”.²¹ A year later, this report was followed by a special document devoted exclusively to the ASEM. Its title, however, was just as pompous: “Unity and Strength in Diversity”.²²

Nevertheless, if we strip each of these documents of their characteristic grandiloquence and generalities, repeated regardless of whether the publications concerns Asia, Latin America or the Mediterranean, we can identify the basic goal pursued by the EU, which explains its commitment to the creation

¹⁹ *Towards a New Asia Strategy*, Communication from the Commission to the Council and European Parliament, COM (94) 314 final, 13 July 1994.

²⁰ For instance: *Creating a New Dynamic in ASEAN-EU Relations*, COM (96) 314, 3 July 1996; *Europe-Asia Cooperation Strategy for Energy*, COM (96) 308, 18 July 1998; *Europe-Asia Cooperation Strategy in the Field of Environment*, COM (97) 490, 13 October 1997; *Building a comprehensive partnership with China* COM(98) 181, 25 March 1998; *Developing Closer Relation between Indonesia and the EU*, COM(00) 50, 2 February 2000.

²¹ *Europe and Asia: A Strategic Framework for Enhanced Partnership*, Communication from the Commission, COM (2001) 469 final, 4 September 2001.

²² *Unity and Strength in Diversity*, Fourth Asia Europe Meeting Summit in Copenhagen, September 22-24, 2002 (ASEM 4), Commission Staff Working Paper SEC(2002) 874, 23 July 2002.

of the structure in question. As usual, it is economic matters that prevail in the document, especially with regard to protecting and/or enhancing the EC's position in trade and capital flows in the region. Special attention is paid to trade balance, in general unfavorable to Europe, as it notes significant deficits in its business with the dynamically developing Asian countries.²³ For Europe, it is also important to strengthen economic ties in South and Southeast Asia, especially when it comes to the project of the ASEAN-China free trade area. Furthermore, Europe's position as an important player in global economy is challenged by the dynamic expansion of regional economies towards the Pacific. Although the vision of marginalizing significance of the Old Continent in the face of the "era of the Pacific" has yet to become reality, Europe should definitely stay vigilant. In this way, its economic presence in Asia constitutes a basis for all other kinds of activity.

Viewed against this background, political problems form an interesting entanglement of conflicting interests and tendencies. The relations with Asia are based preponderantly on partnership, which means that Europe may not act as the leader, imposing its own standards, but has to deal with equal partners that are determined to protect their own interests in the name of their own values. In this way, the political dialogue fails to provide convenient instruments of promoting the traditional objectives of the EU's policy, i.e. democracy and human rights, especially shot against the background of important economic interests. Of course, these elements made their way into every European document devoted to Asia as official negotiation themes, but in practice they never become the center of attention. What they are rather is a background created in the name of fidelity to one's own principles but devoid of any practical implications. These remarks are especially accurate when it comes to the relations with China, with their foundations elaborated in mid 1990s.

6. The Evolution of Policy Towards China

In order to implement its Asian strategy, officially acknowledged by member state leaders during the European Council meeting in Essen in 1994, at the beginning of 1995 the European Commission prepared the first of a series of communications devoted to Chinese relations. The document was entitled "A long term Policy for China-Europe relations".²⁴ Its aim was to identify key areas of EU's interest and a form of relations with China which would

²³ In 2006, the trade deficit with ASEM countries exceeded EUR 200 billion, cf. detailed data: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113472.pdf.

²⁴ Communication of the Commission, *A Long Term Policy for China-Europe Relations*, Brussels, 05.07.1995 – COM(1995) 279 final.

guarantee their fullest possible implementation. As this was the first of this type of documents, formulated in the context of China's slow-paced accession to power, and hence, rising assertiveness, it is worthwhile looking into the European notions about what was real and possible.

The communication enumerates four basic aspects of European interests:

- Shared global and regional security interests which will benefit from responsible Chinese policy, i.e. adherence to a series of treaties and broadening Chinese obligations on the global scale (the United Nations System, the World Trade Organization etc.).
- Shared interests on other global issues: sustainable development, protection of the environment, AIDS, etc.
- Global economic stability, for which it is necessary, according to the Commission, to involve China in global systems. It means that already in 1994, the growing Chinese export had a potential to generate instability throughout markets.
- Competitiveness which must be preserved and strengthened to boost European industry, while the EU should actively join the competition on the Chinese market, especially in relation to American and Japanese companies.

By identifying the areas of shared interests (the first two points) and challenges resulting from competition (the last two points), the Commission reached a conclusion that "Europe must set itself the overriding general objective of promoting the fullest possible Chinese involvement in the international arena".²⁵ Another goal should be to increase the importance of bilateral contacts and the EU profile in the Middle Kingdom.

Clearly, the EU subscribed to the 1990s' dominating strategy of unconditional engagement of the People's Republic in international affairs, working on the assumption that by intensifying its contacts with the outside world, China would gradually get used to obligations arising from the fact of being a member of the global community. Therefore, one cannot say that Brussels developed its own, original approach, but rather that it applied solutions worked out by Washington as an expression of American policy. The dependence on the United States will become a permanent element of European strategy. It seems clear that the EU is not able to make any key decisions (for instance with regard to the arms embargo) without referring to US policy. The strategy of engaging China, adopted by common consensus throughout the Western world, reached its climax in 2001, when the country acceded to the World Trade Organization.

It is also worthwhile to note that the Commission found shared interests in general, global issues of a largely political nature, while challenges and differences were identified in current, economic problems. It seems as though

²⁵ Ibid., p. 5.

it was looking for common goals wherever it could, which in practice translated into the peripheries of the true area of interest; or, alternatively, it may be interpreted as a proof of the importance of both partners, whose scope of potential cooperation is almost unlimited. However, as economic issues were in fact given preponderance in EU's general strategy for Asia, it is the last two areas that illustrate the true dynamics of these relations. Interestingly enough, the Commission writes about competition on the Chinese market, where European projects used to have only a minimum participation, and which used to be protected by the interventionist policy of Beijing. In 1994 nobody anticipated the gigantic trade deficit of the EU, flooded by goods imported from China.

It seems that in the 1990s the PRC was treated as an outsider, a regional superpower, a potentially influential partner that did not want to play by the rules conceived by others. In order to increase its engagement, the international community made a series of concessions, beginning with the policy of not mentioning Tibet.²⁶ In this way, it wanted to acquire instruments with which to influence the PRC, as its authorities, in their pursuit of modernization, should theoretically be open to the idea of applying solutions tested in the Western world. However, nobody anticipated that China's economy would grow so dynamically and that it would gain a completely new dimension in

²⁶ For a long time, the European Communities were not interested in Tibet. In 1987, the Dalai Lama spoke in the Congress of the United States, presenting a proposal to solve the problem of the province in 5 points. However, it was rejected by the Chinese side. This gave rise to almost 2 years of unrest, which ended with the introduction of the state of emergency and a violent pacification of the protestants. The European Parliament announced its first resolution on this issue already in 1987, endorsing the Dalai Lama's proposal. Shortly afterwards an intergroup devoted to Tibet was formed. When in 1989 the Dalai Lama received the Nobel Peace Prize, the topic once again started to be widely discussed in the international arena. Thanks to the efforts of the group, the Dalai Lama paid two official visits in the Parliament in 2001 and 2006, while major EP parties expressed their endorsement of Tibet. Resolutions discussed the situation of prisoners, constant and general violations of human rights and the marginalization of the Tibetan nation. By 2008, the Parliament passed almost 30 resolutions. Meanwhile, China aims at presenting a positive image of the occupied province, flourishing under Chinese government. The real situation in Tibet, one recounted by refugees, is completely different. The country is isolated and all acts of opposition against Chinese authorities are ruthlessly suppressed. Religious freedom is drastically limited, while prisons are full of "enemies of the people". The Tibetans are subject to a program of denationalization, which consists in attempts to eradicate the ancient culture, destroy place of religious worship, kill and detain monks and ordinary people. There are countless examples of repressions and inhumane treatment which the Tibetans have suffered for more than five decades; details can be consulted in the materials published by organizations that fight for human rights in this country. According to various estimations, the activities aimed at destroying the Tibetan nation, executions, tortures, hunger and murders have killed over 1.2 million people, i.e. ca. 20% of the entire society. More details on a platform that groups activists fighting for free Tibet: www.freetibet.org.

global economy. Therefore, we may conclude that the international community failed to appreciate the competitiveness of cheap, Chinese products, the export of which was to lead to the increase of the country's currency reserves from USD 200 billion to USD 3 trillion in just around 10 years.

The following two strategic documents of the European Commission were published in 1998 and 2001.²⁷ However, they were formulated in a slightly different context of a rising trade deficit (over 40 billion euro in 2000), Chinese success in taking control over Hong Kong and Macau, the rising impatience with the problems of the EU foreign policy and defining the Common Security and Defense Policy). Therefore, they constituted an opportunity to redefine certain assumptions and to analyze whether the engagement strategy brought any fruit. In general, both communications clearly confirm its viability.

The latest Communication of 2006 bears the title: "EU and China: closer partners, growing responsibilities".²⁸ This document was published before the outbreak of the crisis and as such expresses the policy of a still rather self-confident Europe, a Europe that has not yet been weakened by serious internal problems; in other words, an AAA-rated EU. Its opening paragraph is quite remarkable.

"China has re-emerged as a major power in the last decade. It has become the world's fourth economy and third exporter, but also an increasingly important political power. China's economic growth has thrown weight behind a significantly more active and sophisticated Chinese foreign policy. China's desire to grow and seek a place in the world commensurate with its political and economic power is a central tenet of its policy. Given China's size and phenomenal growth, these changes have a profound impact on global politics and trade". One can hardly find an expression of higher recognition of a partner, and in this case the appreciation borders on admiration and even jealousy. The EU is acutely aware of China's transformation from a superpower concentrated for the most part on its own, internal problems, into an important player in the global race for leadership. One could even say, somewhat ironically, that the strategy of engaging China has been much too successful, and the decisions taken with regard to the exchange rate of the yuan are now key to the stability of the global economy. In this situation, Europe needs to take firm steps, not only to protect its own position on global markets but also to react to the rising power of a country

²⁷ *Building a Comprehensive Partnership with China*, Communication from the Commission to the Council and European Parliament, COM(98) 181, 25 March 1998; Communication from the Commission to the Council and the European Parliament, *EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy*, COM (2001) 265 final.

²⁸ Communication from the Commission to the Council and the European Parliament, *EU and China: Closer Partners, Growing Responsibilities*, Brussels 24.10.2006, COM (2006) 631 final.

that stands for completely opposite interests and system of values, in the world where European ethics used to be considered as a role model. As the Commission says: “Europe needs to respond effectively to China’s renewed strength. To tackle the key challenges facing Europe today – including climate change, employment, migration, security – we need to leverage the potential of a dynamic relationship with China based on our values. We also have an interest in supporting China’s reform process. This means factoring the China dimension into the full range of EU policies, external and internal. It also means close co-ordination inside the EU to ensure an overall and coherent approach”.

This paragraph is especially interesting, since it presents contradictory objectives and ambitions. On the one hand, Europe should “dynamically cooperate with China”, at the same time staying true to “our values”, which is virtually impossible. It is necessary to support reforms in China, as they lead to modernization and a better response system in case of problems, and at the same time Europe must factor “the China dimension into the full range of EU policies”, which basically means that even though Europe may still hope to have some influence over Beijing authorities, already today it must start taking their activities into account in all aspects of decisions made in the EU. In other words, it is China that holds the upper hand.

It is also interesting to look at the summary of the current state of relations: “To better reflect the importance of their relations, the EU and China agreed a strategic partnership in 2003. Some differences remain, but are being managed effectively, and relations are increasingly mature and realistic. At the same time China is, with the EU, closely bound to the globalization process...”. The expression saying that “some differences remain” would indicate that their number is being successively reduced, although one cannot say that with regard to neither political nor economic issues. The relations have obviously matured in the sense that they need to step away from pure wishful thinking and face the realities of the growing trade imbalance and the lack of progress with regard to human rights.

The fragment devoted to the latter issue can be deemed symptomatic. The section devoted to human rights reads: “The twice-yearly human rights dialogue was conceived at an earlier stage in EU-China relations. **It remains fit for purpose, but the EU’s expectations** – which have increased in line with the quality of our partnership – **are increasingly not being met**. The dialogue should be:

- more focused and results-oriented, with higher quality exchanges and concrete results;
- more flexible, taking on input from separate seminars and sub-groups;
- better coordinated with Member State dialogues” [bolds added by P. B.].

The fragments in bold once again point to a contradiction – the dialogue on human rights fulfills its role, but the EU has more and more reservations

as to the state of their realization. The only commentary that springs into mind this time is a quotation from a popular children's book: "The more Pooh looked inside, the more Piglet wasn't there". In other words, the EU is trying to admit its own helplessness, albeit in a disguised way. The three guidelines regarding the dialogue are, first of all, vaguely formulated, and second of all, they refer only to the forms of discussion, and not the problem in hand.

The document enumerates five basic areas of EU activity:

- supporting China's transition towards a more open and plural society²⁹;
- sustainable development;
- trade and economic relations;
- strengthening bilateral cooperation;
- international and regional cooperation.

In the last section, the EU refers to a number of security issues, including the problem of Taiwan. At the same time, it expresses its concern with the opacity of Chinese military spending, which is starting to raise some sense of unease especially in the context of the news that China is constructing its first aircraft carrier (its photographs were shown throughout the world in the fall of 2011).³⁰

The entire document, even when compared to those published in the 1990s, is strikingly vague and shows that Europe lacks a clear idea for this "strategic partnership". Towards the end, it anticipates the possibility of lifting the embargo imposed on the PRC in 1989. Interestingly enough, the Commission announced this debate prematurely – as it turned out, this publicly available document referred to an issue that was yet to be discussed among member states, which can be deemed a textbook diplomatic failure.

7. Structures of Dialogue

The legal basis of the relations between the European Union and China is of course key in their contacts. As has been already mentioned, the two actors are bound by a long-standing agreement on trade and cooperation, dated 1985, which has long but stopped being adequate to the level of these relations. Since any new arrangement would need to include the so-called axiological clause (since the second half of the 1990s, all framework agreements concluded by the EU need to contain such a provision), a condition

²⁹ Although it may seem like a mockery, this is the actual title of the section 3.1. of the communication.

³⁰ *Pierwszy chiński lotniskowiec wypłynął w morze*, http://wiadomosci.gazeta.pl/wiadomosci/1,114881,10092255,Pierwszy_chiński_lotniskowiec_wypłynął_w_morze.html; *China's first aircraft carrier starts sea trials*, <http://www.bbc.co.uk/news/world-asia-pacific-14470882>; retrieved: November 2011.

that China staunchly rejects, the two entities work on the basis of sector-related contracts, enumerated in Table 2. Furthermore, the PRC and the EU sign various memoranda of understanding, which, despite their lack of legal power, help regulate some issues. In this way, China and Europe introduced arrangements pertaining to, among others, tourist visas, GMOs, food security etc.

In terms of structures, the European Union–China dialogue is quite elaborate. From 1998, the most important strategic body entitled to make decisions are EU-PRC summits, which Europe and China take turns to organize once a year. Additionally, meetings are also held alongside other high-profile global summits, for instance the new President of the European Council and the PRC Leader had their first official meeting during the Washington summit on nuclear security. Once a year, the Chinese Premier meets with the President of the Council and selected commissioners. The High Representative of the Union for Foreign Affairs and Security Policy meets with the Chinese head of diplomacy twice a year, once within the framework of the “Troika”, and every time during sittings of the UN General Assembly. Every six months, Catherine Ashton hosts the Chinese ambassador to the EU.

At a lower level, twice a year there are consultations between ambassadors of member states and the PRC’s foreign minister. Political directors of the Chinese foreign ministry also meet with representatives of the general secretariat of the Council. There is also a Joint Committee, which in 2011 celebrated its thirtieth session.

Aside from the general political dialogue, the EU-PRC relations are characterized by numerous sector-driven dialogues. Two of them, referred to as “high level” meetings, seem to be in the lead: the High Level Economic and Trade Dialogue initiated in 2008 and the High Level Strategic Dialogue, held since 2005. Both these bodies constitute key arenas of consultation along with the first-ever dialogue established in 1995 and devoted to human rights. If we add 17 additional sectors (e.g. nuclear energy, environmental protection, employment and social policy etc.), we will obtain a dense network of meetings held virtually every month. However, formalizing the dialogue does not always trigger greater efficacy. Some researchers claim that it is precisely institutionalization that is used by China as a means to gradual marginalization of the issues that are crucial to the EU: by convening a symbolical “sub-committee” and focusing on organizing its meetings, the PRC backgrounds the actual sense of such contacts.

Table 2. Agreements between the European Union and People's Republic of China

Agreement	Date	Parties
Trade and Economic Cooperation Agreement	1985, OJ 1985 L250, p. 2	PRC–EC and member states
Agreement for Scientific and Economic Cooperation	1998, OJ 2000 L06, p. 40	PRC–EU
Agreement on Maritime Transport	2002, OJ 2008 L46, p. 25	PRC–EC and member states
Agreement on Cooperation and Mutual Administrative Assistance in Customs Matters	2004, OJ 2004 L375, p. 20	PRC–EU
Agreement on Drug Precursors and Substances Frequently Used in the Illicit Manufacture of Narcotic Drugs or Psychotropic Substances	2009, OJ 2009 L56, p. 8	PRC–EU

Source: own work.

Table 3. Meetings of the PRC and EU leaders (so-called summits)

Date	Venue	Main topic	Date	Venue	Main topic
1998	London	Establishing a new form of dialogue	2004	The Hague	Human rights, interpersonal contacts
1999 and 2000	Beijing	PRC membership in WTO, migration problems	2005	Beijing	Establishing strategic partnership, climate change
2001	Brussels	Deepening the political dialogue	2006	Helsinki	Arms embargo lift, a new understanding to replace the 1985 arrangements
2002	Copenhagen	China's accession to WTO and related economic issues	2007	Beijing	Summary of 10 years of meetings in this form, deepening the political dialogue
2003	Beijing	No leading theme	2009	Prague	Financial crisis and economic cooperation problems
			2010	Brussels	Youth exchange

Source: own work.

The European Union and China also interact within the WTO, although for the most part this body serves to solve trade disputes.³¹ Their number, however, is surprisingly small, which is obviously linked to the fact that the EU can easily impose antidumping duties on a country that has not been deemed as a market economy. All EU-PRC disputes within the WTO are presented in Table 4.

Table 4. EU-China trade disputes within WTO – summary

State	Number of disputes	As a respondent	As a complainant	EU-China dispute gist
People's Republic of China	34	26 disputes, including 6 filed by the EU	8 disputes, including two disputes filed by the EU, cases DS 397, DS 405	Anti-dumping duties on Chinese textiles and steel products
The European Union (previously European Community)	156	70 disputes, including 2 filed by China	86 disputes, including 6 filed by China, cases DS 339, DS 372, DS 395, DS 407, DS 425, DS. 432	Rare earth elements, Chinese duty, financial services

Source: own work based on WTO data, http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm

8. The Problems of Value Promotion – Limitations to the Efficiency of Normative Power

In this way, we have reached yet another role, i.e. the normative power. By the sheer fact of its existence, the Union has proposed a new way of regulating relations between states and within them. Roy Ginsberg underlines, that the European Union is a “symbol, albeit not a perfect one, of an epic reconciliation between countries and structural peace with no precedent in the history of international relations”.³² At the same time, Christopher Hill and Michael Smith wrote that the European Union, as “a regional form of international *society* ... [that] is acknowledged and respected across the world

³¹ Kong Qingjiang, “Trade Disputes between China and the EU”, *EAI Background Brief No. 416*, 4 December 2008, www.eai.nus.edu.sg/BB416.pdf.

³² R. Ginsberg, “The Impact of Enlargement on the Role of the European in the World”, in: J. Redmond, G. Rosenthal (eds.), *The Expanding European Union: Past, Present and Future*, Boulder 1998, p. 210.

as a major political (as well as economic) achievement”.³³ Many authors today underline that the European Union constitutes a specific, “civilized” model of violence-free impact on international relations. They also underline that the European Union, as a normative superpower, undertakes its activities across a number of various domains. As Ian Manners writes, the European Union as an international player popularizes economic, social, environmental and conflict-solving norms, as well as other standards that concern the human being directly, such as all kinds of social freedoms, participatory democracy, human rights, including a ban on all forms of discrimination, and finally, other norms concerning social solidarity, sustainable development and good practices in the management of international relations.³⁴

The normative aspect of EU’s impact is not to be underestimated. Although it has been largely disregarded by researchers of the realist persuasion, this dimension should be considered as characteristic to the uniting Europe. It is difficult to say to what extent framing the EU policy as a “civilizing process” has been a conscious choice rather than a sheer consequence of the lack of other, more traditional instruments, this axiological dimension fits the globalizing world much better than we are used to think. Globalization also triggers diffusion and competition between various lifestyles and governing models. The EU shows that it is possible to regulate the relations between previously hostile states in a non-violent manner, that accepting European economic rules can bring notable benefits, and respecting democracy and human rights can be just profitable. Therefore, the Union, with its experience in tackling the challenges of globalization, is a carrier of the modernizing trend. As Ian Manners writes: “The concept of normative power is an attempt to suggest that not only is the EU constructed on a normative basis, but importantly that this predisposes it to act in a normative way in world politics”.³⁵ At the same time, the potential of the EU allows it to exert its influence by using “soft” measures: persuasion, dialogue, development aid, and hence to build its impact without the traditional instruments of imperial politics. Jürgen Habermas used to refer to a non-imperial process of communicating with other cultures, while Björn Hettne mentioned soft imperialism.³⁶

At the same time, East Asia and China also constitute a sort of a normative power, or in other words, they represent a set of values to which

³³ Ch. Hill, M. Smith, “Acting for Europe: Reassessing the European Union’s Place in International Relations”, in: Ch. Hill, M. Smith (eds.), op. cit., p. 396.

³⁴ Ian Manners, “L’identité internationale de l’UE: une puissance normative dans le jeu politique mondial”, in: B. Adam (ed.), *Europe. Puissance tranquille?*, Brussels 2006, p. 26–32.

³⁵ I. Manners, “Normative Power Europe: A Contradiction in Terms”, *Journal of Common Market Studies* 2002, vol. 40, iss. 2, p. 252.

³⁶ B. Hettne, F. Sonderbaum, “Civilian Power or Soft Imperialism? The EU as a Global Actor and the Role of Interregionalism”, *European Foreign Affairs Review* 2005, vol. 10, p. 538.

contemporary political elites may refer. Colonization processes in Africa and America destroyed native cultures to such an extent that it is now impossible to build on their remains a civilization model that would be an alternative to the West-driven modernization. However, Asia has kept its distinct and rich cultural identity, and economic growth only boosts its expression.³⁷

East Asia's economic growth, repeatedly expressed since the 1960s through consecutive generations of "Asian tigers", has led to the emergence of the third pole of global economy, alongside Europe and the USA. The economic success of Japan, Singapore, South Korea, Taiwan and other countries drew attention and appreciation to the axiological complex referred to as Asian values. This ideology consists in, among others, the primacy of the group and its interests of the unit, obedience to legitimate authorities, constant self-development in order to better fulfill one's societal role and awareness of the great achievements and advantages of Asia's long-standing civilization. Confucianism played a preponderant role in shaping these values³⁸, although the shift in economic relations also proved crucial. When highly-process goods produced by Asian rivals appeared on the markets, the position of the US in the region altered. By mimicking Japan's economic model, Asia as such rose to economic independence, and the reversion of capital flows, for instance in terms of Japan's investing in the US, came as a shock to many Americans. Various commentators started claiming that since Asia was a separate cultural and civilizational entity, it should have its own identity in the international arena, both on the political and economic level.³⁹

Malaysia's Prime Minister, Mohamad Mahathir, said: "They tell us Asians that we are not Asian, in contrast to the Europeans, who call themselves European and the Americans, who call themselves American. We are told that we are people of the Pacific (...). We are not allowed to have our own

³⁷ Far-Eastern cultures are inculcated with the subordinate role of the society over an individual; collective rights and needs have always been higher in the hierarchy. This feature is very difficult to understand for the Europeans, as the European philosophy already since antiquity has insisted on the prevalence of the human being. The foundations of the state-citizens relationships are based on the ideas of Confucius (551-479 B.C.), the China's most influential philosopher. The *Analects of Confucius*, probably written down by his students, present a set of rules and values, simple and universal, which were applied by numerous generations. Confucianism is not a religion, but rather an imperative to act ethically and lead a good life. According to Confucius, the government's authority guarantees peace and continuity of the state, and as such it holds the preponderant value. People should be moral, good, just and useful to the society and the authorities. They should not expect to be rewarded for their good, moral life, since it is their duty and a value onto itself. More details in: www.confucius.org; Yao Xinzong, *Konfucjanizm. Wprowadzenie*, Cracow 2009; M. J. Künstler, *Sprawa Konfucjusza*, Warsaw 1983.

³⁸ E. Halizak, *Stosunki międzynarodowe w regionie Azji i Pacyfiku*, Warsaw 1999, p. 85-91.

³⁹ Y. Funabashi, "The Asianization of Asia", *Foreign Affairs* 1993, iss. 6.

identity and cooperate on its basis”.⁴⁰ Another Asian researcher is just as radical: “as a term, Asia-Pacific does not have any meaning. ... The USA has important economic interests in Europe, but is not a part of the EC, which is very protective of its historic, cultural and political identity. In the same vein, Japan has close economic ties with the USA, but is not a member of NAFTA. However in the case of East Asia, we are dealing with organized efforts aiming towards depriving it of its own identity”.⁴¹

Just as the West as a civilization is separated into two political entities, the United States and Western Europe, “Asian values” also have a number of political representatives, and Asia’s cultural map is much more complicated than the European standard. Although the shared experience of colonial dependence should support highlighting Asianness, political frictions make it impossible to use this instrument. East Asian and Southeast Asian countries fear the power of China. The region is also torn by numerous territorial disputes, and map contours, especially when it comes to sea frontiers, often depend on the printing country. Asian values are also not as attractive as Western values, regardless of whether we are thinking about W. A. Mozart and F. Chopin (with the symbolic admiration expressed towards his music by the Japanese) or Mickey Mouse, although a book on Chinese upbringing model became a smash hit in the USA. Nevertheless, in this situation we cannot speak about attractiveness understood as a key element of soft power.⁴²

At the same time, there can be no doubt that China is not any sort of an “empty vessel” to pour Western values in, however attractive the European Union tries to make them. It needs to be borne in mind that human rights, democracy and rule of law are also elements of the Western civilization. The authoritarian rule and massive violation of human rights which is definitely taking place in China may be therefore deemed as a way to stand against a civilization that not so long ago (that is, by Chinese standards) wanted to “tear China apart”.⁴³

The human rights situation in China is best illustrated by the frequent use of capital punishment. However, it is impossible to determine the scale

⁴⁰ D. Camroux, *Looking East and Defining Inwards: Malaysia as a Self Conscious Middle Power During the Mahatir Era 1981-1993*, Brisbane 1995, p. 6, quotation after: E. Haliżak, *Stosunki...* op. cit., p. 76-77.

⁴¹ Ghazali Bin Atan, “Proposal of the East Asian Economic Caucus and It’s Advantages”, in: J. Lee, Young Sun Lee (eds.), *Economic Cooperation in the Asia-Pacific Community*, Seul 1994, p. 107, quotation after: E. Haliżak, *Stosunki...*, op. cit., p. 77.

⁴² An attractive partner is not only successful and has a fascinating culture, but can also offer access to its resources, transfer know-how, open its market, invest, send tourists. The European fascination with the Eastern culture in the 19th century, best illustrated and epitomized by the operas “Turandot” and “Madame Butterfly”, was a side effect of colonial or quasi-colonial exploitation. This European belief that the culture and civilization of the Asian countries was so appealing became a source of advantage for the Far East.

⁴³ W. Dobrzycki, op. cit., p. 271-277.

on which this procedure is used due to the lack of official data, since in China the number of executions is a state secret. Various estimations quote numbers ranging from 1.5 to as many as 7 thousand execution per year. According to the Dui Hua foundation, in 2007 5-6 thousand people were put to death, i.e. 6 times more than in Iran, 35 times more than in North Korea, and over 130 times more than in the United States; more than in all other countries of the world taken together. In 2010, the firing squad, shooting prisoners in the back of their heads, was replaced by a lethal injection of barbiturates and potassium chloride. However, according to unofficial sources, this method is widely used as it prevents using the convict's organs. According to the PRC's Criminal Law, capital punishment may be imposed only "in the case of criminals that committed grievous crimes" and only "after the Supreme People's Court has verified and confirmed the sentence". At the same time, capital punishment may be applied in 55 cases, beginning with murder, through forging signatures for tax evasion, to fraud or counterfeiting money.

The current strategy of the European Union with regard to human rights and individual freedom in the PRC is based on three main pillars: political dialogue with political decision-makers, experts and NGOs, with meetings usually closed to the general public; activity of the European Parliament, a European body which is definitely the most committed to this issue and to aid programs which designate funds for the promotion of human rights and counteracting their violation.⁴⁴ To this list, we need to add all official declarations issued by European institutions and opinions, interviews and comments voiced by high-ranking EU officials throughout the media.

The most important political meetings include EU-China summits organized since 1998 in Beijing and Brussels. As a rule, their agenda is dominated by global problems, financial crisis and trade relations, and hence they often end with discussions on the European arms embargo and recognizing China as a market economy. However, all proposals in this respect are in the end vetoed by the EU because of the continued disregard shown by the Chinese side towards the issue of human rights. Regardless of the true reason behind the rejection, it can be noticed that the EU varies in its firmness, e.g. in July 2005 José Manuel Barroso stated explicitly that the embargo lift depends on improvement in this domain, whereas other summits quite often marginalize this topic.

Yet another occasion to raise contentious topics at the highest level presents itself during the meetings of the European Troika with representatives of countries that hold similar views on human rights (the United States, Canada and associated countries). Troika refers the EU's position before the UN Human Rights Committee and General Assembly. The main aim of this

⁴⁴ J. Rowiński, *op. cit.*, p. 355.

dialogue is to discuss the issues of shared commitment and the possibilities of international cooperation.⁴⁵

In addition, every year the EU and China hold meetings on the expert level, and organize, from mid 1990s, 24 sector dialogue forums, where the topics of human rights and migration are treated in a specific way in view of their political nature. The idea of the dialogues is based on the will to better understand the point of view of the opposite side, to suggest specific political reactions and, most importantly, prevent tension.⁴⁶ The dialogue was opened at the initiative of the Council of the European Union in 1995, with the Union represented by higher officials with knowledge in the given area. The meetings are held twice a year, rotating between the capital of the presiding country and China. They offer one of the very few examples of efficient European policy within this field. As the Chinese side decides out of its own will to participate in a dialogue that may touch upon difficult and uncomfortable issues, it cannot avoid confrontation by any means. Ten years later, the Council evaluated the process, but its conclusions were far from satisfactory. The report was quite laconic in stating that there was “progress in some areas, and continuing concerns in others”⁴⁷, although the EU-China dialogue was considered to be very important for the issue of human rights. While the Union appreciates the China’s efforts and considerable progress in the area, it expressed its concern that violations of human rights and freedom of speech continued to occur, with torture and capital punishment still widely used. The last meeting took place in Beijing on 16th June 2011. The European delegation was chaired by James Moran, Director for Asia in the European External Action Service, while the Chinese delegation was headed by Chen Xu, a General Director representing the Foreign Affairs Ministry of the People’s Republic of China. At the meeting, the Union side focused on the situation in China, as it was deteriorating in the previous few months. Regrettably it seems that also this time the European appeals will fail to bring any results.

In 2001, the European Commission launched the EU-China Human Rights Network, working under the auspices of the European Initiative for Democracy and Human Rights. As an instrument, this body is complementary to the dialogue with China. Its main aim is to support the PRC in the process of adapting its legislation to international standards. More precisely, the initia-

⁴⁵ *European Union Guidelines on Human Rights Dialogues*, Documents of the Council of the European Union, source: http://www.consilium.europa.eu/uedocs/cmsUpload/14469EN_HR.pdf.

⁴⁶ N. Sausmikat, K. Fritsche, *Civil Society in European-Chinese Relations. Challenges of Cooperation*, Essen 2010.

⁴⁷ *European Union Annual Report On Human Rights*, European Commission, Luxembourg 2006, source: http://www.eu-un.europa.eu/documents/en/070123_EU.pdf, retrieved: November 2011.

tive distributes thematic materials, organizes exchanges and internships and prepares human rights seminars (EU-China Network Seminars) for experts from both countries to discuss the possibility of debate and cooperation. The Network is composed of 15 European universities and 15 Chinese colleges directed by the Chinese Academy of Social Sciences. The Irish Center for Human Rights is the coordinating and managing body in this project.⁴⁸

In view of its representational and plenary character, the European Parliament is definitely the most active EU body within the area discussed in this paper. It repeatedly expresses public criticism with regard to human rights violation in China, concentrating especially on areas such as Tibet, capital punishment and political freedoms. However, although its role is undoubtedly significant, the Parliament may only formulate soft power rules and act as the “conscience of the EU”. Nevertheless, it is very proficient in using this power, publishing a series of opinions, oral and written recommendations, resolutions, memoranda, reports, organizing inter-parliamentary delegations and committees, and, finally, granting the Sakharov Prize for Freedom of Thought. The parliamentary Foreign Affairs Committee oversees the work of the Human Rights Subcommittee, a permanent forum of discussion among the EU, the Council of Europe, the UN and representatives of non-member countries. The Parliament has published several dozen resolutions devoted to human rights in the last 10 years only. These documents express its solidarity with persecuted Chinese activists as well as the whole nation, and staunchly criticizes the capital punishment and the fact that PRC’s political leaders ignore their international obligations. Moreover, it holds firmly that respecting human rights must be an “integral element of the new understanding with China”, which is currently in the negotiation stage. Denmark, the country that initiated this resolution, stands out positively in the EP forum. Despite their preliminary support for the project, Germany and France finally decided to withdraw from the works, anticipating negative economic consequences.⁴⁹ And they did not do so without any grounds, since the Chinese government has been known to threaten Denmark, Norway and the Netherlands with economic sanctions, if they refuse to abandon their criticism of PRC’s internal policy.

In December 2008, Chinese police arrested Liu Xiaobo, one of the signatories of the Charter 08, under charges of inciting overthrow of state power and subversive activities. The whole situation met with fierce criticism voiced by the EU and individual European states. The Czech President, Vaclav Havel, tried to submit a petition calling for Xiaobo’s release, however he was refused

⁴⁸ <http://www.nuigalway.ie/sites/eu-china-humanrights/welcome/page0.php>, retrieved: October 2011.

⁴⁹ M. Piasecki, *Prawa człowieka a perspektywa zachodnia*, <http://www.psz.pl/tekst35566/Marcin-Piasecki-Prawa-czlowieka-a-perspektywa-zachodnia>, retrieved: October 2011.

entry to the Chinese embassy in Prague. A year later, Xiaobo was sentenced to eleven years' imprisonment and two years' deprivation of political rights. It took the PE less than a month to issue a resolution on this matter, in which it heavily criticized the actions of the Chinese government and petitioned for his immediate release. For several months, the EU demanded information about the convict's fate. In October 2010, he was recognized with the Nobel Peace Prize, and Norway's Prime Minister used this occasion to once again appeal to China to release the political prisoner. The European reaction provoked Chinese indignation. Two months before the prize winner was announced, the deputy foreign minister Fu Ying, anticipating the decision of the Nobel Committee, warned the Norwegians that awarding Liu Xiaobo may bring about a cooling in the diplomatic relations between China and Norway. Right after the verdict, the Foreign Affairs Ministry website published a note from its press officer, Ma Zhaoxu, in which she commented the decision of the Committee to be "contrary to the purpose of the Nobel Peace Prize and unseemly". This was the only account of this event to make its way into Chinese media.⁵⁰ Key European politicians were unanimous in their reaction to the decision: Catherine Ashton congratulated Xiaobo and underlined her commitment and support towards human rights activists throughout the world, with the President of the European Commission, Jose Manuel Barroso, commenting that the values which Liu thought for lay at the foundation of the European Union. The head of the European Parliament, Jerzy Buzek, expressed a similar view. Although many member states delayed in taking a position with regard to the prize, finally almost all of them had their representation at the ceremony, albeit in many cases they could have chosen more high-ranking officials. The EU head of diplomacy, Catherine Ashton, was notoriously absent: once again she failed to substantiate her words with action.

The official positions of member states notwithstanding, the true value they attach to human rights violation in China varies. Research shows a clear correlation between the frequency and strength of criticism towards the PRC and the true power of the country in question, its size and the direction in which its economic interests are pointed. Usually, smaller countries with uncomplicated foreign policy and limited number of international ties concentrate on enhancing their relations with neighboring countries. This way any potential criticism voiced in relation to the Chinese government has less bothersome effects for their political, economic or strategic interests. Also, an uncompromising approach to this topic is usually characteristic to countries with all-important internal tradition of protecting basic values or promoting particular attitudes. The group of countries that for a sort of a hub in this

⁵⁰ Chinese correspondence by Tomasz Sajewicz on the reaction of Chinese authorities to the Nobel prize for Liu Xiaobo, Polish Radio broadcast of 8.10.2010, <http://www.polskieradio.pl/5/3/Artykul/266878,Nobel-Swiat-gratuluje-Chiny-potepiaja>, retrieved: October 2011.

respect includes Scandinavia and the Netherlands. They share a common perspective on social issues and are strongly attached to the idea of human rights and freedoms.⁵¹ In addition, these countries are at the head in terms of development aid and are the only ones (alongside Luxemburg) that despite the financial crisis attained the goal assistance threshold for 2010 and a financial contribution of 0.7 percent GDP. It is also worthwhile to mention that the Netherlands, Sweden and Austria accept political refugees from the Middle Kingdom, offering asylum. On the other hand, the main players in the EU run a global, multi-faceted policy, in which the prevalence is given to their own economic growth. In this way, they remain internally obligated to maintain at least correct relations with other global actors, while a more intransigent stand on the human rights issue in China would definitely trigger far-reaching consequences for their foreign policy and economy. On the other hand however, it is these countries that bear the moral responsibility for raising difficult questions of international importance, which is why it can be noticed that the political course of France, Germany and the United Kingdom with regard to China is relatively unclear.

A new international trend has emerged lately, whereas the informal group of countries reluctant to criticize China has been growing dramatically, joined by the states that had been the most affected by the crisis. The trips undertaken by Chinese Vice-Premier and Premier around Europe in 2010 and 2011 served to uncover the secret hopes that the PRC could help the falling economies. Remarkably, all countries encompassed by these visits, i.e. Portugal, Spain, Greece, the United Kingdom, Germany, Hungary and France unanimously resigned from discussing human rights.

9. A Summit Canceled: What Next?

China's canceling the summit planned for fall 2008 in Lyon during the French presidency was a political shock for the EU. The reason behind this act was President Sarkozy's meeting with the Dalai Lama during his stay in Poland. The public opinion was astonished by this decision, while John Fox of the European Council on Foreign Relations presented a notable commentary, saying that "The Chinese are really taking a stand, but what this is going to do is provoke European leaders to discuss China in a more critical way".⁵² If we try to define the true meaning of Beijing's decision, we may encounter several explanations:

⁵¹ T. King, "Human Rights in European Foreign Policy: Success or Failure for Post-modern Diplomacy?", *European Journal of International Law*, 1999, vol. 10, no. 2, p. 313-337.

⁵² "France heads into Chinese storm over Tibet," AFP, 5 December 2008, quoted after: Jing Men, "EU-China Relations Need More Mutual Understanding", *EU-China Observer* 2009, Iss. 1, College of Europe, Bruges, p. 4.

- Despite the willingness to establish a multi-faceted dialogue, the PRC protects its own principles, one of the being “punishing” leaders who even mention their readiness to meet with the Dalai Lama. It explicitly shows that European engagement has no potential of changing the Chinese stand on key issues;
- China noticed that despite the changes announced in the Treaty establishing a Constitution for Europe, there is no true possibility of creating a common foreign policy, and hence there is no need to attach any importance to this form of contacts with Western Europe, and canceling the summit was a good opportunity to do so;
- China realized that the financial crisis, which was already becoming evident, weakens the position of the West, which let it act more assertively and be more firm in their position on certain issues that it deems fundamental to the state;
- After the Beijing Olympics, Chinese authorities have been even less ready to adopt a conciliatory behavior, which means that the hope of stimulating a liberalization of the regime by granting it the right to organize the Olympics proved futile; the Olympics marked the end and not the beginning of the time in which China paid more attention to the criticisms voiced by the international community.

It would be difficult to determine which of these factors proved key, however altogether they testify to the complete failure of the strategy of engaging China as it did not result in a higher tendency to consider the opinions and interests of other important players. A certain analogy however is visible with regard to the so-called Soviet negotiation strategy from the Cold War, where a concession made by the opponent is treated not as an invitation to make an adequate concession, but rather to hold one’s ground even more firmly. China noted well that the boycott of the opening ceremony at the Olympics had been symbolical at best, so it is aware that the leaders of the “free world” are in reality reluctant to make their cooperation conditional upon any compromises.

The *A Power Audit of EU-China Relations* endorsed by the ECFR is the most critical of all voices commenting on the strategy of engaging China. Its authors do not beat around the bush, stating that European policy “gives China access to all the economic and other benefits of cooperation with Europe while asking for little in return”.⁵³ The EU is accused of virtually ignoring the reality, in which China is no longer just a rising star, but a confident player with a huge trade surplus. The latter has hardly become an instrument of change, a way of “europeanize” the PRC, although the European Parliament still on occasion expresses its faith that such a scenario might yet prove possible. In the January 2009 resolution on China we can read that promoting “change

⁵³ F. Godement, J. Fox, op. cit., p. 2.

through trade is a way of contributing to the transformation of China into an open and democratic society". It seems however to be a product of a drastically simplified way of thinking, based on transferring the effective model of political and axiological impact applied to the candidate countries onto the area of relations with superpowers. The EU used to hold the same belief in the causative power of the "strategic partnership" for a long time in relation to Russia, which is a closer neighbor both in terms of geography and in terms of culture, but even in this case this strategy failed to bear fruit. In the same vein, China does not feel in the least obligated to alter its policy in order to satisfy the EU. One could even go as far as to say that caring for the satisfaction of "strategic partners" does not constitute a basic objective of any rational policy and hence that Chinese leaders are much more rational than the Europeans. The belief in the appeal of its own, soft power model, is exceptionally strong in the EU, and the reluctance to abandon the strategy of "europeanizing through partnership" shows that European elites have a problem with understanding how someone can possibly not appreciate "European values" and "the European way" as the only legitimate choice. However, Asia as a whole is not just an empty vessel waiting to be filled; it has its own set of values. In other words, there is also the "ASEAN way"⁵⁴ with Asian values. Even though Europe seems to have gotten used to equal competition on the economic ground, it still finds it difficult when it comes to politics and social organization models.

