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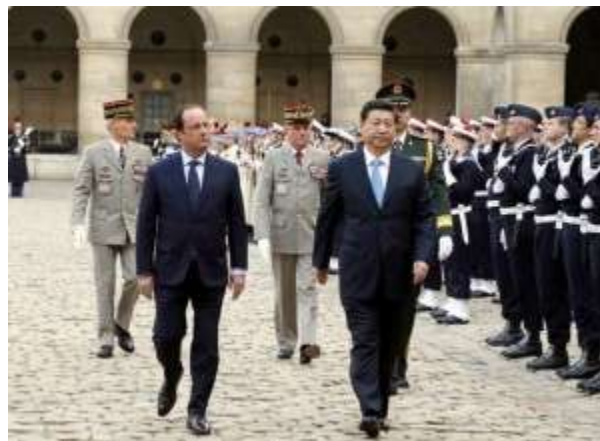
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<http://journal-neo.org/2016/12/06/china-expands-its-presence-in-europe/>

China Expands its Presence in Europe

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As NEO has repeatedly noted in the past, the development of Sino-European relations has emerged as one of central issues boggling the minds of the key players involved in a new global political game. The magnitude of the issue renders it worthy to be discussed whenever a new trend develops or an important event occurs.

One of such milestone events is an assessment of the Chinese economy by the European leadership (and China is keeping its fingers crossed, hoping that it will be evaluated as a “market economy”). As the time for the release of the EU evaluation approaches, the parties involved have begun intensifying their political maneuvering. Another such event, which saw the participation of 16 Central and Eastern European countries on the one hand, and China on the other, was hosted by Riga at the beginning of November.

Though China acceded to WTO in 2001, it was accepted on condition that its economy would reach the level of a “market economy” within 15 subsequent years. For China’s economy to receive the “market economy” status, the country would have to follow the WTO’s trade policy, in which case no country would have the right to impose anti-dumping duties on any Chinese products.

However, a study conducted by a group of experts hired by European industrialists in the mid-2015 showed that if all barriers imposed on Chinese goods imported to Europe were simultaneously lifted, the European labor market would lose 3.5 million jobs.

Chinese and European experts remain in disagreement over the credibility of this study. However, it is apparent that European industrialists have reasons to be worried about the prospective lifting of barriers restricting trade with China.

In July, the EU Board held an interim session to again discuss under what conditions China can attain the “market economy” status. Participants made the point that China would have to stop flooding the globe with cheap steel and stop dumping bargain steel on the international markets.

A new trend emerged among western politicians and mass media a little over a year ago, where any discussion pertaining to the political and economic challenges faced by the parties building relations with China would inevitably be centered on “overproduction and selling steel at bargain prices” topic.

And there are reasons for this topic to be repeatedly brought up. Although the Chinese are very well aware of the negative consequences (and, first of all, for the Chinese economy) of the overproduction of steel, intermediate products and raw materials (for example, coal) at outdated manufacturing facilities, it would take a considerable time to fully implement the radical solutions proposed by the country’s leadership at the beginning of this year.

The EU, on the other hand, has demonstrated its unwillingness to wait, as in the first half of November, the European Commission voted for the imposition of temporary (for up to six months) anti-dumping duties on steel pipes imported from China. Upon the expiration of the said period, i.e., closer to mid-2017, the European Commission is planning to take a final decision with respect to the defined measures.

This news sparked an immediate backlash from the Chinese Ministry of Commerce, which expressed its dissatisfaction with the evidence the European Commission based its decision on.

Two weeks later, at the Hamburg Summit (one of the key bilateral forums), Chinese Vice Premier, Liu Yandong, reminded the audience that by December 11, 2016 (the deadline determined 15 years ago) all barriers in Sino-European trade would have to be lifted. The Vice-President of the European Commission, Jyrki Katainen, and German Foreign Minister, Frank-Walter Steinmeier, gave a generalized response to Ms Liu's unambiguous appeal, even though it was politically correct and benevolent. This means that China's hope for a miracle (obtaining the "market economy" status by December 11) will not be fulfilled.

However, China's undertakings on the European continent are quite versatile. A noteworthy event was held in Riga on November 5. Then, the prime ministers of 16 Central and Eastern European countries on the one hand, and representatives of China on the other, held a summit.

The first "16 +1" forum, promoting cooperation in the domains of "investment, finance, science, education and culture", was held in 2012. Poland, the Czech Republic, Hungary, Romania and Bulgaria were among its key European participants.

At the conclusion of the summit, the parties signed the Riga Guidelines and Riga Declaration. If the Guidelines determine the "16+1" strategy in the short-term perspective, the Declaration outlines "specific measures aimed at the intensification of cooperation in the development of ports, transport corridors and infrastructure" to be implemented by the CEE countries and China.

The Declaration reaffirmed the paramount importance of the cooperation initiative involving the ports, transportation and logistics infrastructure of the Adriatic, Black and Baltic Seas. A year earlier, Chinese PM, Li Keqiang, put forward a similar initiative at another "16 +1" summit.

At first glance, it might seem that the primary goal of the initiative was to promote the fusion of the Chinese Revival of the Great Silk Road project and the so-called European Investment Plan, which was endorsed a year earlier in Beijing at the 5th Chinese-European Economic Dialogue.

In this respect, objections provided by the Chinese newspaper – Global Times, in response to the accusations voiced by some European experts who were pointing out that the results of the latest 16+1 demonstrate China's intention to divide Europe, seem rather convincing.

The current state of the bilateral relations is quite accurately depicted in the illustration that accompanied the article published in the Global Times, where a smiling Chinese Panda with a briefcase dressed in a European-style suit is greeting a European gentleman sitting behind a brick fence, looking at the Panda through a telescope.

Based on the foregoing, it seems to be appropriate to make two general remarks. As has been noted in previous articles, the scope of China's interest in Europe is by no means limited to economic relations. As tension in US-Chinese relations is building up, the role of cooperation with the European countries is also growing.

Secondly, with the inevitable new trends in US foreign policy, and with Europe dealing with complex internal problems, and China and its opponent, Japan, changing their economic and political trends to integrate into the global community, while Russia is reclaiming its role of a

regional and global leader, it is becoming ever more challenging to forecast the development of relations among these global powers.