The attitude of current Chinese authorities to the Tiananmen Square Massacre of 1989 serves as a good example of the profound misunderstanding on the part of Europe. Both official institutions and human rights organizations expect China to condemn the acts of the leadership of the time, which shows how far removed they are from reality. The Chinese government knows very well that in view of their current political course the Tiananmen events are hardly a cause for pride. Also, the slowly emerging conflict between reform-supporters and the side that feels it is necessary to go back to Mao's school of thought, in which the former group is winning, testifies to the stability of the strategy of top-down modernization. However, criticizing previous authorities, even if they were overthrown, is unthinkable in Asian tradition, which makes it that much more unlikely that such an act would be performed in relation to the Tiananmen leadership, to which the current government owes both its

⁵⁴ A concept of international cooperation elaborated by the countries of Southeast Asia, which in 1967 formed the ASEAN group. They hold that although they are willing to cooperate, in their activities they will insist first of all on dialogue and respect of domestic and foreign policies. It was decided that no country, including a third-party, shall have a right to interfere in the issues that belong to another country's sphere of competence. The principles of non-interference, minimal institutionalization, consultation, consensus, preservation of peaceful relationship, abstaining from using force in mutual relations were dubbed the "ASEAN way" by the organization itself.

formal and actual heritage. Social and political order, reflective of a higher, cosmic harmony, constitutes a crucial value and is guaranteed by the authorities themselves, which means that any mistakes committed by the government cannot be used as a basis for a radical dissociation from the previous Communist Party Leaders. At the same time, in the European culture, criticizing the authorities is almost a moral duty, which must be met with surprise in Asia.

China's diplomacy is also its strong suit. *A Power Audit* describes its policy as "skillful pragmatism", i.e. astuteness, sophistication, competence, knowledge of tools. In its contacts with Europe, the Chinese side is always very well prepared and seems to understand the mechanisms governing the EU authorities and European political elites than the European side understands the nuances of Chinese institutions. Moreover, China runs a perfectly de-ideologized policy, i.e. it gets involved only in matters that are crucial to the interests of the state, as defined by its leadership, which explains its reluctance to express its position with regard to a number of international issues and its endorsement of the status quo. This is the source of its opposition to intervention in Syria, to imposing sanctions on Iran etc. China stands for sovereignty, so it will always object to any attempts at implementing a normative order based on Western values, questioning the whole idea of defining order in such terms. This of course constitutes a major problem for the EU as an actor that has built its right to act specifically on defining international order in normative categories. Once again, we may notice an analogy with the relations with Russia, a country that also runs a pragmatic policy and with its opposition to the normative concept is almost dialectically against what defines the West in the international arena.

The political program devised by Deng Xiaoping (24 signs)⁵⁵ recommended a withdrawal from most matters which did not concern China directly. It resulted in part from crucial internal challenges, which have maintained their importance to this very day. Chinese authors and commentators still stress that the main objective of the PRC's leaders still consists in satisfying the basic needs of the country's numerous population.⁵⁶ Therefore, the time for the "luxury" of civil rights has yet to arrive: although in 2003 China ratified the UN International Covenant on Economic, Social and Cultural Rights of 1966, it did not do so with the second treaty on civil and political rights, and it will probably not happen in the nearest future.

It does not mean that China fails to appreciate the challenges connected with being an element of a wider international system. Its evolution can be seen especially on the example of environmental protection, with Beijing

⁵⁵ In Chinese, Deng Xiaoping's political program has 24 signs and reads as follows: "Keep a cool head and maintain a low profile. Never take the lead – but aim to do something big". Quotation after: Jing Men, op. cit., Bruges, p. 6.

⁵⁶ Idem, *EU-China Relations. Prospects and problems*, Jean Monnet/Robert Schuman Paper Series, vol. 8, no. 13, June 2008, University of Miami, p. 7.

finally taking account of the disastrous effects of wasteful industrialization on the ecosystem. However, the country is still motivated mainly by the need to satisfy the needs of the growing economy, including its natural resource thirst. It is in this context that the Chinese expansion in Latin America and Sub-Saharan Africa should be analyzed. One could say that Chinese projects and their whole policy constitute textbook examples of the subordinate role of diplomacy in relation to the mercantilist strategy of economic growth. Since the PRC is slowly supplanting the European offer, it is worthwhile asking why cooperation with China, and Asia in general, is attractive to these regions of the world. With regard to Latin America, it gives it an opportunity to become symbolically independent of the USA and grow into a part of a wider, more balanced structure. China's strong focus on the resource industry, visible especially in Chile⁵⁷, encourages cooperation in order to establish political mechanisms of control over market-related process and to reduce the impact of the Asian tigers' aggressive attitude.⁵⁸ The Pacific area portrays itself, in comparison to Europe and the United States, as a partner focused on pragmatism and respectful of the sovereignty of and differences among particular actors. This approach stems from the internal variegations among the countries, both in terms of their income level, as well as the political system. The tradition of economic integration in South Asia is based on political regulations, i.e. the will of particular countries, as opposed to the supranational, European model which forces sovereign entities to delegate or perform their sovereignty within a common framework.

In the case of Sub-Saharan African, the Chinese offer means first of all an influx of financial resources free of European conditions as to the observance of human rights. In other words, China and its African partners share a common aversion to European values imposed from the outside, as well as ideologically-motivated political strategies of the West, which strive for, for instance, to depose Robert Mugabe in Zimbabwe. The growing contacts with China do not trigger such "encumbrances". However, some analyses of the China – Sub-Saharan Africa relations define their character as a neocolonial model of cooperation⁵⁹, which stems from the analogous character of trade exchange: African countries offer mostly unprocessed commodities such as

⁵⁷ More on economic and especially trade expansion in: *Integration and Trade in the Americas. Special Issue on Latin America and Caribbean Economic Relations with Asia-Pacific*, Institute for the Integration of Latin America and Caribbean, no date of publication, and further section of this paper.

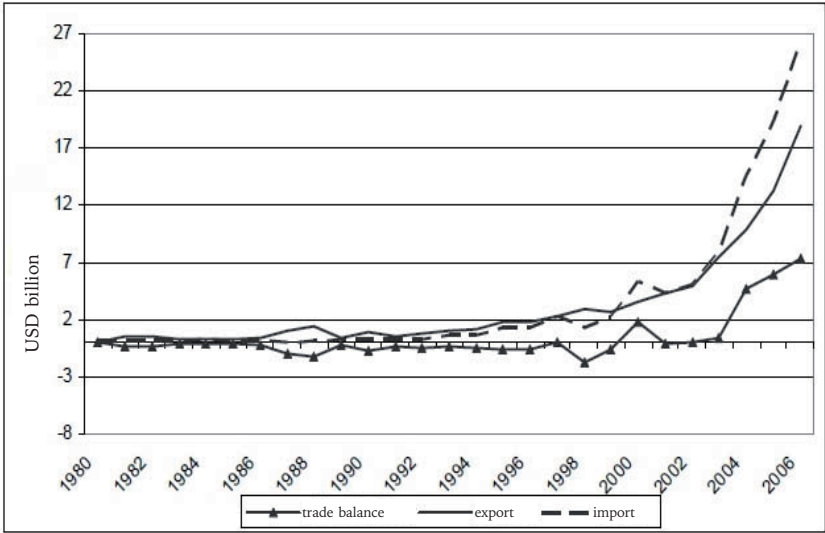
⁵⁸ Cf. more in: J. Rowiński, „Chiny – Ameryka Łacińska: szanse i wyzwania na progu XXI wieku”, in: M.F. Gawrycki (ed.) *Ameryka Łacińska w regionie Azji i Pacyfiku*, Toruń 2007, p. 99-117, A. Bąkiewicz, *Partnerzy czy rywale? Ameryka Łacińska wobec gospodarczej ekspansji Chin*, in: *ibid.*, p. 411-432.

⁵⁹ D. Kopiński, „Ekspansja gospodarcza Chin w Afryce – szansa na rozwój czy początek neokolonizacji?”, in: D. Kopiński, A. Żukowski (eds.), *Afryka na progu XXI wieku*, t. II, *Polityka. Kwestie społeczne i gospodarcze*, Warsaw 2009, p. 222.

natural resources and agricultural products. China on the other hand, with its high level of technological advancement, provides Africa with highly-processed goods. Moreover, thanks to its investment capital, the Middle Kingdom has been able to take over some strategic national enterprises, such as the Hwange and Kariba power stations in Zimbabwe (incidentally, this country is under political and economic isolation from the West).

However, one should not underestimate China’s contribution to the development of infrastructure in Africa, made when its economic power and resources were decidedly lower. The Middle Kingdom finances, for instance, the railway connection between Tanzania and Zambia, sports facilities, and even sent its medical professionals to country (15 thousand Chinese physicians and nurses have left for Africa since 1963⁶⁰). With the passing time and dynamic economic growth, China’s participation in trade with the region has notably increased. In 1987, the total trade between Africa and China equaled 817 million dollars, and in 1995 the figures went up to 3 billion. Ten years later, their trade exchange reached USD 40 billion and is still growing geometrically, as illustrated by the graph below.

Graph 1. Trade exchange between China and Sub-Saharan Africa, 1980–2006



Source: R. Kaplinsky, D. McCormick, M. Morris, *China and Sub Saharan Africa: Impacts and Challenges of a Growing Relationship*, African Studies Program, The John Hopkins University, Washington 2008, p. 5.

⁶⁰ Ibid., p. 224.

In 2006, the Middle Kingdom became the third largest trade partner of Sub-Saharan Africa (after the USA and France). In view of the growing needs of the PRC's economy, the value of goods imported from this region exceeded the Chinese export levels. In other words, Sub-Saharan Africa has a positive trade balance with regard to China, an achievement that constitutes a global exception from the rule. Commodities imported from Sub-Saharan Africa include cotton, crude oil, metals and timber.

There is no doubt that the growing scale of trade with China provides this poor region with an influx of significant amounts of capital. However, African leaders need to be able to use this upturn in their situation and apply themselves in order to make their inefficient sectors of economy more competitive with regard to the global market. Some countries from this region are also in danger of becoming completely dependent on China: in 2006, the Middle Kingdom accounted for 48, 29 and 47% of total export in Sudan, Angola and Kongo respectively.

The above remarks prove that, in the words of the 2006 Communication from the Commission, the China dimension should be "factored into the full range of EU policies, external and internal". The EU should be aware of the emergence of a new type of competition, in some ways reminiscent of the Cold War, in which another pole of impact with different political priorities searches for areas of competition throughout the entire globe. Of course, this struggle is devoid of the rhetoric adopted in the previous era, concentrating exclusively on hard economic interests. Nevertheless it indicates a shift and provides a final negation of Fukuyama's "end of history" theory. An alternative did emerge, at least in economic terms, embodied by a top-down modernization paired with strict, authoritarian control over the whole society and a mercantilist trade strategy. Perhaps, in view of the preponderance of markets, the European model with its stress on individual rights and legitimate needs and the subordinate role of public authorities is no longer the best answer to the challenges of globalization.⁶¹

10. Conclusions

The promotion of an open and democratic society in China is still officially a long-term goal of the European policy. It is based on a deep belief that democracy, free market and rule of law provide the best environment to ensure human dignity, and also are the most effective form of governing

⁶¹ This statement is of a provocative nature and does not factor in the freedom necessary to promote creativity and innovation. The economic strategies of Japan, later on other Asian "tigers", and currently the PRC, are based on emulation and taking over the technological output. Nevertheless, such considerations exceed the scope of this chapter.

focused on meeting crucial needs of citizens. Yet another reason for this belief lies in distinguishing between society and state, whereas the former is the primal construct, with the latter having an ancillary character. This is the only way in which talking about a free society in an authoritarian country makes any sense, since the society may transform or reject a regime, as could be seen in Europe towards the end of the 20th century. However, this European way of conceptualizing the roles of society and state may not be applicable to countries representing other civilizations. In the Chinese tradition, it is the state that constitutes societies, not the other way around. Strong power of the state defends against the chaos regarded as the biggest danger. Hence the society becomes a product of an efficient government, which protects it from deterioration, where individual existence and survival would be threatened. Individuals may live only thanks to the existence of authority that safeguards harmony. Therefore, rebelling against the government is unthinkable, and opposing civil society to state appears as a foreign concept, an unwieldy import. However, the European Union hoped that it may spark prodemocratic changes in China by engaging the country in numerous multilateral initiatives, building extensive structures of dialogue and allowing trade expansion. Meanwhile, China became a crucial element of world economy and global relations without resigning from any of its basic tenets. It managed to accumulate gigantic currency reserves (over 3 trillion dollars), reduce poverty and become a “factory of the world”, although it never had any vision how to organize it, China’s only objective being to maximize its own interests. European consumers, especially in view of the stagnating revenues due to the economy slump, count on cheap Chinese goods, so any option of using trade policy instruments is limited.

Currently, Europe’s most important plan of developing its influence on China consists in the conclusion of a new, comprehensive agreement on partnership and cooperation. Negotiations in this matter started in June 2007. While the necessity of adopting a new agreement is quite obvious, since the 1985 understanding has become completely obsolete, the selected formula, i.e. an arrangement that goes far beyond economic issues with its axiological clause, is grounded in the EU’s self-assumed role of a normative power, which results in basic difficulties in reaching a successful end in the negotiations. However, as the European Union declared, negotiations should be based on the minimum conditions of good management, rule of law, effective multilateralism, preventing corruption and greater transparency.⁶² It is clear that the Union decided to concentrate on these elements of “normativity” which may be more acceptable to China as a part of their own strategy (preventing

⁶² *EU-China Trade SIA of the Negotiations of the Partnership and Cooperation Agreement between EU and China*, Draft Global Analysis Report, August 2007, trade.ec.europa.eu/doclib/html/140577.htm.

corruption and good management). Nevertheless, the negotiations are progressing so slowly that one can hardly speak about any progress at all. Perhaps the short information published on the website of the European Commission illustrates the basic problem: “positions remain far apart on many important chapters, and the European Commission has called upon China to demonstrate more ambition”. In other words, the EU expects the PRC to be more open to compromise, both in terms of trade issues and in terms of politics, while in times of global crisis China has more reasons to adopt an assertive rather than conciliatory position. It seems that the attempts to politicize the relations – that is the true gist of the new draft agreement – may bring effects only in the future, with both parties needing to be more determined in looking for a compromise⁶³. However, one needs to bear in mind that it is the European Union that strives after balancing these relations.

⁶³ Zeng Lingliang, “A Preliminary Perspective of Negotiations of EU–China PCA: A New Bottle Carrying Old Wine or New Wine or Both?”, *European Law Journal* 2009, vol. 15, no. 1, p. 140-141.

On the Foundations of the Competitiveness of Chinese Economy

1. Introduction

Since the 1990s, the global economy has been undergoing changes in the distribution of competitive forces. This is reflected in the redefinition of the notion of the triad introduced by Kenichi Ohmae. This concept, traditionally identified with the countries of Northern America, Western Europe and Japan, currently encompasses a larger group of countries.¹ Apart from traditionally powerful economies, the group of triad countries now also includes China, India and other emerging markets, with the dominant role of East Asian countries.² The impact of these entities, and in particular China, on the global economy has been growing. In view of the forecasts concerning the further development of China's position in the world's economy, it is worthwhile to trace the factors that have so far shaped and are still shaping the competitive position of this country and influence the contemporary international economic relations.

2. The Notion of International Competitiveness

In order to analyze the international competitiveness of the Chinese economy, we have to explain the nature of international competitiveness itself. However, to define this term it is necessary to analyze the idea of competitiveness. In a broad sense, competitiveness means the capability to function in the context of rivalry, which is further understood as a capability of competing, i.e. acting and surviving in a given environment, which translates as

¹ K. Ohmae, *Triad Power*, New York 1985.

² K. Nawrot, „Polityka międzynarodowej konkurencyjności”, in: E. Haliżak (ed.), *Geo-ekonomia*, Warsaw 2012, p. 298.

the capability of a unit to develop, acquire benefits, gain profits, win and maintain a competitive edge.³

In economics, the notion of competitiveness is equated with rivalry between to natural persons or economic units, aiming at acquiring sales markets, purchase sources, natural resources and gaining the largest possible profit from selling one's goods.⁴ The concept of industrial competitiveness devised by the Organization for Economic Cooperation and Development (OECD), explains competitiveness as "the ability of firms, sectors, regions, nations or transnational groups to confront international competition and to secure the sustainability of a relatively high rate of returns on the factors of production, and of a relatively high level of employment".⁵ According to this approach, we may distinguish three basic aspects of competitiveness: the ability to create and maintain high returns on factors of production through promoting productivity growth, to create and increase employment, and to maintain a high level of openness towards international competition.⁶

Reference literature presents many definitions of international competitiveness. At first, researchers were interested purely in the results of international trade.⁷ Already in 1964, Béla Balassa wrote: "We can say that a country has become more or less competitive if, as a result of cost-and-price developments or other factors, her ability to sell on foreign and domestic markets has improved or deteriorated".⁸ On the other hand, when analyzing the competitiveness of the Community's industry in 1983, the experts from the Commission of the European Economic Community wrote that competitiveness should be understood as ability to meet the demands of the international competition, whereas such competitiveness should be measured, at least preliminarily, by the acceptance of the products of the European industry on the market.⁹ The following report of the EEC (1985) stated that the competitiveness of various countries depends on their capability to maintain internal balance between import and domestic production, whereupon such balance is in compliance with export results.¹⁰

³ Ibid., p. 300.

⁴ Ibid.

⁵ Z. Wysokińska, *Competitiveness and Its Relationships with Productivity and Sustainable Development*, http://fibtex.lodz.pl/42_06_11.pdf, p. 11, retrieved: 23.09.2012.

⁶ Z. W. Puślecki, M. Walkowski, *Polityka wzrostu konkurencyjności Unii Europejskiej wobec USA i Japonii*, Warsaw 2010, p. 12.

⁷ D. Burawski, „Pojęcie konkurencyjności gospodarki w analizach ekonomicznych”, *Studenckie Prace Prawnicze, Administratywistyczne i Ekonomiczne* 2006, vol. 4, p. 59.

⁸ H.-P. Frohlich, "International Competitiveness: Alternative Macroeconomic Strategies and Changing Perceptions in Recent Years", in: A. Francis, P.K.M. Tharakan (eds.), *The Competitiveness of European Industry*, London–New York 1989, p. 22.

⁹ Cf. D. Burawski, op. cit., p. 59.

¹⁰ Ibid., p. 59.

Jan Bossak presents a different approach, defining a competitive economy as “an economy that, on the one hand, adapts its socio-economic aims and functioning mechanisms not only to internal conditions, but also to international determinants, and on the other hand is capable of undertaking effective activities, which not only use the changes in the structure of global economy in a creative way to stimulate its own development but also influences the alterations in the competitive environment in a manner that ensure an increased profit from the participation in the international division of labor”.¹¹ The 2000 report of the European Commission concerning the international competitiveness of European economy understands the notion of competitive economy as one that allows the society to maintain a stable, high and increasing standard of living and high levels of employment, under the assumption that neither the balance of payments nor the welfare of future generations are at risk.¹² On the other hand, the former Chair of the US President’s Council of Economic Advisers underlined that, with regard to countries, competitiveness means the ability to produce goods and services that prove their worth on the international market, while the citizens of such a country achieve a growing and stable improvement in their standard of living.¹³ This approach is based on the works of Michael E. Porter, who, while discussing national competitiveness, stated that the main objective of the existence of states is to improve the quality of life of its citizens. In his view, the only significant measure of national competitiveness lies in effectiveness, while the aim of increasing competitiveness is to ensure a high and constantly improving quality of life for the population.¹⁴

Despite some differences, most definitions of international competitiveness underline the importance of an economy’s ability to acquire the largest attainable gains, if possible larger than that obtained by other partners, from the participation in the international division of labor.¹⁵ In addition, a number of definitions enumerate the quality of relations with the external environment, efficient use of factors of production and directions of structural changes in economy. Contemporary definitions also take the institutional milieu into account.¹⁶

¹¹ J. Bossak, „Społeczno-ekonomiczne uwarunkowania międzynarodowej zdolności konkurencyjnej gospodarki Japonii”, *Monografie i Opracowania*, no. 153, SGPiS, Warsaw 1984, p. 38-39, translation by Anna Wolna.

¹² Commission of the European Communities, *European Competitiveness Report 2000*, Brussels, 30.10.2000, SEC(2000) 1823.

¹³ Z. W. Puślecki, M. Walkowski, op. cit., p. 13.

¹⁴ M. E. Porter, *The Competitive Advantage of Nations: With a New Introduction*, MacMillan Press 1998, p. 6-19.

¹⁵ J. Misała, *Współczesne teorie wymiany międzynarodowej i zagranicznej polityki ekonomicznej*, Warsaw 2001, p. 237.

¹⁶ Cf. T. Dołęgowski, „Konkurencyjność instytucjonalna i systemowa w warunkach gospodarki globalnej: implikacje dla sektora usług”, *Monografie i Opracowania*, no. 505, Warsaw School of Economics, Warsaw 2002, p. 10.

Apart from multiple definitions of competitiveness and international competitiveness, reference literature also presents many interpretations of other related concepts, such as: competitive position or competitive ability (Picture 1). Defining these terms seems to be necessary for any further analysis of international competitiveness. The idea of the competitive position is based mostly on the share of the given economy in the international exchange, which changes when the position and conditions of a given country's participation in international exchange evolve. Improvement indicators with regard to competitive position include, among others, increase in the share in global commerce, improved export structure, positive shift in trade balance, service balance and foreign currency balance (change in reserves).¹⁷ The term "competitive ability" defines the long-term ability of an economy to meet the demands of international competition.¹⁸ Analyses of competitive ability are based on elements such as: the size and structure of factors of production, efficiency of their use, the socio-economic system, the government's economic policy and international determinants. This notion is broader than the competitive position. Competitive ability is defined by: 1) the ability to sell services and merchandise produced to other countries, 2) the ability of goods (merchandise and services) produced in the given country to compete with imported products, 3) the ability to convince investors to choose the given country as a venue in which to pursue their projects.¹⁹

Jan Bossak proposes a slightly different list of factors that determine the competitive ability on the level of national economy. In his theory, he groups these factors into two sets that define the country's international competitive ability: external factors and internal factors. The former include: shifts in the competitive ability of other countries, shifts in international trade policy, shifts in the nature of international competition. The second group encompasses: changes in the economic potential, changes in management efficiency, the adaptability and innovativeness of the economy.²⁰ Józef Misala enumerates the following factors determining the international competitive ability:

- level and efficiency of the basic production factor, i.e. people with their skills and abilities;
- level and efficiency of using natural resources;

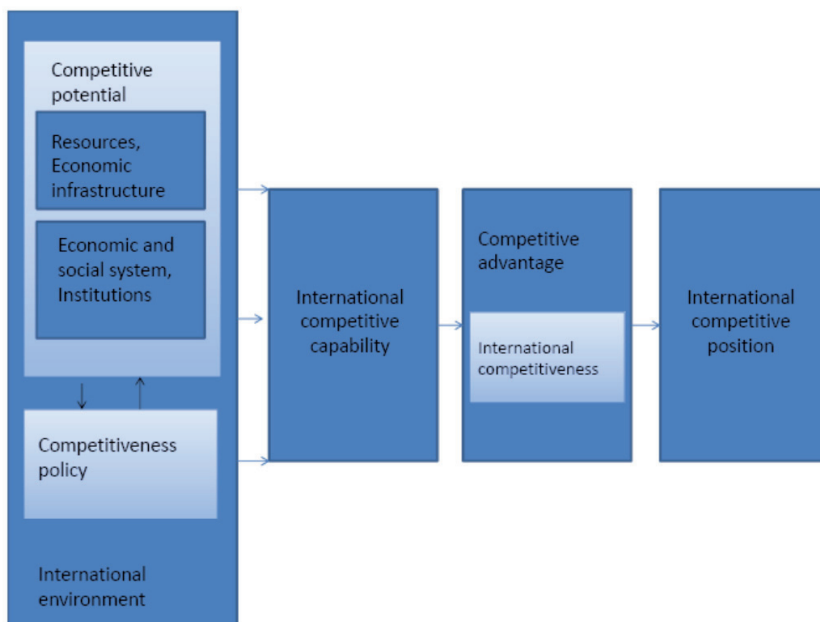
¹⁷ A. Hildebrandt, „Konkurencyjność – próby zdefiniowania i pomiaru zjawiska”, *Współnoty Europejskie* 2002, no. 3, p. 68.

¹⁸ *World Competitiveness Report 1994*, New York 1994.

¹⁹ When choosing destinations, investors take into account first of all national determinants, in particular the taxation system, administrative efficiency, state support and credit conditions, workforce, infrastructure, financing availability, proximity to sales markets. Cf. J.H. Dunning, "The Determinants of International Production", *Oxford Economic Papers* 1973, vol. 35.

²⁰ J. Bossak, *Zagraniczna polityka ekonomiczna krajów rozwijających się*, in: L. Balcerowicz (ed.), *Międzynarodowe przepływy gospodarcze. Nowe tendencje i próby regulacji*, Warsaw 1987, p. 209.

Picture 1. Correlations between basic terms associated with competitiveness



Source: K. Nawrot, *Polityka międzynarodowej konkurencyjności*, in: E. Halizak (ed.), *Geoekonomia*, Warsaw 2012, p. 298.

- level and efficiency of the real capital's functioning;
- level, development and efficiency of using technical knowledge;
- efficiency of the socio-economic system together with the government's economic policy and the possibility of affecting the international economic environment.

Researchers highly appreciate the classification of the determinants of international competitiveness devised by M. E. Porter (the so-called Porter Diamond)²¹, later completed by John Harry Dunning.²² These authors work on the assumption that the international market is an arena of competition of specific enterprises, which to a larger or lesser extent profit from favorable conditions co-created in their mother countries, including:

- equipment in production factors;
- size and structure of demand;

²¹ M. E. Porter, op. cit.

²² J. H. Dunning, "The Competitive Advantage of Countries and the Activities of Transnational Corporations", *Transnational Corporations* 1992, vol. 1, no. 1, p. 135-168.

- the country's economic policy;
- more or less favorable composition of internal and external conditions;
- transnational business activity of big foreign corporations on the territory of the given country and of domestic companies outside this country;
- correlations between various industry branches.

The factors of international competitiveness enumerated above may be mutually enhancing or abating. In an optimal situation, international competitiveness is positively co-determined by all these factors together. In the event that the number of active factors is lower or they clash with or contradict each other, a country may have problems to maintain its competitive advantage.²³

However, rankings of international competitiveness of economies are based on a much broader catalogue of factors. They take into account the following aspects:

- level of internationalization of the economy (level of openness to international trade and direct foreign investment);
- internal strength of the economy (level of economic activity, attraction of particular sectors);
- government activity (scope of activities that boost competitiveness);
- level of development of broadly-conceived infrastructure (for instance transportation, telecommunications);
- development of the financial sector (opportunities created by the financial system for the optimal allocations of resources by offering alternative forms of investment);
- management system (efficiency, quality-driven management);
- human resources (for instance skilled workforce, employment relations, education budget);
- science and technology (for instance innovativeness of the economy, expenses for research and development).²⁴

However, not all of these factors are taken into account in every competitiveness ranking, with various lists applying various combinations.

Any analysis of determinants of international competitiveness should, apart from the factors enumerated above, also account for its development in relation to the level of economic growth. When analyzing the sources of nations' competitiveness, M. E. Porter distinguished four stages of their development. These stages encompass competitiveness based on production factors, investment-driven competitiveness, innovation-driven competitiveness

²³ J. Misła, op. cit., p. 241.

²⁴ P. Misztal, „Konkurencyjność międzynarodowa gospodarki Chin w okresie 1992-2007”, in: K. A. Kłosiński (ed.), *Chiny-Indie ekonomiczne skutki rozwoju*, Lublin 2008, p. 187-188.

and wealth-driven competitiveness. Competitiveness based on production factors is characteristic of developing countries. The competitiveness of these countries' industries is grounded in basic assets such as natural resources or workforce with low and medium skills. The basic factor contributing to their competitive advantage is the low price of their resources. Investment-driven competitiveness is characteristic of countries with an average level of economic development. Their companies build their ability to produce modern and technologically-advanced goods by investing in state-of-the-art, efficient technologies and equipment. Investment is also generated by internal competition that forces companies to find new projects, lower costs, improve production quality and design new products. Nevertheless, it is important to bear in mind that in the case of this type of competitiveness, the technologies that companies possess are less advanced than in the case of global leaders, since access to the latest technological solutions is characteristic of innovation-driven competitiveness. Wealth-based competitiveness constitutes the final stage of economic development. It is based on the already acquired economic position.²⁵

3. China in the Rankings of International Competitiveness of Economies

International competitiveness of countries has been researched for over a decade, with the leading role of the International Institute for Management Development in Lausanne, which started analyzing the area already in 1989. Another institution dealing with the question of competitiveness of economies is the World Economic Forum. Up to 1995, the two institutions had published one shared annual report styled *The World Competitiveness Report*. However, in 1996 they issued separate accounts, although they did keep a similar methodology.²⁶

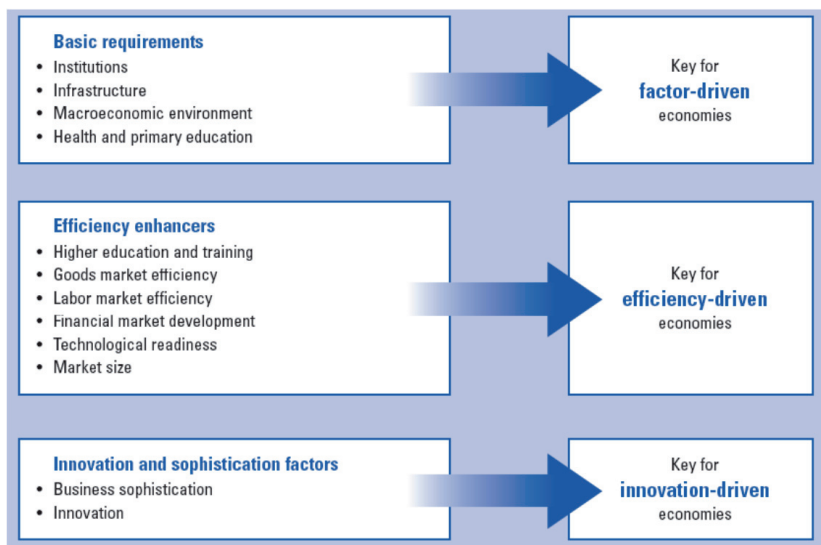
The World Economic Forum's report *Global Competitiveness Report* presents the development perspectives of countries by using the latest data that describe comparative strengths and weaknesses of the world's leading nations. The result obtained by each country constitutes a long-term forecast to predict how its economy will cope with global competition. The 2011-2012 report distinguishes twelve pillars of competitiveness, divided into three groups based on the stage of development of the given state (Picture 2). The first group includes five basic competitiveness factors, without which no economy

²⁵ Z. W. Puślecki, M. Walkowski, op. cit., p. 15-16; J. M. Radło, *Wyzwanie konkurencyjności. Strategia lizbońska w poszerzonej Unii Europejskiej*, Warsaw 2003, p. 20-23. More details in: M.E. Porter, op. cit.

²⁶ M. Sulek, *Metody i techniki badań stosunków międzynarodowych*, Warsaw 2004, p. 55-58.

would be able to grow, such as broadly conceived public and private sector institutions, economic infrastructure, macroeconomic stability, basic health-care and social education. The second group encompasses six stimuli of efficient management. In this case, the authors underscore the role of higher education and experienced workforce necessary to adapt quickly to changing economic conditions. Competitiveness is also built on the goods market efficiency (non-onerous tax system, non-discriminative regulations concerning direct foreign investment), labor market efficiency, especially in terms of flexibility, and financial market efficiency (in terms of savings allocation and supporting innovation). Other important factors include technological readiness (which measures the possibility of adopting existing technologies) and market size. The last group of competitiveness determinants includes business sophistication with regard to the quality of business contacts, the activity of companies and their strategies, as well as technological innovation.²⁷

Picture 2. 12 pillars of competitiveness



Source: World Economic Forum, *Global Competitiveness Report 2011-2012*, Geneva 2011, p. 9.

In accordance with the report's philosophy, factors affecting the growth dynamics of a given country depend on its stage of development. In the first stage, access to productions factors, such as resources, workforce and capi-

²⁷ World Economic Forum, *Global Competitiveness Report 2011-2012*, Geneva 2011, p. 9. Cf. K. Nawrot, op. cit., p. 304-305.

Table 5. The Global Competitiveness Index 2011–2012 rankings and 2010–2011 comparisons

Country/Economy	GCI 2011–2012		GCI 2011–2012 rank among 2010 countries	GCI 2010–2011 rank
	Rank/142	Score		
Switzerland	1	5.74	1	1
Singapore	2	5.63	2	3
Sweden	3	5.61	3	2
Finland	4	5.47	4	7
United States	5	5.43	5	4
Germany	6	5.41	6	5
Netherlands	7	5.41	7	8
Denmark	8	5.40	8	9
Japan	9	5.40	9	6
United Kingdom	10	5.39	10	12
Hong Kong SAR	11	5.36	11	11
Canada	12	5.33	12	10
Taiwan, China	13	5.26	13	13
Qatar	14	5.24	14	17
Belgium	15	5.20	15	19
Norway	16	5.18	16	14
Saudi Arabia	17	5.17	17	21
France	18	5.14	18	15
Austria	19	5.14	19	18
Australia	20	5.11	20	16
Malaysia	21	5.08	21	26
Israel	22	5.07	22	24
Luxembourg	23	5.03	23	20
Korea, Rep.	24	5.02	24	22
New Zealand	25	4.93	25	23
China	26	4.90	26	27
United Arab Emirates	27	4.89	27	25
Brunei Darussalam	28	4.78	28	28
Ireland	29	4.77	29	29
Iceland	30	4.75	30	31

Source: World Economic Forum, *Global Competitiveness Report 2011–2012*, Geneva 2011, p. 15.

tal, seems to be the crucial issue, while afterwards what matters more are advanced indicators (e.g. level of “business sophistication” or process-based innovations). However, all economies need to meet some basic requirements.

According to the *Global Competitiveness Report 2011-2012*, the world’s most competitive economies include: Switzerland, Singapore, Sweden, Finland, the USA, Germany, the Netherlands, Denmark, Japan, the United Kingdom. However, the crucial changes in the structure of global economy are impossible to trace from the perspective of the first ten places of the global competitiveness ranking; the whole list needs to be carefully considered. Only then will we be able to see that the long-predicted rise in the significance of Asian countries and the relocation of the global economy’s center into the Pacific area has to a large extent already become a fact. Apart from Singapore and Japan, high positions have also been attained by Taiwan (13th), Malaysia (21st), the Republic of Korea (24th) and, most importantly, China (26th). This proves that, in comparison with other countries, their potential is growing at the fastest pace. China’s quick advancement in consecutive rankings, paired with the slowly declining position of global leaders such as the USA (number one only 5 years ago) or Japan (number 8) suggests that China is moving towards leadership in global economy (cf. Graph 1).²⁸ This conclusion is also proved right when comparing the results of Chinese economy with those of other BRIC countries. Brazil, although it did attain the highest position after China, ranks 53rd, India 56th, while Russia is listed under number 66. However, changes in global economic hierarchy are not limited only to the strengthening of China and other Asian states. Countries of the Persian Gulf also rank surprisingly high (Qatar as 14th, Saudi Arabia 17th, United Arab Emirates 27th, Oman 32nd).²⁹

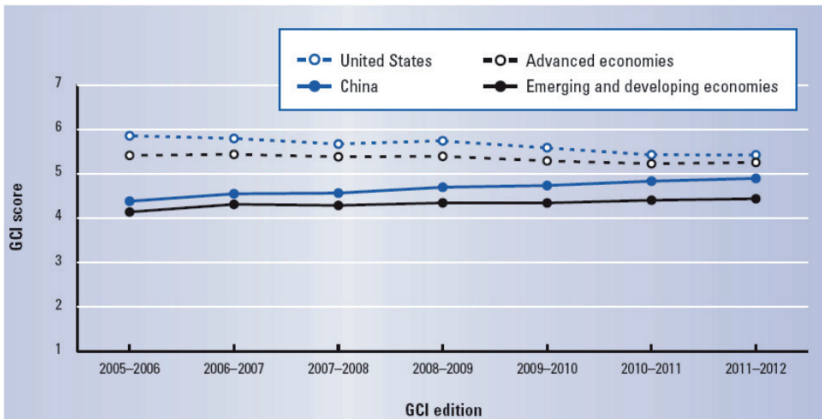
When discussing China’s current stable position in the global competitiveness ranking, it is necessary to refer to its favorable macroeconomic situation (10th place in the ranking in terms of macroeconomic stability).³⁰ China is one of the biggest countries in the world with not only low debt level but also a high savings rate which equals ca. 53% GDP. The country’s budget deficit is also average. These factors, paired with good economic perspectives, result in higher indicators of competitiveness than in the case of other BRIC countries. China also ranks high with regard to other pillars of competitiveness included in the World Economic Forum report. For instance, the Middle Kingdom holds the 32nd position in terms of healthcare and basic schooling. It is a consequence of the almost general access to primary education, which

²⁸ *Global Competitiveness Index Rankings and 2006–2007 Comparisons*, https://members.weforum.org/pdf/Global_Competitiveness_Reports/Reports/gcr_2007/gcr2007_rankings.pdf (retrieved: 24.07.2012).

²⁹ *Jak zmienia się konkurencyjność gospodarki na świecie?*, http://www.pi.gov.pl/PARP/chapter_86196.asp?soid=69D699E0AB864ABD9A34FCCEC91F96AE, retrieved: 24.07.2012.

³⁰ World Economic Forum, op. cit., p. 18.

Graph 2. Competitiveness trends, 2005–2011



Source: World Economic Forum, *Global Competitiveness Report 2011-2012*, Geneva 2011, p. 15.

is well-appraised by the authors of the report. With regard to other Global Competitiveness Index pillars, China also ranks well in terms of business sophistication (37th place) and innovation (29th place). On the other hand, China still has a lot of work to do in the case of the first-pillar's corruption (institutions) and independence of courts (48th rank). Moreover, entrepreneurs claim that in the last three years the country became less safe. China is also criticized when it comes to business ethics (57th place) and corporate responsibility (66th place). Just as in previous report, China was also characterized by relatively low results with regard to financial market development (48th rank) and technological readiness (77th place).³¹

4. Determinants of the International Competitiveness of Chinese Economy

Analyses of international competitiveness of economies and international competitive position use many indicators. The most widely used measures include: general economic development of a country (gross domestic product growth rate, inflation rate and unemployment rate, domestic and international debt development); indicators of structural changes and shifts in the efficiency of use of particular production factors and their flexibility in terms of their movement throughout the country and on the international

³¹ Ibid., p. 29.

scale; indicators of level of involvement in international economic exchange.³² In view of the limited scope of this paper, the analysis of China's international competitiveness indicators will concentrate on indicators illustrating its economic growth and its involvement in international economic exchange, with particular focus on the latter group, as it is considered to include the main factors of international competitiveness of economies.

4.1. China's Economic Growth

China's active policy laid foundations for dynamic economic growth and in consequence for changing the country's position in global economic. According to the World Bank, China's economy ranks second in the world in terms of size (Table 6). In comparison, in 2000 the Middle Kingdom held the sixth place on the list of countries with the highest GDP. In terms of purchasing power parity (PPP), in 2011 China's GDP attained 75% of the USA's.³³ In 2000, the same indicator equaled only 30.1%.

Table 6. List of countries by GDP

2011 ranking	Country	2011 GDP in USD million	2010 ranking	2000 ranking
1	USA	15 094 000	1	1
2	China	7 298 097	2	6
3	Japan	5 867 154	3	2
4	Germany	3 570 556	4	3
5	France	2 773 032	5	5
6	Brazil	2 476 652	7	9
7	The United Kingdom	2 431 589	6	4
8	Italy	2 194 750	8	7
9	Russia	1 857 770	11	18
10	India	1 847 982	9	13

Source: Own work based on: *World Development Indicators*, <http://data.worldbank.org/data-catalog/world-development-indicators>, retrieved: 25.07.2012.

³² J. Misala, op. cit., p. 242-243.

³³ In 2011, the value of China's GDP in terms of purchasing power parity equaled USD 11,347.4 billion, as compared to the USA's USD 15,094 billion. *World Development Indicators*, <http://data.worldbank.org/data-catalog/world-development-indicators>, retrieved: 25.07.2012.

The origins of China's economic success go back to 1978, when, after the cultural revolution, a strong reform movement consolidated within the Communist Party of China. This fraction decided that in order to maintain power, the party had to work towards improving the quality of life among the population. The economic strategy adopted led to economic growth on an exceptional scale. In the last three decades, the average growth rate in China equaled ca. 10%.³⁴ Analyses devoted to China's economic situation point out that one of its basic growth factors is the stable, high share of investment projects in GDP (Table 7), which are, incidentally, mostly financed from domestic resources. Apart from the high investment rate, Chinese economy is also characterized with a high level of savings, which since 2003 have exceeded 40% (Table 8). According to the estimates of the International Monetary Fund, this indicator rose to over 48% in 2011. When looking for the reasons of this high savings rate in China, it is necessary to consider the government-driven drop in fertility (the consequence of the so-called one-child policy). In addition, the high savings rate results from the economic incentives offered by the state and independent financing of social security. Low inflation also contributed to the growth of the savings rate, and hence of the investment rate³⁵, which has also shown an upward trend in the last few years (Table 9).

China's economy has been and is still stimulated by its pro-export strategy paired with the implementation of comprehensive, coordinated policy of opening up to the world. On the occasion of the recent tenth anniversary of China's membership in the World Trade Organization, numerous studies have been conducted, focusing on the role of this factor in the country's current position in the global economy.³⁶ Data on Chinese trade quoted below illustrate the effects of the WTO-enabled access to foreign sales markets on the value of this country's business and its position on the global arena.

The economic growth strategy that the PRC has so far pursued is gradually changing. The 2011 strategy of development for the years 2011-2015 set out the following objectives: increasing domestic consumption, supporting the growth of the middle class, endorsing environmental protection projects, including reductions of CO₂ emissions and decreasing energy consumption in order to lower the dependency on energy carrier imports. In this way, Chinese authorities have stepped away from the absolutization of economic

³⁴ It needs to be borne in mind, however, that although the Chinese economy is among some of the most dynamically growing in the world, it started in the late 1970s from a very low level, so even spectacular surges in GDP will only be able to translated into the real standard of economy in a longer term.

³⁵ U. Płowiec, „Czynniki wzrostu i ekspansji Chin”, in: K.A. Kłosiński (ed.), op. cit., p. 152.

³⁶ Cf. R. Meléndez-Ortiz, Ch. Bellmann, S. Cheng (eds.), *A Decade in the WTO, Implications for China and Global Trade Governance*, Geneva 2011; R. Sally, *Chinese Trade Policy After (Almost) Ten Years in the WTO: A Post-crisis Stocktake*, ECIPE Occasional Paper 2011, no. 2.

Table 7. Share of investment projects in the GDP of selected countries in 1990-2011 (in %)

Country	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
China	36.142	35.119	36.268	37.866	41.203	43.263	42.099	42.972	41.738	44.046	48.243	48.166	48.652
India	26.099	24.269	22.643	24.085	26.194	31.269	34.152	35.299	37.371	34.958	37.088	36.786	37.613
Russia	31.907	18.694	21.503	20.035	20.044	20.337	19.494	21.120	25.360	24.081	16.740	20.296	22.689
Japan	32.720	25.440	24.754	23.069	22.848	23.038	23.566	23.793	23.694	23.555	20.197	20.224	21.359
France	22.608	19.893	19.572	18.636	18.503	19.132	19.922	20.857	21.954	21.850	18.991	19.195	21.213
Brazil	16.311	18.250	18.028	16.196	15.771	17.117	16.206	16.756	18.328	20.686	16.508	19.250	19.819
Germany	25.640	22.300	20.346	18.072	17.853	17.631	17.269	18.135	19.261	19.376	16.540	17.343	19.106
USA	18.562	20.867	19.288	18.703	18.717	19.749	20.314	20.574	19.615	18.086	14.723	15.836	15.827
The United Kingdom	20.205	17.659	17.417	17.057	16.730	17.066	17.083	17.499	18.175	16.648	13.478	15.015	14.057

^a Estimated dataSource: Own work based on: *World Economic Outlook Database*, <http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx>, retrieved: September 2011.

Table 8. Savings rate in selected countries between 1990-2011 (in % GDP)

Country	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
China	39.216	36.831	37.581	40.302	43.999	46.818	48.041	51.553	51.866	53.170	53.473	53.359	53.811
India	23.290	23.303	22.932	25.469	27.679	31.383	32.880	34.275	36.670	32.970	34.260	34.163	35.428
Russia	...	36.730	32.571	28.471	28.274	30.404	30.551	30.650	31.286	30.326	20.792	25.102	28.207
Japan	25.153	20.579	20.366	20.088	19.758	22.314	22.345	24.401	26.720	25.635	22.173	23.040	24.145
France	34.124	28.028	26.895	25.930	26.080	26.765	27.205	27.693	28.459	26.714	22.930	23.796	23.862
Brazil	20.877	20.824	21.188	20.194	19.805	19.674	19.437	20.282	20.952	20.104	17.488	18.554	18.550
Germany	17.722	14.490	13.841	14.686	16.527	18.877	17.792	18.008	18.441	18.977	14.985	16.975	17.331
USA	15.820	18.090	16.485	14.667	13.935	14.669	15.201	16.416	14.596	13.352	11.459	12.532	12.782
The United Kingdom	16.424	15.018	15.352	15.322	15.124	14.995	14.464	14.116	15.578	15.003	11.768	11.836	11.341

^a Estimated data

Source: Own work based on: *World Economic Outlook Database*, <http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx>, retrieved: September 2011.

Table 9. Indicators of the so-called “magical pentagon” of macroeconomic stability for China between 1991-2011

	1991	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP growth rate	14.2	8	8	9	10	10	11	13	14	10	9	10	9
Unemployment level	2.3	3.1	3.6	4.0	4.3	4.2	4.2	4.1	4.0	...	4.3
Inflation rate	6.8	2.1	2.1	0.6	2.6	6.9	3.9	3.8	7.6	7.8	-0.6	6.7	...
Budget deficit share in GDP	6.1	-3.2	-2.8	-2.9	-2.4	-1.4	-1.3	-0.6	0.9	-0.3	-3.0	-2.3	-1.5
Current account balance share in GDP	3.5	1.7	1.3	2.4	2.8	3.6	5.9	8.6	10.1	9.1	5.2	5.1	...

Source: Own work based on: *World Economic Outlook Database*, <http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx>, retrieved: September 2011.

growth based on increasing investment and pro-export policy of undervaluing the domestic currency. They have acknowledged that such a strategy leads to wasting resources, provokes internal imbalances in the economic structure and growing discrepancies in the income structure. Therefore, China now gives main priority to domestic consumption and increasing per capita income. In this way, it makes its way towards a more sustainable economic growth.³⁷

4.2. The Evolution of China's Position in International Trade

The after-war period saw a major shift in the global economy structure. A new balance of power emerged, formed by the countries of the so-called Triad (USA, Japan, EEC/EU). As the main exporters and importers of both material and non-material goods, they shaped the rules and principles of trade exchange. The period beginning after the end of the 2nd World War until the 1970s was an era of unquestionable domination of the United States in global commerce and economy. Its position resulted not only from the strength of the American economy but also from a major debilitation of other international market actors caused by war damage. In comparison to the US, European production capacity had significantly dropped. However, after the war European countries started gradually rebuilding their economies, shortening the distance that separated them from their North American competitor. Nevertheless, the years 1945-1959 had marked the peak period of USA's global power and impact. From then on, the US's economic advantage in relation to other members of the international market was gradually diminishing, preserving the previous distance only in relation to some of the poorest states.³⁸

Since 1950, the share of the USA in global export was decreasing significantly, while the roles of such participants of global exchange as the EEC and Japan was on the rise. As a result the total value of export from Western Europe in 1973 was four times as big as that of the USA. At the dawn of the 1980s, Germany almost reached the USA's position in global trade, attaining a share of 10%. It even outdistanced the US in terms of industrial product sales. Ever since the 1960s, Germany showed a tendency to increase the export of processed goods (cars, chemical products, electronics). Japan was the third exporter of industrial commodities, while the fourth, fifth and sixth positions were occupied by France, the United Kingdom and Italy respectively. The difference between the trade levels in Western Europe and the United States continued growing, strengthening the role of the Old Continent.³⁹

³⁷ E. Halizak, „Gospodarka światowa: na zwolnionych obrotach”, in: *Rocznik Strategiczny 2011-2012*, Warsaw 2012, p. 80.

³⁸ T. Białowas, *Rozwój handlu międzynarodowego po II wojnie światowej*, Toruń 2006, p. 39.

³⁹ P. Matera, R. Matera, *Stany Zjednoczone i Europa. Stosunki polityczne i gospodarcze 1776-2004*, Warsaw 2007, p. 286.

The reasons of the US's decreasing importance in the world's export lies in the lower dynamics of American international sales in comparison with the post-war global export. At the same, even during the 1970s crisis, the European Economic Community, including Germany, was growing in strength, both in terms of the economy and in terms of politics. The introduction of the customs union, more liberal capital flows and stability in currency exchange rates also proved beneficial to European countries. Already in 1960-1972 the share of import inside the EEC rose from 38 to 54%, and in 1960-1972 it stabilized at 50%. This tendency may be illustrated with the example of the United Kingdom, which in 1972-1985 increased its trade with Western Europe from 43% to over 60%. Meanwhile, its exchange with the USA dropped to 12%.⁴⁰

In mid 1980s, West Germany gained the title of the global trade leader, outclassing the United States. In 1987, Germany was responsible for almost 13% of the global export, while the USA generated less than 11%. West Germany's advantage was even more clear with regard to industrial export, while other European countries also held a strong position in international commerce, with the combined share of France, the United Kingdom and Italy reaching 17% in 1987.⁴¹

The 1990s mark a period of dynamic growth in global market trade. A slight drop in the dynamics could be observed only at the beginning of the decade (1991-1993), however, between 1990 and 2000, global export rose by an average of 7% per annum. At the same time, commodities production increased by an average of 2.5% and global GDP by 2% per annum on average.⁴² However, the trade growth rate differed in various regions of the world. In 1990-2000, the most dynamic development could be seen in Latin America (export: 9.5%, import: 12%), Asia (export: 8.5%, import: 7.5%) and North America (export: 7.5%, import: 9%). Further positions in the rankings of average annual trade growth rate were occupied by: the Middle East (export: 7%, import 5.5%), countries undergoing transformation (export: 6.5%, import: 4%), Western Europe (export 4%; import 4%). Africa developed its commerce at the lowest pace (export: 3.5%, import 4%).

The marked difference in the trade growth rate between North America and Western Europe helped the United States regain its status as the first global exporter. It yielded the palm to Germany only in 2003.

In the 1990s, the group of main exporters was composed of countries with the highest economic potential and highly developed states with smaller territories and limited sales market, i.e. largely dependent on international trade. This group includes, among others, the United States, Germany, Japan, France, the United Kingdom, the Netherlands, Italy, Canada and Belgium. However, in mid 1990s China debuted as one of the ten biggest global exporters.

⁴⁰ Ibid.

⁴¹ Ibid, p. 311.

⁴² WTO, *International Trade Statistics 2001*, WTO, Geneva 2001, p. 19.

A comparison of last years' international merchandise trade statistics indicates that the ranking of main global exports remains stable. All of the countries enumerated above still hold high positions on the list; what changes is only their exact ranking in the hierarchy. In 2000-2011, the group of ten biggest global exporters usually included Germany, the United States, China, Japan, the Netherlands, France, Italy, Belgium, the United Kingdom and Canada. In some years, the final ten was also joined by Russia, Hong Kong and the Republic of Korea (Table 10).

In the years 2003-2008, the title of the first global exporter of merchandise was held by Germany as a result of a slump in the US's economic growth in 2001-2002. The country maintain the leadership for several consecutive years thanks to various features of its economy, such as: improved competitiveness based on reasonable management of salaries, evolving trade connections with fast-developing countries and their economies, rising demand for capital goods in the periods of positive global economic trends, regionalization of production by allocating its parts to lower-cost economies thanks to European integration.

However, Germany lost its leadership position to the dynamically developing Chinese economy, which in the last few years have noted the biggest leap in international trade. From the seventh place in 2000, China became the third global exporter in 2004, outstripping Japan.⁴³ In 2007, the total value of Chinese export exceeded that of the USA, which placed the country on the second position on the list of main exporters. In the following years, China maintained it position, in 2009 becoming the first global exporter of goods, a title which it has not relinquished ever since. Between 2000 and 2011, the value of Chinese merchandise export rose over 7 times. The country's percent share in global trade is also remarkable. The gradually increasing involvement of China in international commerce in 1985-2011 can be traced both in terms of export and import, which testifies to the improving competitive position of this country (Table 11).

Together with the development of Chinese export, the types of merchandise sold evolved, with a systematic rise of the share of process goods at the expense of unprocessed goods. The influx of direct foreign investment projects also affected the share of high-tech commodities (Table 12). It needs to be remarked that China actually has to alter the structure of its export in terms of types of products sold to include more highly processed merchandise in order to maintain its international competitiveness. In the last few years, the initial favorable determinants of Chinese expansion, such as production factors and imported industrial and energy resources available at low prices, have lost their significance in view of the growing salaries, land prices, credit costs and resource prices shaped by the global markets. These factors have

⁴³ Cf. G.C. Hufbauer, Y. Wong, K. Sheth, *US-China Trade Disputes: Rising Tide, Rising Stakes*, Washington D.C. 2006, p. 4.

Table 10. Main exporters of merchandise in 2000-2010

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
China	USD bn	249.3	266.2	325.6	437.9	593.3	762.0	968.9	1162.5	1428.3	1202	1578	1899
	ranking	7	6	5	4	3	3	3	2	2	1	1	1
Germany	USD bn	551.5	570.8	613.1	748.3	912.3	969.9	1112.0	1326.4	1461.9	1126	1269	1474
	ranking	2	2	2	1	1	1	1	1	1	2	3	3
USA	USD bn	781.1	730.8	693.9	723.8	818.8	904.4	1038.3	1162.5	1287.4	1056	1278	1481
	ranking	1	1	1	2	2	2	2	3	3	3	2	2
Japan	USD bn	479.2	403.5	416.7	471.8	565.8	594.9	649.9	712.8	782.0	581	770	823
	ranking	3	3	3	3	4	4	4	4	4	4	4	4
The Netherlands	USD bn	212.3	229.5	244.3	294.1	358.2	402.4	462.4	551.3	633.0	498	572	660
	ranking	9	9	9	7	6	6	6	6	5	5	5	5
France	USD bn	298.1	321.8	331.8	386.7	448.7	460.2	490.4	553.4	605.4	485	521	597
	ranking	4	4	4	5	5	5	5	5	6	6	6	6
Italy	USD bn	237.8	241.1	251.0	292.1	349.2	367.2	410.6	491.5	538.0	406	448	523
	ranking	8	8	8	8	7	8	8	7	7	7	8	8
Belgium	USD bn	186.1	179.7	214.0	255.3	306.5	334.3	369.2	430.8	475.6	370	411	476
	ranking	11	11	10	10	10	10	10	9	8	8	9	10
The Republic of Korea	USD bn	172.3	150.4	162.5	193.8	253.8	284.4	325.5	371.5	422.0	364	466	555
	ranking	12	13	12	12	12	12	11	11	12	9	7	7

The United Kingdom	USD bn	284.1	273.1	279.6	304.6	346.9	382.8	448.3	437.8	458.6	352	405	473
	ranking	5	5	6	6	8	7	7	8	10	10	10	11
Canada	USD bn	276.6	259.9	252.4	272.7	316.5	359.4	389.5	419.0	456.5	317	387	452
	ranking	6	7	7	9	9	9	9	10	11	12	13	13
Hong Kong (China)	USD bn	202.4	191.1	201.2	228.7	265.5	292.1	322.7	349.4	370.2	329	401	456
	ranking	10	10	11	11	11	11	12	13	13	11	11	12
Russia	USD bn	105.2	103.1	106.9	134.4	183.5	243.6	304.5	355.2	471.6	303	400	522
	ranking	17	17	17	17	14	13	13	12	9	13	12	9
World	USD bn	6364	6155	6455	7503	9153	10431	12083	13950	16070	12490	15238	18215

Source: own work based on: WTO, *International Trade Statistics*, (various years), http://www.wto.org/english/news_e/pres11_e/pr628_e.htm#table4, retrieved: 28.04.2011, WTO, *World Trade Report 2012*, Geneva 2012, p. 30.

Table 11. Chinese share in global export and import in 1985-2011

	1985	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Goods export	1.38	1.78	3.86	4.29	5.02	5.79	6.45	7.25	7.98	8.69	8.86	9.59	10.34	10.43
Goods import	2.07	1.48	3.37	3.78	4.42	5.30	5.91	6.11	6.40	6.70	6.87	7.92	9.07	9.52
Services export	0.74	0.70	1.99	2.18	2.41	2.47	2.72	2.90	3.16	3.50	3.75	3.71	4.46	4.31
Services import	0.56	0.49	2.37	2.55	2.85	2.97	3.24	3.39	3.64	3.95	4.22	4.72	5.24	5.82

Source: own work based on <http://unctadstat.unctad.org>, retrieved: 29.07.2012.

caused Chinese economy to lose its international competitiveness in the secondary industry for the benefit of other Asian countries, including, among other, Vietnam and Indonesia. This is why China started to attach more significance to the technological advancement of export, while the authorities have paid more and more attention to innovation policy. Currently, the development capacity of economies is measured by their R&D budget in relation to GDP and their dynamics, number of patents in major research areas and share of high-tech products in total production and export. Therefore both economists and Chinese politicians underline that the only way to maintain the current growth rate of economy and foreign trade lies in technological progress.⁴⁴ This strategy is confirmed in the patent statistics presented in Table 13. China also boosts its competitiveness by importing technologies.

Table 12. Exports of high-tech commodities by selected countries between 2000-2010: value in USD million and percentage share in the export of industrial commodities

	China		USA		Japan	
	Value in USD million	% share in export of industrial commodities	Value in USD million	% share in export of industrial commodities	Value in USD million	% share in export of industrial commodities
1995	13 057.3	10	126 759.2	30	111 839.7	27
2000	41 735.5	19	197 466.0	34	128 902.1	29
2001	49 409.5	21	176 163.6	33	99 456.0	27
2002	69 226.4	24	162 082.3	32	95 882.1	25
2003	108 669.3	27	160 291.3	31	107 080.9	24
2004	163 006.9	30	176 281.6	30	126 245.3	24
2005	215 928.4	31	190 737.2	30	125 445.4	23
2006	273 131.5	31	219 026.0	30	129 241.1	22
2007	302 773.2	27	218 115.5	27	117 857.7	18
2008	340 117.8	26	220 884.4	26	119 914.9	17
2009	309 600.8	28	132 406.6	21	95 158.6	19
2010	406 089.6	28	145 497.8	20	122 047.2	18

Source: own work based on: <http://data.worldbank.org/indicator/TX.VAL.TECH.MF.ZS/countries>, retrieved: 28.07.2012; <http://data.worldbank.org/indicator/TX.VAL.TECH.CD/countries?page=3>, retrieved: 28.07.2012.

⁴⁴ E. Haliżak, „Geoekonomiczna strategia Chin”, in: E. Haliżak (ed.), *Geoekonomia*, Warsaw 2012, p. 607.

Table 13. Patent application in selected countries in 2000-2010

	China		USA		Japan	
	Residents	Non-resi- dents	Residents	Non-resi- dents	Residents	Non-resi- dents
2000	25 346	26 560	164 795	131 100	384 201	35 342
2001	30 038	33 412	177 513	148 958	382 815	57 433
2002	39 806	40 426	184 245	150 200	365 204	56 601
2003	56 769	48 548	188 941	153 500	358 184	54 909
2004	65 786	64 598	189 536	167 407	368 416	54 665
2005	93 485	79 842	207 867	182 866	367 960	59 118
2006	122 318	88 183	221 784	204 182	347 060	61 614
2007	153 060	92 101	241 347	214 807	333 498	62 793
2008	194 579	95 259	231 588	224 733	330 110	60 892
2009	229 096	85 508	224 912	231 194	295 315	53 281
2010	293 066	98 111	241 977	248 249	290 081	54 517

Source: own work based on: <http://data.worldbank.org/indicator/IP.PAT.RESD>, retrieved: 28.07.2012.

Chinese trade structure, apart from the high-tech goods referred to above, is becoming more and more based on services. China's ranking on the lists of world's major exporters of services has improved together with the growing value of service trading. In 2010, China became the fourth exporter of services in the world, maintaining this position in the following year. In comparison, it ranked as 12th in the year 2000 (Table 14).

The types of services exported by China include, like in other highly-developed countries, mostly the so-called other services⁴⁵ which make up for over 54% of sales. Between 1990 and 2011, the share of this category doubled in relation to the general export of services. This rise was balanced by the lowering significance of the so-called traditional services such as transportation and overseas travels. Remarkably enough, in 1990 Chinese export relied mostly on transportation services, which constituted almost

⁴⁵ Other services are a general category which encompasses all services other than transport and tourism. They include numerous types of services with a varying share in global trade, such as: the so-called other commercial services, license fees and copyrights, financial services, construction and assembling, telecommunications. According to estimations, the so-called other commercial services represent the largest share in the group, followed by financial services, license fees and copyright, information technology and computer services.

Table 14. Main exporters of services in 2000-2011

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
USA	USD bn	273.6	262.4	269.3	278.8	322.7	352.5	393.4	462.5	510.4	475.9	518.33	578
	ranking	1	1	1	1	1	1	1	1	1	1	1	1
Germany	USD bn	79.6	84.2	96.7	116.4	139.3	160.5	187.8	221.9	255.7	225.7	232.3	253
	ranking	4	4	3	3	3	3	3	3	3	3	2	3
The United Kingdom	USD bn	118.5	118.7	132.9	155.4	193.8	204.1	232.2	283.6	282.2	228.2	226.8	274
	ranking	2	2	2	2	2	2	2	2	2	2	3	2
China	USD bn	30.1	32.9	39.3	46.3	62.0	73.9	91.4	121.6	146.4	128.5	170.2	182
	ranking	12	12	10	9	9	9	8	7	5	5	4	4
France	USD bn	82.1	81.6	87.9	100.7	113.8	121.4	127.6	148.1	165.3	141.9	142.6	161
	ranking	3	3	4	4	4	4	5	4	4	4	5	5
Japan	USD bn	69.4	64.7	66.0	71.7	89.6	102.0	115.1	127.0	146.4	125.9	138.8	143
	ranking	5	5	5	7	5	5	4	6	6	6	6	7
India	USD bn	16.0	16.7	19.1	23.6	37.9	52.1	69.4	86.6	106.7	92.6	123.2	148
	ranking	22	19	19	21	16	11	10	9	9	12	7	6
Spain	USD bn	52.1	55.2	59.5	73.6	85.3	94.0	105.5	126.7	141.7	121.5	123.0	141
	ranking	7	6	6	5	6	7	6	5	7	7	8	8

The Netherlands	USD bn	48.3	50.1	54.7	61.3	82.7	90.1	94.5	109.0	123.0	111.3	113.2	128
	ranking	8	8	8	8	8	8	9	11	10	10	9	9
Singapore	USD bn	28.4	28.5	30.7	37.8	48.2	55.5	66.0	84.8	99.0	93.2	111.9	125
	ranking	15	16	17	18	19	16	16	14	14	11	10	10
Italy	USD bn	55.9	57.1	59.5	70.6	83.4	88.3	97.3	110.4	114.5	93.9	97.0	107
	ranking	6	7	7	6	7	6	7	8	8	8	12	13
Ireland	USD bn	18.3	23.2	29.6	41.7	52.1	59.4	70.9	92.2	99.2	92.1	96.6	107
	ranking	23	21	14	14	13	12	12	10	11	9	13	12
Hong Kong (China)	USD bn	40.3	41.0	44.5	46.5	55.1	63.6	72.6	84.6	92.2	86.3	106.4	121
	ranking	9	10	9	10	10	10	11	12	12	13	11	11
Belgium	USD bn	48.5 ^a	48.9 ^a	36.2	43.3	50.5	54.1	57.1	72.2	85.1	79.4	81.7	86
	ranking	10	9	13	12	11	13	15	13	13	14	14	16
World	USD bn	1483.0	1486.7	1599.3	1831.8	2229.7	2495.9	2830.9	3408.1	3842.4	3386.0	3692.5	4150

^a Combined for Belgium and Luxembourg.

Source: own work based on: WTO, *International Trade Statistics*, (various years); http://www.wto.org/english/news_e/pres11_e/pr628_e.htm#atable4, 28.04.2011, WTO, *World Trade Report 2012*, Geneva 2012, p. 36.

50% of total services sold outside the country (Table 15). In other words, China is characterized by dynamic shifts in the types of service trade, which is testified to by the fact that it was able to match its export structure with that of highly-developed countries in a relatively short time, reflecting global trends⁴⁶. For the time being, though, these tendencies have yet to affect import. Chinese import structure in 2011 saw a balance between three main categories of services, each of which attained over 30% (Table 16). However, the situation in this area is also very dynamic. In 2005-2009, the share of other services imported by China reached over 40%, nearing the structure of the global import. When analyzing China's position in international trade in services, it needs to be underlined that, in accordance with the last data available for 2010, this country became the third global exporter of tourist services (after the European Union and the United States), the fourth exporter of other services (after the European Union, the United States and India), and the fifth exporter of transportation services (after the European Union,

Table 15. Chinese export of services by types of activities in 1990-2011

	Export value in USD million				% share in total export			
	Total services	Transportation	Travel	Other services	Total services	Transportation	Travel	Other services
1990	5 855	2 706	1 738	1 411	100	46.21	29.68	24.09
2000	30 430.5	3 670.963	16 231	10 528.54	100	12.06	53.33	34.59
2001	33 334	4 635	17 792	10 907	100	13.90	53.37	32.72
2002	39 744.5	5 720.21	20 385	13 639.29	100	14.39	51.29	34.31
2003	46 733.6	7 906.41	17 406	21 421.19	100	16.91	37.24	45.83
2004	62 434.1	12 067.5	25 739	24 627.6	100	19.32	41.22	39.44
2005	74 404.1	15 426.5	29 296	29 681.6	100	20.73	39.37	39.89
2006	91 999.2	21 015.3	33 949	37 034.9	100	22.84	36.90	40.25
2007	122 206	31 323.8	37 233	53 649.2	100	25.63	30.46	43.90
2008	147 112	38 417.6	40 843	67 851.4	100	26.11	27.76	46.12
2009	129 549	23 568.9	39 675	66 305.1	100	18.19	30.62	51.18
2010	171 203	34 210.5	45 814	91 178.5	100	19.98	26.76	53.25
2011	183 101.3	35 610.93	48 514.83	98 975.55	100	19.44	26.49	54.05

Source: own work based on: <http://unctadstat.unctad.org>, retrieved: 29.07.2012.

⁴⁶ More broadly: A. Wróbel, *Międzynarodowa wymiana usług*, Warsaw 2009, p. 87-93.

Table 16. Chinese import of services by types of activities in 1990-2011

	Import value in USD billion				% share in total import			
	Total services	Transportation	Travel	Other services	Total services	Transportation	Travel	Other services
1990	4352	3245	470	637	100	74.56	10.79	14.63
2000	36030.6	10 396.11	13 113.7	12 520.8	100	28.85	36.39	34.75
2001	39267	11325	13 909	14 033	100	28.84	35.42	35.73
2002	46528	13611.9	15 398	17 518.1	100	29.25	33.09	37.65
2003	55306.3	18 232.8	15 187.3	21 886.2	100	32.96	27.46	39.57
2004	72132.7	24 543.8	19 149.3	28 439.6	100	34.02	26.54	39.42
2005	83795.5	28 447.5	21 759.1	33 588.9	100	33.94	25.96	40.08
2006	100833	34369	24 321.7	42 143.3	100	34.08	24.12	41.79
2007	130111	43 270.7	29 786	57 054.3	100	33.25	22.89	43.85
2008	158924	50 328.8	36 157	72 438.3	100	31.66	22.75	45.58
2009	158947	46 574	43 701.7	38 671.3	100	29.30	27.49	43.20
2010	193321	63 256.7	54 880	75 184.3	100	32.72	28.38	38.89
2011	237582.8	80 444.93	72 473.59	84 664.24	100	33.85	30.50	35.63

Source: own work based on: <http://unctadstat.unctad.org>, retrieved: 29.07.2012.

the United States, Japan and Korea). When it comes to specific categories, China's position among major importers varies. The Middle Kingdom is, for instance, an important player with regard to construction services and other commercial services.⁴⁷

Trade balance is an important indicator of China's international competitive position. As the country enjoys a higher dynamics in export than in import, its trade balance remains positive. In other words, China notes a significant trade surplus and a relatively low deficit in service balance. Its surplus in commodities trade in 2011 equaled USD 156 billion.⁴⁸ At times, this index got even higher: USD 183 billion in 2010, USD 196 billion in 2009, and a year earlier it was as high as USD 295.8 billion.⁴⁹ The country's service balance in 2011 equaled USD -54 billion.⁵⁰ In 2010, it attained USD -22 billion.⁵¹

⁴⁷ WTO, *International Trade Statistics 2011*, WTO, Geneva 2011, p. 142-183.

⁴⁸ WTO, *World Trade Report 2012*, Geneva 2012, p. 30.

⁴⁹ WTO, *International Trade Statistics 2011*, op. cit., p. 24.

⁵⁰ WTO, *World Trade Report 2012*, op. cit., p. 32.

⁵¹ WTO, *International Trade Statistics 2011*, op. cit., p. 26.

As its international trade surplus systematically grew, China started accumulating foreign-exchange reserves in order to secure the country's economy. Currently, Chinese FX reserves have grown to the impressive USD 3.3 trillion.⁵² Some economists treat this as a proof that the global economy's center of gravity moved to East Asia, which is very often identified with China as such.⁵³ China's increasing importance in international trade has also called for redefining the above-mentioned construct of "Triad countries".

When it comes to the structure of Chinese commerce, what is important is not only the value of export but also the indices which define the country's level of engagement in international exchange. Basic indices in this area include the size of export and import as compared to the gross national income, measured with export and import rates. They illustrate the share of international trade in the creation (export rate) and distribution (import rate) of the national income. Data presented in Tables 17-18 show that these indices have high values in small and specialized economies (the Netherlands, Belgium, Hong Kong), where they exceed 60% quite significantly. However, when it comes to big countries with largely self-sufficient economies, import and export rates are lower. With regard to China, we may notice not only the increase in trade value but also the growing share of international trade in the gross national income.

4.3. Foreign Direct Investment

One of the reasons of the high investment rate in China lies in the inflow of foreign direct investment projects (FDI), which also contributed to the development of Chinese economy. Since the 1990s, the number of FDI in China has increased over thirty five times. In the rankings of global FDI importers, China is second only to the United States (Graph 3). In 2011, the inflow of this sort of capital into the Middle Kingdom achieved a level of over USD 123 billion, i.e. 8.1% of total FDI value globally (Table 19). China managed to attract over 56% investment projects pursued in East Asia.

Ever since the launch of its transformation, China attracted foreign capital by low labor costs and the governmental strategy of encouraging investors to pursue projects in this country. Since 1980s, the government has created special economic zones which enable enterprises with foreign capital to function in quasi-market conditions.⁵⁴ International companies, pursuing the global production chain strategy compliant with the comparative and absolute

⁵² As at 31st December 2010 according to the data of: *CIA World Factbook 2011*, <https://www.cia.gov/library/publications/the-world-factbook>, retrieved: 25.07.2012.

⁵³ Cf. E. Haliżak, *Konsekwencje kryzysu dla porządku międzynarodowego: czy Wschodnia Azja przejmie pałeczkę od Zachodu?*, in: *Rocznik Strategiczny 2009/10*, Warsaw 2010, p. 36-37.

⁵⁴ Cf. Kwan-Yiu Wong, "China's Special Economic Zone Experiment: An Appraisal", *Geografiska Annaler, Series B, Human Geography* 1987, vol. 69, no. 1, p. 27-40.

Table 17. Goods and services export as percentage of GDP in 1985-2010: main exporters

	1985	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
China	9	16	23	23	25	30	34	37	39	38	35	27	29
Germany	25	25	33	35	36	36	38	41	45	45	47	41	...
USA	7	10	11	10	9	9	10	10	11	12	13	11	...
Japan	14	10	11	11	11	12	13	14	16	18	18	13	...
The Netherlands	62	56	70	67	64	63	66	70	73	74	77	69	...
France	23	21	29	28	27	26	26	26	27	27	27	23	...
Italy	22	19	27	27	26	25	25	26	28	29	29	24	...
Belgium	68	67	78	78	77	74	77	80	82	83	86	73	...
The Republic of Korea	32	28	39	36	33	35	41	39	40	42	53	50	...
The United Kingdom	29	24	28	27	26	26	25	26	28	27	29	28	...
Canada	28	26	46	44	42	38	38	38	36	35	35	29	...
Hong Kong (China)	108	131	29	139	150	171	190	199	206	208	212	195	223
Russia	...	18	44	37	35	35	34	35	34	30	31	28	29
India	5	7	13	13	14	15	18	19	21	20	23	20	18

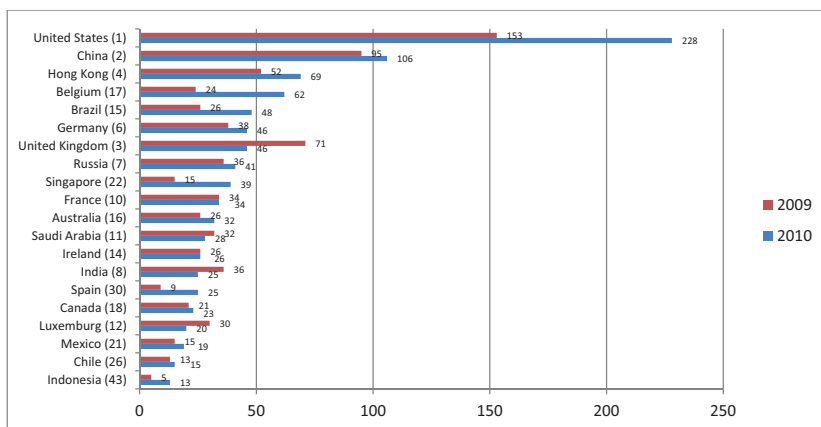
Source: own work based on: World Bank Data online, <http://www.worldbank.org>, retrieved: 11.10.2011.

Table 18. Goods and services import as percentage of GDP in 1985-2010: main importers

	1985	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
China	13	13	21	20	23	27	31	32	31	30	27	22	25
Germany	27	25	33	33	31	32	33	36	40	40	41	36	...
USA	10	11	15	14	14	14	15	16	17	17	18	14	...
Japan	11	9	10	10	10	10	11	13	15	16	17	12	...
The Netherlands	58	53	65	61	58	57	59	61	65	66	68	62	...
France	24	23	28	27	25	25	26	27	28	29	29	25	...
Italy	22	19	26	26	25	24	25	26	29	29	29	24	...
Belgium	67	65	75	74	71	69	72	76	78	80	85	70	...
The Republic of Korea	31	29	36	33	32	33	37	37	38	40	54	46	...
The United Kingdom	27	26	29	29	29	28	28	30	32	30	32	30	...
Canada	26	26	40	38	37	34	34	34	34	33	34	30	...
Hong Kong (China)	97	122	139	134	141	162	181	186	194	197	202	188	217
Russia	...	18	24	24	24	24	22	22	21	22	22	21	20
India	8	9	14	14	15	16	19	22	24	24	29	24	25

Source: own work based on: World Bank Data online, <http://www.worldbank.org>, retrieved: 11.10.2011.

Graph 3. Twenty biggest FDI recipients in 2010 (in USD billion)



Source: UNCTAD, *World Investment Report 2011*, UN, New York–Geneva 2011, p. 4.

advantage posted by China, decided to locate their labor-intensive processing businesses in the Middle Kingdom.⁵⁵ In the last few years, the FDI inflow structure in China has changed considerably, among others in reaction to the growing productions costs. The last decade has seen a major increase in the number of projects pursued in high-tech industries and the sector of services, including banking and financing.⁵⁶ China's appeal with regard to investment projects in the tertiary sector is reflected by its position in the ranking of the most attractive service offshoring destinations prepared by A.T. Kearney, a consultancy (Table 21). In view of the cost advantages referred to above and broad access to skilled workforce, in the last few years China has been considered the second, after India, most attractive country for tertiary sector investment. China holds an unquestionable appeal for delocalization due to its large internal market, scientific potential and proximity to important sales markets (Japan, Republic of Korea, Taiwan, Singapore).

When it comes to current trends in the influx of FDI to China, it needs to be underlined that foreign projects are no longer limited to special

⁵⁵ More broadly: Y. Wei, X. Liu, "Productivity Spillovers from R&D, Exports and FDI in China's Manufacturing Sector", *Journal of International Business Studies* 2006, vol. 37, no. 4, p. 544-557; Xiuling Liu, Li Cai, Huiping Tan, "International Technology Mergers & Acquisitions and Raising the Competitiveness of China Equipment Manufacturing Industry", *Technology & Investment* 2012, vol. 3, p. 7-12.

⁵⁶ In view of this development, the factors attracting foreign capital to China now include also access to ever more skilled workforce and size of the internal market. These determinants are also important for China's competitive potential. M. J. Enright, *Rethinking China's Competitiveness*, *Far Eastern Economic Review* 2005, vol. 168, no. 9, p. 18-19.

Table 19. Chinese FDI in 1990-2011

	Inward FDI in USD million			Outward FDI in USD million		
	Value in USD million	% share in global inward FDI	Share in Chinese GDP	Value in USD million	% share in global outward FDI	Share in Chinese GDP
1990	3 487	1.6	0.8	830	0.3	0.2
2000	40 715	2.9	3.4	915	0.1	0.1
2001	46 877	5.6	3.5	6885	0.9	0.5
2002	52 743	8.3	3.6	2518	0.4	0.1
2003	53 505	9.1	3.2	2854	0.5	0.1
2004	60 630	8.1	3.1	5498	0.5	0.2
2005	72 406	7.3	3.1	12 261	1.3	0.5
2006	72 715	4.9	2.6	21 160	1.4	0.7
2007	83 521	4.2	2.3	22 468	1.0	0.6
2008	108 312	6.0	2.3	52 150	2.6	1.1
2009	95 000	7.9	1.8	56 530	4.8	1.1
2010	114 734	8.7	1.9	68 811	4.7	1.1
2011	123 985	8.1	1.7	65 117	3.8	0.9

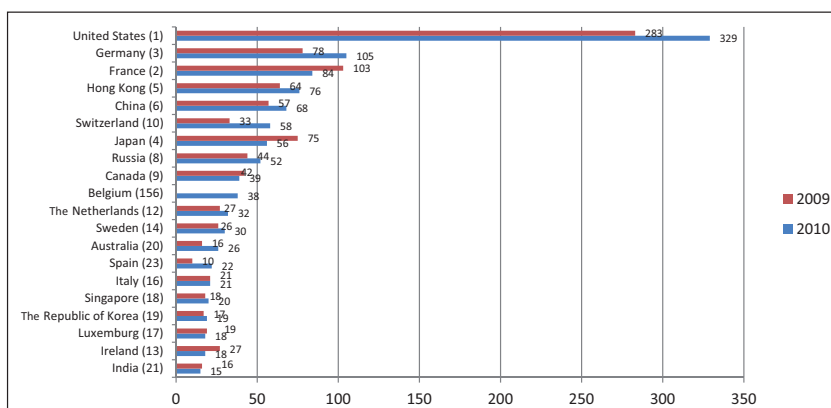
Source: Own work based on: <http://unctadstat.unctad.org>, retrieved: 29.07.2012.

Table 20. Greenfield projects in China in 2005-2010

	Inward in USD million	Outward in USD million
2005	83 691	9 689
2006	114 024	15 433
2007	95 115	29 923
2008	111 582	49 029
2009	94 555	28 202
2010	84 579	29 178

Source: UNCTAD, *World Investment Report 2011*, UN, New York, Geneva 2011, p. 208.

Graph 4. Twenty largest FDI providers in 2010 (in USD billion)



Source: UNCTAD, *World Investment Report 2011*, UN, New York, Geneva 2011, p. 9.

Table 21. A.T. Kearney Global Services Location Index 2011⁵⁷

Country	Financial attractiveness – investment cost advantage	People skills and availability	Business environment	Total score
1. India	3.11	2.76	1.14	7.01
2. China	2.62	2.55	1.31	6.49
3. Malaysia	2.78	1.38	1.83	5.99
4. Egypt	3.10	1.36	1.35	5.81
5. Indonesia	3.24	1.53	1.01	5.78
6. Mexico	2.68	1.60	1.44	5.72
7. Thailand	3.05	1.38	1.29	5.72

⁵⁷ Among rankings and reports assessing the attractiveness of countries in terms of location of services offshoring, the most comprehensive information is provided by A.T. Kearney, a global management consulting firm. It publishes an annual report on the 50 leading FDI locations in the tertiary sector. A.T. Kearney's *Global Services Location Index* is based on three main factors that determine the attractiveness of a given country: 1) financial attractiveness (potential cost advantage), 2) the skills and availability of people, 3) the business environment. Because cost advantage is typically the primary driver behind offshoring location decisions, financial factors constitute 40% of the total weight in the index. The two remaining categories each constitute 30% of the total weight (40:30:30). Financial attractiveness is evaluated on a scale from 0 to 4, while people skills and availability and the business environment are evaluated on a scale from 0 to 3.

Country	Financial attractiveness – investment cost advantage	People skills and availability	Business environment	Total score
8. Vietnam	3.27	1.19	1.24	5.69
9. Philippines	3.18	1.31	1.16	5.65
10. Chile	2.44	1.27	1.82	5.52
11. Estonia	2.31	0.95	2.24	5.51
12. Brazil	2.02	2.07	1.38	5.48
13. Latvia	2.56	0.93	1.96	5.46
14. Lithuania	2.48	0.93	2.02	5.43
15. The United Arab Emirates	2.41	0.94	2.05	5.41
16. The United Kingdom	0.91	2.26	2.23	5.41
17. Bulgaria	2.82	0.88	1.67	5.37
18. USA	0.45	2.88	2.01	5.35
19. Costa Rica	2.84	0.94	1.56	5.34
20. Russia	2.48	1.79	1.07	5.34
21. Sri Lanka	3.20	0.95	1.11	5.26
22. Jordan	2.97	0.77	1.49	5.23
23. Tunisia	3.05	0.81	1.37	5.23
24. Poland	2.14	1.27	1.81	5.23
25. Romania	2.54	1.03	1.65	5.21
26. Germany	0.76	2.17	2.27	5.20
27. Ghana	3.21	0.69	1.28	5.18
28. Pakistan	3.23	1.16	0.76	5.15
29. Senegal	3.23	0.78	1.11	5.12
30. Argentina	2.45	1.58	1.09	5.12

Source: A.T. Kearney, *Offshoring Opportunities Amid Economic Turbulence*, The A.T. Kearney Global Services Location Index™, 2011, p. 2.

economic zones but are increasingly dispersed throughout the country. The distribution of capital flows outside the eastern, coastal areas, should prevent further aggravation of spatial imbalances in the Chinese economy. Before,

eastern China, with its special economic zones, was the general destination for FDI. Therefore, the Chinese government started taking steps to attract capital to central and western parts of the country, a strategy which is gradually starting to bear fruit. One of the main advantages of non-coastal areas lies in lower labor costs.

Despite the limitations imposed by Chinese government, the proportion of mergers and takeovers of Chinese companies by foreign capital has increased significantly, triggering a shift in the structure of FDI inflow into China.⁵⁸ However, greenfield projects still form the major type of foreign capital invested in China. In 2010, it attracted ca. 10.5% of global projects of this type, which constituted close to 74% of the country's total FDI.

The FDI inflow to China will most probably retain its high dynamics in the next few years. Such predictions are confirmed by polls conducted among the biggest international companies, which serve as a basis for rankings of economies in terms of their attractiveness for FDI. According to the FDI Confidence Index, a general ranking of investment appeal across all sectors of economy, China has been at the head since 2001.⁵⁹ The Middle Kingdom is also in the lead in other rankings of economies which transnational corporations treat as possible destinations for their business.⁶⁰

China is not only an important FDI destination but also strengthens its position among the world's biggest investors (Graph 4). In 2011, the value of Chinese direct investment abroad rose above USD 65 billion, i.e. 3.8% of outward FDI globally. In comparison with 1990, the PRC increased its direct investment export over 78 times. Such a surge in the value of outward capital was possible thanks to the high savings rate and the growing experience of Chinese managers. The motivation for pursuing foreign investment lies in traditional incentives such as access to new sales markets, modern technologies and management and organization methods, as well as securing supplies of indispensable resources.⁶¹ In addition, the presence of Chinese capital abroad should be interpreted as an element of enhancing this country's position as an economic power.

⁵⁸ The increasing number of foreign mergers and takeovers in China drove the authorities to introduce a system of control and review of mergers and takeovers from the point of view of national security, already present in other countries. Such actions are perceived as a threat to domestic economic security as they may possibly lead to a situation in which foreign capital takes over important branches of this country's economy. E. Haližak, *Geoeconomiczna strategija...*, op. cit., s. 611.

⁵⁹ *Cautious Investors Feed a Tentative Recovery – The 2012 A.T. Kearney FDI Confidence Index*, http://www.atkearney.com/images/global/pdf/Cautious_Investors_Feed_a_Tentative_Recovery-FDICI_2012.pdf, A.T. Kearney 2012, p. 2.

⁶⁰ Cf. UNCTAD, *World Investment Report 2011*, UN, New York, Geneva 2011.

⁶¹ Cf. S. Brakman, H. Garretsen, C. Marrewijk, A. Witteloostuijn, *Nations and Firms in the Global Economy. An Introduction to International Economics and Business*, New York 2006, p. 176-180; E. Koch, *Internationale Wirtschaftsbeziehungen*, München 2006, p. 225-231.

5. The EU's Competitiveness Growth Policy in View of China's Rising Power

China's strengthening position in international economy presents a major challenge to traditional economic superpowers, given that the Middle Kingdom has become an equal competitor not only with regard to trade but also when it comes to finance. This is why the European Union, when deciding on its current economic policies, needs to take into account that Chinese expansion has sharpened the global competition for resources and sales markets.

The dynamic development of emerging markets has substituted the traditional domination of the small group of triad countries (EU, USA, Japan) with a multipolar pattern, in which China, India and Brazil play a growing role.⁶² In view of the deep dependencies among economies and the effect of their mutual relation on the global economy, the economic relations of the European Union, the United States and China deserve special attention. The links between these entities significantly affect their economic situation. In recent years, access to cheap Chinese products has largely increased the purchasing power of European and American consumers. Chinese export also help the United States fight inflation and maintain its policy of low interest rates. By buying out government bonds, China lowers the costs incurred by the USA to finance its budget deficit. Moreover, China's high demand for investment goods had a positive impact on the size of European and American export. The extent to which major economic superpowers depended on each other was also proven by the 2008 economic crisis. The US-originated crisis phenomena had a negative ripple effect on the economic situation not only in the European Union but also in China. The Middle Kingdom slowed down due to the drop in demand for goods exported by this country to the US and the EU. It also experienced a slump in the inflow of foreign direct investment. However, China managed to stabilize its economic situation in a relatively quick and effective way, balancing lower exports with a stimulation of the internal market. This is yet another piece of evidence that testifies to the resilience of Chinese economy, whose growing competitiveness presents a major challenge for the European Union and other entities. Therefore, the EU competitiveness growth policy should now focus not only on rivalry with the USA and Japan but also account for the economic challenges generated by China.

It seems that the EU has chosen an appropriate strategy for building its competitive position in the global economy as a services and knowledge-based economy. As has been mentioned earlier, currently it is the technological progress that lays the foundation for building one's competitive position on the global market. Economies in highly-developed countries, where the

⁶² Z.W. Puślecki, M. Walkowski, *op. cit.*, p. 9.

tertiary sector plays a major role, construct their competitiveness also on the basis of state-of-the-art services. The Lisbon Strategy presented a long-term program for the EU, including both of these important elements of the competitiveness of highly-developed economies. According to the decisions adopted by the Council of the European Union in Lisbon, in the decade of 2000-2010, the EU was supposed to become more competitive, dynamic, sustainable and knowledge-based global economy, which would create more employment and promote social coherence.⁶³ This general objective was to be supported by the creation of the European Area Research and Innovation and increased expenses for research and development of technology. In order to achieve this target, European authorities pursued many activities to promote information society and an environment friendly for the creation and development of innovative companies, to improve productivity and accelerate the creation of new products, etc. However, it needs to be underlined that the efficiency of such activities varied, for instance with regard to differences in R&D expenses among particular EU countries.⁶⁴ However, the failure to increase R&D financing was not the only symptom of the difficulties that the EU experienced in implementing its economic competitiveness programs; other activities targeted at the services market were also unsuccessful.

The basic objective set out in the Lisbon Strategy was to use the existing potential of the European Union in a more efficient way. The EU holds growth reserves in the form of, for instance, the idea of a uniform market, especially with regard to movement of services, which was never fully implemented.⁶⁵ This is why the Lisbon European Council declared that by the end of 2000 a strategy of eliminating barriers to the free movement of services needed to be adopted in order, among others, to increase the employment in this sector.⁶⁶ In July 2002, the Commission published a report on the state of the internal market of services, which provided a detailed description of legal and extralegal barriers hindering the movement of services in the EU internal market.⁶⁷

In order to accelerate the liberalization of the tertiary sector in the EU, the European Parliament and the Council prepared a draft Directive on ser-

⁶³ „Lisbon European Council”, *Bulletin of the European Union* 2000, vol. 3, <http://europa.eu.int/abc/doc/off/bull/en/200003/sommai00.htm>, retrieved: 8.08.2012.

⁶⁴ This category of EU expenses was supposed to have reached 3% GDP by 2010.

⁶⁵ Cf. E. Haliżak, „Strategia Lizbońska – globalna strategia poprawy konkurencyjności gospodarczej Unii Europejskiej”, in: E. Haliżak, R. Kuźniar, J. Symonides (eds.), *Globalizacja a stosunki międzynarodowe*, Warsaw 2003, p. 112–130.

⁶⁶ *An Internal Market Strategy for Services*, 29.12.2000, European Communities COM(2000) 888 final.

⁶⁷ *Report from the Commission to the Council and the European Parliament on the State of the Internal Market for Services Presented Under the First Stage of the Internal Market Strategy for Services*, Commission of the European Communities, Brussels, 30.07.2002, COM(2002) 441 final.

vices in the internal market⁶⁸, presented by the Commission on 13th January 2004. This directive was supposed to facilitate the removal of the last protectionist barriers that blocked access to domestic markets of services, in this way accomplishing the EU's basic principle of free movement of services.⁶⁹ The draft document strived to regulate and liberalize the services trade to an unprecedented extent. Its main objective was to ensure legal frames to eliminate various obstacles faced by service providers who wanted to set up companies and other impediments hindering the free movement of services between EU member states. According to the directive, the free movement of services was to be achieved by: the country of origin principle; the right of consumers to use services provided by other member states without any limitations resulting from the restrictive measures imposed by their country or from the discriminatory approach of public authorities or private operators; a mechanism of supporting consumers who use services provided by an operator based in other member state or in the case of delegating employees in the context of providing services by sharing tasks between the employee's original member state and the country to which they have been delegated. On the other hand, in order to eliminate the obstacles hindering the freedom of establishing enterprises, the proposal provided for, among others, the introduction of administrative measures to simplify procedures. In particular, the draft stipulated the establishment of "single points of contact", thanks to which service providers would be able to accomplish all administrative procedures concerning their businesses.⁷⁰

Despite many expert opinions which pinpointed the benefits connected with the liberalization of the services market, the Bolkestein directive failed to find much endorsement in the European Parliament, which on 16th February 2006 passed its own version of the Directive.⁷¹ In the first reading, the Parliament overturned all those provisions of the Commission's draft that

⁶⁸ The so-called Bolkestein directive, from the name of the European Commissioner for Internal Market and Services, Frits Bolkestein, of Romano Prodi's Commission.

⁶⁹ J. M. Schichtling, „Die Dienstleistungsrichtlinie“, *Europäische Zeitschrift für Wirtschaftsrecht* 2005, Heft 16, p. 238.

⁷⁰ *Proposal for a Directive of European Parliament and the Council on Services in the Internal Market for Services*, Commission of the European Communities, 13.01.2004, COM(2004) 2 final.

⁷¹ Cf. Austrian Federal Ministry of Economics and Labour, *Lisabon Vertiefen: Studien zu Produktivität, Dienstleistungen und Technologien*, Vienna 2005, http://europa.eu.int/comm/internal_market/services/docs/services-dir/studies/deepening_lisbon_studiesbmwa_vienna_2006_en.pdf, *Copenhagen Economics, Economic Assessment of the Barriers to the Internal Market for Services, Final Report*, København 2005; H. Kox, A. Lejour, *The Effects of Policy Heterogeneity on Trade and Investment in Services: Empirical Analysis for the EU*, Hague 2004; H. Kox, A. Lejour, R. Montizaan, *Intra-EU Trade and Investment in Service Sector, and Regulation Patterns*, Hague 2004; H. Kox, A. Lejour, *Regulatory Heterogeneity as Obstacle for International Service Trade*, Hague 2005.

could guarantee actual freedom of movement of services, including the country of origin principle.

The two largest political forces in the EPP-ED European Parliament (European People's Party and European Democrats) and the PES (Party of European Socialists) reached a compromise which replaced this rule with the principle of the freedom to provide services. In other words, the right to provide services in a different member state was indeed confirmed, but the directive failed to indicate which country's law should apply to the service provided. In comparison with the draft elaborated by the Commission, the final bill broadened the choice of potential requirements that the country of destination may impose on service providers in order to hinder their access to their market. The ambitious plan of the Commission was therefore not accomplished, as many member states were not yet prepared to fully expose their tertiary sector to the competition of other EU countries. However, in view of the rising power of China, which not only systematically works towards greater technological progress but also builds its potential in the area of services, the priorities presented in the Lisbon strategy in terms of the development of European competitiveness still remain relevant, although the EU needs to improve its efficiency in terms of the way in which these plans are implemented by the organization as a whole and by particular member states.

When it comes to building the EU's competitive edge over China, it is worthwhile to consider the means of protecting European producers against the excessive inflow of cheap, Chinese goods. The way in which China has affected global trade since 2001 has been arguably destabilizing. The PRC has used its membership in the World Trade Organization very effectively in order to strengthen its economic position. Analyses of the effects of China's trade expansion since 2001 lead to the conclusion that highly-developed countries made a mistake when they decided to accept the PRC into WTO without any additional conditions regarding the currency exchange rate.⁷² Once China did join the organization, its partners reduced customs duties on Chinese products, helping the country expand its export on a large scale. In the meantime, the PRC introduced an aggressive policy of monetary protectionism, undervaluing its currency, thanks to which it gained a significant advantage on the international market. On the other hand, it was exactly because of this currency policy that China's economic partners did not benefit as much from the liberalization of trade connected with the PRC's accession to WTO. The following example illustrates the situation quite well: if China keeps the yuan's exchange rate two times lower than it should be, it could as well grant an export subsidy of 50% value of the exported product,

⁷² A. Brunet, J.P. Guichard, *Chiny światowym hegemonem? Imperializm ekonomiczny Państwa Środka*, Warsaw 2011, p. 310.

while imposing a 100% duty on import.⁷³ However, the EU has an important instrument protecting it from this type of practices: it has still not granted China the status of a market economy, which enables it to employ protective measures when importing goods from this country. As a result, China is not treated in the same way as other WTO members, with differences visible in particular with regard to anti-dumping and anti-subsidy proceedings. Pursuant to the protocol confirming China's accession to the World Trade Organization, member states resorting to anti-dumping and anti-subsidy proceedings may treat the PRC as a non-market economy for an interim period of 15 years, i.e. until the end of 2016.⁷⁴ This approach allows for a considerable leeway in dealing with economic partners during anti-dumping proceedings. In such a case, the normal value is not established based on real sales prices or manufacturing costs but rather on the basis of prices and costs borne by producers from a selected third country.⁷⁵ As a result, China is the third country most often accused of dumping and the main object of dumping suits filed by European states. The PRC had agreed to the above-mentioned conditions concerning its accession to WTO, but only two years later it launched its first diplomatic attempts to obtain the market economy status. This issue is also very much present in the European Union – China relations. In September 2003, China requested the European Commission to grant it the status of a market economy. From then on, the state of Chinese economy (and other non-market economies) is subject to a bi-annual review. However, so far the negotiations have failed to change the EU's position on the subject. This purely economic issue has also acquired a political and strategic meaning in recent years, which is why the two parties have cooperated since 2007 to elaborate a new framework agreement (EU-China Partnership and Cooperation Agreement).⁷⁶ This is also a good opportunity to work on solutions that would limit the monetary protectionism in China, as neither WTO nor the International Monetary Fund offers any protections measures when it comes to the country's currency policy. The WTO focuses only on eliminating customs protectionism, while the IMF accepts the Chinese currency exchange system.

⁷³ Ibid., p. 316.

⁷⁴ WTO, *Accession of the People's Republic of China. Decision of 10 November 2001*, WT/L432, Article 15.

⁷⁵ In the case of anti-dumping proceedings against China, reference countries included, among others: Singapore, United States, India, Mexico, Canada, Turkey, Poland.

⁷⁶ E. Halizak, „Geoekonomiczny trilateralizm UE-USA-Chiny: logika konfliktu i współpracy”, in: E. Halizak (ed.), *Geoekonomia...*, p. 725-726.

6. Conclusions

China's unquestionable economic success and its position in the world's economy result from the effective reformed pursued since the need of the 1970s and its final opening up to global trade. As a country, it has managed to use the effects of globalization initiated by highly-developed states to its fullest advantage⁷⁷, as can be seen on the example of Chinese economic indicators. China also proved quite resilient to the Western-induced global economic crisis. Not only did it not succumb to recession but after a temporary slowdown it was quick to re-embark upon the path of development faster than other highly-developed economies (USA, EU, Japan).

The main factors determining the development of China's competitive position over three decades of its economic transformation include: high economic growth rate; sustainably high investment rate; pro-export economic policy (positive trade balance, positive current account balance, the biggest global foreign exchange reserves); domestic currency exchange level fixed at an export-friendly level, balanced public finance, high expenses on R&D. China also derives its growing competitiveness to a large extent from the dynamic inflow of foreign direct investment.⁷⁸

As for now, it is difficult to gauge how the new economic growth strategy for 2011-2015, with its focus on expanding domestic consumption and gradual movement from pro-export to pro-import policy, will affect the international competitiveness of the Chinese economy. According to Edward Halizak, its framework serves as a basis for more geonomically-minded activities, since access to the Chinese market may be used instrumentally in geonomic categories in order to obtain new technologies or lower import prices. In this manner, the new program for China's trade policy may help further modernize the economy. Actually, even now foreign companies are ready to share their knowledge of management, marketing and technologies in order to access the Chinese economy by entering into joint-ventures, a type of activity preferred by the PRC.⁷⁹

It is also necessary to underline that in the next few years, the dynamically developing China and the growing competitiveness of its economy will present, and already do, a major challenge to the traditional leaders of the global economy.

⁷⁷ More broadly: Kunwang Li, Xiaosong Wang, *China's foreign trade: trends and issues after WTO accession*, in: Chunlai Chen (ed.), *China's Integration with the Global Economy, WTO Accession, Foreign Direct Investment and International Trade*, Northampton 2009, p. 19-36.

⁷⁸ Cf. Yue Qu, Fang Cai, "Understanding China's Workforce Competitiveness: a Macro Analysis", *Journal of Chinese Human Resource Management* 2011, vol. 2, p. 8-22.

⁷⁹ E. Halizak, *Geoeconomiczna strategia...*, op. cit., p. 609-610.

On the External Energy Policy of the PRC as a Determinant in the EU-China Relations

1. Introduction

The long-lasting and uncharacteristically high economic growth in the People's Republic of China (on average 10% GDP growth per annum), which started in 1978 with the so-called Deng Xiaoping era, has had a deep impact on the Middle Kingdom's need for energy. In 1980, Chinese energy consumption equaled 602.8 million tce¹; in 1990, the number rose to 987 million tce; in 2000, it reached 1,385.5 million tce, while ten years later the total demand amounted to 3,500 million tce.²

According to the data of the International Energy Agency (IEA) for 2009, published in mid 2010, the People's Republic of China has become the largest consumer of energy in the world, outstripping the USA which had for a long time held this very title. Even though the Chinese themselves³ questioned the credibility of this data, the high position of the PRC on the global list of energy consumers does not give rise to any doubts, since the country occupied

¹ Tce (*ton of coal equivalent*) – a conventional value based on the amount of energy released by burning one ton of coal.

² Cf. Embassy of the Republic of Poland in Beijing, Department of Economy, *Polityka energetyczna w Chińskiej Republice Ludowej*, <http://www.pekin.polemb.net/files/doc/Wydzial%20Ekonomiczny/Polityka%20energetyczna%20Chin.pdf>, retrieved: 26.09.2011; Bo Zhiyue, "China's New National Energy Commission. Policy Implications", *EAI Background Brief* 2010, No. 504, p. 1, <http://www.eai.nus.edu.sg/BB504.pdf>, retrieved: 26.09.2011; *China's Energy Consumption Rises*, <http://online.wsj.com/article/SB10001424052748704615504576171922168262078.html>, retrieved: 28.07.2012; *BP Statistical Review of World Energy* (hereinafter: *BP Statistical Review...*), June 2012, p. 40, http://www.bp.com/assets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/statistical_review_of_world_energy_full_report_2012.pdf, retrieved: 17.07.2012; *World Energy Consumption in 2011* (hereinafter: *World Energy Consumption...*), <http://yearbook.enerdata.net/>, retrieved: 28.07.2012.

³ S. Oster, *We're Not No. 1 (In Energy)!*, <http://blogs.wsj.com/chinarealtime/2010/07/20/weAre-not-no-1-in-energy/>, retrieved: 17.09.2011.

the second place in such rankings already in 2003.⁴ The British Petroleum, which among others monitors the global energy market, argued that in 2010 China represented 20.3% of the world's energy consumption. According to IEA's 2009 data, China consumed 2,252 billion toe (ton of oil equivalent⁵), while the US used up only 2,170 billion toe.⁶ Various estimates for 2011 situate the PRC's energy consumption at a level ranging from 2,613 to 2,648 billion toe.⁷ In the first years of the 21st century, China was responsible for almost half of the global energy consumption growth in this period and over ¼ of the growth of global demand for crude oil (exactly 27%).⁸

The PRC is therefore starting to notice the significance of energy security for its own development, and hence feels the need to acquire reliable sources of raw materials. As soon as in 1980, Deng Xiaoping said that "Energy is the priority issue in economy"⁹, while at the turn of the 20th and 21st century, Zheng Bijian, advisor to the paramount leader Hu Jintao, quoted interrupted delivery of resources as one of the three basic challenges to the country's peaceful growth in the century ahead.¹⁰ Today, the quest to acquire energy resources constitutes one of the most important aspects of the PRC's presence in the international arena.

China's hunger for natural resources and its external initiatives in the field of energy present a significant challenge for the European Union, itself in the midst of debating the shape of its own energy policy. So far, the attention of EU's policymakers and members states has mostly been directed to Russia and its activities in this area; however, it seems that in the coming years the People's Republic of China may become as important a determinant for the European energy landscape. This issue is all the more important in the context of the EU's need to define the rules of its own external energy policy and to regulate its relations with China.

The aim of this chapter is to determine the significance of the PRC's actions in the field of energy policy for the EU-China relations. The article attempts at defining the main areas of cooperation and tension between the two actors and their consequences. The hypothesis assumes that the EU-PRC

⁴ E.S. Downs, *China* (The Brookings Foreign Policy Studies, Energy Security Series), The Brookings Institution, Washington 2006, p. 1.

⁵ Ton of oil equivalent (toe) determines an equivalent of one metric ton of crude oil with a net calorific value of 10 thousand kcal/kg.

⁶ S. Swartz, S. Oster, *China Tops U.S. in Energy Use*, <http://online.wsj.com/article/SB10001424052748703720504575376712353150310.html>, retrieved: 16.09.2011.

⁷ *BP Statistical Review...*, p. 40; *World Energy Consumption...*

⁸ E.S. Downs, *China*, p. 6.

⁹ Mudje Mumin, *China's Energy Investments in Central Asia: Achilles Heel for Economic Growth?*, September 2008, <http://magazine.mining.com/issues/0810/ChinaEnergyCentral-Asia.pdf>, retrieved: 1.11.2011

¹⁰ Zhao Suisheng, "China's Global Search for Energy Security: Cooperation and Competition in Asia-Pacific", *Journal of Contemporary China* 2008, iss. 55, p. 208.

relations in terms of energy policy may be broken down into two spheres: that of cooperation and competition. The most important issues which could possibly become elements of cooperation between the two entities include: energy efficiency and renewable energy (RE) sources and the preoccupation that energy resources may be used to attain political goals. The two entities however diverge in terms of access to sources of energy, which makes them compete in various areas of the world.

The question of the impact that the PRC's external energy policy has on the relations with the EU is worth analyzing first of all because of the fact that the Chinese state is viewed by some scholars and commentators as a source of potential tensions in international relations. Analysts are preoccupied with the PRC's ambitions to become a superpower, especially now that the world is becoming increasingly dependent on Chinese economy. China's demand for energy can be noticed on a global scale, which not only contributes to the increasing prices of energy resources on the global markets, but also strengthens the competition for energy carriers on certain continents. This situation is also a cause for uncertainty for policymakers in the EU, since the PRC has also entered markets which so far have been perceived as belonging to the European area of influence. With the European energy needs and EU's new energy policy in sight, the rivalry and cooperation grow in importance, especially in the context of the limited amount of energy sources. After the experience of the 1973 oil crisis, it has been evident that limiting the access to foreign energy resources may constitute a powerful political instrument in the hands of some countries. Overcoming such limitations is therefore one of the most important elements when constructing the country's security strategy, which is why the study of energy policy has become an important part of political science.

This paper concentrates on the Chinese side of the equation since it has been much less analyzed in European literature. The study commences with an analysis of the PRC's energy situation and its high significance from the perspective of the EU's and China's debate on energy efficiency and the PRC's activity in the international arena. The next section studies the issues connected with the use of energy resources as an element of political power, which is vital for the structure of Beijing's energy policy. The final and also the most extensive part of the paper analyzes the PRC's activity in selected areas of the world and the meaning of such initiatives for the EU-China relations.

The author based its analysis on the articles published by organizations monitoring the energy sector (e.g. International Energy Agency, U.S. Energy Information Administration, World Nuclear Association) and press releases. The paper also refers to other, ever more numerous, analyses and articles published in academic journals to discuss the topic of the PRC's presence in various areas of the world.

However, it needs to be borne in mind that the study of any contemporary policy energy, including that of the People's Republic of China, is sub-

ject to the risk of outdatedness which results from the enormous dynamics of changes in this sector and reservations as to the credibility of some of the sources, especially those which draw on the data published by the Chinese authorities. One also needs to account for the particularities of the institutions, ideology and demography in the Middle Kingdom.¹¹

2. Area 1 – Energy Efficiency and Renewable Energy Sources

In the last few years, the EU's political agenda has been preoccupied with climate change. It has also been one of the more important stimuli for the European energy policy. The EU, true to its own political vision, is trying to encourage the PRC to increase its energy efficiency and to use renewable energy sources (solar power, wind power, geothermal energy, wave power, biomass, hydropower, etc.), arguing that such sources of energy help protect the environment. At the same time, the EU is a key investor in the area of research and development of "clean" energy technologies. In view of its low efficiency in terms of industrial-use energy, China is interested in learning about the experience of European countries and the technologies they use, however, it is motivated more by the determination to lower energy consumption (and thus boost its energy security) and carbon dioxide emissions (smog in the cities) than by the will to preserve the natural environment. Nevertheless, the EU-PRC relations within the context of energy efficiency constitute one of the six priority sectors in the energy dialogue.¹² According to the 2006 Communication from the European Commission entitled *EU – China: Closer partners, growing responsibilities*, on issues such as "energy, the environment and climate change, respect for international social standards, development assistance, as well as wider macroeconomic issues, the EU and China should ensure close international co-operation"¹³.

The question of the energy efficiency in the Chinese economy may shape its relations with the EU not only in view of the EU's international campaign

¹¹ These aspects of research challenges were quoted on several occasions by Professor Edward Haliżak. See, among others: E. Haliżak, „Polityka zagraniczna ChRL: uwarunkowania decyzyjne i wizje rzeczywistości międzynarodowej”, in: *Chiny. Przemiany państwa i społeczeństwa w okresie reform 1978–2000*, K. Tomala (ed.), Warsaw 2003.

¹² The other areas of this long-standing dialogue, which goes back to 1994, include: renewable energy, power systems, pure coal, nuclear energy and energy law: cf. *External Dimension: China*, http://ec.europa.eu/energy/international/bilateral_cooperation/china/china_en.htm, retrieved: 23.10.2011

¹³ European Commission, "Communication from the Commission to the Council and the European Parliament "EU – China: Closer partners, growing responsibilities", [COM(2006) 631 final version], Brussels 24.10.2006, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0631:FIN:EN:PDF>, retrieved: 4.09.2012.

to reduce pollution, but also because of the potential trade and exchange of know-how in this area. One should also note the surge in “green technology” prices on the international markets caused by the growing Chinese demand for such innovations.

In order to analyze the energy efficiency and, more broadly, to discuss the impact of the external energy policy on the relations with the European Union, one needs to look into China’s internal situation in terms of energy. The PRC can cover approximately 90% of its own demand from domestic resources. However, it does not warrant its energy security, since China attains such a high balance only because its economy is largely dependent on coal.¹⁴ According to the plan, this dependence should have decreased by 2020 (from approximately 70% share of coal in the energy mix in 2009 to 61% in 2020¹⁵). At the same time, the share of crude oil, gas, hydropower and nuclear power in the country’s fuel mix will slightly increase.

In 2010, China extracted an impressive amount of ca. 3.2-3.5 billion tons of coal. Although the PRC is the main producer of this raw material in the world (in 2011 Chinese coal production accounted for 49.5% of global extraction), and its proven coal reserves rank third in the world in terms of volume (after the USA and Russia)¹⁶, already in 2007-2009 the extraction level failed to satisfy the country’s fuel demand, with import soaring up to 90-100 billion tons in 2011.¹⁷

The People’s Republic of China is also an important producer of oil (fifth in the world¹⁸). According to January 2011 data, proven oil resources in the PRC equaled 20.4 billion barrels¹⁹. Even so, as much as a half of the petroleum consumed in the PRC is now imported from abroad, with estimations

¹⁴ With regard to the production of electricity, 81% comes from coal. Cf. *2010 Survey of Energy Resources*, p. 3.

¹⁵ G.C.K. Leung, “China’s Energy Security. Perception and Reality”, *Energy Policy* 2011, March, vol. 39, iss. 3, p. 1331, <http://www.sciencedirect.com/science/article/pii/S0301421510008864>, retrieved: 26.09.2011 Cf. U.S. Energy Information Administration, *Country Analysis Briefs: China* (hereinafter: *Country Analysis Briefs: China*), <http://205.254.135.24/countries/cab.cfm?fips=CH>, retrieved: 18.07.2012.

¹⁶ Chinese stocks amount to 114.5 billion tons, i.e. 13.3% of the global reserves. Cf. World Energy Council, *2010 Survey of Energy Resources* (hereinafter: *2010 Survey of Energy Resources*), p. 11 and 23, http://www.worldenergy.org/documents/ser_2010_report_1.pdf, retrieved: 17.09.2011 and *BP Statistical Review...*

¹⁷ *China Coal Imports to Double in 2015, India Close Behind*, <http://www.reuters.com/article/2011/05/30/us-coal-asia-idUSTRE74T2Q220110530>, retrieved: 27.09.2011

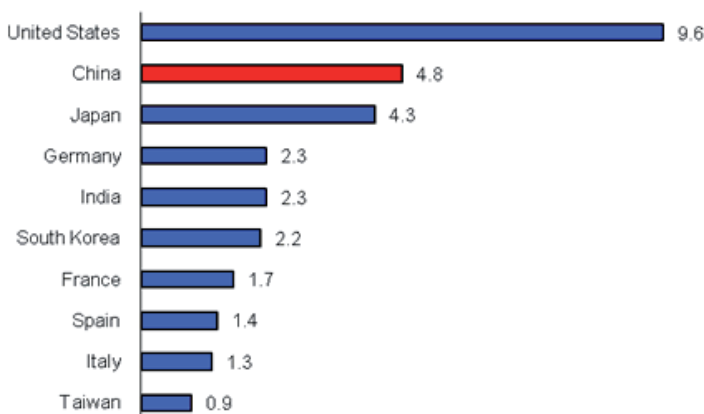
¹⁸ The World Factbook, *Oil Production*, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2173rank.html>, retrieved: 16.09.2011

¹⁹ *Country Analysis Briefs: China*. According to CIA data quoted after the U.S. Energy Information Administration, in 2011 China possessed 20.35 billion oil barrels (The World Factbook and *Country Analysis Briefs: China*), while the sources quoted by the BP group indicated a level of 14.7 billion oil barrels as at the end of 2011 (*BP Statistical Review...*, p. 6).

showing that by 2020 the import need may rise even to 80%²⁰ (ranging from 10 to almost 14 million barrels per day). In 2011, China produced approximately 4.07-4.09 million barrels of oil per day, consuming 9.6-9.8 million.²¹

Since 2004, China had been the third largest importer of oil in the world (after the US and Japan; if one were to treat the EU as one state, like in CIA's reports, the Union would have been the third largest global petroleum importer in 2008, while China would have held the fourth position²²), but already in 2008 it started outstripping the runner-up, Japan. According to the data published by the U.S. Energy Information Administration, in 2011 the PRC imported 5.48 million barrels of oil per day.²³

Graph 5. Top ten petroleum importers in the world in 2010 (in million barrels of oil per day).



Source: U.S. Energy Information Administration, *Country Analysis: China*, <http://www.eia.gov/countries/cab.cfm?fips=CH>, retrieved: 17.07.2012.

This data is all the more striking because in 1993 China had still been self-sufficient in covering its oil demand. It had taken just a little over a decade for the Middle Kingdom to reach the third position in the rankings of global petroleum importers, and just a few years later the country ranked second.

One of the most important challenges that the Chinese government now faces is the construction of strategic petroleum reserve tanks, since China is one of the very few major importers which do not have their own significant oil reserves (most developed countries maintain at least 90-day

²⁰ E.S. Downs, *China*, p. 10–11.

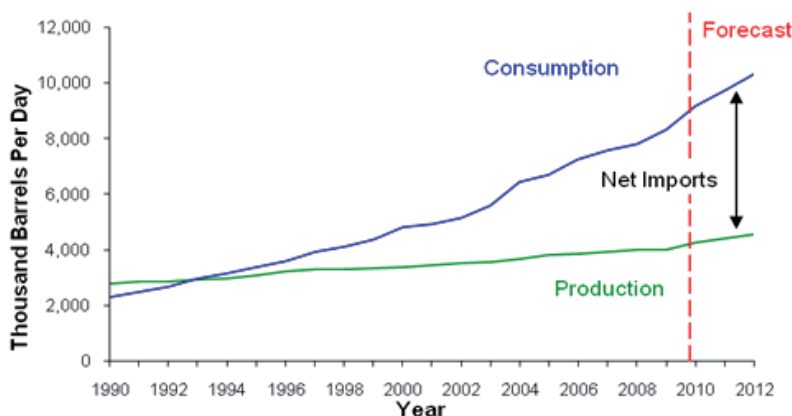
²¹ *BP Statistical Review...*, p. 8-9 and *Country Analysis Briefs: China*.

²² *The World Factbook, Oil Production...*

²³ *Country Analysis Briefs: China*.

mandatory reserves).²⁴ In 2004, the authorities initiated the first stage of the oil-reserve program presented in the tenth five-year plan for 2001-2005.²⁵ To this end, China began building tanks at four sites, including Zhenhai, Zhoushan, Huangdao and Dalian. The first stage of the construction of the strategic petroleum reserves was scheduled to enable China to keep 30-day oil reserves by 2010. The National Energy Administration declared that after this part of the works had been completed, eight other national bases and commercial tanks would be built in two phases in order to stock 90-day petroleum reserves (over 684 million barrels) by 2020 (the second phase should alone increase China's strategic capacity to 281 million barrels).²⁶

Graph. 6. Production and consumption of crude oil in China in 1990-2012



Source: U.S. Energy Information Administration, *Country Analysis: China*, <http://www.eia.gov/countries/cab.cfm?fips=CH>, retrieved: 17.07.2012.

When it comes to natural gas, energy mix perspectives also present some challenges. According to 2011 data, China holds 107 trillion cubic feet proven

²⁴ Zhang Jian, *China's Energy Security: Prospects, Challenges, and Opportunities*, Washington 2011, p. 20, http://www.brookings.edu/~media/Files/rc/papers/2011/07_china_energy_zhang/07_china_energy_zhang_paper.pdf, retrieved: 7.10.2011.

²⁵ Embassy of the Republic of Poland in Beijing, Department of Economy, *Polityka energetyczna...*, p. 6; Zhou Moming, *China's Oil Reserve Build-Up Adds to Global Demand*, <http://www.marketwatch.com/story/chinas-oil-reserve-build-up-adds-more-fuel-to-oil-prices>, retrieved: 27.09.2011 Cf. Xu Yi-Chong, "China's Energy Security", *Australian Journal of International Affairs* 2006, June, vol. 60, no. 2, p. 279.

²⁶ Zhang Jian, *China's Energy Security...*, p. 20; *China's Energy Security: Strategic Petroleum Reserves*, <http://www.chinasourcingblog.org/2009/10/chinas-energy-security-strateg.html>, retrieved: 28.07.2012.

stocks of natural gas (which accounts for ca. 3% of global stocks).²⁷ Meanwhile, China extracted 3.63 tcf of gas in 2011 only, and consumed 4.62 tcf.²⁸

At the same time, Chinese authorities drew up an ambitious plan of reaching 10-12% share of natural gas in the country's energy mix by 2020. However, experts say that in realistic terms the Chinese will be able reach only a 5% natural gas share by this time²⁹ (by 2035 this proportion will increase to 6%). At the same time, estimates show that by 2020 the demand for natural gas will have grown to 6.28, while domestic resources will be able to provide only 3.0 tcf. In 2035, China will consume 9.7 tcf, extracting only ca. 5.6 tcf at home.³⁰

It is therefore estimated that in 2020 China will be forced to import 52-70% of its own demand for natural gas (in this case, data diverges more than with regard to petroleum).³¹ This is one of the reasons why the Chinese have also started looking into the shale gas option.³²

The increasing importance of natural gas in China's energy structure stems from the necessity to reduce air pollution caused by enormous emissions of dust and various oxides from traditional fossil-fuel power stations.³³ Chinese cities are among some of the most polluted agglomerations on earth. The World Bank estimates that in 2007 alone the polluted air led to the premature deaths of 350-400 thousand people.³⁴ Therefore the importance of natural gas will surge both in the energy mix of the European Union and the PRC.

In the decade of 2025-2035, China will become less dependent on imported gas (while in 2020 imported gas will account for 52% of the total consumption, it is estimated that by 2035 the figure will have dropped to 43%)³⁵, thanks to the development of the infrastructure that serves to acquire gas from domestic stocks.

So far, nuclear plants have held little significance in Chinese energy production (1.85% of the total production). In mid 2012, the PRC possessed sixteen

²⁷ *Country Analysis Briefs: China*. The BP group also quotes similar values, cf. *BP Statistical Review...*, p. 20.

²⁸ *BP Statistical Review...*, p. 23-24. Similar values are quoted by the U.S. EIA (*Country Analysis Briefs: China*).

²⁹ *International Energy Outlook 2011*, http://205.254.135.24/oiaf/ieo/nat_gas.html, retrieved: 18.09.2011.

³⁰ *Ibid.*

³¹ E.S. Downs, *China*, p. 11.

³² More on the plans of using shale gas and its resources in China in: B. Wiśniewski, "Perspektywy rozwoju branży gazu łupkowego w Chinach", *Biuletyn PISM*, iss. 112, December 6, 2011.

³³ The PRC is responsible for the largest amount of greenhouse gas emissions. D.H. Rosen, vol. Houser, *What Drives China's Demand for Energy (and What It Means for the Rest of Us)*, p. 26, http://csis.org/files/media/isis/pubs/090212_02what_drives_china_demand.pdf, retrieved: 28.07.2012

³⁴ A.B. Kennedy, "China's New Energy-Security Debate", *Survival* 2010, June-July, Vol. 52, No. 3, p. 145.

³⁵ *International Energy Outlook 2011*.

operational reactors, while twenty-six other were still under construction.³⁶ Their total capacity equals 10.8-11.3 GW. However, by 2020 the Chinese want to attain a 5-6% nuclear share in the country's energy structure, with the calculations assuming that nuclear stations will be bringing even 70-86 GW of energy.³⁷ The plans for 2030 are even more ambitious, with the authorities quoting 200 GW (16% of the country's total energy production³⁸). As can be seen, the demand for uranium, which is used in nuclear plants, will increase dynamically. Although in 2010 it was still worth 2,875 tons, in the following year the proportion soared up to 4,402 tons.³⁹ The Fukushima disaster in Japan from the beginning of 2011 did little to alter Chinese projects⁴⁰, although the authorities did choose to control security standards in existing stations as well as those still under construction.⁴¹

China can cover only up to a half of its own uranium demand from domestic sources. In 2009, it extracted 750 ton of the element; a year later the figure rose to 827⁴², which accounts for roughly 1.5% of global extraction levels.

Having analyzed the above data concerning the use of nonrenewable energy sources, we can see why the People's Republic of China is becoming more and more interested in increasing the share of renewable energy

³⁶ *People's Republic of China: Nuclear Power Reactors*, <http://www.iaea.org/PRIS/CountryStatistics/CountryDetails.aspx?current=CN>, retrieved: 17.07.2012

³⁷ *Nuclear Power in China*, <http://www.world-nuclear.org/info/inf63.html>; Lu Daogang, "The Current Status of Chinese Nuclear Power Industry and Its Future", *E-Journal of Advanced Maintenance* 2010, Vol. 2, No. 1, <http://www.jsm.or.jp/ejam/Vol.2.No.1/GA/12/article.html>, retrieved: 19.09.2011 and *China Ups Targeted Nuclear Power Share from 4% to 5% for 2020*, http://news.xinhuanet.com/english/2008-08/05/content_8967806.htm, retrieved: 19.09.2011.

³⁸ Cf. *ibid*.

³⁹ *World Nuclear Power Reactors & Uranium Requirements*, <http://world-nuclear.org/info/default.aspx?id=27082>, retrieved: 19.09.2011.

⁴⁰ *Country Analysis Briefs: China*. After the accident in Fukushima, Japan, the Chinese temporarily suspended their nuclear development program. However, unlike some other countries, the PRC does not intend to step away from nuclear energy in the long run.

⁴¹ China started an inspection of nuclear projects and existing installations. Cf. M.-H. Schwoob, "Re-examining Nuclear Power after Fukushima", in: *China's Missing Energy Debate*, "China Analysis" 2011, http://www.ecfr.eu/page/-/China%20Analysis_Chinas%20missing%20energy%20debate_June2011%20%282%29.pdf, retrieved: 19.09.2011; *China Freezes Nuclear Plant Approvals*, <http://edition.cnn.com/2011/WORLD/asiapcf/03/16/china.nuclear/?hpt=T2>, retrieved: 19.09.2011; *Will China's Nuclear Nerves Fuel a Boom in Green Energy?* <http://www.channel4.com/news/will-chinas-nuclear-nerves-fuel-a-boom-in-green-energy>, retrieved: 19.09.2011; *China's Nuclear Energy Program Post-Fukushima*, <http://chinabystander.wordpress.com/2011/03/16/chinas-nuclear-energy-program-post-fukushima/>, retrieved: 19.09.2011; Ch. Oliver, *China Suspends Waterfront Nuclear-Power Approvals*, <http://www.marketwatch.com/story/china-suspends-waterfront-nuclear-power-approvals-2011-04-06>, retrieved: 19.09.2011.

⁴² World Nuclear Association, *World Uranium Mining*, <http://www.world-nuclear.org/info/inf23.html>, retrieved: 19.09.2011.

sources (hydropower, wind, solar power) in the country's energy mix on the one hand, and developing the efficiency of energy use on the other. In its last (twelfth) five-year plan, this time for 2011-2015⁴³, the PRC proclaimed an increase of RE share in the country's energy makeup and energy efficiency development.⁴⁴ Although in 2006-2010, China managed to lower energy consumption by 19.1 per GDP, by 2015 the authorities anticipate an increase in efficiency by further 16-17%.⁴⁵

As can be seen, the debate that has been going on in the international arena in recent years is not the only reason why Beijing is working on the renewable energy sources infrastructure and increasing the country's energy efficiency. By reaching 380 GW of hydropower and 20 GW of solar power⁴⁶ by 2020, and by 2015 100 GW of wind power⁴⁷ (at this time, i.e. by 2015, solar power station should bring 10 GW of energy⁴⁸), or increasing the share of biomass energy several times, the country wants to become less dependent on foreign supplies of energy resources and lower the pollution of natural environment.

After in 2005 Hu Jintao had outlined a plan of stricter energy saving measures and after several strategic documents had been adopted (including, among others, five-year plans), in 2007 the Chinese started investing large sums in the development of renewable energy sources. The largest proportion of Chinese renewable energy now comes from hydroelectric power stations, which in 2010 produced 721 TWh of electricity.⁴⁹ In terms of acquiring electricity from hydropower, the PRC is definitely a global leader.

Hydroelectric station capacity in China towards the end of 2011 equaled 220 GW, and according to government's plans, by 2020 it should attain the level of 380-400 GW. The largest hydroelectric plant in China (which is at the same time the world leader in terms of installed capacity) is the Three Gorges Dam that spans the Yangtze River. It was commissioned in 2006,

⁴³ Even before the twelfth five-year plan had been passed, China thought about the development of renewable energy sources. Cf. Joseph Y.S. Cheng, *China's Energy Security and Energy Diplomacy*, p. 10-11, http://rc41.ipsa.org/public/Santiago_2009/China.pdf, retrieved: 9.10.2011.

⁴⁴ D. Seligsohn, A. Hsu, *China Releases 12th Five Year Plan*, <http://www.sustainablebusiness.com/index.cfm/go/news.display/id/22006>, retrieved: 14.10.2011.

⁴⁵ J. Qiu, *China Announces Energy-Saving Plans*, <http://www.nature.com/news/2011/110304/full/news.2011.137.html>, retrieved: 28.07.2012.

⁴⁶ Zhang Qi, *China Hikes 2011 Solar Power Target*, http://www.chinadaily.com.cn/bizchina/2009-07/03/content_8350947.htm, retrieved: 19.09.2011.

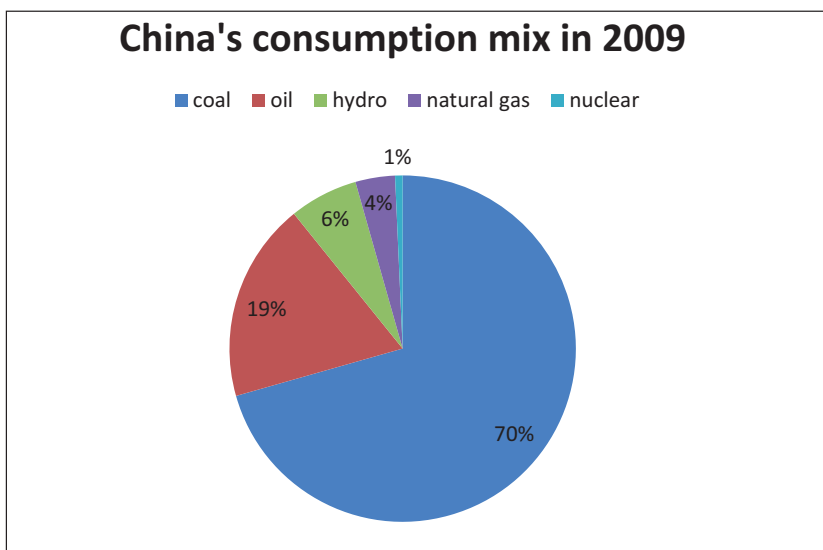
⁴⁷ *China Revises Up 2015 Renewable Energy Goals. Report*, <http://www.reuters.com/article/2011/08/30/us-china-energy-renewable-idUSTRE77T0CM20110830>, retrieved: 19.09.2011. Cf. *Country Analysis Briefs: China*.

⁴⁸ *China Revises Up 2015 Renewable Energy Goals...*

⁴⁹ *Use and Capacity of Global Hydropower Increases*, <http://www.worldwatch.org/node/9527>, retrieved: 17.07.2012.

although it has yet to become fully operational, and some related projects are still under construction. The total capacity of two 700-MW generators should reach a maximum of 22.5 GW.⁵⁰ The Three Gorges Dam reduces the amounts of carbon dioxide vented into the atmosphere and is a vital contribution to the country's energy security since every year it helps China reduce its coal consumption by 31 million tons.

Graph 7. China's energy mix in 2009



Source: U.S. Energy Information Administration, *Country Analysis: China*, <http://www.eia.gov/countries/cab.cfm?fips=CH>, retrieved: 28.10.2012.

Wind power is the most second important source of renewable energy in China. The total stocks of this energy source are estimated to oscillate around 700-1200 GW.⁵¹ At the same time, the Middle Kingdom is the world's largest producer of wind power (in 2010 outdistancing the US).⁵² The current

⁵⁰ *Country Analysis Briefs: China*.

⁵¹ Global Wind Energy Council, *China*, <http://www.gwec.net/index.php?id=125>, retrieved: 19.11.2011; Global Wind Energy Council, *Global Wind 2006 Report*, p. 40, http://www.gwec.net/fileadmin/documents/Publications/gwec-2006_final_01.pdf, retrieved: 19.11.2011 and Hideo Kubota, "Current Status and Outlook of the Wind Energy in China", *E-Journal of Advanced Maintenance* 2011, Vol. 3, No. 3, http://www.jsm.or.jp/ejam/Vol.3No.3/GA/GA18_article.html, retrieved: 19.11.2011.

⁵² *World Wind Energy Report 2010*, p. 5, http://www.wwindea.org/home/images/stories/pdfs/worldwindenergyreport2010_s.pdf, retrieved: 19.09.2011.

infrastructure can produce ca. 62 GW of energy⁵³, while the authorities follow an ambitious plan of reaching the level of 100 GW by 2015.⁵⁴

The questions of renewable energy sources and energy efficiency form an important overlap area for European and Chinese interests. Ever since 2004, climate change cooperation has become a key issue on the agenda of EU-China summits.⁵⁵ Energy priorities for the EU and the actions undertaken by the PRC in the past few years suggest that the two entities will in fact cooperate in this area (for instance with regard to transferring technologies). At the same time, despite the pressure exercised by the EU, China refuses to commit itself to any international agreements on reducing emissions to the atmosphere as they could possibly hinder the country's economic growth. The European Union strives to convince the PRC at least to pursue closer cooperation with the International Energy Agency with regard to information exchange and to work towards greater transparency of energy data and the introduction of global energy norms and standards.

3. Area 2 – Lack of Access to Energy Sources

The interests of the EU and the PRC seem to converge when it comes to the preoccupation that the access to energy sources may be subject to political restrictions. Such fluctuations in energy deliveries could cause considerable instability for both entities, which is why they want to prevent energy sources from becoming a measure of interference in their internal affairs.

Even in its recent history, the Middle Kingdom has already had bad experiences with foreign attempts to “politicize” energy resources⁵⁶. In 2002, CNPC was forced by Russian authorities to withdraw its bid to buy shares

⁵³ C. Levesque, *Wind Energy Installed in 2011 Totals 41,000 MW*, <http://www.renewableenergyworld.com/rea/news/article/2012/02/wind-energy-installed-in-2011-totals-41000-mw>, retrieved: 17.07.2012.

⁵⁴ *China Revises Up 2015 Renewable Energy Goals...* Cf. *Country Analysis Briefs: China*. Beijing's policy, widely criticized in the international arena, of limiting the exports of rare earth elements (REEs) should be interpreted, among others, from the perspective of the dynamic development of wind turbines and other “green energy” installations (for instance solar panels), which require the use of REEs.

⁵⁵ C. Holzer, Zhang Haibin, *The Potentials and Limits of China-EU Cooperation on Climate Change and Energy Security*, “Asia Europe Journal” 2008, vol. 6, no. 2, p. 217.

⁵⁶ It needs to be underlined, however, that the PRC has no problem with declarations on non-use of imported energy sources in international politics as long as it is dependent on them. On the other hand, the Chinese policy in terms of rare earth elements shows that whenever the Middle Kingdom possesses rich reserves of a given resource, it has no qualms in profiting from its own monopoly in this regard. Cf. Ł. Zamecki, „Metale ziem rzadkich – nowy instrument wpływu politycznego Chińskiej Republiki Ludowej”, *Stosunki Międzynarodowe – International Relations* 2011, iss. 3-4.

in Slavneft⁵⁷, an oil company, while in 2005 the USA succeeded in convincing CNOOC not to buy Unocal.⁵⁸ At the same time, some EU states also fear the Russian natural gas monopoly, as such an advantage could easily be used for political ends.

As has already been mentioned, in the next few years the People's Republic of China will experience a growing dependence on imported resources. At the same time, the EU also anticipates a significant surge in its dependence on outside sources of energy. It is estimated that in 2030, 70% of energy consumed by the EU will come from import.⁵⁹

The situation is aggravated by the fact that a large portion of energy resources are controlled by big national enterprises. Motivated by their fear that access to energy may also be blocked by way of ordinary trade activity, the Chinese pursue their own external policy goals through national companies and other government-related enterprises. These connections are best seen with regard to national oil companies (NOCs).

The significance of energy companies in the PRC's political structure becomes all the more apparent if we consider how closely their management is related to state authorities (for instance CNPC's Jiang Jiemin and Sinopec's Su Shulin⁶⁰ are also deputy members of the Central Committee of the CPC). By holding top state offices, the presidents of energy companies not only enjoy direct access to the ruling elite, but also become involved in the political decision-making process.⁶¹ The importance of these companies is also based on the high profitability of their undertakings and a large number of employees (hundred thousands). It has to be borne in mind that a significant proportion of taxes raised in the PRC are paid by energy concerns, which are among the biggest Chinese companies.

The main entities on China's energy market include: China National Petroleum Corporation (CNPC), Sinopec Limited and China National Offshore Oil Corporation (CNOOC). In 2005, these three energy concerns generated 22% of the total profits raised by Chinese state companies. However, their

⁵⁷ *China Withdraws Bid for Russian Oil Giant Slavneft*, http://articles.economictimes.indiatimes.com/2002-12-30/news/27335141_1_russian-oil-slavneft-oil-firm, retrieved: 7.10.2011.

⁵⁸ This is also one of the reasons why the Chinese exercise their external energy policy through government-controlled state enterprises.

⁵⁹ M. Kaczmarek, *Bezpieczeństwo energetyczne Unii Europejskiej*, Warsaw 2010, p. 57.

⁶⁰ Su Shulin in 2011 finished executing the post of the Sinopec Chairmen and become governor of the Fujian province. More on ties between energy business and politics: E. Downs, M. Meidan, "Business and Politics in China. The Oil Executive Reshuffle of 2011", *China Security* 2011, vol. 19, p. 3, http://www.chinaviva.com/biography/Su_Shulin/full, retrieved: 28.10.2012.

⁶¹ E.S. Downs, "The Chinese Energy Security Debate", *The China Quarterly* 2004, <http://www.globalcitizen.net/Data/Pages/1481/papers/20090619122948579.pdf>, retrieved: 29.09.2011.

dominant position is limited to gas and oil, while in terms of coal this institutional structure is much less centralized. Roughly half of the hard coal extracted comes from small mines which usually operate on local scale⁶².

CNPC is an important energy sector corporation, founded in 1988 on the basis of the former Ministry of Petroleum. Currently, the company holds shares in thirty countries throughout the world, and its daily crude output equals 2.83 million barrels, while natural gas is excavated at the pace of 8.02 billion cf. As much as 52% of the Chinese oil production and 75% of domestic natural gas output is generated by CNPC⁶³. The company also controls 56,865 km domestic pipelines⁶⁴, i.e. the majority of Chinese industrial systems. The 2011 Fortune Global 500 ranking placed CNPC on the sixth position in the world in terms of income⁶⁵.

Sinopec Limited was created in 2000 at the initiative of Sinopec Group⁶⁶, which holds 75% of its shares. It specializes in oil and gas exploration as well as the production and distribution of petroleum products. In 2011, it ranked 5th on the Fortune Global 500 list.⁶⁷ The company used to operate mostly in southern and eastern China, concentrating on the refinery business. However, the functional and territorial distribution of energy companies which has so far been in place is currently becoming obsolete.

The China National Offshore Oil Corporation (CNOOC), founded in 1982, is the smallest of the “big three”, although it is actually the third largest oil company in the Middle Kingdom. CNOOC used to maintain most of its business along the coast. Upon its incorporation, it was designed to become an entity that would enter into joint ventures with Western companies, which is why its structure and organizational system mirrored international models.⁶⁸

The three companies described above were formed on the basis of state ministries, when in the 1980s China launched its policy of creating a more market-oriented economy.

⁶² Xu Yi-Chong, *China's Energy...*, p. 272.

⁶³ P. Witecki, *Koncerny energetyczne w polityce ChRL*, in: *Chiny i państwa azjatyckie – karty z historii i wyzwania współczesności*, Degefe Kebede Gemechu (ed.), Forum Politolologiczne, vol. 11, Olsztyn 2010, p. 216.

⁶⁴ *CNPC at a Glance*, <http://www.cnpc.com.cn/en/aboutcnpc/cnpcataglance/>, retrieved: 1.10.2011.

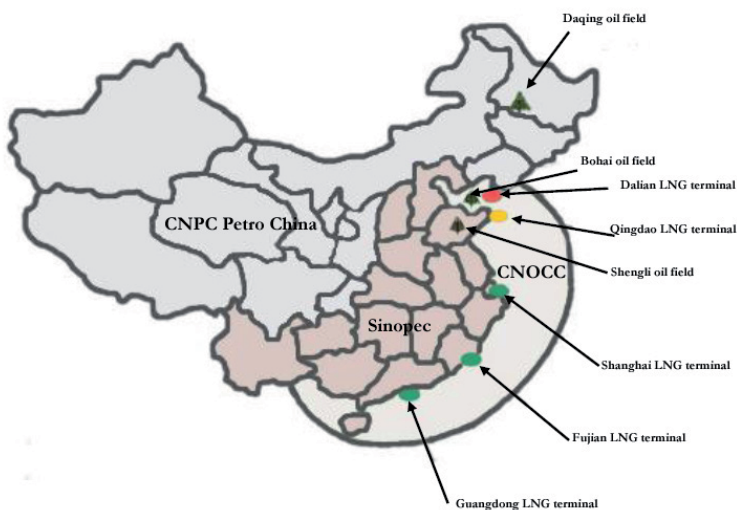
⁶⁵ *Global 500*, http://money.cnn.com/magazines/fortune/global500/2011/full_list/index.html, retrieved: 6.10.2011.

⁶⁶ Sinopec Group was founded in 1998 r. on the basis of China Petrochemical Corporation.

⁶⁷ *Global 500*.

⁶⁸ S.W. Levis, *Chinese NOCs and World Energy Markets: CNPC, Sinopec and CNOOC*, Houston 2007, s. 49, http://www.rice.edu/energy/publications/docs/NOCs/Papers/NOC_CNOOC_Lewis.pdf, retrieved: 26.09.2011.

Map 1. Distribution of main assets of the country's energy corporations



Based on: Yoshikazu Kobayashi, *Chinese NOC's Corporate Strategies*, September 17, 2008, <http://enenk.iej.or.jp/en/data/pdf/464.pdf>, retrieved: 31.10.2011.

Table 22. Basic information about the biggest national energy companies

Company	2010 income	2010 oil production overseas	2010 natural gas production overseas
Sinopec	RMB* 1 913 182 million (ca. USD 301 billion)	18.4 million tons (of a total of 60.96 million tons)	0 billion m ³ (of a total of 12.5 billion m ³)
CNPC	RMB 1 720 885 million (ca. USD 271 billion)	75.82 million tons** (of a total of 181.23 million tons)	13.7 billion m ³ *** (of a total of 86.23 billion m ³)
CNOOC	RMB 183 053 million (ca. USD 28 billion)	5.35 million tons (of a total of 36.07 million tons)	4.35 billion m ³ (of a total of 10.76 billion m ³)

** RMB – short for Renminbi (PRC currency)

** of which 36.06 million tons CNPC share

*** of which 10.38 billion tons CNPC share

Source: own work based on annual reports.

As can be seen, NOCs started as government agencies, but currently they do not perform any public functions.⁶⁹ This point of view is supported by Professor Xu Yi-Chong. In his opinion, national oil companies do not act as executors of the government's will, although on the other hand, he notes that they cannot be deemed completely independent.⁷⁰ According to Erica Downs, an expert of The Brookings Institution, it was already several years ago that big Chinese oil companies ceased to serve as an instrument of the government's expansionist policy, sometimes even surprising the domestic authorities with the steps they take overseas. Also, energy companies have been able to pressure relevant national institutions to increase the prices of raw materials.⁷¹ Also the International Energy Agency has underlined that Chinese energy companies act largely independently of national authorities.⁷²

The restructuring, commercialization and partial privatization conducted in 1998-2000 strengthened the companies' focus on economic profit, and as a result made them less dependent on political decision-makers. This process significantly accelerated after 2002, although NOCs still cooperate with the government in order to protect the interests of both sides (profit for the companies and higher energy security for the country).⁷³

As Pradeep Taneja says, even such a big and politically significant transaction as the bid to buy the American Unocal was not inspired by national authorities. CNOOC only had to acquire the permission to transfer a high amount of money out of the country. It has to be noted, though, that even if the transaction was really not controlled by the state, it had definitely been discussed on the top levels of government.⁷⁴

NOCs also owe their relative autonomy to the fact that they are not dependent on their shareholders. Despite their partial privatization, Chinese companies, as opposed to most global corporations, are still not obligated to consider the interests of their private investors, and therefore they are free to pursue long-term strategies, which do not always ensure quick profits.

⁶⁹ Xu Xiaojie, *Chinese NOCs' Overseas Strategies: Background, Comparison and Remarks*, Houston 2007, p. 20-21, http://www.rice.edu/energy/publications/docs/NOCs/Papers/NOC_ChineseNOCs_Xu.pdf, retrieved: 26.09.2011.

⁷⁰ Xu Yi-Chong, *China's Energy...*, p. 272.

⁷¹ E.S. Downs, *China*, p. 49.

⁷² J. Keating, *IEA Stresses Important Role of Chinese Energy Companies*, <http://www.thefreelibrary.com/IEA+stresses+important+role+of+Chinese+energy+companies.-a0249505051>, retrieved: 6.10.2011.

⁷³ Xin Ma, Philip Andrews-Speed, "The Overseas Activities of China's National Oil Companies: Rationale and Outlook", *Minerals & Energy* 2006, vol. 21, no. 1, p. 20-29, http://ipac.kacst.edu.sa/eDoc/2006/159521_1.pdf, retrieved: 26.09.2011.

⁷⁴ P. Taneja, "China's Search for Energy Security and EU-China Relations", *European Studies: A Journal of European Culture, History and Politics* 2009, p. 265.

Moreover, their financial assets allow them to make huge investments without the need to search for funding.⁷⁵

Nevertheless, it has to be underlined that in a non-democratic system with a high level of state interventionism characteristic to the Middle Kingdom, national companies will always have a hand in the execution of public goals. Their management, for instance, has to be careful about balancing the company's targets with the interests of the communist party (which they usually are top-ranking members of). In China, a large proportion of investment projects require the prior consent of the central government, and the way in which companies function in general is without any doubt subject to much more tighter state coordination than in free market democratic countries.⁷⁶ Although every big energy company has its own priorities and make its own decisions as to overseas undertakings, the government still tries to control their activities so that the companies do not compete for the very same projects.⁷⁷

National companies and state bodies are largely interdependent. NOCs exert a huge impact on the state. However, just as the state is dependent on NOCs, the NOCs are also dependent on institutions of public authority. One has to bear in mind, for instance, that NOCs use state support such as, for instance, tax exemptions. The government also has a hand in framing the way in which they operate. The relationship between national oil companies and the foreign affairs department constitutes yet another interesting aspect of this landscape. It has to be remembered that Chinese diplomats feared that overseas projects carried out by energy companies without the direct supervision of the government may have too big an impact on the PRC's international strategy, which was used as one of the arguments in favor of centralizing the country's energy policy⁷⁸. This is one of the reasons why the foreign affairs ministry is involved in contract negotiations carried out by energy companies, which serves as a perfect example of the mutual relationship of these entities, and also strengthens the status quo. China's central authorities provide NOCs with diplomatic support. At the same time, the PRC conducts most of its external energy policy via the "big three". This dependence on domestic companies is all the more important in view of the fact that Chinese authorities do not trust any foreign energy corporations.⁷⁹

⁷⁵ Cf. P. Kragelund, M.P. van Dijk, *China's Investments in Africa*, in: M.P. van Dijk (ed.), *The New Presence of China in Africa*, Amsterdam 2009, p. 91.

⁷⁶ Cf. E.H. Christie, J. Francois, W. Urban, F. Wirl, "China's Foreign Oil Policy: Genesis, Deployment and Selected Effects", *FIW Research Report 2009/10* 2010, January, No. 3.

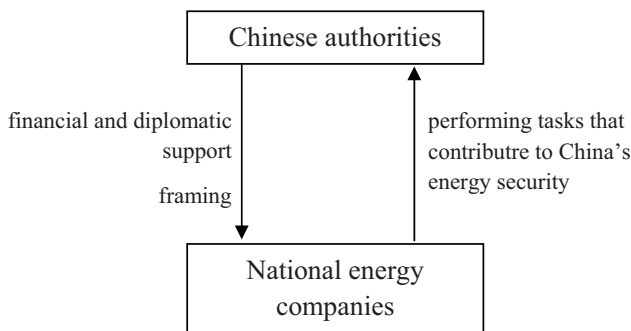
⁷⁷ Cf. Zhao Suisheng, "China's Global Search...", p. 210.

⁷⁸ Xiaofei (Sarah) Li, "State Companies Hold Power Over Chinese Energy Policy", *Oil & Gas Journal* 2.07.2011, p. 27.

⁷⁹ Cf. Joseph Y.S. Cheng, "A Chinese View of China's Energy Security", *Journal of Contemporary China* 2008, vol. 17, iss. 55.

However, the relations between NOCs and state bodies are shaped quite differently in the country itself and outside its borders. Experts indicate that while in the PRC they are more rivalry-oriented, in the international context both side try to coordinate their strategies.⁸⁰

Picture 3. Chinese authorities-NOCs



Source: own work.

As we can see, Chinese national energy companies need to be taken into consideration when analyzing the EU-PRC relations. At the same time, their activity is determined by the PRC's energy administration, and all researchers who study the energy relations between China and the EU should acquaint themselves with the way in which it operates.

The energy sector in the PRC is currently managed by the National Energy Administration (NEA) and the National Energy Commission (NEC)⁸¹, which in March 2008, by the decision of the National People's Congress, replaced the National Energy Bureau and the State Energy Committee.⁸²

The National Energy Commission reports to the State Council and is chaired by the Premier, Wen Jiabao. Its role consists in the consolidation of China's energy strategy.⁸³ NEC's current affairs are managed by the Vice-Premier, Li Keqiang. The twenty-one members of the Commission include

⁸⁰ E.S. Downs, *China*, p. 49.

⁸¹ *National Energy Commission & National Energy Bureau (Can We Make This Any More Confusing?)*, <http://www.chinaenvironmentallaw.com/2008/04/02/national-energy-commission/> and E.S. Downs, "China's «New» Energy Administration", *The China Business Review* 2008, November–December, p. 43, http://www.brookings.edu/~media/Files/rc/articles/2008/11_china_energy_downs/11_china_energy_downs.pdf, retrieved: 23.09.2011.

⁸² The National Energy Commission took almost two years to create. It was finally established in January 2010. Fu Jing, *Tough Road Ahead of National Energy Guiding Body*, http://www.chinadaily.com.cn/opinion/2010-01/29/content_9395682.htm, retrieved: 23.09.2011.

⁸³ *Country Analysis Briefs: China*.

representatives of the NDRC, military, various state agencies (for instance the Central Bank) and several ministries (finance, state security, science and technology, industry and information technology, environmental protection, water resources, transport, commerce, land and resources foreign affairs).⁸⁴ The NEC works on creating the national energy development strategy and ensuring energy security. It also coordinates the domestic program of resource hunting and other activities connected with the international energy cooperation.⁸⁵

The National Energy Administration consists of nine departments and employs one hundred and twelve staff members.⁸⁶ Its main responsibilities include⁸⁷: formulating and implementing national energy developments plans; promoting institutional reforms in the energy sector and managing particular energy sectors (including renewable energy sources). In addition, NEA is charged with the tasks of energy preservation and a comprehensive utilization of all its resources, which also means that it administers scientific and technological advancement, as well as implements and promotes technological innovations in this sector of economy. The National Energy Administration approves, reviews and examines the complains of investment projects with national strategies; provides energy growth forecasts; creates and implements domestic plans and policies in terms of fuel reserves; initiates international cooperation in the energy sector; participates in the process of shaping energy-related strategies (including tax law and environmental protection); formulates price recommendations; and, last but not least, oversees the everyday operations of the NEC.

Both on the formulation and on the execution level, the external energy policy is largely influenced by two ministries: of commerce (MOFCOM) and foreign affairs (MFA). Apart from its everyday tasks connected with trading goods outside of the country, MOFCOM may to a certain extent provide development aid, an option that is sometimes used when supporting external activities in the energy sector. At the same time, the MFA, while preserving positive relations between the Middle Kingdom and other international law entities, frames the country's external energy policy. Other entities that support the state administration, such as China Exim Bank, also play a significant role in this respect.⁸⁸

⁸⁴ G. Wong, *China Sets Up Energy Agency Headed by PM*, <http://www.istockanalyst.com/article/viewiStockNews/articleid/3816228>, retrieved: 17.09.2011.

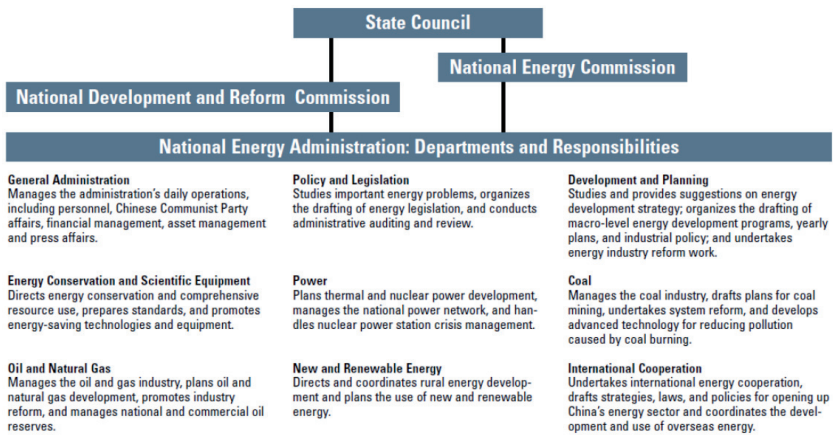
⁸⁵ Bo Zhiyue, "China's New National...", p. 8.

⁸⁶ *China National Energy Administration Commences Operation*, http://news.xinhuanet.com/english/2008-07/29/content_8841945.htm, retrieved: 17.09.2011.

⁸⁷ *National Energy Administration*, http://en.ndrc.gov.cn/mfod/t20081218_252224.htm, retrieved: 23.09.2011.

⁸⁸ Cf. Ch. Hackenesch, "China and the EU's Engagement in Africa: Setting the Stage for Cooperation, Competition or Conflict", *Discussion Paper* 16/2009, p. 43, <http://www.>

Picture 4. Energy sector administration structure in the PRC



Source: E.S. Downs, *China's «New» Energy Administration*, "The China Business Review" 2008, November–December, p. 44, http://www.brookings.edu/~media/Files/rc/articles/2008/11_china_energy_downs/11_china_energy_downs.pdf, retrieved: 23.09.2011.

To avoid being cut off from energy resources, China has undertaken a number of international initiatives. For instance, it has been very active in Africa, a continent that has not received much attention from other countries. China has also promptly proceeded to establish contact with the South Sudan, which took over the majority of Sudanese crude oil deposits when the country fell apart in 2011 (more in the following section). However, China's uncertainty as to its energy security is best expressed by the dynamic development of transmission pipelines, a system that is much less economical than marine transport. This infrastructure has to be analyzed in close detail if the European Union wants to remain a strong player in the international arena and understand the factors that determine China's external strategy in the energy sector.

Both in the short-term and long-term perspective, the Middle East and Africa will remain China's main sources of imported petroleum. This is why the discussion of the PRC's external policy is largely framed by the question of the Strait of Malacca, which serves as a transport route. Chinese decision-makers underline that oil deliveries may be interrupted in the event of an international conflict, since the Strait is an easy chokepoint (it transports

[die-gdi.de/CMS-Homepage/openwebcms3.nsf/%28ynDK_contentByKey%29/ANES-7WYDQ2/\\$FILE/DP%2016.2009.pdf](http://die-gdi.de/CMS-Homepage/openwebcms3.nsf/%28ynDK_contentByKey%29/ANES-7WYDQ2/$FILE/DP%2016.2009.pdf), retrieved: 30.11.2011.

80% of China's oil import⁸⁹, while 40% of global piracy happens in this very water flow⁹⁰).

This is why China initiated a project to construct pipelines running from the sea coast in Myanmar (Burma) all the way to the PRC. In this way, the Middle Kingdom will gain access to the Indian Ocean transport route for oil and gas, at the same time bypassing the Strait of Malacca.⁹¹

This program was for the first time publicly articulated in 2004 by Professor Yang Xiaohui from the Yunnan University.⁹² In March 2009, the two countries signed an understanding on the construction of an oil and gas pipeline, running from the coast of Burma – where supply depots will be placed – to China. The oil pipeline received a budget of 1.5 billion dollars, while 1.04 billion was allocated to the gas pipeline.⁹³ Thanks to these pipelines, the Middle Kingdom would be able to acquire oil supplies from the Middle East and Africa without resorting to the Strait of Malacca route, and its western part would also get an opportunity for economic development. The transfer

⁸⁹ The Strait of Malacca is the world's longest strait (937 km of length), and it is also very narrow. More on the Chinese dilemmas caused by the Strait in: "The Geopolitics of the Myanmar-China Oil and Gas Pipelines", in: E. Chow, L.E. Hendrix, M.E. Herberg, S. Itoh, Bo Kong, M. Lall, P. Stevens, *Pipeline Politics in Asia: The Intersection of Demand, Energy Markets and Supply Routes*, Seattle 2010, p. 58. C. Hurst, *China's Global Quest for Energy*, January 2007, p. 12, <http://www.iags.org/chinasquest0107.pdf>, retrieved: 26.09.2011.

⁹⁰ Even though 2005 saw the introduction of a whole array of maritime piracy prevention methods, the Strait of Malacca remains one of the most dangerous regions in the world in this respect. Data based on: ICC International Maritime Bureau, *Piracy and Armed Robbery Against Ships. Annual Report. 1 January 2010–31 December 2010*, London 2011. More on the attacks in the Strait of Malacca in: Kevin X. Li, Cheng Jin, "Maritime Law and Policy for Energy Security in Asia: a Chinese Perspective", *Journal of Maritime Law and Commerce* 2006, October, vol. 37, no. 4, p. 571–573.

⁹¹ The idea of building pipelines running through the territory of Burma is criticized by some academic circles. Experts underline that it is actually pipelines, and not sea ships, that are more exposed to attacks, so the Burman-Chinese pipeline would not contribute to greater security of oil deliveries to the PRC. They also indicate that the pipelines would cross territories that are prone to ethnic conflicts. (Cf. B. Blanchard, "China Says Key Pipeline Safe Despite Myanmar Fighting", <http://www.reuters.com/article/2012/03/10/china-npc-myanmar-idUSL4E8E913D20120310>, retrieved: 29.07.2012). Also the questionable political stability of Myanmar is cause for uncertainty. Cf.: A.S. Erickson, G.B. Collins, "China's Oil Security Pipe Dream. The Reality and Strategic Consequences, of Seaborne Imports", *Naval War College Review* 2010, Spring, vol. 63, no. 2, p. 100, http://www.andrewerickson.com/wp-content/uploads/2010/03/China-Pipeline-Sealane_NWCR_2010-Spring.pdf, retrieved: 26.09.2011. Pipelines are also far more expensive than tankers in terms of what must be spent to move a given volume of oil over a given distance (oil transport costs to China by tanker – 0.18 US\$/bbl/Km; by pipelines – 0.75 US\$/bbl/Km; A.S. Erickson, G.B. Collins, *China's Oil Security...*, p. 92).

⁹² A.S. Erickson, G.B. Collins, "China's Oil Security...", p. 98.

⁹³ *Myanmar–China Pipeline to Start Construction in 2009*, <http://www.chinastakes.com/2008/11/myanmar-china-pipeline-to-start-construction-in-2009.html>, retrieved: 17.09.2011.

capacity of the oil pipeline is estimated at ca. 12 million tons per year, while the figures for the gas pipeline indicate a capacity of up to 12 billion m³ per year. The construction took off in 2009⁹⁴ and the first supplies will probably start flowing to China in April 2013. The favorable political climate between the PRC and Myanmar also translates into the increasing participation of Chinese companies in the Burmese sector of oil and gas extraction (all three biggest companies, CNOOC, Sinopec and CNPC, are active in the region⁹⁵).

Map 2. Planned route for Burma-China pipeline



Based on: <http://arakanoilwatch.org/?p=301>, retrieved: 29.07.2012.

The Chinese also consider the construction of other pipeline and alternative supply routes that would enable pumping oil/gas directly from vessels, while bypassing the Strait of Malacca. In this vein, they have started considering a Pakistani route. However, the pipeline would have to cross territories of mooted nationality and situated high up in the mountains, which would significantly raise its construction costs. Also, the political stability of Pakistan itself remains uncertain.⁹⁶ It is also worth mentioning other concepts such

⁹⁴ *Constructions Begins on Wharf for China-Myanmar Crude Oil Pipeline*, http://downstreamtoday.com/news/article.aspx?a_id=19041&AspxAutoDetectCookieSupport=1, retrieved: 29.09.2011. In his article "The Geopolitics of the Myanmar-China Oil and Gas Pipelines...", Bo Kong writes that the construction of the pipeline started in 2010.

⁹⁵ Toshihiro Kudo, "Myanmar's Economic Relations with China: Can China Support the Myanmar Economy?", *Discussion Paper* 2006, July, no. 66, p. 16, <http://www.ide.go.jp/English/Publish/Download/Dp/pdf/066.pdf>, retrieved: 22.10.2011.

⁹⁶ A.S. Erickson, G.B. Collins, "China's Oil Security...", p. 101. China supports Pakistan in building hydropower and nuclear stations (an assistance that is considered extremely

Map 3. Planned route for Kra canal



Based on: *Kra Canal Indian Ocean/South China Sea Project To Be Re-Visited*, <http://www.2point6billion.com/news/2009/03/18/kra-canal-indian-ocean-south-china-sea-project-to-be-re-visited-1250.html>, retrieved: 30.11.2011.

as the proposal to build a canal across Kra Isthmus in southern Thailand⁹⁷, a forty-kilometer construction that would run across the Malay Peninsula, possibly shortening the route from the Indian Ocean to the Pacific by 1200 kilometers, i.e. by two to five days. However, this project would be extremely costly (estimates quote numbers such as 25 or even 28 billion dollars) and is exposed to security threats such as separatist tendencies in Thailand and

controversial by the international audience), as well as wind farms and solar power plants. Pakistan, in turn, remains crucial to the external policy of the PRC in view of its key position in the “string of pearls” strategy (support for the construction of a port in Gwadar). Although their cooperation seems relatively close, in 2011 Pakistan called for a greater alignment with the PRC within the energy sector – *China/Pakistan Energy: Energy Synergy?* http://viewswire.eiu.com/index.asp?layout=ib3Article&article_id=588290243&pubtypeid=1142462499&country_id=1140000314&page_title=&rf=0, retrieved: 26.11.2011; *Pakistan Calls for Closer Energy Cooperation with China*, <http://pk.chineseembassy.org/eng/zb/gx/t845906.htm>, retrieved: 26.11.2011.

⁹⁷ Zhao Suisheng, “China’s Global Search...”, p. 221; A.S. Erickson, G.B. Collins, “China’s Oil Security...”, p. 101; Kevin X. Li, Cheng Jin, “Maritime Law and Policy...”, p. 583–586; M. Duchâtel, “The Illusion of a Malacca Dilemma”, in: *China’s Sea Power, Reaching Out to the Blue Waters*, “China Analysis” 2011, <http://www.ecfr.eu/page/-/China%20Analysis%200311.pdf>, retrieved: 29.09.2011.

opposition in Indonesia and Malaysia, which in practice makes it altogether unrealistic.⁹⁸

Although China faces the competition of yet another emerging power in Asia, i.e. India, when it comes to the energy sector these two states are actually open to joint initiatives. This good will was formalized in January 2006, when India and China signed the *Memorandum for Enhancing Cooperation in the Field of Oil and Natural Gas*, obligating the parties to pursue joint energy projects. India is also open to the idea of sharing a pipeline with China.⁹⁹

The People's Republic of China, in an attempt to diversify its oil and gas supplies, has rolled out a strategy that the American Department of Defense dubbed a "string of pearls". It consists in the tactics of establishing a grid of Chinese presence along sea lines of communications, which include: the harbor of Hainan, maritime centers of Paracel Islands, Bangladesh, Burma and Pakistan. This strategy requires establishing closer relations with countries situated along the seaborne transport line from the Middle East (i.e. Pakistan, Bangladesh, Burma, Thailand, Cambodia), as well as strengthening China's position on the East China Sea¹⁰⁰.

China's oil security may also be influenced by the latest project undertaken in the Middle East, which, although not initiated by the PRC itself, plays an important role in the area of oil supplies for the needs of the international market. When Iran started threatening that in case of an international conflict it would close the Strait of Hormuz, Saudi Arabia and the United Arab Emirates decided to build a 370 kilometer oil pipeline to bypass the strait. It was opened in mid 2012. Meanwhile, Saudi Arabia also modified its 1980s pipeline, transforming it from a gas-transport vehicle into an oil pipeline, which allows it to send 2 million barrels of petroleum per day from oil fields located in the eastern part of the country towards the Red Sea coast.¹⁰¹

The South China Sea plays a key role in the PRC's energy security and policy in Southeast Asia. It is also a site of several territorial conflicts. On one hand, this waterway occupies an important geopolitical position as countries that will achieve dominance over it will also gain control of the islands and peninsulas of Southeast Asia and will become main players in western Pacific and on Indian Ocean¹⁰², while on the other hand the

⁹⁸ More on the Kra canal: Zhao Suisheng, "China's Global Search...", p. 221; A.S. Erickson, G.B. Collins, "China's Oil Security...", p. 101; Kevin X. Li, Cheng Jin, "Maritime Law and Policy...", p. 583–586; M. Duchâtel, *The Illusion of a Malacca...*

⁹⁹ Lai Hongyi Harry, "China's Oil Diplomacy: Is It a Global Security Threat?", *Third World Quarterly* 2007, Vol. 28, Iss. 3, p. 533.

¹⁰⁰ Cf. Lai Hongyi Harry, "China's Oil Diplomacy...", p. 528; Ch.J. Pehrson, *String of Pearls: Meeting the Challenge of China's Rising Power across the Asian Litoral*, July 2006, <http://www.strategicstudiesinstitute.army.mil/pdffiles/pub721.pdf>, retrieved: 25.11.2011.

¹⁰¹ J. Bias, *Pipelines Bypassing Hormuz Open*, <http://www.ft.com/intl/cms/s/0/4203f88c-ce83-11e1-9fa7-00144feabdc0.html#axzz220Z836x9>, retrieved: 29.07.2012

¹⁰² Cf. Zhao Suisheng, "China's Global Search...", p. 220.

Map 4. Pipelines bypassing Strait of Hormuz



Based on: J. Bias, *Pipelines bypassing Hormuz open*, <http://www.ft.com/intl/cms/s/0/4203f88c-ce83-11e1-9fa7-00144feabdc0.html#axzz220Z836x9>, retrieved: 29.07.2012.

possession of East China Sea archipelagos is disputed by various states in the region.

The Spratly Islands, which include over a hundred small isles, are one of the most explosive regions on South China Sea. The archipelago has been claimed by several countries: the People's Republic of China, the Republic of China (Taiwan) and Vietnam, while the Philippines, Malaysia and Brunei also demand control over a part of the islands. In 1988, the PRC and Vietnam clashed over Spratly Islands, followed 8 years later by the Philippines and China. The archipelago's coastline is potentially rich with oil and gas fields, and it also lies right on the route of some important shipping lanes, which makes it very attractive to the conflicted states.¹⁰³ Various incidents connected with this possession dispute still continue to this very day.¹⁰⁴

Apart from their controversial ownership, Spratly Islands are also an object of some cooperation-oriented initiatives to acquire resources located in their vicinity. In 2005, companies representing three countries, the PRC, Vietnam, and the Philippines, signed a memorandum of understanding on joint exploration of crude oil and natural gas from the sea bottom.¹⁰⁵ However, Spratly Islands still remain one of the most explosive spots in the region.

¹⁰³ Ch.C. Joyner, *The Spratly Islands Dispute in the South China Sea: Problems, Policies, and Prospects for Diplomatic Accommodation*, <http://community.middlebury.edu/~scs/docs/Joyner,%20Spratly%20Islands%20Dispute.pdf>, retrieved: 25.11.2011.

¹⁰⁴ Some isolated incidents occur on the sea, Vietnam experiences anti-Chinese protests, and Philippine forces flaunt their training drills conducted with Americans on the South China Sea. Cf. H. Clark, *Vietnam-China Spratly Islands Dispute Threatens to Escalate*, <http://www.csmonitor.com/World/Asia-Pacific/2011/0616/Vietnam-China-Spratly-Islands-dispute-threatens-to-escalate>, retrieved: 25.11.2011.

¹⁰⁵ Lai Hongyi Harry, "China's Oil Diplomacy...", p. 532.

Map 5. Claims towards Spratly Islands



Source: <http://faculty.law.ubc.ca/scs/scs-claims-map.htm>, retrieved: 25.11.2011

Energy resources are also shipped to the PRC via the Mekong River pursuant to agreements concluded with Indochina countries.¹⁰⁶ Indonesia also holds an important meaning for the diversification of energy supplies to China. The country is actually the second biggest source of LNG, after Australia, and in 2010 it attained the highest delivery quota in terms of coal supplied to the Middle Kingdom.¹⁰⁷

¹⁰⁶ Cf. Zhao Suisheng, "China's Global Search...", p. 218. Cambodia plays a vital role in the region, since China is responsible for the country's largest foreign project – a hydro-electric plant worth USD 280 million. D. Fullbrook, *China's Growing Influence in Cambodia*, http://www.atimes.com/atimes/Southeast_Asia/HJ06Ae01.html, retrieved: 27.11.2011. Meanwhile, in 2007 CNOOC signed a contract for oil exploration in Cambodia – CNOOC Signs PSC Contract with Cambodia, http://www.gasandoil.com/news/south_east_asia/3da1b58526005ca86b146a45421a09d8, retrieved: 27.11.2011.

¹⁰⁷ Chinese companies have indeed been quite active in Indonesia. In 2002, the two countries signed a 8.5 billion dollar contract for natural gas deliveries. Later the same year, the Chinese bought an oil field from the Spanish Repsol, becoming the biggest overseas petroleum producer in Indonesia. This energy cooperation got further extended in 2005 with the conclusion of the China and Indonesia Strategic Pact, <http://www.nytimes.com/2005/04/25/world/asia/25iht-indonesia.html>, retrieved: 26.11.2011.

Southeast Asia may also become an arena of competition between China and other countries of this region. Asian states are more and more competitive when it comes to energy supplies access (consider, for instance, the dispute with Vietnam, the Philippines, Malaysia and Brunei with regard to South China Sea deposits, or competition with Japan over Russian resources or the clash over Senkaku Islands). On the other hand, Central Asia presents a slightly different situation.

Currently, it is also Kazakhstan that holds a crucial position in China's external bids to diversify energy supplies. The PRC's biggest energy-related initiative put forward in Central Asia in the last few years was the joint construction of an oil pipeline from Atyrau in Kazakhstan (on the Caspian Sea coast) to Alashankou in China (Xinjiang province). Although after preliminary talks held in 1997, two years later the Kazakhstan-China plan was discarded as unrealistic, in 2001 this topic was revived during the bilateral meeting between the representatives of both countries. The initial misgivings as to whether the project was economically viable were dispelled by the sky-rocketing oil prices on the international market and the steadily rising Kazakh output, as well as a lull in the negotiations regarding the construction of a Russia-China oil pipeline. Therefore, in 2006 Kazakhstan finally started pumping oil to the PRC, even though the line was only partially commissioned¹⁰⁸. The construction finished in 2009, when the final, third phase was put into operation¹⁰⁹. Before, Kazakhstan had also supplied oil to China via railways¹¹⁰. Currently, the channel of a total length of almost 3 thousand kilometers transports ca. 200 thousand oil barrels per day, and its capacity may still increase.

Another important project pursued by China in this part of the world in order to raise the country's energy security was establishing a connection to the gas pipeline system operating in Central Asia. The construction of the pipeline commenced in 2006 and it was open in December 2009 during a celebratory meeting of leaders of the countries that participated in the project¹¹¹. It now connects Turkmenistan, Uzbekistan, Kazakhstan and the Chinese province of Xinjiang. The June 2009 annex to the China-Turkmenistan agreement concluded in 2008 provides for 40 billion m³ total supplies of gas to China over thirty years. In October 2008 the Middle Kingdom also signed

¹⁰⁸ E.S. Downs, *China*, p. 32–33 and *Kazakhstan–China Oil Pipeline Opens to Operation*, http://news3.xinhuanet.com/english/2006-07/12/content_4819484.htm, retrieved: 29.09.2011.

¹⁰⁹ *Kazachstan zakończył budowę ropociągu do Chin*, "Tydzień na Wschodzie" 2009, July 15, <http://www.osw.waw.pl/pl/publikacje/tydzien-na-wschodzie/2009-07-15/kazachstan-zakonczy-budowe-ropociagu-do-chin>, retrieved: 29.09.2011.

¹¹⁰ A.S. Erickson, G.B. Collins, "China's Oil Security...", p. 93.

¹¹¹ *Riches in the Near Abroad*, <http://www.economist.com/node/15393705>, retrieved: 23.10.2011.

Map 6. Kazakhstan-China oil pipeline



Based on: A.S. Erickson, G.B. Collins, “China’s Oil Security Pipe Dream. The Reality, and Strategic Consequences, of Seaborne Imports”, *Naval War College Review* 2010, Spring, Vol. 63, No. 2, s. 95, http://www.andrewerickson.com/wp-content/uploads/2010/03/China-Pipeline-Sealane_NWCR_2010-Spring.pdf, retrieved: 26.09.2011.

Map 7. Central Asia–China oil pipeline



Based on: <http://en.wikipedia.org/wiki/File:CentralAsiaChinapipeline.png>, retrieved: 19.09.2011.

a framework agreement with Kazakhstan referring to the delivery of maximum 10 billion m³ gas. Also Uzbekistan declares itself ready to send ca. 10 billion m³ of gas to China.¹¹²

As China and the EU share the same uncertainties as to the access to resources, despite their cooperation with regard to regulating the rules of international trade in energy supplies and creating secure transport conditions, according to the realist paradigm the two entities may start to compete for resources in various regions of the world. This perspective will dominate in the following part of this chapter.

4. Area 3 – Regions Subject to Competition

Although China and the EU lay in very distant locations, they do compete in some regions of the world. This section analyzes the areas of potential competition between the EU-China, which springs from the fears of losing access to resource deposits presented above. The PRC is becoming a rival since, in its quest for resources, it has started to turn to EU's provides, both actual and potential. The main areas of overlap include Northern Africa, Middle East, Central Asia and the Caspian Sea region.

Africa

The deadlock which China and the EU have found themselves in is best illustrated by their relations in Africa. For several years now China has been dynamically increasing its presence in African countries, in some cases going as far as to completely replace their previous, European partners. The Chinese activity on the African continent is also growing at a faster pace than that of the European Union, not least because for many countries it offers a welcome alternative to the EU and US partners which require political reforms in exchange for their support.

The diplomatic and trade relations between the PRC and African countries took off in the second half of the 1950s, with the groundbreaking conference in Bandung in 1955. The first African country with which China established diplomatic relations was Egypt (1956). Throughout the next decade, the PRC entered into political relations with several other countries on the continent.¹¹³ Another important event in the Middle Kingdom-Africa relations was the trip undertaken by Premier Zhou Enlai at the turn of 1963 and 1964, when he visited ten African countries, establishing diplomatic relations with

¹¹² The PRC and Uzbekistan agreement providing for 10 billion m³ worth of annual supplies was concluded in 2010.

¹¹³ K. Foerstel, "China in Africa", *CQ Global Researcher* 2008, Vol. 2-1, p. 11–12.

most of them in the name of the PRC. Thanks to intensive efforts from the dawn of the 1980s, the number of African state preserving diplomatic ties with the PRC neared forty.

When Chinese authorities decided to embark upon the policy of “opening up to the world”, Africa became one of its main points of focus. There is a number of reasons for it to be so. First of all, African countries hold rich, quite often still unused by Western countries, deposits of resources that China craves so much¹¹⁴. Secondly, as local economies remain weak, African markets have high absorption levels with regard to foreign goods (i.e. several hundred million potential clients). At the same time, African countries are more “convenient” from the political point of view since they do not have any qualms about entering into trade relations with the authoritarian People’s Republic of China. Chinese authorities are also aware that since African countries remain politically weak, they are more easily and to a greater extent subject to subordination. Nevertheless, if we were to discard moral standards for a moment, it is definitely easier to reach an understanding with a non-democratic African leader, even by bribery, than going through all steps that are necessary to purchase shares in a democratic country company.¹¹⁵ Other commentators also underline that China also has another political motive in its interest in Africa – the PRC’s presence on the continent constitutes a vital tool in the dispute with Taiwan as Beijing is looking to limit the number of entities that maintain diplomatic relations with Taipei and, as it turns out, African states add up to as many as 1/3 of the countries that recognize Taiwan as a sovereign state.¹¹⁶

To launch China’s policy of “opening up”, in 1996 the leader of the PRC, Jiang Zemin, visited six African states, promising multi-million investments and financial aid without presenting any political demands or conditions. His trip was supposed to spark closer cooperation between China and Africa. It was actually on this very basis that in 1998 China commenced the construction of a 957-mile pipeline in Sudan, the largest foreign oil project in the history of the PRC.¹¹⁷

In 2000, the Forum on China-Africa Cooperation (FOCAC) was created with views to strengthen Sino-African relations. The first summit gathered over eight ministers representing forty four African countries

¹¹⁴ This argument becomes even more important in view of the USA’s active presence in the Middle East and in the Caspian Sea region (which, at the same time, failed to satisfy expectations as to its alleged wealth in energy resources).

¹¹⁵ Cf. P.J. Keenan, *Curse or Cure? China’s Investments in Africa and Their Effect on Human Rights*, p. 11–12, <http://www.law.georgetown.edu/internationalhr colloquium/documents/Keenan-Draft-Georgetown.pdf>, retrieved: 29.11.2011.

¹¹⁶ Cf. F. Lafargue, “China’s Presence in Africa”, *China Perspectives* 2005, no. 61, p. 6.

¹¹⁷ K. Foerstel, *China in Africa...*, p. 13.

and the PRC.¹¹⁸ However, it was the visits of the Leader Hu Jintao and the Premier Wen Jiabao in twenty two African countries between 2003–2009 that played the key role in strengthening and expanding Chinese presence in Africa. This program saw the conclusion of, among others, several various energy-related agreements.

The third FOCAC held in Beijing in 2003 also proved to be a ground-breaking event. This time, forty eight African countries attended the conference. During the forum, Hu Jintao promised to offer preferential credits and loans of a total sum of USD 5 billion. China also declared that it would boost the bilateral trade to USD 100 billion in 2010, while allocating USD 5 billion to encourage its domestic companies to pursue projects in Africa. The poorest countries were offered debt relief and doubling of their export to China. Furthermore, on the 2006 summit, the PRC took upon itself a commitment to build thirty hospitals, thirty malaria treatment centers and a hundred schools in rural Africa.¹¹⁹ Plans were also made for further cultural cooperation (including student exchange programs).

Throughout the last ten decades, China also extended its activity in regional African organizations. It keeps permanent representatives in the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), and the Economic Community of West African States (ECOWAS). In 2003, the PRC was asked to participate in the operations of the African Union's development program, the New Partnership for Africa's Development (NEPAD). China also seeks to strengthen its cooperation with the African Union itself.

The 1996-2005 policy pursued by Chinese authorities did bear fruit, as China's share in African trade soared from 0.8 to 9%.¹²⁰ The Middle Kingdom is now Africa's biggest trade partner.¹²¹ The rate at which China increases its presence in Africa is illustrated by various data. While in 1999 Chinese trade with Africa was worth USD 2 billion, in 2006 its total value rose to USD 56 billion¹²², reaching USD 90 billion in 2009. At the same time, China extended various grants and credits to as many as fifty three African states.¹²³

As has already been shown, Chinese foreign projects focus on the energy sector, and the main reason why China decides to pursue more closer

¹¹⁸ J. Hellström, *China's Emerging Role in Africa. A Strategic Overview*, FOI, May 2009, p. 8, <http://www.foi.se/upload/Kinaiafrika.pdf>, retrieved: 19.09.2011.

¹¹⁹ K. Foerstel, *China in Africa...*, p. 3.

¹²⁰ A. Rządowska, „Chiny w Afryce”, *Rurociagi* 2008, iss. 1-2 (52), p. 31.

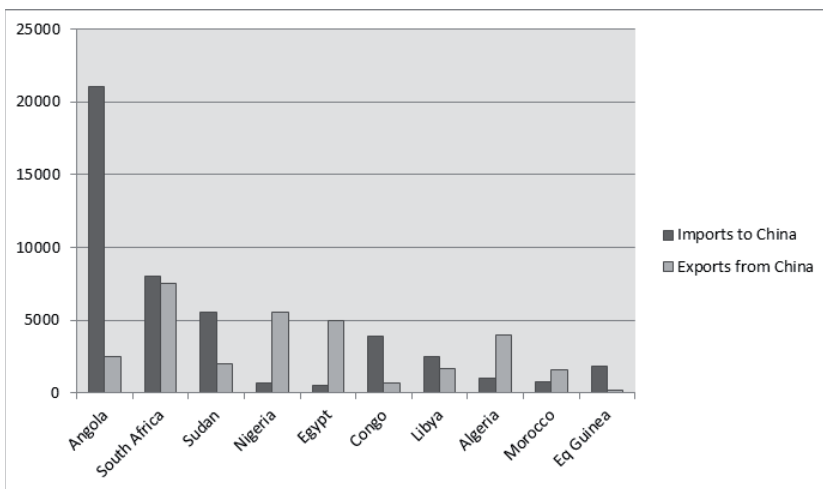
¹²¹ A. Perry, *China's New Focus on Africa*, http://www.time.com/time/specials/packages/article/0,28804,2000110_2000287_2000276,00.html, retrieved: 29.11.2011.

¹²² 40% more than the previous year. I. Taylor, “Unpacking China's Resource Diplomacy in Africa”, *Center on China's Transnational Relations, Working Paper*, No. 19, p. 2. Cf. J. Hellström, *China's Emerging Role...*, p. 9.

¹²³ C. Hurst, *China's Oil Rush in Africa*, July 2006, p. 4, <http://www.iags.org/chinain-africa.pdf>, retrieved: 29.11.2011.

economic cooperation lies in its quest for energy resources. It is no different in the case of Africa and its oil resources. Data shows that in 1995 petroleum accounted for ca. 40% of total Chinese imports from the continent, while in 2005 the proportion grew over 80%. China is active in the oil sector of as many as nineteen African states.¹²⁴ The Middle Kingdom holds or negotiates trade contracts with virtually all African countries that hold proven oil resources.

Graph 8. China's ten biggest African trade partners (January-October 2008, data in USD million)



Source: J. Hellström, *China's Emerging Role in Africa. A Strategic Overview*, FOI, May 2009, s. 10, <http://www.foi.se/upload/Kinaiafrika.pdf>, retrieved: 19.09.2011.

China's biggest economic partners in Africa include Angola (over 15% of China's oil imports comes from this country¹²⁵), South Africa, Sudan and Nigeria. However, it is Angola and Sudan that play the key role in the energy sector, as they act as China's main oil providers.¹²⁶ It is remarkable that both countries have become to a great extent dependent on Chinese export,

¹²⁴ Ibid., p. 6.

¹²⁵ Zhang Jian, *China's Energy Security...*, p. 17.

¹²⁶ The PRC undertook many steps in Angola, the most unique of which was the USD 2 billion loan extended in 2005 in exchange for oil. Even though the sum was exorbitant, a year later it was increased by a further USD 1 billion. Cf. M. Meidan, "China's Africa Policy: Business Now, Politics Later", *Asian Perspective* 2006, Vol. 30, No. 4, p. 78, <http://www.asianperspective.org/articles/v30n4-d.pdf>, retrieved: 27.10.2011.

with as much as $\frac{2}{3}$ of Sudanese and $\frac{1}{3}$ of Angolan oil being pumped to the Middle Kingdom.¹²⁷

The PRC has also pursued tighter energy cooperation with Algeria. Chinese projects in this regions include, among others, the USD 525 million 2012 contract concluded by Sinopec to boost the recovery rate of the Zarzaitine oil field from 40 to 50%.¹²⁸ China covers 75% of the total costs of this development plan. In 2003 CNPC bought a number of Algerian refineries for a price of USD 350 million and signed a deal for oil excavation.¹²⁹ Apart from CNPC, also the PetroChina company signed an MoU on the development of oil fields in this African countries and the construction of a refinery.

China has also been active in Nigeria. In 2005 it concluded a trade agreement worth USD 800 million, by virtue of which the most populous African countries committed itself to providing PetroChina with 30 thousand oil barrels per day. A year later, the CNOOC agreed to pay USD 2.3 billion for 45% shares in Nigerian oil and gas fields.¹³⁰ Beijing also struck a deal with regard to oil excavation and the development of Nigeria's drilling systems. According to estimates, this project may have cost USD 4 billion.

Moreover, the CNOOC signed a document on crude oil excavation in Kenya, while Sinopec is present in Gabon, where in 2004 it struck a deal with Total Gabon for the sale of this resource. Chinese energy corporations were also able to negotiate agreements on oil excavation in the Republic of Congo and Namibia.¹³¹

The Sino-African cooperation may thrive because Beijing has no qualms about trading with non-democratic African regimes, which quite often not only do not respect but also openly violate human rights. Actually, on the 2006 FOCAC summit, the Chinese had gone so far as to stress that their projects are based on the principle of non-interference in their trading partners' internal affairs, a declaration which they repeated on several occasions afterwards.

From the point of view of African countries, trading with China is free from any preliminary conditions (such as fighting corruption) that are quite often put forward by democratic countries or organizations such as the IMF or the World Bank.¹³² The Chinese not only are not bothered by cases of

¹²⁷ J. Hellström, "China's Emerging Role...", p. 13.

¹²⁸ *China's Sinopec to Develop Algeria's Zarzaitine Oil Field*, <http://www.albawaba.com/business/china%E2%80%99s-sinopec-develop-algeria%E2%80%99s-zarzaitine-oil-field>, retrieved: 27.10.2011.

¹²⁹ D.H. Shinn, *China's Approach to East, North and the Horn of Africa*, <http://elliott.gwu.edu/news/testimony/shinn4.cfm>, retrieved: 27.10.2011.

¹³⁰ *NNPC Approves CNOOC's \$ 2.3 bn Stake in Block OPL 246*, <http://www.gasandoil.com/news/africa/114a70f6122b659182c344fcc2ec71b5>, retrieved: 27.10.2011.

¹³¹ I. Taylor, *Unpacking China's Resource...*, p. 12–13.

¹³² Cf. E.S. Downs, *The Fact and Fiction of Sino-African Energy Relations*, "China Security" 2007, Summer, Vol. 3, No. 3, http://www.wsichina.org/cs7_3.pdf, retrieved: 27.10.2011; I. Taylor, *Unpacking China's Resource...*

human rights violation and bribery¹³³ but also know how to use them for their own purposes, in a way becoming a part of this system and corrupting high-ranking officials.

Africa's political elites also appreciated the fact that China had not colonized Africa. At the beginning of the 21st China was still perceived as a country with no political interest in interfering with the matters of the African continent. However, it now seems that because of numerous, multi-million dollar projects pursued by China, this situation has changed.

There is no doubt that the active presence of the Middle Kingdom in Africa has provided many a local leader with a welcome political alternative, since the choice of trade partners stopped being limited to the United States and the European Union. When the PRC entered Africa's energy market, on one hand as an investor, on the other as a big importer, it turned out to be a very effective counterbalance to European and American spheres of influence on this continent.

The activities undertaken by the PRC in Africa are a source of controversy in the international arena. China has been accused of providing indirect support to authoritarian regimes by failing to react to the dramatic situation of the African population. Chinese involvement in Sudan raised the harshest criticism, since apart from participating in the oil sector, the PRC also went as far as to sell arms and planes and provide assistance needed to build military factories.¹³⁴ All of this happened while the Muslim part of the country massacred civilians in Darfur, fuelling the conflict with the south.

The Sudanese relations took on a quite peculiar character in the last few years, when the referendum on dividing the country into two independent entities was scheduled. China, which had so far supported the Muslim president Omar al-Bashir, who had pursued severe policy towards the South, was faced with a difficult choice. As it turned out, over 80% of Sudanese oil was located in the region that strove for secession, which, in case it succeeded and South Sudan became a separate state, would put the Middle Kingdom in a very delicate position.

Beijing quickly adjusted its strategy to fit the new political situation. Even before South Sudan officially proclaimed its independence, China modified its relations with local political leaders, so that just a few days after the new country was formed it could present a training program for welders in the South.¹³⁵

¹³³ This is best evidenced by the fact that Beijing maintained its close cooperation with Khartoum despite the ethnic cleansing pursued by Northern Muslims in non-Islamic regions of Darfur and South Sudan.

¹³⁴ Cf. *The Facts: China's Arms Sales to Sudan*, <http://www.humanrightsfirst.org/our-work/crimes-against-humanity/stop-arms-to-sudan/the-facts-chinas-arms-sales-to-sudan/>, retrieved: 18.07.2012.

¹³⁵ E. Downs, *China's Push to Woo South Sudan*, http://blog.foreignpolicy.com/posts/2011/07/12/chinas_push_to_woo_south_sudan_and_get_its_oil, retrieved: 22.10.2011 By supporting welders' training program, China may have wanted to limit the dependence

The PRC's foreign minister was the first official of such a high rank to pay a visit in the new republic.¹³⁶ The armed conflict between the two Sudans, which broke out just after the South proclaimed its independence, forced China to, as it was called, perform a “delicate dance” as it sought to maintain a good relationship with its long-standing partner in the north and at the same time deepen its relations with the oil-rich south (oil production was temporarily suspended due to the conflict).¹³⁷

Map 8. Oil fields and pipeline infrastructure in Sudan and South Sudan



Based on: *South Sudan 'agrees \$8bn deal with China'*, <http://www.bbc.co.uk/news/world-africa-17883321>, retrieved: 18.07.2012.

In general terms, it needs to be noted that the contracts concluded between the Chinese governments and African countries usually lack clarity.¹³⁸ At the

of the south on the north with regard to oil transportation (while South Sudan holds most oil deposit, the industrial infrastructure is located in the northern Republic of Sudan).

¹³⁶ *China's Foreign Minister in First Visit to South Sudan*, <http://www.bbc.co.uk/news/world-africa-14454338>, retrieved: 22.10.2011.

¹³⁷ J. Farrie, *Sudan's Use of Chinese Arms Shows Beijing's Balancing Act*, <http://www.bloomberg.com/news/2012-04-30/sudan-s-use-of-chinese-arms-shows-beijing-s-balancing-act.html>, retrieved: 18.07.2012.

¹³⁸ M.D. Huse, S.L. Muyakwa, *China in Africa: Lending, Policy Space and Governance*, Norwegian Campaign for Debt Cancellation, Norwegian Council for Africa, 2008, p. 5.

same time, when African countries decide to cooperate with China, they usually can count on less development aid than if they decided to strike a deal with western countries. The PRC extends aid resources only to support its own energy strategy. Therefore, it is quite difficult to estimate the total value of Chinese aid granted to Africa.¹³⁹ The European Commission states that it may amount to ca. USD 1.5 billion per year, while other sources quote as much as USD 4.5 billion.¹⁴⁰ As Jean-Raphaël Chaponnière explains, the situations stems from several reasons. Firstly, disseminating information on the support offered to African countries could be politically harmful in the context of the poverty that China's own citizens live in.¹⁴¹ Secondly, it seems that the Middle Kingdom appreciates that from the point of view of African countries, accepting assistance programs is a delicate issue, and so it gives them free rein when it comes to the question of whether such assistance and its value should become public knowledge. At the same time, Chinese decision-makers fear that at some point the supported countries may start comparing the amount of help they are getting from the PRC.

Despite these complications, it is estimated that the PRC did extend financial assistance to as many as fifty three African countries. In recent years, a large proportion of the aid funds has been directed to countries that export their natural resources, i.e. Angola, Nigeria and Botswana.¹⁴² It needs to be borne in mind, however, that the Chinese usually do not offer financial aid to projects that are not, at least indirectly, profitable for them. While Western countries transfer funds also for healthcare and education, be it in the form of loans, credits or grants, China only sporadically decides to invest in these sectors.

African countries, at first excited about the perspectives presented by the economic cooperation with the People's Republic of China, have now become disillusioned. Previously looked up to almost as a savior, Beijing is starting to be perceived as a neo-colonizer. The public opinion has started voicing some criticism, and there has even been several demonstrations against the Chinese presence on the continent. Some political leaders have started to ask if the African countries benefit from this cooperation at all, or if all profits actually go to China.¹⁴³ Michael Sata, Levy Mwanawasa's opponent in the 2006 presidential elections in Zambia, was adamant that if he won, he would "throw Chinese traders out of the country". Beijing's authorities reacted by declaring that if Sata won, they would withdraw from Zambia altogether. This threat, unfulfilled in 2006, became once again relevant in 2011, when Michael Sata,

¹³⁹ J.-R. Chaponnière quotes various data. Cf. J.-R. Chaponnière, "Chinese Aid to Africa. Origins, Forms and Issues", in: *The New Presence...*, p. 63–64.

¹⁴⁰ Ch. Hackenesch, "China and the EU's Engagement...", p. 32.

¹⁴¹ *Ibid.*, p. 63.

¹⁴² J.-R. Chaponnière, "Chinese Aid to Africa...", p. 66–67.

¹⁴³ Cf. K. Foerstel, "China in Africa...", p. 4 and 19.

running for the fourth time with, in the first round, the same anti-Chinese declarations, became president of Zambia. Although the president-elect did temper his tone with regard to the presence of foreign capital in the country¹⁴⁴, and the PRC-Zambia relations warmed up towards the end of 2011¹⁴⁵, the future of their cooperation still remains uncertain.

Any hopes that Chinese presence in Africa could contribute to the economic growth on the continent have not been fulfilled. The Chinese are virtually self-sufficient; they import their own workforce, a strategy that by no means stimulates local markets. Also the quality of projects carried out by China in Africa is less than perfect. A hospital in Luanda had to be closed just a few months after its opening because the construction started to crack, while a road in Zambia was washed away from the face of the earth after a downpour.¹⁴⁶

There is no doubt that the chief reason why China wants to stay in Africa is to secure access to natural resources. However, the People's Republic is no longer perceived as a development partner. Quite to the contrary, it has been portrayed as a colonizer, although such interpretations also seem to be exaggerated.

The fact that Chinese activity in Africa rises steadily may lead to clashes with the European Union (for instance with regard to access to Libya's oil fields – on one hand, Libya is Europe's most important oil provider, on the other hand Chinese presence in the broadly conceived energy sector in this country has been growing ever since the "Arab spring"¹⁴⁷). At the same time, since the Middle Kingdom entered the African market, Africa's trade with the European Union has in fact dropped. However, African countries, especially in the northern region, are still perceived by some EU countries as their influence zone. It has to be borne in mind that Northern African countries are encompassed by the European Neighborhood Policy. This is why in

¹⁴⁴ *Zambia: China Must Obey Our Rules, Says President*, <http://www.rnw.nl/africa/article/zambia-china-must-obey-our-rules-says-president>, retrieved: 21.10.2011.

¹⁴⁵ It is interesting to note that after Sata's success the African staff of a Chinese mine in Zambia got a raise, and Hu Jintao invited the president-elect to Beijing just after the results had been announced. A. Mutale, *Zambia's New President Sata Sets New Mining Rules for China*, <http://www.csmonitor.com/World/Africa/2011/0928/Zambia-s-new-President-Sata-sets-new-mining-rules-for-China>, retrieved: 21.10.2011. Thanks to improving relations, in December 2011 both countries signed agreements on technical and economic cooperation. A. Simuchoba, *Zambia, China Revive Ties*, <http://www.timeslive.co.za/africa/2012/03/11/zambia-china-revive-ties>, retrieved: 18.07.2012.

¹⁴⁶ *Trying to Pull Together. Africans Are Asking Whether China Is Making Their Lunch or Eating It*, <http://www.economist.com/node/18586448>, retrieved: 16.10.2011.

¹⁴⁷ According to 2010 data, EU countries were the largest importer of Libyan oil (28% of petroleum exports from Libya landed in Italy, 15% in France, 10% to Germany and Spain each, 5% to Greece and 4% to Great Britain), although China's share already amounted to 11%. Cf. U.S. Energy Information Administration, *Country Analysis Briefs: Libya*, <http://205.254.135.24/countries/cab.cfm?fips=LY>, retrieved: 28.10.2011.

the future the EU-China competition for African oil may get much fiercer, also because of the fact that after 9/11 Europe decided to increase its “black gold” imports from Africa due to potential instabilities in the Middle East.

Furthermore, the European Union wrangles with the PRC over the manner of engagement and the level of responsibility over this region of the world. While European experts stress the necessity of fighting for human rights in Africa, the Chinese cooperation model is based on the principle of non-interference in political affairs and separation of trade from the sphere of human rights and the rule of law. At the same time, China is not always so detached in terms of politics, as could be seen for instance in the case of Sudan, which for years had been embargoed by the EU and the US, all the while buying arms supplies from China. As Uwe Wissenbach says, the Chinese principle of non-intervention into another country’s internal affairs is valid only when it does not go against China’s national interests.¹⁴⁸ It is therefore no surprise that actions undertaken by China in Africa quite often undermine the EU’s democratizing efforts.

Central Asia and Caspian Sea Basin Region

Central Asia and, more broadly, the Caspian Sea Basin Region, also constitutes a vital overlap point in terms of spheres of influence. Although it is situated quite near the north-western borders of the PRC and it would seem to be a natural direction for economic expansion, the Middle Kingdom did not initiate any larger projects in this area directly after the fall of the USSR. Chinese authorities turned their attention to this region only once they started their policy of building greater energy security, treating Central Asia and the Caspian Sea as possible options for diversifying the ever-growing oil and gas imports, mainly because of their rich resources.¹⁴⁹ However, in view of the clashes with Russia and OPEC countries, also the European Union started regarding the Caspian Sea and the Central Asia in this manner.

One of the countries that are important to the external energy policy of the PRC is Kazakhstan. China’s biggest energy initiative in recent years has been the already mentioned construction of the oil pipeline from Atyrau in Kazakhstan to Alashankou in China.

The construction erected by Sino-Kazakh Pipeline Company, a joint venture of CNPC and KazMunaiGaz (KMG)¹⁵⁰, is an important factor that strengthens China’s position in Central Asia, while at the same time securing more than ten percent of China’s demand for crude oil. Another important energy

¹⁴⁸ U. Wissenbach, “The EU’s Response to China’s Africa Safari: Can Triangular Co-operation Match Needs?”, *European Journal of Development Research* 2009, vol. 21, iss. 4, p. 668.

¹⁴⁹ At the same time, Central Asia fulfilled the requirement of creating a safe alternative to seaborne energy transport (cf. the “Strait of Malacca dilemma”).

¹⁵⁰ *Country Analysis Briefs: China*.

project pursued by China in this part of the world was establishing a connection to the gas pipeline system operating in Central Asia. A framework agreement to this effect was signed in 2008.¹⁵¹

The PRC has also increased its activity in countries west of the Caspian Sea, with one of the main elements of Azerbaijan-China cooperation being energy relations.¹⁵² The dragging discussions over the construction of an Azerbaijan-European Union corridor compelled the president of the Azeri national oil company SOCAR to announce that it considered exporting petroleum eastward, also to China. However, this project seems unfeasible, and it should be interpreted rather as an attempt to put pressure on the Western Europe to accelerate the construction of the southern energy corridor.¹⁵³

The PRC's energy strategy rolled out in Central Asia is quite often accompanied by financial incentives. With regard to gas supplies from Turkmenistan, such perks include for instance the USD 4 billion loan extended to this country in mid 2009 for the development of South Yolotan, a gas field considered to rank second in the world in terms of volume. At the same time, as early as in December 2009 CNPC was listed as one of several international companies that would carry out projects to develop this gas deposit.¹⁵⁴ Meanwhile, the European Union also perceives Turkmenistan as a potential source of natural gas. Despite Russian and Iranian protests, in September 2011 the Council of the European Union agreed to enter into negotiations with Turkmenistan and Azerbaijan to build an oil pipeline across the bottom of the Caspian Sea.¹⁵⁵

The Caspian Sea Basin and Central Asia have been steadily growing in importance within China's foreign policy. In 2010, the PRC replaced Europe as Central Asia's first trading partner.¹⁵⁶ However, it needs to be borne in

¹⁵¹ CRS Report for Congress, *Europe's Energy Security: Options and Challenges to Natural Gas Supply Diversification*, March 2012, p. 21, <http://www.fas.org/sgp/crs/row/R42405.pdf>, retrieved: 28.07.2012.

¹⁵² Cf. Fariz Ismailzade, "China's Relations with Azerbaijan", *China and Eurasia Forum Quarterly* 2007, Vol. 5, No. 1, p. 31, http://www.silkroadstudies.org/new/docs/CEF/Quarterly/February_2007/Ismailzade.pdf, retrieved: 23.10.2011; S.J. Blank, *The Eurasian Energy Triangle...*, p. 60.

¹⁵³ A. Petersen, *Azerbaijan's Gas Going East?*, <http://eurodialogue.org/energy-security/Azerbaijan-Gas-Going-East>, retrieved: 29.11.2011.

¹⁵⁴ M. Gurt, *Korea, China, UAE Win Turkmen Gas Deal – Sources*, <http://uk.reuters.com/article/2009/12/29/turkmenistan-gas-idUKLDE5BS1CR20091229?sp=true>, retrieved: 23.10.2011 *Turkmenistan's South Yolotan Gas Field Is World's No. 2*, <http://www.thepeninsulaqatar.com/business-news/168768-turkmenistans-south-yolotan-gas-field-is-worlds-no2.html>, retrieved: 23.10.2011.

¹⁵⁵ CRS Report for Congress, *Europe's Energy Security...*, p. 21.

¹⁵⁶ China's trade with Central Asian countries in 2010 amounted to USD 23 billion, compared to the USD 21 billion of the European Union. Cf. F. Godement, "Introduction", in: *The New Great Game in Central Asia*, "China Analysis" 2011, p. 1, http://www.ecfr.eu/page/-/China%20Analysis_The%20new%20Great%20Game%20in%20Central%20Asia_September2011.pdf, retrieved: 23.11.2011.

mind that this area of the world is often tormented by various turbulences, which makes it difficult for China to stabilize its energy strategy. Also, Central Asian political elites remain very cautious when it comes to the PRC.¹⁵⁷ Furthermore, Central Asia and the Caspian Basin is still an arena of fierce competition among China, Russia, the USA and Europe.¹⁵⁸ The Chinese also have some misgivings as to the lack of political stability in the region caused by the rising levels of terrorism, regional and religious separatisms and anti-government riots provoked by some ethnic groups. In this context, the stability of the north-western parts of the PRC, i.e. the Xinjiang Uyghur Autonomous Region, also raises some doubts.¹⁵⁹ This is one of the reasons why China is so committed to the works of the Shanghai Cooperation Organization.¹⁶⁰

This part of the world has also been considered by the EU as an alternative source of energy supplies. In the last years, there has been a number of initiatives aiming at increasing the share of oil and natural gas from the Caspian Sea Basin (especially Azerbaijan) in total European consumption of these two resources. However, such events as the war in Georgia (a transit country) and the EU's lengthy decision-making process compel the countries of Central Asia and the Caspian Sea Basin to sell their oil and gas to China. The eastward bound pipeline system has been developing at such a pace that soon enough the European countries will not have anything to look for in the region.¹⁶¹

Middle East

Although the Middle East does not constitute an arena of direct energy competition between the European Union and the People's Republic of China, it holds crucial political significance for both actors. At the same time, for the European Union it is a vital source of energy supplies, while for the People's Republic of China, despite many attempts at diversifying the oil portfolio, the Middle East remains the main provider of "black gold" (47% of total oil supplies, i.e. 2.2 million oil barrels per day in 2010).

The Middle East is situated outside the Middle Kingdom's traditional zones of influence; neither does it constitute a military threat to it, which is why China's interest in this region is purely economy-based. Beijing's indifference to the relations between Middle Eastern countries allowed it to maintain

¹⁵⁷ T. Sikorski, "Strategic Vacuum in Central Asia – A Case for European Engagement?", *PISM Strategic File*, iss. 15, April 2011.

¹⁵⁸ Cf. S.J. Blank, *The Eurasian Energy Triangle...*; M. Lanteigne, "China's Energy Security and Eurasian Diplomacy: The Case of Turkmenistan", *Politics* 2007, October, Vol. 27, Iss. 3.

¹⁵⁹ S.J. Blank, *The Eurasian Energy Triangle...*

¹⁶⁰ Cf. J. Doyon, "Strengthening the SCO", in: *The New Great Game...*

¹⁶¹ Cf. T. N. Marketos, "Eastern Caspian Sea Energy Geopolitics: a Litmus Test for the U.S.–Russia–China Struggle for the Geostrategic Control of Eurasia, *Caucasian Review of International Affairs* 2009, Winter, Vol. 3(1). Compare also remarks made by the Congressional Research Service in: CRS Report for Congress, *Europe's Energy Security...*, p. 19.

quite positive relations with most of them despite the high volatility of the entire area (i.e. the Arab-Israeli conflict, Iraq-Iran war, first Persian Gulf war, US-led coalition's intervention in Iraq).

In terms of oil trade, the Islamic Republic of Iran is the second energy partner of China. At the same time, it could become a convenient channel of diversifying European energy supplies, which was in fact referenced in some EU plans. Nevertheless, the trade between this country and the EU is limited due to political reasons, which, as a result, enables the PRC to pursue its energy policy in Iran quite freely.¹⁶² While in 1991 China's share in the country's trade balance equaled 2%, in 2008 it became Iran's main economic partner, accounting for as much as 18.5% of its total exports¹⁶³, with oil constituting 80% of all commodities bought by the PRC.

Iran and China share a long-standing history of cooperation, which goes back to the "silk road". However, it was only with the breakout of the Islamic revolution in 1979 and the political conflict between Iran and the US that the two countries again started growing closer in the 20th century. During the Iraq-Iran war, Beijing sold military equipment to Tehran. However, the paramount role of the Islamic Republic of Iran in Chinese external energy policy stems mostly from the fact that democratic regimes have subjected it to permanent isolation in the international arena, not from any historic determinants. Contrary to other states, China could hardly care less about the situation in Iran, its ambitions or the economic sanctions it endures. By maintaining its policy of non-interference in the internal affairs of its trade partners, the PRC pursues its main goal, i.e. quenching the thirst for energy resources.

The real breakthrough, however, occurred in 2004, when China and Iran concluded a 100 billion dollar gas deal. In return for this sum, Iran took upon itself an obligation to supply the Middle Kingdom with 2.5 million metric tons of gas per year, in a period of twenty five years beginning in 2008. Several months later, Sinopec signed yet another framework agreement – this time worth USD 70 billion, with National Iranian Oil Company. It provided for annual shipments of 250 million tons of gas over thirty years. In total, China's financial engagement neared USD 200 billion. To finalize the mutual commitments, Sinopec invested USD 2 billion to develop the Yadavaran oil field in Iran, purchasing 51% of shares (in 2007).¹⁶⁴

¹⁶² It needs to be remarked however that despite political sanctions on Tehran government, there still are still some European (for instance German) companies operating in Iran. Cf. M. Shields, R. Wagner, *German Firms in No Rush to Follow Siemens Iran Exit*, <http://www.reuters.com/article/2010/01/27/iran-germany-exports-idUSLDE60Q13020100127>, retrieved: 28.10.2011.

¹⁶³ W. van Kemenade, *Iran's Relations with China and the West. Cooperation and Confrontation in Asia*, Hague 2009, p. 105.

¹⁶⁴ Cf. *ibid.*, p. 116; M. Zahirinejad, V. Groble, "Energy Factor in China-Iran Relations", *Journal of Peace Studies* 2010, April–September, vol. 17, iss. 2-3; *China, Iran Sign Biggest Oil*

In April 2009, CNPC signed a 1.7 billion dollar contract to develop the North Azadegan oil field, and in June 2009 the company concluded a 4.7 billion dollar agreement on a similar project concerning the largest gas field in the world, the South Pars.¹⁶⁵ It needs to be noted that also in 2009 the Iran LNG Company reached a 3.2 billion dollar agreement with a Chinese consortium that would build gas liquefying lines in South Pars fields. Chinese companies were also asked to join an enormous (USD 42.8 billion) project of building seven refineries and pipelines of a total length of a thousand miles.¹⁶⁶

Chinese and European energy interests also clash in Saudi Arabia. Although in general terms European trade with Saudi Arabia ranks this country on the fourteenth position among other trade partners, the category of fuels accounts for over 77% of total imports from the monarchy.¹⁶⁷ Saudi Arabia is therefore the third, after Russia and Norway, biggest provider of oil to the European Union. Meanwhile, China is one of the basic recipients of Saudi oil (along with Japan and the USA), and exports to this country significantly exceed deliveries directed to the EU or the US. All of this contributes to the emergence of potential conflict areas with regard to access to limited resources.¹⁶⁸

Sino-Saudi energy relations embarked upon dynamic development in the second half of the 1990s, when Riyadh started searching for new trade partners to lower its dependence on its main partners. From Beijing's point of view, Saudi Arabia became a desirable partner not only as an oil-rich country, but also as the most stable state in the Middle East.¹⁶⁹ Currently, over 20% of oil imported to the PRC comes from Saudi Arabia.¹⁷⁰

& Gas Deal, http://www.chinadaily.com.cn/english/doc/2004-10/31/content_387140.htm, retrieved: 23.10.2011; *Sinopec to Develop Oil Field in Iran*, <http://www.nytimes.com/2007/12/10/business/worldbusiness/10iht-chioil.4.8675286.html>, retrieved: 23.10.2011 and *China's Sinopec, Iran Ink Yadavaran Deal*, <http://www.chinamining.org/Investment/2007-12-11/1197342543d8153.html>, retrieved: 23.10.2011.

¹⁶⁵ In this project, China replaced the French-owned Total, but in mid 2011 Tehran warned CNPC that it should perform its contractual duties with regard to the development of the oil field or otherwise Iran would finish the project on its own. Cf. *Iran Warns China over South Pars Gas Deal-Report*, <http://af.reuters.com/article/energyOilNews/idAF-HOS76316920110617>, retrieved: 23.10.2011.

¹⁶⁶ Ł. Gacek, *Bliski Wschód w polityce energetycznej Pekinu*, in: J. Marszałek-Kawa (ed.), *Strategie w polityce azjatyckiej. Rozważania o aspiracjach i możliwościach współczesnej Azji*, Toruń 2011, p. 206.

¹⁶⁷ DG Trade, *Saudi Arabia. EU Bilateral Trade and Trade with the World*, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113442.pdf, retrieved: 28.10.2011.

¹⁶⁸ At the same time, both entities may form a potential common front against OPEC decisions.

¹⁶⁹ J.B. Alterman, J.W. Garver, *The Vital Triangle. China, the United States and the Middle East*, Washington 2008, p. 33.

¹⁷⁰ D. Workman, *China's Top Suppliers of Imported Crude Oil by Country in 2010*, <http://daniel-workman.suite101.com/chinas-top-suppliers-of-imported-crude-oil-by-country-in-2010-a355760>, retrieved: 28.09.2011. In *China's Energy Security...*, Zhang Jian quotes 19% (p. 17).

Apart from oil trading, the two states also cooperate in terms of investment projects (Saudi companies build refineries and oil depots in China; Chinese enterprises participate in gas exploration in Saudi Arabia and other projects throughout the country¹⁷¹). This relationship accelerated significantly after 9/11, when Saudi Arabia, in order to avoid potential frictions in the relations with the USA and an American interference in the country's political situation, looked to strengthen alternative trade routes. At that time, the PRC and Saudi Arabia took up multiple, politically-oriented consultations.¹⁷² The first foreign visit of king Abdullah after ascending the throne took place in China. At the same time, his 2006 trip to Beijing was the first ever visit of a Saudi monarch in the PRC.

Currently, there are sixty two Chinese companies operating on the Saudi market. In total, they have twenty two thousand employees (mostly Chinese). In 2008, total Sino-Saudi trade was worth USD 41.8 billion.¹⁷³ Of course, Chinese activity in Saudi Arabia focuses on the oil sector.

The activity of Chinese corporations in the Middle East is rising steadily, which can also be noticed in Iraq and Qatar. Already in 1997 the Chinese struck a 1.2 billion dollar deal to explore Iraqi oil fields. However, they had to suspend the performance of their obligations when in 2003 the international coalition had started an intervention in Iraq. However, right now China is once again very active in this area of the Middle East. In 2008, another contract on extracting Iraqi oil, this time worth USD 3 billion, was signed.¹⁷⁴ It was also in the same year that the Chinese signed an agreement to buy natural gas from Qatar.

The PRC's external energy strategy in this area of the world also includes participating in the project of building an Iran-Pakistan pipeline. The initial idea for this project, conceived in the 1950s, was to build a so-called IPI gas pipeline, i.e. a 2775 kilometer connection between Iran, Pakistan and India. In 1995, Iran and Pakistan reached a preliminary agreement. In 2008 put forward a proposal of a Chinese participation in the project, considering the option of connecting the Middle Kingdom to the pipeline via Pakistani territory. However, in 2010 the Chinese suspended the discussion on this corridor, arguing that it would require high expenses and would present enormous technical challenges, since the route would have to cross the world's highest mountain chain.¹⁷⁵

¹⁷¹ Cf. J.C.U. Budike, *Securing China's Oil Supply from the Persian Gulf. The Case of Iran and Saudi Arabia*, Amsterdam 2010, p. 77, http://www.iias.nl/epa/files/Jurgen%20Budike_Securing%20China%27s%20Oil%20Supply%20From%20the%20Persian%20Gulf.pdf, retrieved: 29.07.2012.

¹⁷² J.B. Alterman, J.W. Garver, *The Vital Triangle...*, p. 34.

¹⁷³ Ł. Gacek, „Bliski Wschód w polityce energetycznej Pekinu”, in: *Strategie w polityce...*, p. 201.

¹⁷⁴ Having signed this contract, China agreed to cancel a part of Iraqi debt.

¹⁷⁵ *China Says No to Iran-Pakistan-China Pipeline*, <http://despardes.com/?p=15052>, retrieved: 23.10.2011.

Eventually, the IPI project failed due to Indian fears that the hostile Pakistan might take control over such a pipeline and the USA's involvement in the debate.¹⁷⁶ Ultimately the original plan was reduced to a two-element structure linking Iran and Pakistan, although India are open to the idea of building a connection in the future¹⁷⁷.

Russia

There global competition for Russian deposits of natural resources has also been on the rise. So far, the European Union has feared Russian monopoly with regard to shipping energy supplies to Europe, however in the future it might be forced to started competing with China for these very resources.¹⁷⁸

At the beginning of 2011, oil started flowing through a pipeline connecting the Russian town of Skovorodino with Daqing in China.¹⁷⁹ Beforehand, crude was transported from Russia by railways, increasing the import cost twofold. The decision to build an extension of the ESPO (East Siberia–Pacific Ocean) pipeline from Skovorodino to Daqing had been made already in 2006, but the construction started in February 2009, after an “oil for loans” agreement had been signed. The Russian side initiated construction works after the China Development Bank had granted it a USD 25 billion preferential credit in exchange for a commitment to deliver 15 million tons of oil per year for twenty consecutive years, counting from 2011. However, once the pipeline was opened there were some tension between Russia and China as to prices.¹⁸⁰

The story of how this pipeline was constructed is a good reflection of the relatively cautious relations between China and Russia. Initially, Russia was not eager to direct the ESPO route to the Middle Kingdom, even though there were financial arguments to do so. However, Russian authorities opted more for the alternative, and much more expensive, solution of leading the pipeline to the shore of the Japanese Sea and creating a terminal that would allow further export on oil tankers. Russia's positive attitude towards this route was also due to the fact that in this way it would not be bound by the prices offered by the Chinese. There were also other vital arguments on

¹⁷⁶ India and the USA concluded an agreement on cooperation with regard to nuclear energy. At the same time, the USA is trying to convince Pakistan to withdraw from its dealings with Iran by proposing an alternative solution instead of the IP pipeline.

¹⁷⁷ *New Delhi Calls for IPI Talks*, http://www.upi.com/Business_News/Energy-Resources/2010/03/19/New-Delhi-calls-for-IPI-talks/UPI-15881269006235/, retrieved: 21.10.2011.

¹⁷⁸ Cf. M. Kaczmarzki..., p. 75–78 and 121–122.

¹⁷⁹ *Sino-Russia Pipeline Opens*, http://www.chinadaily.com.cn/photo/2011-01/03/content_11787372.htm, retrieved: 29.09.2011.

¹⁸⁰ CNPC paid less than the agreed amount, arguing that the prices were inflated. *China looks to boost oil imports from Russia*, <http://www.panarmenian.net/eng/news/93880/>, retrieved: 30.07.2012.

the part of Japan, which pursued lobbying activities (also financial) in favor of constructing a pipeline that would run towards the shore, indicating that an oil depot would allow Russia not only to sell crude to Japan and South Korea, but also to China, which should calm the Middle Kingdom's fears of losing the Russian component of their imports. Finally, Russia decided to build both routes simultaneously (towards the PRC and the Japanese Sea shore), although experts indicate that its production capacity is too low and that in the future the country may struggle to meet all its obligations with regard to shipping oil by both pipelines.¹⁸¹

Map 9. ESPO route



Based on: L. Jakobson, P. Holtom, D. Knox, J. Peng, "China's Energy and Security Relations with Russia. Hopes, Frustrations and Uncertainties", *SIPRI Policy Papers* 2011, October, No. 29, s. 30, http://books.sipri.org/product_info?c_product_id=431, retrieved: 29.09.2011.

¹⁸¹ L. Jakobson, P. Holtom, D. Knox, J. Peng, "China's Energy and Security Relations with Russia. Hopes, Frustrations and Uncertainties", *SIPRI Policy Papers* 2011, October, no. 29, p. 27–31, http://books.sipri.org/product_info?c_product_id=431, retrieved: 29.09.2011.

Although the pipeline was opened, the cooperation with the Russian Federation, as far as Russia's current export capacity and its geographical proximity is concerned, remains quite insignificant. At the same time, its shipments of natural gas to the Middle Kingdom are even smaller.¹⁸² The situation results from, among others, China's reluctance to let Russia dominate total exports of energy resources to Asian market. Also Russia is not willing to overly extend its energy ties with China. Furthermore, both sides have a different vision of resource prices, while their energy interests in Central Asia quite often diverge.¹⁸³

The rivalry on global markets has forced the EU to institutionalize its external energy policy. So far, it was mainly the relations with Russia that pushed Europe to formalize this sector of its policy.¹⁸⁴ Because the EU was dependent on Russian export and the Federation itself pursued a strategy of expansion with regard to EU member states, regulating the relations with this state was necessary to secure energy supplies. However, as of now the EU should also point its attention towards the international activity of the PRC.

Latin America

This region hold less importance both for China's as well as the European energy policy than Africa, Central Asia Basin or the Middle East. Latin American countries have more significance in terms of non-energy natural resources (such as copper and iron). Nevertheless, in the last few years China has become more interested in rolling out its energy strategy in this region.¹⁸⁵

In the last few years, Latin American countries started discovering new oil fields on their territories, which contributes to their growing importance on the international market. At the same time, their ties with the USA have weakened.¹⁸⁶ The rapprochement between China and Latin America is also

¹⁸² Ibid., p. 34.

¹⁸³ Russia wants to sell its resources at European prices, China expects preferential prices. Both sides have also been unable to finalize their negotiations concerning a Russia-China gas pipeline. "Rosja-Chiny: współpraca energetyczna największym wyzwaniem", *Tydzień na Wschodzie* 2011, October 12th, <http://www.osw.waw.pl/pl/publikacje/tydzien-na-wschodzie/2011-10-12/rosja-chiny-wspolpraca-energetyczna-najwiekszym-wyzwaniem>, retrieved: 30.07.2012; S.J. Blank, "The Eurasian Energy Triangle: China, Russia, and the Central Asian States", *Brown Journal of World Affairs* Winter 2005/Spring 2006, Vol. 12, Iss. 2.

¹⁸⁴ Cf. M. Bodio, *Polityka energetyczna w stosunkach między Unią Europejską a Federacją Rosyjską w latach 2000–2008*, Warsaw 2009, p. 182–193.

¹⁸⁵ The total volume of trade between the PRC and Latin America rose by 600% between 1993–2003, with a major contribution of the energy sector. Cf. Ho Xuan-Trang, *China's Burgeoning Role in Latin America – A Threat to the U.S.?*, <http://www.politicalaffairs.net/china-s-burgeoning-role-in-latin-america-a-threat-to-the-u-s/>, retrieved: 22.10.2011

¹⁸⁶ E.H. Christie, J. Francois, W. Urban, F. Wirl, "China's Foreign Oil Policy...", p. 29. Compare also G.S. Paz, "Rising China's «Offensive» in Latin America and The U.S. Reac-

evidenced by the growing quota of energy trade. To support their business, high-ranking Chinese officials visited as many as nineteen countries of this region throughout 1997-2007.¹⁸⁷

The relationship between Latin America and China has developed since the 1970s, when Chile, the first country on the continent, established diplomatic ties with the People's Republic of China, to this very day remaining one of its main Latin American partners. However, from the point of view of the PRC's international energy policy, it is the relations with the oil-rich Venezuela that prove much more crucial.

The dynamic cooperation between China and Venezuela started when Hugo Chávez became president. In 2004, while searching for alternative trade partners¹⁸⁸, he offered China access to his country's oil deposits and intensification of petroleum trade. CNPC lost no time, in 2005 and 2006 signing framework agreement on the development and exploration of selected oil and gas fields. In 2008, the PRC and Venezuela entered into a deal to increase oil shipments to China, while in the following year they announced a deeper investment cooperation of a value up to USD 16 billion.¹⁸⁹ In 2009, trade levels between China and Venezuela reached USD 7.5 billion, making the PRC Venezuela's second largest economic partner, while Venezuela became the Middle Kingdom's first trade partner in Latin America. The main obstacle for a further acceleration of oil exchange between these two countries lies in the huge costs of transporting resources from Venezuela to China. Both parties have even contemplated constructing a pipeline running from the Venezuelan Maracaibo to the Columbian coast of Pacific, a step that would boost oil imports while circumventing the Panama Canal.

Brazil also has its share in South American oil imports. In 2004, two oil giants, the Chinese Sinopec and Brazilian Petrobras signed a deal on strategic cooperation.¹⁹⁰ Meanwhile, Brazil has been growing in importance not

tion", *Asian Perspective* 2006, Vol. 30, No. 4, <http://www.asianperspective.org/articles/v30n4-e.pdf>, retrieved: 22.10.2011

¹⁸⁷ European Parliament, *Chinese Resources and Energy Policy in Latin America*, Brussels 2007, p. 12, http://www.pedz.uni-mannheim.de/daten/edz-ma/ep/07/pe348.605_en.pdf, retrieved: 22.10.2011

¹⁸⁸ "We have been producing and exporting oil for more than 100 years but they have been years of dependence on the United States. Now we are free and we make our resources available to the great country of China", Hugo Chavez in: G. Luft, "In Search of Crude China Goes to the Americas", *Energy Security* 2005, January 18, <http://www.iags.org/n0118041.htm>, retrieved: 22.10.2011.

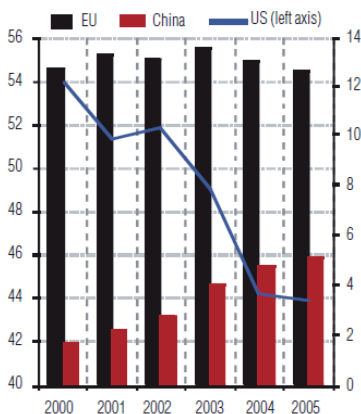
¹⁸⁹ W. Grant, *China in Huge Venezuela Oil Deal*, <http://news.bbc.co.uk/2/hi/8260200.stm>, retrieved: 22.10.2011.

¹⁹⁰ European Parliament, *Chinese Resources...*, p. 25. The companies concluded a 1 billion dollar agreement on the construction of a pipeline connecting northern Brazil with the south, while a 7 billion dollar deal was signed to explore and process crude oil. After: *China's Relations with Latin America: Shared Gains, Asymmetric Hopes*, J.I. Domínguez et al. (eds.), June 2006, p. 18, <http://www.thedialogue.org/PublicationFiles/china.pdf>, retrieved: 22.10.2011.

only as an oil provider, but also a crucial economic partner for the PRC.¹⁹¹ Thanks to its long-standing experience with regard to ethanol usage, it can also support China in the area of biofuels.

The People's Republic of China pursues further energy cooperation with Ecuador, Bolivia, Peru, Columbia and Argentina.¹⁹² In many cases, the steps undertaken by China have strong political underpinning.¹⁹³

Graph 9. Latin America's trade with selected areas of the world (% share in total trade)



Source: J. Santiso, *Can China Change Latin America?*, <http://www.oecdobserver.org/news/fullstory.php/aid/2281/>, retrieved: 23.10.2011.

At the same time, China seeks to boost multilateral cooperation. It engages in the agenda of the Organization of American States (as an observer), China-Latin America Forum, and strengthens its ties with Mercosur and the Andean Community of Nations.¹⁹⁴

¹⁹¹ Which seems only natural, considering that Brazil is the biggest economy in South America.

¹⁹² The majority of Chinese trade with Ecuador is constituted by energy products. The PRC pledged to invest USD 5 billion in oil exploration facilities in Argentina. For Peru, which was the first South American country to host Chinese projects, China is the second largest oil producer. The Middle Kingdom has also pursued energy cooperation with Mexico. Cf. K. Dumbaugh, M.P. Sullivan, *China's Growing Interest in Latin America*, CRS Report for Congress, April 20, 2005, p. 3, <http://www.au.af.mil/au/awc/awcgate/crs/rs22119.pdf>, retrieved: 22.10.2011 and J.I. Domínguez, *China's Relations with Latin...*

¹⁹³ More on Chinese projects in Latin America in: Lai Hongyi Harry, "China's Oil Diplomacy...", p. 527–528. China's relation with the Republic of Cuba are largely determined by questions of ideology. Although Cuba does not export energy supplies, Beijing works with Havana to explore its offshore deposits.

¹⁹⁴ Jiang Wenran, "China's Energy Engagement with Latin America", *China Brief* 2007, Vol. 6, Iss. 16, [http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews\[tt_](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_)

China needed only a few years to increase its trade with the region several times (between 2000-2009 its level rose from 1 to 9%). The PRC treats Latin America as a source of food products and natural resources. However, the growing sales of Latin American oil have attracted the attention of the Middle Kingdom, which may become a challenge to the EU, as it is also interested in the increasing production of oil for instance in Brazil. The low dynamics of trade growth between the EU and American countries and the increasing significance of China may cause uncertainty as to the stability of Europe's position in the region.¹⁹⁵

5. Conclusions

The economic growth that the PRC embarked upon several decades ago significantly increased its demand for energy resources. However, China only has limited natural deposits, which compels it to search for supplies abroad. Thus, its international energy initiatives create important challenges for the whole world, including the European Union discussed in this article. The PRC's extraordinary hunger for resources can be felt even far outside its borders, especially since it brought about a shift in global resource prices. At the same time, Chinese energy policy reorganized the previous makeup of international trade cooperation, as the Middle Kingdom started entering the regions of the world that used to belong to the European sphere of influence or were regarded by the EU as potential partners. Therefore, the EU should more closely follow the steps undertaken by China in Central Asia and Caspian Sea area, Northern Africa and the Middle East, since the PRC may well block any European initiatives rolled out in this regions.

At the same time, the PRC supports its overseas activity with instruments that are most often rejected by the European Union. The Chinese principle of non-interference in the internal affairs of its partner states, which usually translates as acceptance of authoritarian regimes, is one of the major sources of controversy, since the EU tries to accompany its activity with programs directed at supporting human rights and developing civil societies.

However, the EU and the PRC also have a chance for cooperation, especially in the area of energy efficiency and renewable energy sources (RE). China has become interested in energy efficiency and renewable energy sources ever since it started experiencing uncertainty as to its own energy security. Also, the rising pollution in the cities is affecting the health of Chinese citizens. Meanwhile, the EU is one of technology leaders in this area, and at the same time it has strived to decrease carbon dioxide emissions into the atmosphere. This forms a potential sphere of cooperation between the EU and the PRC.

news]=3967&tx_ttnews[backPid]=196&no_cache=1, retrieved: 30.11.2011 and J.I. Dominguez, *China's Relations with Latin...*, p. 25.

¹⁹⁵ Cf. B. Wojna (ed.), *Nowy układ sił w Ameryce Łacińskiej?*, Warsaw 2011, p. 8-12.

Conclusions

At the onset of the 21st century, China became one of the key players in the global economy, needing only a relatively short period to grow into the biggest global exporter of goods after its accession to the World Trade Organization. Thanks to the stable, significant trade balance surplus, it holds the largest foreign-exchange reserves in the world. It also ranks high on the lists of FDI capital flows. Moreover, China is gradually improving its position in the rankings of global exporters of services and it is one of the fastest-developing countries in the world. At the same time, the PRC is becoming more and more active in the international arena, also thanks to its foreign energy policy. In view of its increasing initiative and competitiveness, the long-standing and emerging superpowers need to factor the changing role of the Middle Kingdom with regard to international economy into their political and economic strategies.

The same determinants apply to the European Union. The rising importance of China and other Asian economies could easily marginalize the role of the Old Continent. Therefore, the European Union undertook certain steps to shape its relations with China, producing various programming documents. However, analyses show that the EU nevertheless failed to come up with a convincing strategy. The European initiative is limited to proposals only, since, as it turns out, the EU has virtually no instruments of impact when it comes to Beijing. In other words, the so-called Asia strategy of the EU is, in fact, a monumental case of wishful thinking. The relations between the two actors are still dominated by economic issues, and a certain indolence characteristic to the EU in its dealings with the Middle Kingdom stems from the complexity of challenges and threats presented by China's evolving role in the contemporary international community as well as the lack of uniformity among member states when it comes to particular economic and political questions.

The EU-China arrangement is gaining in significance especially in the context of the shift in American policy. Under Barack Obama, the US is turning more towards the Pacific region, while the Old Continent is losing its

central role. The correct assessment of China's strong points, such as rare earth minerals or the competitive advantage in the production of numerous categories of industrial goods, will help Europe take inventory of its own assets, both tangible and more abstract, such as the belief in human dignity and free trade. The need to reflect deeply on the policy of the EU towards China's increasing power has never been more urgent. In a few years, it may be too late and Europe may be reduced to the position of a mere supplicant. At the same time, a crunch in Chinese economy would hardly be a boon to Europe, as it would cause further imbalances in the still unstable global economy. Therefore the Western world needs to review its strategy of engaging China, which dates from Bill Clinton's presidency.

Today's basic questions, however, concern not so much Europe but rather the People's Republic of China, especially in terms of its readiness and will to assume the leading role in global relations. In the Deng Xiaoping tradition, it is better to bide one's time and do not engage as a principal actor in the shaping of international balance. It seems therefore that China may become the next hegemonic leader not by conquering the previous one but by waiting patiently until it just falls apart under the weight of its own problems. And China has always been more patient than Europe.

Calendar*

- 1975 – EU-China diplomatic relations established
- 1978 – beginning of the Deng Xiaoping era
- 1978 – first trade agreement EEC-China signed, with the Joint Committee established on its basis
- 1979 – Commission President visits China and meets Deng Xiaoping
- 1982 – China National Offshore Oil Corporation established
- 1984 – first political consultations at ministerial level, agreements on management training and rural development
- 1985 – agreement on trade and economic cooperation signed
- 1988 – China National Petroleum Corporation established
- 1988 – Delegation of the European Commission opened in Beijing
- 1989 – after Tiananmen incidents EC freezes relations with China (including an arms embargo which so far has not been lifted)
- 1990–1992 – gradual normalization of EU-PRC relations, political dialogue re-established in June 1992
- 1993 – dissolution of the Ministry of Energy
- 1993 – ASEAN Regional Forum established
- 1993 – Commission office opened in Hong Kong
- 1995 – EC Communication: “A Long-term Policy for China-Europe Relations”
- 1995 – launch of a specific dialogue on human rights issues, structure active to the present day
- 1996 – Jiang Zemin visits six African states
- 1996 – first Asia–Europe Meeting (ASEM)
- March 1998 – European Commission publishes a Communication entitled “Building a Comprehensive Partnership with China”
- April 1998 – 1st EU-China Summit, London; repeated yearly (with some exceptions)
- December 1998 – EU-China agreement on scientific and technological cooperation signed
- 2000 – Sinopec Limited established
- 2000 – first summit of the Forum on China-Africa Cooperation, Beijing
- May 2000 – bilateral agreement on China’s WTO accession
- June 2000 – first visit of Chinese Premier to EC
- 2001 – Shanghai Cooperation Organisation established
- May 2001 – European Commission publishes the Communication entitled “EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a More Effective EU Policy”; EC confirms its commitment to a policy initiated in 1995
- December 2001 – China becomes the 143rd Member of the WTO
- March 2002 – EU’s first strategic program for China for the period 2001–2006; development aid programmed under new rules
- December 2002 – EU-China maritime transport agreement signed

* EC materials used

2003 – establishing of the National Energy Bureau under the National Development and Reform Commission

2003 – European Commission adopts a policy paper “A maturing partnership: shared interests and challenges in EU-China relations”

June 2003 – China formally requests market economy status

October 2003 – on the 6th EU-China Summit sees agreements with regard to cooperation in the Galileo satellite navigation program, Dialogue on Intellectual Property and Industrial Policy Dialogue

2003–2009 – President Hu Jintao and Premier Wen Jiabao visit Africa

2004 – Development Research Center, working under State Council of the PRC, develops *China National Energy Strategy and Policy*

April 2004 – Commission President Romano Prodi visits China

December 2004 – Agreement on Customs Cooperation signed during the 7th EU-China Summit

2004 – according to WTO China becomes the third exporters of goods in the world

2005 – establishment of the EU-China Strategic Dialogue at the level of deputy ministers; meetings held at least twice a year; first held in London in December 2005

2005 – establishment of the National Energy Bureau and the State Energy Committee

2005 – formal establishment of the EU-China Partnership in the area of climate change

2006 – 3rd Forum on China-Africa Cooperation summit held in Beijing

January 2006 – EU-China *Memorandum of understanding* on food safety

October 2006 – Commission adopts Communication “EU-China: closer partners, growing responsibilities”

2006 – adoption of a second strategic program for 2007-2013 which announced that, for the purposes of aid to China during this period, the EU will transfer a total of EUR 128 million and to be spent mainly on supporting the areas covered by the bilateral political dialogue

2006–2007 – discussions on the arms embargo (in force since 1989); a complete lack of consensus among EU members

January 2007 – launch of negotiations on a Partnership and Cooperation Agreement

June 2007 – first EU-China Civil Society Round Table

December 2007 – State Council Information Office publishes a white paper entitled *China's Energy Conditions and Policies*

2007 – according to the WTO China becomes the second world exporter of goods in the world

March 2008 – National People's Congress decides to replace the National Energy Bureau and the State Energy Committee by the National Energy Administration (NEA) and the National Energy Commission (NEC)

June 2008 – President José Manuel Barroso and nine Commissioners meet with their counterparts in Beijing

2008 – summit scheduled for December in Lyon canceled by China after the announcement that Nicolas Sarkozy will meet the Tibetan leader Dalai Lama in Gdansk

2009 – according to the IEA China becomes the biggest energy consumer in the world

2009 – according to the WTO China becomes the biggest exporters of goods in the world

May 2009 – EU-China summit in Prague, previously canceled, devoted to the issues of the financial crisis

April 2010 – European Council President Herman Van Rompuy and President Hu Jintao meet in Washington during the summit on nuclear security

October 2010 – 13th EU-China summit, Brussels, the proclamation of the EU-China Year of Youth in 2011, a press conference after the summit is canceled under pressure of Chinese delegation at the news that independent Chinese journalists will be present on the conference

October 2011 – 14th EU-China summit planned for December postponed at the request of the EU due to the need to address the euro zone crisis

2011 – new strategy for China's economic growth for the period 2011-2015 with emphasis on domestic consumption growth and a gradual transition from an export-oriented policy towards an import-oriented policy

Bibliography

Monographs

- A Common Foreign and Security Policy for Europe? Competing Vision of CFSP*, eds. John Peterson, Helene Sjursen, Routledge, London 1998.
- Alterman Jon B., Garver John W., *The Vital Triangle. China, the United States and the Middle East*, The CSIS Press, Washington 2008.
- Bajan Konrad, *Polityka handlowa Unii Europejskiej. Wybrane zagadnienia*, Wydawnictwo Wyższej Szkoły Menedżerskiej, Warsaw 2010.
- Baker Ray S., *Woodrow Wilson and World Settlement*, 2 Vol., Doubleday, Page & Co., Garden City–New York 1922.
- Białowas Tomasz, *Rozwój handlu międzynarodowego po II wojnie światowej*, Adam Marszałek, Toruń 2006.
- Bodio Marcin, *Polityka energetyczna w stosunkach między Unią Europejską a Federacją Rosyjską w latach 2000–2008*, Oficyna Wydawnicza ASPRA-JR, Warsaw 2009.
- Brakman Steven, Garretsen Harry, Marrewijk Charles van, Witteloostuijn Arjen van, *Nations and Firms in the Global Economy, An Introduction to International Economics and Business*, Cambridge University Press, New York 2006.
- Brunet Antoine, Guichard Jean-Paul, *Chiny światowym hegemonem? Imperializm ekonomiczny Państwa Środka*, Studio EMKA, Warsaw 2011.
- Chińska polityka zagraniczna i jej uwarunkowania*, Joanna Marszałek-Kawa (ed.), Wydawnictwo Adam Marszałek, Toruń 2010.
- Chiny i państwa azjatyckie – karty z historii i wyzwania współczesności*, Degefe Kebede Gemechu, Forum Politologiczne (ed.), t. 11, Instytut Nauk Politycznych Uniwersytetu Warmińsko-Mazurskiego, Olsztyn 2010.
- Civil Society in European–Chinese Relations. Challenges of Cooperation*, Nora Sausmikat, Klaus Fritsche (eds.), Essen 2010.
- A Decade in the WTO, Implications for China and Global Trade Governance*, Ricardo Meléndez-Ortiz, Christophe Bellmann, Shuaihua Cheng (eds.), International Centre for Trade and Sustainable Development, Geneva 2011.
- Dobrzycki Wiesław, *Historia stosunków międzynarodowych 1815–1945*, Wydawnictwo Naukowe Scholar, Warsaw 2003.
- Dyplomacja czy siła? Unia Europejska w stosunkach międzynarodowych*, Stanisław Parzymies (ed.), Wydawnictwo Naukowe Scholar, Warszawa 2009.
- Geoekonomia*, E. Haliżak (ed.), Warsaw 2012.
- Haliżak Edward, *Stosunki międzynarodowe w regionie Azji i Pacyfiku*, Wydawnictwo Naukowe Scholar, Warsaw 1999.
- International Relations and the European Union*, Christopher Hill, Michael Smith (eds.), OUP Oxford, Oxford 2005.

- Hufbauer Gary C., Wong Yee, Sheth Ketki, *US-China Trade Disputes: Rising Tide, Rising Stakes*, Institute for International Economics, Washington D.C. 2006.
- Kaczmarek Marcin, *Bezpieczeństwo energetyczne Unii Europejskiej*, Wydawnictwa Akademickie i Profesjonalne, Warsaw 2010.
- Kemenade Willem van, *Iran's Relations with China and the West. Cooperation and Confrontation in Asia*, Netherlands Institute of International Relations „Clingendael”, Hague 2009.
- Koch Eckart, *Internationale Wirtschaftsbeziehungen*, Vahlen, München 2006.
- Konfucjusz, *Dialogi konfucjańskie*, translation Krystyna Czyżewska-Madajewicz, Mieczysław Jerzy Künstler, Zdzisław Tłumski; introduction Jerzy Künstler, Zakład Narodowy im. Ossolińskich, [Wrocław] 1976.
- Künstler Mieczysław J., *Sprawa Konfucjusza*, Iskry, Warsaw 1983.
- Matera Paulina, Matera Rafał, *Stany Zjednoczone i Europa. Stosunki polityczne i gospodarcze 1776-2004*, Książka i Wiedza, Warsaw 2007.
- Misla Józef, *Współczesne teorie wymiany międzynarodowej i zagranicznej polityki ekonomicznej*, Warsaw School of Economics, Warsaw 2001.
- The New Presence of China in Africa*, ed. Meine Pieter van Dijk, Amsterdam University Press, Amsterdam 2009.
- Nye Joseph S. Jr., *Soft Power. Jak osiągnąć sukces w polityce światowej*, translation J. Zaborowski, Wydawnictwa Akademickie i Profesjonalne, Warsaw 2007.
- Oblicza Chin na początku XXI wieku. *Historia. Polityka. Społeczeństwo*, Joanna Marszałek-Kawa (ed.), Wydawnictwo Adam Marszałek, Toruń 2008.
- Ohmae Kenichi, *Triad Power*, The Free Press, New York 1985.
- Polityka handlowa Unii Europejskiej wobec krajów trzecich*, Bogumiła Mucha-Leszko (ed.), Małopolski Instytut Gospodarczy, Rzeszów 1999.
- Polityka zagraniczna państwa*, red. Józef Kukułka, Ryszard Zięba (eds.), Wydawnictwa Uniwersytetu Warszawskiego, Warsaw 1992.
- Porter Michael E., *The Competitive Advantage of Nations: With a New Introduction*, MacMillan Press 1998.
- Puślecki Zdzisław W., Walkowski Maciej, *Polityka wzrostu konkurencyjności Unii Europejskiej wobec USA i Japonii*, Elipsa, Warsaw 2010.
- Puślecki Zdzisław W., Walkowski Maciej, Szymczyński Tomasz R., *Unia Europejska wobec wzrostu konkurencyjności Brazylii, Rosji, Indii i Chin (BRIC)*, Dom Wydawniczy ELIPSA, Warsaw 2011.
- Radło Mariusz J., *Wyzwanie konkurencyjności. Strategia Lizbońska w poszerzonej Unii Europejskiej*, ISP, Warsaw 2003.
- Starzyk Joanna, *Wspólna Polityka Zagraniczna i Bezpieczeństwa Unii Europejskiej*, Oficyna Wydawnicza ASPRA-JR-Fundacja Studiów Międzynarodowych, Warsaw 2001.
- Stemplowski Ryszard, *Wprowadzenie do analizy polityki zagranicznej RP*, Polski Instytut Spraw Międzynarodowych, Warsaw 2006.
- Strategie w polityce azjatyckiej. Rozważania o aspiracjach i możliwościach współczesnej Azji*, ed. Joanna Marszałek-Kawa, Wydawnictwo Adam Marszałek, Toruń 2011.
- Sulek Mirosław, *Metody i techniki badań stosunków międzynarodowych*, Aspra JR, Warsaw 2004.
- Unia Europejska. Podręcznik akademicki dla studentów nauk humanistycznych*, vol. 2: *Gospodarka, polityka, współpraca*, ed. Witold M. Góralski et al., Oficyna Wolters Kluwer business, Warsaw 2007.
- Wróbel Anna, *Międzynarodowa wymiana usług*, Scholar, Warsaw 2009.
- Wstęp do teorii polityki zagranicznej, ed. Ryszard Zięba, Wydawnictwo Adam Marszałek, Toruń 2007.
- Xinzhong Yao, *Konfucjanizm. Wprowadzenie*, translation Justyn Hunia, Wydawnictwo Uniwersytetu Jagiellońskiego, Cracow 2009.

Chapters in books

- Bąkiewicz Anna, "Partnerzy czy rywale? Ameryka Łacińska wobec gospodarczej ekspansji Chin", in: *Ameryka Łacińska w regionie Azji i Pacyfiku*, Marcin F. Gawrycki (ed.), Wydawnictwo Adam Marszałek, Toruń 2007.
- Borkowski Paweł J., "Budowanie tożsamości międzynarodowej wyzwaniem dla Unii Europejskiej – płaszczyzna dialogu międzyregionalnego", in: *Współczesne wyzwania europejskie*, Bogusław Jagusiak (ed.), Wojskowa Akademia Techniczna, Warsaw 2008.
- Bossak Jan, "Zagraniczna polityka ekonomiczna krajów rozwijających się, in: Międzynarodowe przepływy gospodarcze. Nowe tendencje i próby regulacji", Leszek Balcerowicz (ed.), PWN, Warsaw 1987.
- Carbone Maurizio, "The EU and the Developing World", in: *International Relations and the European Union*, Christopher Hill, Michael Smith (eds.), OUP Oxford, Oxford 2005.
- Chaponnière Jean-Raphaël, "Chinese Aid to Africa. Origins, Forms and Issues", in: *The New Presence of China in Africa*, ed. Meine Pieter van Dijk, Amsterdam University Press, Amsterdam 2009.
- Frohlich Hans-Peter, "International competitiveness: alternative macroeconomic strategies and changing perceptions in recent years", in: *The Competitiveness of European Industry*, Arthur Francis, Matthew P.K. Tharakan (eds.), London, Routledge, New York 1989.
- Gacek Łukasz, "Bliski Wschód w polityce energetycznej Pekinu", in: *Strategie w polityce azjatyckiej. Rozważania o aspiracjach i możliwościach współczesnej Azji*, Joanna Marszałek-Kawa (ed.), Wydawnictwo Adam Marszałek, Toruń 2011.
- Ghazali Bin Atan, "Proposal of the East Asian Economic Caucus and It's Advantages", in: *Economic Cooperation in the Asia-Pacific Community*, Jaymin Lee, Young Sun Lee (eds.), Institute of East and West Studies, Yonsei University, Seoul 1994.
- Ginsberg Roy, "The Impact of Enlargement on the Role of the European in the World", in: *The Expanding European Union: Past, Present and Future*, John Redmond, Glenda G. Rosenthal (eds.), Lynne Rienner Publishers, Boulder–London 1998.
- Góralski Witold M., "Koncepcja ustrojowa i instytucjonalna II filara Unii Europejskiej", w: *Unia Europejska. Podręcznik akademicki dla studentów nauk humanistycznych*, t. 2: *Gospodarka, polityka, współpraca*, red. Witold M. Góralski i in., Oficyna Wolters Kluwer business, Warsaw 2007.
- Haliżak Edward, "Geoekonomiczna strategia Chin", in: *Geoekonomia*, Edward Haliżak (ed.), Scholar, Warsaw 2012.
- Haliżak Edward, "Polityka zagraniczna ChRL: uwarunkowania decyzyjne i wizje rzeczywistości międzynarodowej", w: *Chiny. Przemiany państwa i społeczeństwa w okresie reform 1978–2000*, K. Tomala (ed.), Warsaw 2003.
- Haliżak Edward, "Strategia Lizbońska – globalna strategia poprawy konkurencyjności gospodarczej Unii Europejskiej", in: *Globalizacja a stosunki międzynarodowe*, Edward Haliżak, Roman Kuźniar, Janusz Symonides (ed.), Branta, Warsaw 2003.
- Hill Christopher, Smith Michael, "Acting for Europe: Reassessing the European Union's Place in International Relations", in: *International Relations and the European Union*, Christopher Hill, Michael Smith (eds.), OUP Oxford, Oxford 2005.
- Hill Christopher, "The Capability-Expectations Gap or Conceptualizing Europe's International Role", in: *Economic and Political Integration in Europe: Internal Dynamics and Global Context*, Simon Bulmer, Andrew Scott (ed.), Blackwell Publishers, Oxford–Cambridge 1994.
- Kopiński Dominik, "Ekspansja gospodarcza Chin w Afryce – szansa na rozwój czy początek neokolonizacji?", in: *Afryka na progu XXI wieku*, vol. 2: *Polityka. Kwestie społeczne i gospodarcze*, Dominik Kopiński, Arkadiusz Żukowski (eds.), Oficyna Wydawnicza ASPRA-JR, Warsaw 2009.
- Kragelund Peter, Dijk Meine Pieter van, "China's Investments in Africa", in: *The New Presence of China in Africa*, Meine Pieter van Dijk (ed.), Amsterdam University Press, Amsterdam 2009.
- Li Kunwang, Wang Xiaosong, "China's foreign trade: trends and issues after WTO accession", in: *China's Integration with the Global Economy, WTO Accession, Foreign Direct Investment and International Trade*, Chunlai Chen (ed.), Cheltenham, Northampton 2009.

- Manners Ian, "L'identité internationale de l'UE: une puissance normative dans le jeu politique mondial", in: *Europe. Puissance tranquille? Rôle et identité sur la scène mondiale*, dir. Bernard Adam, Editions Complexe, Bruxelles 2006.
- Miao Huashou, Liu Jian, "Podstawa teoretyczna i jej kierunek realizowany w polityce zagranicznej ChRL", in: *Chińska polityka zagraniczna i jej uwarunkowania*, J. Marszałek-Kawa (ed.), Wydawnictwo Adam Marszałek, Toruń 2010.
- Mickiewicz Piotr, „Zapotrzebowanie surowcowe jako determinant chińskiej polityki wobec Azji Środkowej”, in: *Strategie w polityce azjatyckiej. Rozważania o aspiracjach i możliwościach współczesnej Azji*, Joanna Marszałek-Kawa (ed.), Wydawnictwo Adam Marszałek, Toruń 2011.
- Misztal Piotr, "Konkurencyjność międzynarodowa gospodarki Chin w okresie 1992-2007", in: *Chiny-Indie ekonomiczne skutki rozwoju*, Kazimierz A. Kłosiński (ed.), KUL, Lublin 2008.
- Nawrot Katarzyna, "Polityka międzynarodowej konkurencyjności", in: *Geoekonomia*, Edward Haliżak (ed.), Scholar, Warsaw 2012.
- Rowiński Jan, "Chiny-Ameryka Łacińska: szanse i wyzwania na progu XXI wieku", in: *Ameryka Łacińska w regionie Azji i Pacyfiku*, Marcin F. Gawrycki (ed.), Wydawnictwo Adam Marszałek, Toruń 2007.
- Rowiński Jan, "Stosunki Unii Europejskiej z Chinami", in: *Dyplomacja czy siła? Unia Europejska w stosunkach międzynarodowych*, Stanisław Parzymies (ed.), Wydawnictwo Naukowe Scholar, Warsaw 2009.
- Schoutheete de Tervarent Philippe de, "The Creation of the Common Foreign and Security Policy", in: *Foreign Policy of the European Union: From EPC to CFSP and Beyond*, Elfriede Regelsberger, Philippe de Schoutheete de Tervarent, Wolfgang Wessels (eds.), Lynne Rienner Publishers Inc., Boulder 1996.
- Starzyk Joanna, "Implementacja Europejskiej Polityki Bezpieczeństwa i Obrony", in: *Unia Europejska. Podręcznik akademicki dla studentów nauk humanistycznych*, vol. 2: *Gospodarka, polityka, współpraca*, red. Witold M. Góralski et al., Oficyna Wolters Kluwer business, Warsaw 2007.
- Witecki Paweł, "Koncerny energetyczne w polityce ChRL", in: *Chiny i państwa azjatyckie – karty z historii i wyzwania współczesności*, Degefe Kebede Gemechu (ed.), Forum Politologiczne, vol. 11, Instytut Nauk Politycznych Uniwersytetu Warmińsko-Mazurskiego, Olsztyn 2010.
- Wroński Grzegorz, "Mocarstwowość Chin – przegląd ról międzynarodowych", in: *Oblicza Chin na początku XXI wieku. Historia. Polityka. Społeczeństwo*, Joanna Marszałek-Kawa (ed.), Wydawnictwo Adam Marszałek, Toruń 2008.

Articles in scientific journals

- Blank Stephen J., *The Eurasian Energy Triangle: China, Russia, and the Central Asian States*, „Brown Journal of World Affairs” Winter 2005/Spring 2006, Vol. 12, Iss. 2.
- Bo Kong, *China's Energy Decision-Making: Becoming More Like the United States?*, „Journal of Contemporary China” 2009, Vol. 18, Iss. 62.
- Bo Zhiyue, *China's New National Energy Commission. Policy Implications*, „EAI Background Brief” 2010, No. 504, www.eai.nus.edu.sg/BB504.pdf.
- Burawski Dariusz, *Pojęcie konkurencyjności gospodarki w analizach ekonomicznych*, „Studenckie Prace Prawnicze Administratywistyczne i Ekonomiczne” 2006, Vol. 4.
- Calder Kent E., *China's Energy Diplomacy and Its Geopolitical Implications*, „Asia-Pacific Policy Paper Series” 2005, www.reischauer-japan.jp/pdf/China_Energy_Diplomacy.pdf.
- Cheng Joseph Y.S., *A Chinese View of China's Energy Security*, „Journal of Contemporary China” 2008, Vol. 17, Iss. 55.
- Christie Edward H., Francois Joseph, Urban Waltraut, Wirl Franz, *China's Foreign Oil Policy: Genesis, Deployment and Selected Effects*, „FIW Research Report 2009/10” 2010, January, No. 3.
- Davies Ken, *While Global FDI Falls, China's Outward FDI Doubles*, „Columbia FDI Perspectives” 2009, No. 5.

- Downs Erica S., *China's «New» Energy Administration*, „The China Business Review” 2008, November–December, www.brookings.edu/~media/Files/rc/articles/2008/11_china_energy_downs/11_china_energy_downs.pdf.
- Downs Erica S., *The Chinese Energy Security Debate*, „The China Quarterly” 2004, www.globalcitizen.net/Data/Pages/1481/papers/20090619122948579.pdf.
- Downs Erica S., *The Fact and Fiction of Sino-African Energy Relations*, „China Security” 2007, Summer, Vol. 3, No. 3, www.wsichina.org/cs7_3.pdf.
- Downs Erica S., Meidan M., *Business and Politics in China. The Oil Executive Reshuffle of 2011*, „China security” 2011, vol. 19, p. 3; http://www.chinavivae.com/biography/Su_Shulin/full.
- Doyon Jérôme, *Strengthening the SCO*, in: *The New Great Game in Central Asia*, „China Analysis” 2011, www.ecfr.eu/page/-/China%20Analysis_The%20new%20Great%20Game%20in%20Central%20Asia_September2011.pdf.
- Duchâtell Mathieu, *The Illusion of a Malacca Dilemma*, in: *China's Sea Power, Reaching Out to the Blue Waters*, „China Analysis” 2011, www.ecfr.eu/page/-/China%20Analysis%200311.pdf.
- Dunning John H., *The Competitive Advantage of Countries and the Activities of Transnational Corporations*, „Transnational Corporations” 1992, Vol. 1, No. 1.
- Dunning John H., *The Determinants of International Production*, „Oxford Economic Papers” 1973, Vol. 35.
- Enright Michael J., *Rethinking China's Competitiveness*, „Far Eastern Economic Review” 2005, Vol. 168, No. 9.
- Erickson Andrew S., Collins Gabriel B., *China's Oil Security Pipe Dream. The Reality and Strategic Consequences, of Seaborne Imports*, „Naval War College Review” 2010, Spring, Vol. 63, No. 2, www.andrewerickson.com/wp-content/uploads/2010/03/China-Pipeline-Sealane_NWCR_2010-Spring.pdf.
- Europejska Polityka Bezpieczeństwa i Obrony. Dokumenty z lat 1998–2000*, „Studia i Materiały” 2000, No. 26, vol. 1.
- Fariz Ismailzade, *China's Relations with Azerbaijan*, „China and Eurasia Forum Quarterly” 2007, Vol. 5, No. 1, www.silkroadstudies.org/new/docs/CEF/Quarterly/February_2007/Ismailzade.pdf.
- Foerstel Karen, *China in Africa*, „CQ Global Researcher” 2008, Vol. 2-1.
- From Laeken to Copenhagen. European Defence: Core Documents*, Vol. 3, compiled by Jean-Yves Haine, „Chaillot Papers” 2003, February, No. 57.
- Gazociąg Turkmenistan–Chiny znacząco wzmacnia pozycję Chin w Azji Centralnej*, „Tydzień na Wschodzie” 2009, 16 grudnia, www.osw.waw.pl/pl/publikacje/tydzien-na-wschodzie/2009-12-16/gazociag-turkmenistan-chiny-znaczaco-wzmacnia-pozycje-chi.
- Godement François, *Introduction*, in: *The New Great Game in Central Asia*, „China Analysis” 2011, www.ecfr.eu/page/-/China%20Analysis_The%20new%20Great%20Game%20in%20Central%20Asia_September2011.pdf.
- Hackenesch Christine, *China and the EU's Engagement in Africa: Setting the Stage for Cooperation, Competition or Conflict*, „Discussion Paper” 16/2009, [www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/%28ynDK_contentByKey%29/ANES-7WYDQ2/\\$FILE/DP%2016.2009.pdf](http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/%28ynDK_contentByKey%29/ANES-7WYDQ2/$FILE/DP%2016.2009.pdf).
- Haliżak Edward, *Konsekwencje kryzysu dla porządku międzynarodowego: czy Wschodnia Azja przejmie pałeczkę od Zachodu?*, in: *Rocznik Strategiczny 2009/10*, Warsaw 2010.
- Haliżak Edward, *Gospodarka światowa: na zwolnionych obrotach*, in: *Rocznik Strategiczny 2011-2012*, Warsaw 2012.
- Hettne Björn, Sonderbaum Fredrik, *Civilian Power or Soft Imperialism? The EU as a Global Actor and the Role of Interregionalism*, „European Foreign Affairs Review” 2005, Vol. 10.
- Hildebrandt Anna, *Konkurencyjność – próby zdefiniowania i pomiaru zjawiska*, „Wspólnoty Europejskie” 2002, No. 3.
- Holzer Constantin, Zhang Haibin, *The Potentials and Limits of China–EU Cooperation on Climate Change and Energy Security*, „Asia Europe Journal” 2008, Vol. 6, No. 2.
- Hongyi Harry Lai, *China's Oil Diplomacy: Is It a Global Security Threat?*, „Third World Quarterly” 2007, Vol. 28, Iss. 3.

- Jakobson Linda, Holtom Paul, Knox Dean, Peng Jingchao, *China's Energy and Security Relations with Russia. Hopes, Frustrations and Uncertainties*, „SIPRI Policy Papers” 2011, October, No. 29, books.sipri.org/product_info?c_product_id=431.
- Jiang Wenran, *China's Energy Engagement with Latin America*, „China Brief” 2007, Vol. 6, Iss. 16, [www.jamestown.org/programs/chinabrief/single/?tx_ttnews\[tt_news\]=3967&tx_ttnews\[backPid\]=196&no_cache=1](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=3967&tx_ttnews[backPid]=196&no_cache=1).
- Jing Men, *EU–China Relations Need More Mutual Understanding*, „Eu–China Observer” 2009, Iss. 1. *Kazachstan zakończył budowę ropociągu do Chin*, „Tydzień na Wschodzie” 2009, 15 July, www.osw.waw.pl/pl/publikacje/tydzien-na-wschodzie/2009-07-15/kazachstan-zakonczy-budowe-ropociagu-do-chin.
- Kennedy Andrew B., *China's New Energy-Security Debate*, „Survival” 2010, June–July, Vol. 52, No. 3.
- King Toby, *Human Rights in European Foreign Policy: Success or Failure for Post-modern Diplomacy?*, „European Journal of International Law” 1999, Vol. 10, No. 2.
- Kong Qingjiang, *Trade Disputes between China and the EU*, „EAI Background Brief” 2008, No. 416, www.eai.nus.edu.sg/BB416.pdf.
- Kubota Hideo, *Current Status and Outlook of the Wind Energy in China*, „E-Journal of Advanced Maintenance” 2011, Vol. 3, No. 3, www.jsm.or.jp/ejam/Vol.3No.3/GA/GA18_article.html.
- Lafargue François, *China's Presence in Africa*, „China Perspectives” 2005, No. 61.
- Lanteigne Marc, *China's Energy Security and Eurasian Diplomacy: The Case of Turkmenistan*, „Politics” 2007, October, Vol. 27, Iss. 3.
- Leung Guy C.K., *China's Energy Security. Perception and Reality*, „Energy Policy” 2011, March, Vol. 39, Iss. 3, www.sciencedirect.com/science/article/pii/S0301421510008864.
- Li Kevin X., Cheng Jin, *Maritime Law and Policy for Energy Security in Asia: a Chinese Perspective*, „Journal of Maritime Law and Commerce” 2006, October, Vol. 37, No. 4.
- Li Zhidong, *China's Long-Term Energy Outlook and the Implications for Global Governance*, „Asia-Pacific Review” 2007, Vol. 14, No. 1.
- Liu Lirong, *The EU and China's Engagement in Africa: the Dilemma of Socialisation*, „Occasional Paper” 2011, August, No. 93, www.iss.europa.eu/uploads/media/The_EU_and_Chinas_engagement_in_Africa.pdf.
- Liu Xiaming, Cai Li, Tan Huiping, *International Technology Mergers & Acquisitions and Raising the Competitiveness of China Equipment Manufacturing Industry*, „Technology & Investment” 2012, Vol. 3.
- Lu Daogang, *The Current Status of Chinese Nuclear Power Industry and Its Future*, „E-Journal of Advanced Maintenance” 2010, Vol. 2, No. 1, www.jsm.or.jp/ejam/Vol.2.No.1/GA/12/article.html.
- Luft Gal, *In Search of Crude China Goes to the Americas*, „Energy Security” 2005, January 18, www.iags.org/n0118041.htm.
- Manners Ian, *Normative Power Europe: A Contradiction in Terms*, „Journal of Common Market Studies” 2002, Vol. 40, No. 2.
- Marketos Thrassy N., *Eastern Caspian Sea Energy Geopolitics: a Litmus Test for the U.S.–Russia–China Struggle for the Geostategic Control of Eurasia*, „Caucasian Review of International Affairs” 2009, Winter, Vol. 3(1).
- Meidan Michal, *China's Africa Policy: Business Now, Politics Later*, „Asian Perspective” 2006, Vol. 30, No. 4, www.asianperspective.org/articles/v30n4-d.pdf.
- Müller-Kraenner Sascha, *China's and India's Emerging Energy Foreign Policy*, „Discussion Paper” 15/2008, www.yale.edu/worldfellows/fellows/documents/DIEChinasandIndiasEmergingEnergyForeignPolicy.pdf.
- Nobuyuki Higashi, *Natural Gas in China. Market Evolution and Strategy*, „Energy Markets and Security” 2009, June, s. 7, http://www.iea.org/papers/2009/nat_gas_china.pdf.
- Paz Gonzalo S., *Rising China's «Offensive» in Latin America and The U.S. Reaction*, „Asian Perspective” 2006, Vol. 30, No. 4, www.asianperspective.org/articles/v30n4-e.pdf.
- Qu Yue, Cai Fang, *Understanding China's workforce competitiveness: a macro analysis*, „Journal of Chinese Human Resource Management” 2011, Vol. 2.

- Rządowska Agnieszka, *Chiny w Afryce*, „Rurociagi” 2008, No. 1-2 (52).
- Salidjanova Nargiza, *Going Out: An Overview of China's Outward Foreign Direct Investment*, „USCC Staff Research Report” 2011, March 30, www.uscc.gov/researchpapers/2011/GoingOut.pdf.
- Schichtling Jan M., *Die Dienstleistungsrichtlinie*, „Europäische Zeitschrift für Wirtschaftsrecht” 2005, Heft 16.
- Schwoob Marie-Hélène, *Re-examining Nuclear Power after Fukushima*, w: *China's Missing Energy Debate*, „China Analysis” 2011, www.ecfr.eu/page/-/China%20Analysis_Chinas%20missing%20energy%20debate_June2011%20%282%29.pdf.
- Suisheng Zhao, *China's Global Search for Energy Security: Cooperation and Competition in Asia-Pacific*, „Journal of Contemporary China” 2008, Iss. 55.
- Taneja Pradeep, *China's Search for Energy Security and EU-China Relations*, „European Studies: A Journal of European Culture, History and Politics” 2009.
- Toshihiro Kudo, *Myanmar's Economic Relations with China: Can China Support the Myanmar Economy?* „Discussion Paper” 2006, July, No. 66, www.wide.go.jp/English/Publish/Download/Dp/pdf/066.pdf.
- Wei Yingqi, Liu Xiaming, *Productivity Spillovers from R&D, Exports and FDI in China's Manufacturing Sector*, „Journal of International Business Studies” 2006, Vol. 37, No. 4.
- Wissenbach Uwe, *The EU's Response to China's Africa Safari: Can Triangular Co-operation Match Needs?* „European Journal of Development Research” 2009, Vol. 21, Iss. 4.
- Wong Kwan-Yiu, *China's Special Economic Zone Experiment: An Appraisal*, „Geografiska Annaler”, Series B, Human Geography” 1987, Vol. 69, No. 1.
- Xiaofei (Sarah) Li, *State Companies Hold Power Over Chinese Energy Policy*, „Oil & Gas Journal” 2.07.2011.
- Xin Ma, Andrews-Speed Philip, *The Overseas Activities of China's National Oil Companies: Rationale and Outlook*, „Minerals & Energy” 2006, Vol. 21, No. 1, ipac.kacst.edu.sa/eDoc/2006/159521_1.pdf.
- Xu Yi-Chong, *China's Energy Security*, „Australian Journal of International Affairs” 2006, No. 2.
- Yoichi Funabashi, *The Asianization of Asia*, „Foreign Affairs” 1993, No. 6.
- Zahirinejad Mahnaz, Ghoble Vrushal, *Energy Factor in China-Iran Relations*, „Journal of Peace Studies” 2010, April–September, Vol. 17, Iss. 2-3.
- Zeng Lingliang, *A Preliminary Perspective of Negotiations of EU-China PCA. A New Bottle Carrying Old Wine or New Wine or Both?*, „European Law Journal” 2009, vol. 15, no. 1.
- Zha Daojiong, *China's Energy Security: Domestic and International Issues*, „Survival” 2006, Spring, Vol. 48, No. 1, base.china-europa-forum.net/rsc/docs/doc_209.pdf.
- Ziegler Charles E., *The Energy Factor in China's Foreign Policy*, „Journal of Chinese Political Science” 2006.

Papers

- A Long Term Policy for China-Europe Relations*, Communication of the Commission, Brussels, COM(1995) 279 final, 5 July 1995, <http://aei.pitt.edu/2784/1/2784.pdf>.
- A Review of China's Energy Policy*, www.aweto.com/Download/Legislation/China/Renewable_Energy_Law/A_Review_of_China_Energy_Policy.pdf.
- Agreement on Trade and Economic Cooperation between the European Economic Community and the People's Republic of China*, s. 2 i n., <http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=341>.
- Ambasada RP w Pekinie, Wydział Ekonomiczny, Polityka energetyczna w Chińskiej Republice Ludowej*, [www.pekin.polemb.net/files/doc/Wydział Ekonomiczny/Polityka%20energetyczna%20Chin.pdf](http://www.pekin.polemb.net/files/doc/Wydzial%20Ekonomiczny/Polityka%20energetyczna%20Chin.pdf).
- APEC Energy Ministers Meetings*, www.ewg.apec.org/ministers.html.
- ASEAN Plus Three Cooperation*, www.asean.org/16580.htm.
- Australia-China Relationship Overview*, www.china.embassy.gov.au/bjng/relations1.html.
- Austrian Federal Ministry of Economics and Labour, Lisabon Vertiften: Studien zu Produktivität, Dienstleistungen und Technologien*, Vienna 2005, http://europa.eu.int/comm/internal_market/services/docs/services-dir/studies/deepening_lisbon_studiesbmwa_vienna_2006_en.pdf.

- Bo Kong, *The Geopolitics of the Myanmar-China Oil and Gas Pipelines*, w: Edward Chow, Leigh E. Hendrix, Mikal E. Herberg, Shoichi Itoh, Bo Kong, Marie Lall, Paul Stevens, *Pipeline Politics in Asia: The Intersection of Demand, Energy Markets and Supply Routes*, Seattle 2010.
- Bossak Jan, Nowicki Józef, Kozłowski Jerzy, Szurig Waclaw, *Spoleczno-ekonomiczne uwarunkowania międzynarodowej zdolności konkurencyjnej gospodarki Japonii*, "Monografie i Opracowania", SGPiS, no. 153, Warsaw 1984.
- BP *Energy Outlook 2030*, London, January 2011, www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/2030_energy_outlook_booklet.pdf.
- BP *Statistical Review of World Energy*, czerwiec 2011, www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/statistical_review_of_world_energy_full_report_2011.pdf.
- Bradsher Keith, *Security Tops the Environment in China's Energy Plan*, www.nytimes.com/2010/06/18/business/global/18yuan.html?pagewanted=all.
- Building a Comprehensive Partnership with China*, COM(98) 181, Brussels, 25 March 1998.
- Cheng Joseph Y.S., *China's Energy Security and Energy Diplomacy*, rc41.ipsa.org/public/Santiago_2009/China.pdf.
- China Coal Imports to Double in 2015, India Close Behind*, www.reuters.com/article/2011/05/30/us-coal-asia-idUSTRE74T2Q220110530.
- China Development Gateway, *Major Oil Fields*, www.chinagate.cn/english/208.htm.
- China Freezes Nuclear Plant Approvals*, edition.cnn.com/2011/WORLD/asiapcf/03/16/china.nuclear/?hpt=T2.
- China National Energy Administration Commences Operation*, news.xinhuanet.com/english/2008-07/29/content_8841945.htm.
- China Natural Gas Import Demand Seen at 20 bln Cubic Meters by 2010. Report*, www.forbes.com/feeds/afx/2006/12/06/afx3234584.html.
- China Revises Up 2015 Renewable Energy Goals. Report*, www.reuters.com/article/2011/08/30/us-china-energy-renewable-idUSTRE77T0CM20110830.
- China Says No to Iran-Pakistan-China Pipeline*, despardes.com/?p=15052.
- China Ups Targeted Nuclear Power Share from 4% to 5% for 2020*, news.xinhuanet.com/english/2008-08/05/content_8967806.htm.
- China Withdraws Bid for Russian Oil Giant Slavneft*, articles.economictimes.indiatimes.com/2002-12-30/news/27335141_1_russian-oil-slavneft-oil-firm.
- China, Iran Sign Biggest Oil & Gas Deal*, www.chinadaily.com.cn/english/doc/2004-10/31/content_387140.htm.
- China/Pakistan Energy: Energy Synergy?* viewswire.eiu.com/index.asp?layout=ib3Article&article_id=588290243&pubtypeid=1142462499&country_id=1140000314&page_title=&r=0.
- China's Energy Consumption Rises*, online.wsj.com/article/SB10001424052748704615504576171922168262078.html.
- China's Foreign Minister in First Visit to South Sudan*, www.bbc.co.uk/news/world-africa-14454338.
- China's Nuclear Energy Program Post-Fukushima*, chinabystander.wordpress.com/2011/03/16/chinas-nuclear-energy-program-post-fukushima/.
- China's Sinopec to Develop Algeria's Zarzaitine Oil Field*, www.albawaba.com/business/china%E2%80%99s-sinopec-develop-algeria%E2%80%99s-zarzaitine-oil-field.
- China's Sinopec, Iran Ink Yadavaran Deal*, www.chinamining.org/Investment/2007-12-11/1197342543d8153.html.
- Clark Helen, *Vietnam-China Spratly Islands Dispute Threatens to Escalate*, www.csmonitor.com/World/Asia-Pacific/2011/0616/Vietnam-China-Spratly-Islands-dispute-threatens-to-escalate.
- Clarke Ryan, *Chinese Energy Security: The Myth of the Plan's Frontline Status*, August 2010, www.strategicstudiesinstitute.army.mil/pdffiles/pub1012.pdf.
- CNOOC Signs PSC Contract with Cambodia*, www.gasandoil.com/news/south_east_asia/3da1b58526005ca86b146a45421a09d8.

CNPC at a Glance, www.cnpc.com.cn/en/aboutcnpc/cnpccataglance/.

CNPC, *Oil & Gas Provinces*, www.cnpc.com.cn/en/aboutcnpc/ourbusinesses/explorationproduction/operatediol/.

Constructions Begins on Wharf for China-Myanmar Crude Oil Pipeline, downstreamtoday.com/news/article.aspx?a_id=19041&AspxAutoDetectCookieSupport=1.

Creating a New Dynamic i ASEAN-EU Relations, COM(96) 314, Brussels, 3 July 1996.

Developing Closer Relation between Indonesia and the EU, COM(00) 50, Brussels, 2 February 2000.

DG Trade, *Saudi Arabia. EU Bilateral Trade and Trade with the World*, trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113442.pdf.

Cautious Investors Feed a Tentative Recovery – The 2012 A.T. Kearney FDI Confidence Index, http://www.atkearney.com/images/global/pdf/Cautious_Investors_Feed_a_Tentative_Recovery-FDICI_2012.pdf, A.T. Kearney 2012.

China's Relations with Latin America: Shared Gains, Asymmetric Hopes, ed. Jorge I. Domínguez i in., June 2006, www.thedialogue.org/PublicationFiles/china.pdf.

China and Indonesia Seal Strategic Pact, www.nytimes.com/2005/04/25/world/asia/25iht-indonesia.html.

China's Energy Conditions and Policies, December 2007, en.ndrc.gov.cn/policyrelease/P020071227502260511798.pdf.

China Declares That It Will Keep Coal Consumption Below 3.8 Billion Tons Per Year by 2015 about Three and Half Times As Much As Number Two Coal User, the United States, www.nextbigfuture.com/2010/11/china-declares-that-it-will-keep-coal.html.

China's Coal Consumption to Reach 3.8 Billion Tons in Five Years, english.peopledaily.com.cn/90001/90778/90860/7204866.html.

CIA World Factbook 2011, <https://www.cia.gov/library/publications/the-world-factbook>.

Commission of the European Communities, *European competitiveness report 2000*, Brussels, 30.10.2000, SEC(2000) 1823.

Copenhagen Economics, *Economic Assessment of the Barriers to the Internal Market for Services, Final Report*, København 2005.

Dolegowski Tomasz, *Konkurencyjność instytucjonalna i systemowa w warunkach gospodarki globalnej: implikacje dla sektora usług*, Monografie i Opracowania, no. 505, Warsaw School of Economics, Warsaw 2002.

Downie Edmund, *China's Push to Woo South Sudan*, blog.foreignpolicy.com/posts/2011/07/12/chinas_push_to_woo_south_sudan_and_get_its_oil.

Downs Erica S., *China* (The Brookings Foreign Policy Studies, Energy Security Series), The Brookings Institution, Washington 2006.

Dumbaugh Kerry, *China's Foreign Policy: What Does It Mean for U.S. Global Interests?*, CRS Report for Congress, July 18, 2008, www.fas.org/srg/crs/row/RL34588.pdf.

Dumbaugh Kerry, Sullivan Mark P., *China's Growing Interest in Latin America*, CRS Report for Congress, April 20, 2005, www.au.af.mil/au/awc/awcgate/crs/rs22119.pdf.

EU-China Trade SIA of the Negotiations of the Partnership and Cooperation Agreement between EU and China, Draft Global Analysis, August 2007, trade.ec.europa.eu/doclib/html/140577.htm.

EU Strategy towards China: Implementation of the 1998 Communication and Future Steps for a more Effective EU Policy, Communication from the Commission to the Council and the European Parliament, COM(2001) 265 final.

Europe and Asia: A Strategic Framework for Enhanced Partnership, Communication from the Commission, COM(2001) 469 final, Brussels, 4 September 2001.

European Union Annual Report On Human Rights, European Commission, Luxembourg 2006, http://www.eu-un.europa.eu/documents/en/070123_EU.pdf.

European Union Guidelines on Human Rights Dialogues, Dokumenty Rady Unii Europejskiej, http://www.consilium.europa.eu/uedocs/cmsUpload/14469EN_HR.pdf.

Europe-Asia Cooperation Strategy for Energy, COM (96) 308, Brussels, 18 July 1998.

Europe-Asia Cooperation Strategy in the Field of Environment, COM(97) 490, Brussels, 13 October 1997.

- External Dimension: China*, ec.europa.eu/energy/international/bilateral_cooperation/china/china_en.htm.
- Fox John, Godement François, *A Power Audit of EU–China Relations. Policy Report*, London 2009, //ecfr.3cdn.net/532cd91d0b5c9699ad_ozm6b9bz4.pdf.
- Fu Jing, *Tough Road Ahead of National Energy Guiding Body*, www.chinadaily.com.cn/opinion/2010-01/29/content_9395682.htm.
- Fullbrook David, *China's Growing Influence in Cambodia*, www.atimes.com/atimes/Southeast_Asia/HJ06Ae01.html.
- Global 500, money.cnn.com/magazines/fortune/global500/2011/full_list/index.html.
- Global Competitiveness Index rankings and 2006–2007 comparisons, https://members.weforum.org/pdf/Global_Competitiveness_Reports/Reports/gcr_2007/gcr2007_rankings.pdf.
- Global Wind Energy Council, *China*, www.gwec.net/index.php?id=125.
- Global Wind Energy Council, *Global Wind 2006 Report*, www.gwec.net/fileadmin/documents/Publications/gwec-2006_final_01.pdf.
- Grant Will, *China in Huge Venezuela Oil Deal*, news.bbc.co.uk/2/hi/8260200.stm.
- Gurt Marat, *Korea, China, UAE Win Turkmen Gas Deal – Sources*, uk.reuters.com/article/2009/12/29/turkmenistan-gas-idUKLDE5BS1CR20091229?sp=true.
- Hellström Jerker, *China's Emerging Role in Africa. A Strategic Overview*, FOI, May 2009, www.foi.se/upload/Kinaiafrika.pdf.
- Ho Xuan-Trang, *China's Burgeoning Role in Latin America – a Threat to the U.S.?*, www.politicalaffairs.net/china-s-burgeoning-role-in-latin-america-a-threat-to-the-u-s/.
- Hurst Cindy, *China's Global Quest for Energy*, January 2007, www.iags.org/chinasquest0107.pdf.
- Hurst Cindy, *China's Oil Rush in Africa*, July 2006, www.iags.org/chinainafrika.pdf.
- Huse Martine D., Muyakwa Stephen L., *China in Africa: Lending, Policy Space and Governance*, Norwegian Campaign for Debt Cancellation, Norwegian Council for Africa, 2008.
- ICC International Maritime Bureau, *Piracy and Armed Robbery Against Ships. Annual Report. 1 January 2010–31 December 2010*, London 2011.
- Integration and Trade in the Americas. Special Issue on Latin America and Caribbean Economic Relations with Asia-Pacific*, Institute for the Integration of Latin America and Caribbean, [b.r.].
- An Internal Market Strategy for Services*, 29.12.2000, European Communities COM(2000) 888 final.
- International Energy Outlook 2011*, //205.254.135.24/oiaf/ieo/nat_gas.html.
- International Energy Statistics. Total Primary Coal Production*, www.eia.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=1&pid=7&aid=1.
- Iran Warns China over South Pars Gas Deal-Report*, af.reuters.com/article/energyOilNews/idAF-HOS76316920110617.
- Jak zmienia się konkurencyjność gospodarki na świecie?*, http://www.pi.gov.pl/PARP/chapter_86196.asp?soid=69D699E0AB864ABD9A34FCCEC91F96AE.
- Jing Men, *EU–China Relations. Prospects and Problems*, Jean Monnet/Robert Schuman Paper Series 2008, June, Vol. 8, No. 13.
- Joyner Christopher C., *The Spratly Islands Dispute in the South China Sea: Problems, Policies, and Prospects for Diplomatic Accommodation*, community.middlebury.edu/~scs/docs/Joyner,%20Spratly%20Islands%20Dispute.pdf.
- Kaplinsky Raphael, McCormick Dorothy, Morris Mike, *China and Sub Saharan Africa: Impacts and Challenges of a Growing Relationship*, Working Papers in African Studies, Washington 2008.
- Kazakhstan–China Oil Pipeline Opens to Operation*, news3.xinhuanet.com/english/2006-07/12/content_4819484.htm.
- Keating John, *IEA Stresses Important Role of Chinese Energy Companies*, www.thefreelibrary.com/IEA+stresses+important+role+of+Chinese+energy+companies.-a0249505051.
- Keenan Patrick J., *Curse or Cure? China's Investments in Africa and Their Effect on Human Rights*, www.law.georgetown.edu/internationalhrcolloquium/documents/Keenan-Draft-Georgetown.pdf.
- Kox Henk, Lejour Arjan, *The effects of policy heterogeneity on trade and investment in services: empirical analysis for the EU*, CPB Netherlands Bureau for Economic Policy Analysis, Hague 2004.

- Kox Henk, Lejour Arjan, *Regulatory heterogeneity as obstacle for international service trade*, CPB Netherlands Bureau for Economic Policy Analysis, Hague 2005.
- Kox Henk, Lejour Arjan, Montizaan Raymond, *Intra-EU trade and investment in service sector, and regulation patterns*, CPB Netherlands Bureau for Economic Policy Analysis, Hague 2004.
- Kublik Andrzej, *Otwarto najdluzszy gazociąg świata z Azji Środkowej do Chin*, www.wyborcza.biz/biznes/1,101562,7364867,Otwarto_najdluzszy_gazociag_swiatla_z_Azji_Srodkowej.html.
- Lisbon European Council, "Bulletin of the European Union" 2000, vol. 3, <http://europa.eu.int/abc/doc/off/bull/en/200003/sommai00.htm>.
- Lederer Edith M., *China, Russia Veto Myanmar Resolution*, www.washingtonpost.com/wp-dyn/content/article/2007/01/13/AR2007011300296.html.
- Levis Steven W., *Chinese NOCs and World Energy Markets: CNPC, Sinopec and CNOOC*, Houston 2007, www.rice.edu/energy/publications/docs/NOCs/Papers/NOC_CNOOC_Lewis.pdf.
- Li Jing, *Senior Official Calls for Cap on Coal Consumption*, www.chinadaily.com.cn/china/2011npc/2011-03/13/content_12162315.htm.
- Łoskot-Strachota Agata, *Zewnętrzny wymiar unijnej polityki energetycznej*, www.osw.waw.pl/sites/default/files/Raport_energetyka_seminarium_Londyn.pdf.
- Mercer Phil, *Australia Signs Mammoth Gas Deal with China*, www.voanews.com/english/news/asia/Australia-Signs-Mammoth-Gas-Deal-With-China-89103332.html.
- Mudje Mumin, *China's Energy Investments in Central Asia: Achilles Heel for Economic Growth?*, September 2008, magazine.mining.com/issues/0810/ChinaEnergyCentralAsia.pdf.
- Mutale Alexander, *Zambia's New President Sata Sets New Mining Rules for China*, www.csmonitor.com/World/Africa/2011/0928/Zambia-s-new-President-Sata-sets-new-mining-rules-for-China.
- Myanmar-China Pipeline to Start Construction in 2009, www.chinastakes.com/2008/11/myanmar-china-pipeline-to-start-construction-in-2009.html.
- National Energy Administration, en.ndrc.gov.cn/mfod/t20081218_252224.htm.
- National Energy Commission & National Energy Bureau (Can We Make This Any More Confusing?), www.chinaenvironmentallaw.com/2008/04/02/national-energy-commission/.
- New Delhi Calls for IPI Talks, www.upi.com/Business_News/Energy-Resources/2010/03/19/New-Delhi-calls-for-IPI-talks/UPI-15881269006235/.
- New Sanctions Against Tehran, But China's Veto Remains, www.asianews.it/news-en/New-sanctions-against-Tehran,-but-China%E2%80%99s-veto-remains-17592.html.
- Niquet Valérie, *Energy Challenges in Asia*, October 2007.
- NNPC Approves CNOOC's \$ 2.3 bn Stake in Block OPL 246, www.gasandoil.com/news/africa/114a70f6122b659182c344fcc2ec71b5.
- Nuclear Power in China, www.world-nuclear.org/info/inf63.html.
- Oil Fields in China, www.oilchina.com/eng/Service-Center/oilfields.htm.
- Oliver Chris, *China Suspends Waterfront Nuclear-Power Approvals*, www.marketwatch.com/story/china-suspends-waterfront-nuclear-power-approvals-2011-04-06.
- The Outline of the Eleventh Five-Year Plan, en.ndrc.gov.cn/hot/t20060529_71334.htm.
- Pakistan Calls for Closer Energy Cooperation with China, pk.chineseembassy.org/eng/zb/gx/t845906.htm.
- Parlament Europejski, *Chinese Resources and Energy Policy in Latin America*, Brussels 2007, www.pedz.uni-mannheim.de/daten/edz-ma/ep/07/pe348.605_en.pdf.
- Pehrson Christopher J., *String of Pearls: Meeting the Challenge of China's Rising Power across the Asian Litoral*, July 2006, www.strategicstudiesinstitute.army.mil/pdffiles/pub721.pdf.
- People's Republic of China: Nuclear Power Reactors, www.iaea.org/programmes/a2/.
- Perry Alex, *China's New Focus on Africa*, www.time.com/time/specials/packages/article/0,28804,2000110_2000287_2000276,00.html.
- Petersen Alexandros, *Azerbaijan's Gas Going East?*, eurodialogue.org/energy-security/Azerbaijan-Gas-Going-East.
- Piasecki Marcin, *Prawa człowieka a perspektywa zachodnia*, <http://www.psz.pl/tekst-35566/Marcin-Piasecki-Prawa-czlowieka-a-perspektywa-zachodnia>.

Proposal for a Directive of European Parliament and the Council on Services in the Internal Market for Services, Commission of the European Communities, 13.01.2004, COM(2004) 2 final.

Report from the Commission to the Council and the European Parliament on the State of the Internal Market for Services presented under the first stage of the internal Market Strategy for Services, Commission of the European Communities, Brussels, 30.07.2002, COM(2002) 441 final.

Riches in the Near Abroad, www.economist.com/node/15393705.

Ryser Jeffrey, *Wind Power Installation Slowed in 2010. Outlook for 2011 Stronger*: AWEA, www.platts.com/RSSFeedDetailedNews/RSSFeed/ElectricPower/6773195.

Sally Razeen, *Chinese Trade Policy After (Almost) Ten Years in the WTO: A Post-crisis Stocktake*, ECIPE Occasional Paper 2011, No. 2.

Seligsohn Deborah, Hsu Angel, *China Releases 12th Five Year Plan*, www.sustainablebusiness.com/index.cfm/go/news.display/id/22006.

Shai Oster, *We're Not No. 1 (In Energy)!*, blogs.wsj.com/chinarealtime/2010/07/20/were-not-no-1-in-energy/.

Shields Michael, Wagner Rene, *German Firms in No Rush to Follow Siemens Iran Exit*, www.reuters.com/article/2010/01/27/iran-germany-exports-idUSLDE60Q13020100127.

Shinn David H., *China's Approach to East, North and the Horn of Africa*, elliott.gwu.edu/news/testimony/shinn4.cfm.

Sinopec to Develop Oil Field in Iran, www.nytimes.com/2007/12/10/business/worldbusiness/10iht-chioil.4.8675286.html.

Sino-Russia Pipeline Opens, www.chinadaily.com.cn/photo/2011-01/03/content_11787372.htm.

Sinton Jonathan E., Stern Rachel E., Aden Nathaniel T., Levine Mark D. i in., *Evaluation of China's Energy Strategy Options*, May 2005, china.lbl.gov/sites/china.lbl.gov/files/LBNL_56609_Evaluation_of_Chinas_Energy_Strategy_Options_May2005.pdf.

Swartz Spencer, Shai Oster, *China Tops U.S. in Energy Use*, online.wsj.com/article/SB10001424052748703720504575376712353150310.html.

Taylor Ian, *Unpacking China's Resource Diplomacy in Africa*, Center on China's Transnational Relations, Working Paper, No. 19.

Towards a New Asia Strategy, Communication from the Commission to the Council and European Parliament, COM(94) 314 final, Brussels, 13 July 1994.

Trying to Pull Together. Africans Are Asking Whether China Is Making Their Lunch or Eating It, www.economist.com/node/18586448.

Tullow Turns Down Kenya Oil Exploration Proposal from CNOOC, www.ciooe.com.cn/en/html/content_314.html.

Turkmenistan's South Yolotan Gas Field Is World's No. 2, www.thepeninsulaqatar.com/business-news/168768-turkmenistans-south-yolotan-gas-field-is-worlds-no2.html.

UNCTAD, *World Investment Report 2011*, UN, New York, Geneva 2011.

U.S. Energy Information Administration, *Country Analysis Briefs: China*, [//205.254.135.24/countries/cab.cfm?fips=CH](http://205.254.135.24/countries/cab.cfm?fips=CH).

U.S. Energy Information Administration, *Country Analysis Briefs: Libya*, [//205.254.135.24/countries/cab.cfm?fips=LY](http://205.254.135.24/countries/cab.cfm?fips=LY).

U.S. Energy Information Administration, *Country Analysis Briefs: China (Coal)*, [//www.eia.gov/countries/country-data.cfm?fips=CH#coal](http://www.eia.gov/countries/country-data.cfm?fips=CH#coal).

UE i Chiny: bliższe partnerstwo, większa odpowiedzialność, Komunikat Komisji Europejskiej do Rady i Parlamentu Europejskiego, COM(2006) 631 wersja ostateczna, Bruksela, 24 października 2006.

Unity and Strength in Diversity, Fourth Asia-Europe Meeting Summit in Copenhagen, September 22-24, 2002 (ASEM 4), Commission Staff Working Paper SEC(2002) 874, 23 July 2002.

Wan Zhihong, Wen Heads «Super Ministry» for Energy, www.chinadaily.com.cn/china/2010-01/28/content_9388039.htm.

White Paper on Energy, www.china.org.cn/english/environment/236955.htm.

Will China's Nuclear Nerves Fuel a Boom in Green Energy? www.channel4.com/news/will-chinas-nuclear-nerves-fuel-a-boom-in-green-energy.

Wines Michael, *China's Growth Leads to Problems Down the Road*, www.nytimes.com/2010/08/28/world/asia/28china.html.

Wong Gillian, *China Sets Up Energy Agency Headed by PM*, www.istockanalyst.com/article/view/istockNews/articleid/3816228.

Workman Daniel, *China's Top Suppliers of Imported Crude Oil by Country in 2010*, suite101.com/chinas-top-suppliers-of-imported-crude-oil-by-country-in-2010-a355760.

World Competitiveness Report 1994, New York 1994.

World Development Indicators, <http://data.worldbank.org/data-catalog/world-development-indicators>.

World Economic Forum, *Global Competitiveness Report 2011-2012*, World Economic Forum, Geneva 2011.

World Energy Consumption in 2010, yearbook.enerdata.net/.

World Energy Council, *2010 Survey of Energy Resources*, www.worldenergy.org/documents/ser_2010_report_1.pdf.

The World Factbook, *China*, <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>.

The World Factbook, *Oil Production*, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2173rank.html>.

World Nuclear Association, *China's Nuclear Fuel Cycle*, www.world-nuclear.org/info/inf63b_china_nuclearfuelcycle.html.

World Nuclear Association, *World Uranium Mining*, www.world-nuclear.org/info/inf23.html.

World Nuclear Power Reactors & Uranium Requirements, world-nuclear.org/info/default.aspx?id=27082.

World Wind Energy Report 2010, www.wwindea.org/home/images/stories/pdfs/worldwindenergyreport2010_s.pdf.

WTO, *Accession of the People's Republic of China. Decision of 10 November 2001*, WT/L432.

WTO, *International Trade Statistics 2001*, WTO, Geneva 2001.

WTO, *International Trade Statistics 2011*, WTO, Geneva 2011.

WTO, *World Trade Report 2012*, WTO, Geneva 2012.

Wysokińska Zofia, *Competitiveness and Its Relationships with Productivity and Sustainable Development*, http://fibtex.lodz.pl/42_06_11.pdf.

Xu Xiaojie, *Chinese NOCs' Overseas Strategies: Background, Comparison and Remarks*, Houston 2007, s. 20–21, www.rice.edu/energy/publications/docs/NOCs/Papers/NOC_ChineseNOCs_Xu.pdf.

Yao Yuanming Alvin, *China's Institution-Driven Energy Diplomacy Seeking for a Harmonious World*, www.business.curtin.edu.au/files/Yao.pdf.

Yoshikazu Kobayashi, *Chinese NOC's Corporate Strategies*, September 17, 2008, <http://eneken.ieej.or.jp/en/data/pdf/464.pdf>.

Zambia: China Must Obey Our Rules, Says President, www.rnw.nl/africa/article/zambia-china-must-obey-our-rules-says-president.

Zhang Jian, *China's Energy Security: Prospects, Challenges, and Opportunities*, Washington 2011, www.brookings.edu/~~/media/Files/rc/papers/2011/07_china_energy_zhang/07_china_energy_zhang_paper.pdf.

Zhang Qi, *China Hikes 2011 Solar Power Target*, www.chinadaily.com.cn/bizchina/2009-07/03/content_8350947.htm.

Zhao Jimin, *Reform of China's Energy Institutions and Policies: Historical Evolution and Current Challenges*, Cambridge 2001, belfercenter.ksg.harvard.edu/files/zhao.pdf.

Zhao Tingting, *China's Coal Imports Up 31% in 2010*, www.chinadaily.com.cn/business/2011-01/27/content_11926703.htm.

Zhou Moming, *China's Oil Reserve Build-Up Adds to Global Demand*, www.marketwatch.com/story/chinas-oil-reserve-build-up-adds-more-fuel-to-oil-prices.

Websites

www.spiegel.de/international/world/0,1518,771165,00.html
www.freetibet.org
wiadomosci.gazeta.pl/wiadomosci/1,114881,10092255,Pierwszy_chinski_lotniskowiec_wyplynal_w_morze.html
www.bbc.co.uk/news/world-asia-pacific-14470882
www.confucius.org
www.nuigalway.ie/sites/eu-china-humanrights/welcome/page0.php
trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113472.pdf
trade.ec.europa.eu/doclib/docs/2006/december/tradoc_111588.pdf
trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf
www.polskieradio.pl/5/3/Artykul/266878,Nobel-Swiat-gratuluje-Chiny-potepiaja

Index of geographical and ethnic names*

- Africa 17, 2, 38, 49, 70, 114–115, 123–126, 128, 130–132, 140, 147–148
 - Northern – 123, 143
 - South – 126
 - Sub-Saharan – 48, 50
- Alashankou 121, 132
- Algeria 127
- America 38
 - Latin – 27, 48, 70, 140, 142f, 143
 - North – 70
 - Northern – 53
 - South – 142f
- Angola 50, 126, 130
- Argentina 142
- Asia 8, 23–24, 26–28, 30, 38, 41, 46–48, 70, 118, 144, 147
 - Central – 121, 123, 132–134, 140, 143
 - East – 37, 39, 80
 - South – 48
 - Southeast – 118, 121
- Atyrau 121, 132
- Australia 120
- Austria 22, 44
- Azerbaijan 133, 134
- Bandung 123
- Bangladesh 118
- Barcelona (Convention) 14
- Beijing 21–22, 25, 30, 32, 40–41, 44–45, 48, 97, 104, 106f, 124–125, 127–128, 130, 131f, 134, 136–137, 142f, 144, 147–148
- Belgium 22, 70–71, 80
- Berlin 15 („Berlin Plus” arrangement 16), 23, 25
- Bolivia 142
- Botswana 130
- Brazil 62, 88, 141, 142f, 143
- Brunei 119, 121
- Brussels 29, 40, 148
- Bulgaria 21
- Burma vide/see: Myanmar
- Cambodia 118, 120f
- Canada 40, 70–71, 92p
- Caspian Sea 121, 123, 124f, 132–134, 143
- Chile 48, 141
- Cologne 15, 16
- Columbia 142
- Congo (Republic of Congo) 127
- Cotonou 13
- Cuba (Republic of Cuba) 142f
- Cyprus 21
- Czech Republic 20
- Dalian 101
- Daqing 138
- Darfur 128
- Denmark 21, 42, 62
- East China Sea 118, 119
- East Siberia 138
- Ecuador 142
- Egypt 123
- Essen 28
- Estonia 22
- Europe 12–14, 19–21, 25, 27–29, 31–34, 37–39, 44–48, 51, 131, 133–134, 144–145, 147
 - Western Europe 18, 25, 53, 69–70, 133
- Finland 21, 62
- France 22–23, 42, 44, 50, 69–71, 131f

* Pages on which a geographical/ethnic name appears only in a footnote, marked with the letter „f”.

- Fujian 107f
 Fukushima 103
 Gabon 127
 Gdańsk 148
 Georgia 134
 Germany 12, 20, 22–23, 25, 26f, 42, 44, 62, 69–71, 131f
 Greece 21, 25, 44, 131f
 Gwadar 117f
 Hainan 118
 Havana 142f
 Helsinki 15, 16
 Hong Kong 31, 71, 80, 147
 Huangdao 101
 Hungary 21, 44
 India 17, 26, 53, 62, 78, 83, 88, 92f, 118, 137–138
 Indian Ocean 115, 117–118
 Indochina 120
 Indonesia 74, 118, 120
 Iran (Islamic Republic of Iran) 40, 47, 135–138
 Iraq 135, 137
 Ireland 22
 Italy 21, 69–71, 131f
 Japan 8, 21, 38–39, 50f, 53, 62, 69–71, 83, 93, 100, 103, 136, 139
 Japanese Sea 138, 139
 Kazakhstan 121, 123, 132
 Kenya 127
 Khartoum 128f
 Kongo 50
 Korea
 North – 40
 South (Republic of Korea) – 21, 38, 62, 79, 71, 83, 139
 Kra Isthmus 117
 Latvia 22
 Lausanne 59
 Libya 131
 Lisbon 89, 91
 Lithuania 22
 London 148
 Luanda 131
 Luxembourg 22, 44
 Lyon 44, 148
 Macau 31
 Malay Peninsula 117
 Malaysia 62, 118–119, 121
 Malta 21
 Maracaibo 141
 Mediterranean 27
 Mekong River 120
 Mexico 92f, 142f
 Middle East 70, 114–115, 118, 123, 124f, 134, 136–137, 140, 143
 Moscow 18
 Myanmar (Burma) 115–116, 118
 Namibia 127
 The Netherlands 21, 42, 44, 62, 70–71, 80
 Nigeria 126–127, 130
 Norway 42–43, 136
 Oman 62
 Pacific Ocean 28, 38, 48 (area), 62 (area), 117–118, 138, 141, 144 (region)
 Pakistan 116, 117f, 118, 137–138
 Panama Canal 141
 Paracel Islands 118
 Paris 7–8, 23
 People's Republic of China (China, Middle Kingdom) 7–9, 11, 16–26, 28–34, 36–37, 39–53, 62–65, 69–71, 74–75, 78–80, 83, 87–88, 91–93, 95–108, 111–116, 117f, 118–121, 123–145, 147–148
 Persian Gulf 62, 135
 Peru 142
 Petersburg (tasks) 15
 Philippines 19, 121
 Poland 19, 20, 44, 92f
 Portugal 21, 44
 Prague 43, 148
 Qatar 62, 137
 Red Sea 118
 Riyadh 136
 Romania 21
 Russia 17, 26, 46–47, 62, 71, 96, 99, 121, 132, 134, 136, 138–140
 Saint Malo (Declaration) 15
 Saudi Arabia 62, 118, 136
 Scandinavia 44
 Senkaku Islands 121
 Singapore 38, 62, 83, 92f
 Skovorodino 138
 Slovakia 21
 Slovenia 21
 South China Sea 118–119, 121
 Soviet Union 17
 Spain 21, 44, 131f
 Spratly Islands 119
 Strait of Hormuz 118
 Strait of Malacca 114–116
 Sudan (Republic of Sudan) 50, 124, 126, 128–129, 132
 South – 114, 128–129
 Sweden 21, 44, 62

Switzerland 62
 Syria 47
 Taipei 124
 Taiwan (Republic of China) 21–23, 33, 38, 62, 83, 119, 124
 Tampere 16
 Tanzania 49
 Tehran 135, 136f
 Thailand 117, 118
 Three Gorges Dam 104, 105
 Tibet 20, 22, 30
 Turkey 92p
 Turkmenistan 121, 133
 United Arab Emirates 62, 118
 United Kingdom 21–23, 25, 44, 62, 69–71
 United States of America (USA) 8, 12–13, 17–19, 23, 29, 30f, 38–40, 48, 50, 62, 69–71, 78–80, 88, 92f, 93, 95–96, 99–100, 105, 107, 123, 128, 132, 134–138, 140, 141f, 144
 Uzbekistan 121, 123
 Venezuela 141
 Vienna 19
 Vietnam 74, 119, 121
 Washington 15, 29, 34
 Xinjiang 121 (Xinjiang Uyghur Autonomous Region 134)
 Yangtze River 104
 Yunnan 115
 Zambia 49, 130–131
 Zhenhai 101
 Zhoushan 101
 Zimbabwe 48–49

Index of persons

- Abdullah (Abdullah bin Abdul Aziz al Saud) 137
- Ashton Catherine 34, 43
- Balassa Béla 54
- Barroso José Manuel 40, 43, 148
- Baszir Omar al- 128
- Bo Kong 116f
- Bolkenstein Frits 90
- Bossak Jan 55–56
- Buzek Jerzy 43
- Chaponnière Jean-Raphaël 130
- Chávez Hugo 141
- Chen Xu 41
- Chirac Jacques 22
- Chopin Fryderyk 39
- Clinton Bill 145
- Confucius 38f
- Delors Jacques 12
- Deng Xiaoping 8, 47, 95–96, 145, 147
- Downs Erica S. 110
- Dunning John H. 57
- Fox John 20, 44
- Fu Ying 43
- Fukuyama Francis 50
- Ginsberg Roy 36
- Godement François 20
- Habermas Jürgen 37
- Haližak Edward 24f, 93, 98f
- Havel Vaclav 42
- Hettne Björn 37
- Hill Christopher 36
- Hu Jintao 96, 104, 125, 131f, 148
- Jiang Jiemin 107
- Jiang Zemin 124, 147
- Kukułka Józef 11
- Li Keqiang 25, 112
- Liu Xiaobo 42–43
- Ma Zhaoxu 43
- Mahathir Mohamad 38
- Manners Ian 37
- Mao Zedong (Mao Tse-tung), 18 (post-Mao), 46 (Mao's school)
- Merkel Angela 20, 25
- Misala Józef 56
- Moran James 41
- Mozart Wolfgang Amadeusz 39
- Mugabe Robert 48
- Mwanawasa Levy 130
- Nye Joseph 14
- Obama Barack 144
- Ohmae Kenichi 53
- Porter Michael E. 55, 57–58
- Prodi Romano 90f, 148
- Sajewicz Tomasz 43f
- Sakharov Andrei 42
- Sarkozy Nicolas 20, 22, 44, 148
- Sata Michael 130
- Schröder Gerhard 20
- Smith Michael 36
- Stemplowski Ryszard 11
- Su Shulin 107
- Taneja Pradeep 110
- Van Rompuy Herman 148
- Wen Jiabao 23, 25–26, 112, 125, 148
- Wilson Thomas W. 12
- Wissenbach Uwe 132
- Xu Yi-Chong 110
- Yang Xiaohui 115
- Zhang Jian 136f
- Zheng Bijian 96
- Zhou Enlai 123
- Zięba Ryszard 11

* Pages on which name appears only in a footnote, marked with the letter „f”.

Index of maps

Map 1. Distribution of main assets of the country's energy corporations	103
Map 2. Planned route for Burma-China pipeline	116
Map 3. Planned route for Kra canal	117
Map 4. Pipelines bypassing Strait of Hormuz	119
Map 5. Claims towards Spratly Islands	120
Map 6. Kazakhstan-China oil pipeline	122
Map 7. Central Asia – China oil pipeline	122
Map 8. Oil fields and pipeline infrastructure in Sudan and South Sudan	129
Map 9. ESPO route	139

Index of pictures

Picture 1. Correlations between basic terms associated with competitiveness..... 57

Picture 2. 12 pillars of competitiveness..... 60

Picture 3. Chinese authorities-NOCs.....112

Picture 4. Energy sector administration structure in the PRC.....114

Index of tables

Table 1. Volume of trade between member states and China between 2005-2008 (in million euro)	24
Table 2. Agreements between the European Union and People's Republic of China	35
Table 3. Meetings of the PRC and EU leaders (so-called summits)	35
Table 4. EU-China trade disputes within WTO – summary.	36
Table 5. The Global Competitiveness Index 2011–2012 rankings and 2010–2011 comparisons	61
Table 6. List of countries by GDP	64
Table 7. Share of investment projects in the GDP of selected countries in 1990-2011 (in %)	66
Table 8. Savings rate in selected countries between 1990-2011 (in % GDP)	67
Table 9. Indicators of the so-called “magical pentagon” of macroeconomic stability for China between 1991-2011	68
Table 10. Main exporters of merchandise in 2000-2010.	72
Table 11. Chinese share in global export and import in 1985-2011	73
Table 12. Exports of high-tech commodities by selected countries between 2000-2010: value in USD million and percentage share in the export of industrial commodities	74
Table 13. Patent application in selected countries in 2000-2010.	75
Table 14. Main exporters of services in 2000-2011	76
Table 15. Chinese export of services by types of activities in 1990-2011	78
Table 16. Chinese import of services by types of activities in 1990-2011.	79
Table 17. Goods and services export as percentage of GDP in 1985-2010: main exporters. .	81
Table 18. Goods and services import as percentage of GDP in 1985-2010: main importers .	82
Table 19. Chinese FDI in 1990-2011.	84
Table 20. Greenfield projects in China in 2005-2010.	84
Table 21. A.T. Kearney Global Services Location Index 2011.	85
Table 22. Basic information about the biggest national energy companies	109

Index of graphs

Graph 1. Trade exchange between China and Sub-Saharan Africa, 1980–2006	49
Graph 2. Competitiveness trends, 2005–11	63
Graph 3. Twenty biggest FDI recipients in 2010 (in USD billion)	83
Graph 4. Twenty largest FDI providers in 2010 (in USD billion)	85
Graph 5. Top ten petroleum importers in the world in 2010 (in million barrels of oil per day)	100
Graph 6. Production and consumption of crude oil in China in 1990-2012	101
Graph 7. China's energy mix in 2009	105
Graph 8. China's ten biggest African trade partners (January-October 2008, data in USD million)	126
Graph 9. Latin America's trade with selected areas of the world (% share in total trade) ..	142